



General Assembly

Substitute Bill No. 1261

January Session, 2025



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

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

1 Section 1. Section 10a-247 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2025*):

3 (a) The Connecticut Higher Education Supplemental Loan Authority
4 shall establish, subject to available funding pursuant to section 10a-247a,
5 as amended by this act, an Alliance District [Educator and Counselor]
6 Loan Subsidy Program for the purpose of subsidizing interest rates on
7 authority loans, as defined in section 10a-223, to (1) teachers,
8 paraeducators and school counselors who are employed by a local or
9 regional board of education or a technical education and career school
10 in a school district designated as an alliance district pursuant to section
11 10-262u, and [who] meet the eligibility criteria [as] established [by the
12 authority and the Commissioner of Education] pursuant to subsection
13 (b) of this section, and (2) individuals who are employed in a high
14 priority occupation by a local or regional board of education or a
15 technical education and career school in a school district designated as
16 an alliance district pursuant to section 10-262u and meet eligibility
17 criteria established pursuant to subsection (c) of this section.

18 (b) The authority shall enter into a memorandum of agreement with
19 the Commissioner of Education to establish the eligibility criteria and
20 administrative guidelines for the Alliance District [Educator and
21 Counselor] Loan Subsidy Program for teachers, paraeducators and
22 school counselors. Such eligibility criteria and guidelines shall include,
23 but need not be limited to, (1) applicant eligibility, (2) interest rate
24 subsidies and principal limits on authority loans subject to the Alliance
25 District [Educator and Counselor] Loan Subsidy Program, (3) the
26 process for verifying the employment of applicants, and (4) the
27 requirement that an interest rate subsidy through the Alliance District
28 [Educator and Counselor] Loan Subsidy Program shall terminate for
29 any subsidy recipient who ceases to meet the employment requirements
30 of such program during the term of such recipient's loan from the
31 authority.

32 (c) The Department of Education shall consult with the authority to:
33 (1) Designate, as high priority occupations under the Alliance District
34 Loan Subsidy Program, occupations that (A) promote the health,
35 welfare or education of residents of municipalities with a school district
36 designated as an alliance district, (B) have a high demand for their
37 services, as determined by the department and the authority, and (C)
38 are experiencing or are projected to experience a workforce shortage
39 that may affect the level of services provided; (2) establish
40 administrative guidelines for the implementation and operation of the
41 program for individuals employed in a high priority occupation in a
42 municipality with a school district designated as an alliance district; and
43 (3) establish eligibility criteria for the program for such individuals,
44 which shall include, but need not be limited to, (A) applicant
45 requirements, including employment requirements, (B) interest rate
46 subsidies and principal limits on authority loans subject to the program,
47 (C) the process for verifying the employment of applicants, and (D) the
48 requirement that an interest rate subsidy through the program shall
49 terminate for any subsidy recipient who ceases to meet the employment
50 requirements of the program during the term of such recipient's
51 authority loan.

52 Sec. 2. Section 10a-247a of the general statutes is repealed and the
53 following is substituted in lieu thereof (*Effective July 1, 2025*):

54 The Connecticut Higher Education Supplemental Loan Authority
55 shall maintain a separate, nonlapsing account to hold funds for the
56 Alliance District [Educator and Counselor] Loan Subsidy Program
57 established pursuant to section 10a-247, as amended by this act. The
58 account shall contain any moneys required by law to be deposited in the
59 account, including, but not limited to, any state appropriation or the
60 proceeds from the sale of bonds issued for the purpose of section 10a-
61 247, as amended by this act. Moneys in the account shall be used (1) for
62 the purposes of the Alliance District [Educator and Counselor] Loan
63 Subsidy Program and for reasonable and necessary expenses for the
64 administration of such program, (2) for the issuance of authority loans
65 to refinance one or more eligible loans, and (3) to maintain a reserve held
66 by the authority to cover any losses incurred by the authority from the
67 issuance of such authority loans. For the purposes of this section,
68 "authority loans" and "eligible loans" have the same meaning as
69 provided in section 10a-223.

70 Sec. 3. Subsection (g) of section 13 of public act 21-111 is repealed and
71 the following is substituted in lieu thereof (*Effective July 1, 2025*):

72 (g) For the Connecticut Higher Education Supplemental Loan
73 Authority: For the Alliance District [Teacher] Loan Subsidy Program
74 established pursuant to section 10a-247 of the general statutes, as
75 amended by this act, and the High Priority Occupation Loan Subsidy
76 Program established pursuant to section 10a-247e of the general
77 statutes, not exceeding \$7,000,000.

78 Sec. 4. Subsection (b) of section 10a-232 of the general statutes is
79 repealed and the following is substituted in lieu thereof (*Effective July 1,*
80 *2025*):

81 (b) Notwithstanding the foregoing, (1) the constituent units of the
82 state system of higher education may participate in one or more
83 education loan programs with the authority and may incur

84 indebtedness pursuant to authority loans, and (2) the authority may
85 create and establish one or more reserve funds to be known as special
86 capital reserve funds and may fund such special capital reserve funds
87 with (A) any moneys appropriated and made available by the state for
88 the purposes of such funds, (B) any proceeds of the sale of notes or
89 bonds, to the extent provided in the resolution of the authority
90 authorizing the issuance thereof, (C) any other moneys that may be
91 made available to the authority for the purpose of such funds from any
92 other source or sources, and (D) any surety policy or other similar
93 instrument valued at par and payable or available to be drawn upon on
94 or before any date by which debt service on the bonds secured thereby
95 is required to be paid and issued by a financial institution that, at the
96 time of issuance of such surety policy or similar instrument, is rated
97 "AA" or better by any nationally recognized statistical rating
98 organization and approved by the State Treasurer. The assets held in or
99 credited to any special capital reserve fund established under this
100 section, except as hereinafter provided, shall be used solely for the
101 payment of the principal of notes and bonds of the authority secured by
102 such capital reserve fund as the same become due, the purchase of such
103 notes and bonds of the authority, the payment of interest on such notes
104 and bonds of the authority or the payment of any redemption premium
105 required to be paid when such bonds are redeemed prior to maturity or
106 released by the authority; provided, the authority shall have power to
107 require that moneys in any such fund shall not be withdrawn therefrom
108 at any time in such amount as would reduce the amount of such funds
109 to less than the maximum amount of principal and interest becoming
110 due by reason of maturity or a required sinking fund installment in any
111 succeeding calendar year on the bonds of the authority then outstanding
112 and secured by such special capital reserve fund, or such lesser amount
113 specified by the authority in its resolution authorizing the issuance of
114 any such bonds, such amount being herein referred to as the "required
115 minimum capital reserve", except for the purpose of paying such
116 principal of, redemption premium and interest on such bonds of the
117 authority secured by such special capital reserve becoming due and for
118 the payment of which other moneys of the authority are not available.

119 The authority may provide that it shall not issue bonds at any time if the
120 required minimum capital reserve on outstanding bonds secured by a
121 special capital reserve fund and the bonds then to be issued and secured
122 by a special capital reserve fund will exceed the amount of such special
123 capital reserve fund at the time of issuance, unless the authority, at the
124 time of the issuance of such bonds, shall deposit in such special capital
125 reserve fund from the proceeds of the bonds so to be issued, or
126 otherwise, an amount which, together with the amount then in such
127 special capital reserve fund, will be not less than the required minimum
128 capital reserve. The authority may, as part of the contract of the
129 authority with the owners of such bonds, provide that on or before
130 December first, annually, there is deemed to be appropriated from the
131 state General Fund such sums, if any, as shall be certified by the
132 chairman of the authority to the Secretary of the Office of Policy and
133 Management and the Treasurer of the state, as necessary to restore each
134 such special capital reserve fund to the amount equal to the required
135 minimum capital reserve of such fund, and such amounts shall be
136 allotted and paid to the authority. For the purpose of evaluation of any
137 such special capital reserve fund, obligations acquired as an investment
138 for any such fund shall be valued at amortized cost. Nothing contained
139 in this section shall preclude the authority from establishing and
140 creating other debt service reserve funds in connection with the issuance
141 of bonds or notes of the authority. Subject to any agreement or
142 agreements with owners of outstanding notes and bonds of the
143 authority, any amount or amounts allotted and paid to the authority
144 pursuant to this section shall be repaid to the state from moneys of the
145 authority at such time as such moneys are not required for any other of
146 its corporate purposes and in any event shall be repaid to the state on
147 the date one year after all bonds and notes of the authority theretofore
148 issued on the date or dates such amount or amounts are allotted and
149 paid to the authority or thereafter issued, together with interest on such
150 bonds and notes, with interest on any unpaid installments of interest
151 and all costs and expenses in connection with any action or proceeding
152 by or on behalf of the owners thereof, are fully met and discharged.
153 Notwithstanding any other provisions contained in this chapter, the

154 aggregate amount of bonds outstanding at any time secured by such
155 special capital reserve funds authorized to be created and established by
156 this section shall not exceed three hundred million dollars and no such
157 bonds shall be issued to pay program costs unless the authority is of the
158 opinion and determines that the revenues to be derived from the
159 program shall be sufficient (i) to pay the principal of and interest on the
160 bonds issued to finance the program, (ii) to establish, increase and
161 maintain any reserves deemed by the authority to be advisable to secure
162 the payment of the principal of and interest on such bonds, (iii) to pay
163 the cost of maintaining and servicing the program and keeping it
164 properly insured, and (iv) to pay such other costs of the program as may
165 be required.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2025	10a-247
Sec. 2	July 1, 2025	10a-247a
Sec. 3	July 1, 2025	PA 21-111, Sec. 13(g)
Sec. 4	July 1, 2025	10a-232(b)

Statement of Legislative Commissioners:

In Section 1(a)(1), "by a local or regional board of education or a technical education and career school" was moved earlier in the sentence, and in Section 1(a)(2), "in a high priority occupation by a local or regional board of education or a technical education and career school" was moved earlier in the sentence for clarity.

HED *Joint Favorable Subst.*