

**Proposed Budget for Fiscal Year
Ending June 30, 2027**

**Connecticut
Paid Leave**

7/1/2026 - 6/30/2027 Budget



Operating



Bond



Contribution

Operating Budget

Revenue: \$17,506,349

- Administration fee
- Fund recovery penalties

Expenses: (\$17,506,349)

Significant categories include:

- Payroll, benefits, and pension
- Contact center
- Outreach media and consultants
- Software licenses
- Outreach CEI contractors
- IT support
- Grievance adjudication
- Fund recovery fees

Net Activity: \$0

Redesignation of Operating Reserves

Opening Balance at 7/1/2026:	\$2,249,709
Redesignation from operating reserves to the contribution fund:	(1,649,709)
Revenue:	17,506,349
Expenses:	<u>(17,506,349)</u>
Closing balance at 6/30/2027:	<u><u>\$600,000</u></u>

Operating Budget – Significant Assumptions

Revenue

- CT Paid Leave Administrative Fee is based on total operating expenses less penalty revenue
- Fund recovery penalty is based on historical trends of fund recovery contributions

Expenses

- Payroll
 - Assumes there will be retroactive increases in FY 2026 for changes that would have occurred in FY 26
 - 2.5% (COLA) and 3.0% (Step) salary adjustments on 7/1/2026 and 1/1/2027, respectively
- 80% Fringe benefit rate = 25% health care and other benefits, and 55% pension obligation
- Outreach is based on historical trends
- Community Engagement Contractors is based on the current 10 contractors (up from initial pilot of 7) with a 5% increase
- IT Software includes Salesforce, MuleSoft, ForgeRock, Blackthorn, and others

Operating Budget – Comparisons

Selected Line Items	FY 2027 Budget	FY 2026 Budget	FY 2027 Change		FY 2026 Projection	FY 2027 Change	
Total Revenue	\$ 17,506,349	\$ 16,696,000	\$ 810,349	4.9%	\$ 16,600,000	\$ 906,349	5.5%
Highlighted Expenses:							
Payroll	6,328,500	6,051,300	277,200	4.6%	5,425,000	903,500	16.7%
Benefits	1,586,400	1,455,500	130,900	9.0%	1,390,000	196,400	14.1%
Pension	3,484,000	3,149,400	334,600	10.6%	2,650,000	834,000	31.5%
Outreach: media & consults	1,000,900	1,000,000	900	0.1%	1,000,000	900	0.1%
Outreach: CECI	757,100	571,000	186,100	32.6%	571,000	186,100	32.6%
Fund recovery fees	206,800	125,000	81,800	65.4%	90,000	116,800	129.8%
Contact center	1,667,800	1,619,343	48,457	3.0%	1,619,434	48,366	3.0%
Software licenses	917,400	868,000	49,400	5.7%	868,000	49,400	5.7%
IT consultant services	320,800	514,900	(194,100)	-37.7%	230,000	90,800	39.5%
Grievance adjudication	215,000	300,000	(85,000)	-28.3%	220,000	(5,000)	-2.3%
Temp services	60,000	120,000	(60,000)	-50.0%	50,000	10,000	20.0%
Printing & postage	123,000	160,000	(37,000)	-23.1%	125,000	(2,000)	-1.6%
Contingency	90,000	100,000	(10,000)	-10.0%	32,000	58,000	181.3%
Total Expenses	17,506,349	16,856,519	649,830	3.9%	14,923,286	2,583,063	17.3%

Bond Budget

Total bonds authorized:	\$26.0M
Allocated to date:	\$16.0
Remaining as of 7/1/2026:	\$ 0.9
Budget use:	\$ 0.3

No additional allocations budgeted for this fiscal year

- Use existing allocated funds for continued system enhancements
- Projects involving bond funds are expected to be undertaken the first half of the year

Contribution Budget

Opening Balance	\$ 573,130,790
Redesignation of operating reserves	1,649,709
Revenue:	
Payroll contributions	504,111,200
Fund Recovery	2,888,800
Investment income	16,400,000
Expenses:	
Claims/Benefits payments	(549,400,000)
Claims/Benefits admin	(25,600,000)
CT Paid Leave admin fee	(16,850,349)
Bond repayment	(1,938,388)
Closing Balance	\$ 504,391,762

Contribution Budget – Significant Assumptions

Revenues

- Payroll contributions - includes 3.6% salary growth and projected changes in unemployment
- Fund recovery - based on historic collections
- Investment income – 3.1% of trust account's prior average monthly balance

Expenses

- Benefit claim payments - based on actuarial projection as of FY26 Q2 quarterly experience report, with an increased assumed incidence rate of 5.7%
- Benefit administrative fee – based on historic cost and contractual price increase
- CTPL administrative fee – same as operating budget
- Bond fund repayment of \$16.0M - paid annually at 3.5% semi-annual interest for 10 years

Contribution Budget – Comparisons

Selected Line Items	FY 2027 Budget	FY 2026 Budget	FY 2027 Change		FY 2026 Projection	FY 2027 Change	
Contributions	\$ 504,111,200	\$ 490,216,000	\$ 13,895,200	2.8%	\$ 491,535,000	\$ 12,576,200	2.6%
Investment Income	16,400,000	23,300,000	(6,900,000)	-29.6%	23,300,000	(6,900,000)	-29.6%
Total Revenue	523,400,000	516,300,000	7,100,000	1.4%	517,200,000	6,200,000	1.2%
Benefits	549,400,000	475,300,000	74,100,000	15.6%	501,900,000	47,500,000	9.5%
Benefit Administrative Fees	25,600,000	25,000,000	600,000	2.4%	24,223,716	1,376,284	5.7%
CTPL Administrative Fees	16,850,349	16,000,000	850,349	5.3%	16,000,000	850,349	5.3%
Total Expenses	593,788,737	518,294,457	75,494,280	14.6%	544,118,173	49,670,564	9.1%

Budget Timeline – Next Steps

- Vote on a motion to reduce the review and comment period to 28 days, which is the next scheduled FAC meeting on Fri. 4/24, or schedule a special meeting to occur after 31st day
- Finalize budget with FAC at next meeting
- Review budget with Board and ask for vote to approve on Thu. 5/14
- If more time is needed, ask Board if it wants to schedule a special meeting on or before 5/31 or wait until regularly scheduled meeting on Thu. 6/11

Thank You

Questions?