



STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT
OFFICE OF THE SECRETARY

December 29, 2016

Senator Martin Looney, President Pro Tempore
Representative Brendan Sharkey, Speaker
Senator Bob Duff, Majority Leader
Representative Joseph Aresimowicz, Majority Leader
Senator Leonard Fasano, Minority Leader
Representative Themis Klarides, Minority Leader

Dear Legislative Leaders:

The adopted budgets for fiscal years 2016 and 2017 include \$20 million in Municipal Opportunities and Regional Efficiencies (MORE) lapse savings. Pursuant to section 12 of Public Act 15-244, the Secretary of the Office of Policy and Management must recommend specific reductions in municipal aid in order to achieve these budgeted savings. The purpose of this letter is to communicate the reductions that will support our efforts to end FY 2017 in balance.

For FY 2016, the Office of Policy and Management achieved \$18,881,419 of the required MORE lapse savings using a formula¹ that employs 2012 Equalized Net Grand List Per Capita (ENGLPC) as a proxy for community wealth and financial capacity and applies it to the State Owned PILOT grant, the Private College and Hospital PILOT grant, and finally to the Education Cost Sharing (ECS) grant. The remaining \$1,118,580 of the lapse was achieved by eliminating municipal tax abatement payments budgeted in the Department of Housing.

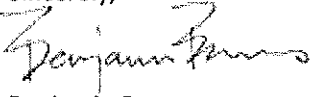
In order to realize the savings required by the enacted budget for FY 2017, it is necessary to act now to implement the MORE lapse. This will be achieved through use of the same formula as was used in FY 2016, this time scaling the comparative ENGLPC rankings between \$3.96 per capita (Windham) and \$20.96 per capita (Greenwich) for all 169 municipalities. We have included a circuit breaker for the 48 distressed municipalities and alliance districts, which limits the reduction to a maximum of \$250,000 or 2% of all statutory formula aid. The reductions will be applied to the January 2017 and April 2017 ECS payments. These reductions will be made in a needs-directed manner, whereby the ECS grant is reduced between 25% and 90% for the 25 wealthiest communities, and the 68 poorest communities in the state will lose only 1% or less of their ECS grant.

As noted above, we must act now to ensure the MORE lapse savings target is achieved this fiscal year. OPM will consider the release of these holdbacks later in the fiscal year if a surplus is likely, but cannot commit to such reconsideration before release of the April consensus revenue projections. If you have any questions

¹In FY 16, the ENGLPC across the state ranges from a low of \$47,259 (Windham) to a high of \$731,382 (Greenwich). These comparative ENGLPC rankings were then scaled between \$3.04 per capita (Windham) and \$20.25 per capita (Greenwich) for all 169 municipalities. Finally, a "circuit breaker" was applied to ensure that no distressed municipality would lose more than 2% of its total state aid. Using this formula, grant awards to municipalities under the State Owned PILOT were reduced by \$12,285,162, the Private College and Hospital PILOT payments were reduced by \$2,512,082, and Education Cost Sharing (ECS) payments were reduced by \$4,084,175, for a combined FY 2016 savings of \$18,881,419.

about the implementation of these required savings, please feel free to contact Kerry Kelley at 860-418-6209 or kerry.kelley@ct.gov.

Sincerely,

A handwritten signature in cursive script that reads "Benjamin Barnes".

Benjamin Barnes
Secretary

cc: Neil Ayers, Office of Fiscal Analysis
Mayors, First Selectmen and Chief Elected Municipal Officials

FY 17 MORE Lapse Savings

Town Name	FY 2017 Education Cost Sharing Grant (August 2016 estimate)	<u>Cut to aid</u> (\$3.96 - \$20.96 pc, capping harm to expanded list of 48 municipalities (distressed municipalities and alliance districts) at <i>maximum</i> of 2% of aid or \$250,000)	% Reduction	Revised ECS Payment after Implementation of FY 2017 MORE Lapse
Andover	\$ 2,349,231	18,046	0.8%	\$ 2,331,185
Ansonia	\$ 16,558,270	84,727	0.5%	\$ 16,473,543
Ashford	\$ 3,881,522	21,958	0.6%	\$ 3,859,564
Avon	\$ 872,247	140,791	16.1%	\$ 731,456
Barkhamsted	\$ 1,656,181	22,495	1.4%	\$ 1,633,686
Beacon Falls	\$ 4,100,716	32,796	0.8%	\$ 4,067,920
Berlin	\$ 6,349,636	133,924	2.1%	\$ 6,215,712
Bethany	\$ 2,035,903	35,694	1.8%	\$ 2,000,209
Bethel	\$ 8,207,181	119,449	1.5%	\$ 8,087,732
Bethlehem	\$ 1,301,953	23,115	1.8%	\$ 1,278,838
Bloomfield	\$ 6,288,100	127,263	2.0%	\$ 6,160,837
Bolton	\$ 3,012,407	29,057	1.0%	\$ 2,983,350
Bozrah	\$ 1,238,845	15,015	1.2%	\$ 1,223,830
Branford	\$ 2,414,858	203,010	8.4%	\$ 2,211,848
Bridgeport	\$ 181,355,390	250,000	0.1%	\$ 181,105,390
Bridgewater	\$ 40,734	17,720	43.5%	\$ 23,014
Bristol	\$ 45,103,676	250,000	0.6%	\$ 44,853,676
Brookfield	\$ 1,543,878	126,295	8.2%	\$ 1,417,583
Brooklyn	\$ 7,016,739	41,366	0.6%	\$ 6,975,373
Burlington	\$ 4,417,339	57,989	1.3%	\$ 4,359,350
Canaan	\$ 186,637	9,421	5.0%	\$ 177,216
Canterbury	\$ 4,691,736	26,128	0.6%	\$ 4,665,608
Canton	\$ 3,471,050	67,150	1.9%	\$ 3,403,900
Chaplin	\$ 1,868,810	11,818	0.6%	\$ 1,856,992
Cheshire	\$ 9,616,302	179,637	1.9%	\$ 9,436,665
Chester	\$ 687,975	28,759	4.2%	\$ 659,216
Clinton	\$ 6,416,984	89,986	1.4%	\$ 6,326,998
Colchester	\$ 13,591,055	87,745	0.6%	\$ 13,503,310
Colebrook	\$ 501,314	9,926	2.0%	\$ 491,388
Columbia	\$ 2,555,501	32,039	1.3%	\$ 2,523,462
Cornwall	\$ 23,499	16,523	70.3%	\$ 6,976
Coventry	\$ 8,824,378	68,213	0.8%	\$ 8,756,165
Cromwell	\$ 4,731,024	84,102	1.8%	\$ 4,646,922
Danbury	\$ 31,540,480	250,000	0.8%	\$ 31,290,480
Darien	\$ 775,533	368,850	47.6%	\$ 406,683
Deep River	\$ 1,704,633	29,541	1.7%	\$ 1,675,092
Derby	\$ 7,961,506	59,118	0.7%	\$ 7,902,388
Durham	\$ 3,940,885	45,582	1.2%	\$ 3,895,303
East Granby	\$ 1,474,351	34,506	2.3%	\$ 1,439,845
East Haddam	\$ 3,741,603	55,469	1.5%	\$ 3,686,134
East Hampton	\$ 7,613,630	74,637	1.0%	\$ 7,538,993
East Hartford	\$ 49,315,667	240,511	0.5%	\$ 49,075,156
East Haven	\$ 19,740,645	145,230	0.7%	\$ 19,595,415
East Lyme	\$ 7,044,106	125,644	1.8%	\$ 6,918,462
East Windsor	\$ 5,733,980	64,858	1.1%	\$ 5,669,122
Eastford	\$ 1,102,128	10,247	0.9%	\$ 1,091,881

FY 17 MORE Lapse Savings

Town Name	FY 2017 Education Cost Sharing Grant (August 2016 estimate)	<u>Cut to aid</u> (\$3.96 - \$20.96 pc, capping harm to expanded list of 48 municipalities (distressed municipalities and alliance districts) at <i>maximum</i> of 2% of aid or \$250,000)	% Reduction	Revised ECS Payment after Implementation of FY 2017 MORE Lapse
Easton	\$ 245,181	67,274	27.4%	\$ 177,907
Ellington	\$ 9,772,899	88,464	0.9%	\$ 9,684,435
Enfield	\$ 28,811,133	226,123	0.8%	\$ 28,585,010
Essex	\$ 160,658	55,606	34.6%	\$ 105,052
Fairfield	\$ 1,657,963	570,798	34.4%	\$ 1,087,165
Farmington	\$ 1,289,833	194,753	15.1%	\$ 1,095,080
Franklin	\$ 935,740	12,462	1.3%	\$ 923,278
Glastonbury	\$ 6,886,489	232,109	3.4%	\$ 6,654,380
Goshen	\$ 108,626	26,601	24.5%	\$ 82,025
Granby	\$ 5,575,647	65,427	1.2%	\$ 5,510,220
Greenwich	\$ 1,444,752	1,307,893	90.5%	\$ 136,859
Griswold	\$ 10,832,910	57,143	0.5%	\$ 10,775,767
Groton	\$ 25,287,526	247,481	1.0%	\$ 25,040,045
Guilford	\$ 2,912,239	171,845	5.9%	\$ 2,740,394
Haddam	\$ 2,024,534	53,052	2.6%	\$ 1,971,482
Hamden	\$ 27,195,481	250,000	0.9%	\$ 26,945,481
Hampton	\$ 1,322,272	9,889	0.7%	\$ 1,312,383
Hartford	\$ 200,768,244	250,000	0.1%	\$ 200,518,244
Hartland	\$ 1,340,757	13,105	1.0%	\$ 1,327,652
Hawtinton	\$ 2,743,247	34,473	1.3%	\$ 2,708,774
Hebron	\$ 6,928,703	53,580	0.8%	\$ 6,875,123
Kent	\$ 51,265	25,631	50.0%	\$ 25,634
Killingly	\$ 15,662,125	87,723	0.6%	\$ 15,574,402
Killingworth	\$ 2,215,622	42,202	1.9%	\$ 2,173,420
Lebanon	\$ 5,451,755	41,351	0.8%	\$ 5,410,404
Ledyard	\$ 12,056,245	78,861	0.7%	\$ 11,977,384
Lisbon	\$ 3,544,878	26,163	0.7%	\$ 3,518,715
Litchfield	\$ 1,505,144	58,546	3.9%	\$ 1,446,598
Lyme	\$ 87,495	24,426	27.9%	\$ 63,069
Madison	\$ 605,620	159,124	26.3%	\$ 446,496
Manchester	\$ 34,690,424	250,000	0.7%	\$ 34,440,424
Mansfield	\$ 10,053,269	105,859	1.1%	\$ 9,947,410
Marlborough	\$ 3,192,293	38,278	1.2%	\$ 3,154,015
Meriden	\$ 60,508,395	250,000	0.4%	\$ 60,258,395
Middlebury	\$ 909,440	54,354	6.0%	\$ 855,086
Middlefield	\$ 2,125,151	25,836	1.2%	\$ 2,099,315
Middletown	\$ 19,762,242	246,417	1.2%	\$ 19,515,825
Milford	\$ 11,231,850	382,749	3.4%	\$ 10,849,101
Monroe	\$ 6,529,484	134,966	2.1%	\$ 6,394,518
Montville	\$ 12,688,713	99,092	0.8%	\$ 12,589,621
Morris	\$ 120,267	18,089	15.0%	\$ 102,178
Naugatuck	\$ 30,424,755	144,375	0.5%	\$ 30,280,380
New Britain	\$ 86,445,269	250,000	0.3%	\$ 86,195,269
New Canaan	\$ 678,845	339,255	50.0%	\$ 339,590
New Fairfield	\$ 4,433,622	95,053	2.1%	\$ 4,338,569
New Hartford	\$ 3,155,693	42,524	1.3%	\$ 3,113,169

FY 17 MORE Lapse Savings

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New Haven	\$ 154,551,977	250,000	0.2%	\$ 154,301,977
New London	\$ 25,928,509	122,432	0.5%	\$ 25,806,077
New Milford	\$ 12,009,780	176,974	1.5%	\$ 11,832,806
Newington	\$ 13,160,262	176,456	1.3%	\$ 12,983,806
Newtown	\$ 5,080,129	186,185	3.7%	\$ 4,893,944
Norfolk	\$ 39,910	14,095	35.3%	\$ 25,815
North Branford	\$ 8,161,138	84,362	1.0%	\$ 8,076,776
North Canaan	\$ 2,064,227	19,984	1.0%	\$ 2,044,243
North Haven	\$ 4,003,587	161,499	4.0%	\$ 3,842,088
North Stonington	\$ 2,868,240	33,770	1.2%	\$ 2,834,470
Norwalk	\$ 11,493,340	250,000	2.2%	\$ 11,243,340
Norwich	\$ 36,395,079	185,415	0.5%	\$ 36,209,664
Old Lyme	\$ 324,567	77,105	23.8%	\$ 247,462
Old Saybrook	\$ 225,880	102,973	45.6%	\$ 122,907
Orange	\$ 1,615,314	106,088	6.6%	\$ 1,509,226
Oxford	\$ 4,615,831	87,068	1.9%	\$ 4,528,763
Plainfield	\$ 15,436,567	72,123	0.5%	\$ 15,364,444
Plainville	\$ 10,368,696	96,499	0.9%	\$ 10,272,197
Plymouth	\$ 9,820,785	59,153	0.6%	\$ 9,761,632
Pomfret	\$ 3,095,257	22,242	0.7%	\$ 3,073,015
Portland	\$ 4,418,025	54,274	1.2%	\$ 4,363,751
Preston	\$ 3,038,825	26,808	0.9%	\$ 3,012,017
Prospect	\$ 5,354,202	56,593	1.1%	\$ 5,297,609
Putnam	\$ 8,386,282	46,000	0.5%	\$ 8,340,282
Redding	\$ 263,834	83,699	31.7%	\$ 180,135
Ridgefield	\$ 805,748	234,100	29.1%	\$ 571,648
Rocky Hill	\$ 4,374,933	124,703	2.9%	\$ 4,250,230
Roxbury	\$ 64,463	30,851	47.9%	\$ 33,612
Salem	\$ 3,073,181	23,867	0.8%	\$ 3,049,314
Salisbury	\$ 60,176	49,305	81.9%	\$ 10,871
Scotland	\$ 1,431,548	8,547	0.6%	\$ 1,423,001
Seymour	\$ 10,128,492	87,505	0.9%	\$ 10,040,987
Sharon	\$ 42,103	32,143	76.3%	\$ 9,960
Shelton	\$ 6,168,811	275,040	4.5%	\$ 5,893,771
Sherman	\$ 80,962	34,351	42.4%	\$ 46,611
Simsbury	\$ 6,233,528	145,729	2.3%	\$ 6,087,799
Somers	\$ 5,988,583	59,130	1.0%	\$ 5,929,453
South Windsor	\$ 12,986,098	159,629	1.2%	\$ 12,826,469
Southbury	\$ 3,588,158	129,892	3.6%	\$ 3,458,266
Southington	\$ 20,518,059	250,000	1.2%	\$ 20,268,059
Sprague	\$ 2,626,404	14,131	0.5%	\$ 2,612,273
Stafford	\$ 9,849,733	59,243	0.6%	\$ 9,790,490
Stamford	\$ 11,053,759	250,000	2.3%	\$ 10,803,759
Sterling	\$ 3,214,712	18,496	0.6%	\$ 3,196,216
Stonington	\$ 1,792,984	143,825	8.0%	\$ 1,649,159
Stratford	\$ 21,711,782	250,000	1.2%	\$ 21,461,782

FY 17 MORE Lapse Savings

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Suffield	\$ 6,313,558	92,413	1.5%	\$ 6,221,145
Thomaston	\$ 5,665,106	40,291	0.7%	\$ 5,624,815
Thompson	\$ 7,580,992	46,288	0.6%	\$ 7,534,704
Tolland	\$ 10,784,974	85,797	0.8%	\$ 10,699,177
Torrington	\$ 24,656,637	173,772	0.7%	\$ 24,482,865
Trumbull	\$ 3,685,193	266,792	7.2%	\$ 3,418,401
Union	\$ 242,658	5,492	2.3%	\$ 237,166
Vernon	\$ 19,391,204	140,971	0.7%	\$ 19,250,233
Voluntown	\$ 2,516,563	13,942	0.6%	\$ 2,502,621
Wallingford	\$ 21,578,288	276,766	1.3%	\$ 21,301,522
Warren	\$ 49,407	16,202	32.8%	\$ 33,205
Washington	\$ 98,425	47,779	48.5%	\$ 50,646
Waterbury	\$ 133,856,066	250,000	0.2%	\$ 133,606,066
Waterford	\$ 488,299	167,020	34.2%	\$ 321,279
Watertown	\$ 11,876,270	123,095	1.0%	\$ 11,753,175
West Hartford	\$ 21,362,490	401,138	1.9%	\$ 20,961,352
West Haven	\$ 45,390,487	250,000	0.6%	\$ 45,140,487
Westbrook	\$ 130,117	59,724	45.9%	\$ 70,393
Weston	\$ 381,480	118,049	30.9%	\$ 263,431
Westport	\$ 909,281	443,947	48.8%	\$ 465,334
Wethersfield	\$ 9,500,934	152,082	1.6%	\$ 9,348,852
Willington	\$ 3,669,422	32,261	0.9%	\$ 3,637,161
Wilton	\$ 665,382	202,441	30.4%	\$ 462,941
Winchester	\$ 8,080,090	55,133	0.7%	\$ 8,024,957
Windham	\$ 26,681,944	99,873	0.4%	\$ 26,582,071
Windsor	\$ 12,311,652	181,260	1.5%	\$ 12,130,392
Windsor Locks	\$ 5,248,411	80,605	1.5%	\$ 5,167,806
Wolcott	\$ 13,516,067	92,491	0.7%	\$ 13,423,576
Woodbridge	\$ 723,232	67,047	9.3%	\$ 656,185
Woodbury	\$ 1,341,249	64,438	4.8%	\$ 1,276,811
Woodstock	\$ 5,401,847	45,305	0.8%	\$ 5,356,542
	<u>\$ 2,037,587,098</u>	<u>20,000,000</u>		<u>\$ 2,017,587,098</u>