

STATE OF CONNECTICUT
MUNICIPAL ACCOUNTABILITY REVIEW BOARD (MARB)

REGULAR MEETING NOTICE AND AGENDA
Hartford Subcommittee of the MARB

Meeting Date and Time: Thursday, November 17, 2022, 10:00 AM – 12:00 PM

Meeting Location: This will be a virtual meeting. Meeting materials may be accessed at the following website:
<https://portal.ct.gov/OPM/Marb/Hartford-Committee-Meetings-and-Materials>

Call-In Instructions: Meeting participants may use the following telephone number and access code

Telephone Number: (860) 840-2075

Meeting ID: 375 896 05

Agenda

- I. Call to Order & Opening Remarks
- II. Approval of Minutes:
 - a. October 20, 2022 regular meeting
- III. Review, Discussion and Possible Action: Labor Contracts:
 - a. Board of Education: Building and Grounds Supervisors, Local 818
- IV. Discussion: Special Education: Article
- V. Update: Budget Mitigation Measures
- VI. Update: FY 2022 Audit
- VII. Other Related Business
- VIII. Adjourn

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STATE OF CONNECTICUT
MUNICIPAL ACCOUNTABILITY REVIEW BOARD (MARB)

REGULAR MEETING MINUTES
Hartford Subcommittee of the MARB

Meeting Date and Time: Thursday, October 20, 2022, 10:00 AM – 11:30 PM

Meeting Location: This was a virtual meeting. Meeting materials may be accessed at the following website:
<https://portal.ct.gov/OPM/Marb/Hartford-Committee-Meetings-and-Materials>

Call-In Instructions:

Telephone Number: (860) 840-2075

Meeting ID: 404 245 232

Members in Attendance: Kimberly Kennison (OPM Secretary designee), David Biller, Mark Waxenberg, Robert White

City Officials in Attendance: Leigh Ann Ralls, Phillip Penn

OPM Staff in Attendance: Julian Freund

I. Call to Order & Opening Remarks

The meeting was called to order at 10:01 AM.

II. Approval of Minutes:

a. June 23, 2022 regular meeting

Mr. Waxenberg made a motion to approve the minutes with a second by Mr. Biller. The motion passed unanimously.

III. Update: Budget Mitigation Measures

Ms. Ralls provided an update on the City's budget mitigation measures. The City conducted a tax deed sale in June. The City had initially focused on 47 properties for the auction. A number of redemptions were completed prior to the auction, with only eleven properties remaining for auction. The combined revenues from the auction and redemptions was \$1.88 million. The next tax deed sale is anticipated around March 2023. Ms. Ralls also described the City's processes for collecting non-tax receivables. Recent grant awards and grant applications in progress were summarized. The City's workers compensation triage line which was initiated in July 2021 for the Public Works Department has been expanded to include the Police Department and is expected to expand to the rest of City operations in December. The program has saved an estimated \$35,000 this year. The Fire Department will be added at a later date. A project manager position that was tasked to focus on lean programs and other cost savings efforts has been vacant since approximately April, with hopes

to fill the position some time this fiscal year. The cross-departmental team working on facility and fleet management savings has updated the City's vehicle usage policy and is working on adding GPS to all City vehicles.

Addressing a question regarding staffing, Ms. Ralls noted that positions in the Tax Collectors Office and one in the Assessor's Office may be filled soon. Procurement has multiple project manager vacancies. Several senior accountant positions and one junior accountant position are vacant. Two budget analyst positions are also open. In response to a question from Mr. Waxenberg, Ms. Ralls indicated that two of the challenges to filling positions have been with salaries and ability to offer remote work options.

IV. Update: FY 2022 Audit

Ms. Ralls reported that auditors are expected to begin their field work on October 31st. Ms. Kennison asked if the City was having any difficulty in meeting new GASB standards, in particular GASB 87. Ms. Ralls said that the City had contracted for outside help with managing the conversion to comply with GASB 87 and GASB 93.

V. Other Related Business

Mr. Freund reported that OPM has been working to resolve issues concerning contractual language with the consulting firm selected to provide an analysis of the Board of Education health insurance costs.

He also advised the Subcommittee that the City has requested mediation assistance in its contract negotiations with the Municipal Lawyers Association. A staff attorney from the Office of Labor Relations has been assigned to provide mediation assistance.

Lastly, a suggestion was made to take up the conversation regarding special education again beginning with the next meeting. If legislative proposals are to be made for the upcoming session of the General Assembly, the Subcommittee would need to begin its work now. Mr. Penn commented that the district's greatest immediate needs are additional funding and a larger pool of candidates to fill special education positions. Creating or enhancing a feeder pipeline for special education teachers would help the district to build its internal capacity to provide services and programming. Mr. Waxenberg asked to revisit language he has previously proposed.

VI. Adjourn

Mr. Waxenberg made a motion to adjourn, with a second by Mr. Biller. The meeting adjourned at 10:40 AM.

Approximately \$2 billion is spent annually by the State of Connecticut and its municipalities on services to educate students with disabilities.¹ Cities and towns are largely required to financially cover the expenses necessary to provide special education services for their students who have an Individualized Education Program (IEP). On average, Connecticut's municipalities assume 65 percent, or \$1.3 billion, of the state's total special education expenses.² The Excess Cost grant is the State of Connecticut's method for sharing in the expense for students who have extraordinary special education needs and associated costs.

Passed during the 2022 legislative session, Section 268 of the adjusted state budget for fiscal year 2023 (H.B. 5506), increased the appropriated amount of the Excess Cost grant from \$140.6 million to \$156.1 million, and amended the formula for reimbursement that was set out in Connecticut General Statute 10-76g.³ While done in an effort to make the Excess Cost grant more equitable by providing slightly greater reimbursement to lower-wealth communities, the modifications made to the grant's allocation formula have created unforeseen issues.

This document explains how the previous Excess Cost grant was allocated, how the newly amended grant will be allocated, and the issues created with the new grant allocation formula.

Previous Excess Cost Grant Formula

The Excess Cost grant is provided by the State to municipalities to assist them in paying for special education expenses for students with extraordinary needs. Local and regional school districts are eligible for partial reimbursement from the State for students who require services that cumulatively exceed the school district's "basic contribution," or the portion of a student's education that the school district is responsible for.

The basic contribution equals all costs up to 4.5 times the district's average expenditure per pupil in the previous year.⁴ These reimbursements were provided to eligible districts at a prorated amount due to the Excess Cost grant not being fully funded by the State.⁵ In recent years, the State was reimbursing Excess Cost expenses at approximately 68 percent — meaning a district would receive \$0.68 from the State for every \$1 it was eligible to receive in reimbursement. Currently, however, the prorated amount is 80 percent of requested reimbursements.⁶ The increase in the State's reimbursement is a function of reduced reimbursement requests in the current fiscal year.

The Excess Cost grant also reimburses school districts for students placed through state agency placements.⁷ In these cases, the basic contribution is 100 percent of the school district's net current expenditure per pupil from the previous year.⁸

New Excess Cost Grant Formula

As part of the adjusted state budget for FY 2023, the formula to allocate Excess Cost grant funding was modified.⁹ Under the new formula, if the sum of all district Excess Cost reimbursement requests is equal to or less than the total funds appropriated for the grant, then each district will receive their uncapped Excess Cost grant.¹⁰ However, if the sum of all district Excess Cost reimbursement requests is greater than the total amount of funding appropriated to the grant, then districts will be reimbursed based on a 3-tiered system.¹¹

The tiered system sorts districts based on the wealth of their municipality.^A Under the tiered system, municipalities will be ranked in descending order from one to 169 and each tier will be reimbursed at a different rate. Below are the three tiers.

- Districts with the lowest wealth (municipalities ranked 115 to 169) would be reimbursed at 76.25 percent of their uncapped grant amount;
- Districts in the middle tier (municipalities ranked 59 to 114) would be reimbursed at 73.25 percent of their uncapped grant amount and;
- Districts in the wealthiest tier (municipalities ranked 1 to 58) would be reimbursed at 70 percent of their uncapped grant amount.¹²

Based on current data, the total uncapped reimbursement entitlement for all districts is \$175.7 million for FY 2023, which means the tiered reimbursement system would be utilized as the FY 2023 appropriation for the Excess Cost grant is only \$156.1 million.¹³

What Does This Mean?

The modifications to the Excess Cost grant's allocation formula created the following unforeseen issues:

- 1. Under the new formula, districts are projected to receive an unintended decrease in their reimbursement percentages.¹⁴**
 - Due to a decrease in requested reimbursements, the prorated reimbursement percentage for the grant has increased from 68 percent to approximately 80 percent, which is greater than the tiered reimbursement percentages specified in the new formula.¹⁵ As a result, the new tiered structure creates a situation where districts will now see an overall decrease in the amount they are reimbursed of approximately \$11.6 million.¹⁶
- 2. There is no method for allocating the remaining appropriated funds.¹⁷**
 - The new tiered reimbursements result in a total uncapped grant amount of \$129 million compared to the \$156.1 million appropriated for FY 2023. However, there is no legislative language on how to distribute the \$27.1 million difference.¹⁸

^A District wealth is measured using Adjusted Equalized Net Grand List Per Capita (AENGLPC), which is the property wealth per person adjusted for differences in income.

3. **If the issue of how to appropriate additional funding is not addressed in the next legislative session, the State of Connecticut runs the risk of falling out of compliance with the State Maintenance of Effort (MOE) requirement that is part of the federal Individuals with Disabilities Education Act (IDEA).¹⁹**
 - Under federal law, the State of Connecticut is required to ensure that it does not reduce state special education spending year-over-year. The Excess Cost grant is a component of the calculation of the State's annual special education spending.²⁰ If this issue is not solved through legislation, and the other components of state special education spending are not adjusted to make up the shortfall, the State of Connecticut could be out of compliance with the IDEA.

How Can This Be Addressed?

Given the statutory schedule of Excess Cost grant payments, a special legislative session is not necessary to rectify the potential for reduced reimbursements to municipalities. Since the first payment is made by the State to districts no later than February 28th, the General Assembly has time during the 2023 legislative session to modify this language prior to districts receiving the projected reduced state support for Excess Cost reimbursements.²¹

Endnotes

¹ Connecticut State Department of Education. (2018). *LEA Special Education Expenditures*. Hartford, CT: Author. Available from <https://ctschoolfinance.org/resources/lea-special-education-expenditures-2003-17-ct-state-department-of-education>.

² Ibid.

³ State of Connecticut, Office of Policy and Management, Budget Division. (2022). *Excess Cost Midterm Adjustment Implementation Issue*. Hartford, CT: Author.

⁴ Conn. Gen. Statutes ch. 165, §§ 10-76g(a)-76g(b).

⁵ Lohman, J. (2007). *Special Education Excess Cost Grant (2007-R-0043)*. Hartford, CT: Connecticut General Assembly, Office of Legislative Research. Retrieved from <https://www.cga.ct.gov/2007/rpt/2007-r-0043.htm>.

⁶ Connecticut State Department of Education. (n.d.). *2021-22 Revenues for Selected Grants Portal*. Retrieved from <https://www.csde.state.ct.us/public/dgm/grantreports1/revestselect.aspx>.

⁷ Conn. Gen. Statutes ch. 165, §§ 10-76g(a)-76g(b).

⁸ Conn. Gen. Statutes ch. 165, § 10-76d(e).

⁹ State of Connecticut, Office of Policy and Management, Budget Division. (2022). *Excess Cost Midterm Adjustment Implementation Issue*. Hartford, CT: Author.

¹⁰ Ibid.

¹¹ Ibid.

¹² Ibid.

¹³ Ibid.

¹⁴ Ibid.

¹⁵ Ibid.

¹⁶ Ibid.

¹⁷ Ibid.

¹⁸ Ibid.

¹⁹ Ibid.

²⁰ Center for IDEA Fiscal Reporting. (2015). *Quick Reference Guide on IDEA Maintenance of State Financial Support*. WestEd: San Francisco, CA. Retrieved from <https://cifr.wested.org/wp-content/uploads/2021/04/CIFR-MFS-QRG-final.pdf>.

²¹ Connecticut State Department of Education. (n.d.). *Grant Payments/Procedures*. Retrieved from <https://portal.ct.gov/SDE/Fiscal-Services/Grant-Payments-Procedures/Contact>.

City of Hartford
 FY2023 Mitigation Efforts Update
 Through 10-31-2022

#	Initiative	Savings/ Increased Revenues Estimated (Annual)	Savings/ Increased Revenue Year-to-Date - FY2023 (One Time)	Savings/ Increased Revenue Year-to-Date - FY2023 (Multi-Year)	Savings/ Increased Revenue Future Years	Remaining Savings/ Revenues to Recognize to Meet Goal	Updates/Steps to Take
REVENUE:							
1	Tax Collection Efforts (Estimated Additional Annual Revenues \$300K-\$500K)	\$300,000	\$0 \$0 <u>\$82,146</u> \$82,146	\$0 \$0	\$0 \$0	\$217,854	1) Annual Tax Deed Sale – TBD for FY2023. For the FY2022 Tax Deed Sale: Tax Deed Sale occurred in June 2022. As of 6/30/22 sale and redemptions totaled \$1,888,947.66 for 47 properties. 2) License Plate Scanning & Compliance – 3 rd party agreement with 50/50 split of revenue and work performed throughout the year by 3 rd party (revenue not budgeted) - through 9-30-22; this contract will not be renewed for FY2023. Total collected in FY22 \$350,686. 3) MTS collections: FY 2023 September P3 collections in totals: \$164,292; City earns: \$82,146
2	Private Duty Jobs and Other Receivable Collection Efforts (Estimated Additional Annual Revenues \$100,000-\$350,000)	\$100,000	\$23,195	\$0	\$2,540	\$74,265	1) City to review outstanding receivables (non-tax) to assess collection steps based on type of service provided, date of service and amounts. Revenue unit is continually working with collection agency on outstanding receivables and with Corporation Counsel on write offs of uncollectible receivables. 2) City engaged with collection agency and placed past due invoices for collections. Through October 2022, the City has assigned \$171,758 to collections, \$4,672 was cancelled for various reasons, and \$25,751 has been collected. An additional \$10,884 will be written off due to company forfeited or owner deceased, \$18,104 will need Corporation Counsel guidance on refusal to pay. 3) We are working with Revenue Services LLC and various City Departments to determine the best practices for City collections and continue to refine our policies and procedures. Also, OMBG promoted a staff member to serve as the Assistant Director - Revenue. This person is overseeing the collections process going forward. This transition still underway and is expected to be complete by end of November 2022. Written procedures will continue to be reviewed, with a goal of finalization by June 2023.

City of Hartford
 FY2023 Mitigation Efforts Update
 Through 10-31-2022

#	Initiative	Savings/ Increased Revenues Estimated (Annual)	Savings/ Increased Revenue Year-to-Date - FY2023 (One Time)	Savings/ Increased Revenue Year-to-Date - FY2023 (Multi-Year)	Savings/ Increased Revenue Future Years	Remaining Savings/ Revenues to Recognize to Meet Goal	Updates/Steps to Take
3	Grant Opportunities (Estimated Additional Annual Revenues Amount Varies by Grant)	\$3,000,000	\$250,000 \$84,000 \$80,070 \$78,000 \$126,000 \$233,580 \$60,000 \$1,300,000 \$211,500 \$4,300,000	\$0	\$0	\$0	<p>The Grants Department is actively seeking and applying for new grants which meet our core objectives. This is an ongoing effort. Grants listed below are new funding sources to the City.</p> <p>Grants awarded:</p> <ol style="list-style-type: none"> 1. Urban Green and Community Garden- DEEP- PassThru 2. Tree Mitigation Project- with \$26,250 match FEMA 3. Distracted Driving High Visibility Enforcement _DOJ 4. Hartford Opportunity Youth Collaborative Consultant - HFPG 4. CARE Health Leaders Program- SCSU 5. Health Dept Staffing- CT DPH 6. Database Development- Village for Children and Families 7. High Risk Juvenile Justice Youth (BYRNE) DOJ 8. North and South Meadow Pump Stations 9. Municipal Outdoor Recreation- Keney Park Golf CourseARPA /SLFRF- DECD <p>Significant grant Opportunities the City Submitted an application to</p> <ol style="list-style-type: none"> 1. Growth Opportunities Program- Re-entry Employment-- DOL (4,000,000) 2. FY2022 Historic Preservation Fund- History of Equal Rights- Preservation Grants- NPS (750,000) 3. Climate Resilience Fund Program-Track 1- Resilience Building Planning DEEP (243,500)
EXPENDITURES:							
4	Energy Efficiency Opportunities (Estimated Additional Annual Savings \$350,000-\$1,000,000)	\$954,899	\$145,000 \$706,099 \$67,500 \$23,000 \$13,300 \$954,899	\$0	\$0	\$0	<p>Virtual Net Metering Savings between CTEC and Lodestar: City avoided market costs significantly higher than budgetary savings</p> <p>Supply Contracts with Constellation, Sprague, EDF - City avoided market costs significantly higher than budgetary savings</p> <p>Demand Response with Cpower, EnelX, EnelX/RTDR - City avoided costs significantly higher than budgetary savings</p> <p>Fuel Cells with Parkville, HPSC - City avoided costs significantly higher than budgetary savings</p> <p>Solar with MIRA and Small rooftop - City avoided costs significantly higher than budgetary savings</p>
No Changes							
5	Workers Compensation Cost Reduction Strategies (Estimated Additional Annual Savings \$75,000-\$200,000)	\$150,000	\$0	\$0	\$0	\$0	<ol style="list-style-type: none"> 1) PMA 24: PMA 24 is a Workers Comp injury reporting program that offers immediate 24-hour nurse triage for injured employees. This programs prevents unnecessary, expensive visits to urgent care or the emergency room when possible and helps alleviate the administrative burden of reporting WC claims. <p>-Live in DPW 7/30/2021 with excellent results for FY2022. 56 total triage calls received: 17 calls were self care disposition, 38 urgent care/occupational health disposition. 1 Emergency Room disposition. Total savings \$35,732</p> <p>-Live in Police 8/1/2022</p> <p>-Planned go live for all remaining departments except fire 12/1/2022</p> <p>-Planned go live goal for Fire is 3/1/2023</p> <ol style="list-style-type: none"> 2) Closely working with TPA to review program for other efficiencies Currently establishing safety Committees in required locations to qualify for a Managed Care Plan option for WC which will save significant dollars. 3) Total WC Claim spend decreased by \$338K between FY21 and FY22. In both years we only used 78% of budget. Decreased spend attributed to good vendor management and department participation, implementation of PMA 24 in DPW, risk reduction safety training in DPW, etc.
No Changes							
6	Cost Reduction Strategies Through Procurement Efforts (Estimated Additional Annual Savings of at Least \$50k Annually)	\$50,000	\$0 \$0 \$0 \$0 \$0	\$0 \$0 \$0 \$0	\$0	\$0	<p>In FY2022, the Project Manager responsible for cost reduction projects left the City. The City is having difficulty filling the position. Hoping to hire by end of FY2023. Projects listed for FY2023 include (but are not limited to) -</p> <ol style="list-style-type: none"> 1) Fleet Program Savings 2) Copier/Printer Management and Savings 3) Mail Machine Contract Savings - \$10k over 3 years 4) Energy Bill Payment and Tracking Software - Energy Watch: implementation in progress to assist with tracking/streamlining energy bills
No Changes							
7	Cost Reduction Strategies Through Facility and Fleet Management Efforts (Estimated Additional Annual Savings \$75,000)	\$75,000	\$0	\$0	\$0	\$75,000	<p>The City has a Fleet Manager who works closely with departments to determine the need for vehicle replacements, repairs, etc. on a City-Wide basis. The City established a Fleet Working Group to determine where savings can be realized; from replacing old vehicles with more fuel-efficient vehicles to sourcing repair parts at contracted prices.</p> <p>Fleet Update: - Vehicle Usage Policy has been published and all signed forms and driver's licences have been collected. This policy, in conjunction with the GPS available on some of our vehicles, is helping us identify misuse and pursue disciplinary action.</p> <p>-Added(ing) GPS to all of our vehicles would further our fleet management use and abuse capabilities.</p>

Additional Revenue and Efficiencies (each effort includes a City Champion) - Lower Range of Estimates	2022 RECOMM	FY2023 FORECAST	FY2024 FORECAST	FY2025 FORECAST	FY2026 FORECAST
Revenue and Expenditure Initiatives* (See Attachment)					
Projected Increases in Grand List due to Reval (5.13%)	-	10,360,309	7,517,533	7,238,606	6,217,124
Tax Collection Efforts	-	300,000	300,000	300,000	300,000
Increased Revenue Collections - Private Duty	-	100,000	250,000	250,000	250,000
Energy Efficiency	-	954,899	350,000	350,000	350,000
New Grant Opportunities	-	3,000,000	2,000,000	2,000,000	2,000,000
Strengthening Golf Operations	-	100,000	100,000	100,000	100,000
Worker's Compensation Reduction Strategies	-	150,000	150,000	150,000	150,000
Procurement Efforts	-	50,000	300,000	300,000	300,000
Facility and Fleet Management Efforts	-	75,000	75,000	100,000	100,000
Sub-Total Rev and Expend Initiatives	-	15,090,208	11,042,533	10,788,606	9,767,124
Other Categories:					
General Fund Reduction PayGo Cap Ex**	-	-	-	2,400,000	5,000,000
General Fund Reduction Operating Costs ***	-	-	-	-	1,000,000
Local Revenue Diversification ****	-	-	-	-	-
Sub-Total Other Categories	-	-	-	2,400,000	6,000,000
Total	-	15,090,208	11,042,533	13,188,606	15,767,124

FY2023 includes updated initiatives