



Substitute Senate Bill No. 1261

Public Act No. 25-105

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:

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 Section 10a-247 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2025*):

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

Substitute Senate Bill No. 1261

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

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

Substitute Senate Bill No. 1261

requirements of the program during the term of such recipient's authority loan.

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

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

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

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

Sec. 4. Subsection (b) of section 10a-232 of the general statutes is

Substitute Senate Bill No. 1261

repealed and the following is substituted in lieu thereof (*Effective July 1, 2025*):

(b) Notwithstanding the foregoing, (1) the constituent units of the state system of higher education may participate in one or more education loan programs with the authority and may incur indebtedness pursuant to authority loans, and (2) the authority may create and establish one or more reserve funds to be known as special capital reserve funds and may fund such special capital reserve funds with (A) any moneys appropriated and made available by the state for the purposes of such funds, (B) any proceeds of the sale of notes or bonds, to the extent provided in the resolution of the authority authorizing the issuance thereof, (C) any other moneys that may be made available to the authority for the purpose of such funds from any other source or sources, and (D) any surety policy or other similar instrument valued at par and payable or available to be drawn upon on or before any date by which debt service on the bonds secured thereby is required to be paid and issued by a financial institution that, at the time of issuance of such surety policy or similar instrument, is rated "AA" or better by any nationally recognized statistical rating organization and approved by the State Treasurer. The assets held in or credited to any special capital reserve fund established under this section, except as hereinafter provided, shall be used solely for the payment of the principal of notes and bonds of the authority secured by such capital reserve fund as the same become due, the purchase of such notes and bonds of the authority, the payment of interest on such notes and bonds of the authority or the payment of any redemption premium required to be paid when such bonds are redeemed prior to maturity or released by the authority; provided, the authority shall have power to require that moneys in any such fund shall not be withdrawn therefrom at any time in such amount as would reduce the amount of such funds to less than the maximum amount of principal and interest becoming due by reason of maturity or a required sinking fund installment in any

Substitute Senate Bill No. 1261

succeeding calendar year on the bonds of the authority then outstanding and secured by such special capital reserve fund, or such lesser amount specified by the authority in its resolution authorizing the issuance of any such bonds, such amount being herein referred to as the "required minimum capital reserve", except for the purpose of paying such principal of, redemption premium and interest on such bonds of the authority secured by such special capital reserve becoming due and for the payment of which other moneys of the authority are not available. The authority may provide that it shall not issue bonds at any time if the required minimum capital reserve on outstanding bonds secured by a special capital reserve fund and the bonds then to be issued and secured by a special capital reserve fund will exceed the amount of such special capital reserve fund at the time of issuance, unless the authority, at the time of the issuance of such bonds, shall deposit in such special capital reserve fund from the proceeds of the bonds so to be issued, or otherwise, an amount which, together with the amount then in such special capital reserve fund, will be not less than the required minimum capital reserve. The authority may, as part of the contract of the authority with the owners of such bonds, provide that on or before December first, annually, there is deemed to be appropriated from the state General Fund such sums, if any, as shall be certified by the chairman of the authority to the Secretary of the Office of Policy and Management and the Treasurer of the state, as necessary to restore each such special capital reserve fund to the amount equal to the required minimum capital reserve of such fund, and such amounts shall be allotted and paid to the authority. For the purpose of evaluation of any such special capital reserve fund, obligations acquired as an investment for any such fund shall be valued at amortized cost. Nothing contained in this section shall preclude the authority from establishing and creating other debt service reserve funds in connection with the issuance of bonds or notes of the authority. Subject to any agreement or agreements with owners of outstanding notes and bonds of the authority, any amount or amounts allotted and paid to the authority

Substitute Senate Bill No. 1261

pursuant to this section shall be repaid to the state from moneys of the authority at such time as such moneys are not required for any other of its corporate purposes and in any event shall be repaid to the state on the date one year after all bonds and notes of the authority theretofore issued on the date or dates such amount or amounts are allotted and paid to the authority or thereafter issued, together with interest on such bonds and notes, with interest on any unpaid installments of interest and all costs and expenses in connection with any action or proceeding by or on behalf of the owners thereof, are fully met and discharged. Notwithstanding any other provisions contained in this chapter, the aggregate amount of bonds outstanding at any time secured by such special capital reserve funds authorized to be created and established by this section shall not exceed three hundred million dollars and no such bonds shall be issued to pay program costs unless the authority is of the opinion and determines that the revenues to be derived from the program shall be sufficient (i) to pay the principal of and interest on the bonds issued to finance the program, (ii) to establish, increase and maintain any reserves deemed by the authority to be advisable to secure the payment of the principal of and interest on such bonds, (iii) to pay the cost of maintaining and servicing the program and keeping it properly insured, and (iv) to pay such other costs of the program as may be required.

Governor's Action:
Approved June 24, 2025