

OFFICE OF FISCAL ANALYSIS

Legislative Office Building, Room 5200
Hartford, CT 06106 ◊ (860) 240-0200
<http://www.cga.ct.gov/ofa>

HB-5437

AN ACT ESTABLISHING A STUDENT LOAN SUBSIDY PROGRAM
FOR FIRST RESPONDERS.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 24 \$	FY 25 \$
Treasurer, Debt Serv.	GF - Cost	See Below	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill authorizes \$7 million in General Obligation (GO) bonds each fiscal year starting in FY 24 for the student loan subsidy program established in this act, to be administered by the Connecticut Higher Education Supplemental Loan Authority. To the extent the new bonds authorized are fully allocated and expended, there would be an increase in annual General Fund debt service costs until such bonds are fully repaid. At current market rates, total repayment costs over 20 years for \$7 million of GO bond authorizations are estimated to be approximately \$10.9 million.

The bill creates an annual new GO bond authorization, which would continue to add \$7 million of new bond authorizations each year until changed or repealed. Additional years of authorization past the initial year would increase the potential costs proportionately – for example, 10 years of authorizations would be \$70 million of bond authorizations at a total estimated debt service cost of \$109 million.

To the extent the new bonds authorized are certified by the Treasurer,

and are fully allocated and expended, there would be an increase in annual General Fund debt service costs until such bonds are fully repaid. However, when portions of an authorization are specified to become effective in future years, the full authorization amount is typically known at the time of adoption. The total potential debt service cost is unknowable, given the lack of finite amount or time frame of the bond authorization.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to the terms of any bonds issued.