

# OFFICE OF FISCAL ANALYSIS

Legislative Office Building, Room 5200  
Hartford, CT 06106 ◊ (860) 240-0200  
<http://www.cga.ct.gov/ofa>

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sSB-45

AN ACT CONCERNING THE LEARN HERE, LIVE HERE PROGRAM.

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## ***OFA Fiscal Note***

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

<b>Agency Affected</b>	<b>Fund-Effect</b>	<b>FY 23 \$</b>	<b>FY 24 \$</b>
Department of Economic & Community Development	GF - Cost	146,076	176,434
Revenue Serv., Dept.	GF - Cost	100,000	None
State Comptroller - Fringe Benefits <sup>1</sup>	GF - Cost	49,072	65,429
Revenue Serv., Dept.;	GF - Revenue Loss	None	Up to 5,000,000

Note: GF=General Fund

***Municipal Impact:*** None

### ***Explanation***

The bill, which requires the Department of Economic and Community Development (DECD) to establish the currently optional Learn Here, Live Here program, results in: 1) a General Fund revenue loss of up to \$5 million annually beginning in FY 24, 2) an annualized ongoing salary and fringe benefit cost of \$170,147 in FY 23 and \$226,863 annually thereafter, 3) marketing and administrative costs of \$25,000 in FY 23 and \$15,000 annually thereafter and 4) a one-time cost of \$100,000 to the Department of Revenue Services (DRS) in FY 23 only.

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<sup>1</sup>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 40.53% of payroll in FY 23.

### **Projected Costs**

Assuming 2,000 participants set aside the maximum \$2,500 in income tax payments annually the DECD would require two full-time position at an annual cost of approximately \$226,863 (\$161,434 for salary and \$65,429 for fringe benefits). These positions would be responsible for tracking the income eligibility, employment, residency, and participation status of program participants, as well as coordinating with the DRS to ensure proper income tax set-asides and file liens against any property's title for all homes purchased pursuant to the program. They would also be responsible for enforcing the program's claw back provisions as needed. The DECD would also incur additional costs associated with marketing materials and other administrative expenses to be \$25,000 in FY 23 and \$15,000 annually thereafter once the program is implemented. The proposal is also estimated to result in a one-time set up and programming cost of \$100,000 in FY 20 to the DRS to administer the tax provisions of the proposal.

### **Background**

According to data from the Office of Higher Education and the State Department of Education, there are approximately 45,000 graduates from public colleges, independent colleges and vocational technical schools per year. The Connecticut Department of Labor reports that 68% of the 2015 public college graduates were employed in Connecticut nine months after graduation; it is not known how many independent college or vocational school graduates remain in the state.

### ***The Out Years***

The annualized ongoing cost impact identified above would continue into the future subject to inflation. The annualized ongoing revenue impact identified above could be mitigated in the out years to the extent that program participants are subject to the bill's claw back provisions.

Sources: [Department of Labor, Connecticut Employment and Training Commission 2016-17 Legislative Report Card](#)  
[Office of Higher Education, 2017-18 Degrees and Certificates Conferred Report](#)