

# Alliance District Loan Subsidy Program



*“By establishing this student loan subsidy program, we are building upon and accelerating our efforts to cultivate and support the next generation of highly effective and diverse aspiring educators.”*

— Governor Ned Lamont  
August 19, 2021

Interested in this program and have questions? Please email [alliancerefi@chesla.org](mailto:alliancerefi@chesla.org).

To help address the significant need across the state to **recruit** and **retain** educators and counselors in Alliance Districts, the Connecticut Higher Education Supplemental Loan Authority (CHESLA) and the Connecticut State Department of Education (CSDE) have partnered to launch a new initiative — **The Alliance District Loan Subsidy (ADLS) Program**.

This program offers an interest rate subsidy on Alliance District Educator and Counselor Refinance Loans (to refinance existing private student loan debt) to educators and counselors in any of Connecticut’s Alliance District public schools. The program is designed to attract, support, and retain high quality educators and counselors who reflect the racial, ethnic, and linguistic diversity of Connecticut students.

1. To be eligible an applicant must:
  - Be a teacher, paraeducator, or school counselor in an Alliance District public school (teachers must maintain a current Connecticut Educator Certification)
  - Have a FICO score of at least 580
  - Have no account that is 90+ days late in the past twelve months
  - Have no education loans in default
  - Request refinancing and be the borrower on a **private student loan** in repayment (federal loans are not eligible for refinancing through this program)
2. Funding for Alliance District Educator and Counselor Refinance Loans is limited; loans will only be made to the extent funds are available.
3. The maximum available Alliance District Educator and Counselor Refinance Loan per individual is **\$25,000**. The minimum loan amount is \$5,000.\*
4. Individuals approved for an Alliance District Educator and Counselor Refinance Loan will receive a 3-percentage-point subsidy on the Alliance District Educator and Counselor Refinance Loan rate for as long as they continue to work in an Alliance District public school.
5. Rates on Alliance District Educator and Counselor Refinance Loans, including the 3% subsidy, range from **0.75% to 2.49%**, with terms of 5, 10, or 15 years.
6. Here is an example of how an educator/counselor can experience significant savings over the life of the loan as an incentive to work in an Alliance District:
  - Individual has \$25,000 in private student loan debt outstanding. The interest rate is 12.0% with a repayment term of 10 years.
  - Individual meets the Alliance District Educator and Counselor Refinance Loan credit criteria.
  - Individual refinances into a 10-year Alliance District Educator and Counselor Refinance Loan with CHESLA at a rate of 2.25%, including the 3% subsidy.
  - Individual lowered their monthly payment by nearly **\$130 per month** and would save about **\$15,000 over the life of the loan**, as long as the individual continues to work in a Connecticut Alliance District.
  - **PLEASE NOTE:** If the individual no longer works in an Alliance District public school or a teacher loses Connecticut Educator Certification during the loan term, their interest rate would increase by 3%.
7. Borrowers are also eligible to receive an additional one-quarter percent (0.25%) reduction in the interest rate, if enrolled in the Loan Servicer’s online payment platform making payments via ACH.

\* Individuals seeking to refinance additional private student loan debt in excess of \$25,000 should also consider applying to CHESLA’s Refi CT Loan Program provided they meet the eligibility criteria. A Refi CT loan is not eligible for a subsidized rate.

