
OLR Bill Analysis

sSB 304 (File 215, as amended by Senate "A")*

AN ACT IMPLEMENTING THE RECOMMENDATIONS OF THE CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY.

SUMMARY

This bill allows Connecticut residents who are under age 18 to sign for a Connecticut Higher Education Supplemental Loan Authority (CHESLA) loan if they obtain the loan with an adult cosigner (i.e., age 18 or older). They must be otherwise eligible for the loan, and the bill deems them to have full capacity to act on the loan with all the powers, privileges, and obligations of someone who is age 18, including as it relates to applying, receiving, and repaying the loan. In practice, some people applying for college are under 18 when an education loan must be signed.

By law, CHESLA may create special capital reserve funds (SCRFs) to pay the interest and principal on bonds it issues. These SCRFs must be backed by money or certain other financial instruments. The bill allows CHESLA to also use a surety policy or other similar instrument, valued at par and payable on or before any date by which debt service is due, to fund SCRFs. The surety policy or other instrument must be issued by a financial institution with at least an "AA" rating by a nationally recognized statistical rating organization and approved by the treasurer. The bill makes minor, technical, and conforming changes, including specifying that notes are treated similarly to bonds.

EFFECTIVE DATE: Upon passage

*Senate Amendment "A" (1) adds the condition that minors signing for a CHESLA loan must have obtained the loan with an adult cosigner and (2) changes the bill's effective date from July 1, 2024, to upon passage.

COMMITTEE ACTION

Higher Education and Employment Advancement Committee

Joint Favorable Substitute

Yea 14 Nay 7 (03/14/2024)