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## **OLR Bill Analysis**

### **sSB 932**

#### ***AN ACT CONCERNING AN ALLIANCE DISTRICT TEACHER LOAN SUBSIDY PROGRAM.***

#### **SUMMARY**

This bill requires the Connecticut Higher Education Supplemental Loan Authority (CHESLA) to establish an Alliance District Teacher Loan Subsidy Program. This program must subsidize interest rates on CHESLA loans to teachers employed in alliance districts (see BACKGROUND), subject to available funding.

Under the bill, CHESLA must enter into a memorandum of agreement with the education commissioner to establish the program's eligibility criteria and administrative guidelines. The authority must also establish a separate, non-lapsing account to hold funds required by law to be deposited there, including state appropriations or bond sale proceeds.

The bill authorizes up to \$7 million per year in general obligation bonds and requires CHESLA to use the proceeds for the Alliance District Teacher Loan Subsidy Program. The bonds are subject to standard statutory bond issuance procedures and repayment requirements.

EFFECTIVE DATE: July 1, 2021

#### **PROGRAM ELIGIBILITY CRITERIA AND ADMINISTRATIVE GUIDELINES**

The bill requires the loan subsidy program eligibility criteria and guidelines to include at least the following:

1. applicant eligibility,
2. interest rate subsidies and principal limits on authority loans subject to the Alliance District Teacher Loan Subsidy Program,

3. the process for verifying applicants' employment, and
4. the requirement that an interest rate subsidy through the Alliance District Teacher Loan Subsidy Program terminate for a subsidy recipient who no longer meets the program's employment requirements during the loan's term.

### **PROGRAM ACCOUNT EXPENDITURES**

This bill requires CHESLA to spend funds in the program's account for purposes of subsidizing loans under the program. In addition, CHESLA must spend account funds to cover reasonable and necessary expenditures for the program's administration, as well as any losses from issuing authority loans to refinance one or more eligible loans for the purposes of the program. Under the bill, "eligible loans" are loans in repayment that are (1) CHESLA-issued or (2) issued by another private or governmental lender to finance college or university attendance.

### **BACKGROUND**

#### ***Alliance Districts***

Alliance districts are the 30 school districts that have the lowest achievement, as rated by the state's accountability index, plus the three districts that were previously among the lowest 30 when the program started in FY 13 (CGS § 10-262u).

For FYs 18-22, the alliance districts are as follows: Ansonia, Bloomfield, Bridgeport, Bristol, Danbury, Derby, East Hartford, East Haven, East Windsor, Groton, Hamden, Hartford, Killingly, Manchester, Meriden, Middletown, Naugatuck, New Britain, New Haven, New London, Norwalk, Norwich, Putnam, Stamford, Thompson, Torrington, Vernon, Waterbury, West Haven, Winchester, Windham, Windsor, and Winsor Locks.

### **COMMITTEE ACTION**

Higher Education and Employment Advancement Committee

Joint Favorable Substitute

Yea 20 Nay 2 (03/18/2021)