

Fund Recovery Update

September 10, 2026

CT Paid Leave Authority

Board of Directors Meeting



INITIATIVE OVERVIEW

The Late Payment Fund Recovery Initiative automatically assesses all payments to determine if they are late and if they are eligible for penalty or interest. This closed a long-standing gap in our Fund Recovery process.

Go-Live: July 30, 2026

BUSINESS NEEDS

Previous Process Gaps

- *Quarterly fund recovery assessments focused only on the most recent quarter*
- *Late payments for the most recent quarter avoided penalty & interest if they paid before the quarterly assessment began*
- *Late payments for older quarters could bypass penalties and interest if the business registers late*

New Process Achievements

- *Every payment received will be evaluated to determine if it is late*
- *Every payment which is determined to be late will be evaluated further to determine if penalty and interest should be assessed*
- *The timing gap before the quarterly assessment of penalty and interest calculations has been closed*

THE OUTCOME

Ensuring fairness and consistency in our fund recovery processes by ensuring late payments are assessed regardless of when they are received.



IMPLEMENTATION



Automated assessment

Payments will be evaluated for lateness and if they are subject to penalty and interest automatically.



Integrated with existing process

We integrated with our existing Fund Recovery processes to ensure a seamless experience.



Prevents incorrect assessments

We have put boundaries in place which will ensure that we do not duplicate efforts to collection penalty and interest on a quarter with an existing Collection or for amended returns.



No surprises for online users

As online users enter their contribution details, our system is determining if their payment will be late. Penalty and interest is calculated and displayed immediately.



Notifications sent automatically

As soon as a Collection is created, we send a notification if there is still a balance due.

SUCCESS FACTORS

✓ **Finance and IT Partnership**

✓ **Strong Development & QA coordination**

✓ **Shared Vision**

✓ **Leveraging Existing Fund Recovery Processes**

NEXT STEPS

✓ **September Release**

Minor gaps and bugs will be resolved in the upcoming September 2026 release.

✓ **Monitoring**

The IT team will continue monitoring the new system's effectiveness and stability

Non-Compliance Notices

- 236,017 Notices were sent to 77,218 unique employers for Q1 2023 – Q2 2026
- 35,939 Employer notices paid for 17,930 unique employers
- 46,256 Employer accounts status updated to currently not covered by the program
 - 41% Employer accounts updated by working with TPA's, DOL, & DRS
- 120,495 Notices waived for 44,719 unique employers
- 120,582 Notices for 30,059 unique employers were sent to Fund Recovery Vendor.

Notice Year	2023	2024	2025	2026	Total
Employer Quarterly Notice Payments	13,163	9,558	9,543	3,675	*35,939
Outstanding Base Amount Paid	\$3,314,502	\$2,672,838	\$ 2,745,651	\$ 1,272,770	\$ 10,005,760
Penalty Amount Paid	\$ 813,624	\$ 625,175	\$ 625,452	\$ 262,938	\$ 2,327,188
Interest Amount Paid	\$ 150,576	\$ 83,545	\$ 78,058	\$ 16,330	\$ 328,509
Total Payments Received	\$4,278,701	\$3,381,558	\$ 3,449,161	\$ 1,552,037	\$ 12,661,457

** 17,930 Unique Employers*

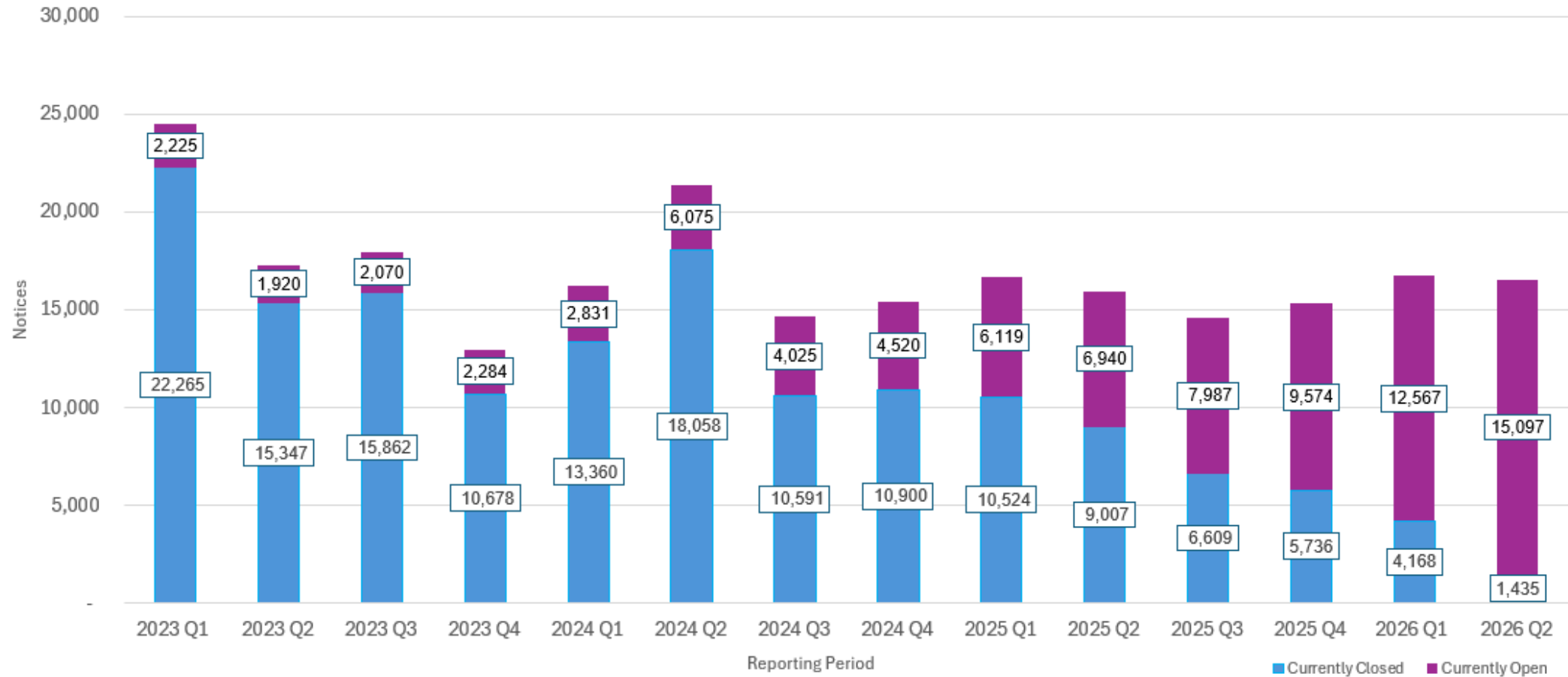
Non-Compliance Notices – Late Payments

- 597 Employer notices paid for 377 unique employers
 - 420 Paid in full
 - 168 Partial payments

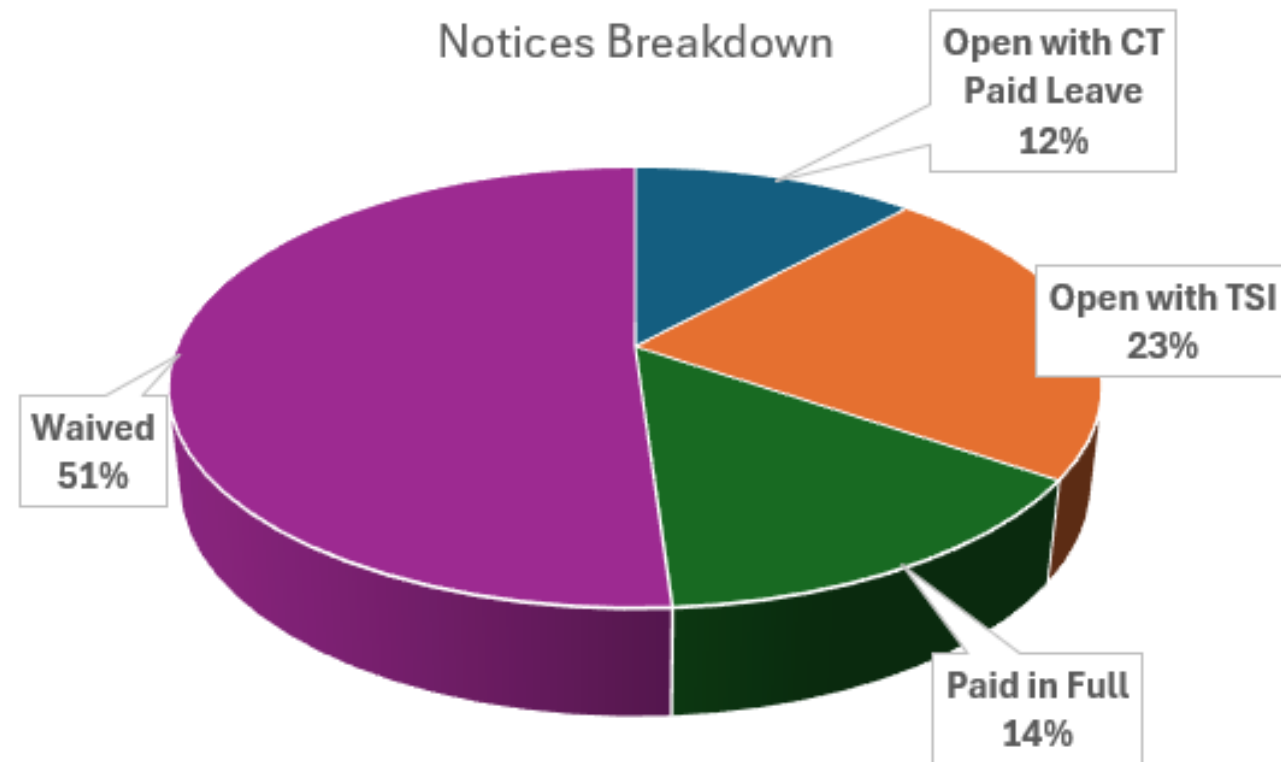
Notice Year	2023	2024	2025	2026	Total
Employer Quarterly Notice Payments	78	62	137	320	*597
Outstanding Base Amount Paid	\$ 10,267	\$ 7,683	\$ 32,986	\$ 74,495	\$ 125,431
Penalty Amount Paid	\$ 3,715	\$ 2,947	\$ 8,120	\$ 17,494	\$ 32,276
Interest Amount Paid	\$ 3,495	\$ 1,843	\$ 4,330	\$ 1,207	\$ 10,874
Total Payments Received	\$ 17,477	\$ 12,473	\$ 45,436	\$ 93,196	\$ 168,582

** 377 Unique Employers*

Non-Compliance Notices – Status



Non-Compliance Notices - Breakdown



Fund Recovery Vendor

- Transworld Systems Inc. (TSI)
 - 6,913 Employer notices paid
 - 59,867 Employer notices waived
 - 55.38% of 120,582 Notices sent to TSI resolved

NoticeYear/ Quarter	Notices Sent to TSI		Notices Waived		Notices with payments		Amount Paid
2023 - 1	7,744		4,748		757		\$ 358,094.33
2023 - 2	7,612		4,927		783		\$ 285,864.91
2023 - 3	8,156		5,258		872		\$ 269,748.22
2023 - 4	8,011		5,138		629		\$ 184,444.02
2024 - 1	10,504		6,985		730		\$ 234,965.78
2024 - 2	10,862		7,001		563		\$ 169,745.20
2024 - 3	11,841		7,347		468		\$ 164,020.85
2024 - 4	10,668		5,702		453		\$ 135,570.40
2025 - 1	12,585		5,911		559		\$ 264,081.61
2025 - 2	11,573		4,147		462		\$ 140,975.00
2025 - 3	10,516		2,126		367		\$ 115,555.48
2025 - 4	10,510		577		270		\$ 93,163.30
Total	120,582		59,867		6,913		\$ 2,416,229.10
% Resolved			49.65%		5.73%		

Non-Compliance Notices Case Activity

- 34,231 Cases submitted
- 34,073 Cases closed and 158 being reviewed by Finance team
- 14,485 Contacts added to 10,937 employer accounts after notices sent out

Finance Activity	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026	Q3 2026*
Total cases created	5,304	4,315	2,660	2,923	3,155	1,996	1,976	2,319	2,193	1,739	1,983	2,417	1,251
Avg. cases created per week	442	332	205	225	243	143	165	178	157	134	153	186	156
Avg. cases actioned per week	922	1,169	704	512	553	392	299	348	219	183	211	264	226
Avg. actions per day	185	250	151	108	114	83	64	73	45	39	46	56	47
Avg. cases closed per week	304	385	263	219	252	150	162	168	163	168	148	186	158
Avg. cases closed per day	64	83	56	45	52	33	34	35	34	30	35	39	33
* As of Aug 31, 2026													

Non-Compliance Notices Case Activity Breakdown



Registration Outreach

- 7,280 Employer Mailers sent with 32% response rate
- 1,828 Employers remitted contributions of \$2.2M

Mailer Date	Mailers Sent	Accounts Registered with CTPL	Accounts Corrected with CTPL	Accounts Updated in CT DOL	Response Rate	Amount Paid
1/10/2025	1,445	513	29	19	39%	\$819,083
4/10/2025	2,393	901	39	36	41%	\$702,164
7/8/2025	945	292	4	9	32%	\$142,224
10/14/2025	438	181	0	2	42%	\$151,865
1/20/2026	455	116	5	4	27%	\$353,185
4/23/2026	1,338	122	2	3	9%	\$28,268
7/16/2026	266	65	0	0	24%	\$11,175
Total	7,280	2,190	79	73	32%	\$2,207,964

Registration Outreach - Payments

Contribution Year	Mailer Date							Grand Total
	1/10/2025	4/10/2025	7/8/2025	10/14/2025	1/20/2026	4/23/2026	7/16/2026	
2021	\$85,153	\$21,951	\$3,280	\$0	\$499	\$1,011	\$0	\$111,894
2022	\$120,791	\$89,605	\$3,888	\$0	\$1,456	\$974	\$0	\$216,712
2023	\$83,810	\$96,234	\$9,003	\$199	\$2,515	\$5,181	\$0	\$196,941
2024	\$166,001	\$141,063	\$13,293	\$5,673	\$1,030	\$360	\$0	\$327,421
2025	\$334,965	\$279,472	\$105,220	\$141,302	\$337,012	\$4,493	\$756	\$1,203,221
2026	\$28,364	\$73,839	\$7,540	\$4,690	\$10,672	\$16,250	\$10,419	\$151,774
Grand Total	\$819,083	\$702,164	\$142,224	\$151,865	\$353,185	\$28,268	\$11,175	\$2,207,964