OFFICE OF FISCAL ANALYSIS

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sHB-5300
AN ACT REQUIRING LEGISLATIVE APPROVAL FOR THE MERGER OR CLOSING OF INSTITUTIONS WITHIN THE CONNECTICUT STATE COLLEGES AND UNIVERSITIES AND PROHIBITING THE CONSOLIDATION OF THE REGIONAL COMMUNITY-TECHNICAL COLLEGES.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 23 $	FY 24 $
Board of Regents for Higher Education	Various - Cost	Significant	Significant

Note: Various=Various

Municipal Impact: None

Explanation

The bill, which prevents community college consolidation, is anticipated to result in a significant cost to the Board of Regents (BOR), potentially beginning in FY 22 and continuing into the future. The bill also establishes a new legislative approval process of certain other community college changes that may occur, which may prevent or delay any associated costs or savings.

Section 2 ends the community college consolidation process that is currently underway and prevents any similar future effort, effective immediately. This results in a significant cost to the BOR community colleges, which may begin in FY 22, because the board consequently must re-hire numerous campus-level leadership positions for accreditation maintenance of the 12 community colleges. It is anticipated that these costs will exceed, by millions of dollars, the savings from simultaneous layoffs and title downgrading of regional and consolidated-college personnel. In FY 23, it is estimated that the net savings due to the consolidation will be $10.9 million (savings of $35 million partially offset by costs of $24.1 million).

The consolidation, which the BOR began in 2017, has resulted in a net savings through: (1) many manager-level positions at the college level being held open, combined, or refilled at lower costs on an interim basis; (2) the formation of a regional structure that contains several director-level positions being phased out at the 12 colleges along with new regional president and regional workforce development positions; and (3) the formation of an executive-level structure along with shared services for some administrative functions. The costs of the new positions are substantial but less than the savings at the college level.

A few examples of the position changes at the college level are: (1) the Director of Finance positions are being phased out to the highest college-level position of Associate Director of Finance, as many functions move to shared services and leadership is shifted to the consolidated college; and (2) the Director of Human Resources positions are being phased out to one director position in each of the three regions, with a generalist staff person on each college campus and specialized functions at the consolidated college.

Section 1 may prevent or delay for up to 12 to 16 months any savings or costs anticipated to result from any other college or university merger or closure recommended by the Board of Regents. The bill requires an affirmative vote of the General Assembly within a specified timeframe equal to 12 to 16 months in order for the merger or closure to proceed (or the recommendation is deemed accepted), which delays any anticipated costs or savings. The length of the delay would be equal to the amount of time between the General Assembly receiving merger or closure notice and the date of an affirmative vote (or deemed acceptance). If within the voting timeframe one chamber of the General Assembly rejects the merger or closure, the merger or closure will be halted, which prevents the realization of any savings or costs that would have resulted.

The Out Years

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