

OFFICE OF LEGISLATIVE RESEARCH  
PUBLIC ACT SUMMARY



**PA 25-105—sSB 1261**

*Higher Education and Employment Advancement Committee*

**AN ACT EXPANDING THE ALLIANCE DISTRICT EDUCATOR AND COUNSELOR LOAN SUBSIDY PROGRAM AND THE HIGH PRIORITY OCCUPATION LOAN SUBSIDY PROGRAM**

**SUMMARY:** This act expands eligibility to participate in the Alliance District Educator and Counselor Loan Subsidy program and correspondingly renames it as the Alliance District Loan Subsidy Program. The Connecticut Higher Education Supplemental Loan Authority (CHESLA) operates this existing program, which provides subsidized interest rates on CHESLA loans that refinance the private student loans of teachers, paraeducators, and school counselors employed in an alliance district. The act:

1. specifies that these school employees must be employed by a local or regional board of education or a technical education and career school and
2. expands the program to make it available to people who are employed in a high priority occupation by a local or regional board of education or a technical education and career school in an alliance district.

Additionally, the act changes the purpose of a \$7 million bond authorization by (1) specifying it covers the expanded and renamed program and (2) extending the bonding to CHESLA's High Priority Occupation Loan Subsidy Program (see BACKGROUND).

The act also makes a change regarding the surety policies and other similar instruments used to fund CHESLA's special capital reserve funds, which, by law, must be used to pay interest and principal on CHESLA's bonds. By law, these policies or instruments must have at least a "AA" rating and the act specifies that this rating is required at the time of the policy's or instrument's issuance.

Finally, the act makes technical and conforming changes.

**EFFECTIVE DATE:** July 1, 2025

**HIGH PRIORITY OCCUPATIONS AND PROGRAM RULES**

The act requires the State Department of Education (SDE) to consult with CHESLA to designate high priority occupations for the renamed loan subsidy program. It requires them to designate occupations that:

1. promote the health, welfare, or education of residents in the municipalities with alliance districts;
2. have high demand for their services as determined by SDE and CHESLA; and
3. have or are projected to have workforce shortages affecting the level of services provided.

The act requires SDE and CHESLA to establish program guidelines and

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eligibility criteria, including provisions on application requirements, employment requirements and verification, interest rate subsidies, limits on loan principal, and termination of an interest rate subsidy if a recipient no longer meets the employment requirements during the loan's term.

### BACKGROUND

#### *Alliance Districts*

As required by CGS § 10-262u, the education commissioner has designated 36 alliance districts for five years, beginning with FY 23. The current designation applies to (1) the 33 school districts with the lowest accountability index scores and (2) three previously designated districts that were no longer among the 33 with the lowest scores. The index is based on several student-centered measures, including statewide assessment results and high school graduation rates, among others.

#### *High Priority Occupation Loan Subsidy Program*

Under this program, CHESLA subsidizes interest rates on its loans that refinance eligible loans of people employed in a high priority occupation. CHESLA consults with the Office of Workforce Strategy to designate these occupations and develop program requirements (CGS § 10a-247e).