

OFFICE OF FISCAL ANALYSIS

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sSB-274

AN ACT REQUIRING THE ESTABLISHMENT OF THE LEARN
HERE, LIVE HERE PROGRAM.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 20 \$	FY 21 \$
Revenue Serv., Dept.	GF - Revenue Loss	None	Up to 1 million
Department of Economic & Community Development	GF - Cost	Up to 116,213	68,530
Revenue Serv., Dept.	GF - Cost	100,000	None
State Comptroller - Fringe Benefits ¹	GF - Cost	27,273	28,228

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill, which requires the Department of Economic and Community Development (DECD) to establish the currently optional Learn Here, Live Here program, results in: 1) a General Fund revenue loss of up to \$1 million annually beginning in FY 21, 2) an annualized ongoing salary and fringe benefit cost of \$93,486 in FY 20 and \$96,758 in FY 21, 3) a one-time marketing and outreach cost of up to \$50,000 in FY 20 only and 4) a one-time cost of \$100,000 to the Department of Revenue Services (DRS) in FY 20 only.

Projected Costs

Assuming 400 participants set aside the maximum \$2,500 in income

¹The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 41.19% of payroll in FY 20 and FY 21.

tax payments annually the DECD would require one full-time position at an annual cost of approximately \$93,486 (\$66,213 for salary and \$27,273 for fringe benefits). This position would be responsible for tracking the income eligibility, employment, residency, and participation status of program participants, as well as coordinating with the DRS to ensure proper income tax set-asides and file liens against any property's title for all homes purchased pursuant to the program. They would also be responsible for enforcing the program's claw back provisions as needed.

The DECD would also incur additional costs associated with marketing materials and outreach activities estimated to be up to \$50,000.

The proposal is also estimated to result in a one-time set up and programming cost of \$100,000 in FY 20 to the DRS to administer the tax provisions of the proposal.

Background

According to data from the Office of Higher Education and the State Department of Education, there are approximately 45,000 graduates from public colleges, independent colleges and vocational technical schools per year. The Connecticut Department of Labor reports that 68% of the 2015 public college graduates were employed in Connecticut nine months after graduation; it is not known how many independent college or vocational school graduates remain in the state.

The Out Years

The annualized ongoing cost impact identified above would continue into the future subject to inflation. The annualized ongoing revenue impact identified above could be mitigated in the out years to the extent that program participants are subject to the bill's claw back provisions.