

OFFICE OF FISCAL ANALYSIS

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

sSB-1231

AN ACT CONCERNING STATE CONTRACTS WITH NONPROFIT
HUMAN SERVICES PROVIDERS.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 26 \$	FY 27 \$
Policy & Mgmt., Off.	GF - Cost	Up to \$3.4 million	425,000
State Comptroller - Fringe Benefits ¹	GF - Cost	173,000	173,000
Various State Agencies	GF - Potential Cost	See Below	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill 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.

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.

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

The bill also results 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 bill also requires 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.

The Out Years

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

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