OFFICE OF FISCAL ANALYSIS
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sHB-5047
AN ACT IMPLEMENTING THE GOVERNOR'S RECOMMENDATIONS FOR GENERAL GOVERNMENT.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 25 $	FY 26 $
Policy & Mgmt., Off.	GF - Cost	950,000	None
Legislative Mgmt.	GF - Potential Cost	See Below	See Below
Treasurer, Debt Serv.	GF - Potential Cost	See Below	See Below
State Comptroller - Fringe Benefits[1]	GF - Savings	14,300,000	14,700,000

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 25 $	FY 26 $
Various Municipalities	Revenue Gain/Loss	See Below	See Below

Explanation

The bill results in various impacts described below.

Section 1, which does not have a fiscal impact, requires the Connecticut Port Authority to submit a report, by January 1, 2025, and quarterly thereafter, to the Transportation and Appropriations

[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 41.25% of payroll in FY 25.

Primary Analyst: LG 4/22/24
Contributing Analyst(s): SB, ME, EMG, WL, PM, TM, MM, NN, CR
Reviewer: RW

Committees on various agency activities.

Section 2 moves out the date by one year for a report required from the Office of Policy and Management (OPM) and the Department of Energy and Environmental Protection regarding certain recommendations. This does not result in a fiscal impact as the agencies have the expertise necessary for this report.

Section 3 increases the annual municipal grant limit under the Small Town Economic Assistance Program (STEAP), which could result in increased or more rapid use of funds authorized for the program. The program is funded through General Obligation (GO) bond funds. Future General Fund debt service costs may be incurred sooner under the bill to the degree that it causes authorized GO bond funds to be expended or to be expended more rapidly than they otherwise would have been. As of March 1, 2024, the unallocated bond balance available under the relevant authorization is $35 million. An additional $35 million of GO bonds become effective on July 1, 2024, under current law. The bill does not change GO bond authorizations relevant to the program. Additionally, this could result in changes to revenue gains to municipalities that qualify for STEAP grants, to the extent some towns are awarded grants greater than $500,000 and/or other towns are not awarded grants because available funding was used for larger grant amounts elsewhere.

Section 4 allows certain elected or appointed officers of the executive or judicial branch to designate an employee of that agency to serve in their place for a board, commission, council, authority, task force or other body. This does not result in a fiscal impact as it does not change the required number of individuals to serve.

Section 5, which allows full-time state employees to take accrued vacation or personal leave while still within their working test periods, results in no cost to the state. Currently certain positions do not permit an employee to take vacation or personal leave during the first six months of employment. The section also requires the Department of Administrative Services (DAS) to adopt policy and procedures to implement this change which results in no cost to the state.

Section 6 makes procedural and technical changes for the disbursement of Willis Scholarship funds, which are not expected to result in a fiscal impact.

Section 7 changes the amortization methodology for the judges, family support magistrates and compensation commissioners' retirement system (JRS) to a fifteen-year layered approach beginning on July 1, 2024, resulting in reduced unfunded liability contributions of approximately $14.3 million in FY 25 and $14.7 million in FY 26.[2]

Section 8 requires the State Employees Retirement Commission to prepare and submit a revised actuarial valuation which results in no fiscal impact to the state as the fund will bear the actuarial costs.

Section 9 expands what qualifies as a gift under statute to include travel expenses, lodging, food and benefits when applied to a member of the Investment Advisory Council and results in no fiscal impact to the state or municipalities.

Section 10 requires OPM to conduct a review of the state contracting process for all state agencies and submit a report by January 1, 2025.[3] This results in a cost of $950,000 to OPM in FY 25 for a consultant as OPM does not have the staff necessary to meet these requirements in the specified time frame.

Section 11 establishes a Higher Education Financial Oversight Committee to evaluate the financial status of the state colleges and universities resulting in a potential cost to the Office of Legislative Management (OLM). This section allows the committee to be reimbursed for necessary expenses and to retain staff if necessary, resulting in a potential cost to OLM to the extent expenses occur and

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[2] Estimates are sourced from Cavanaugh Macdonald Consulting, LLC and the Office of Policy and Management.

[3] It is estimated a review will be needed of approximately 36 agencies.

staff are hired.

The Out Years

Agency Affected	Fund-Effect	FY 27 $	FY 28 $	FY 29 $
State Comptroller - Fringe Benefits	GF - Savings	15,200,000	15,600,000	16,100,000

Note: GF=General Fund

The revised methodology associated with Section 7 is anticipated to lower the unfunded actuarial accrued liability (UAAL) payments by approximately $127 million between FY 2025 – 2032 but increase payments by approximately $210 million over the FY 2033 – FY 2039 period resulting in a net increase in UAAL payments by $83 million over the total fifteen-year period. Any additional changes to the UAAL will result in future payments with their own 15 year closed period base associated with the change to a layered approach.

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