

OFFICE OF FISCAL ANALYSIS

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SB-1099

AN ACT AUTHORIZING BONDS OF THE STATE FOR A RESEARCH FACULTY RECRUITMENT AND HIRING PROGRAM BY THE UNIVERSITY OF CONNECTICUT TO ENCOURAGE THE CREATION OF NEW BUSINESS VENTURES.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 22 \$	FY 23 \$
Treasurer, Debt Serv.	GF - Potential Cost	See Below	See Below
UConn	Various - Potential Cost	See Below	See Below

Note: GF=General Fund; Various=Various

Municipal Impact: None

Explanation

The bill authorizes a total of \$46.1 million of General Obligation (GO) bonds from FY 22 through FY 26. The authorizations are effective as follows: \$6,460,000 in FY 22, \$11,729,200 in FY 23, \$14,489,200 in FY 24, \$9,220,000 in FY 25, and \$4,201,600 in FY 26. To the extent bonds are fully allocated and expended, total debt service is expected to be approximately \$65 million over the 20-year duration of the bonds.

The bill requires the University of Connecticut (UConn) to begin a research faculty recruitment and hiring program and as part of the program, facilitate the creation of new business ventures. The total program costs, to be paid using the bonds authorized in the bill and by UConn operating or research funds, are expected to vary annually between FY 22 and FY 27. The faculty hiring program and associated efforts are anticipated to cost UConn approximately \$250,800 in FY 23,

growing to \$3.8 million in FY 27 and annually thereafter. These costs to UConn will only occur if the bond funds are made available.

The bonds authorized by the bill are anticipated by UConn to be used to pay for some of the costs associated with the faculty recruitment component, and all of the costs associated with the creation of new business ventures.

Provided the bond funds authorized by the bill are allocated in the year of authorization, UConn expects to hire two faculty in FY 22, four in FY 23, and four in FY 24, for a total of ten faculty. Each faculty member's annual personnel cost (salary and fringe) is estimated to be \$380,000, with bond funds paying for all the costs in FY 22 and for a gradually declining percentage of total faculty costs, until there is no bonding support in FY 27. It is anticipated that the costs of the program will be distributed as described in the table below.

Program Costs	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27
Faculty						
Bond funds	760,000	2,029,200	2,789,200	1,520,000	501,600	0
UConn funds	0	250,800	1,010,800	2,280,000	3,298,400	3,800,000
Subtotal	760,000	2,280,000	3,800,000	3,800,000	3,800,000	3,800,000
Other: Bond funds	5,700,000	9,700,000	11,700,000	7,700,000	3,700,000	0
TOTAL	6,460,000	11,980,000	15,500,000	11,500,000	7,500,000	3,800,000

The Out Years

The ongoing annual fiscal impact of the debt service would continue into the future subject to the terms of any bonds issued.

The cost to UConn of maintaining support for the research faculty is anticipated to be approximately \$3.8 million annually, subject to wage increases and inflation in fringe benefits costs.