



House of Representatives

General Assembly

File No. 263

January Session, 2023

House Bill No. 5437

House of Representatives, March 28, 2023

The Committee on Higher Education and Employment Advancement reported through REP. HADDAD of the 54th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT ESTABLISHING A STUDENT LOAN SUBSIDY PROGRAM FOR FIRST RESPONDERS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective July 1, 2023*) (a) The Connecticut Higher
2 Education Supplemental Loan Authority shall establish, subject to
3 available funding pursuant to section 2 of this act, a Student Loan
4 Subsidy Program for the purpose of subsidizing interest rates on
5 authority loans, as defined in subdivision (3) of section 10a-223 of the
6 general statutes, to individuals employed as first responders, as defined
7 in section 52-146v of the general statutes, and who meet the eligibility
8 criteria established by the authority pursuant to subsection (b) of this
9 section.

10 (b) The authority shall establish the eligibility criteria and
11 administrative guidelines for the Student Loan Subsidy Program. Such
12 eligibility criteria and guidelines shall include, but need not be limited
13 to, (1) applicant eligibility, (2) interest rate subsidies and principal limits

14 on authority loans subject to the Student Loan Subsidy Program, (3) the
15 process for verifying the employment of the applicants, and (4) the
16 requirement that an interest rate subsidy through the Student Loan
17 Subsidy Program shall terminate for any subsidy recipient who ceases
18 to meet the employment requirements of such program during the term
19 of such recipient's loan from the authority.

20 Sec. 2. (NEW) (*Effective July 1, 2023*) The Connecticut Higher
21 Education Supplemental Loan Authority shall maintain a separate,
22 nonlapsing account to hold funds for the Student Loan Subsidy
23 Program established pursuant to section 1 of this act. The account shall
24 contain any moneys required by law to be deposited in the account,
25 including, but not limited to, state appropriations or proceeds from the
26 sale of bonds authorized under section 3 of this act. Moneys in the
27 account shall be expended by the authority for the purposes of the
28 Student Loan Subsidy Program and for reasonable and necessary
29 expenses for the administration of such program.

30 Sec. 3. (NEW) (*Effective July 1, 2023*) (a) For the purposes described in
31 subsection (b) of this section and section 1 of this act, the State Bond
32 Commission shall have the power from time to time to authorize the
33 issuance of bonds of the state in one or more series and in principal
34 amounts not exceeding seven million dollars annually.

35 (b) The proceeds of the sale of such bonds, to the extent of the
36 amounts stated in subsection (a) of this section, shall be used by the
37 Connecticut Higher Education Supplemental Loan Authority for the
38 purpose of the Student Loan Subsidy Program established under section
39 1 of this act.

40 (c) All provisions of section 3-20 of the general statutes, or the exercise
41 of any right or power granted thereby, that are not inconsistent with the
42 provisions of this section are hereby adopted and shall apply to all
43 bonds authorized by the State Bond Commission pursuant to this
44 section. Temporary notes in anticipation of the money to be derived
45 from the sale of any such bonds so authorized may be issued in
46 accordance with section 3-20 of the general statutes and from time to

47 time renewed. Such bonds shall mature at such time or times not
 48 exceeding twenty years from their respective dates as may be provided
 49 in or pursuant to the resolution or resolutions of the State Bond
 50 Commission authorizing such bonds. None of such bonds shall be
 51 authorized except upon a finding by the State Bond Commission that
 52 there has been filed with it a request for such authorization that is signed
 53 by or on behalf of the Secretary of the Office of Policy and Management
 54 and states such terms and conditions as said commission, in its
 55 discretion, may require. Such bonds issued pursuant to this section shall
 56 be general obligations of the state and the full faith and credit of the state
 57 of Connecticut are pledged for the payment of the principal of and
 58 interest on such bonds as the same become due, and accordingly and as
 59 part of the contract of the state with the holders of such bonds,
 60 appropriation of all amounts necessary for punctual payment of such
 61 principal and interest is hereby made, and the State Treasurer shall pay
 62 such principal and interest as the same become due.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2023</i>	New section
Sec. 2	<i>July 1, 2023</i>	New section
Sec. 3	<i>July 1, 2023</i>	New section

HED *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 24 \$	FY 25 \$
Treasurer, Debt Serv.	GF - Cost	See Below	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill authorizes \$7 million in General Obligation (GO) bonds each fiscal year starting in FY 24 for the student loan subsidy program established in this act, to be administered by the Connecticut Higher Education Supplemental Loan Authority. To the extent the new bonds authorized are fully allocated and expended, there would be an increase in annual General Fund debt service costs until such bonds are fully repaid. At current market rates, total repayment costs over 20 years for \$7 million of GO bond authorizations are estimated to be approximately \$10.9 million.

The bill creates an annual new GO bond authorization, which would continue to add \$7 million of new bond authorizations each year until changed or repealed. Additional years of authorization past the initial year would increase the potential costs proportionately – for example, 10 years of authorizations would be \$70 million of bond authorizations at a total estimated debt service cost of \$109 million.

To the extent the new bonds authorized are certified by the Treasurer, and are fully allocated and expended, there would be an increase in annual General Fund debt service costs until such bonds are fully

repaid. However, when portions of an authorization are specified to become effective in future years, the full authorization amount is typically known at the time of adoption. The total potential debt service cost is unknowable, given the lack of finite amount or time frame of the bond authorization.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to the terms of any bonds issued.

OLR Bill Analysis**HB 5437*****AN ACT ESTABLISHING A STUDENT LOAN SUBSIDY PROGRAM FOR FIRST RESPONDERS.*****SUMMARY**

This bill requires the Connecticut Higher Education Supplemental Loan Authority (CHESLA) to establish a Student Loan Subsidy Program to offer subsidized interest rates on loans it makes to first responders. By law, and under the bill, a “first responder” is:

1. a peace officer or firefighter (see BACKGROUND);
2. a privately employed firefighter;
3. an ambulance driver;
4. a certified emergency medical responder, emergency medical technician, or advanced emergency medical technician;
5. a licensed paramedic; or
6. a telecommunicator (i.e., 9-1-1 operator).

The bill authorizes state general obligation bonds of up to \$7 million per year to fund the program. (The bill does not specify an aggregate cap or end date for this authorization.) The bonds are subject to standard statutory bond issuance procedures and repayment requirements. The bill requires CHESLA to maintain a separate, nonlapsing account for the program that contains any money required by law to be deposited into it, including state appropriations or bond proceeds. CHESLA must spend money in the account on the program and reasonable and necessary program administration expenses.

EFFECTIVE DATE: July 1, 2023

ELIGIBILITY

Under the bill, CHESLA must set eligibility criteria and administrative guidelines that include:

1. applicant eligibility,
2. interest rate subsidies and principal loan limits,
3. an employment verification process for applicants, and
4. a requirement that a borrower's interest rate subsidy end if his or her employment eligibility ends during the loan's term.

BACKGROUND***Peace Officers***

By law, the following people are designated peace officers: state and local police, Division of Criminal Justice inspectors, state marshals exercising statutory powers, judicial marshals performing their duties, conservation or special conservation officers, constables who perform criminal law enforcement duties, appointed special policemen, adult probation officers, Department of Correction officials authorized to make arrests in a correctional institution or facility, investigators in the Office of the State Treasurer, Police Officer Standards and Training Council-certified motor vehicle inspectors, U.S. marshals and deputy marshals, U.S. special agents authorized to enforce federal food and drug laws, and certified police officers of a law enforcement unit created and governed under a state-tribal memorandum (CGS § 53a-3(9)).

Firefighters

A firefighter is any (1) uniformed member of a paid municipal, state, or volunteer fire department and (2) local fire marshal, deputy fire marshal, fire investigator, fire inspector, and certain other classes of inspectors and investigators as determined by the State Fire Marshal and the Codes and Standards Committee (CGS § 7-313g).

COMMITTEE ACTION

Higher Education and Employment Advancement Committee

Joint Favorable

Yea 22 Nay 0 (03/14/2023)