

# Connecticut Student Loan Forgiveness and Repayment Programs

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## Issue

Describe (1) Connecticut student loan forgiveness and repayment programs, (2) examples of programs offered by other states and the federal government. This report updates OLR Report [2021-R-0044](#).

## Summary

According to the [National Conference of State Legislatures](#) (NCSL), many states, including Connecticut, have at least one education loan forgiveness or repayment program. Connecticut has several such programs in statute, but only one (the Minority Teacher Incentive Program) is currently funded. Separately, Connecticut also has a tax credit to encourage employers to make eligible education loan payments on a qualified employee's behalf. The eligible loans must be issued by the Connecticut Higher Education Supplemental Loan Authority (CHESLA).

Typically, states use these programs to incentivize graduates to work in underserved areas or to fight population losses, and may require borrowers to (1) live and work in a certain region or (2) work in a specific field or industry to receive loan forgiveness or payments on qualifying loans. These programs provide assistance in various forms, including (1) grants to borrowers to help pay their qualifying loans, (2) direct payments to loan servicers on the borrowers' behalf, or (3) tax credits the borrowers can apply to their state income tax.

Additionally, the federal government offers several programs that provide borrowers with student loan debt relief. Similar to state-offered programs, eligibility is often tied to residency and employment requirements, among other factors.

# Connecticut Student Loan Forgiveness and Repayment Programs

Connecticut has several student loan forgiveness and reimbursement incentive programs in statute. These programs generally offer certain borrowers with reimbursement grants or loan forgiveness as an incentive to work and live in Connecticut. According to the Office of Fiscal Analysis, only the Minority Teacher Incentive Program, is currently funded. Table 1 below describes each program. It excludes benefits related to obtaining education loans, such as loan subsidy programs which reduce the interest rate for certain eligible borrowers.

**Table 1: Student Loan Forgiveness Programs in Connecticut Law**

Program Name	Brief Description
Connecticut Green Technology, Life Science, and Health Information Technology Loan Reimbursement Program ( <a href="#">CGS § 10a-19i</a> )	Reimburses federal and state loans of up to \$2,500 per year or 5% of the amount of such loans, whichever is less, for up to four years for individuals with a bachelor’s degree in these fields and up to two years for individuals with an associate degree. To qualify, individuals must have (1) graduated on or after May 1, 2010, (2) been employed in Connecticut for at least two years after graduation, and (3) have an adjusted gross income limit of \$150,000 for the year prior to the first year of reimbursement.
“Engineering Connecticut” Loan Reimbursement Grant Program ( <a href="#">CGS § 10a-19e</a> )	Provides student loan reimbursement grants to individuals who graduated from higher education institutions with undergraduate or graduate degrees in engineering, are employed in Connecticut as engineers, and satisfy certain other eligibility requirements. Qualifying individuals receive annual reimbursement grants for qualifying student loan payments in an amount determined by the Office of Higher Education (OHE) executive director.
English Language Learner Educator Incentive Program ( <a href="#">CGS § 10a-19j</a> )	Provides eligible program participants pursuing an endorsement in bilingual education or the teaching of English to speakers of other languages with grants of up to \$5,000 per year in their junior and senior years. If the student goes on to teach in a Connecticut public school after graduation in a position that requires one of these endorsements, then he or she may also receive \$2,500 per year for four years in loan reimbursements.

**Table 1 (continued)**

Program Name	Brief Description
Health Care Provider Loan Reimbursement Program <a href="#">(CGS § 10a-19f)</a>	Provides a student loan reimbursement grant to DPH-licensed health care providers employed full-time in the state; at least 20% of the grants must be awarded to regional community-technical college graduates.
Information Technology Loan Reimbursement Pilot Program <a href="#">(CGS § 10a-169b)</a>	Provides a student loan reimbursement grant for those who attended a Connecticut college or university; majored in an information technology related field; are newly employed by a Connecticut company in a related position; and meet the eligibility requirements for the state’s information technology scholarship program (CGS § 10a-169a).
Minority Teacher Incentive Program and Educator Loan Reimbursement Grant Program <a href="#">(CGS §§ 10a-168a and 10a-168b)</a>	Awards grants of up to \$5,000 per year, for up to two years, for minority students in (1) their junior and senior years in Connecticut undergraduate teacher preparation programs, (2) graduate teacher education programs (if they received a grant for one year as an undergraduate), or (3) alternative route to certification programs. Also provides up to 10 years of student loan reimbursement grants to minority administrators or teachers, for up to 10% of their student loans, not to exceed \$5,000 a year.
Primary Care Direct Services Program <a href="#">(CGS § 19a-7d)</a>	Provide grants to community-based healthcare providers. The money can be used for, among other things, recruiting and retaining primary care clinicians (e.g., family practice and pediatricians, obstetricians, gynecologists, and dentists) and registered nurses through a loan repayment program. Individuals receiving loan repayment must meet certain requirements.
Nursing Education Loan Forgiveness Program <a href="#">(CGS § 10a-162a)</a>	Provides loan forgiveness for Connecticut residents enrolled in nursing education in the state if they remain in the nursing field in Connecticut for five years.
Student Loan Reimbursement Pilot Program <a href="#">(PA 23-204, §§ 174-175)</a>	Once established, would provide annual student loan reimbursements (for up to four years) to eligible people for up to \$5,000 of their student loan payments, and payments will be deductible from their Connecticut adjust gross income to the extent the payments are included in their federal gross income for income tax purposes. For each year in the program, the person must volunteer at a nonprofit for at least 50 unpaid hours.

Table 1 (continued)

Program Name	Brief Description
<p>“You Belong” Loan Reimbursement Grant Program (<a href="#">CGS § 10a-19f</a>)</p>	<p>Provides student loan reimbursements to doctoral program graduates employed in Connecticut in economically valuable fields, as determined by the Department of Economic and Community Development. Eligible individuals receive annual reimbursement grants for qualifying student loan payments in an amount determined by the OHE executive director. The person must be employed in Connecticut by a qualifying company or in research at a higher education institution in an economically valuable field.</p>

### ***Employer Tax Credit***

In 2019, [PA 19-86](#) established a state corporation business and insurance premium tax credit for an employer that makes eligible education loan payments on a qualified employee’s behalf. The credit, which began with the 2022 income year, equals 50% of the payments an employer makes on the outstanding principal balance of an eligible employee’s education loan, up to a maximum credit of \$2,625 per employee per income year. Employers may claim the tax credit for a maximum of five income years per employee.

[PA 22-118](#), § 419, expanded the loans eligible for this credit to include any CHESLA-issued loan and allowed “qualified small business” (i.e., those with \$5 million or less in gross receipts in the year the credit is allowed) to apply to the Department of Revenue Services for a refund equal to the credit’s value.

Qualified employees are Connecticut residents who (1) earned their first bachelor’s degree within the last five years and (2) are working full time (at least 35 hours per week) at a corporation, insurer, or health care center that is licensed in Connecticut and subject to the applicable tax. However, a qualified employee cannot be an owner, member, partner, or family member of an otherwise qualified employer.

### **Student Loan Forgiveness and Repayment Programs in Other States**

Table 2 below provides examples of other states’ student loan forgiveness and repayment programs.

**Table 2: Examples of Other States' Student Loan Forgiveness and Repayment Programs**

State	Program Name	Brief Description
Kansas	<a href="#">Kansas Rural Opportunity Zone</a>	Designed to retain college graduates in the state and partners with rural counties that fund loan repayments up to \$15,000 (\$3,000 per year); among other eligibility criteria, applicants must have a newly established permanent address in a participating county.
Maine	<a href="#">Opportunity Maine Student Loan Repayment Program</a>	A tax credit program that reimburses student loan payments for qualified borrowers who live and work in Maine (see below for more information).
Maryland	<a href="#">Student Loan Debt Tax Relief Credit</a>	Provides a tax credit to certain Maryland residents who incurred at least \$20,000 in debt while earning an undergraduate or graduate degree and still have at least \$5,000 of outstanding debt.
Massachusetts	<a href="#">Massachusetts Loan Repayment Program for Health Professionals</a>	Provides educational loan repayments (up to \$50,000 for a two-year contract) as an incentive for health professionals to practice in communities where significant shortages of health care providers and barriers to access have been identified.
New York	<a href="#">Get on Your Feet Program</a>	Makes monthly payments for up to two years to certain college graduates with an adjusted gross income of less than \$50,000 who are enrolled in a federal income-based repayment program.
Rhode Island	<a href="#">Rhode Island Commerce Corporation Wavemaker Fellowship</a>	Makes monthly payments for up to two years to certain college graduates with an adjusted gross income of less than \$50,000 who are enrolled in a federal income-based repayment program.
Texas	<a href="#">Peace Officer Student Loan Repayment Assistance Program</a>	Provides qualifying peace officers with student loan repayment (up to \$4,000 a year or 20% of the total unpaid eligible loan balance, whichever is less) for up to five consecutive years. Qualifying peace officers must have earned at least 60 credit hours or the equivalent from an eligible Texas higher education institution prior to appointment, be currently employed, and have completed at least one year of employment as a full-time peace officer.

Table 2 (continued)

State	Program Name	Brief Description
Utah	<a href="#">Veterinary Medicine Loan Repayment Program</a>	Provides educational loan repayments (up to \$25,000 each year for three years) to veterinarians who agree to serve in a National Institute of Food and Agriculture (NIFA) designated shortage area.

## Federal Student Loan Forgiveness and Repayment Programs

The most prominent federal student loan forgiveness and repayment program is the Public Service Loan Forgiveness (PSLF) and the Saving on a Valuable Education (SAVE) programs.

Public Service Loan Forgiveness Program. The [Public Service Loan Forgiveness](#) (PSLF) program is a federal program that forgives the remaining balance on certain federal loans after 120 qualifying monthly payments made under a qualifying repayment plan while working full-time for a qualifying employer.

According to the U.S. Department of Education, as of January 2023, more than 70% of applications for loan forgiveness under this program were denied due to not meeting program requirements, and an additional 28% of applications were denied due to missing or incomplete information on the form. Recent changes made to the PSLF program are intended to increase these rates. These changes, [effective July 1, 2023](#), include (1) allowing borrowers to receive credit for payments made late, in installments, or in a lump sum; (2) awarding credit for certain months in deferment or forbearance, including military service or deferments for economic hardship; and (3) providing borrowers a weighted average of existing qualifying payments toward PSLF when they consolidate their Direct Loans (previously, borrowers lost all progress towards loan forgiveness when they consolidated their loans).

### *Saving on a Valuable Education (SAVE)*

The [SAVE plan](#) is the U.S. Department of Education’s newest income-driven repayment (IDR) plan, replacing the Revised Pay as You Earn (REPAYE) Plan in July of 2023 (borrowers on the REPAYE plan will be automatically transitioned to the SAVE plan). Compared to the REPAYE plan, the SAVE plan (1) increases the income exemption from 150% to 225% of the poverty line, and (2) generally makes it so that borrowers will not see their balances grow if they keep up with required payments, as it eliminates 100% of remaining monthly interest for both subsidized and unsubsidized loans. Additional benefits are expected to go into effect in the summer of 2024.

## ***Other Federal Student Loan Forgiveness and Repayment Programs***

Table 3 below provides other examples of federal student loan forgiveness and repayment programs. Most of these more targeted programs (1) support specific public service or workforce needs, (2) are available to borrowers working in certain geographic regions, serving in specific occupations, or employed by certain federal agencies, or (3) are distinguished by the types of loans that qualify for forgiveness or repayment.

**Table 3: Examples of Federal Student Loan Forgiveness and Repayment Programs**

Program	Administering Agency	Brief Description
<a href="#">Armed Forces National Call to Service</a>	U.S. Department of Defense	For members who enlist and serve in a designated military occupational specialty, provides (1) a cash bonus of \$5,000, (2) up to \$18,000 in qualifying student loan repayment, or (3) educational assistance equal to the 3-year Montgomery G.I. Bill active duty (MGIB-AD) rate for 12 months or equal to 50% of the less-than-three-year monthly MGIB-AD rate for 36 months.
<a href="#">Federal Perkins Loan Cancellation</a>	U.S. Department of Education	Provides up to 100% of a Federal Perkins Loan (incrementally each year) to (1) teachers in school settings serving students from low-income families; (2) special education teachers; or (3) teachers in the fields of mathematics, science, foreign languages, or bilingual education, or in any other field of expertise determined to be a shortage area by a state education agency. Other employment and service may also be eligible, including firefighters, law enforcement officers, or nurses or medical technicians.

**Table 3 (continued)**

Program	Administering Agency	Brief Description
<a href="#">Loan Repayments for Health Professional School Faculty</a>	U.S. Department of Health and Human Services (HHS) and the U.S. Health Resources and Services Administration (HRSA)	Provides educational loan repayments, up to \$40,000 per year, to health professionals who agree to serve as faculty at a health professions school for at least two years.
<a href="#">Nursing Faculty Loan Repayment Program</a>	HHS and HRSA	Provides up to \$40,000 in educational loan repayment assistance over two years to full-time nurse faculty from economically and environmentally disadvantaged backgrounds with eligible health professions degrees or certificates to serve at an approved health professions school for at least two years.
<a href="#">Veterinary Medicine Loan Repayment Program</a>	United States Department of Agriculture and NIFA	Provides educational loan repayments, up to \$25,000 per year, to eligible veterinarians who agree to serve in a NIFA-designated shortage area for three years.

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