

Higher Education and Employment Advancement Committee

JOINT FAVORABLE REPORT

Bill No.: HB-5130

AN ACT CONCERNING STUDENT LOAN FORGIVENESS FOR NONPROFIT

Title: EMPLOYEES.

Vote Date: 3/3/2022

Vote Action: Joint Favorable Change of Reference to Appropriations

PH Date: 2/22/2022

File No.:

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SPONSORS OF BILL:

Higher Education and Employment Advancement Committee

REASONS FOR BILL:

To allow the Office of Higher Education (OHE) to establish a debt forgiveness program for nonprofit employees in Connecticut.

RESPONSE FROM ADMINISTRATION/AGENCY:

[Timothy Larson, Executive Director, Office of Higher Education \(OHE\)](#): While the OHE supports the concept and initiative behind [H.B. 5130](#), it is "currently unable to reprioritize staff time to comply with this legislation at the expense of other existing programs."

NATURE AND SOURCES OF SUPPORT:

[Connecticut Hospital Association](#): Due to the ongoing COVID-19 pandemic, both hospitals and health systems are undergoing staff shortages, and a financial assistance program provided within [H.B. 5130](#) would give incentives to workers to remain at their place(s) of employment. Because of rising costs in tuition for higher education for many healthcare professions, a loan repayment program, as outlined in [H.B. 5130](#), would help to retain a hospital's workforce, "the most critical element in the provision of quality and safe care."

[Celina Fernández-Ayala, MSW Community Organizing, UConn School of Social Work](#): Even with working multiple nonprofit jobs, it is difficult for many to pay off their student loans. A loan reimbursement program, as envisioned within [H.B. 5130](#), would "certainly be a step in the right direction." With data that indicates the necessity of a plan that encompasses racial

equity into loan forgiveness, nonprofit employees of color "should be awarded \$8,000 for each year of employment with a nonprofit organization" in Connecticut.

[Brandi Kennedy, MSW Policy Practice Graduate Student, UConn School of Social Work](#): Due to high student loan debt ("540,900 Connecticut residents hold approximately \$19.3 billion dollars in student loan debt"), many recent graduates have begun to look for work outside Connecticut as a way to pay off their loans. This comes at a time when recent graduates are finding it difficult to obtain a job, as "31% of 2020 graduates remained unemployed in the Fall of 2021." [H.B. 5130](#) would help to remedy this problem by telling the "over 200,000 employees who work" in nonprofits in Connecticut that they are "valued, respected."

[Brandi Kennedy, MSW Policy Practice Intern, Connecticut Women's Educated and Legal Fund \(CWEALF\)](#): In the United States, women "hold two-thirds of the outstanding U.S. student loan debt, or roughly \$929 million," according to an AAUW survey. In Connecticut, the burden of student loan debt is "compounded with a gender pay gap," where "women were paid just 83 cents for every dollar paid to a man" in 2020, according to the National Women's Law Center. This issue is more severe in communities of color in Connecticut, with "Latina women on average earn[ing] 43 cents and Black women 56 cents for every dollar a white, non-Hispanic man earns." Because of an excess of payments towards their student loan debt, coupled with a gender pay gap, "women, especially women of color, [are] consistently at a disadvantage." [H.B. 5130](#) would provide an "equitable solution" for recent graduates working in nonprofits in Connecticut.

[Jane Lee, MSW Policy Practice Graduate Student, UConn School of Social Work](#): Because of high student loan debt, many recent graduates are less likely to choose to work for a nonprofit, even though they want to "positively impact their community." According to Student Loan Hero, for a 25- to 34-year-old in Connecticut, their student loan debt is "over \$35,853," and for those 50 and over, it is "over \$49,000." Although Connecticut has already addressed this issue with nine programs "for student loan forgiveness and reimbursements in its statutes," the Minority Teacher Incentive Program is the only one that is currently funded. With over 200,000 people working in nonprofits in Connecticut, [H.B. 5130](#) would "help to lessen the destructive level of debt burden that so many graduates experience."

[Sara LeMaster, Manager of Government Relations and Public Policy, Community Health Center Association of Connecticut](#): Health centers across Connecticut "collectively serve over 380,000 residents every year," and [H.B. 5130](#) would help to retain the workforce in many of these places by offering student loan repayment awards for those who choose to work in nonprofits throughout the state. Although nonprofit employees have access to federal loan forgiveness programs, this assistance doesn't "become available until after someone has completed 10 years of service working in a nonprofit for [a] government role." There is a State Loan Repayment Program for health center employees in Connecticut; however, it "was developed to offer student loan debt relief for medical providers." Section 2 of [H.B. 5130](#) would reward those employees who have worked through the pandemic by helping to decrease their student loan debt. Because nonprofit health centers in Connecticut serve many "vulnerable populations," they "cannot afford to continue losing quality staff." Therefore, the financial assistance program for student loan debt provided within [H.B. 5130](#) would help to retain and strengthen workforces across the Connecticut.

[Mag Morelli, President, LeadingAge Connecticut](#): [H.B. 5130](#) would "recognize the value of the not-for-profit sector," specifically by offering a tuition reimbursement program in Section 1, as well as offering a nonprofit healthcare employee loan assistance program in Section 2. These opportunities would help to retain healthcare staff and professionals "who have worked throughout this pandemic with both dedication and purpose." This bill offers up a "promising proposal" for the nonprofit aging services sector in "recruitment and retention efforts" of healthcare workers in Connecticut.

[Ben Shaiken, Director of Government Relations, Alliance](#): [H.B. 5130](#) would "have limited impact" if it was not modified to include that "the programs it would create are not established 'within available appropriations,'" because there are not funds dedicated for these programs at the moment. Because Connecticut residents will have to resume making payments on their student loans beginning May 1, and if "every borrower resumes" making these payments, "up to \$178 million will be taken out of circulation" in Connecticut's economy. This issue is compounded by a staffing shortage in nonprofit organizations in Connecticut due to the COVID-19 pandemic, along with high-paying offers from for-profit entities in the private sector. Also, while the federal government offers financial assistance for student loan debt, it is not only "too restrictive," but it also requires you to work ten years as a nonprofit employee for "qualifying employers." Therefore, [H.B. 5130](#) "would be an effective bridge until federal eligibility for nonprofit employees to stay in the field."

[Katherine Whitney, MSW Policy Practice Student, UConn School of Social Work](#): Nonprofit organizations provide human services students with a chance to dedicate their careers to making a positive impact in their communities. However, due to a "combination of student debt" along with "chronically low wages," graduates have difficulty in taking a job in this field. Without a student loan assistance program, recent graduates of Connecticut's colleges and universities "may take their educational investment and move to another state." A student loan debt relief program is also "a matter of racial justice," because "Black and brown women...are at risk of poverty because of the double burden of student loans and a racial and gender pay gap." Therefore, [H.B. 5130](#) would help give recent graduates the support they need, and make Connecticut "an equitable and affordable place to start a career."

NATURE AND SOURCES OF OPPOSITION:

See Agency Response

Reported by: Austin Hyatt

Date: 3/9/2022