



# 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 formula<sup>1</sup> 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.

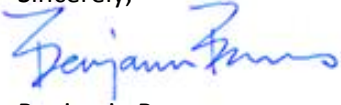
As noted above, we must act now to ensure the MORE lapse savings target is achieved this fiscal year. OPM will consider the release of these holdbacks later in the fiscal year if a surplus is likely, but cannot commit to such reconsideration before release of the April consensus revenue projections.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

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<sup>1</sup>In 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](mailto:kerry.kelley@ct.gov).

Sincerely,



Benjamin Barnes  
Secretary

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