



Senate

General Assembly

File No. 626

February Session, 2018

Substitute Senate Bill No. 51

Senate, April 23, 2018

The Committee on Finance, Revenue and Bonding reported through SEN. FONFARA of the 1st Dist. and SEN. FRANTZ, L. of the 36th Dist., Chairpersons of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING THE FUNDING AND EXPANSION OF CERTAIN ADVANCED MANUFACTURING CERTIFICATE PROGRAMS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective July 1, 2018*) (a) As used in this section
2 and sections 2 and 3 of this act:

3 (1) "Public institution of higher education" means the institutions of
4 higher education identified in subdivision (2) of section 10a-1 of the
5 general statutes; and

6 (2) "Qualifying advanced manufacturing certificate program" means
7 a for-credit or noncredit sub-baccalaureate advanced manufacturing
8 certificate program offered by a public institution of higher education
9 in which at least seventy-five per cent of the graduates of such
10 certificate program are employed in a field related to or requiring such
11 certificate in the year following such students' graduation.

12 (b) The Board of Regents for Higher Education shall establish a

13 program to provide supplemental funding grants to public institutions
14 of higher education for the support and expansion of qualifying
15 advanced manufacturing certificate programs offered by such
16 institutions. Such program shall be administered in accordance with
17 the provisions of this section and sections 2 and 3 of this act.

18 (c) A public institution of higher education may submit an
19 application to the Board of Regents for Higher Education for a
20 supplemental funding grant under this section for each qualifying
21 advanced manufacturing certificate program offered by such
22 institution. An application shall be made at such time and in such
23 manner as the board prescribes. An application shall include, but need
24 not be limited to, documentation substantiating the employment rate
25 of the graduates of the qualifying advanced manufacturing certificate
26 program and an explanation of how the institution will use the
27 supplemental funding grant to support or expand the qualifying
28 advanced manufacturing certificate program. An institution that
29 receives a supplemental funding grant under this section shall use
30 such grant for the purpose of supporting or expanding the qualifying
31 advanced manufacturing certificate program.

32 (d) Not later than July 1, 2019, and annually thereafter, the Board of
33 Regents for Higher Education shall submit a request to the Department
34 of Revenue Services to segregate, in accordance with the provisions of
35 section 2 of this act, a portion of the average income tax liability of
36 graduates of qualifying advanced manufacturing certificate programs
37 who are employed in a field related to or requiring such certificate in
38 the year following such students' graduation. To assist the Department
39 of Revenue Services in calculating the amount of income tax liability to
40 be segregated, the board shall provide the department with the
41 following data: (1) The average annual salary of graduates of
42 qualifying advanced manufacturing certificate programs for the
43 preceding ten-year period, and (2) the total number of graduates of the
44 qualifying advanced manufacturing certificate programs for the prior
45 fiscal year that are employed in a field related to or requiring such
46 certificate.

47 (e) Not later than March 1, 2020, and annually thereafter, the Board
48 of Regents for Higher Education shall submit a report, in accordance
49 with the provisions of section 11-4a of the general statutes, to the joint
50 standing committee of the General Assembly having cognizance of
51 matters relating to higher education and employment advancement
52 regarding the supplemental funding grant program for qualifying
53 advanced manufacturing certificate programs. Such report shall
54 include, but need not be limited to, the amount of funds deposited in
55 the advanced manufacturing certificate programs account established
56 pursuant to section 3 of this act, the graduation and salary data
57 described in subsection (d) of this section, how public institutions of
58 higher education have expended supplemental funding grants and any
59 recommendations for expansion of the supplemental funding grant
60 program.

61 (f) The Board of Regents for Higher Education may accept private
62 donations for the purposes of this section. Any private donations
63 accepted by the board shall be deposited in the advanced
64 manufacturing certificate programs account, established pursuant to
65 section 3 of this act.

66 Sec. 2. (NEW) (*Effective July 1, 2018*) For purposes of the
67 supplemental funding grant program for qualifying advanced
68 manufacturing certificate programs established pursuant to section 1
69 of this act, for the taxable year commencing on or after January 1, 2019,
70 and each taxable year thereafter, the Commissioner of Revenue
71 Services shall use the qualifying advanced manufacturing certificate
72 programs data provided by the Board of Regents for Higher Education
73 pursuant to subsection (d) of section 1 of this act to calculate and
74 segregate an amount equal to twenty-five per cent of the average
75 annual income tax liability of graduates of qualifying advanced
76 manufacturing certificate programs for the preceding ten-year period
77 multiplied by the total number of graduates of such programs for the
78 prior fiscal year that are employed in a field related to or requiring
79 such certificate. The commissioner shall annually deposit such
80 segregated funds into the advanced manufacturing certificate

81 programs account established pursuant to section 3 of this act.

82 Sec. 3. (NEW) (*Effective July 1, 2018*) There is established an
 83 advanced manufacturing certificate programs account which shall be a
 84 separate, nonlapsing account within the General Fund. Funds
 85 segregated by the Commissioner of Revenue Services pursuant to
 86 section 2 of this act and any private donations accepted pursuant to
 87 subsection (f) of section 1 of this act shall be deposited in the account.
 88 The moneys in said account shall be expended by the board for the
 89 purpose of providing supplemental funding grants to public
 90 institutions of higher education that offer qualifying advanced
 91 manufacturing certificate programs pursuant to section 1 of this act.
 92 The State Treasurer shall invest the proceeds of the account.
 93 Investment earnings, after paying any costs incurred by the State
 94 Treasurer in administering the account, shall be credited to the General
 95 Fund. On or before September 1, 2019, and annually thereafter, the
 96 State Treasurer shall notify the Board of Regents for Higher Education
 97 of the total amount deposited in the account.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2018</i>	New section
Sec. 2	<i>July 1, 2018</i>	New section
Sec. 3	<i>July 1, 2018</i>	New section

Statement of Legislative Commissioners:

In Section 1, "subdivisions (1) and (2)" was changed to "subdivision (2)" in Subsec. (a) for internal consistency, and Subsecs. (b), (c) and (e) were reworded for accuracy and clarity; in Section 1(d), "For purposes of" was changed to "To assist the Department of Revenue Services in" for clarity; in Section 2, "for the preceding ten-year period" was added and "for the prior fiscal year" was moved for consistency with Section 1(d); in Section 3, "pursuant to section 1 of this act" was moved and "advanced manufacturing" was added for clarity; and throughout the bill, "supplemental funding grants program" was changed to "supplemental funding grant program" for clarity.

HED *Joint Favorable Subst. C/R*
FIN *Joint Favorable Subst.-LCO*

FIN

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 19 \$	FY 20 \$
Department of Revenue Services	GF - Revenue Loss	None	250,000
Board of Regents for Higher Education	Various - Revenue Gain	None	250,000
Board of Regents for Higher Education	Various - Cost	40,000	40,000

Note: GF=General Fund; Various=Various

Municipal Impact: None

Explanation

The bill, which requires the Commissioner of Revenue Services to segregate and transfer a portion of income tax revenues generated by graduates of certain advanced manufacturing certificate programs, results in a General Fund revenue loss (and commensurate revenue gain to the Board of Regents of Higher Education) of \$250,000 annually beginning in FY 20.

The bill's provision requiring the Board of Regents to provide the Department of Revenue Services with certain data results in a cost to the Board of Regents of approximately \$40,000 in both FY 19 and FY 20. The costs are associated with a half-time Research Associate with salary costs of \$27,500, fringe benefits of \$9,991, and other expenses including survey mailing costs of \$2,509. It is anticipated the Board of Regents will pay these costs out of its own resources (not the General Fund).

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to wage inflation.

Sources: Connecticut Department of Labor Wage and Salary data

OLR Bill Analysis**sSB 51*****AN ACT CONCERNING THE FUNDING AND EXPANSION OF CERTAIN ADVANCED MANUFACTURING CERTIFICATE PROGRAMS.*****SUMMARY**

This bill requires the Board of Regents for Higher Education (BOR) to establish a supplemental grant program to support and expand qualifying advanced manufacturing certificate programs offered by public higher education institutions in the state. Beginning with the 2019 tax year, it requires the Department of Revenue Services (DRS) commissioner to segregate a portion of program graduates' personal income tax revenue and deposit it into a dedicated program account. The bill also requires BOR to annually report to the Higher Education and Employment Advancement Committee on program funding and related recommendations.

EFFECTIVE DATE: July 1, 2018

ADVANCED MANUFACTURING CERTIFICATE PROGRAM GRANT
Qualifying Program

Under the bill, a qualifying advanced manufacturing certificate program is a for-credit or noncredit sub-baccalaureate advanced manufacturing certificate program offered by a public higher education institution in which at least 75% of the program's graduates obtain employment in a field related to or requiring such a certificate within a year after graduation.

Grant Application

Under the bill, a public higher education institution may apply to BOR for a grant for each qualifying advanced manufacturing certificate program it offers. BOR determines when and how institutions may

submit applications. The application must include documentation verifying employment rates of program graduates and an explanation of how the institution will use the grant to support or expand the programs.

Program Funding

The bill requires BOR to submit to DRS the following data to help calculate the amount of income tax liability of graduates of qualifying programs: (1) the average annual salary of the programs' graduates for the preceding 10-year period and (2) the total number of the programs' graduates for the prior fiscal year employed in a field related to or requiring such certificate. The bill does not specify how BOR will obtain salary or employment information from students.

For the tax year beginning on January 1, 2019, and for each tax year thereafter, the DRS commissioner must use this data to calculate the amount of funds equal to 25% of the average tax liability of program graduates during the prior 10 years, multiplied by the total number of such graduates during the prior fiscal year. Beginning by July 1, 2019, BOR must annually submit a request to DRS to segregate these funds and deposit them into a separate, nonlapsing General Fund account that the bill creates. This account must also contain any private donations BOR accepts for the grant program.

Under the bill, BOR must expend the account funds to provide grants to institutions providing qualifying certificate programs. The State Treasurer must invest the account proceeds and credit the investment earnings to the General Fund after paying grant program administrative costs. Beginning by September 1, 2019, the bill requires the treasurer to annually notify BOR of the amount deposited into the account.

Reporting Requirements

Under the bill, BOR must, beginning by March 1, 2020, annually report to the Higher Education and Employment Advancement Committee on the program, including (1) the amount of funds

deposited into the dedicated program account, (2) the graduation and salary data BOR reports to DRS, (3) how the institutions spent grant funds, and (4) any recommendations for grant program expansion.

COMMITTEE ACTION

Higher Education and Employment Advancement Committee

Joint Favorable Substitute Change of Reference - FIN

Yea 20 Nay 0 (03/15/2018)

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 43 Nay 3 (04/05/2018)