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sSB-881
AN ACT CONCERNING WORKFORCE DEVELOPMENT.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 22 $	FY 23 $
Labor Dept.	GF - Cost	None	314,093
State Comptroller - Fringe Benefits[1]	GF - Cost	None	31,110
Education, Dept.	GF - Cost	See Below	See Below
Board of Regents for Higher Education	Various - See Below	See Below	See Below
Department of Economic & Community Development	GF - See Below	See Below	See Below
Department of Transportation	TF - See Below	See Below	See Below

Note: GF=General Fund; Various=Various; TF=Transportation Fund

Municipal Impact:

Municipalities	Effect	FY 22 $	FY 23 $
Local and Regional School Districts	STATE MANDATE[2] - See Below	See Below	See Below

Explanation

The bill, which creates new programs and policies affecting workforce training, secondary and postsecondary education, college

[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 41.3% of payroll in FY 22 and FY 23.
[2] State mandate is defined in Sec. 2-32b(2) of the Connecticut General Statutes, "state mandate" means any state initiated constitutional, statutory or executive action that requires a local government to establish, expand or modify its activities in such a way as to necessitate additional expenditures from local revenues.

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admissions, and public transportation, results in the following fiscal impacts:

Sections 1 and 57-66 eliminate the Office of Workforce Competitiveness (OWC) and replace it with an Office of Workforce Strategy (OWS). This does not result in any fiscal impact as it is anticipated that the current resources of the OWC will be repurposed to be utilized by the OWS.

Section 2 establishes a new CareerConneCT account in the General Fund to fund workforce training programs. The Governor's proposed bond bill (GB 887) includes $20 million of new General Obligation bond authorizations in each of FY 22 and FY 23 for the CareerConneCT program. The impact of the proposed change in authorization in GB 887 will be discussed in the relevant bill's fiscal note, if applicable.

Section 8 establishes new reporting requirements for businesses subject to the state's unemployment insurance (UI) law. This results in a cost to the Department of Labor of $345,203 in FY 23 (including a one-time cost of $235,000 for a third-party vendor to execute necessary technical upgrades to the UI administration system), $255,402 in FY 24, and $481,947 in FY 25. These costs include salary and fringe benefits for various full- and part-time/durational positions to manage/implement the project, as well as associated overhead costs (computers, office supplies, etc.).

Section 11 results in a cost and state mandate to local and regional boards of education associated with expanding the content required in student success plans. Expanding student success plans will result in additional staff time and resources. The cost to the district will vary by the district size and the scope of the various plans.

Section 15 requires boards of education to adopt a "challenging curriculum policy" by FY 23, which may result in more high school students taking college credit-earning courses. This provision could have a potential, positive impact on enrollment in the Board of Regents' dual enrollment and similar programs. Some of these programs are revenue neutral while others are net losses. Therefore, the potential fiscal impact of this provision to the Board of Regents depends on which programs may experience increased enrollment.

Section 15 also results in a cost and state mandate to local and regional boards of education associated with creating a challenging curriculum policy. Under this section, each local and regional board of education must create an academic plan that promotes a challenging curriculum based on a student's assessments. Developing an academic plan will result in additional costs for local and regional school districts associated with additional staff time, administrative time, and resources necessary to implement the plan within the district. The cost to each district will vary based on the size of the district and existing academic plans that are currently in place.

Sections 16 - 18 make the Free Application for Federal Student Aid (FAFSA) mandatory for high school graduation beginning in 2024 (FY 24), with certain exceptions. To the extent this results in higher FAFSA completion rates it is possible that increased postsecondary enrollment may occur, which is a potential revenue gain to the Board of Regents in FY 25 and beyond.

Sections 16 – 18 also result in a minimal cost and state mandate to local and regional boards of education associated with requiring FAFSA completion as a high school graduation requirement, with certain exceptions. This could result in additional staff time and materials to make sure all students complete the FAFSA before graduation. Additionally, the bill requires the State Department of Education (SDE) to create a form to implement the FAFSA completion graduation requirement. This will result in a minimal cost to SDE to create and distribute the form.

Section 20 increases the adult education program credit requirements for graduation and adds a FAFSA completion requirement for program participants who enroll on and after August 1, 2023. Raising the credit requirements for graduation could keep students in the program longer, which is likely to result in additional costs to local adult education; however, it will not increase state costs as the Adult Education grant is capped.[3]

Section 25 directs the Board of Regents to establish, by April 2022, the Connecticut Automatic Admissions Program to bachelor's degree programs for in-state high school seniors who meet academic thresholds. The program is required for the four Connecticut state universities while private and other institutions (e.g., UConn) may opt in. As a condition of participation, institutions admitting students through the program cannot charge application fees. This results in a revenue loss to the Board of Regents universities, which otherwise charges a waivable application fee currently set at $50. In FY 19 and FY 20, total undergraduate application fee revenues for the four universities ranged from approximately $1.1 million to $1.2 million. The extent of the revenue loss depends on the number of student applicants to the program.

This program may also have tuition and fee revenue impacts to the Board of Regents associated with: (1) potential lower enrollment at the community colleges, to the extent that students who would have otherwise attended instead choose (because of the program) to enroll at four-year institutions; and (2) potential higher enrollment at the Connecticut state universities for the same reason, as well as the increased publicity the program will generate, and to the extent that students choose participating universities over non-participating private institutions.

Running the program is not anticipated to result in a substantial cost to the Board of Regents. The bill provides that private institutions choosing to participate can be charged a fee of up to $25,000 or, if lower, the cost of adding the institution to the program, which is expected to be sufficient.

Section 21 raises the high school dropout age to 18. This results in a cost and state mandate to local and regional school districts as more

[3] Currently, the Adult Education grant is capped at $20.4 million.

students will be in school and potentially have to be offered additional programming in order to graduate.

Section 27 requires the Department of Transportation (DOT) to establish the CTpass program by January 1, 2022, to allow individuals in an approved class for an eligible organization to use certain public transit services without cost or at a reduced cost. Under this section, DOT may enter into negotiated agreements with eligible organizations, which shall include terms and conditions outlining (1) the amount of compensation or reimbursement deemed necessary by DOT to ensure that transit expenditures do not increase as a result and (2) that the agreements cover any DOT administrative costs incurred in operating the program. This section limits the length of contracts, in part, to ensure that reimbursement rates are sufficient to prevent any DOT expenditure growth. To the extent that these agreements are structured to prevent additional DOT transit or administrative costs, as required in the bill, this section is not expected to result in a cost to DOT.

Section 28 expands, beginning in FY 23, Connecticut Higher Education Supplemental Loan Authority (CHESLA) loan eligibility to enrollment in a high-value certificate program that is noncredit and sub-baccalaureate. To the extent that this provision results in an enrollment increase for these programs, the Board of Regents may experience a potential increase in tuition and fee revenue. In FY 19, 3,670 people received a noncredit, sub-baccalaureate certificate from the Board of Regents (not specific to "high-value" programs).

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation. The cost impacts to the DOL are limited to FY 25 and earlier, as described above.