
OLR Bill Analysis

sSB 1261

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

SUMMARY

This bill 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. Under current law and practice, the Connecticut Higher Education Supplemental Loan Authority (CHESLA) operates this 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 bill:

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

at the time of the policy's or instrument's issuance.

Finally, the bill makes technical and conforming changes.

EFFECTIVE DATE: July 1, 2025

HIGH PRIORITY OCCUPATIONS AND PROGRAM RULES

The bill requires the state Department of Education (SDE) to consult with CHESLA to designate high priority occupations for purposes of the renamed alliance district 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 bill requires SDE and CHESLA to establish program guidelines and eligibility criteria, including provisions on application requirements, employment requirements and verification, interest rate subsidies, limits on principal, and termination of an interest rate subsidy if a recipient ceases to meet employment requirements during the term of a program loan.

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).

COMMITTEE ACTION

Higher Education and Employment Advancement Committee

Joint Favorable Substitute

Yea 18 Nay 0 (02/27/2025)