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sSB-982
AN ACT IMPLEMENTING THE GOVERNOR'S BUDGET RECOMMENDATIONS CONCERNING HIGHER EDUCATION AND REPEALING THE TASK FORCE CONCERNING COLLABORATION AMONG STATE AND MUNICIPAL GOVERNMENTS.

OFA Fiscal Note

State Impact: See Below

Municipal Impact: None

Explanation

Sections 1 and 2 eliminate an affirmative action plan requirement for the Office of Higher Education and make various other conforming changes that do not have a fiscal impact.

Section 3 makes procedural changes to the Board of Regents for Higher Education (BOR) regarding the sale of surplus property. The bill requires BOR to use the proceeds from any of these transactions to pay (1) outstanding bonds or other debt associated with the property or improvements, (2) any costs associated with the transaction, and (3) any capital expenditure consistent with BOR’s campus improvement plan.

To the extent surplus property is sold, this results in a potential cost reduction to future debt service, either from paying off existing debt or using sale revenue towards future capital projects that would have otherwise required a new bond sale. The potential reduced debt service would be attributed to either the General Fund or the resources of BOR, dependent on whether the properties being sold and/or improved were financed using General Obligation (GO) bonds or BOR’s own revenue bonds, or some combination thereof. The amount of the potential debt service reduction is unknown, as it relies on future decisions of both

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3/22/23

BOR and the Office of Policy and Management.

Section 4 transfers the Open Educational Resource Coordinating Council from the Office of Higher Education (OHE) to the Connecticut State Colleges and Universities (CSCU) and does not result in a fiscal impact.

Section 5 reallocates funding for constituent units of the state system of higher education beginning in FY 24, resulting in a net neutral funding policy. Under current practice, the State Comptroller-Fringe Benefits account covers all the fringe benefit costs for employees on the block grants, and the higher education units cover all the fringe benefit costs for employees not on the block grants. Under the proposed policy, the State Comptroller will be responsible for all retirement costs while the constituent units will be responsible for group life insurance, medical costs of active employees, unemployment compensations, and Social Security tax. The section results in no fiscal impact to the state due to the net neutral adjustment of block grants and fringe benefit expenses.

Sections 6-10 & 12 eliminate the diversion of iLottery revenues to the debt-free community college program, resulting in a General Fund revenue gain of $2 million in FY 24 and $3 million in FY 25. This results in a corresponding revenue loss to the community colleges, as they would have otherwise received the funding to help offset the costs of the debt-free community college program.

Section 11 makes current practice permanent for various OHE program approval exemptions and does not result in a fiscal impact.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation and the terms of any future property sale and bonds issued. The General Fund revenue gain from the elimination of the debt-free community college revenue diversion is projected to increase to $14 million by FY 28.