

Higher Education and Employment Advancement Committee

JOINT FAVORABLE REPORT

Bill No.: SB-13

Title: AN ACT INCENTIVIZING STUDENT LOAN REPAYMENT ASSISTANCE.

Vote Date: 3/14/2024

Joint Favorable Substitute Change of Reference to Finance, Revenue and

Vote Action: Bonding

PH Date: 3/5/2024

File No.:

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SPONSORS OF BILL:

Governor Ned Lamont

REASONS FOR BILL:

The proposed bill incentivizes student loan repayment assistance in Connecticut by offering tax credits to qualified employers who make direct payments towards their employees' student loans. It also establishes a High Priority Occupation Loan Subsidy Program to subsidize interest rates on authority loans for individuals employed in high-demand fields. This bill aims to alleviate the burden of student loan debt and encourage workforce retention in key sectors by providing financial support to both employers and employees.

SUBSTITUTE LANGUAGE:

Removes section 3,4,5,6, 7, and 8 from the bill.

RESPONSE FROM ADMINISTRATION/AGENCY:

[Ned Lamont, Governor, State of Connecticut](#): Supports this bill stating that in "2021, over half a million Connecticut residents carried an average of \$36,300 in both private and public student loan debt." Governor Lamont would emphasize that this debt burden impedes affected residents from "buying a home, saving for retirement, or choosing to start a family." The Governor positions this bill as integral to his mission of "making Connecticut more affordable." He also highlights Public Act 19-86, enacted in 2019, which established the Connecticut Employer Student Loan Repayment Program. This program offers tax credits to employers who pay down "certain education loans on behalf of their employees." Governor Lamont proposes expanding this program to cover employees with any type of student loan. Explaining the benefits of this expansion, he states that it will increase the number of eligible

loan holders, enabling more employers to utilize the tax credit program. Additionally, he asserts that this program not only reduces tax liabilities for businesses but can also serve as a valuable "recruiting tool." Lamont emphasizes that with these proposed changes, the program becomes "good for business, the economy, and employees – truly a win-win." Furthermore, he highlights that the bill mandates CHESLA to establish the High Priority Occupation Loan Subsidy Program. This initiative would subsidize interest rates on CHESLA loans for "individuals who are employed in high-priority occupations." Lamont concludes by affirming that this bill represents an important step in mitigating the impacts of student loan debt on Connecticut residents.

[Dr. Kelli-Marie Vallieres, Chief Workforce Officer, Office of Workforce Strategy](#): Supports this bill stating that the Office of Workforce Strategy collaborates closely with CHESLA and that the "Chief Workforce Officer sits on the CHESLA Board of Directors as an ex-officio member." Dr Vallieres would go to state that OWS "welcomes a position as a consulting partner in the development of the High Priority Occupation Loan Subsidy Program." Dr. Vallieres would conclude by stating that the development of the High Priority Occupation Loan Subsidy Program "would both leverage OWS and CHESLA's respective domain expertise in a synergistic manner to identify opportunities for assisting loan holders in the highest-need industries."

[Timothy D. Larson, Executive Director, Office of Higher Education](#): Supports this bill stating that this bill will "offer student loan debt relief to as much wider number of Connecticut citizens." Mr. Larson would go on to state that strategies like this will improve the workforce and the job market. Mr. Larson would conclude by stating that this bill would mean that the Office of Higher Education can focus on other initiatives like this Roberta B. Willis Scholarship and the Minority Teacher Incentive Program.

[Jeanette Weldon, Executive Director, CHEFA](#): Supports this bill stating that this "program will create a single mechanism that can be used to provide an invaluable recruitment tool." Ms. Weldon also stated that this bill "will be mutually beneficial for employers and employees."

[Daniel O'Keefe, Commissioner Designate, Department of Economic and Community Development](#): Supports this bill, in his testimony he stated that one of the challenges to the Connecticut economy is the workforce shortage and this bill "works towards addressing this."

NATURE AND SOURCES OF SUPPORT:

[Jackson Robert, Student, Ledyard High School](#): Supports this bill stating that as a potential first-generation college student he would like the ability to have little to no debt when he gets out of college. He believes that this piece of legislation that would help students pay of their loan debt will be helpful for their respective futures.

[Morgan Tang](#): Supports this bill stating that this bill if passed could help student and graduates with loan debt as well as help their credit score. Ms. Tang also sited the increased cost of living as another reason to pass this bill.

NATURE AND SOURCES OF OPPOSITION:

[Sydney de Lannoy, Policy Intern, CT Community Nonprofit Alliance](#): Opposes this bill stating that this legislation would hurt Nonprofit organizations because Nonprofits are tax-exempt organizations which means they would be unable to take advantage of the tax credits that this bill would provide to others. Ms. de Lannoy would conclude by stating this importance of Nonprofits.

Reported by: Chris Peritore

Date: 4/1/2024