

VIII. MUNICIPAL

Major Appropriated Grants and Other Municipal Aid

The FY 16 and FY 17 budget includes overall net increases in municipal aid, over FY 15 actuals, of \$30.7 million in FY 16 and \$295.0 million in FY 17. The increase in aid in FY 17 is mostly due to major property tax policy changes which are summarized below.

Property Taxes, and Property Tax-related State Aid

Beginning in FY 17, PA 15-244: (1) changes the reimbursement rates, and the basis for determining those rates, for the State Property PILOT and College & Hospital PILOT grant programs; (2) caps the motor vehicle mill rate at 32 mills in FY 17 and 29.36 mills in FY 18 and annually thereafter; (3) distributes a portion of sales tax revenue to municipalities; and (4) establishes an optional commercial property tax revenue sharing system for regional councils of government.

The budget establishes a new Municipal Revenue Sharing Account, and uses sales tax revenue diverted into the account to fund these initiatives. In FY 17, approximately \$215.9 million in MRSA funding will be used to provide: (1) \$46.1 million in additional funding to municipalities with high levels of tax-exempt property; (2) an estimated \$60.6 million to reimburse municipalities that lose revenue as a result of the motor vehicle mill rate cap; and (3) \$109.3 million in additional funding to municipalities for general government aid. Additionally, \$10 million in MRSA funding will be used in each of FY 16 and FY 17 to provide supplemental Education Cost Sharing (ECS) grants to towns.

Other Significant Changes

The budget also:

- Provides additional funding for Education Cost Sharing grants of \$17.1 million in FY 16 and \$24.6 million in FY 17 (not including the above mentioned ECS funding provided from the revenue contained in the MRSA account).
- Provides additional funding for Magnet Schools of \$17.8 million in FY 16 and \$14.3 million in FY 17.
- Provides additional funding for Grants for Municipal Projects of \$3.6 million in each of FY 16 and FY 17.
- Increases the MORE Commission Lapse from \$10 million to \$20 million in each of FY 16 and FY 17. This requires the Office of Policy and Management to make recommendations for reductions in state aid of \$20 million in each year.

- Eliminates the Department of Housing's PILOT grant program, resulting in a revenue loss to municipalities (and a corresponding savings to the state) of \$1.8 million in each of FY 16 and FY 17.
- Eliminates a FY 15 payment to municipalities from the Municipal Revenue Sharing Account. This funding was intended to offset revenue municipalities lost inadvertently when the account closed on June 30, 2013.

Municipal Aid Synopsis FY 15 to FY 17

Agency/Grant Name	FY 15 Actual ¹ \$	FY 16 \$	FY 17 \$	FY 16 - FY 15 Est. \$	FY 17. - FY 15 Est. \$
Appropriated Funds					
Connecticut State Library					
Grants To Public Libraries	193,391	190,846	193,391	(2,545)	-
Connecticard Payments	965,217	900,000	900,000	(65,217)	(65,217)
Department of Housing					
Tax Abatement	1,372,414	1,118,580	1,153,793	(253,834)	(218,621)
Payment In Lieu Of Taxes	1,779,730	-	-	(1,779,730)	(1,779,730)
Housing/Homeless Services- Municipality	640,398	640,398	640,398	-	-
Department of Public Health					
Local and District Departments of Health	4,685,778	4,458,648	4,692,648	(227,130)	6,870
Venereal Disease Control	187,313	197,171	197,171	9,858	9,858
School Based Health Clinics	11,446,280	11,747,498	11,898,107	301,218	451,827
Department of Social Services					
Human Resource Development- Hispanic Programs - Municipality	5,364	5,029	5,096	(335)	(268)
Teen Pregnancy Prevention - Municipality	130,935	120,598	124,044	(10,337)	(6,891)
Community Services - Municipality	79,573	78,526	79,573	(1,047)	-
Office of Early Childhood					
Early Childhood Program	9,759,569	10,840,145	10,840,145	1,080,576	1,080,576
Child Care Services	17,304,300	18,701,942	19,081,942	1,397,642	1,777,642
School Readiness Quality Enhancement	4,733,178	4,111,135	4,676,081	(622,043)	(57,097)
School Readiness	77,958,419	83,399,834	83,399,834	5,441,415	5,441,415
Office of Policy and Management					
State Property PILOT	83,641,646	83,641,646	83,641,646	-	-
College & Hospital PILOT	125,431,737	125,431,737	125,431,737	-	-
Reimbursement Property Tax - Disability Exemption	400,000	400,000	400,000	-	-
Distressed Municipalities	5,800,000	5,800,000	5,800,000	-	-

Agency/Grant Name	FY 15 Actual ¹ \$	FY 16 \$	FY 17 \$	FY 16 - FY 15 Est. \$	FY 17. - FY 15 Est. \$
Property Tax Relief Elderly Circuit Breaker	20,505,900	20,505,900	20,505,900	-	-
Property Tax Relief Elderly Freeze Program	120,870	120,000	120,000	(870)	(870)
Property Tax Relief for Veterans	2,970,098	2,970,098	2,970,098	-	-
Property Tax Relief	1,126,814	-	-	(1,126,814)	(1,126,814)
Municipal Aid Adjustment	3,608,728	-	-	(3,608,728)	(3,608,728)
Pequot Grants	61,779,907	61,779,907	61,779,907	-	-
Department of Education					
Vocational Agriculture	11,017,600	11,017,600	11,017,600	-	-
Transportation of School Children	24,884,748	23,329,451	23,329,451	(1,555,297)	(1,555,297)
Adult Education	20,003,812	21,035,200	21,037,392	1,031,388	1,033,580
Health and Welfare Services Pupils Private Schools	4,297,500	3,809,734	3,809,734	(487,766)	(487,766)
Education Equalization Grants ²	2,035,130,702	2,052,299,985	2,059,689,238	17,169,283	24,558,536
Bilingual Education	1,882,794	2,991,130	3,491,130	1,108,336	1,608,336
Priority School Districts	46,947,022	43,747,208	44,837,171	(3,199,814)	(2,109,851)
Young Parents Program	229,330	229,330	229,330	-	-
Interdistrict Cooperation	9,112,199	7,164,885	7,164,966	(1,947,314)	(1,947,233)
School Breakfast Program	2,379,884	2,379,962	2,379,962	78	78
Excess Cost - Student Based	139,830,460	139,805,731	139,805,731	(24,729)	(24,729)
Non-Public School Transportation	3,595,500	3,451,500	3,451,500	(144,000)	(144,000)
School To Work Opportunities	213,750	-	-	(213,750)	(213,750)
Youth Service Bureaus	2,929,483	2,839,805	2,839,805	(89,678)	(89,678)
Open Choice Program	32,989,873	38,296,250	43,214,700	5,306,377	10,224,827
Magnet Schools	310,660,393	328,419,980	324,950,485	17,759,587	14,290,092
After School Program	6,180,086	5,363,286	5,363,286	(816,800)	(816,800)
Teachers' Retirement Board					
Retirement Contributions	984,110,000	975,578,000	1,012,162,000	(8,532,000)	28,052,000
Retirees Health Service Cost	13,675,316	14,714,000	14,714,000	1,038,684	1,038,684
Municipal Retiree Health Insurance Costs	5,154,045	5,447,370	5,447,370	293,325	293,325
Total - Appropriated Funds	4,091,852,056	4,119,080,045	4,167,466,362	27,227,989	75,614,306
Bond Funds and Other Revenue Sources					
Municipal Revenue Sharing Account - Property Tax Related Aid ³	-	-	215,900,000	-	215,900,000
Municipal Revenue Sharing Account - ECS Supplement ³	-	10,000,000	10,000,000	10,000,000	10,000,000
Town Aid Road	60,000,000	60,000,000	60,000,000	-	-
LoCIP	30,000,000	30,000,000	30,000,000	-	-

Agency/Grant Name	FY 15 Actual¹ \$	FY 16 \$	FY 17 \$	FY 16 - FY 15 Est. \$	FY 17. - FY 15 Est. \$
Grants for Municipal Projects	56,429,907	60,000,000	60,000,000	3,570,093	3,570,093
Total - Bond Funds and Other Revenue	146,429,907	160,000,000	375,900,000	13,570,093	229,470,093
GROSS TOTAL	4,238,281,963	4,279,080,045	4,543,366,362	40,798,082	305,084,399
MORE Commission Lapse	(10,000,000)	(20,000,000)	(20,000,000)	(10,000,000)	(10,000,000)
NET TOTAL	4,228,281,963	4,259,080,045	4,523,366,362	30,798,082	295,084,399

¹FY 15 actuals for appropriated grants are from the CORE Statewide Financial System, 8/19/15 Trial Balance Report. Figures include carry forward expenditures. Additionally, agencies may set aside a portion of a grant appropriation for grant administration, which they may transfer to other agency accounts. These transfers are considered appropriations adjustments and are not included in final FY 15 expenditure figures.

²These figures do not include funding for Charter Schools.

³Expenditures from the Municipal Revenue Sharing Account are based on estimated deposits into the account in FY 16 and FY 17.