

OFFICE OF FISCAL ANALYSIS

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sHB-6887

AN ACT CONCERNING HIGHER EDUCATION MANAGEMENT AND FISCAL ACCOUNTABILITY.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 26 \$	FY 27 \$
Comptroller	GF - Cost	None	54,000
State Comptroller - Fringe Benefits ¹	GF - Cost	None	22,000
Board of Regents for Higher Education ²	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.

¹The 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.

²Pursuant 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.

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 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.³

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.

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