

State Grants to Municipalities

By: Dan Dilworth, Associate Budget Analyst
Anthony Naples, Budget Analyst II
Rute Pinho, Chief Analyst
December 23, 2019 | 2019-R-0237

Issue

Summarizes the state grants to municipalities. This report updates OLR Report [2012-R-0059](#). **This report has been updated by OLR Report [2021-R-0183](#).**

Table of Grants to Municipalities

Table 1, prepared by the Office of Fiscal Analysis, briefly describes the state grants to municipalities, organized by their implementing agency. For each grant, the table provides the grant title, statutory citation, grant type (i.e., mandatory or discretionary), program description, factors or formulas used to determine the amount awarded or disbursed, last fiscal year each grant was funded, and amount funded. (Generally, mandatory grants are related to a court order or federal requirement; all other grants are discretionary.)

Of the 47 grant programs listed, 30 received funding in FY 20. The Education Equalization Grant, commonly referred to as Education Cost Sharing (ECS), is the largest grant with approximately \$2 billion appropriated for FY 20. The next largest grants for FY 20 are for magnets schools (\$304 million), special education costs (i.e., the excess cost grant) (\$141 million), early care and education (\$128 million), and state payment in lieu of taxes (PILOT) for private colleges and hospitals (\$110 million).

Table 1: State Grants to Municipalities

<i>Grant Title</i>	<i>Type</i>	<i>Description</i>	<i>Factors or Formulas</i>	<i>Last Funded</i>	<i>Amount Last Funded</i>	<i>Notes</i>
<i>Office of Policy and Management</i>						
State Grant Payment-in-Lieu-of-Taxes (PILOT) on State-Owned Property CGS § 12-18b	D	Reimburses a portion of the tax loss resulting from tax-exempt state-owned real property; reimbursement rate is 45% of tax loss for most state property, 100% for prison property and certain other types of property, and 65% for Connecticut Valley Hospital and Whiting Forensic Hospital	Reimbursement rate multiplied by municipal tax loss, prorated to available appropriations	FY 20	\$54,944,031	Since FY 18, grant amounts have been specified in budget acts and have included non-formulaic adjustments
State Grant PILOT on Property of Private Colleges and General Hospitals CGS § 12-18b	D	Reimburses 77% of the tax loss resulting from tax-exempt college and hospital property	77% multiplied by municipal tax loss, prorated to available appropriations	FY 20	\$109,889,434	Since FY 18, grant amounts have been specified in budget acts and have included non-formulaic adjustments
Mashantucket Pequot and Mohegan Fund Grants CGS § 3-55j	D	Provides additional funds for municipalities from casino gaming revenue	Statutory distribution formula; additional aid is provided to certain towns in southeastern Connecticut	FY 20	\$51,472,789	Since FY 18, grant amounts have been specified in budget acts and have included non-formulaic adjustments
Reimbursement of Tax Exemption for Individuals with Disabilities CGS § 12-94a & 12-81(55)	D	Reimbursement for mandatory property tax exemption (\$1,000) for individuals receiving permanent disability benefits under Social Security or any federal, state, or local retirement or disability plan	Number of recipients multiplied by exemption, prorated to available appropriations	FY 20	\$364,713	
State Aid to Distressed Municipalities CGS §§ 32-9s & 12-81(59), (60), & (70)	D	Reimbursement for 50% of the revenue loss attributed to the mandatory five-year, 80% property tax exemptions for qualifying facility improvements and machinery and equipment purchases in designated municipalities	50% of the revenue loss resulting from the exemptions, prorated to available appropriations	FY 17	\$4,884,698	

Table 1 (continued)

<i>Grant Title</i>	<i>Type</i>	<i>Description</i>	<i>Factors or Formulas</i>	<i>Last Funded</i>	<i>Amount Last Funded</i>	<i>Notes</i>
Tax Relief for Elderly and Disabled Homeowners CGS § 12-170aa(b)	D	Reimbursement for the elderly and disabled homeowner property tax credit; credit amount varies inversely with income.; applicants must (1) be at least age 65, (2) have a spouse living with them who is at least age 65, or (3) be a surviving spouse who is at least age 50	Number of recipients multiplied by tax exemption, prorated to available appropriations	FY 17	\$19,176,502	
Elderly Tax Relief-Freeze Program CGS §§ 12-129b & 12-129d	D	Reimbursement for elderly tax relief program, which caps qualified homeowners' property taxes at the amount of taxes they paid in their first year enrolled in the program (closed to new applicants in May 1980)	Payment to town for lost tax revenue as of May 1980 or earlier, prorated to available appropriations	FY 20	\$40,000	
Local Property Tax Relief for Veterans - Additional State Exemption CGS § 12-81g(e)	D	Reimbursement for the additional income-based exemption for qualified veterans	Number of recipients multiplied by additional exemption, prorated to available appropriations	FY 20	\$2,708,107	
Manufacturing Transition Grants (formerly the PILOT for New Manufacturing Machinery and Equipment (MME)) CGS § 4-66i (established by PA 11-6 and PA 11-61 ; repealed by PA 15-244)	D	Replaced the PILOT payments for eligible MME and commercial vehicles	Equal to FY 11 PILOT for MME and commercial vehicles; additional grant based on their population, income, and equalized net grand list	FY 13	\$90,407,356	See Grants for Municipal Projects below

Table 1 (continued)

<i>Grant Title</i>	<i>Type</i>	<i>Description</i>	<i>Factors or Formulas</i>	<i>Last Funded</i>	<i>Amount Last Funded</i>	<i>Notes</i>
Municipal Revenue Sharing Account (MRSA) Supplemental PILOT CGS § 12-18b	D	Additional PILOT funding to towns with high levels of tax-exempt property	The 25 towns with the most tax-exempt property receive a grant equal to the difference between their actual state property and college and hospital PILOT grant payments and what their payments would have been at specified reimbursement rates	FY 20	\$36,819,135	Although originally designed to be funded via a sales tax diversion into MRSA, since FY 18, this grant has been funded via the General Fund; its distribution has been specified in budget acts and has included non-formulaic adjustments
MRSA Car Tax Grants CGS § 4-66/(c)	D	Reimbursement to mitigate a portion of the revenue loss attributed to the motor vehicle rate cap	Grant is equal to the difference between the motor vehicle property taxes collected by a municipality in a given year and the motor vehicle property tax a town would have collected if its motor vehicle mill rate was equal to its real and personal property mill rate in that fiscal year	FY 20	\$29,917,078	Although originally designed to be funded via a sales tax diversion into MRSA, since FY 18, this grant has been funded via the General Fund; its distribution has been specified in budget acts and has included non-formulaic adjustments
MRSA Revenue Sharing CGS § 4-66/	D	Property tax relief grant	Grant is distributed to towns based on their mill rates and population; larger towns with higher mill rates receive a larger share of the available grant funds	FY 17	\$75,900,000	Originally intended to be funded via a sales tax diversion into MRSA; last funded in FY 17 via the Municipal Revenue Sharing Fund

Table 1 (continued)

<i>Grant Title</i>	<i>Type</i>	<i>Description</i>	<i>Factors or Formulas</i>	<i>Last Funded</i>	<i>Amount Last Funded</i>	<i>Notes</i>
Municipal Stabilization Grant PA 18-81 and PA 19-117	D	Established to mitigate the impact of reductions in other municipal grants in FYs 18 and 19	Grant amount ensures no town received a reduction in funding of more than 5% from FY 17 to FY 18 and FY 19; Grant amounts were unchanged in the FY 20 and FY 21 budget	FY 20	\$37,953,333	
Town Aid Road CGS §§ 13a-175a to 13a-175e & 13a-175i	D	For various purposes including highway and bridge maintenance and construction, road paving, snow plowing and ice treatment, installation and repair of traffic lights and signs, and other purposes related to roads and traffic	Distribution determined by number of paved and unpaved road miles in each town, distributed semi-annually and prorated to available appropriations	FY 19	\$60,000,000	
LoCIP (Local Capital Improvement Program) CGS §§ 7-535 to 7-538	D	For capital projects including roadwork; construction, renovation or maintenance of sewage plants, water or sewer lines, dams, or bridges; and construction and maintenance of public buildings	Distribution determined by paved and unpaved road mileage, population, and equalized net grand list	FY 19	\$34,999,987	
Grants for Municipal Projects Annual authorization made pursuant to the bond act	D	Established in FY 14 as a bond authorization to replace the Manufacturing Transition Grant/MME PILOT Grant	Equal to FY 11 MME PILOT grant; an additional grant based on population, income, and equalized net grand list	FY 19	\$60,000,000	See MME PILOT/Manufacturing Transition Grant above
Department of Public Health						
Local and District Departments of Health CGS §§ 19a-202 , 19a-202a , & 19a-245	D	Subsidizes the operating costs of (1) health districts, and (2) full-time, municipal health departments; both must meet certain criteria to be eligible for funding	Formula subject to available appropriation; health districts receive \$1.85 per capita and municipal health departments receive \$1.18 per capita	FY 20	\$4,210,499	

Table 1 (continued)

<i>Grant Title</i>	<i>Type</i>	<i>Description</i>	<i>Factors or Formulas</i>	<i>Last Funded</i>	<i>Amount Last Funded</i>	<i>Notes</i>
Venereal Disease Control CGS § 19a-2a	D	Defrays the operating costs of Sexually Transmitted Disease (STD) clinics that provide diagnostic and treatment services	Not formula based; contract amounts are subject to the available appropriation	FY 20	\$197,341	Within the Insurance Fund
School Based Health Clinics CGS § 19a-2a	D	Supports the operating costs of School Based Health Centers (SBHCs)	Not formula based; contract amounts are subject to the available appropriation	FY 20	\$10,550,187	
<i>Department of Housing</i>						
Tax Abatement CGS §§ 8-215 & 8-216	D	Reimbursement for revenue loss attributed to the property tax abatement for certain low- and moderate-income rental housing	Up to \$450 per dwelling unit per year for up to 40 years; payment per dwelling unit pro-rated based on availability of funds	FY 15	\$1,372,414 (\$1,444,646 was appropriated, but rescission of \$72,232 per OPM)	
Payment In Lieu of Taxes CGS §§ 8-216	D	PILOT for state-assisted moderate rental housing projects operated by housing authorities	Assessed value of exempt property multiplied by the mill rate; the contracts with municipalities specifically cap the state's PILOT liability to a particular municipality's pro-rata share of the appropriated funds	FY 15	\$1,779,730 (\$1,873,400 was appropriated, but rescission of \$93,670 per OPM)	Since state funding was eliminated in FY 16, budget language has continued to waive the payments participating housing authorities would have had to pay to towns; budgets up to FY 19 extended the waiver and the FY 20-21 budget eliminated the sunset provision, making the waiver permanent (PA 19-117 , § 69)

Table 1 (continued)

<i>Grant Title</i>	<i>Type</i>	<i>Description</i>	<i>Factors or Formulas</i>	<i>Last Funded</i>	<i>Amount Last Funded</i>	<i>Notes</i>
Housing/Homeless Services CGS § 8-359a	D	Supports programs operated by municipalities that provide emergency, transitional, and permanent housing services and support for homeless individuals	Not formula based	See note	See note	\$57,451,370 transferred to Department of Housing in FY 14-15 biennial budget; \$5,210,676 transferred to the Department of Social Services' Domestic Violence Shelters line item in FY 16
<i>State Library</i>						
Connecticard Payments to Local Libraries CGS § 11-31b	D	Provides support for local libraries which exceed their normal function of providing for town residents only and offer services to any Connecticut resident who holds a valid library card.	Half of the total appropriation is used to reimburse participating libraries for all reported Connecticut loans; the other half is used to make an additional payment to libraries that loaned more items to non-residents	FY 20	\$703,638	
Grants to Public Libraries CGS § 11-24b	D	Funds to assist in providing adequate local public library service to state residents	Each principal public library receives \$1,200; 60% of remaining funds are allocated to equalization grants; funds must be used within two years of receiving the grant	FY 16	\$179,396	

Table 1 (continued)

<i>Grant Title</i>	<i>Type</i>	<i>Description</i>	<i>Factors or Formulas</i>	<i>Last Funded</i>	<i>Amount Last Funded</i>	<i>Notes</i>
<i>State Department of Education</i>						
Vocational Agriculture (formally known as Agricultural Science and Technology Education)	M	Assists 18 local boards of education in the operation of regional vocational agriculture centers in conjunction with their regular public school systems	\$4,200 per student attending the program, subject to available appropriations	FY 20	\$14,952,000	
CGS § 10-65						
Transportation of School Children	M	Assists school districts in providing school transportation services	The reimbursement of pupil transportation costs for public school children is based on paying 0% to 60% of eligible costs in accordance with a district's relative wealth; poorer towns receive higher percentages	FY 16	\$22,336,353	
CGS §§ 10-54, 10-97, 10-266m, 10-273a, & 10-277						
Non-Public School Transportation	M	Grant assists school districts in providing school transportation services	The reimbursement of pupil transportation costs for non-public school children is based on paying 0% to 60% of eligible costs in accordance with relative wealth	FY16	\$3,416,985	
CGS §§ 10-54, 10-97, 10-266m, 10-273a, & 10-277						
Adult Education	M	Partial reimbursement of the eligible costs of state-mandated adult education programs	Towns are reimbursed for their current costs associated with adult education programs based upon a sliding scale from 0% to 65%; scale is based on a district's relative property wealth rank	FY 20	\$20,383,960	
CGS § 10-71						

Table 1 (continued)

<i>Grant Title</i>	<i>Type</i>	<i>Description</i>	<i>Factors or Formulas</i>	<i>Last Funded</i>	<i>Amount Last Funded</i>	<i>Notes</i>
Health Services for Pupils Attending Private Schools CGS § 10-217a	M	Reimbursement to local districts for providing health services to private school students	Reimbursement on a sliding scale of 10% to 90% of towns' prior year costs to provide these services, provided that a majority of the children attending such schools are from Connecticut	FY 20	\$3,438,415	
Education Equalization Grants to Towns (also known as Education Cost Sharing or ECS) CGS § 10-262h & 10-262i	M	Provides funds for education to towns in order to achieve a number of goals, including helping equalize the ability of towns to finance public elementary and secondary education programs or reducing disparities in per pupil expenditures and tax rates	Formula based on numerous student and town factors Student characteristics include the number of students, Free and Reduced Price Lunch receipt, and English Language Learners; town factors include the town's median household income (income wealth) and equalized net grand list per capita (property wealth) Statute requires formula to be phased in on a specific schedule from FY 19 through FY 28	FY 20	\$2,054,281,297	Phase-in funded in FY 19 and under the FY 20 and FY 21 Budget; the ECS grant includes the Alliance District program

Table 1 (continued)

<i>Grant Title</i>	<i>Type</i>	<i>Description</i>	<i>Factors or Formulas</i>	<i>Last Funded</i>	<i>Amount Last Funded</i>	<i>Notes</i>
Bilingual Education CGS §§ 10-17e to -17g	D	Provides supplementary funding to local education agencies that are required to implement bilingual education programs	Each eligible district receives a portion of the total amount appropriated for this program according to the ratio which the number of eligible students in its schools bears to the total number of eligible students in the state	FY 20	\$3,177,112	
Priority School Districts CGS § 10-266p , as amended by PA 19-130	M	Provides funding to the states' neediest school districts in amounts of \$1 million and \$500,000; provides additional grants for some or all of the priority districts; grant can be used for academic enrichment, tutoring, recreation, dropout prevention, and alternative education	Formula based on town population, mastery exam results, and temporary family assistance children counts	FY 20	\$30,818,778	The sub grants for this account were separated out beginning in FY 20 (Extended School Hours and School Accountability)
Young Parents Program CGS § 10-74c	D	Funding for programs to ensure that young fathers and mothers have access to suitable educational programs while also fulfilling a parental role	Local boards of education must provide at least 50% of the funding for these programs	FY 19	\$66,385	
Interdistrict Cooperative Program CGS § 10-74d	D	Provides an incentive to inter-district cooperative activities	None	FY 20	\$1,537,500	
School Breakfast CGS § 10-266w	D	Supports local school breakfast programs in "severe needs" schools; federal matching funds are received locally to support this funding	Various	FY 20	\$2,158,900	

Table 1 (continued)

Grant Title	Type	Description	Factors or Formulas	Last Funded	Amount Last Funded	Notes
Excess Cost-Student Based CGS § 10-76d	M	Provides funding for special education students whose overall cost per pupil exceeds statutory levels and for state agency placements	Formula based on cost of a special education student exceeding four and a half times the net current expenditures per pupil in that school district	FY 20	\$140,619,782	
School to Work Opportunities CGS § 10-20a to -20f	D	To aid school to work transition programs and Connecticut Career Certificate Programs	Based on need within available appropriations	FY 15	\$215,750	
Open Choice Schools Program CGS § 10-266aa(g)	M	Provides aid to towns participating in the OPEN program	Aid based on participating students and appropriation level; per student grants range from \$3,000 to \$8,000	FY 20	\$26,835,214	\$13,864,786 was transferred from this account into the new Sheff Transportation account beginning in FY 20
Magnet Schools CGS § 10-264 , as amended by PA 19-117 , § 270	M	Provides funds for the operation of magnet schools	Percentage of children attending from outside district and the ECS foundation rate; per student grants range from \$7,227 to \$13,315	FY 20	\$304,204,848	\$30,085,635 was transferred from this account into the new Sheff Transportation account beginning in FY 20
Department of Social Services						
Human Resources Development CGS §§ 17b-852 & -853	D	Grant-in-aid funding for contracts with municipalities to develop anti-poverty programs	Not formula based The requested appropriation represents the department's estimate of costs; actual contract amounts are subject to the available appropriation	FY 11	\$38,581	Eliminated in FY 12-13 biennial budget

Table 1 (continued)

<i>Grant Title</i>	<i>Type</i>	<i>Description</i>	<i>Factors or Formulas</i>	<i>Last Funded</i>	<i>Amount Last Funded</i>	<i>Notes</i>
Human Resource Development - Hispanic Programs CGS §§ 17b-852 & -853	D	Provides funds to contract with municipalities for services to Hispanic youth to improve their job skills and employability through job training and educational opportunities	Not formula based The requested appropriation represents the department's estimate of costs; actual contract amounts are subject to the available appropriation	FY 20	\$1,546,885	
Teenage Pregnancy Prevention CGS § 17b-851a	D	Provides grants to municipalities to develop and implement programs for the prevention of teenage pregnancies	Not formula based The requested appropriation represents the department's estimate of costs; actual contract amounts are subject to the available appropriation	FY 20	\$1,354,108	Funding reflects line items for both the grants to providers and grants to towns
Various Other Agencies						
Early Care and Education (Office of Early Childhood) CGS § 8-210	D	Grant-in-aid funds for (1) contracts with municipalities to develop and operate child day care centers for children disadvantaged by reason of economic, social, and environmental conditions and (2) school readiness programs	Grants for child care centers are equivalent to two-thirds of the net cost of the project or, where the project is assisted by federal Department of Housing and Urban Development, one-half the amount by which the net cost of the project exceeds the federal grant Grants for school readiness programs equal an amount up to the per child cost	FY 20	\$127,848,399	Total line item funding is \$127.8 million, which includes support for child day care centers and school readiness programs. Funding for child care centers is approximately \$35 million

Table 1 (continued)

<i>Grant Title</i>	<i>Type</i>	<i>Description</i>	<i>Factors or Formulas</i>	<i>Last Funded</i>	<i>Amount Last Funded</i>	<i>Notes</i>
Programs for Seniors (Department of Rehabilitative Services) CGS § 17a-310	D	Provides for elderly health services in Bridgeport, New Haven, Hartford, and Waterbury	Not formula based	See note	See note	\$3,681,704 was transferred to State Department on Aging (SDA) under Programs for Senior Citizens line item in FY 14-15 biennial budget; SDA consolidated under Department of Rehab Services in FY 19
Community Services (Department of Mental Health and Addiction Services) CGS § 17a-676	D	Community Based Services to Families account provides alcohol and drug prevention, intervention, and treatment services to individuals and families; supportive activities, which include homemaking services, child care, and emergency foster placement are provided by private agencies	Not formula based	FY 20	\$1,775,376	
Youth Service Bureaus (Department of Children and Families) CGS § 10-19m to -19p	D	Supports Youth Service Bureaus (YSBs) YSB services may include individual and group counseling, parent training and family therapy, work placement and employment counseling, suspension and expulsion services, diversion from the juvenile justice system, and other prevention programs	Formula	FY 20	\$2,626,772	
Youth Service Bureau Enhancement (Department of Children and Families) CGS § 10-19q	D	Enhancement grant program for YSBs	Based on the population of towns served within available appropriations	FY 20	\$1,093,973	

Source: Office of Fiscal Analysis

RP:kl