

OFFICE OF FISCAL ANALYSIS

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sHB-6074

AN ACT CONCERNING THE STUDENT LOAN REIMBURSEMENT PROGRAM.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 26 \$	FY 27 \$
Higher Ed., Off.	GF - Cost	Potential Significant	Potential Significant

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill results in a potential, significant cost to the Office of Higher Education (OHE) annually beginning in FY 26. It expands the CT Loan Forgiveness program to include any eligible state resident who was enrolled at Stone Academy during the 16 months preceding the academy's closure.

The bill's cost is dependent on the number of eligible former Stone Academy students who meet all program requirements, and their magnitude of annual student loan payments. The number of former Stone Academy students eligible under the bill is unknown but likely exceeds 1,000. Approximately 800 students were actively enrolled at Stone Academy at the time that it closed.

The amount of annual student loan payments made by these former students is unknown. The maximum possible amount of payments that the program will reimburse per student is \$20,000 (\$5,000 for four years). If each former student who was actively enrolled at the time of the closure received the maximum possible award, the total cost would be

\$16 million total over four years.¹ The timing of this cost would vary based on when former students applied for and received the reimbursement award.

The CT Loan Forgiveness program is administered on a first-come, first-serve basis. This means that the above identified cost would only be incurred if sufficient funding was available.

The bill also expands the types of volunteer activities that fulfill the program's requirements and requires OHE to create a hardship waiver for recipients to bypass the volunteer requirement. To the extent that these provisions increase the number of people eligible for the program, there is an increase in the cost to provide grants.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to the number of participants in the CT Loan Forgiveness program and the grant awards they receive.

¹ This does not include students who may have attended Stone Academy and left before it closed without earning a degree.