

# OFFICE OF FISCAL ANALYSIS

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sSB-432

AN ACT CONCERNING STATE CONTRACTS WITH NONPROFIT  
HUMAN SERVICES PROVIDERS.

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## ***OFA Fiscal Note***

### ***State Impact:***

<b>Agency Affected</b>	<b>Fund-Effect</b>	<b>FY 25 \$</b>	<b>FY 26 \$</b>
Policy & Mgmt., Off.	GF - Cost	Up to 4,400,000	400,000
State Comptroller - Fringe Benefits <sup>1</sup>	GF - Cost	169,000	169,000

Note: GF=General Fund

***Municipal Impact:*** None

### ***Explanation***

The bill results in a cost of up to \$4.4 million in FY 25 and approximately \$400,000 in FY 26 to the Office of Policy and Management for various requirements including annual reviews related to nonprofit human service providers and a review of Core-CT to detect inefficiencies.

The cost to OPM consists of four new positions and associated training and supplies at approximately \$419,000 in FY 25 and \$411,500 FY 26.<sup>2</sup> There is a corresponding cost of \$169,000 in FY 25 and FY 26 to the Office of the State Comptroller (OSC) for associated fringe benefits.

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<sup>1</sup>The 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.

<sup>2</sup> 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 \$3 million to OPM in FY 25 for vendor costs to meet the January 1, 2025, review deadline. This includes a consultant to conduct research on the existing purchase of service contracts and reporting requirements.<sup>3</sup> There is also a potential cost of \$1 million to the extent Core-CT requires any changes or upgrades.

The bill requires OPM to conduct: (1) annual reviews regarding purchase of service contracts with nonprofits human service providers, (2) annual reviews regarding reports that nonprofit human service providers must file with state agencies to determine burdensome or duplicative reports, and (3) a review of Core-CT to detect inefficiencies. If inefficiencies are detected, the bill requires OPM to work with OSC to update the features. The bill also requires OPM to submit annual reports beginning February 1, 2025, related to the annual reviews.

The bill also requires state agencies contracting for direct human services to pay providers within 30 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 30-day payment deadline, as outlined in the bill. For context, the starting salaries for related fiscal staff range from approximately \$64,400 to \$98,000 annually.

### ***The Out Years***

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

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<sup>3</sup> OPM estimates there are more than 1,400 existing purchase of service contracts that would have to be reviewed.