

OFFICE OF FISCAL ANALYSIS

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sSB-5

AN ACT CONCERNING HIGHER EDUCATION AFFORDABILITY AND ACCOUNTABILITY.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 26 \$	FY 27 \$
Higher Ed., Off.	GF - Cost	Potential Significant	Potential Significant

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill results in potentially significant costs annually beginning in FY 26 to the Office of Higher Education. The bill establishes a uniform grant amount of \$4,500 for full-time recipients of the Willis Scholarship need-based grant (with proportionately lower amounts for part-time recipients).

The bill requires OHE to make need-based payments to eligible students at the uniform amounts but does not specify that such payments must be made to all eligible students. The analysis below assumes that this is what would occur. If the bill is interpreted otherwise, the cost will be significantly lower.

The bill's annual estimated cost may include the following:¹

- **Grants for all eligible need-based students:** In FY 24, 16,279

¹ All estimates are based on FY 24 figures, as that is the most recent year for which comprehensive data about recipients and eligibility is available. Figures will fluctuate based on the number of students who are eligible, and the number who apply, each year.

students were eligible for a need-based award but did not receive one.² The cost of providing awards to these students, at the levels set by the bill, is estimated to be \$66.4 million annually.³

- **Increased need-based award amounts:** In FY 24, 11,452 students received need-based awards, at average award amounts of \$3,209 for full-time students and \$1,621 for part-time students. The cost of increasing awards to these students to the bill's levels is estimated to be \$13.4 million annually.
- **Maintaining baseline funding at current levels:** In FY 24, due to the availability of ARPA funding, total spending on the Willis Scholarship (both need-based and need-merit) was \$41.5 million. The General Fund appropriation was \$24.9 million. The cost of funding Willis Scholarship at FY 24 levels, over the FY 25 General Fund appropriation, is \$16.5 million.
- **Funding for need-merit awards:** The bill does not change the formula for Willis Scholarship need-merit grants, but it may result in additional costs for these grants. Current law requires OHE to provide for need-merit grants the greater of: (1) 20% to 30% of total Willis Scholarship funding; or (2) \$10 million. To comply with this provision, if Willis Scholarship need-based funding was increased as described above, need-merit funding would also need to be increased by approximately \$18 million.

CGS Sec. 10a-173(b) allows OHE to carryforward up to \$15 million of the FY 25 Willis appropriation to FY 26. To the extent that this funding

² The U.S. Department of Education is transitioning from Expected Family Contribution to Student Aid Index as a measure of student need on the Free Application for Federal Student Aid (FAFSA). OHE uses FAFSA to determine eligibility for Willis Scholarships. It is not known how this transition will impact the population of students eligible.

³ Presumably, some of these students could receive a need-merit award, instead of a need-based award. This analysis assumes that all such students would receive need-based grants.

is available in FY 26, it reduces the amount needed to fund the bill's provisions in FY 26 only.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation and to the number of Willis Scholarship need-based grants awarded.