SB-1130
AN ACT CONCERNING VARIOUS INITIATIVES AT THE UNIVERSITY OF CONNECTICUT.

OFA Fiscal Note

State Impact:

<table>
<thead>
<tr>
<th>Agency Affected</th>
<th>Fund-Effect</th>
<th>FY 20 $</th>
<th>FY 21 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>UConn</td>
<td>Various - Cost</td>
<td>At least 1.5 million to 4.2 million</td>
<td>At least 873,600</td>
</tr>
<tr>
<td>UConn</td>
<td>Various - Revenue Loss</td>
<td>50,000</td>
<td>50,000</td>
</tr>
</tbody>
</table>

Note: Various=Various

Municipal Impact: None

Explanation

The bill, which requires the University of Connecticut (UConn) to take several actions regarding entrepreneurship and innovation, is estimated to result in: (1) a total cost of at least $1.5 million to $4.2 million in FY 20, and at least $873,600 in FY 21 and annually thereafter; and (2) an annual revenue loss to UConn of $50,000. This estimate does not include the costs described in Section 5, which will vary (see below).

The bill also results in the redistribution of Next Gen UConn bonding funds (see below).

Section 4 results in total costs of up to $859,000 in FY 20 and $873,600 in FY 21, and annually thereafter, as it requires one new UConn vice president position to be established. It is anticipated the position will require two support staff, including one at the analyst...
level. The estimated costs for the three positions are: (1) $410,300 in salary in FY 20 and $417,700 in FY 21, composed of the Vice President for Innovation and Entrepreneurship at the average UConn vice president salary of $275,300, an Analyst salary of $80,000 in FY 20 and $84,400 in FY 21, and an Administrative Assistant salary of $55,000 in FY 20 and $58,000 in FY 21; (2) up to $398,700 in fringe benefits in FY 20 and $405,900 in FY 21; and (3) $50,000 in equipment and miscellaneous expenses annually. Funding may come from state General Funds and the Office of the State Comptroller, or from UConn’s own funds (e.g., operating funds from tuition revenue).

Section 5 results in additional total costs annually anticipated to average $103,900 per faculty member hired with entrepreneurship or research commercialization experience, instead of a typical eminent faculty member. For every such faculty hire, the additional cost is approximately: (1) an additional $52,700 in salary; and (2) $51,200 in fringe benefits. As above, funding may come from state General Funds and the Office of the State Comptroller, or from UConn’s own funds. The extent of the additional costs will depend on the faculty recruitment plan and its implementation.

Section 6 results in: (1) an anticipated cost of $300,000 in FY 20 for consultant work in developing and designing new student recruitment materials emphasizing entrepreneurship; and (2) annual revenue loss totaling approximately $50,000 due to the provisions regarding patent release. The patent revenue loss estimate is based on the approximate annual revenue UConn realizes from patents held beyond ten years. It is anticipated the mentorship initiative required by Section 6 will be formulated by the vice president and assisting staff associated with Section 4 of the bill.

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1 The fringe benefit costs for employees funded out of non-appropriated funds are charged to those funding sources, as opposed to the fringe benefit accounts within the Office of the State Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes for non-appropriated fund employees is 97.18% of payroll in FY 20 and FY 21. The fringe benefit impact reflects an upper limit as the funding source for additional personnel is unspecified.
Section 7 results in redistribution of Next Gen UConn bonding funds, associated with: (1) revising Next Gen plans, and (2) constructing or renovating dedicated student entrepreneurship space, with certain requirements, at each of the four UConn regional campuses; such space already exists at the Storrs campus. It is anticipated that the entrepreneurship space component of the redistribution could total $5 million. As the bill requires redistribution of bonding funds, no additional bonding is authorized.

Section 8 results in a cost of between $300,000 and $3 million in FY 20 for the required consultant whose report is due January 1, 2020. Consultant reports completed for and with large universities have been within this range. The consultant cost will reflect the required report’s breadth and turnaround time, and be determined by the proposal or bid that is selected by UConn and CTNext.

The other provisions of the bill are not anticipated to result in a fiscal impact to UConn or the state.

The Out Years

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