

# OFFICE OF FISCAL ANALYSIS

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sSB-8

AN ACT SUPPORTING GRADUATE STUDENTS IN THE STATE.

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## **OFA Fiscal Note**

### **State Impact:**

Agency Affected	Fund-Effect	FY 27 \$	Out Years \$
Treasurer, Debt Serv.	GF - Cost	None	See Below

Note: GF=General Fund

**Municipal Impact:** None

### **Explanation**

The bill authorizes \$30 million in General Obligation bonds (\$10 million in FY 27, \$20 million in FY 28) for the Supplemental Graduate Student Loan Program, to be administered by the Connecticut Higher Education Supplemental Loan Authority (CHESLA). To the extent bonds are fully allocated and expended, total debt service is expected to be approximately \$45.8 million over the 20-year duration of the bonds.

Additionally, the bill increases CHESLA's special capital reserve fund (SCRF) bond authorization from \$300 million to \$750 million. To the extent that additional bonds are issued, there is a potential minimal impact to the state's debt service going forward through the life of any bonds issued. As of February 2025, CHESLA had outstanding SCRF-backed debt of \$145.4 million.<sup>1</sup>

In order to issue SCRF-backed bonds, CHESLA must get approval from the State Treasurer. The State Treasurer is not expected to approve the issuance of SCRF-backed bonds unless CHESLA can show that it

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<sup>1</sup> Source: September 2025 General Obligation Bonds Official Statement

will be able to generate sufficient revenue from its activities to pay the debt service on the bonds.

### **Background**

SCRF-backed bonds are a contingent liability of the state.<sup>2</sup> The SCRF provides a higher level of repayment security, which results in a lower rate of interest on the bond issuance than the relevant market rate. In the event that the SCRF is drawn down in part or completely, a draw on the General Fund is authorized and the SCRF is fully restored. The draw on the General Fund is deemed to be appropriated and is not subject to the constitutional or statutory appropriations cap. If draws on a SCRF continue, the annual draws on the General Fund required to refill it also continue until the fund is replenished by the bond issuer or the underlying debt is repaid.

### ***The Out Years***

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

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<sup>2</sup> Contingent liabilities do not count against the state's statutory limits on General Obligation bonds.