OFFICE OF LEGISLATIVE RESEARCH
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ResearchReport

Student Loan Forgiveness and Repayment Programs

By: Jessica Callahan, Legislative Analyst II
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Issue

Describe (1) student loan forgiveness and repayment programs in current state law, along with their current funding status and (2) examples of programs offered by other states and the federal government. This report updates OLR Report 2019-R-0053. This report has been updated by OLR Report 2023-R-0106.

Summary

According to the National Conference of State Legislatures (NCSL), at least 35 states, including Connecticut, have at least one education loan forgiveness or repayment program. Connecticut has several such programs in statute. Only one (the Minority Teacher Incentive Program) is currently being funded; however, there is pending legislation concerning another program for certain health care providers. The state has also established 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). Additionally, the federal government offers programs that provide borrowers with student loan debt relief.

Typically, these programs require borrowers to (1) live and work in a certain region or (2) work in a specific field or industry in order to receive loan forgiveness or payments on qualifying loans. States often use these programs to offer incentives to graduates to work in underserved areas or to fight population losses. 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, such as the "Opportunity Maine" program.

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.

Table 1: Student Loan Forgiveness Programs in Current Law

Program Name	Brief Description
Connecticut Green Technology, Life Science, and Health Information Technology Loan Reimbursement Program (CGS § 10a-19i)	Reimburses federal and state loans of (1) 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 (2) up to $2,500 per year or 5% of the amount of such loans, whichever is less, for up to two years for individuals with an associate degree in these fields. To qualify, individuals must have graduated on or after May 1, 2010, and have been employed in Connecticut for at least two years after graduation. Additionally, an adjusted gross income limit of $150,000 also applies for the year prior to the first year of reimbursement.
"Engineering Connecticut" Loan Reimbursement Grant Program (CGS § 10a-19e)	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 (CGS § 10a-19j)	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.
Information Technology Loan Reimbursement Pilot Program (CGS § 10a-169b)	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 an information technology related position on or after

	January 1, 2001; and meet the eligibility requirements for the state's information technology scholarship program (CGS § 10a-169a).

Table 1 (continued)

Program Name	Brief Description
	Eligible students are reimbursed for up to $2,500 annually for a total of two years for qualifying student loans. The student must be employed by a qualifying company when he or she applies for the reimbursement.
Minority Teacher Incentive Program and Educator Loan Reimbursement Grant Program (CGS §§ 10a-168a and 10a-168b)	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 (CGS § 19a-7d)	Provide grants to community providers to expand access to health care coverage to the uninsured. The money can be used for, among other things, recruiting and retaining primary care clinicians and registered nurses through a loan repayment program. Primary care clinicians include family practice physicians, obstetricians-gynecologists, dentists, pediatricians, advanced practice registered nurses, and physician assistants, among others. Individuals receiving loan repayment must meet certain requirements.
Nursing Education Loan Forgiveness Program (CGS § 10a-162a)	Provides loan forgiveness for Connecticut residents enrolled in nursing education in the state. "Nursing education" includes any program of study and courses taken to enter or advance in the profession or upgrade knowledge and skills. If a resident remains in the nursing field in Connecticut for five years, his or her loans are forgiven.
"You Belong" Loan Reimbursement Grant Program (CGS § 10a-19f)	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.

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 starts 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.

Eligible loans are those issued by CHESLA to refinance student loans. 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	Kansas Rural Opportunity Zone Program	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	Opportunity Maine	A tax credit program that reimburses student loan payments for qualified borrowers who live and work in Maine (see below for more information).
Maryland	Student Loan Debt Relief Tax Credit	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. Priority given to borrowers with higher debt-to-income ratios and graduates of Maryland higher public education institutions.

Table 2 (continued)

State	Program Name	Brief Description
Massachusetts	Massachusetts Loan Repayment Program for Health Professionals	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	Get on Your Feet Program	Makes full 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	Rhode Island Commerce Corporation Wavemaker Fellowship	Provides qualifying graduates pursuing employment in Rhode Island in a STEM field with a tax credit certificate equal to annual eligible loan repayment expenses for up to four years (value of the tax credit is capped at certain amounts and varies based on highest degree earned).
Texas	Peace Officer Student Loan Repayment Assistance Program	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.

Sources: U.S. Student Loans and Debt Levels Set Record: What's a Legislature to Do?, NCSL (May 2019); Tackling Record Student Loan Debt, NCSL (April 2020); program websites

Federal Student Loan Forgiveness and Repayment Programs

A 2018 report by the Congressional Research Service (CRS), "Federal Student Loan Forgiveness and Loan Repayment Programs," describes all such federal programs (see pages 113-127 of the CRS report for a list of programs organized by profession and borrower's financial circumstances). According to the report, there are over 50 loan forgiveness and repayment programs authorized at the federal level, with approximately 30 programs in operation as of October 1, 2017. Most 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.

Among the programs listed in the report is the Public Service Loan Forgiveness (PSLF) program, which 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. Eligible borrowers could qualify for loan forgiveness under the program beginning in October 2017. According to the U.S. Department of Education, as of June 30, 2018, 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.

Also listed in the 2018 CRS report is the Teacher Loan Forgiveness Program, which forgives up to $17,500 on certain federal loans after a borrower has taught for five complete and consecutive academic years in a low-income school or educational service agency. The maximum benefit is $17,500 for special education teachers and high school science or mathematics teachers, and $5,000 for teachers of other subjects.

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