

VIII. MUNICIPAL

Major Appropriated Grants and Other Municipal Aid

The FY 18 and FY 19 budget includes a net increase in municipal aid of about \$210.5 million in FY 18 and \$226.6 million in FY 19. This includes an increase in Teachers' Retirement Contributions on behalf of municipalities of \$278.3 million in FY 18 and \$320.2 million in FY 19. Without this, the budget includes a net decrease in municipal aid of \$67.7 million in FY 18 and \$93.6 million in FY 19.

Significant Changes in Municipal Aid

- The Municipal Revenue Sharing Fund (MRSF) is eliminated, for a revenue loss to municipalities of \$185 million. Two grants previously funded via MRSF are instead funded via the General Fund:
 - \$35.2 million in FY 18 and \$36.8 million in FY 19 for Supplemental PILOT funding to towns with high levels of tax exempt property
 - \$36 million in FY 18 and \$15 million in FY 19 for grants to towns that lose revenue as a result of the motor vehicle mill rate cap. The budget increases the motor vehicle mill rate cap from 37 mills in FY 17 to 39 mills in FY 18 and 45 mills in FY 19.
- The State Property PILOT, College & Hospital PILOT, and Pequot grants are cumulatively reduced by \$29.6 million in FY 18 and \$27.9 million in FY 19.
- Funding of \$56.9 million in FY 18 and \$37.8 million in FY 19 is provided for the Municipal Stabilization Grant. This grant is intended to partially offset the elimination or reduction of other municipal grants.
- Funding of \$28 million is provided in FY 18 and FY 19 for certain financially distressed municipalities.
- The Elderly Circuit Breaker (\$19.2 million) and the Distressed Municipalities Grant (\$5.4 million) are each eliminated in FY 18 and FY 19.

Municipal Aid Synopsis FY 15 to FY 17¹

Fund/Agency	FY 17 Appropriated \$	FY 18 Leg. Rec. \$	FY 19 Leg. Rec. \$	FY 18 - FY 17 \$	FY 19 - FY 17 \$
Appropriated Funds					
Office of Policy and Management					
State Property PILOT	66,730,441	51,596,345	56,045,788	(15,134,096)	(10,684,653)
College & Hospital PILOT	114,950,770	100,900,058	105,889,432	(14,050,712)	(9,061,338)
Reimbursement Property Tax - Disability Exemption	374,065	374,065	374,065	-	-
Distressed Municipalities	5,423,986	-	-	(5,423,986)	(5,423,986)
Property Tax Relief Elderly	19,176,502	-	-	(19,176,502)	(19,176,502)

Fund/Agency	FY 17 Appropriated \$	FY 18 Leg. Rec. \$	FY 19 Leg. Rec. \$	FY 18 - FY 17 \$	FY 19 - FY 17 \$
Circuit Breaker					
Property Tax Relief Elderly Freeze Program	112,221	65,000	65,000	(47,221)	(47,221)
Property Tax Relief for Veterans	2,777,546	2,777,546	2,777,546	-	-
Municipal Revenue Sharing (Supplemental PILOT)	-	35,221,814	36,819,135	35,221,814	36,819,135
Municipal Restructuring	-	28,000,000	28,000,000	28,000,000	28,000,000
Municipal Transition (Motor Vehicle Car Tax Cap Reimbursement Grants)	-	36,000,000	15,000,000	36,000,000	15,000,000
Municipal Stabilization Grant	-	56,903,954	37,753,335	56,903,954	37,753,335
Pequot Grants	58,076,612	57,649,850	49,942,796	(426,762)	(8,133,816)
Municipal Revenue Sharing (MRSF)	185,000,000	-	-	(185,000,000)	(185,000,000)
State Department of Education					
Vocational Agriculture	10,544,937	10,228,589	10,228,589	(316,348)	(316,348)
Adult Education	20,383,960	20,383,960	20,383,960	-	-
Health and Welfare Services Pupils Private Schools	3,526,579	3,526,579	3,526,579	-	-
Education Equalization Grants ²	2,027,587,120	1,986,183,701	2,017,131,405	(41,403,419)	(10,455,715)
Bilingual Education	3,164,800	2,848,320	2,848,320	(316,480)	(316,480)
Priority School Districts	42,337,171	38,103,454	38,103,454	(4,233,717)	(4,233,717)
Young Parents Program	212,318	106,159	106,159	(106,159)	(106,159)
Interdistrict Cooperation	6,353,391	3,050,000	3,050,000	(3,303,391)	(3,303,391)
School Breakfast Program	2,225,669	2,158,900	2,158,900	(66,769)	(66,769)
Excess Cost - Student Based	135,555,731	142,542,860	142,119,782	6,987,129	6,564,051
Youth Service Bureaus	2,651,516	2,598,486	2,598,486	(53,030)	(53,030)
Open Choice Program	40,258,605	38,090,639	40,090,639	(2,167,966)	(167,966)
Magnet Schools	313,058,158	328,058,158	326,508,158	15,000,000	13,450,000
After School Program	4,866,695	4,720,695	4,720,695	(146,000)	(146,000)
Teachers' Retirement Board					
Retirement Contributions	1,012,162,000	1,290,429,000	1,332,368,000	278,267,000	320,206,000
Retirees Health Service Cost	14,566,860	14,554,500	14,575,250	(12,360)	8,390
Municipal Retiree Health Insurance Costs	5,392,897	4,644,673	4,644,673	(748,224)	(748,224)
Other Appropriated Aid					
Housing/Homeless	592,893	586,965	586,965	(5,928)	(5,928)

Fund/Agency	FY 17 Appropriated \$	FY 18 Leg. Rec. \$	FY 19 Leg. Rec. \$	FY 18 - FY 17 \$	FY 19 - FY 17 \$
Services- Municipality					
Local and District Departments of Health	4,083,916	4,144,588	4,144,588	60,672	60,672
School Based Health Clinics	11,280,633	11,039,012	11,039,012	(241,621)	(241,621)
Human Resource Development-Hispanic Programs - Municipality	4,719	4,120	4,120	(599)	(599)
Teen Pregnancy Prevention - Municipality	114,876	100,287	100,287	(14,589)	(14,589)
Connecticard Payments	806,000	781,820	781,820	(24,180)	(24,180)
Total Appropriated Funds	4,114,353,587	4,278,374,097	4,314,486,938	164,020,510	200,133,351
Bond Funds					
Town Aid Road	60,000,000	60,000,000	60,000,000	-	-
LoCIP ³	-	54,999,918	34,999,926	54,999,918	34,999,926
Grants for Municipal Projects	60,000,000	60,000,000	60,000,000	-	-
Total Bond Funds	120,000,001	174,999,919	154,999,927	54,999,918	34,999,926
GROSS TOTAL	4,234,353,588	4,453,374,016	4,469,486,865	219,020,428	235,133,277
Municipal Aid Lapse	-	(8,500,000)	(8,500,000)	(8,500,000)	(8,500,000)
NET TOTAL	4,234,353,588	4,444,874,016	4,460,986,865	210,520,428	226,633,277

¹Does not include municipal aid holdbacks announced by the Governor on November 17, 2017.

²In FY 18, the budget stipulates that ECS grants to: (1) Alliance districts equal the districts' FY 17 actual ECS grants, and (2) all other districts equal the FY 17 actual ECS grants minus five percent. In FY 19, a new ECS formula begins to be phased in: (1) districts that have higher formula amounts than FY 17 actual ECS grants, receive the FY 17 actual ECS grant plus 4.1 percent of the difference between the formula amount and FY 17; and (2) districts with lower formula amounts than FY 17 actual ECS grants, receive the FY 17 actual ECS grant minus 25 percent of the difference between the formula amount and FY 17. However, as the new formula begins to be implemented in FY 19, Alliance districts are held harmless from any reduction.

³The revised FY 17 budget included \$30 million for LoCIP. However, due to a cap on authorizations for LoCIP, funding for the program was not allocated in FY 17. Additional LoCIP funding is provided in FY 18 to offset the FY 17 revenue loss to municipalities that resulted from the authorization cap.

Budgeted Lapses Impacting Municipal Aid

The FY 18 and FY 19 budget includes approximately \$881.6 million in bottom line lapses. On November 17, 2017, the Governor announced the rollout of those bottom line lapses, which includes a reduction in appropriated municipal aid of approximately \$91.2 million. The chart below shows the impact of those lapses.

Fund/Agency	FY 18 Leg. Rec. \$	FY 18 Lapse \$	FY 18 Lapse %
Appropriated Funds			
Office of Policy and Management			
State Property PILOT	51,596,345	(1,289,909)	-2.5%
College & Hospital PILOT	100,900,058	(2,522,501)	-2.5%
Reimbursement Property Tax - Disability Exemption	374,065	(9,352)	-2.5%
Distressed Municipalities	-	-	0.0%
Property Tax Relief Elderly Circuit Breaker	-	-	0.0%
Property Tax Relief Elderly Freeze Program	65,000	-	0.0%
Property Tax Relief for Veterans	2,777,546	(69,439)	-2.5%
Municipal Revenue Sharing (Supplemental PILOT)	35,221,814	-	0.0%
Municipal Restructuring	28,000,000	(700,000)	-2.5%
Municipal Transition	36,000,000	-	0.0%
Municipal Stabilization Grant	56,903,954	(1,422,599)	-2.5%
Municipal Revenue Sharing (MRSF)	-	-	0.0%
State Department of Education			
Vocational Agriculture	10,228,589	(255,715)	-2.5%
Adult Education	20,383,960	(509,599)	-2.5%
Health and Welfare Services Pupils Private Schools	3,526,579	(88,164)	-2.5%
Education Equalization Grants	1,986,183,701	(57,939,706)	-2.9%
Bilingual Education	2,848,320	(71,208)	-2.5%
Priority School Districts	38,103,454	(952,586)	-2.5%
Young Parents Program	106,159	(34,502)	-32.5%
Interdistrict Cooperation	3,050,000	(1,512,500)	-49.6%
School Breakfast Program	2,158,900	(53,973)	-2.5%
Excess Cost - Student Based	142,542,860	(3,563,572)	-2.5%
Youth Service Bureaus	2,598,486	(64,962)	-2.5%
Open Choice Program	38,090,639	(952,266)	-2.5%
Magnet Schools	328,058,158	(18,548,222)	-5.7%
After School Program	4,720,695	(118,017)	-2.5%
Teachers' Retirement Board			
Retirement Contributions	1,290,429,000	-	-

Fund/Agency	FY 18 Leg. Rec. \$	FY 18 Lapse \$	FY 18 Lapse %
Retirees Health Service Cost	14,554,500	-	-
Municipal Retiree Health Insurance Costs	4,644,673	-	-
Other Appropriated Aid			
Housing/Homeless Services- Municipality	586,965	(11,739)	-2.0%
Local and District Departments of Health	4,144,588	-	0.0%
School Based Health Clinics	11,039,012	(420,780)	-3.8%
Human Resource Development-Hispanic Programs - Municipality	4,120	(4,120)	-100.0%
Teen Pregnancy Prevention - Municipality	100,287	(2,006)	-2.0%
Connecticard Payments	781,820	(78,182)	-10.0%
Total Appropriated Funds	4,220,724,247	(91,195,619)	-2.2%