

# Employment Developments for CMGMA

Robert Noonan & Associates

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*Robert Noonan & Associates*  
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# Our Agenda

- Employment Landscape
- Connecticut Developments
- Federal Developments
- Holiday Survey Results

# I. The Employment Landscape

# Pre-Shutdown Landscape

- Prior to the shutdown, federally collected jobs data showed a stalling job market over the summer.
- BLS data collection was suspended during the shutdown, leading privately collected data to fill in the job market picture.

# Job Market Stalled Nationally Through August

- Job growth slowed dramatically.
- Between May and August job growth was down 75% from the same period a year ago.
- In August payrolls increased by only 22,000, lower than 75,000 forecast.

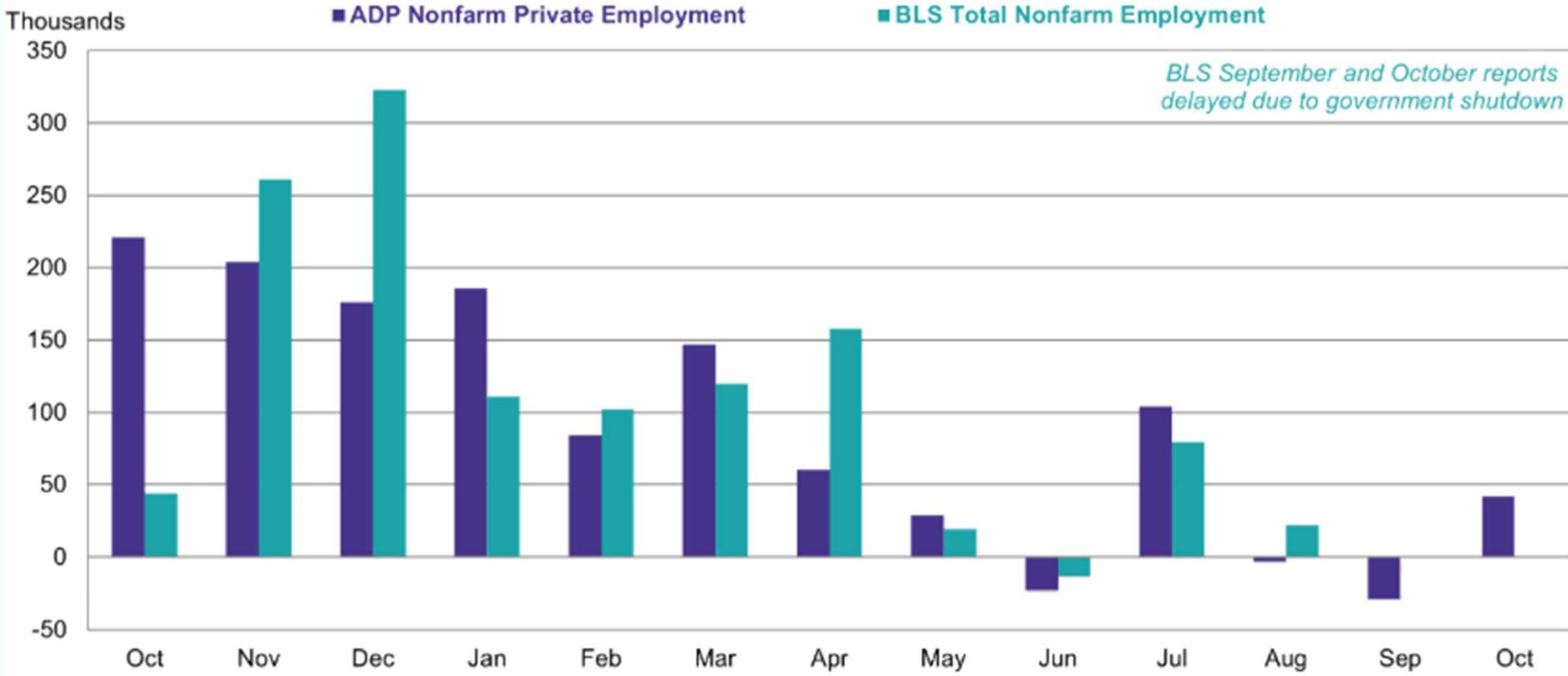
# Job “Hugging and Hoarding” Through August

- Unemployment remained low at 4.3%.
- Economic uncertainty led to job hugging and hoarding.
- Employees not leaving their jobs for new employment.
- Employers not hiring but not laying off employees either.
- Layoffs accelerated in October.

# Job Losses in September, Few Jobs Created in October

- Privately collected data from ADP showed the US lost 32,000 jobs in September and added just 42,000 in October.

## Two Views of the Monthly Change in Employment



# October Announced Layoffs Signal Trouble

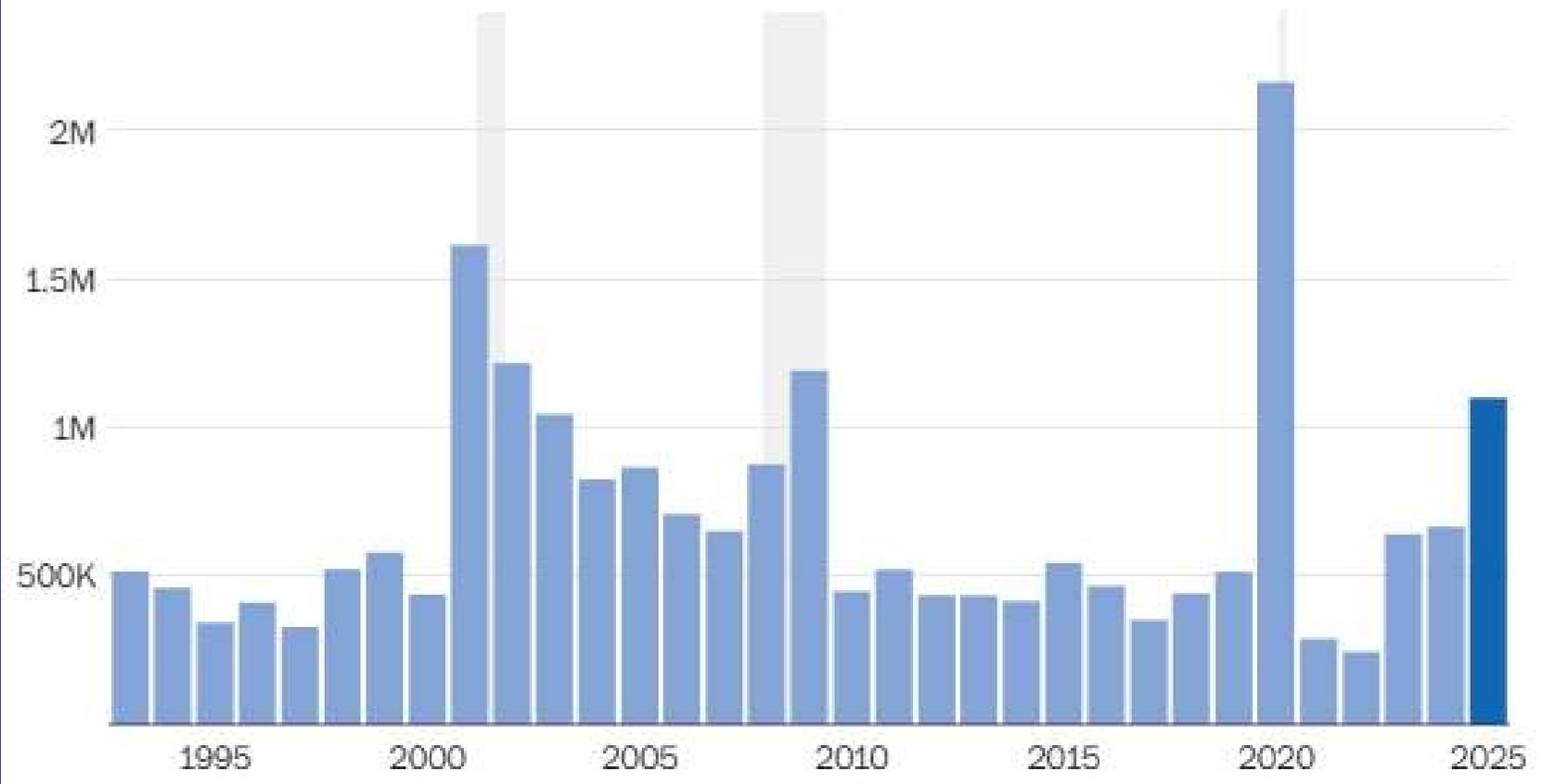
- 153,000 layoffs announced nationally in October, according to private data collection firm.
- Worst October for layoffs in 22 years.
- For period from October 2024-2025, 1.1 million layoffs announced.
- Largest reading since pandemic recession and on par with 2008/2009 Great Recession.
- Layoffs concentrated in technology, retail, service, and warehousing jobs.
- Cost-cutting and AI cited as top two reasons October layoffs.

# Layoffs

- UPS: Announced cuts of over 48,000 jobs.
- Amazon: Plans to eliminate up to 30,000 corporate roles.
- Intel: To cut around 24,000 jobs, or approximately 22% of its workforce.
- Panasonic: Announced the elimination of 10,000 jobs globally.
- Microsoft: Will cut around 9,000 employees across various departments.
- PwC: Laid off approximately 1,500 employees in the U.S., primarily in its audit and tax divisions.

# More than 1 million workers have been laid off so far this year

Number of job cuts, January through October of each year



Shaded areas indicate recessions

Source: Challenger, Gray & Christmas

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ABHA BHATTARAI / THE WASHINGTON POST

# Fed Cuts Interest Rates in Response to Job Market Troubles

- October 29<sup>th</sup>: Federal Reserve cut interest rate by a quarter percentage point, citing new risks to employment:
- “You see a significant number of companies either announcing that they are not going to be doing much hiring, or actually doing layoffs,” Federal Reserve Chair Jerome H. Powell said in a news conference after the decision.

# Connecticut Employment

- Connecticut added just 900 jobs in August, only slightly higher from 800 in August.
- Unemployment remained at 3.8% for fourth month in a row.
- Jobs up in health services, education, manufacturing, and financial services.

# Inflation and Wages

- National CPI up 0.3% in September, after rising 0.4% in August.
- Over the year, national CPI went up 3%.
- Connecticut CPI increased 0.4% in August, up 2.9% over 12 months.
- Real weekly wages decreased 0.1% nationally from July to August due to inflation.

## II. Connecticut Developments

# General Assembly

- 2025 session of General Assembly resulted in passage of few laws.
- Only 10% of all bills introduced passed.
- 2026 session of the General Assembly runs from February 4, 2026-May 6, 2026.

# P.A. 25-97: Prohibition on Health Providers Requiring Patient Billing Account Information

- Prohibits healthcare providers from requiring patients to provide payment information to keep on file as a prerequisite to receiving services.
  - E.g. bank account information, credit/debit card numbers, or any other electronic payment method.
- Prohibition does not:
  - Affect patient's obligation to pay for health care services.
  - Prevent patients from voluntarily giving health care providers their electronic payment methods or other payment-related information to keep on file.

## P.A. 25-97, Continued.

- Violation is per se unfair trade practice under the Connecticut Unfair Trade Practices Act (CUTPA).
- Under CUTPA, courts can award damages and impose civil penalties of up to \$5,000 for willful violations.
- Effective October 1, 2025.

# P.A. 25-139: Human Trafficking and Sexual Assault Victims as Protected Classes

- Added victims of human trafficking and victims of sexual assault to the classes protected from discrimination in employment under Connecticut Fair Employment Practices Act.
- Consider updating your policies to include these new protected classes.
- Effective October 1, 2025.

# P.A. 25-117: Unemployment Overcharges

- Reduces the protest period for employers to contest improper unemployment charges due to fraud or error.
- Employer must file written protest within 40 days after Quarterly Statement of Experience Charges is provided to employer. (Down from 60 days.)
- Effective October 1, 2025.

# P.A. 25-117: Occupational Illness Reporting

- Separate provision of P.A. 25-117.
- Requires physicians, PAs and APRNs to report certain occupational exposures to DOL within 48 hours of discovery. Exposure to:
  - lead, phosphorus, arsenic, brass, wood alcohol or mercury or their compounds;
  - anthrax or compressed air; or
  - any other occupational disease.
- Effective July 1, 2025.

# Connecticut Sick Day Law Covers More Employers January 1, 2026

- A reminder that Connecticut's Sick Day Law will cover employers with at least 11 employees on January 1, 2026.
- Will cover all Connecticut employers on January 1, 2027.
- Notice, time tracking, and reporting requirements.

# Going Up: Connecticut Minimum Wage to be Second Highest in Country in 2026

- Increases to \$16.94 hourly from \$16.35 hourly on January 1, 2026.
- Up 3.6%.
- Connecticut will have second highest minimum wage in the country, after Washington D.C. (D.C.'s to increase to \$17.26).
- Minimum wage increases automatically each January 1 indexed to the Employment Cost Index.
- Increase set each October 15<sup>th</sup> based on change in ECI over 12-month period ending on June 30 of the preceding year.

# CT Approves Double Digit Rate Health Insurance Hikes

- Connecticut Insurance Department issued final rulings on requested rate increases on September 10<sup>th</sup>.
- Average rate increase for individual plans was 16.8%.
- Average increase for small group plans was 11%.

# Individual Plans Approved Increases

- On Exchange Individual Plans
  - Anthem Health Plans: 13.6%
  - ConnectiCare Benefits, Inc.: 20.6%
  - ConnectiCare Insurance Company, Inc.: 20.3%
- Off Exchange Individual Plans
  - ConnectiCare, Inc. 7.7%

# Small Group

- On Exchange Small Group:
  - Anthem Health Plans: 11.2%
- Off Exchange Small Group:
  - Oxford Health Plans (CT), Inc.: 10.3%
  - Oxford Health Insurance, Inc.: 10.4%
  - UnitedHealthcare Insurance Co.: 10.6%

# III. Federal Developments

# Overall Picture

- Immigration has remained a primary focus of Administration.
- Little legislation outside of the federal budget bill (H.R. 1).
- Policy changes are coming through executive orders rather than legislation.

# The Federal Budget Bill

- H.R. 1: The One Big Beautiful Bill Act
- 880 Pages
- Signed into law on July 4, 2025.
- Several provisions that may affect employers.

# Provision: No Tax on Overtime

- May be a point of confusion for employees who think they are exempt from withholding.
- Tax deduction up to \$12,500 per individual, \$25,000 for married filing jointly.
- Temporary: Only applies to tax years 2025-2028, unless extended.
- May be claimed by itemizers and those who take the standard deduction.
- Does not apply to FICA or state taxes.
- Only applies to the amount of overtime paid in excess of straight time.
- Only applies to overtime *required* to be paid under FLSA.

# Employer Obligations

- Continue withholding on overtime.
  - IRS will modify withholding amounts to account for the new deductions for tax years beginning after Dec. 31, 2025.
- Report overtime earned in excess of hourly rate. Can be reported in Box 14 on W-2.
- Your payroll systems may need to be adjusted to accurately capture the required qualified overtime.
- Ensure your payroll vendor incorporates the necessary changes.

# Provision: Healthcare

## Provision: Enhanced Employer Tax Credits End January 1, 2026.

- Enhanced PTCs increased the amount of credits ACA enrollees would receive towards their premiums.
- Also increased number of people eligible for credits to those with income over 400% above the poverty level.
- Introduced as part of the American Rescue Plan Act during pandemic.
- End of enhanced PTCs have indirect impact on employers.
- ACA individual insurance becoming unaffordable will result in employees looking to enroll in employer plan.
- May get employees looking to enroll outside of open enrollment.

# Provision: New Medicaid Work and Reporting Requirements

- Requires states, by January 1, 2027, to condition Medicaid eligibility for adults age 19-64 in the ACA Medicaid Expansion group:
  - To work or go to school for 80 hours a week; and
  - Report their eligibility every 6 months.
- Exempts people with disabilities and parents with children under age 14.
- Eligibility rules will affect more than 300,000 people in Connecticut receiving Husky.
- Loss of coverage may result in more employees seeking employer-sponsored coverage.

## Provision: Telehealth and HSAs/HDHPs

- A pandemic-era rule allowed HSA-qualified HDHPs to cover telemedicine and other remote care service expenses before the deductible is met with no effect to a participant's ability to continue to contribute to their HSA.
- The rule expired January 1, 2025.
- H.R. 1 reinstates this rule retroactively to January 1, 2025, and makes it permanent thereafter.

# Provision: Paid Family and Medical Leave

- Makes general business credit for Paid FMLA permanent.
- In states that require PMFL, employers can now claim credit for leave amounts paid in excess of state requirements.
- Employers will now also be able to claim a credit for health insurance premiums paid while on leave.
- Credit is equal to a percentage of the amount the employer pays for employee wages and health insurance premiums while out on leave.
- To qualify, must have written policy that offers more than the state's mandated paid family and medical leave.

# Fringe Benefit Provisions

# Provision: Dependent Care FSAs Contribution Limits Increase

- For plan years beginning January 1, 2026, Flexible Spending Account (FSA) pre-tax contribution limits will increase.
  - For individuals from \$5,000 to \$7,500.
  - For married filing separately from \$2,500 to \$3,750.

# Provision: Enhanced Employer-Provided Childcare Credit

- Increases employer-provided childcare credit from \$150,000 (up to 25% of qualified expenses) to \$500,000 (40% of qualified expenses.)
- Applies to amounts paid after December 31, 2025.

# Provision: No Deductions for Meal, Moving, Bicycle Commuting

- Meals: Eliminates tax deduction for meals provided to employees for employer's convenience and subsidized meals in on-site cafeterias beginning January 1, 2026.
- Bicycle Transportation Fringe Benefit: Permanently eliminates \$20/month bicycle commuting employer reimbursement.
- Moving Expenses: Tax benefits for employer-provided moving expenses were set to return in 2026. Will not be reinstated other than for military and intelligence services.

# Provision: Permanent Tax Exclusion for Student Loan Repayment Assistance

- CARES Act allowed employers to reimburse employees with student loan debt on a tax-free basis up to \$5,250 per calendar year.
- Was set to sunset on December 31, 2025.
- H.R. 1 makes this tax exclusion permanent up to the \$5,250 annual limit and now indexes the cap to inflation.

# Provision: Trump Accounts

- Allows individuals to establish an investment account for U.S. citizens under age 18 with a social security number.
- Accounts may be opened beginning January 1, 2026, with rules similar to IRAs.
- Contributions are made from after-tax funds.
- Distributions cannot be made before age 18.
- Parents, employers, and others can contribute.

# “Trump Account” Contribution Sources

- Federal government will contribute \$1,000 to accounts for those born in years 2025-2028.
- Parents and others may contribute up to \$5,000/year (inflation indexed beginning 2027).
- Employers may contribute up to \$2,500 either directly to the employee or to the employee’s dependent.
  - Contribution does not increase employee’s gross income.
  - Counts toward the \$5,000 limit.
  - Plan document, compliance, and communication requirements.

# IV. Holiday Survey

# More Employers Giving Day after Christmas and New Years Off

- Christmas Day and New Year's Day fall on Thursdays this year.
- More employers are electing to give employees day after these holidays off.
- Nearly half say office will close day after Christmas, up 30 percentage points from last year.
- Twenty-two percent of companies will give January 2<sup>nd</sup> off, up 18 percentage points from last year.

# Companies Open Paying a Premium to Employees Working

- Of the companies at least partially open on the holidays, just over half will pay a premium to those employees who are working.
- Twenty-four percent (24%) of respondents will pay double time, 22% will pay time and a half, and 8% will pay straight time and provide an additional day of PTO to those workers.
- Thirty-three percent (33%) of respondents will pay straight time only.

# The Full Survey Results:

Which day(s) will your Company be closed for Thanksgiving (Thursday, Nov. 2th)?	Percentage of Respondents
Wednesday, Nov. 26th (Day before Thanksgiving) - Half Day	14%
Wednesday, Nov. 26th (Day before Thanksgiving) - Full Day	1%
Thursday, Nov. 27th (Thanksgiving Day)	98%
Friday, Nov. 28th (Day after Thanksgiving)	72%
Pay: Employees are Paid as Holiday Pay for Day(s) Company is Closed	71%
Pay: Employees May Use PTO for Day(s) Company is Closed	4%
Other	7%

Which day(s) will your Company be closed for Christmas (Wednesday Dec. 25th)?	Percentage of Respondents
Monday, Dec. 22nd	1%
Tuesday, Dec. 23rd	3%
Wednesday, Dec. 24th (Christmas Eve) - Half Day	30%
Wednesday, Dec. 24th (Christmas Eve) - Full Day	31%
Thursday, Dec. 25th (Christmas Day)	98%
Friday, Dec. 26th	48%
Pay: Employees are Paid as Holiday Pay for Day(s) Company is Closed	70%
Pay: Employees May Use PTO for Day(s) Company is Closed	5%
Other	5%

Which day(s) will your Company be closed for New Year (Wednesday, Jan. 1st)?	Percentage of Respondents
Monday, Dec. 29th	5%
Tuesday, Dec. 30th	5%
Wednesday, Dec. 31st (New Year's Eve) - Half Day	21%
Tuesday, Dec. 31st (New Year's Eve) - Full Day	20%
Wednesday, Jan. 1st (New Year's Day)	95%
Friday, Jan. 2nd - Half Day	1%
Thursday, Jan. 2nd - Full Day	22%
Pay: Employees are Paid as Holiday Pay for Day(s) Company is Closed	68%
Pay: Employees May Use PTO for Day(s) Company is Closed	5%
Other	8%

**If any employees are required to work on Company holidays, they are paid:**

**Percentage of Respondents**

Straight Time

33%

Straight Time Plus Time and a Half

22%

Double Time

24%

Straight Time and an Additional PTO Day

8%

Other

13%

<b>Company holiday party</b>	<b>Percentage of Respondents</b>
Do Not Have One	18%
Party During Work Hours - At Company	33%
Party During Work Hours - Off Site	26%
Party After Work - At Company	1%
Party After Work - Off-Site	24%
Who is Invited: Employees Only	46%
Who is Invited: Employees and Guest	15%

Company holiday party - Controlling alcohol	Percentage of Respondents
Alcohol is Not Allowed	42%
Alcohol is Allowed and Company Does not Limit Drinks	26%
Outside Bar Service is Used	10%
Company Provides Employees with Drink Tickets	19%
Management Monitors and Controls on Case-by-Case Basis	10%
Company Provides Transportation to Employees Who may Have Overindulged	14%
Other	5%