



Testimony Submitted to the Banking Committee

February 18, 2021

HB 5610 – An Act Expanding Access to Certain Loans Issued by the Connecticut Higher Education Supplemental Loan Authority, Connecticut Banks and Connecticut Credit Unions

CHESLA is a quasi-public entity that works to expand access to higher education and enhance the State's economic development by providing cost-effective education financing programs and informational resources to Connecticut students, alumni and their families. CHESLA serves as a leading resource for Connecticut students as they plan for their college education by providing financing, information and tools to help them make informed decisions.

CHESLA fully supports expanding access to financing options for individuals who wish to pursue opportunities in higher education. In fact, we have proposed a CHESLA Minority Teacher Recruitment Program as part of our 2021 legislative agenda. The proposal would provide an interest rate subsidy on CHESLA student loans for educators of color that commit to teaching in Connecticut public schools. If an educator of color refinances their existing student loan with CHESLA they would also be eligible for the interest rate subsidy.

The proposal to establish the CHESLA Minority Teacher Recruitment Program acknowledges that some borrowers may have difficulty qualifying for a loan because they fall short of the underwriting criteria used to approve applicants. Accordingly, it allows for flexibility in the underwriting criteria in order to expand access to the interest rate subsidy to educators of color that may otherwise not qualify for a CHESLA refinance loan. In order to provide flexibility in the underwriting criteria and provide for the loan rate subsidy, the CHESLA Minority Teacher Recruitment Program would require the issuance of general obligation bonds.

It is also important to note that any adjustments made to the underwriting criteria used to approve applicants should consider the capacity of the borrower to repay the loan. CHESLA believes that borrowers need to have a manageable debt level in order to protect their own credit standing as they enter the workforce. We encourage borrowers to investigate the full range of education finance resources, including grants and scholarships.

CHESLA is willing to work with all stakeholders in pursuit of our mission to provide the necessary tools for students to make informed decisions; encourage interest in post-secondary education to help the State meet its workforce needs; and enhance economic development through innovative financing programs.

Thank you for your time and consideration.

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