

## New Student Loan Programs

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### Issue

Summarize the new student loan reimbursement and subsidy programs the Connecticut General Assembly enacted during the 2023 legislative session.

### Summary

In 2023, the legislature enacted three new student loan programs. The first reimburses students up to \$5,000 a year (for up to four years) in payments they make towards their student loans. The program is offered within available appropriations and on a first-come, first-served basis. To maintain eligibility, individuals must complete 50 hours of volunteer service. The second and third provide certain professionals with interest rate subsidies on education loans from the Connecticut Higher Education Supplemental Loan Authority (CHESLA). One of these programs is open to police officers, and the other to nurses, certain mental health care professionals, and emergency medical technicians.

In addition to these programs, the FY 24-25 bond act authorized \$10 million in state general obligation bonds for CHESLA to use for a nursing student loan subsidy program ([PA 23-205](#), § 99). It does not establish the program's parameters, however.

### Student Loan Reimbursement Program

#### *Administration and Funding*

[PA 23-204](#), §§ 174 & 175, requires the Office of Higher Education (OHE) executive director to establish a program to annually reimburse eligible people for up to \$5,000 of their student loan

payments per year, for up to four years. OHE must establish the program within available appropriations and award the grants on a first-come, first served basis. (The FY 24-25 state budget appropriates \$6 million for the program in FY 25.) Under the new law, these payments are deductible from an individual's Connecticut adjusted gross income (AGI) to the extent they are included in their federal gross income for income tax purposes.

OHE must establish the program by January 1, 2025, and prescribe the application process.

### ***Eligibility***

To be eligible for the program, an individual must have (1) attended, graduated with a bachelor's degree from, or left in good standing from a public or private college or university in Connecticut, or (2) hold a Connecticut occupational or professional license or certification issued under Title 20 of the General Statutes (generally those issued by the public health or consumer protection commissioners). Additionally, an individual must have a student loan and:

1. be a Connecticut resident for at least the previous five years and
2. have a Connecticut AGI of \$125,000 or less (for taxpayers filing as unmarried or married filing separately) or \$175,000 or less (for those filing as married filing jointly, head of household, or surviving spouse).

Finally, program participants must volunteer at a nonprofit organization for at least 50 unpaid hours for each year they participate. Under the act, military service and serving on a nonprofit's board of directors both count towards this requirement.

## **Student Loan Subsidy Programs**

### ***Police Officer Loan Subsidies***

[PA 23-70](#), § 6, requires CHESLA, by July 1, 2024, and subject to available funding, to establish a Police Officer Loan Subsidy Program to subsidize interest rates on CHESLA loans to eligible municipal police officers employed in distressed municipalities. A "distressed municipality" is a fiscally or economically distressed municipality identified by the Department of Economic and Community Development (DECD) according to specific statutory criteria (more information, including the 2022 list of distressed municipalities, is available on DECD's [Distressed Municipalities website](#)).

CHESLA must establish the program's eligibility criteria and administrative guidelines in consultation with the Police Officer Standards Training Council (POST). The guidelines must address, at a minimum, (1) applicant eligibility, (2) interest rate subsidies and principal limits on

authority loans subject to the loan subsidy program, (3) the process for verifying applicants' employment, and (4) the requirement that an interest rate subsidy through the program terminates for a subsidy recipient who no longer meets the program's employment requirements during the loan's term.

Under the act, an individual receives the subsidy so long as they continue to meet the program's employment eligibility criteria.

### ***Nursing, Mental Health, and Emergency Medical Service Professionals Subsidies***

[PA 23-60](#), as amended by [PA 23-70](#), §§ 7 & 8, requires CHESLA to also establish a Nursing, Mental Health Care, and Emergency Medical Service Professionals Loan Subsidy Program to subsidize interest rates on CHESLA refinancing loans for eligible professionals. Under this new law, an individual qualifies for the program if he or she is a Connecticut licensed nurse, nurse's aide, psychologist, marital and family therapist, clinical and master social worker, or professional counselor or a Connecticut certified emergency medical responder, emergency medical technician, or advanced emergency medical technician.

Similar to the police officer loan program described above, CHESLA must establish the program's eligibility criteria, interest rate subsidies and limits, employment verification process, and administrative guidelines through a memorandum of agreement with the education commissioner. Any interest rate subsidy offered under the program ends if a participating individual no longer meets the program's eligibility requirements.

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