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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.

## **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)