

OFFICE OF FISCAL ANALYSIS

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sHB-5002

AN ACT CONCERNING EARLY CHILDHOOD CARE AND EDUCATION.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 25 \$	FY 26 \$
Treasurer	GF - Cost	Up to 75,000	-
Treasurer, Debt Serv.	GF - Cost	See Below	See Below
Resources of the General Fund	GF - Revenue Loss	50,000,000	-
Treasurer	ECCEF - Revenue Gain	50,000,000	-
Office of Early Childhood	GF - Cost	See Below	See Below
State Comptroller - Fringe Benefits ¹	GF - Cost	At least 68,000	At least 68,000
Legislative Mgmt.	GF - Potential Cost	Minimal	Minimal

Note: GF=General Fund; ECCEF=Early Childhood Care and Education Fund

Municipal Impact: None

Explanation

Section 1 establishes the Early Childhood Care and Education Fund and requires the Office of the State Treasurer to administer it. A one-time cost of up to \$75,000 is associated with establishing the fund in accordance with the bill's requirements.

Section 2 establishes the Early Childhood Care and Education Fund

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 41.25% of payroll in FY 25.

Advisory Commission within the Office of Legislative Management (OLM) resulting in a potential cost to OLM. This section allows Commission members to seek travel expense reimbursements or stipends resulting in a potential minimal cost to OLM to the extent these are approved and issued by the agency.

Section 3 authorizes \$50 million in General Obligation bonds to be used by the Office of Early Childhood for the purpose of implementing programs and initiatives enacted to support early childhood education and childcare needs in the state. To the extent bonds are fully allocated and expended, total debt service is expected to be approximately \$71.5 million over the 20-year duration of the bonds, with annual payments starting no earlier than FY 26.

Section 4 transfers \$50 million from the General Fund to the Early Childhood Care and Education Fund.

Section 5 results in a cost to the Office of Early Childhood (OEC) beginning in FY 25 to establish the Tri-Share Pilot Matching Program serving New London County. The bill requires OEC to enter into an agreement with an administrator, which would receive up to ten percent of the funds allocated for the program to support administrative costs. The extent of the costs to establish and operate the program is dependent on the amount of funds allocated by the state.

Section 6 of the bill results in a cost to OEC beginning in FY 26 associated with establishing and administering a wage supplement and childcare program enhancement grant. The extent of these costs is dependent on the scope of the grant program to be developed by OEC, pursuant to the bill. OEC will incur additional annual staffing costs of approximately \$165,000, with associated fringe benefit costs of approximately \$68,000, to support administration of the program. For context, the annual starting salary of a Fiscal Administration Officer and Associate Accountant is \$76,386 and \$88,106, respectively.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to the terms of any bonds issued.