



# House of Representatives

General Assembly

**File No. 158**

January Session, 2025

Substitute House Bill No. 6887

*House of Representatives, March 20, 2025*

The Committee on Higher Education and Employment Advancement reported through REP. HADDAD of the 54th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## **AN ACT CONCERNING HIGHER EDUCATION MANAGEMENT AND FISCAL ACCOUNTABILITY.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1       Section 1. (NEW) (*Effective July 1, 2025*) Not later than January 1, 2026,  
2       the Board of Regents for Higher Education shall adopt or update the  
3       management and fiscal accountability policies applicable to each  
4       constituent unit and institution of higher education governed by said  
5       board and the central office of the Connecticut State Colleges and  
6       Universities. Such policies shall include, but need not be limited to, the  
7       following:

8       (1) The use of purchasing cards pursuant to subsection (c) of section  
9       4-98 of the general statutes, that includes, but need not be limited to, the  
10      (A) permitted and restricted uses of purchasing cards, (B) provision of  
11      uniform training to each cardholder on such permitted and restricted  
12      uses and required record-keeping, and a signed acknowledgment of  
13      receiving such training, (C) requirement for a secondary review and

14 sign-off on any exceptions to the spending limits on purchasing cards,  
15 (D) provision of uniform training to each supervisor to regularly  
16 monitor the use of purchasing cards, (E) use of purchasing cards by  
17 persons in executive positions for food and entertainment costs, and (F)  
18 establishment and enforcement of accountability measures to address  
19 any purchasing card misuse, including, but not limited to, written  
20 acknowledgment of such misuse, an agreement to remedy such misuse  
21 and the revocation of purchasing cards when necessary.

22 (2) The use of state vehicles that includes, but need not be limited to,  
23 the (A) establishment of rules on the use of state vehicles and related  
24 record-keeping, (B) treatment of state vehicle use for compensation and  
25 tax purposes, and (C) establishment and enforcement of accountability  
26 measures to address any state vehicle misuse and noncompliance with  
27 such policy.

28 (3) Residency requirements for certain executive positions, including,  
29 but not limited to, the chancellor, vice-chancellors, president, vice-  
30 presidents and other equivalent positions. Any employment contract  
31 negotiated on and after July 1, 2025, for the chancellor of the Connecticut  
32 State College and Universities shall include a requirement to maintain  
33 such chancellor's primary residence in the state.

34 (4) The development and provision of uniform training to all  
35 executives, administrators and staff at each such constituent unit,  
36 institution of higher education and central office regarding the business  
37 functions and compliance practices relevant to such position.

38 Sec. 2. (NEW) (*Effective July 1, 2025*) Not later than January 1, 2026,  
39 the Board of Trustees of The University of Connecticut shall adopt or  
40 update policies concerning the management and fiscal accountability of  
41 The University of Connecticut. Such policies shall include, but need not  
42 be limited to, the following:

43 (1) The use of purchasing cards pursuant to subsection (c) of section  
44 4-98 of the general statutes, that includes, but need not be limited to, the  
45 (A) permitted and restricted uses of purchasing cards, (B) provision of

46 uniform training to each cardholder on such permitted and restricted  
47 uses and required record-keeping, and a signed acknowledgment of  
48 receiving such training, (C) requirement for a secondary review and  
49 sign-off on any exceptions to the spending limits on purchasing cards,  
50 (D) provision of uniform training to each supervisor to regularly  
51 monitor the use of purchasing cards, (E) use of purchasing cards by  
52 persons in executive positions for food and entertainment costs, and (F)  
53 establishment and enforcement of accountability measures to address  
54 any purchasing card misuse, including, but not limited to, written  
55 acknowledgment of such misuse, an agreement to remedy such misuse  
56 and the revocation of purchasing cards when necessary.

57 (2) The use of state vehicles that includes, but need not be limited to,  
58 the (A) establishment of rules on the use of state vehicles and related  
59 record-keeping, (B) treatment of state vehicle use for compensation and  
60 tax purposes, and (C) establishment and enforcement of accountability  
61 measures to address any state vehicle misuse and noncompliance with  
62 such policy.

63 (3) Residency requirements for certain executive positions, including,  
64 but not limited to, the president, vice-presidents and other equivalent  
65 positions. Any employment contract negotiated on and after July 1,  
66 2025, for the president of The University of Connecticut shall include a  
67 requirement to maintain such president's primary residence in the state.

68 (4) The development and provision of uniform training to all  
69 executives, administrators and staff at said university regarding the  
70 business functions and compliance practices relevant to such position.

71 Sec. 3. (NEW) (*Effective July 1, 2025*) (a) Not later than January 1, 2026,  
72 the Board of Regents for Higher Education shall establish an internal  
73 audit office. The duties of such office shall include, but need not be  
74 limited to, (1) conducting audits on a regular basis of the records and  
75 expenditures at each constituent unit and institution of higher education  
76 governed by said board and the central office of the Connecticut State  
77 Colleges and Universities to measure, as often as deemed necessary by  
78 such office, (A) compliance with applicable laws and regulations and

79 policies adopted by said board, (B) reliability of financial reporting and  
80 record-keeping, (C) effectiveness and efficiency of operations, and (D)  
81 assessing the adequacy and uniformity of internal controls and  
82 compliance practices at each such institution and the central office; (2)  
83 reporting to said board on the findings of such audit and assessment  
84 and making recommendations for improvement; and (3) performing the  
85 audit required pursuant to subsection (r) of section 1-84 of the general  
86 statutes.

87 (b) The Comptroller shall conduct a randomized post-audit  
88 examination of the records and expenditures of the Connecticut State  
89 Colleges and Universities. The Board of Regents for Higher Education  
90 shall submit or allow access to all accounting records and expenditures  
91 of the Connecticut State Colleges and Universities to the office of the  
92 Comptroller for the purposes of such post-audit examination.

93 Sec. 4. Section 10a-9b of the general statutes is repealed and the  
94 following is substituted in lieu thereof (*Effective July 1, 2025*):

95 (a) The constituent units of the state system of higher education, as  
96 defined in section 10a-1, shall use best efforts to work with the Secretary  
97 of the Office of Policy and Management, the Department of  
98 Administrative Services and the Comptroller to fully utilize the CORE-  
99 CT system in carrying out accounting processes and financial reporting  
100 that meet constitutional needs and providing for budgetary and  
101 financial reporting needs.

102 (b) [The] Each constituent [units of the state system of higher  
103 education, as defined in section 10a-1,] unit shall use best efforts to work  
104 with the Secretary of the Office of Policy and Management, the  
105 Department of Administrative Services and the Comptroller to fully  
106 utilize the CORE-CT system to provide for human resources and payroll  
107 reporting and to initiate the process of determining consistent  
108 classification and compensation for employees not represented by an  
109 employee organization, as defined in section 5-270.

110 (c) Not later than October 1, 2025, and quarterly thereafter, each

111 constituent unit shall submit to the Comptroller, in the form and manner  
112 agreed upon by the Comptroller and such constituent unit, data, as  
113 prescribed by the Comptroller, on the budget and expenditures of such  
114 constituent unit and such constituent unit's central office, if any, for  
115 inclusion in any program concerning state-wide fiscal transparency and  
116 the databases maintained by the office of the Comptroller pursuant to  
117 section 2-53l.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>July 1, 2025</i>	New section
Sec. 2	<i>July 1, 2025</i>	New section
Sec. 3	<i>July 1, 2025</i>	New section
Sec. 4	<i>July 1, 2025</i>	10a-9b

**HED**      *Joint Favorable Subst.*

*The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.*

## **OFA Fiscal Note**

### **State Impact:**

Agency Affected	Fund-Effect	FY 26 \$	FY 27 \$
Comptroller	GF - Cost	None	54,000
State Comptroller - Fringe Benefits <sup>1</sup>	GF - Cost	None	22,000
Board of Regents for Higher Education <sup>2</sup>	OF - Cost	At least 480,000	At least 961,000

Note: GF=General Fund; OF=Other Fund

### **Municipal Impact:** None

### **Explanation**

The bill results in costs of at least \$480,000 in FY 26 and at least \$961,000 in FY 27 and annually thereafter to the Board of Regents for Higher Education (BOR) and one-time costs in FY 27 to the Office of the State Comptroller (OSC). It does so by requiring (1) BOR to establish an internal audit office; and (2) OSC to conduct a randomized post-audit examination of the records and expenditures of BOR.

It is anticipated that Section 3 will require BOR to add at least five positions in order to staff the internal audit office. This results in total

<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 40.71% of payroll in FY 26.

<sup>2</sup>Pursuant to PA 23-204, higher education constituent units are responsible for the costs of group life insurance, active health insurance, Social Security, and Medicare for all active employees, totaling an estimated non-pension fringe benefit rate of 35.78% of payroll in FY 26. A minimal cost is also incurred by the Office of the State Comptroller's Fringe Benefit account associated with employee participation in a state-offered retirement plan.

costs (salary plus fringe) of \$480,000 in FY 26 and \$961,000 in FY 27 and annually thereafter. FY 26 costs assume a January 1 start date. To illustrate, the University of Connecticut currently has nine filled positions in its audit office. These positions have salaries and estimated fringe benefits totaling \$1.6 million.<sup>3</sup>

Additionally, it is anticipated that Section 3 will require OSC to add one temporary position and total funding of \$76,000 in FY 27 (\$54,000 in salary and \$22,000 in fringe benefits) to complete the post-audit examination.

Additionally, the bill requires the constituent units of higher education to: (1) report certain data to OSC for inclusion in its transparency database; and (2) establish various administrative policies. These changes have no fiscal impact as it is anticipated that the constituent units can meet these responsibilities with existing resources.

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

The annualized ongoing fiscal impact identified above would continue into the future subject to changes in salary and fringe costs associated with the internal audit office established by the bill.

---

<sup>3</sup> Salary data derived from CORE CT. Positions related to UConn Health are excluded from the analysis.

**OLR Bill Analysis****sHB 6887*****AN ACT CONCERNING HIGHER EDUCATION MANAGEMENT AND FISCAL ACCOUNTABILITY.*****SUMMARY**

This bill requires the Board of Regents for Higher Education (BOR) and UConn Board of Trustees to adopt or update their management and fiscal accountability policies to cover the following topics by January 1, 2026: (1) use of purchasing cards and state vehicles, (2) residency requirements for certain executive positions, and (3) training on business functions and compliance practices (§§ 1 & 2).

The bill also requires the BOR to establish an internal audit office by January 1, 2026, to conduct regular audits and report to the BOR (§ 3).

Additionally, the bill requires the comptroller to conduct a randomized post-audit examination of the Connecticut State Colleges and Universities' (CSCU) records and expenditures and requires the BOR to provide or allow access to records for this purpose (§ 3).

Beginning by October 1, 2025, the bill requires each constituent unit (including for any central office) to submit quarterly any budget and expense data required by the comptroller for the statewide fiscal transparency program and databases. The bill requires the constituent units and comptroller to agree on the form and manner of submitting the data (§ 4).

The bill also makes a technical change.

EFFECTIVE DATE: July 1, 2025

**POLICIES**

Under the bill, the BOR must adopt or amend certain policies, as outlined above, applicable to each constituent unit it oversees (the state universities and Connecticut State Community College) and the CSCU

central office. The UConn Board of Trustees must adopt or amend the same policies for UConn.

For purchasing cards, the policies must address:

1. proper card uses;
2. cardholder training on proper uses and record-keeping requirements, with a signed acknowledgment of receiving training;
3. secondary review and sign-off in order to exceed card spending limits;
4. supervisor training on regular monitoring of card use;
5. card use by executives on food and entertainment;
6. accountability measures and enforcement for card misuse, including written acknowledgment of misuse, agreements to remedy misuse, and card revocation.

For state vehicles, the policies must address:

1. rules for vehicle use and record-keeping,
2. how use is treated for compensation and tax purposes, and
3. accountability measures and enforcement for misuse and noncompliance.

The policies must also require uniform training for executives, administrators, and staff about their positions' business functions and compliance practices.

### ***Residency***

The bill requires policies addressing residency requirements for executive positions such as chancellor, vice-chancellor, president, vice-president, and equivalent positions. The bill requires any employment

contract negotiated on or after July 1, 2025, for CSCU chancellor or UConn president to require that these officials maintain their primary residence in the state.

### **BOR INTERNAL AUDIT OFFICE**

The bill requires the BOR to establish an internal audit office by January 1, 2026, which must conduct regular audits of records and expenditures at the state universities, Connecticut State Community College, and the CSCU central office, as often as the office deems necessary, for:

1. compliance with applicable laws, regulations, and BOR policies;
2. reliability of financial reporting and record-keeping;
3. effectiveness and efficiency of operations; and
4. adequacy and uniformity of internal controls and compliance practices.

The office must also (1) report to the BOR on its findings and recommendations and (2) perform the audit required by existing law regarding faculty consulting agreements and outside research projects.

### **BACKGROUND**

#### ***Constituent Units of Higher Education***

By law, the constituent units of higher education are the (1) University of Connecticut, including all its campuses, and (2) CSCU, including the state universities, regional community technical colleges, and Charter Oak State College.

### **COMMITTEE ACTION**

Higher Education and Employment Advancement Committee

Joint Favorable Substitute

Yea 18 Nay 0 (02/27/2025)