



Senate

General Assembly

File No. 3

February Session, 2026

Substitute Senate Bill No. 8

Senate, March 9, 2026

The Committee on Higher Education and Employment Advancement reported through SEN. SLAP of the 5th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT SUPPORTING GRADUATE STUDENTS IN THE STATE.

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

- 1 Section 1. (NEW) (*Effective July 1, 2026*) (a) As used in this section:
- 2 (1) "Authority loans" has the same meaning as provided in section
3 10a-223 of the general statutes; and
- 4 (2) "Eligible graduate program" means an advanced academic or
5 professional degree program, as designated by the Connecticut Higher
6 Education Supplemental Loan Authority, that requires completion of a
7 bachelor's degree as a prerequisite to enrollment.
- 8 (b) On and after July 1, 2026, the Connecticut Higher Education
9 Supplemental Loan Authority shall establish, subject to available
10 funding pursuant to subsection (d) of this section, a Supplemental
11 Graduate Student Loan Program for the purpose of providing authority
12 loans to any student enrolled in an eligible graduate program who

13 meets the eligibility criteria established by the authority.

14 (c) The Connecticut Higher Education Supplemental Loan Authority
15 shall establish the eligibility criteria and administrative guidelines for
16 the Supplemental Graduate Student Loan Program in accordance with
17 the written procedures adopted pursuant to subdivision (6) of
18 subsection (f) of section 10a-224 of the general statutes.

19 (d) The Connecticut Higher Education Supplemental Loan Authority
20 shall maintain a separate, nonlapsing account to hold funds for the
21 Supplemental Graduate Student Loan Program. The account shall
22 contain any moneys required by law to be deposited in the account,
23 including, but not limited to, any state appropriation or the proceeds
24 from the sale of bonds issued for the purpose of the program. Moneys
25 in the account shall be used for (1) reasonable and necessary expenses
26 for the administration of the Supplemental Graduate Student Loan
27 Program, and (2) the issuance of authority loans for said program.

28 Sec. 2. (*Effective July 1, 2026*) (a) For the purposes described in
29 subsection (b) of this section, the State Bond Commission shall have the
30 power from time to time to authorize the issuance of bonds of the state
31 in one or more series and in principal amounts not exceeding in the
32 aggregate thirty million dollars, provided twenty million dollars of said
33 authorization shall be effective July 1, 2027.

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

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

45 accordance with section 3-20 of the general statutes and from time to
46 time renewed. Such bonds shall mature at such time or times not
47 exceeding twenty years from their respective dates as may be provided
48 in or pursuant to the resolution or resolutions of the State Bond
49 Commission authorizing such bonds. None of such bonds shall be
50 authorized except upon a finding by the State Bond Commission that
51 there has been filed with it a request for such authorization that is signed
52 by or on behalf of the Secretary of the Office of Policy and Management
53 and states such terms and conditions as said commission, in its
54 discretion, may require. Such bonds issued pursuant to this section shall
55 be general obligations of the state and the full faith and credit of the state
56 of Connecticut are pledged for the payment of the principal of and
57 interest on such bonds as the same become due, and accordingly and as
58 part of the contract of the state with the holders of such bonds,
59 appropriation of all amounts necessary for punctual payment of such
60 principal and interest is hereby made, and the State Treasurer shall pay
61 such principal and interest as the same become due.

62 Sec. 3. Subdivision (2) of subsection (a) of section 32-141 of the general
63 statutes is repealed and the following is substituted in lieu thereof
64 (*Effective July 1, 2026*):

65 (2) The total amount of private activity bonds which may be issued
66 by state issuers in the calendar year commencing January 1, 2007, and
67 each calendar year thereafter, under the state ceiling in effect for each
68 such year, shall be allocated as follows: (A) Sixty per cent to the
69 Connecticut Housing Finance Authority; (B) twelve and one-half per
70 cent to Connecticut Innovations, Incorporated; and (C) twenty-seven
71 and one-half per cent to municipalities and political subdivisions,
72 departments, agencies, authorities and other bodies of municipalities,
73 the Connecticut Higher Education Supplemental Loan Authority and
74 the Connecticut Green Bank, then to the Connecticut Student Loan
75 Foundation and then for contingencies, provided not less than sixty
76 million dollars of such bonds shall be allocated to the Connecticut
77 Higher Education Supplemental Loan Authority. At least ten per cent of
78 bonds allocated under subparagraph (A) of this subdivision shall be

79 used for multifamily residential housing in the calendar year
80 commencing January 1, 2008. In each calendar year commencing
81 January 1, 2009, fifteen per cent of such bonds shall be used for
82 multifamily residential housing.

83 Sec. 4. Section 10a-232 of the 2026 supplement to the general statutes
84 is repealed and the following is substituted in lieu thereof (*Effective July*
85 *1, 2026*):

86 (a) Revenue bonds or notes issued under the provisions of this
87 chapter shall not be deemed to constitute a debt or liability of the state
88 or of any political subdivision thereof or a pledge of the full faith and
89 credit of the state or of any such political subdivision, but shall be
90 payable solely from the revenues and funds herein provided therefor.
91 All such revenue bonds or notes shall contain on the face thereof a
92 statement to the effect that: (1) The state of Connecticut shall not be
93 obligated to pay the same or the interest thereon and (2) the authority
94 shall not be obligated to pay the same or the interest thereon except from
95 revenues of the education loan program or programs or the portion
96 thereof for which they are issued, and that neither the full faith and
97 credit nor the taxing power of the state of Connecticut or of any political
98 subdivision thereof is pledged to the payment of the principal of or the
99 interest on such bonds or notes.

100 (b) Notwithstanding the foregoing, (1) the constituent units of the
101 state system of higher education may participate in one or more
102 education loan programs with the authority and may incur
103 indebtedness pursuant to authority loans, and (2) the authority may
104 create and establish one or more reserve funds to be known as special
105 capital reserve funds and may fund such special capital reserve funds
106 with (A) any moneys appropriated and made available by the state for
107 the purposes of such funds, (B) any proceeds of the sale of notes or
108 bonds, to the extent provided in the resolution of the authority
109 authorizing the issuance thereof, (C) any other moneys that may be
110 made available to the authority for the purpose of such funds from any
111 other source or sources, and (D) any surety policy or other similar

112 instrument valued at par and payable or available to be drawn upon on
113 or before any date by which debt service on the bonds secured thereby
114 is required to be paid and issued by a financial institution that, at the
115 time of issuance of such surety policy or similar instrument, is rated
116 "AA" or better by any nationally recognized statistical rating
117 organization and approved by the State Treasurer. The assets held in or
118 credited to any special capital reserve fund established under this
119 section, except as hereinafter provided, shall be used solely for the
120 payment of the principal of notes and bonds of the authority secured by
121 such capital reserve fund as the same become due, the purchase of such
122 notes and bonds of the authority, the payment of interest on such notes
123 and bonds of the authority or the payment of any redemption premium
124 required to be paid when such bonds are redeemed prior to maturity or
125 released by the authority; provided, the authority shall have power to
126 require that moneys in any such fund shall not be withdrawn therefrom
127 at any time in such amount as would reduce the amount of such funds
128 to less than the maximum amount of principal and interest becoming
129 due by reason of maturity or a required sinking fund installment in any
130 succeeding calendar year on the bonds of the authority then outstanding
131 and secured by such special capital reserve fund, or such lesser amount
132 specified by the authority in its resolution authorizing the issuance of
133 any such bonds, such amount being herein referred to as the "required
134 minimum capital reserve", except for the purpose of paying such
135 principal of, redemption premium and interest on such bonds of the
136 authority secured by such special capital reserve becoming due and for
137 the payment of which other moneys of the authority are not available.
138 The authority may provide that it shall not issue bonds at any time if the
139 required minimum capital reserve on outstanding bonds secured by a
140 special capital reserve fund and the bonds then to be issued and secured
141 by a special capital reserve fund will exceed the amount of such special
142 capital reserve fund at the time of issuance, unless the authority, at the
143 time of the issuance of such bonds, shall deposit in such special capital
144 reserve fund from the proceeds of the bonds so to be issued, or
145 otherwise, an amount which, together with the amount then in such
146 special capital reserve fund, will be not less than the required minimum

147 capital reserve. The authority may, as part of the contract of the
148 authority with the owners of such bonds, provide that on or before
149 December first, annually, there is deemed to be appropriated from the
150 state General Fund such sums, if any, as shall be certified by the
151 chairman of the authority to the Secretary of the Office of Policy and
152 Management and the Treasurer of the state, as necessary to restore each
153 such special capital reserve fund to the amount equal to the required
154 minimum capital reserve of such fund, and such amounts shall be
155 allotted and paid to the authority. For the purpose of evaluation of any
156 such special capital reserve fund, obligations acquired as an investment
157 for any such fund shall be valued at amortized cost. Nothing contained
158 in this section shall preclude the authority from establishing and
159 creating other debt service reserve funds in connection with the issuance
160 of bonds or notes of the authority. Subject to any agreement or
161 agreements with owners of outstanding notes and bonds of the
162 authority, any amount or amounts allotted and paid to the authority
163 pursuant to this section shall be repaid to the state from moneys of the
164 authority at such time as such moneys are not required for any other of
165 its corporate purposes and in any event shall be repaid to the state on
166 the date one year after all bonds and notes of the authority theretofore
167 issued on the date or dates such amount or amounts are allotted and
168 paid to the authority or thereafter issued, together with interest on such
169 bonds and notes, with interest on any unpaid installments of interest
170 and all costs and expenses in connection with any action or proceeding
171 by or on behalf of the owners thereof, are fully met and discharged.
172 Notwithstanding any other provisions contained in this chapter, the
173 aggregate amount of bonds outstanding at any time secured by such
174 special capital reserve funds authorized to be created and established by
175 this section shall not exceed [three] seven hundred fifty million dollars
176 and no such bonds shall be issued to pay program costs unless the
177 authority is of the opinion and determines that the revenues to be
178 derived from the program shall be sufficient (i) to pay the principal of
179 and interest on the bonds issued to finance the program, (ii) to establish,
180 increase and maintain any reserves deemed by the authority to be
181 advisable to secure the payment of the principal of and interest on such

182 bonds, (iii) to pay the cost of maintaining and servicing the program and
183 keeping it properly insured, and (iv) to pay such other costs of the
184 program as may be required.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2026	New section
Sec. 2	July 1, 2026	New section
Sec. 3	July 1, 2026	32-141(a)(2)
Sec. 4	July 1, 2026	10a-232

HED *Joint Favorable Subst.*

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 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.¹

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 will be able to generate sufficient revenue from its activities to pay the

¹ Source: September 2025 General Obligation Bonds Official Statement

debt service on the bonds.

Background

SCRF-backed bonds are a contingent liability of the state.² 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.

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

OLR Bill Analysis**sSB 8*****AN ACT SUPPORTING GRADUATE STUDENTS IN THE STATE.*****SUMMARY**

Starting July 1, 2026, this bill requires the Connecticut Higher Education Supplemental Loan Authority (CHESLA) to create, subject to available funding, a Supplemental Graduate Student Loan Program to provide loans to graduate students. It also:

1. authorizes \$30 million in state general obligation bonds for the program (\$10 million in FY 27 and \$20 million in FY 28);
2. carves out at least \$60 million from the state's private activity bond cap for CHESLA; and
3. increases, from \$300 million to \$750 million, the maximum amount of CHESLA's bonds backed by a special capital reserve fund (SCRF) that can be outstanding at any time.

EFFECTIVE DATE: July 1, 2026

SUPPLEMENTAL GRADUATE STUDENT LOAN PROGRAM

The bill makes Supplemental Graduate Student Loan Program loans available to students in or from the state who are in CHESLA-designated advanced academic or professional degree programs that require a bachelor's degree prior to enrollment. The bill requires CHESLA to adopt eligibility criteria and administrative guidelines for the new loan program under its board of directors' existing authority to adopt written procedures for CHESLA's loans.

The bill requires CHESLA to have a separate, nonlapsing program account to contain program funds, including appropriations and bond proceeds. The account must be used to issue loans and for the program's

reasonable and necessary administrative expenses.

PRIVATE ACTIVITY BOND CAP

Generally, private activity bonds are bonds issued by quasi-public authorities (such as CHESLA) or municipalities that are not a state obligation because the quasi-public authority or municipality pays the bond's debt service out of a dedicated revenue stream. These bonds would normally be taxable except when they are used to finance projects that serve a significant public benefit, such as housing, economic development, student loans, and energy conservation. The federal government classifies a bond as private activity if more than 10% of its proceeds are used by a private party (such as a quasi-public authority) and more than 10% of the debt service is backed by private resources.

A federal formula caps each state's annual private activity bonding capacity and for 2026 Connecticut's cap is about \$498 million.

Current law allocates the state's cap as follows:

1. 60% for the Connecticut Housing Finance Authority;
2. 12.5% for Connecticut Innovations, Incorporated; and
3. 27.5% for CHESLA, municipalities, and the Connecticut Green Bank, and then for the Connecticut Student Loan Foundation and then for contingencies.

The bill requires allocating to CHESLA at least \$60 million out of the 27.5% portion of the cap that it shares with others.

By law, the State Bond Commission can change an allocation described above during a calendar year when it is in the state's best interest and the General Assembly is not in session (CGS § 32-142).

MAXIMUM AMOUNT OF CHESLA'S OUTSTANDING SCRF-BACKED BONDS

The law authorizes CHESLA to create SCRFs that contain assets (such as state appropriations, bond proceeds, and surety policies) that can be

used to pay bondholders. The bill increases, from \$300 million to \$750 million, the maximum amount of CHESLA's bonds that are backed by a SCRF that may be outstanding at any time.

COMMITTEE ACTION

Higher Education and Employment Advancement Committee

Joint Favorable Substitute

Yea 18 Nay 0 (02/24/2026)