

# OFFICE OF FISCAL ANALYSIS

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sHB-5833

AN ACT ESTABLISHING A PILOT PROGRAM FOR THE  
EXPANSION OF ADVANCED MANUFACTURING CERTIFICATE  
PROGRAMS.

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## ***OFA Fiscal Note***

### ***State Impact:***

<b>Agency Affected</b>	<b>Fund-Effect</b>	<b>FY 20 \$</b>	<b>FY 21 \$</b>
Board of Regents for Higher Education	Various - Potential Cost	None	Potential Significant

Note: Various=Various

### ***Municipal Impact:***

<b>Municipalities</b>	<b>Effect</b>	<b>FY 20 \$</b>	<b>FY 21 \$</b>
Various Municipalities	Potential Cost	None	See Below

### ***Explanation***

The bill requires the Board of Regents to create a program that allows school districts to apply to establish satellite advanced manufacturing centers at high schools, which results in a potentially significant cost to the Board of Regents in FY 21 and annually thereafter. The bill also results in a potential cost to local and regional school districts that choose to participate, in the years of participation.

The extent of costs to the Board of Regents depends on: (1) the terms of each memorandum of understanding to be developed and executed with a participating school district, (2) whether any grant funds are available, and (3) the number of participating districts and students. The bill caps the number of participating high schools that may be selected at eight. The costs to the Board of Regents are potential, as the

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program will not operate if no qualifying applications are received from districts. The potential costs begin in FY 21 as the bill requires the satellite centers to begin operation in fall 2020.

The fiscal impact to a participating district similarly depends on the terms of the memorandum of understanding to be developed and whether any grant funds are available.

The Board of Regents currently offers a program similar to what is required under the bill, College Connections, which has involved a few high schools and four Board of Regents institutions. Terms from one College Connections site agreement indicates the annual costs of a program limited to 15 high school students taking up to two hours of advanced manufacturing coursework daily are \$28,050 in instruction, books, and materials. In the first year of this agreement, the instruction and related costs are paid by the Board of Regents using non-state grant funds (according to Board of Regents meeting minutes), and thereafter are to be paid by the participating school district. In addition, the Board of Regents provided \$400,000 in equipment and furnishings, a one-time start-up cost.

If the Board of Regents receives and approves up to the bill's maximum number of participating high schools (eight), and the agreements have similar terms and scale as outlined above, instruction costs will total \$224,400 (without any inflation adjustment), and equipment and furnishings will total \$3.2 million. If the agreements have a larger scale in terms of students and course offerings, the costs will exceed these amounts.

The bill also requires any satellite center to offer evening and weekend courses to adults that culminate in a certificate. The fiscal impact of these classes to the Board of Regents depends on scale. Board of Regents advanced manufacturing certificate programs typically cost a community college approximately \$15,500 per student, and generate student revenue of \$6,000 to \$8,000. Therefore, the impact of the evening and weekend courses is likely to be a net cost.

***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation, the number of advanced manufacturing satellite centers at high schools, the scope of the courses, and whether any non-state grant funds are available.