

Contribution Rate Discussion

September 5, 2024
Finance & Audit Committee

CT Paid Leave Responsibilities

- Provide income-replacement benefits to covered workers [31-49g(a)]
- Collect contributions such that:
 - **the CT Paid Leave Trust Fund balance is sufficient to ensure the ongoing ability of the fund to pay the income-replacement benefits, and**
 - **limit the need for contribution rate increases or benefit reductions due to changing economic conditions**[31-49g(b)(2)]
- Conduct a public education campaign to inform individuals and employers about the CT Paid Leave program [31-49n]

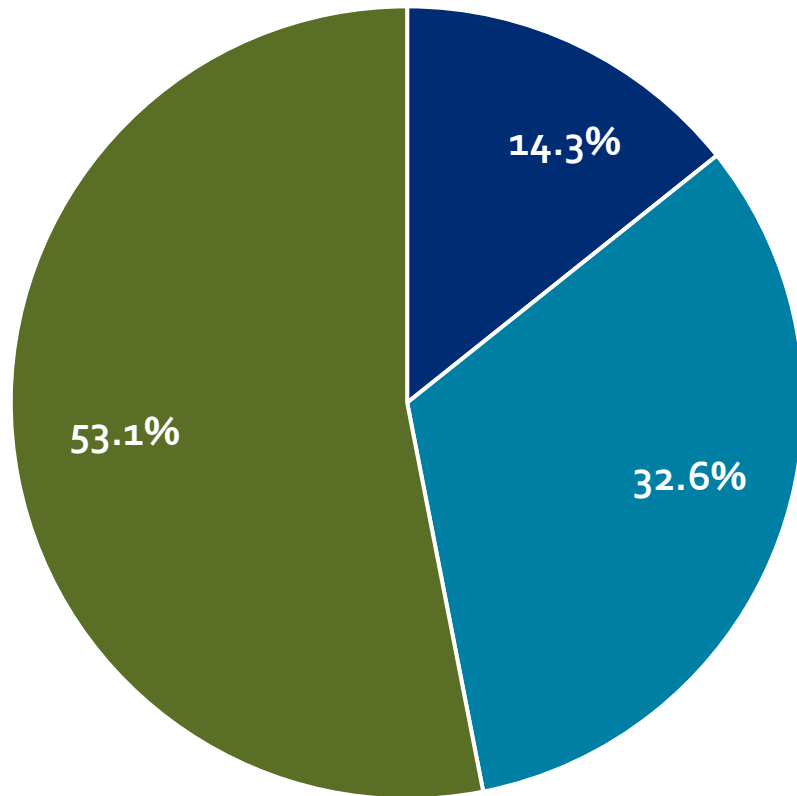
Data Requested by FAC

Comparison of % of Claimants to % of CT Workers in Benefit Calculation Categories

Percent of Claim Amount					
Date Range	Minimum Wage	Less than 40x	Between 40x/60x	Max (60x+)	Notes
8/1/21-6/30/22	\$ 13.00	12.7%	29.1%	58.2%	
7/1/22-5/31/23	\$ 14.00	13.9%	32.4%	53.7%	
6/1/23-12/31/23	\$ 15.00	14.8%	34.5%	50.7%	
1/1/24-6/30/24	\$ 15.69	16.0%	34.8%	49.2%	May/June not complete
Average		14.3%	32.6%	53.1%	

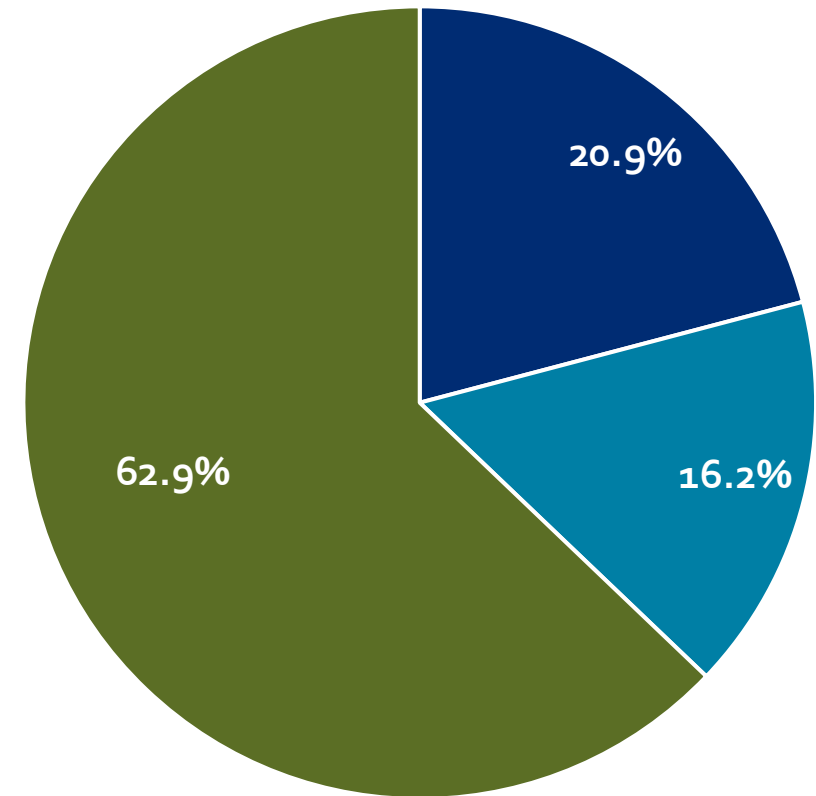
Earnings from DOL by Quarter					
Date Range	Quarters	Less than 40x	Between 40x/60x	Max (60x+)	Notes
7/1/21-6/30/22	2021Q3-2022Q2	20.0%	15.7%	64.3%	
7/1/22-6/30/23	2022Q3-2023Q2	20.5%	16.1%	63.4%	
7/1/23-12/31/23	2023Q3-2023Q4	22.2%	16.9%	60.9%	Reporting from DOL for 2024 Q1 and Q2 not available
Average		20.9%	16.2%	62.9%	

Percent of Claim Amount



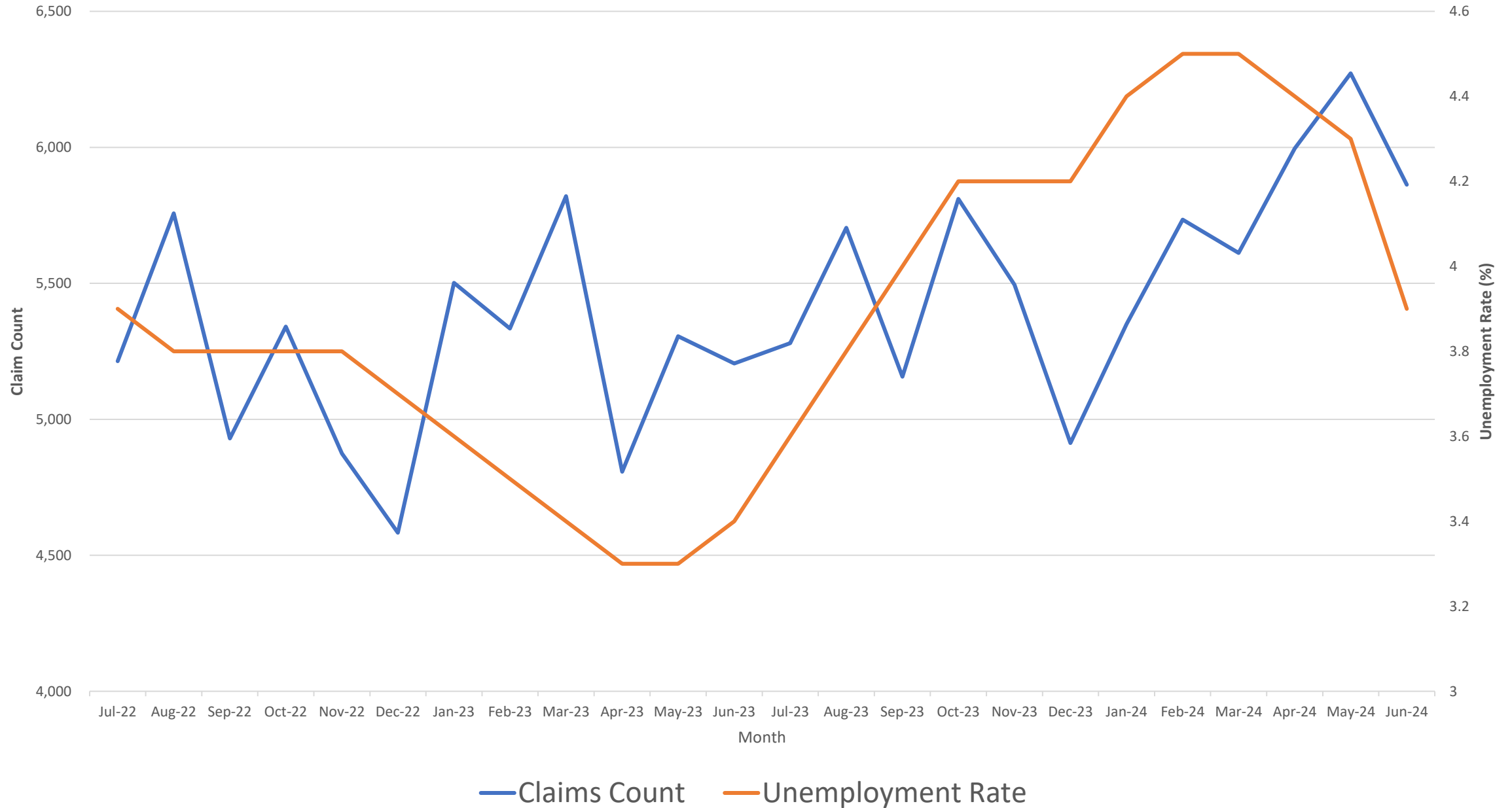
■ Less than 40x ■ Between 40x/60x ■ Max (60x+)

Percent of Earnings from DOL

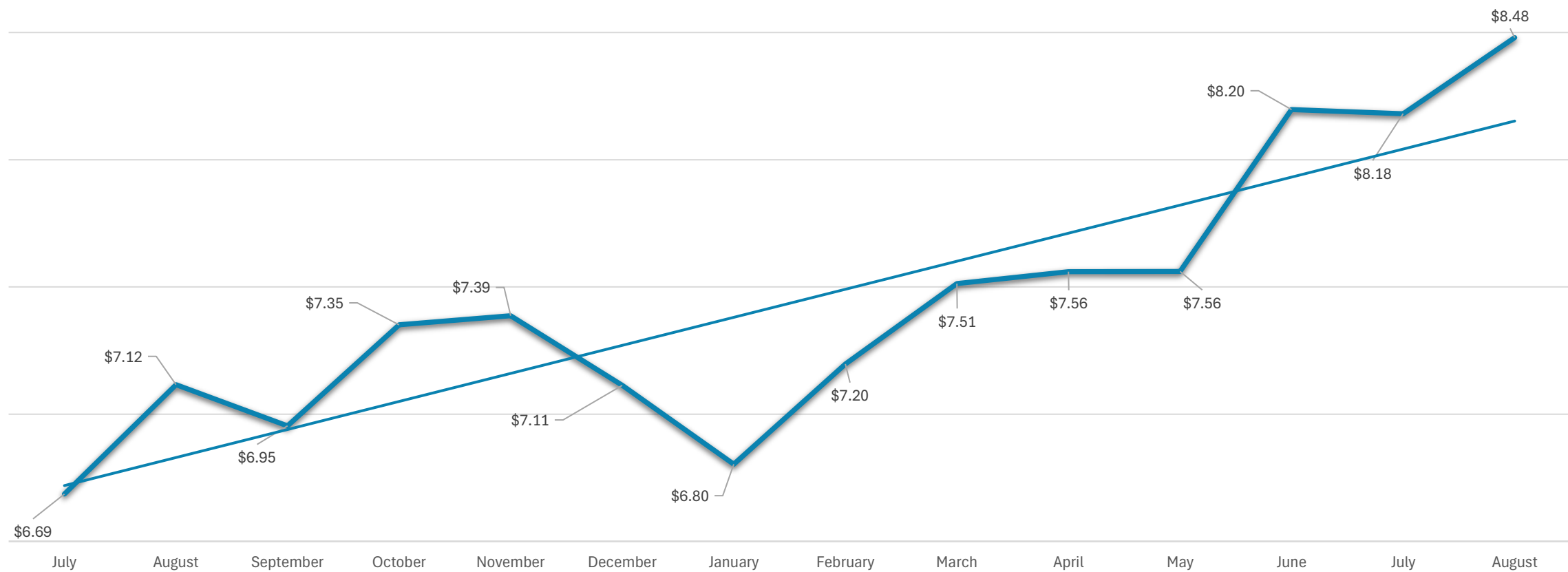


■ Less than 40x ■ Between 40x/60x ■ Max (60x+)

Claim Count vs. Unemployment Rate



Average Weekly Benefit Rate (in millions)



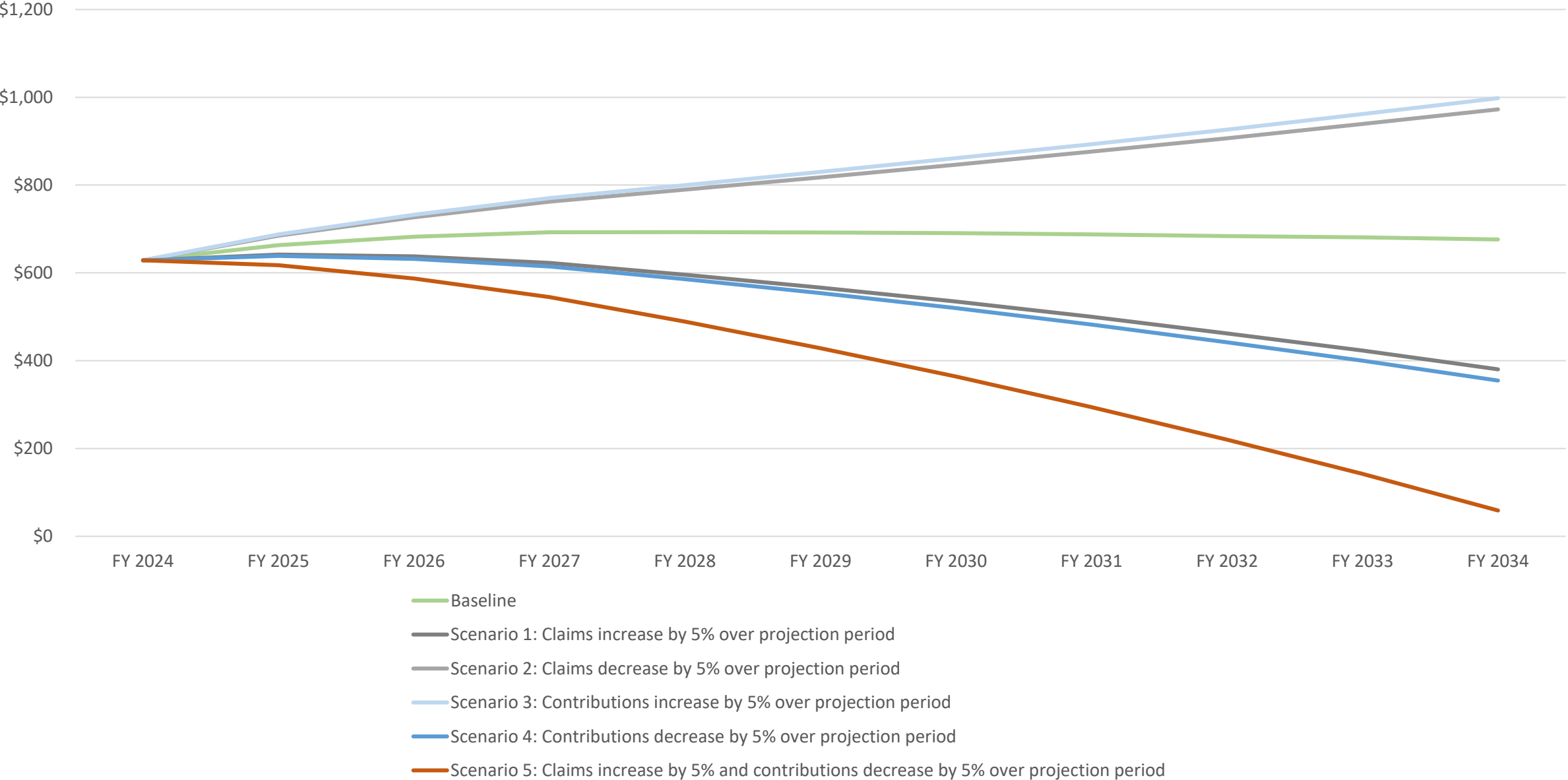
Sensitivity Analysis

End Fund Balance by Alternate Scenarios

Figures in \$ millions

	Actual	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection
Ending Fund Balance	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
Baseline	\$628.7	\$663.2	\$682.3	\$692.6	\$692.8	\$692.1	\$690.5	\$687.8	\$684.0	\$680.7	\$676.0
Scenario 1: Claims increase by 5% over projection period	\$628.7	\$641.7	\$637.6	\$622.9	\$596.0	\$566.6	\$534.6	\$499.9	\$462.1	\$422.9	\$380.3
Scenario 2: Claims decrease by 5% over projection period	\$628.7	\$684.6	\$726.8	\$762.2	\$789.6	\$817.7	\$846.6	\$876.2	\$906.5	\$939.2	\$972.5
Scenario 3: Contributions increase by 5% over projection period	\$628.7	\$687.7	\$732.6	\$770.3	\$799.7	\$830.0	\$861.2	\$893.3	\$926.2	\$961.7	\$997.9
Scenario 4: Contributions decrease by 5% over projection period (equivalent to reducing contribution rate to 4.75%)	\$628.7	\$638.7	\$631.9	\$614.7	\$585.7	\$554.1	\$519.7	\$482.4	\$442.0	\$400.1	\$354.7
Scenario 5: Claims increase by 5% and contributions decrease by 5% over projection period	\$628.7	\$617.2	\$587.2	\$545.0	\$488.9	\$428.5	\$363.7	\$294.3	\$219.9	\$142.1	\$58.7

End Fund Balance -Scenario Graph



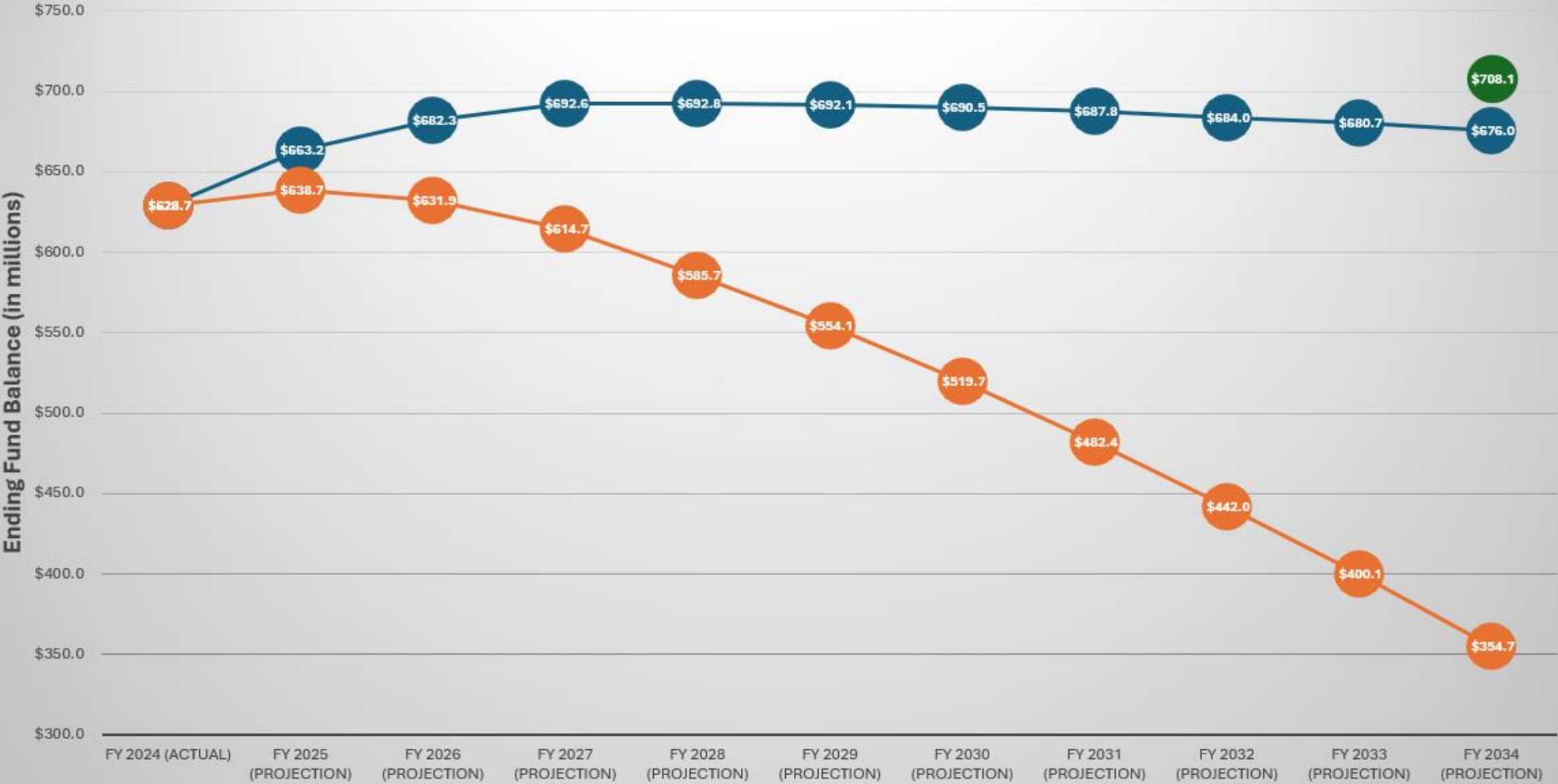
Contribution Rate Policy

Each year, the Authority shall review the current contribution rate established in accordance with Conn. Gen. Stat. §31-49g(b). If the Authority decides to change the contribution rate for the following calendar year, the Authority must announce such change no later than November first of the preceding calendar year. The Authority anticipates beginning consideration of the need for a change in the contribution rate no later than June of each year.

In determining the appropriate contribution rate for the upcoming year, the Authority shall review the following considerations:

- The ability of the Authority to continue to provide income-replacement benefits to Connecticut workers in both the short term and the long term;
- The sufficiency of funds to provide income-replacement benefits in a variety of economic conditions;
- The statutory obligation to limit contribution rate increases and reductions to the income replacement benefit calculation due to changing economic conditions;
- An evaluation of trends in the receipt of contributions over the course of the year; and
- Any other factors the Authority determines are relevant to the solvency of the paid leave trust fund and the ongoing operation of the paid leave program.

CT Paid Leave Contribution 10 Year Projection



Recommendations

- Maintain the 0.5% contribution rate in 2024
- Continue to monitor claim and contribution data