

PART V. MUNICIPAL AID

Section I. Major Changes

The FY 26 and FY 27 Budget increases municipal aid by \$193.2 million in FY 26 and \$253.4 million in FY 27. The rise in municipal aid is primarily due to the following increases:

Education: \$130.9 million in FY 26 and \$186.9 million in FY 27 in education aid. The budget includes: (1) an increase of \$95.2 million in FY 26 and \$95.4 million in FY 27 for ECS¹¹; (2) an additional \$40 million in both FY 26 and FY 27 for Excess Cost, which maintains funding at FY 25 levels when SA 25-1 is included; (3) \$30 million in both FY 26 and FY 27 for a new Special Education and Expansion Development (SEED) grant; and (4) \$21.9 million in FY 27 for another new special education grant and the continuation of grant programs originally funded with COVID-19 relief funding.

Grants-in-Aid: \$59 million in both FY 26 and FY 27 distributed to various towns.

Town Aid Road: \$20 million in both FY 26 and FY 27 distributed across all towns.

Supplemental Revenue Sharing Grant: \$11.3 million in both FY 26 and FY 27. Of this amount, \$6.16 million is due to a policy change that requires certain payments to be made from the Supplemental Revenue Sharing Grant instead of Tiered PILOT.

TIERED PILOT AND SUPPLEMENTAL REVENUE SHARING GRANT

The FY 26 and FY 27 Budget moved the following four statutory payments from Tiered PILOT to the Supplemental Revenue Sharing Grant: (1) \$100,000 to Branford, (2) \$5 million to Bridgeport, (3) \$1 million to New London, and (4) \$60,000 to Voluntown. These payments were not subject to the Tiered PILOT formula. This change results in a transfer of \$6.16 million to be paid out of the Supplemental Revenue Sharing Grant instead of Tiered PILOT.

MOTOR VEHICLE TAX GRANT

The Motor Vehicle Tax Grant decreased by \$27.1 million in both FY 26 and FY 27. This decrease is not a result of any policy changes but is primarily due to changes in mill rate. The grant is formula based and will change each year as factors in the formula change. Towns typically see a decrease in the Motor Vehicle Tax Grant when they lower the real and personal property mill rate. This is because the grant amount is calculated using the difference between the real and personal property mill rate and the motor vehicle mill rate cap of 32.46. It is expected that this grant will change again in FY 27 when updated information is available for the formula.

¹¹The Education Finance Reform account partially funded ECS (approximately \$73.7 million) in FY 25. In FY 26 and FY 27, this funding is transferred to the ECS account. This transfer is not included in the increase provided above, but it is reflected in the following table as a larger increase to the ECS account.

Section II. Synopsis

The following chart provides a summary of all major aid to, or on behalf of, municipalities in the FY 26 and FY 27 Budget.

Table 2.1 Municipal Aid Funding (FY 25 – FY 27 Appropriated)
In Dollars

Grant or Account	FY 25	FY 26	FY 27	FY 26 - FY 25	FY 27 - FY 25
Appropriated Property Tax Relief and General Aid					
Tiered PILOT	339,410,167	345,980,314	345,980,314	6,570,147	6,570,147
Disability Exemption	364,713	364,713	364,713	-	-
Distressed Municipalities	1,500,000	1,500,000	1,500,000	-	-
Elderly Freeze Program	6,000	4,000	4,000	(2,000)	(2,000)
Property Tax Relief for Veterans	2,708,107	2,708,107	2,708,107	-	-
Supplemental Revenue Sharing Grant	74,672,470	85,932,470	85,932,470	11,260,000	11,260,000
Motor Vehicle Tax Grant	154,562,410	127,496,890	127,496,890	(27,065,520)	(27,065,520)
Municipal Restructuring	7,300,000	300,000	300,000	(7,000,000)	(7,000,000)
Municipal Restructuring - Debt Service	47,910,459	46,126,129	47,778,925	(1,784,330)	(131,534)
Mashantucket Pequot and Mohegan Grant	52,541,796	52,541,796	52,541,796	-	-
Subtotal	680,976,122	662,954,419	664,607,215	(18,021,703)	(16,368,907)
ECS and Other Education Aid					
Education Equalization Grants (ECS)	2,287,900,235	2,456,768,109	2,456,935,081	168,867,874	169,034,846
Magnet Schools ¹	287,484,265	322,925,940	344,345,603	35,441,675	56,861,338
Excess Cost - Student Based ²	181,119,782	221,119,782	221,119,782	40,000,000	40,000,000
Education Finance Reform ^{1,3}	150,000,000	-	-	(150,000,000)	(150,000,000)
Sheff Transportation ¹	75,465,173	77,661,541	80,326,212	2,196,368	4,861,039
Open Choice Program ¹	31,472,503	31,472,503	31,472,503	-	-
Priority School Districts	30,818,778	30,818,778	30,818,778	-	-
Adult Education	23,386,642	21,694,983	25,953,382	(1,691,659)	2,566,740
Vocational Agriculture	18,824,200	26,295,732	26,295,732	7,471,532	7,471,532
Non Sheff Transportation ¹	15,675,787	14,275,787	14,275,787	(1,400,000)	(1,400,000)
Commissioner's Network	9,869,398	9,869,398	9,869,398	-	-
Family Resource Centers	6,352,710	6,352,710	7,000,000	-	647,290
After School Programs	5,750,695	5,750,695	5,750,695	-	-
Health Foods Initiative	4,151,463	4,151,463	4,151,463	-	-

Grant or Account	FY 25	FY 26	FY 27	FY 26 - FY 25	FY 27 - FY 25
ECS and Other Education Aid					
Bilingual Education	3,832,260	3,832,260	3,832,260	-	-
Health and Welfare Services Pupils Private Schools	3,438,415	3,438,415	6,447,702	-	3,009,287
School Accountability	3,412,207	3,412,207	3,412,207	-	-
Extended School Hours	2,919,883	2,919,883	2,919,883	-	-
Child Nutrition State Match	2,354,000	2,354,000	2,354,000	-	-
School Breakfast	2,158,900	2,158,900	2,158,900	-	-
Primary Mental Health	345,288	335,288	335,288	(10,000)	(10,000)
Special Education and Expansion Development (SEED)	-	30,000,000	30,000,000	30,000,000	30,000,000
Local Food for Local Schools Incentives Program ⁴	1,500,000	1,500,000	3,430,000	-	1,930,000
High Quality Special Education Incentives	-	-	9,900,000	-	9,900,000
Learner Engagement and Attendance Program (LEAP)	-	-	7,000,000	-	7,000,000
High Dosage Tutoring	-	-	5,000,000	-	5,000,000
Subtotal	3,148,232,584	3,279,108,374	3,335,104,656	130,875,790	186,872,072
Various Other Grants					
Youth Service Bureaus	2,733,240	2,733,240	2,733,240	-	-
Youth Service Bureaus Enhancement	1,115,161	1,115,161	1,115,161	-	-
Housing/Homeless Services - Municipality	675,409	692,651	692,651	17,242	17,242
Local and District Departments of Health	7,192,101	6,509,802	8,213,916	(682,299)	1,021,815
School Based Health Clinics	11,544,057	13,540,721	14,400,721	1,996,664	2,856,664
Teen Pregnancy Prevention - Municipality	98,281	98,281	98,281	-	-
Connecticard Payments	703,638	703,638	703,638	-	-
Subtotal	24,061,887	25,393,494	27,957,608	1,331,607	3,895,721
Major Bonding and Other Funding Sources					
LoCIP	45,000,000	45,000,000	45,000,000	-	-
Grants for Municipal Projects/ MME	91,000,000	150,000,000	150,000,000	59,000,000	59,000,000
Town Aid Road	60,000,000	80,000,000	80,000,000	20,000,000	20,000,000
Subtotal	196,000,000	275,000,000	275,000,000	79,000,000	79,000,000
TOTAL - Less TRS	4,049,270,593	4,242,456,287	4,302,669,479	193,185,694	253,398,886

Grant or Account	FY 25	FY 26	FY 27	FY 26 - FY 25	FY 27 - FY 25
Teachers' Retirement System (TRS)					
Retirement Contributions ⁵	1,601,407,000	-	-	(1,601,407,000)	(1,601,407,000)
Retirement Contributions - Normal Cost	-	293,618,465	299,800,000	293,618,465	299,800,000
Retirement Contributions - UAL	-	1,511,502,535	1,405,300,000	1,511,502,535	1,405,300,000
Retirees Health Service Cost	16,030,802	29,507,250	44,356,000	13,476,448	28,325,198
Municipal Retiree Health Insurance Cost	9,840,000	6,630,000	8,840,000	(3,210,000)	(1,000,000)
Subtotal	1,627,277,802	1,841,258,250	1,758,296,000	213,980,448	131,018,198
GRAND TOTAL	5,676,548,395	6,083,714,537	6,060,965,479	407,166,142	384,417,084

¹Significant funding from these accounts is provided to Regional Educational Service Centers.

²SA 25-1 provided \$40 million in FY 25 funding for the same purpose and distribution as Excess Cost. Funding for Excess Cost is maintained at the FY 25 level in both FY 26 and FY 27 when the funding from SA 25-1 is included.

³The Education Finance Reform (EFR) account provided funding for ECS, charter schools, magnet schools, vocational agriculture, and various grants in FY 25; this funding is reflected only in the EFR account. In FY 26 and FY 27, the funding is transferred from the EFR account to ECS, various choice programs, Sheff Transportation, and Other Expenses in order to continue current grant and tuition policies, maintain some earmark grants, and support an increase to Sheff Transportation.

⁴Funding for the Local Food for Local Schools Incentives Program was provided within the Other Expenses account in FY 25.

⁵\$1,559 million was originally appropriated in FY 25. Section 4(b) of PA 24-81 permits the Governor to transfer necessary appropriated funds, with the approval of the Finance Advisory Committee (FAC), for the purpose of funding the ADEC. \$42.4 million was transferred as a result of the August 8, 2024 FAC meeting to fully fund the Teachers' Retirement System's ADEC of \$1,601.4 million.