

Higher Education and Employment Advancement Committee

JOINT FAVORABLE REPORT

Bill No.: SB-18

AN ACT REQUIRING THE CONNECTICUT HIGHER EDUCATION
SUPPLEMENTAL LOAN AUTHORITY TO ESTABLISH A STUDENT LOAN

Title: SUBSIDY PROGRAM.

Vote Date: 3/10/2020

Vote Action: Joint Favorable Substitute

PH Date: 2/13/2020

File No.:

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SPONSORS OF BILL:

Higher Education and Employment Advancement Committee

REASONS FOR BILL:

This bill allows CHESLA to establish a student loan subsidy program to subsidize the interest rate on authority loans for individuals who (1) are employed in the state, (2) commit to live in the state for at least five years, and (3) meet other eligibility established by CHESLA and OPM. It also requires CHESLA to hold funds in a separate, nonlapsing account, and to expend funds to administer the subsidy program. It requires the OPM secretary to enter into an MOU with CHESLA to establish subsidy program administrative guidelines, and allows the State Bond Commission to authorize up to \$15 million in bonds for program expenses.

Substitute language changes the program's purpose to "reducing" rather than "subsidizing" loan interest rates, and requires, rather than allows, OPM secretary to enter into an MOU with CHESLA to establish program administrative guidelines. It also requires that the interest rate subsidy terminate for any individual who moves out of state during the term of the loan.

RESPONSE FROM ADMINISTRATION/AGENCY:

[CT Higher Education Supplemental Loan Authority](#): CHESLA submitted testimony in support of this bill. They note that while Connecticut has one of the highest rates of college participation in the country, many new college graduates are leaving our state. They believe this bill will address this problem by incentivizing Connecticut's graduates to stay in Connecticut and establish their careers here, and that these low or no-interest loans would be

relatively simple to implement. They note that in the future, they could partner with private companies to match funds to expand this program.

NATURE AND SOURCES OF SUPPORT:

[Connecticut Realtors](#): The CT Realtors submitted testimony in support of this bill. They note that the average first-time homebuyer is delayed an average of seven years mainly due to student loan debt. They believe this bill will give the state an opportunity to become a leader in addressing the student debt crisis and give recent graduates additional reasons to live and work in Connecticut.

NATURE AND SOURCES OF OPPOSITION:

None expressed.

Reported by: Assistant Clerk Krystin DeLucia Date: March 16, 2020