

# Banking Committee JOINT FAVORABLE REPORT

**Bill No.:** HB-5610

AN ACT CONCERNING A STUDY BY THE CONNECTICUT HIGHER

**Title:** EDUCATION SUPPLEMENTAL LOAN AUTHORITY.

**Vote Date:** 3/9/2021

**Vote Action:** Joint Favorable

**PH Date:** 2/18/2021

**File No.:** 64

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## **SPONSORS OF BILL:**

Banking Committee

Rep. Anne M. Hughes, 135th Dist.

Rep. Susan M. Johnson, 49th Dist.

Rep. Robyn A. Porter, 94th Dist.

Rep. Michael A. Winkler, 56th Dist.

Rep. Gary A. Turco, 27<sup>th</sup> Dist.

## **REASONS FOR BILL:**

The bill will require the Connecticut Higher Education Supplemental Loan Authority to conduct a study the feasibility and implications of expanding its loan programs to student loan borrowers and other specific groups, the standards used by other student loan lenders, and to compare itself to other student loan lenders in regard to interest rates and the pricing of student loan products.

The bill was originally proposed to combat people without financial security from falling too far into debt by increasing access to low-interest loans. HB 5610 looks into the logistics of the Connecticut Higher Education Supplemental Loan Authority providing additional access to low-interest loans.

## **RESPONSE FROM ADMINISTRATION/AGENCY:**

**Janet W. Weldon, Executive Director, CHELSA:** The Connecticut Higher Education Supplemental Loan Authority (CHESLA) fully supports expanding access to financing options for individuals who wish to pursue opportunities in higher education. In addition to this legislation, CHESLA has proposed a Minority Teacher Recruitment Program as part of their 2021 legislative agenda. This would provide interest rate subsidies on CHELSA student loans to educators of color that commit teaching in Connecticut public schools.

## **NATURE AND SOURCES OF SUPPORT:**

**Susan M. Johnson, State Representative, Connecticut General Assembly:** Students have been hurt economically because of increasing costs of higher education and a financial institution that charges students at higher rates. Student debt keeps graduates from participating in our economy as it is the only thing that they can focus on financially. HB 5610 will help graduates obtain employment and put more of their money in our economy than in paying back debt.

**Bruce Adams, President & CEO, Credit Union League of Connecticut:** Support programs that increase student access to credit to further their independence because education leads to financial independence. He wants private lenders to still be supported as a valuable alternative to government loans. Connecticut credit unions also support the use of a revolving loan fund that would use public funds to leverage the investment of private dollars in student's futures.

**Eddy Agyeman, Resident:** Supports the bill because it allows young people to not take out as much debt in high interest. Student debt is the second higher consumer debt category. Job competitiveness and Covid have exacerbated the need for low interest loans for people wanting to pursue secondary education. HB 5610 will also provide relief toward other expenses such as rent.

## **NATURE AND SOURCES OF OPPOSITION:**

None Expressed

**Reported by: Kyle Del Balso / Dawn Marzik**

**Date: 3/23/21**