

STATE OF CONNECTICUT
MUNICIPAL ACCOUNTABILITY REVIEW BOARD
SPECIAL MEETING MINUTES

Hartford Subcommittee of the MARB

Meeting Date and Time: Wednesday, September 17, 2025, at 10:00 AM

Meeting Location: Legislative Office Building
Hearing Room 1C
300 Capitol Avenue
Hartford, CT 06106

Meeting materials can be found at:

<https://portal.ct.gov/OPM/Marb/Full-Board-Meetings-and-Materials>

Call-In Instructions: Telephone: 1-860-840-2075
Meeting ID: 453 301 191#

Members in Attendance: Secretary Jeffrey Beckham, David Biller, Stephen Falcigno, Lisa Hammersley, and Robert White.

Municipal Officials in Attendance: Mayor Arunan Arulampalam, Julian Freund, Lee Ann Rails, Dr. Andrae Townsel, and Caitlin Richard.

Staff in Attendance: Kimberly Kennison, James Caley, Kathy Dempsey, Martin Heft (arrived at 10:30am), John Mehr, Simon Jiang, Rachel Moser and Lori McLoughlin. TEAMS: Bill Plummer and Michael Reis.

I. Call to Order & Opening Remarks by Secretary Jeffrey Beckham

The Special Meeting was called to order at 10:09 a.m. Secretary Beckham noted that he was chairing the Special Subcommittee meeting in the interest of efficiency. As required by Public Act 25-174, Section 139, the City of Hartford is mandated to meet with the Secretary by October 1, 2025, to discuss actions being taken by the City to reduce reliance on Supplemental Grants-in-Aid funded by the State.

Secretary Beckham recognized Mr. White, who is stepping down from the MARB, by expressing his gratitude for Mr. White's service and acknowledging the valuable knowledge and experience he brought to the MARB.

Mr. White reflected on the knowledge, perspective, and renewed sense of purpose he gained through his service on the MARB, highlighting the board's collaborative, solutions-focused approach. He expressed his appreciation to the OPM staff for their patience and professionalism and extended his best wishes to all moving forward.

II. Approval of Meeting Minutes of May 1, 2025

Ms. Hammersley made a motion to approve the Minutes, with a second by Mr. White. The Minutes were approved, with Secretary Beckham abstaining.

III. Introduction of New Superintendent of Hartford Public Schools – Dr. Andrae Townsel

Secretary Beckham welcomed Dr. Townsel to the Hartford MARB Subcommittee asking him to introduce himself to the subcommittee and to provide his plans for the Hartford Public School System. Dr. Townsel gave a brief overview of his professional background and experience. He stated that his goal is to serve long-term as the Superintendent, to drive sustainable change, and to restructure for the future that will benefit educational opportunities and sport programs.

IV. Review and Discussion: Hartford Public Schools 5-Year Plan

Ms. Richard presented Hartford Public Schools' (HPS) revised 5-Year Budget Forecast FY 2026 to FY2031. Highlighting both structural challenges and potential strategic responses. The forecast was prepared using 10 years of historical data, with a weighted methodology emphasizing the most recent three years. The plan forecasts for continuing enrollment decline and flat revenue growth with decreases in the Magnet Operating Grant due to fewer students. Education Cost Sharing (ECS) funding is assumed to be flat post-FY26, while Federal grants show slight growth but face potential FY27 risks with the current Administration. Private and Medicaid billing revenues are expected to increase modestly. ESSER funds were excluded to avoid skewing trends. On the expenditures side, salaries and benefits are major cost components with contractual raises that could be offset by projected staffing reductions. Tuition paid to other school districts is rising approximately 6% annually and this accounts for 27% of the budget. Transportation expenses grow by 4.2% yearly, with a high percentage being for students attending schools outside the district and many requiring door-to-door service. Ms. Hammersley requested clarification on the estimated transportation expenses for students' exercising choice. Ms. Richard stated that 75% of the \$35 million is door-to-door transportation. Utilities costs increase by 8.42% yearly. The HPS overall vacancies rate dropped significantly for certified teachers to 4% from 13% last year. Special Education teachers' vacancies rate is currently at 9%, down from 25% last year.

HPS is projecting growing annual deficits over the next several years. The forecast reflects flat or declining revenue against steadily rising expenditures, particularly from tuition and transportation. The structural nature of the deficit mirrors a long-standing pattern, temporarily masked by federal relief (ESSER). The gap between revenue received for Hartford resident students attending non-HPS schools and the expenses to support those students (especially tuition and transportation) is a major contributor to the deficit that is estimated at \$30M in FY26, mirroring this year's budget gap. School consolidation is estimated to save \$1 million per school. The reduced special education teacher vacancy rate is a key strategic goal for HPS to retain more students in-district and to reduce the number of high-cost outplacements. The school choice funding model contributes significantly to the structural deficit. Despite receiving ECS funds for resident students, HPS incurs increasing tuition and transportation costs when students leave the district. District leadership expressed interest in collaborating with the State to explore policy changes that include revisiting how revenue follows students, introducing more equitable cost-sharing models, and investigating income-based special education support. Secretary Beckham mentions that the State acknowledged these concerns and noted ongoing efforts, including the State increasing resources for special education, developing standards and rate reforms for special education service providers, and continuing the post-Sheff transition process around school choice.

The Subcommittee engaged in discussions around structural financial challenges in education, particularly related to school choice, special education, and state-mandated costs.

Mr. White emphasized the importance of focusing on school choice and special education, noting concerns about decision-making processes that often exclude cost considerations. Questioning whether State mandates could be restructured to reduce the burden on cities. Exploring income-based models for

special education and potential reforms to the Sheff v. O'Neill settlement with legal or policy changes that the State might implement to create a more sustainable and equitable funding model.

Secretary Beckham acknowledged the concerns and emphasized the need for partnership between the State and municipalities, rather than an adversarial relationship. He noted recent efforts by the State to provide additional special education funding and improve cost transparency and standards. Regarding school choice, the Secretary acknowledged the complexity and political sensitivity of the issue but expressed openness to exploring innovative solutions and committed to having staff follow up on the discussion. The Secretary also highlighted the need to "lean into rightsizing" as a more immediately actionable strategy.

Dr. Townsel and his team welcomed the suggestion and expressed openness to exploring any approaches that promote sustainability and student-centered outcomes, adding that long-term solutions would require both internal restructuring and State partnership. Ms. Richard proposed a funding model where revenue follows the student, creating financial incentives for better local decision-making and cost control, rather than just increasing State aid.

Ms. Kennison acknowledged the Superintendent's team for their progress in reducing special education staffing vacancies from 25% to 9%. She also noted that at a prior subcommittee meeting with the previous HPS administration, Mr. Hamilton, a MARB member, shared a special education model that he implemented in Norwalk suggesting that it could be beneficial for the HPS board to learn about this model and plan to build an in district special education model.

V. Review and Discussion: City and Board of Education 5-Year Plan

Mayor Arulampalam started by recognizing Mr. White service on the MARB and the potential Dr. Townsell brings to the Hartford School District. The Mayor discussed the City's five-year financial plan that was recently approved by the MARB. The projected fund balance is expected to grow from \$10.7 million to \$12.7 million over the five-year horizon. The City recently had bond rating upgrades and no new financial reporting deficiencies in the past three years of financial audits. In addition to the Minimum Budget Requirement (MBR) of \$96.0 million, the City did provide an additional \$4.5 million from the surplus to the FY26 school budget and is considering additional long-term contributions.

The Mayor emphasized the three-way partnership between the State, City, and Board of Education. He talked about a Harvard fellow working for this City this summer will be exploring shared services between Hartford and East Hartford. The Mayor addressed the pension liability, that is 8.8% of the City budget and that a new task force is looking at retirees' benefits and at structural reforms to improve long-term sustainability. Also, the City is working with USI Consulting Group to model financial scenarios. On the economic side, a major concern is downtown office vacancies. The City is collaborating with the State to convert some of those office buildings into residential space to boost tax revenue and to stabilize the grand list. The Internal Service Funds deficit is mainly due to Incurred-But-Not-Reported (IBNR) liabilities in the workers compensation and medical claims. Budgetary contributions to these funds are increasing to address long-term stability.

VI. Discussion: City and Board of Education Mitigation Plan

a. Plan to Mitigate Reliance on Future Supplemental Grant Funds

Secretary Beckham mentioned that according to Section 139 of P.A. 25-174 municipalities are required to meet with the Secretary of OPM about Supplemental Grants-in-Aid funding by the 1st of October.

Therefore, the City of Hartford is required to meet with Secretary Beckham by October 1st to discuss the \$8.0 million in Supplemental Grants-in-Aid funding before receiving it from the State. Mayor Arulampalam stated that the City plans to use the supplemental grant funds primarily for road-related capital improvements. The City has been deferring infrastructure investments and the longer the delay only increases the expense. The residents are seeing the impact of the lack of investment has on the streets. The Mayor mentioned this will be used to address immediate capital needs including the replacement of the 27 of the 29 City's trash trucks that are past their useful life and the police cars with rotted out floors that the officers can see the road below. In addition, the use of grant funds could delay the need for bonding.

Mayor Arulampalam stated that some Board of Education mitigation plans include school right sizing, keeping the students in the district by meeting classroom needs as well as sports, art or music activities, and addressing those special education costs that tend to rise precipitously. The Mayor and the Superintendent have had conversations about consolidation of back-end functions. This is something both want to do but be thoughtful to ensure that it is not done in a haphazard matter. The Mayor stated that this year the City and the Hartford Foundation are introducing the "Hartford Promise" for all those Hartford students that get a 3.0 GPA and have 93% attendance will get \$100,000 for college. This will help those families that are considering pulling their kids out of middle school or high school to reconsider the decision.

The Mayor mentions looking at shared services with the Town of East Hartford. A task force was created last year to come up with its first set of recommendations. Also, contemplating the potential of sharing of departments as an attempt at regionalization. He did talk about trying to reduce pension liability. With this being about 8.8% of the budget, the City has impaneled the Cost-of-Living Adjustment (COLA) Task Force, including some retirees, to look at the COLA in the pension and also look at the structural makeup of the plans.

The Mayor discussed economic development being important for the sustainability and the growth of the grand list that is essential to the future financial health of the City. A concern is with the large downtown office buildings that are probably between 40% to 43% vacant. Hartford is part of a task force studying office vacancy to come up with estimates of the cost of rightsizing office space and the option of converting to residential.

VII. Closing Remarks

There were no closing remarks.

VIII. Adjourn

Mr. Biller moved to adjourn the meeting, with a second by Mr. Falcigno. The meeting adjourned at 11:05 AM.