



# Senate

General Assembly

**File No. 263**

February Session, 2022

Substitute Senate Bill No. 250

*Senate, April 4, 2022*

The Committee on Higher Education and Employment Advancement reported through SEN. SLAP of the 5th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

***AN ACT CONCERNING STUDENT LOAN REIMBURSEMENT FOR CONNECTICUT RESIDENTS WHO GRADUATED FROM A STATE UNIVERSITY.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective July 1, 2022*) (a) For the purposes of this  
2 section:

3 (1) "State university" means The University of Connecticut and the  
4 state universities within the Connecticut State University System; and

5 (2) "Eligible student loan" means a loan issued or refinanced by the  
6 Connecticut Higher Education Supplemental Loan Authority to finance  
7 attendance at a state university.

8 (b) There is established a student loan reimbursement program for  
9 residents of the state who graduated from a state university to be  
10 administered by the Office of Higher Education. Said office shall  
11 approve the participation of any person in the student loan

12 reimbursement program who (1) graduated with a bachelor's degree  
13 from a state university, (2) is a resident of the state for not less than five  
14 consecutive years since graduation from a state university, (3) is not  
15 more than thirty-five years of age, (4) earns the majority of such person's  
16 income through employment in the state, as evidenced on such person's  
17 Connecticut tax return, for two years prior to participation in the  
18 program, (5) has a Connecticut adjusted gross income of not more than  
19 one hundred thousand dollars, and (6) has an eligible student loan.

20 (c) Persons who qualify under subsection (b) of this section may  
21 apply to the Office of Higher Education to participate in the student loan  
22 reimbursement program at such time and in such manner as the  
23 executive director of said office prescribes.

24 (d) For each person approved to participate in the student loan  
25 reimbursement program, the Office of Higher Education shall (1) within  
26 available appropriations, pay an amount of not more than five thousand  
27 dollars on an annual basis to the Connecticut Higher Education  
28 Supplemental Loan Authority as a credit against the balance of such  
29 person's eligible student loan, provided no person shall participate in  
30 the student loan reimbursement program for more than four years or  
31 receive more than twenty thousand dollars in aggregate student loan  
32 payments, and (2) require such person to volunteer for an approved  
33 nonprofit organization in the state for not less than one hundred unpaid  
34 hours for each year of participation in the student loan reimbursement  
35 program. Such volunteer hours may include, but need not be limited to,  
36 service on a nonprofit board or military service.

37 (e) Any unexpended funds appropriated for purposes of this section  
38 shall not lapse at the end of the fiscal year but shall be available for  
39 expenditure during the next fiscal year.

40 (f) For the fiscal year ending June 30, 2023, the Office of Higher  
41 Education may use up to two and one-half per cent of the funds  
42 appropriated for purposes of this section for program administration,  
43 promotion and recruitment activities.

This act shall take effect as follows and shall amend the following sections:		
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Section 1	July 1, 2022	New section
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**Statement of Legislative Commissioners:**

In Subsec. (d), "on an annual basis" was added for clarity.

**HED**      *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

**OFA Fiscal Note**

**State Impact:**

Agency Affected	Fund-Effect	FY 23 \$	FY 24 \$
Higher Ed., Off.	GF - Cost	Significant	Significant
Higher Ed., Off.	GF - Cost	135,000	135,000
State Comptroller - Fringe Benefits <sup>1</sup>	GF - Cost	54,715	54,715

Note: GF=General Fund

**Municipal Impact:** None

**Explanation**

The bill results in a significant cost to the Office of Higher Education (OHE) beginning in FY 23 associated with the creation of a new student loan reimbursement program.

The bill establishes a student loan reimbursement program for Connecticut residents who earned a bachelor's degree from an in-state public university and meet residency, income, age, and volunteer requirements. Eligible participants may apply to OHE to receive up to \$5,000 annually as a credit against the balance of their loan issued or refinanced by the Connecticut Higher Education Supplemental Loan Authority (CHESLA) for state university attendance. Program participation is capped at four years and \$20,000 in assistance.

OHE does not currently have the funds available to operate this program. The bill results in a significant cost to OHE; the scope of the costs are dependent upon the number of reimbursements awarded

<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 40.53% of payroll in FY 23.

annually. For example, the annual cost associated with 100 awards is \$500,000.

The bill allows OHE to retain up to 2.5% of FY 23 funds appropriated for the program for administration, promotion, and recruitment activities. OHE would require one full-time program administrator and one part-time program specialist in FY 23 and beyond, resulting in annual salary expenses of approximately \$135,000 and corresponding fringe benefit costs of approximately \$54,715.

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

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation and the amount appropriated for the program.

**OLR Bill Analysis****sSB 250*****AN ACT CONCERNING STUDENT LOAN REIMBURSEMENT FOR CONNECTICUT RESIDENTS WHO GRADUATED FROM A STATE UNIVERSITY.*****SUMMARY**

This bill establishes a student loan reimbursement program for Connecticut residents who have graduated with a bachelor's degree from UConn and the institutions that comprise the Connecticut State University System and who meet other residency, income, age, and volunteer requirements.

Under the program, participants may receive up to \$5,000 annually as a credit against the balance of their loan issued or refinanced by the Connecticut Higher Education Supplemental Loan Authority (CHESLA) for state university attendance. The bill caps program participation at four years and \$20,000 in total CHESLA loan reimbursement payments per borrower.

The bill tasks the Office of Higher Education (OHE) with the program's administration and allows it to use up to 2.5% of FY 23 funds appropriated for the program for administration, promotion, and recruitment activities. Additionally, the bill specifies that any unexpended funds appropriated for the program are nonlapsing and must be available for the following fiscal year.

EFFECTIVE DATE: July 1, 2022

**OHE PROGRAM ADMINISTRATION**

The bill requires OHE to receive and approve borrowers' applications for participation in the reimbursement program. Under the bill, applicants must meet the following eligibility requirements in addition

to those above:

1. have maintained Connecticut residency for at least five consecutive years after graduation;
2. be 35 years old or younger;
3. earned the majority of their income through employment in Connecticut for two years before program participation, as proven on the applicant's state tax return; and
4. have an adjusted gross income of \$100,000 or less.

Program participants also must volunteer for at least 100 unpaid hours for an approved Connecticut nonprofit organization for every year of program participation. Under the bill, volunteer hours may include nonprofit board or military service.

For individuals who meet these program requirements, the bill requires OHE to pay CHESLA up to \$5,000 annually as a credit against the balance of their CHESLA loan, subject to the program caps described above.

**COMMITTEE ACTION**

Higher Education and Employment Advancement Committee

Joint Favorable Substitute

Yea 16    Nay 7    (03/17/2022)