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FISCAL NOTE(Form 1)
(Office of Fiscal Analysis)
Analyst: AS/CG/MW 4/9/92
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Version:

BILL NUMBER: SHB 5613
FILE NUMBER:
AMENDMENTS:

TITLE: "AN ACT CONCERNING FLEXIBILITY AND ACCOUNTABILITY AT
PUBLIC INSTITUTIONS OF HIGHER EDUCATION"

FAVORABLY REPORTED BY Education

EFFECTIVE DATE: 7/1/92 except
Section 17, Upon Passage

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FISCAL IMPACT STATEMENT - BILL NUMBER SHB 5613

STATE IMPACT Savings, Minimal Savings, Savings
- Non-General Fund, Cost, see
explanation below

MUNICIPAL IMPACT None

STATE AGENCY(S) Constituent Units of Higher
Education, State Comptroller,
Department of Public Works,
Department of Administrative
Services

EXPLANATION OF ESTIMATES:

STATE IMPACT: The portions of this bill which allow increased constituent unit authority in the areas of leasing, purchasing and renovations will result in minimal savings to the Department of Public Works due to workload reductions and a savings both to the General Fund and Non-General Fund for the constituent units due to greater efficiencies in paperwork and a streamlined process. The allowance for check writing by the constituent units has the potential to result in a savings to the state due to streamlined procedures, however, currently the Comptroller has the ability to withhold payments to vendors who owe money to the state. It is not clear whether this could be accomplished if check writing was done by the constituent units. The expansion of the John Dempsey Hospital Finance Corporation to include Uncas-on-Thames Hospital will result in savings to the University of Connecticut Health Center due to streamlined procedures. By allowing the Department of Higher Education to use excess TILP and ELEET funds for personnel costs in SFYs 1991-92 and 1992-93, greater General Fund expenditures or layoffs of agency personnel are avoided.

The bill, in Section 4, modifies the cost accounting of the State by changing the fringe benefit recovery method that is used for the constituent units of higher education from the current percentage method to an

actual cost method. It is anticipated that the higher education units would achieve undetermined savings from the change to actual cost method. This General Fund and non-General Fund savings would be offset by increased costs to the General Fund fringe benefit accounts. The current percentage method has been approved by the federal government. It is unclear at this time whether the federal government would approve the use of dual recovery rates for fringe benefit reimbursement.

Additionally, the Office of the State Comptroller has indicated that Sec. 4 of the bill addresses accounting responsibilities that are reserved for the State Comptroller within the State Constitution and its passage will result in the need for the adjudication of this constitutional issue. If the State Comptroller, as indicated, brings this issue to court, the state will incur litigation costs that cannot be determined at this time.

Other provisions of the bill are technical and have no fiscal impact.