Executive Summary

The State of Connecticut contains 169 towns with a wide range of wealth and resident needs. Currently, the State of Connecticut provides financial aid to towns through a variety of statutory and non-statutory grant programs. The current structure for non-education town aid does not sufficiently address the underlying municipal fiscal disparities that are caused by the unequal costs of delivering services and the low revenue raising capacity of many towns in Connecticut.

Using a needs-capacity formula to distribute funds to Connecticut's towns is one method of addressing fiscal disparities and creating a more equitable distribution of non-education state aid.

- The needs-capacity formula distributes state non-education municipal aid based on underlying socioeconomic and physical characteristics of the municipality and its capacity to raise revenue.
- A needs-capacity formula achieves a more equitable distribution of municipal aid by considering a municipality's costs of delivering a common level of service and its capacity to raise revenue to pay for those services.
- Under a needs-capacity formula, municipalities with the greatest level of fiscal disparity receive a greater level of state funding, while municipalities with the capacity to pay for services through their own revenue raising capacities receive less or no state funding.

The purpose of this policy briefing is to introduce and examine how Connecticut can address municipal fiscal disparities by using a needs-capacity formula to distribute non-education town aid.

Introduction

Connecticut municipalities currently receive funding from the State of Connecticut through a variety of non-education municipal aid grants.[B] In fiscal year 2025, total expenditures for statutory non-education grants is estimated to equal approximately $807 million.[1] However, these non-education municipal aid grants do not effectively take into account the revenue raising capacity of municipalities or the differing costs they face.[2] Under the current municipal aid system, towns with differing levels of need often receive similar amounts of funding from the State, which does not effectively address the underlying fiscal disparities faced by some municipalities.[3] The inequitable distribution of municipal aid in Connecticut could be rectified with the implementation of a needs-

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[A] Originally published in March 2019, and revised in February 2021, this report has been updated to reflect new grant and spending information, as well as up-to-date municipal data and new modeling.
[B] The non-education aid grants include: Tiered PILOT, Motor Vehicle Tax Reimbursement, Supplemental Revenue Sharing, Municipal Revenue Sharing (MRSF), Mashantucket Pequot & Mohegan Fund Grant, Town Aid Road Grant, Local Capital Improvement (LoCIP), and Municipal Grants-in-Aid.

capacity formula that considers a municipality's capacity to raise revenue through property taxes, as well as its costs of delivering services.

In 2015, the Federal Reserve Bank of Boston's New England Public Policy Center produced a report titled, *Measuring Municipal Fiscal Disparities in Connecticut*, at the request of the Connecticut General Assembly's Municipal Opportunities and Regional Efficiencies (MORE) Commission. The Federal Reserve Bank of Boston's report specifically analyzed non-education aid because Connecticut's Education Cost Sharing (ECS) formula for distributing state education aid has been examined far more frequently than other forms of municipal aid.[4] In addition to public education, Connecticut municipalities provide a variety of services that include public safety, public works, human services, and general government. The report noted the costs of these services, and a municipality's capacity to fund them, are not frequently examined.[5]

The sample modeled needs-capacity formula in this policy briefing utilizes the research and underlying model from the Federal Reserve Bank of Boston's report to measure the needs of a municipality and the capacity of the municipality to fund those needs.

Connecticut's Current Town Aid Structure

Connecticut's current town aid structure distributes grants to municipalities through several programs. In the biennial state budget for fiscal years 2024 and 2025, approximately $807 million is appropriated toward a variety of non-education grants for FY 2025.[6,C] Grants specifically aimed at local property tax relief — such as the payment in lieu of taxes (PILOT) program, the Mashantucket Pequot and Mohegan Fund Grant, and the Municipal Revenue Sharing Grant — represent approximately $478 million of non-education grants for FY 2025.[7] These non-education grants distributed to municipalities acknowledge that many cities and towns cannot raise as much revenue through property taxes as other municipalities.

For example, the Tiered PILOT grants attempt to reimburse municipalities for lost property tax revenue from state-owned, tax-exempt properties, but only the grant only loosely considers a municipality's ability to pay through a broad revenue raising category framework that is measured by Equalized Net Grand List per Capita (ENGLPC).[8] However, the formulas for these grants do not explicitly take a municipality's need into account or its specific ability to pay when calculating the amount of funding they are eligible to receive.[9]

According to the Federal Reserve Bank of Boston, existing municipal aid programs do not substantially reduce fiscal disparities in Connecticut because they do not explicitly have an equalization goal.[10] Most of the present fiscal disparities experienced by Connecticut municipalities are due to stark differences in the revenue raising capacity of Connecticut's cities and towns.[11] Table 1 below provides descriptions for the current statutory formula grants provided by the State to municipalities.

[C] Estimated FY 2025 grants were used here because it serves as an effective comparison year for the legislature's consideration of implementing the needs-capacity formula in the 2024 legislative session.

Table 1: Current Statutory Formula Grants Provided by the State to Municipalities[12]

Name of Statutory Formula Grant	Summary of Non-Education Statutory Formula Grant	FY 25 Grant Amount	Grant Source
State-Owned Real Property Payment in-Lieu of Taxes (PILOT) / Tiered PILOT	The State-Owned Real Property PILOT grant provides payments to municipalities for lost property tax revenue due to the presence of state-owned real property, certain real property that is involved in a state lease or long-term financing contract, municipally-owned airports, and certain lands held in trust by the federal government.	$339,410,167	General Fund
Mashantucket Pequot and Mohegan Fund Grant	This grant program distributes funds from the Mashantucket Pequot and Mohegan Fund to municipalities through a formula that considers the amount of money municipalities received through the PILOT programs and various other property tax relief efforts.	$52,532,789	General Fund
Town Aid Road Fund Grant	The Town Aid Road Fund distributes funding to municipalities and boroughs for various projects, including the construction and maintenance of public highways, roads, and bridges.	$60,000,000	General Fund
Local Capital Improvement Program	Municipalities and boroughs can request reimbursement for local capital improvement projects through this grant program.	$45,000,000	Bond Funding
Municipal Grants-in-Aid	This program provides grants to municipalities for the construction and maintenance of public highways, roads, and bridges.	$90,151,140	Bond Funding
Municipal Revenue Sharing	This fund distributes grants to municipalities to supplement the grants they receive under other municipal aid programs.	$13,362,642	General Fund
Supplemental Revenue Sharing	Combines payments from the Municipal Revenue Sharing and Municipal Stabilization funds and distributes the payments as Supplemental Revenue Sharing grants.	$72,672,468	General Fund
Municipal Stabilization Grant	This program insulates distressed municipalities and Alliance Districts from reductions made to other municipal aid programs.	$0	General Fund

Name of Statutory Formula Grant	Summary of Non-Education Statutory Formula Grant	FY 25 Grant Amount	Grant Source
Motor Vehicle Tax Reimbursement	This program provides property tax relief by allocating grants to municipalities with motor vehicle mill rates above 32.46, as pursuant to Conn. Gen. Statutes ch. 203, § 12-71e, municipalities may not impose mill rates higher than 32.46 on motor vehicles.	$146,954,721	General Fund
Total	**Total Non-Education Aid**	**$807,119,725**	**N/A**

What is a Needs-Capacity Formula and How Can One be Used in Connecticut?

The goal of a needs-capacity formula is to address fiscal disparities between municipalities. A needs-capacity formula achieves this goal by considering a municipality's costs of delivering services and its capacity to raise revenue to pay for those services. High levels of fiscal disparity between municipalities raise two primary concerns. First, it is not equitable for two otherwise-identical households to pay different amounts in taxes to receive the same level of service simply because the households are located in different municipalities.[13] Second, fiscal disparities place some municipalities at a disadvantage in terms of economic competition because high taxes and a low quantity of public services makes the municipality less appealing to potential residents and businesses.[14]

A needs-capacity formula addresses this goal by distributing aid based on need, calculated as municipal cost in the formula. Reducing fiscal disparities between municipalities will allow fiscally distressed municipalities to provide higher-quality services to the citizens and businesses that rely on them or reduce their mill rates, in recognition of their limited capacity to raise own-source revenue.

The definitions listed in Table 2 below describe the key components of a needs-capacity formula.

Table 2: Key Components of a Needs-Capacity Formula[15]

Formula Component	Definition
Municipal Cost	Municipal cost refers to the amount each municipality must spend in order to provide a common quantity and quality of government services given the underlying socioeconomic and physical characteristics of the municipality. It does not reflect actual spending, which is a combination of both the prior factors and the decisions of local governments.
Municipal Capacity	Municipal capacity refers to a municipality's revenue raising ability through its own resources. This measure reflects resources that governments are authorized to tax and not

Formula Component	Definition
	actual revenues raised as municipalities can choose to tax at different rates.
Municipal Gap	The municipal gap is the difference between the municipal capacity and municipal cost. A positive gap indicates a municipality lacks the revenue raising capacity to provide a common level of government service. A larger positive gap indicates a worse fiscal condition. A negative gap indicates a municipality has more than enough revenue raising capacity to fund a common level of government service.

Figure 1 below illustrates the interaction between municipal cost, capacity, and gap through three different hypothetical municipalities. Town A has a higher municipal cost than it has municipal capacity, which means it has a municipal gap (shaded in green). Town B has a smaller municipal gap than Town A because it has a lower municipal cost (outlined in red) coupled with a higher municipal capacity. Town C at the right side of the graph does not have a municipal gap because its municipal capacity exceeds its municipal cost.

Figure 1[16]

Illustration of Hypothetical Municipal Cost, Capacity, and Gap
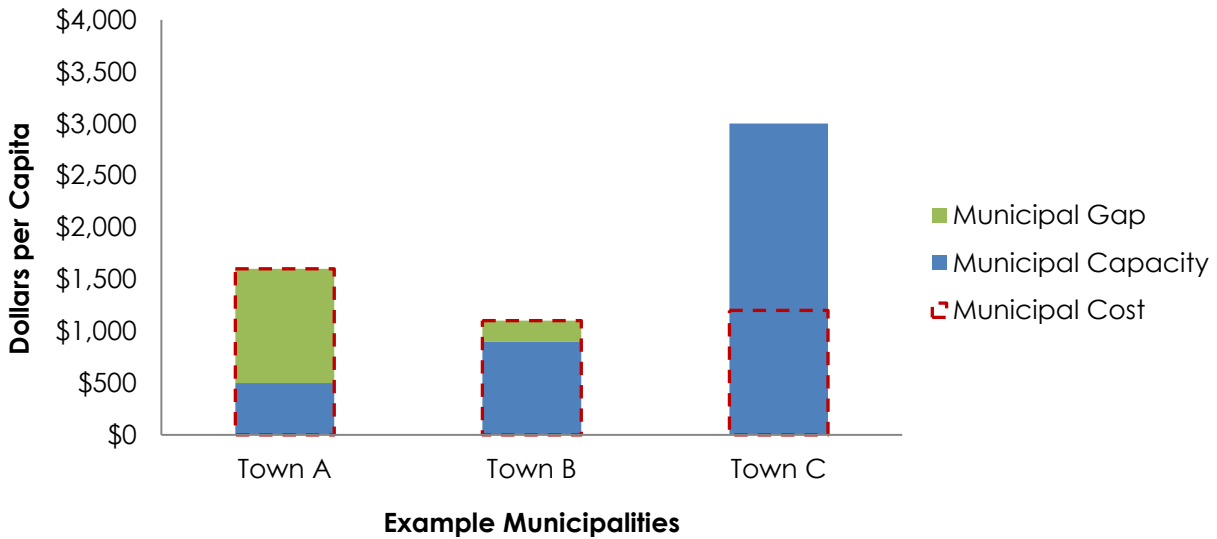
A needs-capacity formula provides resources to municipalities based on their costs to deliver services and their capacity to raise revenue locally. This means the formula distributes more aid to municipalities that face high costs for delivering services and have low capacity to raise local revenue. The sample needs-capacity formula modeled in this policy briefing measures the need of municipalities by calculating the municipal gaps, and allocates funding by multiplying the municipal gap per capita by the population of

the municipality.[17] Only municipalities with positive gaps receive funding in this example. As municipalities with negative municipal gaps have sufficient revenue raising capacity and low enough costs to afford the provision of a common level of government services, they would not receive any funding through the needs-capacity formula in this scenario.

Factors Noted in the Literature that Impact Municipal Cost and Capacity

The Federal Reserve Bank of Boston's 2015 report examined the factors that influence municipal fiscal disparities, which need to be, and have been, accounted for in the sample needs-capacity model outlined in this policy briefing. Prior research on municipal fiscal disparities suggests there are several factors that influence municipal cost and capacity. The factors noted in the literature, examples of their impacts on municipalities, and the variables that are included in the sample needs-capacity model, are detailed in Tables 3 and 4 below. For more information on the data used for these variables, and the implementation of the formula, please see Appendix B.

Table 3: Municipal Cost[18,D,E]

Factor	Example	Variables in Needs-Capacity Model
Unemployment	Municipalities experiencing higher unemployment rates also tend to experience higher crime rates, which increases the cost of police protection.	Unemployment Rate
Population Density	High population density means housing is in tighter proximity, which increases the fire hazard and the costs of fire protection.	Population Density (000's per Square Mile)
Private-Sector Wages	Municipalities with high private sector wages tend to have to pay more to attract and retain municipal employees.	Private-Sector Wage Index
Miles of Public Roads	Holding all else equal, a town with more miles of roads would	Town Maintenance Road Mileage

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[D] For additional detail on Connecticut towns' municipal cost, capacity, and gaps, please see the Federal Reserve Bank of Boston's 2015 report.

Zhao, B., & Weiner, J. (2015). *Measuring Municipal Fiscal Disparities in Connecticut* (Research Report 15-1). Boston, MA: Federal Reserve Bank of Boston, New England Public Policy Center. Available from https://www.bostonfed.org/publications/new-england-public-policy-center-research-report/2015/measuring-municipal-fiscal-disparities-in-connecticut.aspx.

[E] For additional detail on the methodology and research of the needs-capacity model, please see Zhao's working paper.

Zhao, B. (2015). *From urban core to wealthy towns: Nonschool fiscal disparities across Connecticut municipalities* (Working papers 15-14). Boston, MA: Federal Reserve Bank of Boston. Retrieved from https://www.econstor.eu/bitstream/10419/130692/1/843872918.pdf.

Factor	Example	Variables in Needs-Capacity Model
	have to spend more to maintain its roads than other towns.	
Employment	This factor represents cost pressures generated by commuters and employers who do not reside in the municipality in which they work, but consume public services (such as police and fire protection) while they are there.	Total Jobs per Capita

Table 4: Municipal Capacity[19]

Factor	Example	Variable in Needs-Capacity Model
Value of Taxable Property	Municipalities with a greater quantity of taxable property and higher-valued property will have higher revenue raising capacity.	Equalized Net Grand List (ENGL). The ENGL is a full-value estimate of all taxable property within all Connecticut cities and towns, equalized across assessment cycles.[20]

Sample Implementation of a Needs-Capacity Formula

Table 5 below demonstrates the state aid some example municipalities receive currently from the State, and the aid they would be eligible to receive through one possible implementation of a needs-capacity formula as detailed by the New England Public Policy Center. In this analysis, a positive municipal gap indicates the town does not have sufficient revenue raising capacity to pay for a common level of government service.[21] A negative gap indicates the town has more than enough revenue raising capacity to fund a common level of service.[22] A full listing of these figures for all towns can be found in Appendix A of this report.

Table 5: State Aid for Example Municipalities[23]

Municipal Gap = Municipal Cost – Municipal Capacity

Grant from Needs Capacity Model = Municipal Gap * Population

Town Name	Municipal Cost per Capita	Municipal Capacity per Capita	Municipal Gap per Capita	Current Non-Ed Aid Total	Needs-Capacity Model Aid Total	Projected Change in Grant Amount
Bridgeport	$1,616	$691	$925	$50,255,132	$137,281,480	$87,026,348
Glastonbury	$1,141	$1,676	-$535	$3,989,293	-	-$3,989,293

Town Name	Municipal Cost per Capita	Municipal Capacity per Capita	Municipal Gap per Capita	Current Non-Ed Aid Total	Needs-Capacity Model Aid Total	Projected Change in Grant Amount
New Britain	$1,411	$544	$867	$28,533,924	$64,005,044	$35,471,120
Westport	$1,302	$5,407	-$4,105	$1,280,197	-	-$1,280,197

If a needs-capacity formula were enacted in Connecticut, one possible method for funding this formula could be to aggregate existing non-education aid funding into the formula. Fully funding the needs-capacity formula under this sample implementation would require approximately $839 million, which is a net increase of approximately $32 million over the State's current non-education municipal aid expenditure. If the needs-capacity formula was funded at the same level as previous non-education aid, then the amount of money each town would receive under the needs-capacity formula would decrease by about four percent — assuming each municipality's aid was reduced by an equal percentage. Figure 2 below shows the difference by illustrating the net gap between the current grant levels and the need-based funding levels through the needs-capacity formula.

Figure 2[24]

Net Municipal Aid Gap between Current Aid and Formula Amount
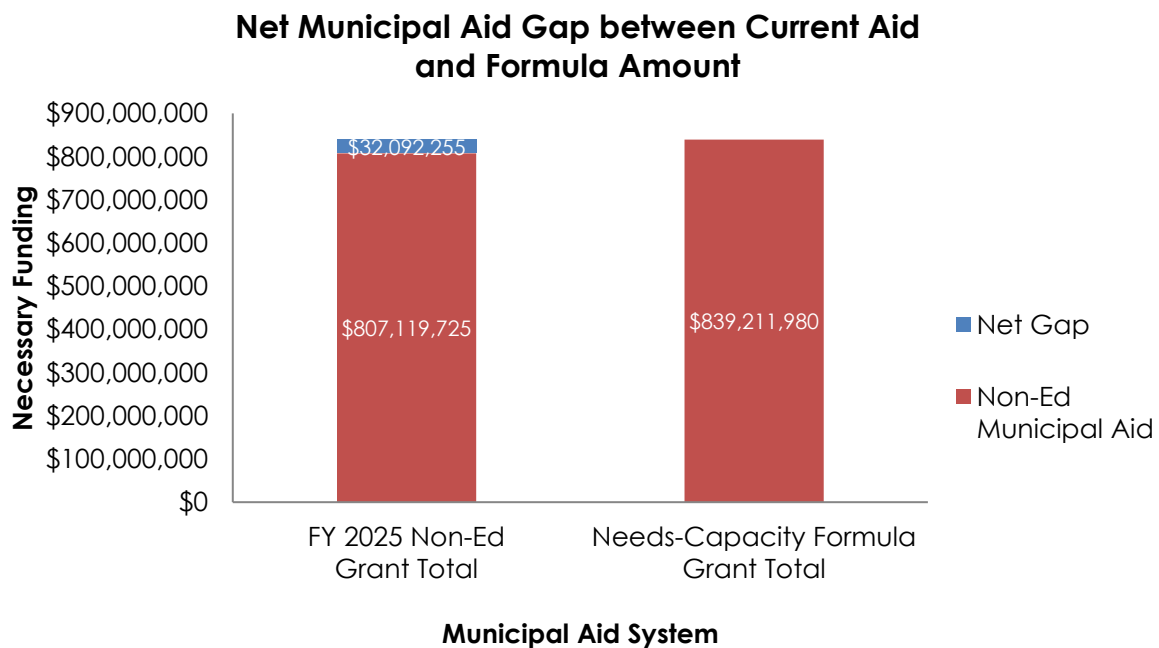
Under the full sample implementation of the needs-capacity formula, 52 municipalities would receive municipal aid grants. Of the municipalities receiving grants, 32 would receive an increased grant amount over prior aid levels and 20 would receive less funding than current grant levels. In total, 117 towns would not receive any aid.

This shift in aid reflects the equity considerations in the needs-capacity formula as the towns with the greatest levels of fiscal disparity receive a greater increase in funding, while towns with the capacity to pay receive less funding. For town-by-town estimated grant amounts, please see Appendix A.

Figure 3 below demonstrates the equity considerations of the needs-capacity formula. Each red point on this graph represents a town. Generally, towns with the lowest median household incomes have the largest municipal gaps per capita. As noted above, a positive municipal gap indicates a town does not have sufficient revenue raising capacity to fund a common level of government service. A negative municipal gap indicates a town has more than enough revenue raising capacity to fund a common level of government service.

Figure 3[25]

Town Municipal Gap per Capita by Town Median Household Income
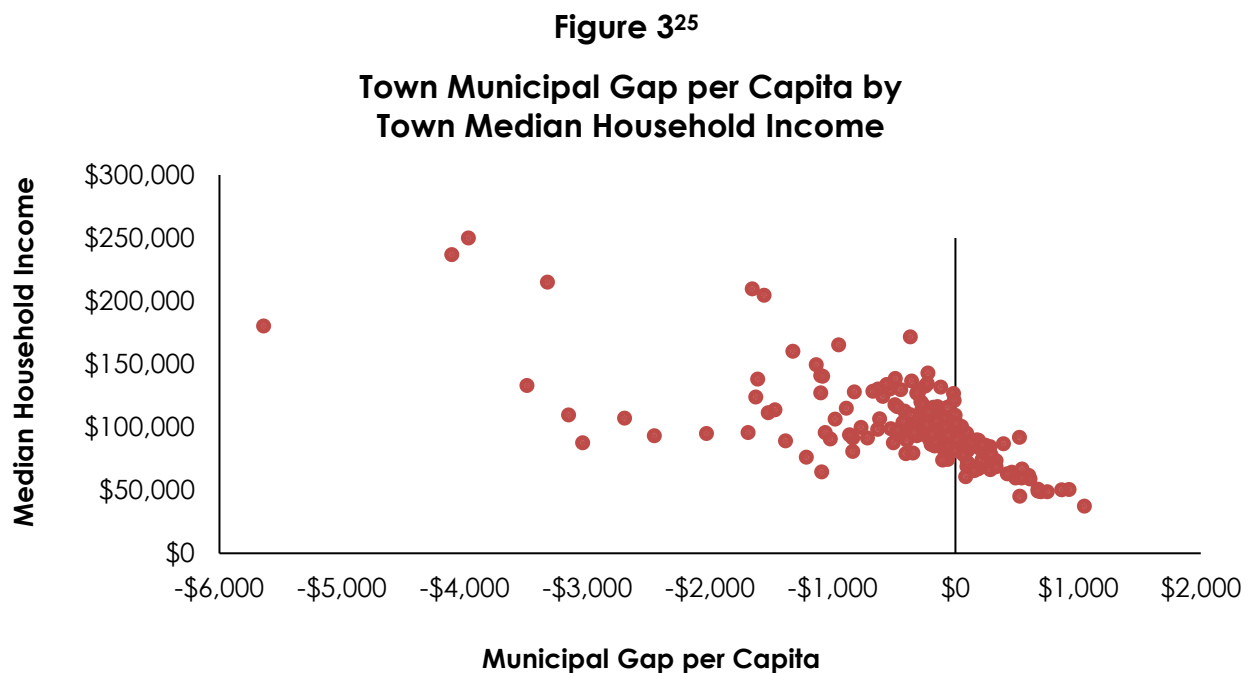
Additional Considerations

There are several additional items to consider when evaluating the implementation of a needs-capacity municipal aid formula. First, the needs-capacity formula would aggregate all town aid, which eliminates the specificity of the other grant programs that provide aid for their specific criteria. For example, targeted property tax relief from the PILOT programs offered by the current set of PILOT grants. However, the needs-capacity formula specifically considers the value of taxable property, so the municipalities experiencing the worst fiscal disparities include those with a meaningful amount of non-taxable property, who will benefit from the needs-capacity formula.[26]

Connecticut's current system of town aid does not fully consider equity because many of the municipalities that currently receive aid have the revenue capacity to provide a common level of government service, and the aid formulas currently used do not

explicitly account for municipal wealth or resident need. A needs-capacity formula would go beyond the current municipal aid system in terms of distributing funding equitably.

A further consideration of the formula is its use of unemployment rate and a private-sector wage index for calculating municipal cost.[27] If Connecticut experienced a recession, municipal costs would likely increase across many municipalities, resulting in a higher calculated grant amount due to the increase in need. This higher projected grant amount would be the responsibility of the State, even as an economic downturn would simultaneously affect the finances of the State.

A final item of consideration for a needs-capacity formula is the formula's sensitivity to Connecticut's economic performance. As economic conditions worsen, the number of municipalities that qualify for aid and the amount of required municipal aid will increase.[28] This means that the fiscal cost to the State will also increase during economic downturns.

Historical sensitivity tests of the needs-capacity model demonstrate the formula's link with economic performance. In this analysis, the needs-capacity formula was run with each year's data. The analysis showed the fully-funded grant totals for the needs-capacity formula generally decreased over time. These findings support the consideration of the needs-capacity model's link to the economy because the variables in the model are responsive to the economy's recovery from the Great Recession and the impact of the COVID-19 pandemic.[29]

According to Connecticut's Office of Policy and Management (OPM), Connecticut has mostly, but not fully, recovered from the economic impacts of the COVID-19 pandemic as measured by improvement in Gross State Product (GSP) and employment figures post the pandemic.[30,F] Higher employment reduces the costs of unemployment in the needs-capacity model, and increases in GSP can be linked to increased state revenue through increases in the purchase of taxable property.[31] Figure 4 below shows the grant totals for the fully funded needs-capacity formula over time using historical data. From 2014 to 2019, the formula's cost decreased as Connecticut continued to recover from the Great Recession. However, the formula's total cost increased in FY 2020 as the COVID-19 pandemic impacted the state's economy.

[F] The analysis of Connecticut's economic health conducted by the OPM examined a multitude of measures. For additional details please see the below report:
State of Connecticut, Office of Policy and Management. (2023). *FY 2024 – FY 2025 Biennium Economic Report of the Governor*. Hartford, CT: Author. Retrieved from https://portal.ct.gov/-/media/opm/budget/2024_2025_biennial_budget/budget_webpage/economic-report-of-the-gov-fy-2024-2025-biennium-final.pdf.

Figure 4[32]

7-Year Historical Estimates of the Needs-Capacity Formula
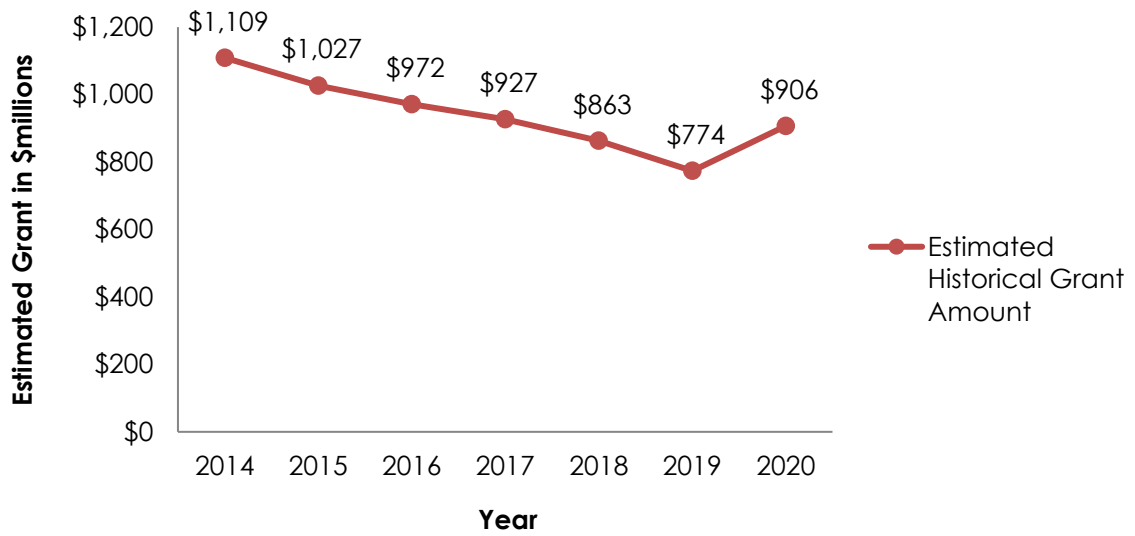
Appendix A: Town Runs

Table 6 below contains the town-by-town grant amounts under different funding mechanisms. Included in this table is the non-education aid each municipality is estimated to receive in FY 2025, the estimated grant amount for each municipality through the needs-capacity formula, and the estimated grant for each municipality under the needs-capacity formula if the formula were fully funded. Column 4 considers the implementation of the needs-capacity formula with a hold harmless to ensure no municipality receives less municipal aid due to the implementation of the needs-capacity formula. As shown in Column 4, implementing the needs-capacity grant with a hold-harmless provision increases the total cost of the policy from $839 million to $1.1 billion.

The municipal gap as calculated in the needs-capacity model is included in this table as it's an indicator for fiscal disparities and provides context for the grant amounts shown.[33] A positive municipal gap indicates a town does not have sufficient revenue raising capacity to fund a common level of government service. A negative municipal gap indicates a town has more than enough revenue raising capacity to fund a common level of government service.

Table 6: Town-by-Town Grant Amounts Under Different Funding Mechanisms[34]

Column Number	1	2	3	4	5	6
Municipality	FY 2025 Estimated Non-Education Aid	Municipal Gap per Capita	Needs-Capacity Model Total Grant	Needs-Capacity Grant with Hold Harmless	Col. 3 – Col. 1	Col. 4 – Col. 1
Andover	$303,991	($20)	$0	$303,991	($303,991)	$0
Ansonia	$1,953,846	$598	$11,243,485	$11,243,485	$9,289,639	$9,289,639
Ashford	$457,294	$67	$279,370	$457,294	($177,924)	$0
Avon	$1,634,121	($632)	$0	$1,634,121	($1,634,121)	$0
Barkhamsted	$330,089	($262)	$0	$330,089	($330,089)	$0
Beacon Falls	$361,750	($57)	$0	$361,750	($361,750)	$0
Berlin	$3,067,270	($356)	$0	$3,067,270	($3,067,270)	$0
Bethany	$730,054	($359)	$0	$730,054	($730,054)	$0
Bethel	$1,461,527	($266)	$0	$1,461,527	($1,461,527)	$0
Bethlehem	$321,947	($413)	$0	$321,947	($321,947)	$0
Bloomfield	$5,247,009	($90)	$0	$5,247,009	($5,247,009)	$0
Bolton	$817,659	($146)	$0	$817,659	($817,659)	$0
Bozrah	$380,127	($214)	$0	$380,127	($380,127)	$0
Branford	$1,274,024	($507)	$0	$1,274,024	($1,274,024)	$0
Bridgeport	$50,255,132	$925	$137,281,480	$137,281,480	$87,026,348	$87,026,348
Bridgewater	$222,694	($1,613)	$0	$222,694	($222,694)	$0

Column Number	1	2	3	4	5	6
Municipality	FY 2025 Estimated Non-Education Aid	Municipal Gap per Capita	Needs-Capacity Model Total Grant	Needs-Capacity Grant with Hold Harmless	Col. 3 – Col. 1	Col. 4 – Col. 1
Bristol	$11,677,147	$332	$20,117,559	$20,117,559	$8,440,412	$8,440,412
Brookfield	$950,903	($673)	$0	$950,903	($950,903)	$0
Brooklyn	$724,354	$57	$485,591	$724,354	($238,762)	$0
Burlington	$535,204	($225)	$0	$535,204	($535,204)	$0
Canaan	$335,169	($838)	$0	$335,169	($335,169)	$0
Canterbury	$436,595	$41	$209,330	$436,595	($227,265)	$0
Canton	$581,583	($342)	$0	$581,583	($581,583)	$0
Chaplin	$430,647	($171)	$0	$430,647	($430,647)	$0
Cheshire	$6,935,423	($247)	$0	$6,935,423	($6,935,423)	$0
Chester	$351,565	($462)	$0	$351,565	($351,565)	$0
Clinton	$966,984	($454)	$0	$966,984	($966,984)	$0
Colchester	$887,778	($19)	$0	$887,778	($887,778)	$0
Colebrook	$255,190	($980)	$0	$255,190	($255,190)	$0
Columbia	$348,283	($275)	$0	$348,283	($348,283)	$0
Cornwall	$295,257	($2,031)	$0	$295,257	($295,257)	$0
Coventry	$647,904	$28	$342,184	$647,904	($305,720)	$0
Cromwell	$583,692	($264)	$0	$583,692	($583,692)	$0
Danbury	$12,892,516	($63)	$0	$12,892,516	($12,892,516)	$0
Darien	$599,349	($3,971)	$0	$599,349	($599,349)	$0
Deep River	$380,476	($405)	$0	$380,476	($380,476)	$0
Derby	$3,010,561	$458	$5,622,581	$5,622,581	$2,612,020	$2,612,020
Durham	$964,604	($237)	$0	$964,604	($964,604)	$0
East Granby	$1,552,242	($415)	$0	$1,552,242	($1,552,242)	$0
East Haddam	$525,348	($234)	$0	$525,348	($525,348)	$0
East Hampton	$1,166,285	($100)	$0	$1,166,285	($1,166,285)	$0
East Hartford	$16,814,460	$607	$30,814,631	$30,814,631	$14,000,171	$14,000,171
East Haven	$1,405,698	$216	$6,001,870	$6,001,870	$4,596,172	$4,596,172
East Lyme	$2,097,030	($527)	$0	$2,097,030	($2,097,030)	$0
East Windsor	$2,558,394	($42)	$0	$2,558,394	($2,558,394)	$0
Eastford	$307,852	($91)	$0	$307,852	($307,852)	$0
Easton	$408,809	($953)	$0	$408,809	($408,809)	$0
Ellington	$813,111	($4)	$0	$813,111	($813,111)	$0
Enfield	$3,955,247	$151	$6,349,396	$6,349,396	$2,394,148	$2,394,148

Column Number	1	2	3	4	5	6
Municipality	FY 2025 Estimated Non-Education Aid	Municipal Gap per Capita	Needs-Capacity Model Total Grant	Needs-Capacity Grant with Hold Harmless	Col. 3 – Col. 1	Col. 4 – Col. 1
Essex	$377,424	($837)	$0	$377,424	($377,424)	$0
Fairfield	$6,670,298	($1,136)	$0	$6,670,298	($6,670,298)	$0
Farmington	$6,228,328	($617)	$0	$6,228,328	($6,228,328)	$0
Franklin	$227,717	$171	$318,072	$318,072	$90,355	$90,355
Glastonbury	$3,989,293	($535)	$0	$3,989,293	($3,989,293)	$0
Goshen	$372,339	($1,097)	$0	$372,339	($372,339)	$0
Granby	$1,567,679	($66)	$0	$1,567,679	($1,567,679)	$0
Greenwich	$2,416,881	($5,640)	$0	$2,416,881	($2,416,881)	$0
Griswold	$579,042	$284	$3,241,767	$3,241,767	$2,662,725	$2,662,725
Groton	$6,459,666	($105)	$0	$6,459,666	($6,459,666)	$0
Guilford	$1,569,066	($891)	$0	$1,569,066	($1,569,066)	$0
Haddam	$446,220	($283)	$0	$446,220	($446,220)	$0
Hamden	$23,834,777	$274	$16,715,590	$23,834,777	($7,119,187)	$0
Hampton	$295,201	$522	$902,033	$902,033	$606,832	$606,832
Hartford	$110,537,892	$1,052	$126,804,304	$126,804,304	$16,266,412	$16,266,412
Hartland	$332,231	($132)	$0	$332,231	($332,231)	$0
Harwinton	$397,634	($270)	$0	$397,634	($397,634)	$0
Hebron	$522,712	($120)	$0	$522,712	($522,712)	$0
Kent	$398,823	($1,385)	$0	$398,823	($398,823)	$0
Killingly	$2,479,400	$110	$1,951,374	$2,479,400	($528,026)	$0
Killingworth	$564,484	($493)	$0	$564,484	($564,484)	$0
Lebanon	$683,533	($132)	$0	$683,533	($683,533)	$0
Ledyard	$3,554,782	$92	$1,412,126	$3,554,782	($2,142,656)	$0
Lisbon	$389,280	($71)	$0	$389,280	($389,280)	$0
Litchfield	$636,221	($635)	$0	$636,221	($636,221)	$0
Lyme	$239,096	($1,527)	$0	$239,096	($239,096)	$0
Madison	$1,232,511	($1,098)	$0	$1,232,511	($1,232,511)	$0
Manchester	$5,679,782	$255	$15,149,693	$15,149,693	$9,469,911	$9,469,911
Mansfield	$15,515,719	$524	$13,803,325	$15,515,719	($1,712,393)	$0
Marlborough	$636,304	($15)	$0	$636,304	($636,304)	$0
Meriden	$7,177,003	$492	$29,753,416	$29,753,416	$22,576,413	$22,576,413
Middlebury	$462,328	($593)	$0	$462,328	($462,328)	$0
Middlefield	$538,010	$34	$145,464	$538,010	($392,545)	$0

Column Number	1	2	3	4	5	6
Municipality	FY 2025 Estimated Non-Education Aid	Municipal Gap per Capita	Needs-Capacity Model Total Grant	Needs-Capacity Grant with Hold Harmless	Col. 3 – Col. 1	Col. 4 – Col. 1
Middletown	$22,139,721	$184	$8,658,766	$22,139,721	($13,480,955)	$0
Milford	$5,619,168	($469)	$0	$5,619,168	($5,619,168)	$0
Monroe	$2,396,912	($301)	$0	$2,396,912	($2,396,912)	$0
Montville	$4,724,014	$89	$1,647,128	$4,724,014	($3,076,886)	$0
Morris	$237,106	($863)	$0	$237,106	($237,106)	$0
Naugatuck	$6,478,542	$390	$12,265,378	$12,265,378	$5,786,836	$5,786,836
New Britain	$28,533,924	$867	$64,005,044	$64,005,044	$35,471,120	$35,471,120
New Canaan	$648,596	($3,326)	$0	$648,596	($648,596)	$0
New Fairfield	$723,074	($447)	$0	$723,074	($723,074)	$0
New Hartford	$544,059	($84)	$0	$544,059	($544,059)	$0
New Haven	$129,067,100	$697	$94,125,635	$129,067,100	($34,941,464)	$0
New London	$12,680,925	$674	$18,618,690	$18,618,690	$5,937,765	$5,937,765
New Milford	$2,743,894	($315)	$0	$2,743,894	($2,743,894)	$0
Newington	$8,720,640	$11	$342,752	$8,720,640	($8,377,888)	$0
Newtown	$3,450,482	($562)	$0	$3,450,482	($3,450,482)	$0
Norfolk	$410,841	($1,216)	$0	$410,841	($410,841)	$0
North Branford	$1,058,367	($244)	$0	$1,058,367	($1,058,367)	$0
North Canaan	$651,042	$83	$264,432	$651,042	($386,610)	$0
North Haven	$3,979,310	($371)	$0	$3,979,310	($3,979,310)	$0
North Stonington	$1,241,512	($108)	$0	$1,241,512	($1,241,512)	$0
Norwalk	$12,109,204	($718)	$0	$12,109,204	($12,109,204)	$0
Norwich	$9,871,471	$540	$21,608,629	$21,608,629	$11,737,158	$11,737,158
Old Lyme	$388,783	($1,471)	$0	$388,783	($388,783)	$0
Old Saybrook	$477,206	($1,690)	$0	$477,206	($477,206)	$0
Orange	$1,212,711	($824)	$0	$1,212,711	($1,212,711)	$0
Oxford	$1,039,935	($476)	$0	$1,039,935	($1,039,935)	$0
Plainfield	$812,925	$93	$1,398,071	$1,398,071	$585,146	$585,146
Plainville	$1,138,192	$95	$1,660,668	$1,660,668	$522,476	$522,476
Plymouth	$1,193,297	$282	$3,287,160	$3,287,160	$2,093,863	$2,093,863
Pomfret	$437,116	($56)	$0	$437,116	($437,116)	$0
Portland	$490,480	($151)	$0	$490,480	($490,480)	$0
Preston	$1,464,747	($217)	$0	$1,464,747	($1,464,747)	$0

Column Number	1	2	3	4	5	6
Municipality	FY 2025 Estimated Non-Education Aid	Municipal Gap per Capita	Needs-Capacity Model Total Grant	Needs-Capacity Grant with Hold Harmless	Col. 3 – Col. 1	Col. 4 – Col. 1
Prospect	$516,864	($222)	$0	$516,864	($516,864)	$0
Putnam	$1,135,369	$188	$1,737,577	$1,737,577	$602,208	$602,208
Redding	$702,475	($1,084)	$0	$702,475	($702,475)	$0
Ridgefield	$1,444,782	($1,326)	$0	$1,444,782	($1,444,782)	$0
Rocky Hill	$2,673,693	($199)	$0	$2,673,693	($2,673,693)	$0
Roxbury	$388,305	($2,698)	$0	$388,305	($388,305)	$0
Salem	$463,774	($119)	$0	$463,774	($463,774)	$0
Salisbury	$377,296	($3,040)	$0	$377,296	($377,296)	$0
Scotland	$360,176	$188	$295,448	$360,176	($64,727)	$0
Seymour	$1,459,293	$193	$3,211,902	$3,211,902	$1,752,610	$1,752,610
Sharon	$456,713	($2,455)	$0	$456,713	($456,713)	$0
Shelton	$1,610,339	($246)	$0	$1,610,339	($1,610,339)	$0
Sherman	$250,749	($1,627)	$0	$250,749	($250,749)	$0
Simsbury	$2,456,147	($230)	$0	$2,456,147	($2,456,147)	$0
Somers	$3,746,254	($93)	$0	$3,746,254	($3,746,254)	$0
South Windsor	$5,304,364	($315)	$0	$5,304,364	($5,304,364)	$0
Southbury	$1,001,712	($235)	$0	$1,001,712	($1,001,712)	$0
Southington	$2,734,574	($153)	$0	$2,734,574	($2,734,574)	$0
Sprague	$745,984	$290	$856,853	$856,853	$110,868	$110,868
Stafford	$1,852,850	$247	$2,821,478	$2,821,478	$968,628	$968,628
Stamford	$13,624,315	($770)	$0	$13,624,315	($13,624,315)	$0
Sterling	$319,000	$126	$450,086	$450,086	$131,086	$131,086
Stonington	$867,302	($1,019)	$0	$867,302	($867,302)	$0
Stratford	$11,686,362	$218	$11,406,205	$11,686,362	($280,157)	$0
Suffield	$5,863,842	($181)	$0	$5,863,842	($5,863,842)	$0
Thomaston	$767,264	$87	$651,305	$767,264	($115,960)	$0
Thompson	$542,992	$99	$916,428	$916,428	$373,436	$373,436
Tolland	$1,827,759	($10)	$0	$1,827,759	($1,827,759)	$0
Torrington	$8,267,728	$424	$14,978,253	$14,978,253	$6,710,525	$6,710,525
Trumbull	$2,391,468	($489)	$0	$2,391,468	($2,391,468)	$0
Union	$193,087	($397)	$0	$193,087	($193,087)	$0
Vernon	$2,056,713	$330	$10,016,823	$10,016,823	$7,960,111	$7,960,111
Voluntown	$634,509	($52)	$0	$634,509	($634,509)	$0

Column Number	1	2	3	4	5	6
Municipality	FY 2025 Estimated Non-Education Aid	Municipal Gap per Capita	Needs-Capacity Model Total Grant	Needs-Capacity Grant with Hold Harmless	Col. 3 – Col. 1	Col. 4 – Col. 1
Wallingford	$5,102,964	($164)	$0	$5,102,964	($5,102,964)	$0
Warren	$222,639	($3,492)	$0	$222,639	($222,639)	$0
Washington	$436,699	($3,154)	$0	$436,699	($436,699)	$0
Waterbury	$48,541,773	$749	$85,203,261	$85,203,261	$36,661,489	$36,661,489
Waterford	$952,758	($1,063)	$0	$952,758	($952,758)	$0
Watertown	$2,508,008	($5)	$0	$2,508,008	($2,508,008)	$0
West Hartford	$9,944,310	($214)	$0	$9,944,310	($9,944,310)	$0
West Haven	$12,352,728	$544	$30,065,766	$30,065,766	$17,713,037	$17,713,037
Westbrook	$747,284	($1,091)	$0	$747,284	($747,284)	$0
Weston	$552,873	($1,560)	$0	$552,873	($552,873)	$0
Westport	$1,280,197	($4,105)	$0	$1,280,197	($1,280,197)	$0
Wethersfield	$3,776,085	$49	$1,334,959	$3,776,085	($2,441,126)	$0
Willington	$435,617	$64	$354,031	$435,617	($81,587)	$0
Wilton	$1,548,160	($1,656)	$0	$1,548,160	($1,548,160)	$0
Winchester	$1,267,734	$154	$1,569,564	$1,569,564	$301,829	$301,829
Windham	$8,243,203	$673	$16,396,516	$16,396,516	$8,153,314	$8,153,314
Windsor	$3,564,330	($335)	$0	$3,564,330	($3,564,330)	$0
Windsor Locks	$4,017,528	($347)	$0	$4,017,528	($4,017,528)	$0
Wolcott	$921,284	$7	$118,530	$921,284	($802,754)	$0
Woodbridge	$1,939,956	($369)	$0	$1,939,956	($1,939,956)	$0
Woodbury	$505,968	($427)	$0	$505,968	($505,968)	$0
Woodstock	$622,405	($191)	$0	$622,405	($622,405)	$0
Total	**$807,119,725**	**N/A**	**$839,211,980**	**$1,130,724,789**	**$32,092,255**	**$323,605,064**

Appendix B: Description of Needs-Capacity Model and Changes Made by the School and State Finance Project[G]

The needs-capacity town aid model used in this policy briefing is based on the 2015 report produced by the Federal Reserve Bank of Boston's New England Public Policy Center. The model uses the independent variables found in the report and their coefficients, and updates the data to find a more current municipal gap figure.

To find municipal capacity, the same mill rate was used as in the Federal Reserve Bank of Boston's report but with updated Equalized Net Grand List per Capita figures for FY 2021. Population figures, along with unemployment rate and population density, were updated using 2021 data from the Municipal Fiscal Indicators published by the OPM. Originally, the unemployment and population density were from the American Community Survey (ACS) five-year estimates produced by the U.S. Census Bureau. The town road mileage was updated using the same source as in the report (Connecticut Department of Transportation Public Road Mileage) but with 2022 data. The private sector wage index was updated using 2021 Connecticut Department of Labor data and with the most recent Labor Market Area definitions. Total jobs per capita for each municipality were updated with 2021 data.

Data Sources

1. Zhao, B., & Weiner, J. (2015). *Measuring Municipal Fiscal Disparities in Connecticut* (Research Report 15-1). Boston, MA: Federal Reserve Bank of Boston, New England Public Policy Center. Retrieved from https://www.bostonfed.org/publications/new-england-public-policy-center-research-report/2015/measuring-municipal-fiscal-disparities-in-connecticut.aspx.
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7. State of Connecticut, Office of Policy and Management. (2023). *FY 2024 – FY 2025 Biennium Economic Report of the Governor*. Hartford, CT: Author. Retrieved

[G] For additional detail on the methodology and research of the needs-capacity model, please see Zhao's working paper.
Zhao, B. (2015). *From urban core to wealthy towns: Nonschool fiscal disparities across Connecticut municipalities* (Working papers 15-14). Boston, MA: Federal Reserve Bank of Boston. Retrieved from https://www.econstor.eu/bitstream/10419/130692/1/843872918.pdf.

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Endnotes

[1] Conn. Acts 23-204.

[2] Zhao, B., & Weiner, J. (2015). *Measuring Municipal Fiscal Disparities in Connecticut* (Research Report 15-1). Boston, MA: Federal Reserve Bank of Boston, New England Public Policy Center. Retrieved from https://www.bostonfed.org/publications/new-england-public-policy-center-research-report/2015/measuring-municipal-fiscal-disparities-in-connecticut.aspx.

[3] Ibid.

[4] Ibid.

[5] Ibid.

[6] Conn. Acts 23-204.

[7] Ibid.

[8] State of Connecticut, Office of Policy and Management. (n.d.). State-Owned Property – Payment in Lieu of Taxes (State Owned PILOT). Hartford CT: Author. Retrieved from https://portal.ct.gov/OPM/IGPP/Grants/PILOT/State-Owned-Property-PILOT#:~:text=Tier%201%20grantees%20receive%2050,they%20received%20in%20FY%202021.

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[16] School and State Finance Project calculations. See Appendix B for more details.

[17] Zhao, B. (2015). *From urban core to wealthy towns: Nonschool fiscal disparities across Connecticut municipalities* (Working papers 15-14). Boston, MA: Federal Reserve Bank of Boston. Retrieved from https://www.econstor.eu/bitstream/10419/130692/1/843872918.pdf.

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[20] State of Connecticut, Office of Policy and Management. (2023). *Municipal Fiscal Indicators, Fiscal Years Ended 2017-2021*. Hartford, CT: Author. Retrieved from https://portal.ct.gov/-/media/OPM/Finance/MFS-Unit/FHMS/Municipal-Fiscal-Indicators-2017-21-AsOf-7-28-23.pdf.

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[22] Ibid.

[23] Conn. Acts 23-204.

[24] Ibid.

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[31] Ibid.

[32] School and State Finance Project calculations. See Appendix B for more details.

[33] Zhao, B., & Weiner, J. (2015). *Measuring Municipal Fiscal Disparities in Connecticut* (Research Report 15-1). Boston, MA: Federal Reserve Bank of Boston, New England Public Policy Center. Retrieved from https://www.bostonfed.org/publications/new-england-public-policy-center-research-report/2015/ measuring-municipal-fiscal-disparities-in-connecticut.aspx.

[34] School and State Finance Project calculations. See Appendix B for more details.