

Alliance District Teacher 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.

To help address the significant need across the state to recruit and retain educators 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 Teacher Loan Subsidy (ADTLS) Program**.

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

1. To be eligible an applicant must:
 - teach in an Alliance District public school and maintain a current Connecticut Educator Certification;
 - submit an Alliance District Teacher Refinance Loan application;
 - have a FICO score of at least 580 and Debt-to-Income ratio less than or equal to 50%; and
 - request refinancing for a private student loan (federal loans are not eligible for refinancing through this program).
2. Funding for Alliance District Teacher Refinance Loans is limited; loans will only be made to the extent funds are available.
3. The maximum available Alliance District Teacher Refinance Loan per teacher is **\$25,000**. The minimum loan amount is \$5,000.*
4. Teachers approved for an Alliance District Teacher Refinance Loan will receive a 3-percentage-point subsidy on the Alliance District Teacher Refinance Loan rate for as long as they continue to teach in an Alliance District public school.
5. Rates on Alliance District Teacher 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 a teacher can experience significant savings over the life of the loan as an incentive to teach in an Alliance District:
 - Teacher has \$25,000 in private student loan debt outstanding. The interest rate is 12.0% with a repayment term of 10 years.
 - Teacher meets the Alliance District Teacher Refinance Loan credit criteria.
 - Teacher refinances into a 10-year Alliance District Teacher Refinance Loan with CHESLA at a rate of 2.25%, including the 3% subsidy.
 - Teacher 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 teacher continues to teach in a Connecticut Alliance District.
 - **PLEASE NOTE:** If the teacher no longer teaches in an Alliance District public school or 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.

* Teachers 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.

