



# OLR RESEARCH REPORT

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## **STATE FINANCIAL AID AND LOAN REIMBURSEMENT PROGRAMS**

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You asked for a summary of (1) state financial aid programs available to Connecticut residents attending an instate public or private higher education institution and (2) legislation that established current statutory student loan reimbursement or forgiveness programs.

### **SUMMARY**

The primary state financial aid program for Connecticut residents attending instate institutions (both public and private) is the Governor's Scholarship, which was established in 2013. The program replaced the state's previous undergraduate student aid programs and is available to Connecticut residents enrolled in at least six semester credit hours and pursuing their first associate or bachelor degree. The Office of Higher Education (OHE) administers the program.

OHE also administers the Minority Teacher Incentive, a program for minority college students who intend to teach in a Connecticut public school after graduation. The program provides both grants and loan reimbursements. (OHE also administers the Weisman Scholarship, a similar, privately funded award.)

Concerning loan forgiveness and reimbursement programs, the state has a number of programs in statute, but only the Minority Teacher Incentive is currently operational. Other loan forgiveness and reimbursement programs in statute but not operational (primarily due to

not being funded) include those for people employed in teaching English language learners; engineering; green technology, life science, or health information technology; and nursing, among others.

Connecticut residents (and others) may also obtain loans from the Connecticut Higher Education Supplemental Loan Authority (CHESLA). The loans are available to (1) students attending a non-profit college or university in Connecticut or (2) Connecticut residents attending a nonprofit college or university in the U.S. CHESLA loans have a fixed interest rate and are made in amounts ranging from \$2,000 up to the cost of education per academic year, with a cumulative maximum of \$125,000. The current annual percentage rate ranges from 6.35% to 6.5% over the life of the loan.

## **GOVERNOR'S SCHOLARSHIP**

[PA 13-247](#) (§§ 174-185) establishes the Governor's Scholarship program as a single, consolidated state financial aid program for Connecticut residents who are undergraduates at in-state public and private higher education institutions. The program replaces the state's previous undergraduate student aid programs: Connecticut Aid to Public College Students, Connecticut Independent College Student Grant, the Capitol Scholarship, and Connecticut Aid to Charter Oak.

The Governor's Scholarship has four award categories: a (1) need and merit-based (merit) award, (2) need-based award, (3) performance incentive pool, and (4) Charter Oak Grant. Eligibility is limited to Connecticut residents enrolled in at least six semester credit hours and pursuing their first associate or bachelor degree. The awards are based on a student's expected family contribution, as determined by the federal [Free Application for Federal Student Aid](#).

The eligible costs to which recipients may apply Governor's Scholarship awards are (1) tuition and required fees, as published by the institution and (2) required books and educational supplies, in a fixed amount as determined by OHE.

### ***Merit Award***

OHE determines eligibility for the merit award based on (1) financial need, as measured by the federally determined expected family contribution and (2) merit, as measured by either high school academic achievement or performance on standardized academic aptitude tests.

OHE requires students to have (1) a high school junior year class rank that is in the top 20% or (2) an SAT score of at least 1800 or ACT score of at least 27.

OHE must make awards according to a sliding scale, annually determined by the office, up to a maximum family contribution and based on available appropriations and eligible students. The act requires that the merit awards be higher than the need awards and prohibits merit recipients from receiving a need or incentive award.

In 2013-2014, the maximum merit award is \$4,500 for full-time attendance at a four-year institution and \$3,500 for full-time attendance at a two-year institution. Applications are available at high school guidance offices and must be submitted by February 15.

### ***Need Award***

OHE must (1) determine eligibility for the need award based on expected family contribution and (2) allocate funds for the need award to institutions for disbursement to students in accordance with requirements the office establishes. The institution's allocation is determined by its actual eligible enrollment (i.e., the number of its students who are eligible for an award) during the fiscal year before the grant year.

As with the merit award, OHE must annually establish a sliding scale based on available appropriations and the number of eligible students. Institutions must (1) adhere to this sliding scale when making awards to students and (2) spend their need award allocation as direct financial assistance for eligible educational costs.

In 2013-2014, the maximum need award, for both two- and four-year institutions, is \$3,000 for full-time attendance.

### ***Incentive Award***

[PA 13-247](#) establishes an incentive pool to encourage retention and completion for students who (1) receive a need award, (2) return with sufficient credits to complete an associate degree in two years or a bachelor degree in four years (presumably two or four years from the time of initial enrollment), and (3) exceed minimum academic performance standards as determined by OHE. Students become eligible for a performance incentive award in the second year of their need award. The act requires that the incentive pool be distributed to participating institutions based on eligibility as determined by OHE.

The act does not specify any criteria for determining which eligible students will receive an incentive award. This award will be implemented in the 2014-2015 academic year.

### ***Charter Oak Grant***

Unlike with the other award components, the act does not require OHE to determine eligibility and award levels for the Charter Oak Grant. Instead, it requires only that the grant (1) be awarded to students who demonstrate substantial financial need and (2) not exceed a student's eligible educational costs.

### **MINORITY TEACHER INCENTIVE AND WEISMAN SCHOLARSHIP**

The Minority Teacher Incentive is a grant and loan reimbursement program for minority college students who intend to teach in a Connecticut public school after graduation. The student must be (1) a junior or senior in a Connecticut teacher preparation program; (2) completing the program's requirements as a graduate student, so long he or she previously received a grant for one year at the undergraduate level; or (3) enrolled in the Alternate Route to Certification program.

The program provides (1) grants of up to \$5,000 per year for up to two years and (2) loan reimbursement of up to \$2,500 per year for up to four years of teaching in a Connecticut public school. OHE requires that students begin teaching within 16 months of graduation in order to receive the loan reimbursement ([CGS § 10a-168a](#)).

The Weisman Scholarship has the same eligibility requirements and awards as the Minority Teacher Incentive program, except that the scholarship is for students planning to teach math or science in a Connecticut public middle or high school. It is administered by OHE and supported with private funds.

### **LOAN FORGIVENESS AND REIMBURSEMENT PROGRAMS**

The state has a number of loan forgiveness and reimbursement programs in statute, but only the Minority Teacher Incentive (described above) is currently operational. We summarize the non-operational programs below. Please note that eligibility for some of these programs extends to people who did not attend Connecticut higher education institutions.

## ***English Language Learners***

[PA 12-1](#), June 12, 2012 Special Session (§ 222) established, within available appropriations, a loan reimbursement program for up to 20 educators who teach bilingual education or English language learners. Recipients of federal or state education loans who meet the program's criteria may receive reimbursements of up to \$5,000 per person, per year, for a maximum of five years.

To be eligible for the program, a person must, on or after May 1, 2012:

1. (a) graduate from an in-state teacher preparation program and complete the state's teaching certification requirements or (b) hold a teaching certificate and complete an in-state program to obtain an endorsement in bilingual education or teaching English to speakers of other languages;
2. obtain such an endorsement if he or she has not already done so;
3. be employed at a Connecticut public school in a teaching position that requires such an endorsement; and
4. make a written commitment to remain employed in such a position at a Connecticut public school for at least five years after receiving the endorsement.

OHE must administer the program and may adopt regulations for this purpose. The office's executive director must seek repayment of the reimbursement from any recipient who does not fulfill the five-year employment requirement. For each year that the person does not meet the employment requirement, he or she must repay at least 20% of the reimbursement (e.g., a recipient who teaches for only three years must repay at least 40% of the reimbursement). The executive director determines the manner of repayment ([CGS § 10a-19j](#)).

## ***Green Technology, Life Science, and Health Information Technology***

[PA 10-75](#) (§ 1) authorized student loan reimbursements for Connecticut residents graduating from instate colleges and universities, based on their educational fields, subsequent occupations, and incomes. ([PA 11-140](#) (§ 1) amended the program's provisions.)

Residents qualify for reimbursements if they (1) graduated from a Connecticut college or university on or after May 1, 2010 with a degree related to life science, green technology, or health information technology; (2) are employed in jobs related to the eligible academic fields for at least two years after graduation; and (3) have a federal adjusted gross income of no more than \$150,000 for the year before the initial reimbursement year.

Residents with a bachelor's degree may qualify for annual reimbursements of up to \$2,500 or 5% of the loan amounts, whichever is less, for up to four years. Those with an associate's degree may qualify for the same reimbursement, but for up to two years only. The law caps the total value of reimbursements a resident can receive under this and any other state program at \$10,000 for those holding a bachelor's degree and \$5,000 for those holding an associate's degree ([CGS § 10a-19j](#)).

### ***“Engineering Connecticut” and “You Belong”***

[PA 06-83](#) (§§ 15 & 16) established two programs to repay student loans, one for certain engineers and the other for certain people with doctoral degrees. Candidates for the engineers' program (“Engineering Connecticut”) must have an undergraduate or graduate degree in engineering from any college or university and have started working as an engineer in Connecticut after December 31, 2005. Candidates for the doctoral degrees program (“You Belong”) must (1) hold a doctorate from any college or university, (2) have started working in Connecticut in an “economically valuable field” after December 31, 2005, and (3) be employed by a company or university registered with or qualified by the Department of Economic and Community Development (DECD). The DECD commissioner determines the economically valuable fields.

OHE must develop eligibility requirements for reimbursement recipients, consulting with DECD on those for the doctoral degree program. The requirements can include income guidelines. OHE must also prescribe application dates and procedures and determine the annual reimbursements for qualifying student loan payments. A recipient can receive reimbursement grants only for loan payments he or she makes while employed in Connecticut (1) as an engineer or (2) if holding a doctoral degree, in an economically valuable field by a qualifying company or by a college or university in a research capacity ([CGS §§ 10a-19e](#) and [-19f](#)).

### ***Primary Care Provider Loan Repayment Program***

[PA 91-274](#) allowed the Department of Public Health to establish a program to provide three-year grants to community-based primary care service providers in order to expand access to health care for the uninsured. The grants may be used for, among other things, recruiting and retaining primary care clinicians and registered nurses through a loan repayment program ([CGS § 19a-7d](#)).

### ***Nursing Education***

PA 88-207 (§ 3) established a program that (1) provides state loans for Connecticut residents entering into or advancing in the nursing profession and (2) forgives loans for candidates who worked as nurses in the state for at least five years ([CGS § 10a-162a](#))

### **ADDITIONAL RESOURCES**

CHESLA: <http://www.chesla.org/>

Office of Higher Education: <http://www.ctohe.org/SFA/default.shtml>

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