OFFICE OF FISCAL ANALYSIS
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sSB-881
AN ACT CONCERNING WORKFORCE DEVELOPMENT.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 22 $	FY 23 $
Labor Dept.	GF - Cost	None	314,093
State Comptroller - Fringe Benefits[1]	GF - Cost	None	31,110
Department of Economic & Community Development	GF - See Below	See Below	See Below
Department of Transportation	TF - See Below	See Below	See Below
Board of Regents for Higher Education	Various - Potential Revenue Gain	None	See Below

Note: GF=General Fund; TF=Transportation Fund; Various=Various

Municipal Impact: None

Explanation

The bill, which creates new programs and policies affecting workforce training, postsecondary education, and public transportation, results in the following fiscal impacts:

Sections 1 and 41-50 eliminate the Office of Workforce Competitiveness (OWC) and replace it with an Office of Workforce Strategy (OWS). sHB 6439, the FY 22 and FY 23 budget bill, as favorably reported by the Appropriations Committee, appropriated $250,000 in FY 22 and FY 23 to support the functions of the OWS.

[1]The 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 41.3% of payroll in FY 22 and FY 23.

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Reviewer: MM

Section 2 establishes a new CareerConneCT account in the General Fund to fund workforce training programs. The Governor's proposed bond bill (GB 887) includes $20 million of new General Obligation bond authorizations in each of FY 22 and FY 23 for the CareerConneCT program. The impact of the proposed change in authorization in GB 887 will be discussed in the relevant bill's fiscal note, if applicable.

Section 8 establishes new reporting requirements for businesses subject to the state's unemployment insurance (UI) law. This results in a cost to the Department of Labor of $345,203 in FY 23 (including a one-time cost of $235,000 for a third-party vendor to execute necessary technical upgrades to the UI administration system), $255,402 in FY 24, and $481,947 in FY 25. These costs include salary and fringe benefits for various full- and part-time/durational positions to manage/implement the project, as well as associated overhead costs (computers, office supplies, etc.).

Section 11 requires the Department of Transportation (DOT) to establish the CTpass program by January 1, 2022, to allow individuals in an approved class for an eligible organization to use certain public transit services without cost or at a reduced cost. Under this section, DOT may enter into negotiated agreements with eligible organizations, which shall include terms and conditions outlining (1) the amount of compensation or reimbursement deemed necessary by DOT to ensure that transit expenditures do not increase as a result and (2) that the agreements cover any DOT administrative costs incurred in operating the program. This section limits the length of contracts, in part, to ensure that reimbursement rates are sufficient to prevent any DOT expenditure growth. To the extent that these agreements are structured to prevent additional DOT transit or administrative costs, as required in the bill, this section is not expected to result in a cost to DOT.

Section 12 expands, beginning in FY 23, Connecticut Higher Education Supplemental Loan Authority (CHESLA) loan eligibility to enrollment in a high-value certificate program that is noncredit and sub-baccalaureate. To the extent that this provision results in an enrollment increase for these programs, the Board of Regents may experience a potential increase in tuition and fee revenue. In FY 19, 3,670 people received a noncredit, sub-baccalaureate certificate from the Board of Regents (not specific to "high-value" programs).

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation. The cost impacts to the DOL are limited to FY 25 and earlier, as described above.