

February 23, 2015

## Governor's Proposed FY 16 State Budget: Impact on Towns and Cities

### Overview

On February 18, 2015, the Governor proposed his FY 16 state budget. The budget calls for combined General Fund and Transportation Fund expenditures of \$19.4 billion. This equates to an increase of \$617 million (3.0%) over the FY 15 budget.

Overall, municipal aid would be increased by \$23.1 million (0.7%) in FY 16 versus FY 15. The budget includes an increase of \$38.7 million (1.4%) in education funding compared to the current year. Non-education funding would be decreased by \$15.5 million (-3.4%).

	Current Year FY 15	Gov. Proposed FY 16	Proposed FY 16 v. FY 15 Change:	
			\$	%
Municipal Aid	3,282,903,083	3,306,018,985	23,115,902	0.7%

### Education Aid

The budget includes education grants totaling \$2.86 billion in FY 16. Below are the proposed changes to statewide totals for major education grant programs.

	Current Year FY 15	Gov. Proposed FY 16	Proposed FY 16 v. FY 15 Change:	
			\$	%
Adult Education	21,045,036	20,635,200	(409,836)	-1.9%
After School Program	5,393,286	5,063,286	(330,000)	-6.1%
Bilingual Education	1,916,130	1,916,130	0	0.0%
Education Cost Sharing	2,130,644,892	2,142,371,422	11,726,530	0.6%
Excess Cost - Student Based	139,805,731	139,805,731	0	0.0%
Health Serv for Pupils Private Schools	4,297,500	4,297,500	0	0.0%
Interdistrict Cooperation	9,242,379	4,576,590	(4,665,789)	-50.5%
Magnet Schools	293,750,025	329,604,896	35,854,871	12.2%
Non-Public School Transportation	3,595,500	3,595,500	0	0.0%
OPEN Choice Program	38,116,736	38,796,250	679,514	1.8%
Priority School Districts	47,197,022	40,702,571	(6,494,451)	-13.8%
School Breakfast Program	2,379,962	2,379,962	0	0.0%
School Readiness	78,203,282	81,630,709	3,427,427	4.4%
School Readiness Quality Enhancement	5,195,645	4,935,863	(259,782)	-5.0%
School to Work Opportunities	213,750	0	(213,750)	-100.0%
Transportation of School Children	24,884,748	24,884,748	0	0.0%
Vocational Agriculture	10,985,565	11,017,600	32,035	0.3%
Young Parents Program	229,330	229,330	0	0.0%
Youth Service Bureaus	2,989,268	2,300,000	(689,268)	-23.1%
<b>Total Education Aid</b>	<b>2,820,085,787</b>	<b>2,858,743,288</b>	<b>38,657,501</b>	<b>1.4%</b>

**ECS grants** would be increased by a total of \$11.7 million (0.6%) in FY 16. **Excluding the funding for charter schools, there is no increase in ECS.** Though it hasn't been confirmed, it is anticipated that Alliance Districts will have to apply for their ECS increases in the same manner in which they have in the past few years.

The budget **eliminates funding for the Extended School Hours and School Year Accountability grants** run through the Priority School Districts program.

**Youth Service Bureau Enhancement** grants are eliminated in the proposal. Also, the **Youth Service Bureaus** grant would be moved from the State Department of Education (SDE) to the Department of Children and Families (DCF).

## Non-Education Aid

Non-education grants would total \$447.3 million in FY 16, a decrease of \$15.5 million (-3.4%) from FY 15. Below are changes to statewide totals for major non-education grant programs.

	Current Year FY 15	Gov. Proposed FY 16	Proposed FY 16 v. FY 15 Change:	
			\$	%
Community Services	83,761	71,616	(12,145)	-14.5%
DECD/DOH Payment in Lieu of Taxes	1,779,730	0	(1,779,730)	-100.0%
DECD/DOH Tax Abatement	1,372,414	0	(1,372,414)	-100.0%
Distressed Municipalities	5,800,000	5,800,000	0	0.0%
Housing/Homeless Services	640,398	640,398	0	0.0%
Human Resource Devel.- Hispanic Pgms	5,364	0	(5,364)	-100.0%
Local Capital Improvement Program	30,000,000	30,000,000	0	0.0%
Local & District Departments of Health	4,685,779	4,692,648	6,869	0.1%
MORE Commission Lapses	(10,000,000)	(20,000,000)	(10,000,000)	100.0%
Municipal Aid Adjustment	3,608,728	0	(3,608,728)	-100.0%
MRSA Municipal Projects	56,429,907	60,000,000	3,570,093	6.3%
Pequot-Mohegan Fund	61,779,907	61,779,907	0	0.0%
PILOT: Colleges & Hospitals	125,431,737	125,431,737	0	0.0%
PILOT: State-Owned Property	83,641,646	83,641,646	0	0.0%
Property Tax Relief	1,126,814	0	(1,126,814)	-100.0%
Prop Tax Relief Elderly Circuit Breaker	20,505,900	20,505,900	0	0.0%
Prop Tax Relief Elderly Freeze Program	171,400	120,000	(51,400)	-30.0%
Property Tax Relief for Veterans	2,970,098	2,970,098	0	0.0%
Reimb Property Tax-Disability Exempt	400,000	400,000	0	0.0%
School Based Health Clinics	12,048,716	11,024,576	(1,024,140)	-8.5%
Teen Pregnancy Prevention	137,826	0	(137,826)	-100.0%
Town Aid Road	60,000,000	60,000,000	0	0.0%
Venereal Disease Control	197,171	197,171	0	0.0%
<b>Total Non-Education Aid</b>	<b>462,817,296</b>	<b>447,275,697</b>	<b>(15,541,599)</b>	<b>-3.4%</b>

Funding for both **Department of Housing (DOH) grant programs** is eliminated in the proposal.

In FY 14 and FY 15, the **MRSA Municipal Projects** grant was required to be used for Town Aid Road purposes unless a municipality received a waiver from OPM. As this time, there has been no indication that the requirement would change in FY 16. CCM will inform members of any proposed changes.

The **Municipal Aid Adjustment** and **Property Tax Relief** grants were provided in FY 15 in order to hold harmless towns that lost revenue as a result of changes to the formula grants. There is no provision in the proposed budget to hold individual towns harmless in FY 16.

The **MORE Commission Lapses** are cuts in municipal aid in exchange for municipal cost savings achieved through, as described, “regionalism and efficiency.” To date, however, there has been no information provided on what cost savings have been achieved in FY 15. Also, there is no indication of which grant programs would be reduced in either FY 15 or FY 16.

## Additional Programs, Funding, and Other Items

Below is additional information related to the proposed FY 16 budget.

- **STEAP** grants would be bond-funded at \$20 million in FY 16, the same as FY 15.
- **Urban Act** grants would be bond-funded at \$50 million in FY 16, a decrease of \$50 million from FY 15.
- Bond funding for **school construction** would be \$533 million in FY 16, an increase of \$58.8 million from FY 15.
- There is bond funding of \$50 million in FY 16 for **Alliance Districts** to improve school buildings.
- Bond funding of \$105.5 million in FY 16 is provided for grants and revolving loans under the **Clean Water Fund**.
- The **Local Bridge Fund** would receive bond funding of \$10 million in FY 16, the same as FY 15.
- The budget provides \$20 million in bond funding in FY 16 for **grants to municipalities to encourage low-impact design of green municipal infrastructure**.
- The budget provides \$10 million in bond funding for the **School Security Infrastructure Competitive Grant Program** in FY 16.
- The budget proposes \$10 million in bond funding for **open space acquisition grants**.
- The Governor is proposing that towns participating in the **Resident State Trooper** program pay 100 percent of the costs of the program. This is estimated to cost towns almost \$5 million.

- The Governor is proposing an increase in **solid waste fees**. The fees would increase from \$1.50 to \$2.50 per ton and be expanded to disposal and transfer. CCM is attempting to get more details on this.
- The Governor is also calling for **full-day kindergarten statewide**. There is no additional funding provided for this change.
- Included within the budget is a new 5-year, \$2.8 billion funding plan (**Let's Go CT!**) to improve Connecticut transportation infrastructure. A copy of the plan can be found at <http://transformct.info/>.

If you have any questions, please contact George Rafael ([grafael@ccm-ct.org](mailto:grafael@ccm-ct.org)) or Ron Thomas ([rthomas@ccm-ct.org](mailto:rthomas@ccm-ct.org)) at 203-498-3000.