



House of Representatives

General Assembly

File No. 185

January Session, 2023

Substitute House Bill No. 6689

House of Representatives, March 23, 2023

The Committee on Banking reported through REP. DOUCETTE of the 13th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING A CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY REFINANCE LOAN SUBSIDY FOR CERTAIN HEALTH CARE PROFESSIONALS.

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

1 Section 1. (NEW) (*Effective July 1, 2023*) (a) For the purposes of this
2 section, "authority loans" and "eligible loans" have the same meanings
3 as provided in section 10a-223 of the general statutes.

4 (b) The Connecticut Higher Education Supplemental Loan Authority
5 shall establish, subject to available funding in the account established
6 and maintained pursuant to section 2 of this act, a Nursing and Mental
7 Health Care Professionals Loan Subsidy Program for the purpose of
8 subsidizing interest rates on authority loans issued to refinance eligible
9 loans for health care professionals who (1) are actively employed in a
10 clinical setting, (2) are licensed pursuant to chapter 378, 378a, 383, 383a,
11 383b or 383c of the general statutes, and (3) meet the eligibility criteria
12 established pursuant to subsection (c) of this section.

13 (c) The Connecticut Higher Education Supplemental Loan Authority
 14 shall enter into a memorandum of agreement with the Commissioner of
 15 Education to establish eligibility criteria and administrative guidelines
 16 for the program established pursuant to subsection (b) of this section.
 17 Such eligibility criteria and guidelines shall include, but need not be
 18 limited to, (1) applicant eligibility criteria, (2) interest rate subsidies and
 19 principal limits on authority loans offered under the program, (3) a
 20 process for verifying that applicants are actively employed in a clinical
 21 setting, and (4) a requirement that an interest rate subsidy on an
 22 authority loan issued under the program be terminated if the subsidy
 23 recipient fails to meet the requirements of the program at any time
 24 during the term of such loan.

25 Sec. 2. (NEW) (*Effective July 1, 2023*) The Connecticut Higher
 26 Education Supplemental Loan Authority shall establish and maintain a
 27 separate, nonlapsing account to hold funds for the Nursing and Mental
 28 Health Care Professionals Loan Subsidy Program established pursuant
 29 to section 1 of this act. The account shall contain any moneys required
 30 by law to be deposited in the account, including, but not limited to, any
 31 state appropriation and the proceeds from the sale of any bonds issued
 32 for the purpose of section 1 of this act. Moneys in the account shall be
 33 expended by the Connecticut Higher Education Supplemental Loan
 34 Authority (1) for the purposes of the Nursing and Mental Health Care
 35 Professionals Loan Subsidy Program established pursuant to section 1
 36 of this act, including, but not limited to, for reasonable expenses
 37 necessary to administer said program, (2) to issue authority loans under
 38 said program to refinance one or more eligible loans, and (3) to maintain
 39 a reserve, held by the authority, to cover any losses incurred by the
 40 authority in issuing authority loans under said program. For the
 41 purposes of this section, "authority loans" and "eligible loans" have the
 42 same meanings as 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, 2023</i>	New section

Sec. 2	July 1, 2023	New section
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Statement of Legislative Commissioners:

In Section 1(b), "in the account established and maintained" was added after "funding" for clarity and internal consistency; in Section 1(b)(2), "chapters 378, 378a, 383, 383a, 383b and 383c" was changed to "chapter 378, 378a, 383, 383a, 383b or 383c" for clarity and accuracy; and in Section 2, "maintain" was changed to "establish and maintain" for clarity.

BA *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 24 \$	FY 25 \$
CHESLA	Resources of CHESLA - Cost	See Below	See Below

Municipal Impact: None

Explanation

This bill requires the Connecticut Higher Education Supplemental Loan Authority (CHESLA) to establish a Nursing and Mental Health Care Professionals Loan Subsidy Program, to subsidize interest rates on CHESLA-refinanced loans for certain Connecticut based health professionals. Additionally, the bill requires CHESLA to maintain a separate, non-lapsing account to hold funds for the program, including state appropriations and bond sale proceeds. The bill does not appropriate funds or authorize bond funds for this purpose. Without additional funding it is unclear how CHESLA would operate the program, as they do not have funds available for this purpose.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to the number of participating professionals and changes in interest rates.

OLR Bill Analysis**sHB 6689*****AN ACT CONCERNING A CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY REFINANCE LOAN SUBSIDY FOR CERTAIN HEALTH CARE PROFESSIONALS.*****SUMMARY**

This bill requires the Connecticut Higher Education Supplemental Loan Authority (CHESLA) to establish a Nursing and Mental Health Care Professionals Loan Subsidy Program. This program must subsidize interest rates on CHESLA refinancing loans to certain Connecticut-licensed nurses, nurse's aides, psychologists, marital and family therapists, clinical and master social workers, and professional counselors.

Under the bill, CHESLA must enter into a memorandum of agreement with the education commissioner to establish the program's eligibility criteria and administrative guidelines. The authority must also maintain a separate, non-lapsing account to hold funds for the program required by law to be deposited there, including state appropriations and bond sale proceeds.

EFFECTIVE DATE: July 1, 2023

PROGRAM ELIGIBILITY CRITERIA AND ADMINISTRATIVE GUIDELINES

The bill requires the loan subsidy program eligibility criteria and guidelines to at least include the following:

1. applicant eligibility criteria,
2. interest rates subsidies and principal limits,

3. a process to verify that applicants are actively employed in a clinical setting, and
4. a requirement that an interest rate subsidy through the program ends when a recipient no longer meets the program's requirements during the loan's term.

PROGRAM ACCOUNT EXPENDITURES

The bill requires CHESLA to spend funds in the program's account for refinancing eligible loans under the program. In addition, CHESLA must spend account funds to cover reasonable and necessary expenses for the program's administration and to maintain a reserve to cover any losses from issuing program loans. Under the bill, "eligible loans" are loans in repayment that are (1) CHESLA-issued or (2) issued by another private or governmental lender to finance college or university attendance.

COMMITTEE ACTION

Banking Committee

Joint Favorable Substitute

Yea 12 Nay 0 (03/07/2023)