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## **OLR Bill Analysis**

### **sHB 7167**

#### ***AN ACT CONCERNING EDUCATION FUNDING.***

#### **SUMMARY**

By law, the Education Cost Sharing (ECS) grant has a multi-year phase-in schedule of (1) incremental increases for towns that are underfunded and (2) incremental decreases, or years with no change in funding, for overfunded towns. The ECS grant is the state's single largest grant for municipalities.

This bill delays by two years the start of an existing statutory ECS schedule to phase-in grant funding reductions for overfunded towns. It holds these towns harmless (i.e. maintaining the same funding level) for FYs 26 and 27. The decreased funding for overfunded towns starts in FY 28, rather than FY 26 as under current law. The bill leaves unchanged the existing provision that begins to fully-fund the underfunded towns in FY 26.

The ECS grant is the state's single largest grant for municipalities with more than \$2.36 billion being distributed to towns for education in FY 25.

EFFECTIVE DATE: July 1, 2025

#### **CHANGES TO ECS GRANT PHASE-IN SCHEDULE**

The bill delays by two years, beginning FY 28 rather than FY 26, the start of the scheduled decreases for overfunded towns by holding them harmless for two years. It maintains the same schedule of decreases as under current law for each year once the decreases begin, with larger decreases in each following year until the overfunded towns are at their full-funded level.

When determining ECS grant increases or decreases, the formula uses a town's "grant adjustment," which is the absolute value of the

difference between a town's ECS grant amount for the previous fiscal year and its fully funded grant amount. So, for underfunded towns, the grant adjustment is the amount needed to reach the fully funded level; for overfunded towns, it is the amount the town is funded in excess of its fully funded grant.

The grants are based on student enrollment, added student weight for characteristics such as the number of students eligible for free or reduced priced school meals, and town wealth. Towns may be overfunded from one year to the next because hold-harmless provisions were in effect in previous years when a town would otherwise see a decrease in funding due to lower school enrollment or an increase in its town wealth or due to other changes.

The table below shows the bill's changes for FYs 26-34.

**Table: ECS Funding Schedule Changes for Overfunded Towns, FYs 26-34**

<i><b>Fiscal Year</b></i>	<i><b>Overfunded Towns</b></i>	
	Current Law	Bill
26	Previous FY amount minus 14.29% of its grant adjustment	Same amount as in FY 25
27	Previous FY amount minus 16.67% of its grant adjustment	Same amount as in FY 26
28	Previous FY amount minus 20% of its grant adjustment	Previous FY amount minus 14.29% of its grant adjustment
29	Previous FY amount minus 25% of its grant adjustment	Previous FY amount minus 16.67% of its grant adjustment
30	Previous FY amount minus 33.33% of its grant adjustment	Previous FY amount minus 20% of its grant adjustment
31	Previous FY amount minus 50% of its grant adjustment	Previous FY amount minus 25% of its grant adjustment
32	Fully funded	Previous FY amount minus 33.33% of its grant adjustment
33	Fully funded	Previous FY amount minus 50% of its grant adjustment
34 and all following years	Fully funded	Fully funded

**COMMITTEE ACTION**

Education Committee

Joint Favorable Change of Reference - APP  
Yea 44 Nay 0 (03/21/2025)

Appropriations Committee

Joint Favorable Substitute  
Yea 54 Nay 0 (04/24/2025)