

OFFICE OF FISCAL ANALYSIS

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sSB-250

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

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 ¹	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.

¹The 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.

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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 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.