

OFFICE OF FISCAL ANALYSIS

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<http://www.cga.ct.gov/ofa>

sHB-7184

AN ACT CONCERNING GOVERNMENT OVERSIGHT, INCLUDING A REVIEW OF STATE PURCHASE OF SERVICE CONTRACTS WITH NONPROFIT PROVIDERS, STATE AGENCY CONTRACTS FOR CONSULTING SERVICES, MUNICIPAL GRANTS AND CERTAIN NONRESIDENT BIDDER CONTRACT AWARDS.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 26 \$	FY 27 \$
Policy & Mgmt., Off.	GF - Cost	Up to \$3.5 million	425,000
Auditors	GF - Cost	138,314 to 276,627	179,218 to 358,436
Department of Administrative Services	GF - Cost	79,000	79,000
State Comptroller - Fringe Benefits ¹	GF - Cost	258,782 to 312,402	276,655 to 348,149
Various State Agencies	GF - Potential Cost	See Below	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill makes various changes regarding government oversight resulting in impacts described below.

Section 1 requires the Office of Legislative Management (OLM) to study the feasibility of reestablishing the Program Review and

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.

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Reviewer: PR

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Investigations Committee resulting in no fiscal impact to the state because OLM has the resources and expertise to meet the requirements of the bill.

Sections 2-4 results in a cost of up to \$3.4 million in FY 26 and approximately \$425,000 in FY 26 to the Office of Policy and Management (OPM) for various requirements including reviews and reports related to nonprofit human service providers.

The cost to OPM consists of four new positions and associated training and supplies at approximately \$425,000 in FY 26 and FY 27.² There is a corresponding cost of \$173,000 in FY 26 and FY 27 to the Office of the State Comptroller (OSC) for associated fringe benefits.

These sections also result in a one-time cost of approximately \$2 million to OPM in FY 26 for vendor costs to meet the January 1, 2026, review deadline. This includes a consultant to conduct research on the existing purchase of service contracts and reporting requirements.³ There is also a potential cost of \$1 million to the extent Core-CT requires any changes or upgrades.

The sections also require state agencies contracting for direct human services to pay providers within 45 days of service delivery. While the new parameters may shift the timing of payments to providers, they do not alter the overall value of the contracts. State agencies may incur administrative costs to the extent they are required to modify their payment structure and hire additional staff to satisfy the 45-day payment deadline, as outlined in the bill. For context, the starting salaries for related fiscal staff range from approximately \$65,000 to \$100,000 annually.

Section 5 requires any state agency who contracts for a study for at least \$100,000 to submit a report to the Government Oversight

² The four positions in OPM consist of two account examiners, one grants and contract specialist, and one staff attorney.

³ OPM estimates there are more than 1,500 existing purchase of service contracts that would have to be reviewed.

Committee resulting in no fiscal impact to the state because state agencies have the resources to submit the required report.

Sections 6 to 7 require the Auditors of Public Accounts (APA) to audit the records and accounts of any municipality that received a state grant to conduct a study resulting in a cost to the state. To meet the requirements of the bill the APA will need to hire two to four additional auditors for a cost of \$138,314 to \$276,627 in FY 26⁴ and \$179,218 to \$358,436 in FY 27, along with associated fringe benefit costs of \$53,621 to \$107,241 in FY 26 and \$71,494 to \$142,988 in FY 27. The exact number of new auditors is dependent on the number of municipalities that receive state funding for studies each year.

Section 8 expands the information that must be available on the Municipal Grant Portal on OPM's website to include a searchable database of the reported findings of any study funded by a state grant. This may result in a cost of \$100,000 in FY 26 for a consultant to complete this work and meet the January 1, 2026, deadline.

Section 9 requires the Department of Administrative Services (DAS) to produce a report annually for state contracts over \$50,000 detailing the residency status of the bidder, the goods and services provided under the contract, the terms and cost of the contract, and the method used in selecting the bidder. This will require DAS to hire an additional contract analyst to administer these provisions with a total cost of \$111,161 in FY 26 and FY 27 (\$79,000 for salary in DAS and \$32,161 for fringe benefits in the State Comptroller – Fringe Benefits).

Section 10, which is not expected to result in a fiscal impact, requires DOT to submit a report by February 1, 2026, and annually thereafter, on the number of DOT contracts over \$50,000 awarded to non-resident bidders, as described in the bill.

The Out Years

⁴FY 26 costs reflect 9 months of expenditures due to the sections October 1, 2025 effective date.

The annualized ongoing fiscal impact identified above would continue into the future subject to employee wage increases and inflation.