

OFFICE OF FISCAL ANALYSIS

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HB-5408

AN ACT CONCERNING THE PURCHASE OF PRINT AND DIGITAL
ADVERTISING BY THE STATE.

OFA Fiscal Note

State Impact:

| Agency Affected | Fund-Effect | FY 25 \$ | FY 26 \$ |
|--|---------------------------|-----------|-----------|
| State Comptroller - Fringe Benefits ¹ | GF - Cost | 40,000 | 40,000 |
| Department of Administrative Services | GF - Cost | 100,000 | 100,000 |
| Various State Agencies | App Fund - Potential Cost | See Below | See Below |
| Constituent Units of Higher Education | Various - Potential Cost | See Below | See Below |

Note: GF=General Fund; App Fund=All Appropriated Funds; Various=Various

Municipal Impact: None

Explanation

The bill results in a cost of up to \$140,000 per year for the Department of Administrative Services (DAS) to administer the process and fulfill the reporting requirements established in the bill. DAS will have to hire up to one additional employee with a salary and other expenses cost of \$100,000, along with associated fringe benefits costs of \$40,000 beginning in FY 25.

The bill results in a potential cost to various state agencies, including the constituent units of higher education, to the extent they conform to

¹The 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.

the advertising requirements established in the bill. The bill provides a waiver process for agencies which would eliminate any potential cost associated with those requirements.

The bill results in costs to the constituent units of higher education annually beginning in FY 25 (with half-year costs in FY 25). The constituent units conduct out-of-state and digital advertising for student recruitment that cannot easily be supplanted by in-state news advertising. As a result, unless the constituent units apply for and receive waivers from DAS, it is expected that the University of Connecticut (including the UConn Health Center) and the Connecticut State Colleges and Universities would have to increase in-state news advertising in order to comply. Costs would depend on the amount of advertising each constituent unit currently conducts, and how much of that advertising occurs in in-state news publications.

The impact to UConn, in particular, could be significant. In FY 23, UConn spent \$3.9 million on advertising, of which \$57,776 was spent on in-state news publications.²

The Out Years

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

Sources: Department of Administrative Services website

² These figures do not include advertising expenditures of the UConn Health Center.