



# Senate

General Assembly

**File No. 163**

February Session, 2022

Senate Bill No. 271

*Senate, March 29, 2022*

The Committee on Banking reported through SEN. MILLER of the 27th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

## **AN ACT CONCERNING STUDENT LOANS.**

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

1 Section 1. (NEW) (*Effective July 1, 2022*) (a) The Connecticut Higher  
2 Education Supplemental Loan Authority shall establish, subject to  
3 available funding pursuant to section 2 of this act, a Hero Loan Subsidy  
4 Program for the purpose of subsidizing interest rates on authority loans  
5 to health care employees, licensed pursuant to chapters 378 and 378a of  
6 the general statutes, social workers, licensed pursuant to chapter 383b  
7 of the general statutes, police officers, as defined in section 7-294a of the  
8 general statutes, and firefighters, as defined in section 7-313g of the  
9 general statutes, who meet the eligibility criteria established by the  
10 authority and the Commissioner of Education.

11 (b) The authority shall enter into a memorandum of agreement with  
12 the Commissioner of Education to establish the eligibility criteria and  
13 administrative guidelines for the Hero Loan Subsidy Program. Such  
14 eligibility criteria and guidelines shall include, but need not be limited  
15 to, (1) applicant eligibility, (2) interest rate subsidies and principal limits

16 on authority loans offered under the program, (3) the process for  
 17 verifying the employment of applicants, and (4) the requirement that an  
 18 interest rate subsidy through the program shall terminate for any  
 19 subsidy recipient who ceases to meet the requirements of such program  
 20 during the term of such recipient's loan from the authority.

21 Sec. 2. (NEW) (*Effective July 1, 2022*) The Connecticut Higher  
 22 Education Supplemental Loan Authority shall maintain a separate,  
 23 nonlapsing account to hold funds for the Hero Loan Subsidy Program,  
 24 established pursuant to section 1 of this act. The account shall contain  
 25 any moneys required by law to be deposited in the account, including,  
 26 but not limited to, any state appropriation or the proceeds from the sale  
 27 of bonds issued for the purposes of section 1 of this act. Moneys in the  
 28 account shall be used (1) for the purposes of the Hero Loan Subsidy  
 29 Program and for reasonable and necessary expenses for the  
 30 administration of said program, (2) for the issuance of authority loans  
 31 to refinance one or more eligible loans, and (3) to maintain a reserve held  
 32 by the authority to cover any losses incurred by the authority from the  
 33 issuance of such authority loans. For the purposes of this section,  
 34 "authority loans" and "eligible loans" have the same meanings as  
 35 provided in section 10a-223 of the general statutes.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2022</i>	New section
Sec. 2	<i>July 1, 2022</i>	New section

**BA**      *Joint Favorable*

*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.*

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**OFA Fiscal Note**

**State Impact:**

Agency Affected	Fund-Effect	FY 23 \$	FY 24 \$
CHESLA	CHESLA - Cost	See Below	See Below

**Municipal Impact:** None

**Explanation**

The bill, which requires the Connecticut Higher Education Supplemental Loan Authority (CHESLA) to establish a Hero Loan Subsidy Program, results in a cost to CHESLA as they currently do not have funds available for this program. The cost to CHESLA would be based on the number of eligible applicants and the amount of the loans and is expected to exceed one million dollars. CHESLA is a quasi-public agency that does not receive General Fund support from the state.

**The Out Years**

The annualized ongoing fiscal impact identified above would continue into the future subject to the number of eligible applicants and loans awarded.

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**OLR Bill Analysis****SB 271****AN ACT CONCERNING STUDENT LOANS.****SUMMARY**

This bill requires the Connecticut Higher Education Supplemental Loan Authority (CHESLA) to:

1. establish a Hero Loan Subsidy Program, subject to available funding, to provide education loans with reduced interest rates to people in certain professions and
2. maintain a separate, non-lapsing account to hold funds for the program that are required by law to be deposited there, including any state appropriation or bond sale proceeds.

Under the bill, the loan program applies to licensed nurses, nurse's aides, social workers, and police officers and firefighters (see BACKGROUND) who meet eligibility criteria CHESLA and the education commissioner jointly establish.

EFFECTIVE DATE: July 1, 2022

**PROGRAM GUIDELINES & ELIGIBILITY CRITERIA**

Under the bill, CHESLA must enter into a memorandum of agreement with the education commissioner to establish program administrative guidelines and eligibility criteria. The guidelines and criteria must include:

1. applicant eligibility,
2. interest rate subsidies and principal limits on program loans,
3. an employment verification process, and
4. a requirement that an interest rate subsidy ends for a recipient who no longer meets the program's eligibility requirements during the loan's term.

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## ACCOUNT EXPENDITURES

The bill requires money in the account to be used to:

1. fund the Hero Loan Subsidy Program, including reasonable and necessary administrative expenses;
2. issue authority loans to refinance eligible loans (i.e., CHESLA loans or other higher education loans); and
3. maintain a reserve to cover any losses the authority incurs from making loans.

(The bill appears to allow for the fund and reserve to refinance eligible loans and cover any losses from CHESLA loans, not just Hero Loan Subsidy Program loans.)

## BACKGROUND

### *Firefighters and Police Officers*

By law, “firefighters” include local or deputy fire marshals; fire investigators, inspectors, and certain similar classes of people determined by the State Fire Marshal and the Codes and Standards Committee; and uniformed members of paid municipal, state, or volunteer fire departments.

“Police Officers” are sworn members of an organized local police department (e.g., municipal police officers) or of the State Police; appointed constables who perform criminal law enforcement duties; special police officers appointed under law (e.g., public assistance fraud investigators); or members of a law enforcement unit who perform police duties.

## COMMITTEE ACTION

Banking Committee

Joint Favorable

Yea 17    Nay 0    (03/15/2022)