



House of Representatives

General Assembly

File No. 886

January Session, 2025

Substitute House Bill No. 7167

House of Representatives, May 12, 2025

The Committee on Appropriations reported through REP. WALKER of the 93rd Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING EDUCATION FUNDING.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 10-262h of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2025*):

3 [(a) For the fiscal year ending June 30, 2018, each town maintaining
4 public schools according to law shall be entitled to an equalization aid
5 grant as follows: (1) Any town designated as an alliance district, as
6 defined in section 10-262u, shall be entitled to an equalization aid grant
7 in an amount equal to its base grant amount; and (2) any town not
8 designated as an alliance district shall be entitled to an equalization aid
9 grant in an amount equal to ninety-five per cent of its base grant
10 amount.

11 (b) For the fiscal year ending June 30, 2019, each town maintaining
12 public schools according to law shall be entitled to an equalization aid
13 grant as follows: (1) Any town whose fully funded grant is greater than
14 its base grant amount shall be entitled to an equalization aid grant in an

15 amount equal to its base grant amount plus four and one-tenth per cent
16 of its grant adjustment; and (2) any town whose fully funded grant is
17 less than its base grant amount shall be entitled to an equalization aid
18 grant in an amount equal to its base grant amount minus twenty-five
19 per cent of its grant adjustment, except any such town designated as an
20 alliance district shall be entitled to an equalization aid grant in an
21 amount equal to its base grant amount.

22 (c) For the fiscal years ending June 30, 2020, and June 30, 2021, each
23 town maintaining public schools according to law shall be entitled to an
24 equalization aid grant as follows: (1) Any town whose fully funded
25 grant is greater than its base grant amount shall be entitled to an
26 equalization aid grant in an amount equal to its equalization aid grant
27 amount for the previous fiscal year plus ten and sixty-six-one-
28 hundredths per cent of its grant adjustment; and (2) any town whose
29 fully funded grant is less than its base grant amount shall be entitled to
30 an equalization aid grant in an amount equal to its equalization aid
31 grant amount for the previous fiscal year minus eight and thirty-three-
32 one-hundredths per cent of its grant adjustment, except any such town
33 designated as an alliance district shall be entitled to an equalization aid
34 grant in an amount equal to its base grant amount.

35 (d) For the fiscal year ending June 30, 2022, each town maintaining
36 public schools according to law shall be entitled to an equalization aid
37 grant as follows: (1) Any town whose fully funded grant is greater than
38 its base grant amount shall be entitled to an equalization aid grant in an
39 amount equal to its equalization aid grant amount for the previous fiscal
40 year plus ten and sixty-six-one-hundredths per cent of its grant
41 adjustment; and (2) any town whose fully funded grant is less than its
42 base grant amount shall be entitled to an equalization aid grant in an
43 amount equal to the amount the town was entitled to for the fiscal year
44 ending June 30, 2021.

45 (e) For the fiscal year ending June 30, 2023, each town maintaining
46 public schools according to law shall be entitled to an equalization aid
47 grant as follows: (1) Any town whose fully funded grant is greater than

48 its equalization aid grant amount for the previous fiscal year shall be
49 entitled to an equalization aid grant in an amount equal to its
50 equalization aid grant amount for the previous fiscal year plus sixteen
51 and sixty-seven-one-hundredths per cent of its grant adjustment; and
52 (2) any town whose fully funded grant is less than its equalization aid
53 grant amount for the previous fiscal year shall be entitled to an
54 equalization aid grant in an amount equal to the amount the town was
55 entitled to for the fiscal year ending June 30, 2022.

56 (f) For the fiscal year ending June 30, 2024, each town maintaining
57 public schools according to law shall be entitled to an equalization aid
58 grant as follows: (1) Any town whose fully funded grant is greater than
59 its equalization aid grant amount for the previous fiscal year shall be
60 entitled to an equalization aid grant in an amount equal to its
61 equalization aid grant amount for the previous fiscal year plus twenty
62 per cent of its grant adjustment; (2) any town whose fully funded grant
63 is less than its equalization aid grant amount for the previous fiscal year
64 shall be entitled to an equalization aid grant in an amount equal to the
65 amount the town was entitled to for the fiscal year ending June 30, 2023;
66 and (3) any town designated as an alliance district shall be entitled to an
67 equalization aid grant in an amount that is the greater of (A) the amount
68 described in either subdivision (1) of this subsection or subdivision (2)
69 of this subsection, as applicable, (B) its base grant amount, or (C) its
70 equalization aid grant entitlement for the previous fiscal year.

71 (g) For the fiscal year ending June 30, 2025, each town maintaining
72 public schools according to law shall be entitled to an equalization aid
73 grant as follows: (1) Any town whose fully funded grant is greater than
74 its equalization aid grant amount for the previous fiscal year shall be
75 entitled to an equalization aid grant in an amount equal to its
76 equalization aid grant amount for the previous fiscal year plus fifty-six
77 and five tenths per cent of its grant adjustment; (2) any town whose fully
78 funded grant is less than its equalization aid grant amount for the
79 previous fiscal year shall be entitled to an equalization aid grant in an
80 amount equal to the amount the town was entitled to for the fiscal year
81 ending June 30, 2024; and (3) any town designated as an alliance district,

82 shall be entitled to an equalization aid grant in an amount that is the
83 greater of (A) the amount described in either subdivision (1) of this
84 subsection or subdivision (2) of this subsection, as applicable, (B) its base
85 grant amount, or (C) its equalization aid grant entitlement for the
86 previous fiscal year.]

87 [(h)] (a) For the fiscal year ending June 30, 2026, each town
88 maintaining public schools according to law shall be entitled to an
89 equalization aid grant as follows: (1) Any town whose fully funded
90 grant is greater than its equalization aid grant amount for the previous
91 fiscal year shall be entitled to an equalization aid grant in an amount
92 equal to its fully funded grant; (2) any town whose fully funded grant is
93 less than its equalization aid grant amount for the previous fiscal year
94 shall be entitled to an equalization aid grant in an amount equal to [its
95 equalization aid grant amount for the previous fiscal year minus
96 fourteen and twenty-nine-one-hundredths per cent of its grant
97 adjustment] the amount the town was entitled to for the fiscal year
98 ending June 30, 2025; and (3) any town designated as an alliance district
99 shall be entitled to an equalization aid grant in an amount that is the
100 greater of (A) the amount described in either subdivision (1) of this
101 subsection or subdivision (2) of this subsection, as applicable, (B) its base
102 grant amount, or (C) its equalization aid grant entitlement for the
103 previous fiscal year.

104 [(i)] (b) For the fiscal year ending June 30, 2027, each town
105 maintaining public schools according to law shall be entitled to an
106 equalization aid grant as follows: (1) Any town whose fully funded
107 grant is greater than its equalization aid grant amount for the previous
108 fiscal year shall be entitled to an equalization aid grant in an amount
109 equal to its fully funded grant; (2) any town whose fully funded grant is
110 less than its equalization aid grant amount for the previous fiscal year
111 shall be entitled to an equalization aid grant in an amount equal to [its
112 equalization aid grant amount for the previous fiscal year minus sixteen
113 and sixty-seven-one-hundredths per cent of its grant adjustment] the
114 amount the town was entitled to for the fiscal year ending June 30, 2026;
115 and (3) any town designated as an alliance district shall be entitled to an

116 equalization aid grant in an amount that is the greater of (A) the amount
117 described in either subdivision (1) of this subsection or subdivision (2)
118 of this subsection, as applicable, (B) its base grant amount, or (C) its
119 equalization aid grant entitlement for the previous fiscal year.

120 [(j)] (c) For the fiscal year ending June 30, 2028, each town maintaining
121 public schools according to law shall be entitled to an equalization aid
122 grant as follows: (1) Any town whose fully funded grant is greater than
123 its equalization aid grant amount for the previous fiscal year shall be
124 entitled to an equalization aid grant in an amount equal to its fully
125 funded grant; (2) any town whose fully funded grant is less than its
126 equalization aid grant amount for the previous fiscal year shall be
127 entitled to an equalization aid grant in an amount equal to its
128 equalization aid grant amount for the previous fiscal year minus
129 [twenty] fourteen and twenty-nine-one-hundredths per cent of its grant
130 adjustment; and (3) any town designated as an alliance district shall be
131 entitled to an equalization aid grant in an amount that is the greater of
132 (A) the amount described in either subdivision (1) of this subsection or
133 subdivision (2) of this subsection, as applicable, (B) its base grant
134 amount, or (C) its equalization aid grant entitlement for the previous
135 fiscal year.

136 [(k)] (d) For the fiscal year ending June 30, 2029, each town
137 maintaining public schools according to law shall be entitled to an
138 equalization aid grant as follows: (1) Any town whose fully funded
139 grant is greater than its equalization aid grant amount for the previous
140 fiscal year shall be entitled to an equalization aid grant in an amount
141 equal to its fully funded grant; (2) any town whose fully funded grant is
142 less than its equalization aid grant amount for the previous fiscal year
143 shall be entitled to an equalization aid grant in an amount equal to its
144 equalization aid grant amount for the previous fiscal year minus
145 [twenty-five] sixteen and sixty-seven-one-hundredths per cent of its
146 grant adjustment; and (3) any town designated as an alliance district
147 shall be entitled to an equalization aid grant in an amount that is the
148 greater of (A) the amount described in either subdivision (1) of this
149 subsection or subdivision (2) of this subsection, as applicable, (B) its base

150 grant amount, or (C) its equalization aid grant entitlement for the
151 previous fiscal year.

152 [(l)] (e) For the fiscal year ending June 30, 2030, each town
153 maintaining public schools according to law shall be entitled to an
154 equalization aid grant as follows: (1) Any town whose fully funded
155 grant is greater than its equalization aid grant amount for the previous
156 fiscal year shall be entitled to an equalization aid grant in an amount
157 equal to its fully funded grant; (2) any town whose fully funded grant is
158 less than its equalization aid grant amount for the previous fiscal year
159 shall be entitled to an equalization aid grant in an amount equal to its
160 equalization aid grant amount for the previous fiscal year minus [thirty-
161 three and thirty-three-one-hundredths] twenty per cent of its grant
162 adjustment; and (3) any town designated as an alliance district shall be
163 entitled to an equalization aid grant in an amount that is the greater of
164 (A) the amount described in either subdivision (1) of this subsection or
165 subdivision (2) of this subsection, as applicable, (B) its base grant
166 amount, or (C) its equalization aid grant entitlement for the previous
167 fiscal year.

168 [(m)] (f) For the fiscal year ending June 30, 2031, each town
169 maintaining public schools according to law shall be entitled to an
170 equalization aid grant as follows: (1) Any town whose fully funded
171 grant is greater than its equalization aid grant amount for the previous
172 fiscal year shall be entitled to an equalization aid grant in an amount
173 equal to its fully funded grant; (2) any town whose fully funded grant is
174 less than its equalization aid grant amount for the previous fiscal year
175 shall be entitled to an equalization aid grant in an amount equal to its
176 equalization aid grant amount for the previous fiscal year minus [fifty]
177 twenty-five per cent of its grant adjustment; and (3) any town
178 designated as an alliance district shall be entitled to an equalization aid
179 grant in an amount that is the greater of (A) the amount described in
180 either subdivision (1) of this subsection or subdivision (2) of this
181 subsection, as applicable, (B) its base grant amount, or (C) its
182 equalization aid grant entitlement for the previous fiscal year.

183 (g) For the fiscal year ending June 30, 2032, each town maintaining
184 public schools according to law shall be entitled to an equalization aid
185 grant as follows: (1) Any town whose fully funded grant is greater than
186 its equalization aid grant amount for the previous fiscal year shall be
187 entitled to an equalization aid grant in an amount equal to its fully
188 funded grant; (2) any town whose fully funded grant is less than its
189 equalization aid grant amount for the previous fiscal year shall be
190 entitled to an equalization aid grant in an amount equal to its
191 equalization aid grant amount for the previous fiscal year minus thirty-
192 three and thirty-three-one-hundredths per cent of its grant adjustment;
193 and (3) any town designated as an alliance district shall be entitled to an
194 equalization aid grant in an amount that is the greater of (A) the amount
195 described in either subdivision (1) of this subsection or subdivision (2)
196 of this subsection, as applicable, (B) its base grant amount, or (C) its
197 equalization aid grant entitlement for the previous fiscal year.

198 (h) For the fiscal year ending June 30, 2033, each town maintaining
199 public schools according to law shall be entitled to an equalization aid
200 grant as follows: (1) Any town whose fully funded grant is greater than
201 its equalization aid grant amount for the previous fiscal year shall be
202 entitled to an equalization aid grant in an amount equal to its fully
203 funded grant; (2) any town whose fully funded grant is less than its
204 equalization aid grant amount for the previous fiscal year shall be
205 entitled to an equalization aid grant in an amount equal to its
206 equalization aid grant amount for the previous fiscal year minus fifty
207 per cent of its grant adjustment; and (3) any town designated as an
208 alliance district shall be entitled to an equalization aid grant in an
209 amount that is the greater of (A) the amount described in either
210 subdivision (1) or (2) of this subsection, as applicable, (B) its base grant
211 amount, or (C) its equalization aid grant entitlement for the previous
212 fiscal year.

213 [(n)] (i) For the fiscal year ending June 30, [2032] 2034, and each fiscal
214 year thereafter, each town maintaining public schools according to law
215 shall be entitled to an equalization aid grant in an amount equal to its
216 fully funded grant, except any town designated as an alliance district

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 26 \$	FY 27 \$
Education, Dept.	GF - Cost	8,575,620	17,149,955

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 26 \$	FY 27 \$
Various Municipalities	Precludes Revenue Loss	See Below	See Below

Explanation

The bill extends the ECS grant's hold harmless provision for two additional fiscal years, resulting in a cost of approximately \$8.6 million in FY 26 and \$17.1 million in FY 27 to the General Fund through the State Department of Education, and precluding a revenue loss to various municipalities.

The bill extends the ECS hold harmless provision for overfunded towns through FY 26 and FY 27. This maintains FY 25 ECS funding levels for overfunded towns in FY 26 and FY 27, while under current law, these towns would experience ECS reductions in both fiscal years. The hold harmless provision has been in place since FY 22.

For FY 26, 80 towns are considered overfunded and are not Alliance districts (which are held harmless from ECS losses, under current law and unchanged by the bill). As the ECS formula data are updated annually, the towns considered overfunded may change year to year.

The Out Years

State Impact:

Agency Affected	Fund-Effect	FY 28 \$	FY 29 \$	FY 30 \$
Education, Dept.	GF - Cost	17.1 million	17.1 million	17.1 million

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 28 \$	FY 29 \$	FY 30\$
Various Municipalities	Precludes Revenue Loss	See Below	See Below	See Below

Extending the ECS hold harmless provision through the biennium lengthens the timeline for all overfunded towns to reach full funding, from FY 32 to FY 34. The bill results in a cost of approximately \$17.1 million to the General Fund, and precludes a revenue loss to municipalities, annually from FY 28 through FY 32. In FY 33, this figure declines to approximately \$8.6 million. There is no fiscal impact in FY 34, when full funding is reached for overfunded towns, or beyond. The out years estimates are subject to change due to annual updates to student and town level data used in the ECS formula.

OLR Bill Analysis**sHB 7167*****AN ACT CONCERNING EDUCATION FUNDING.*****SUMMARY**

By law, the Education Cost Sharing (ECS) grant has a multi-year phase-in schedule of (1) incremental increases for towns that are underfunded and (2) incremental decreases, or years with no change in funding, for overfunded towns. The ECS grant is the state's single largest grant for municipalities.

This bill delays by two years the start of an existing statutory ECS schedule to phase-in grant funding reductions for overfunded towns. It holds these towns harmless (i.e. maintaining the same funding level) for FYs 26 and 27. The decreased funding for overfunded towns starts in FY 28, rather than FY 26 as under current law. The bill leaves unchanged the existing provision that begins to fully-fund the underfunded towns in FY 26.

The ECS grant is the state's single largest grant for municipalities with more than \$2.36 billion being distributed to towns for education in FY 25.

EFFECTIVE DATE: July 1, 2025

CHANGES TO ECS GRANT PHASE-IN SCHEDULE

The bill delays by two years, beginning FY 28 rather than FY 26, the start of the scheduled decreases for overfunded towns by holding them harmless for two years. It maintains the same schedule of decreases as under current law for each year once the decreases begin, with larger decreases in each following year until the overfunded towns are at their full-funded level.

When determining ECS grant increases or decreases, the formula

uses a town's "grant adjustment," which is the absolute value of the difference between a town's ECS grant amount for the previous fiscal year and its fully funded grant amount. So, for underfunded towns, the grant adjustment is the amount needed to reach the fully funded level; for overfunded towns, it is the amount the town is funded in excess of its fully funded grant.

The grants are based on student enrollment, added student weight for characteristics such as the number of students eligible for free or reduced priced school meals, and town wealth. Towns may be overfunded from one year to the next because hold-harmless provisions were in effect in previous years when a town would otherwise see a decrease in funding due to lower school enrollment or an increase in its town wealth or due to other changes.

The table below shows the bill's changes for FYs 26-34.

Table: ECS Funding Schedule Changes for Overfunded Towns, FYs 26-34

<i>Fiscal Year</i>	<i>Overfunded Towns</i>	
	<i>Current Law</i>	<i>Bill</i>
26	Previous FY amount minus 14.29% of its grant adjustment	Same amount as in FY 25
27	Previous FY amount minus 16.67% of its grant adjustment	Same amount as in FY 26
28	Previous FY amount minus 20% of its grant adjustment	Previous FY amount minus 14.29% of its grant adjustment
29	Previous FY amount minus 25% of its grant adjustment	Previous FY amount minus 16.67% of its grant adjustment
30	Previous FY amount minus 33.33% of its grant adjustment	Previous FY amount minus 20% of its grant adjustment
31	Previous FY amount minus 50% of its grant adjustment	Previous FY amount minus 25% of its grant adjustment
32	Fully funded	Previous FY amount minus 33.33% of its grant adjustment
33	Fully funded	Previous FY amount minus 50% of its grant adjustment
34 and all following years	Fully funded	Fully funded

COMMITTEE ACTION

Education Committee

Joint Favorable Change of Reference - APP
Yea 44 Nay 0 (03/21/2025)

Appropriations Committee

Joint Favorable Substitute
Yea 54 Nay 0 (04/24/2025)