

ACCELERATING EQUITY THROUGH

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# ORGANIZATIONAL EXCELLENCE

**Hartford Public Schools Financial Overview**  
***Municipal Accountability Review Board***

March 1, 2018



*Reimagining and restructuring for improved student outcomes*

# Objectives

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**Overview of Hartford Public Schools**



**1**

**Who We Are**

**2**

**Our Strategic Operating Plan**



**Review of HPS Operating Budget**



**Financial Sustainability Measures**

# Objectives

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✓ Overview of Hartford Public Schools

✓ Review of HPS Operating Budget

✓ Financial Sustainability Measures

1

History,  
Revenues, and  
Expenditures

2

Major Drivers

# Objectives

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✓ **Overview of Hartford Public Schools**

✓ **Review of HPS Operating Budget**

✓ **Financial Sustainability Measures**

1

**Mitigations**

2

**Next Steps**

# Our Commitment

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**Our Commitment:** To create a network of excellent schools that provides high-quality educational experiences and opportunities for every student.

# Our Students



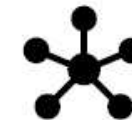
**20,141**  
PreK – 12 students

non-magnet	magnet
30% Black	31% Black
64% Hispanic	38% Hispanic
3% White	20% White
2% Asian	7% Asian
1% Other	4% Other

**74%** eligible for free or reduced meals



**46** schools  
26 non-magnet  
20 magnet



**19%** English learners  
**84%** Spanish speakers  
**27%** special education  
**84%** non-magnet



**13** different school grade level configurations

**97** languages

58% English
33% Spanish
1% Serbo-Croatian
1% Karen
1% Portuguese
6% of students speak 92 other languages



**18%** special education  
**28%** English learners  
**66%** Male

**76%** Hartford residents  
**24%** non-residents from **78** CT towns



**72%** enrolled in non-magnets  
**9%** in **19** in-district programs  
**12%** in **61** outplacement programs

# Our Talent

<u>Employees</u>	<u>Organization</u>	<u>Est. # of Employees</u>	<u>Contract Expiration Date</u>	<u>Status: 2017, 2018 &amp; Prior Contracts</u>
HFST – Substitute Teachers	Local – 1018 E	212	06/30/2017	In Negotiations
HFSP – Special Police Officers	Local-1018 D	89	06/30/2017	In Negotiations
HFP - Paraeducators	Local - 2221	483	06/30/2018	N/A
AFSCME – Custodians/Food Services	Local – 566	293	06/30/2018	N/A
HFSS – School Secretaries	Local – 1018 C	99	06/30/2018	N/A
HFHP – Health Professionals	Local – 1018 A/B	68	06/30/2018	N/A
HFCD – Child Development Associates	Local – 1018 F	58	06/30/2018	N/A
Buildings & Grounds Supervisors	Local - 818	6	06/30/2018	N/A
HFT-Teachers	Local – 1018	1650	6/30/2019	N/A
HESP – Educational Support Personnel	Local – 82	165	06/30/2019	N/A
HPSA – Certified Administrators	Local – 22	117	06/30/2019	N/A
HSSA- School Supervisors – Non-Certified	Local - 78	38	06/30/2019	N/A
Non-Bargaining		69	N/A	N/A

# Our District Context

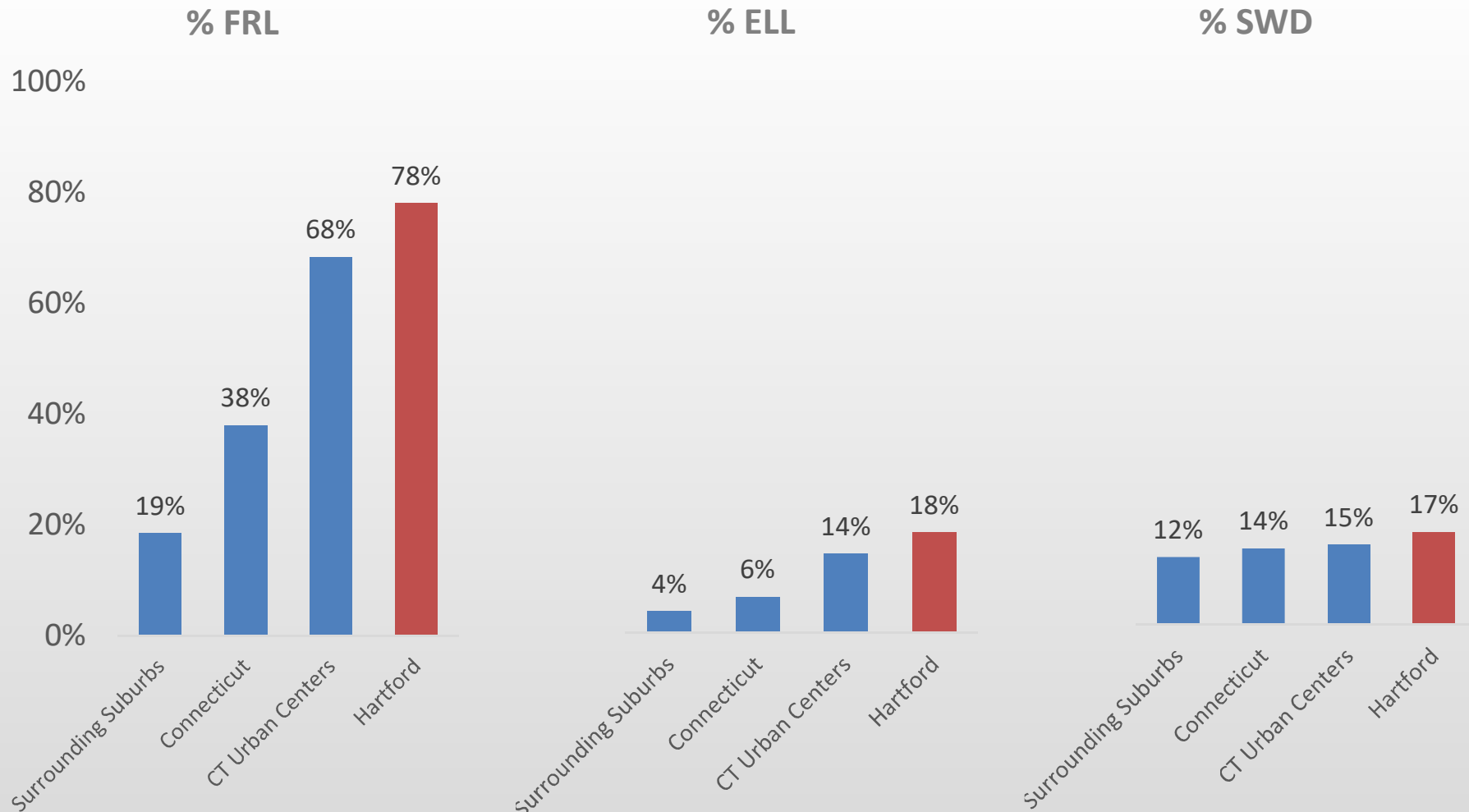
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- **Deep student needs** in HPS call for a network of schools that is equipped to meet every learner where they are.
- **Persistently low student performance** requires a redesign of schools to better support student learning.
- **Declining enrollment** requires HPS to adjust the cost structures of its system while increasing efforts to attract families to all of its schools (both magnet and neighborhood).
- **Fiscal constraints** in our state and in our community requires us to make fiscally responsible decisions and ensure that we use our resources for greatest impact.



# Student Need

## Sub-Group Enrollment as % of Total Enrollment



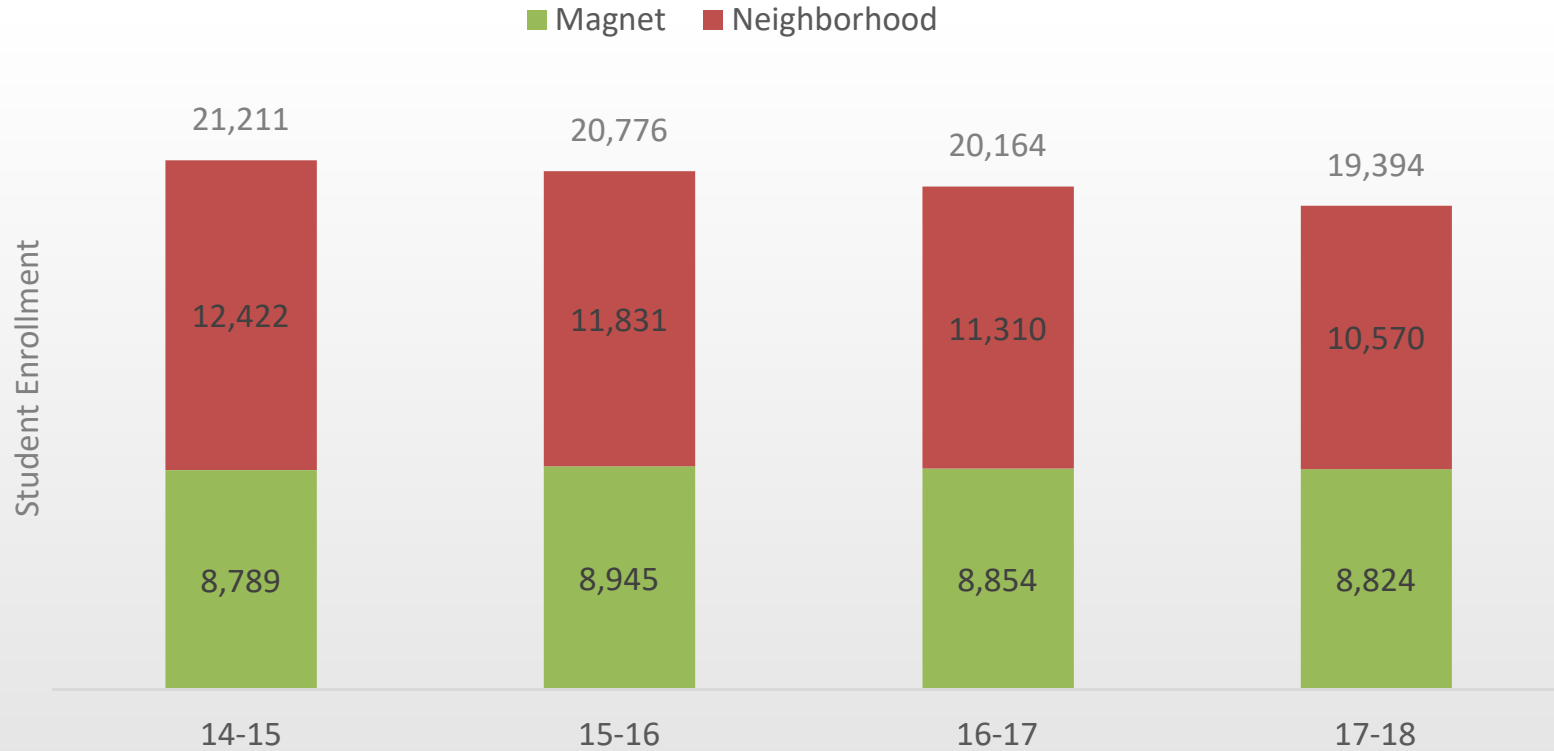
Surrounding Suburbs: East Hartford, West Hartford, Glastonbury, Simsbury, Granby, South Windsor, Farmington, Rocky Hill.

CT Urban Centers: Norwalk, Stamford, New Haven, Waterbury, New Britain, Bridgeport.

Source: Connecticut State Department of Education EdSight; SY1516 Enrollment

# Enrollment History

## Student Enrollment Over Time



Revenue (\$M)*	\$431				Total
% Change Neighborhood		-5%	-4%	-7%	-14.9%
% Change Magnet		2%	-1%	0%	+0.4%

\*Adjusted for inflation

Source: NCES; HPS Student Enrollment Counts as of 10/1; ERS Analysis

# District Model For Excellence

STRATEGIC PLAN 2018-2022

## MISSION

*Inspire and prepare ALL students to create their own success in and beyond school.*

## VISION

*HPS students will transform their world.*

## DISTRICT PRIORITIES



### Teaching & Learning

Guarantee that students are provided rigorous instruction and the skills, knowledge, voice and social emotional support they need to graduate ready for college.



### Family & Community Partnerships

Guarantee mutually beneficial learning-focused partnerships with families, businesses, government, faith-based partners, higher education, and the community.



### Operational Effectiveness

Guarantee that resources, initiatives and operations minimize redundancies, maximize efficiencies, and support excellent teaching and learning.



### School Culture & Climate

Guarantee that ALL students feel safe and valued at school.

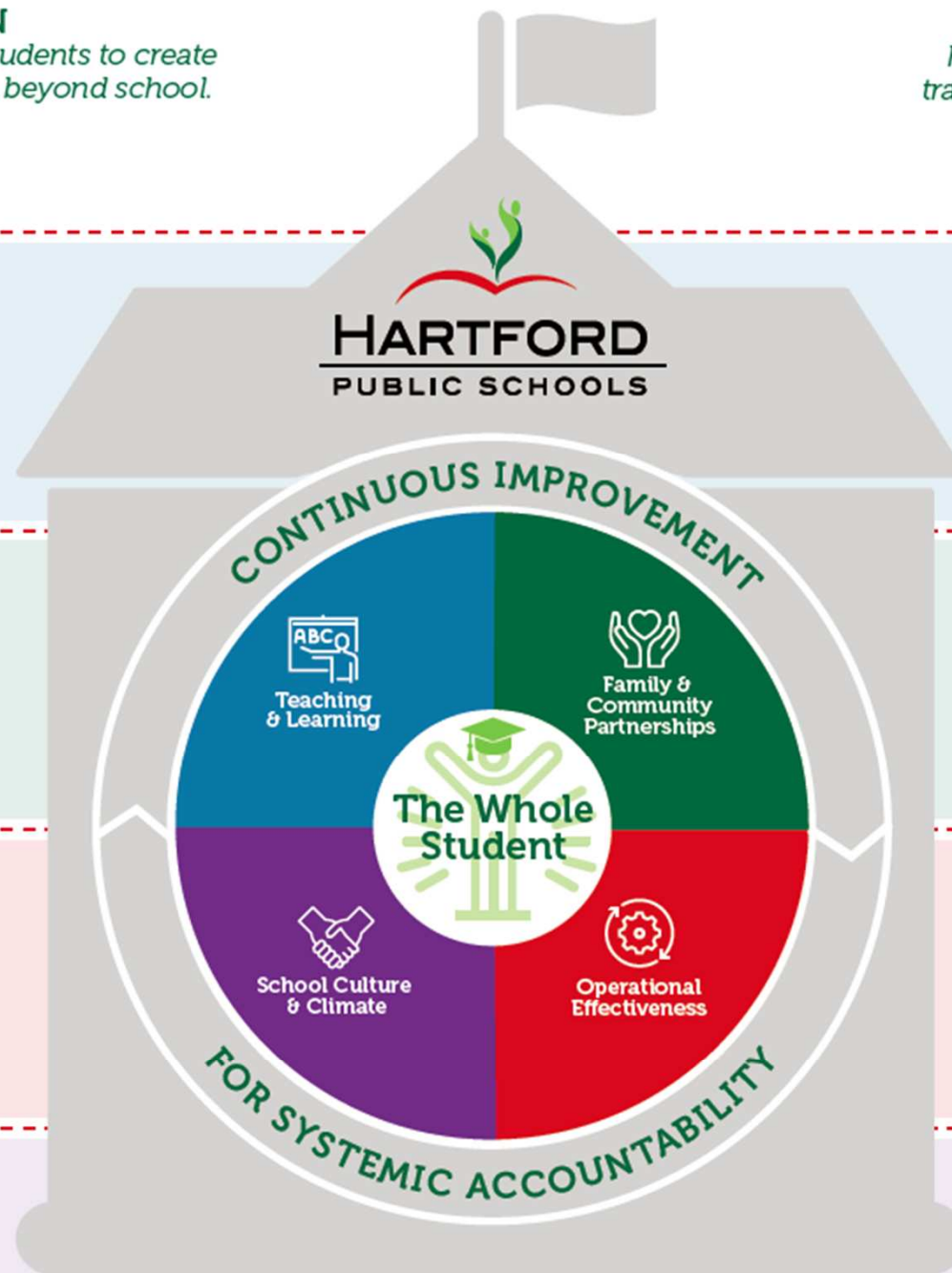
## MAJOR GOALS

1. Increase ELA proficiency in grade 3 at or above grade level 22 percentage points by 2022
2. Increase graduation rate 9 percentage points by 2022

3. Progressively work towards creating community schools at all school sites by 2022

4. Work towards a balanced and equitable district budget for long-term financial sustainability by 2022

5. Decrease chronic absenteeism 7 percentage points by 2022
6. Increase student perceptions of feeling safe and valued at school by 2022



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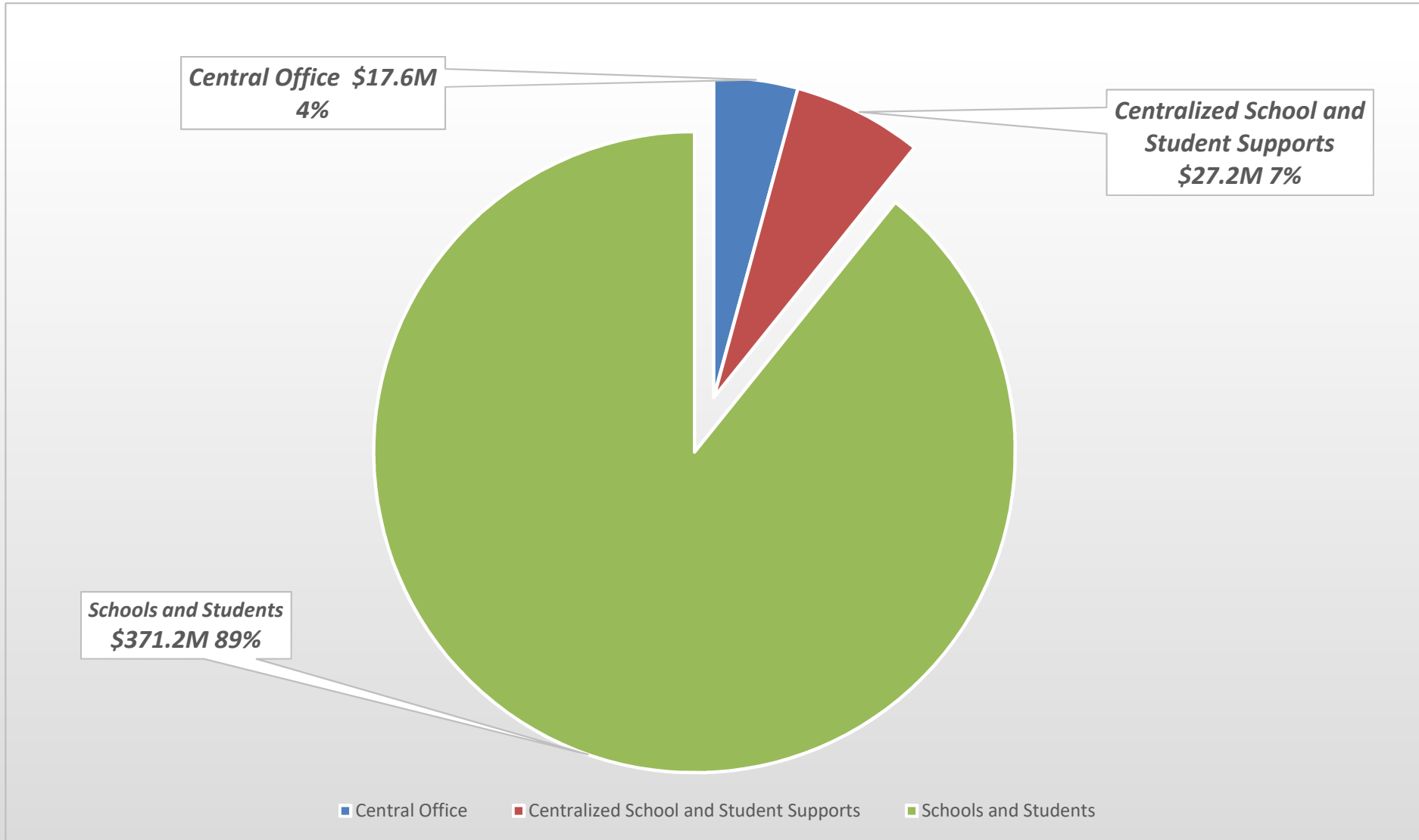
Major Drivers

# Budget History by Year

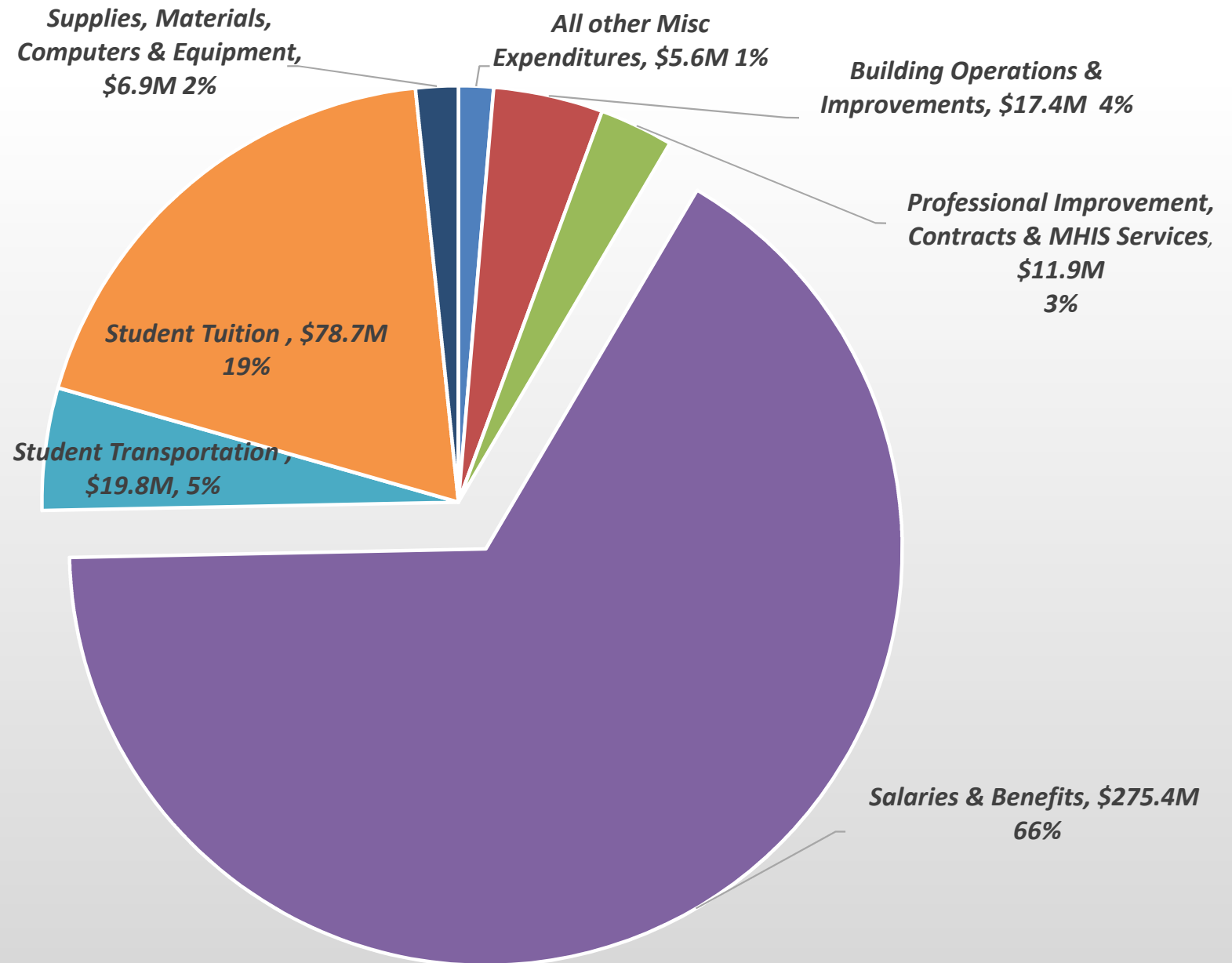
	FY2014/15 Adjusted	FY2015/16 Adjusted	FY2016/17 Adjusted	FY2017/18 Adopted	FY2017/18 Adjusted	4 Year Change
General	284,008,187	284,008,187	284,008,187	284,008,187	284,008,187	-
Special Funds	156,413,863	157,562,103	146,564,253	133,925,300	131,964,912	(24,448,951)
<b>Total</b>	<b>440,422,050</b>	<b>441,570,290</b>	<b>430,572,440</b>	<b>417,933,487</b>	<b>415,973,099</b>	<b>(24,448,951)</b>
Education Cost Sharing Grant (SDE)	187,705,523	188,198,020	187,921,492	188,038,666	187,724,890	19,367
City of Hartford	96,302,664	95,810,167	96,086,695	95,969,521	96,283,297	(19,367)
<b>Total General Operating Fund</b>	<b>284,008,187</b>	<b>284,008,187</b>	<b>284,008,187</b>	<b>284,008,187</b>	<b>284,008,187</b>	<b>-</b>
State of Connecticut Direct Grants	111,797,363	117,963,529	110,066,083	99,766,613	96,562,845	(15,234,518)
Federal Grants	34,570,321	31,752,488	29,082,065	28,234,865	28,417,833	(6,152,488)
Private/Foundation Grants, Collections	10,046,179	7,846,086	7,416,105	5,923,822	6,984,234	(3,061,945)
<b>Total Special Funds</b>	<b>156,413,863</b>	<b>157,562,103</b>	<b>146,564,253</b>	<b>133,925,300</b>	<b>131,964,912</b>	<b>(24,448,951)</b>
<b>TOTAL REVENUE</b>	<b>440,422,050</b>	<b>441,570,290</b>	<b>430,572,440</b>	<b>417,933,487</b>	<b>415,973,099</b>	<b>(24,448,951)</b>

**% OF REVENUE CHANGE -5.55%**

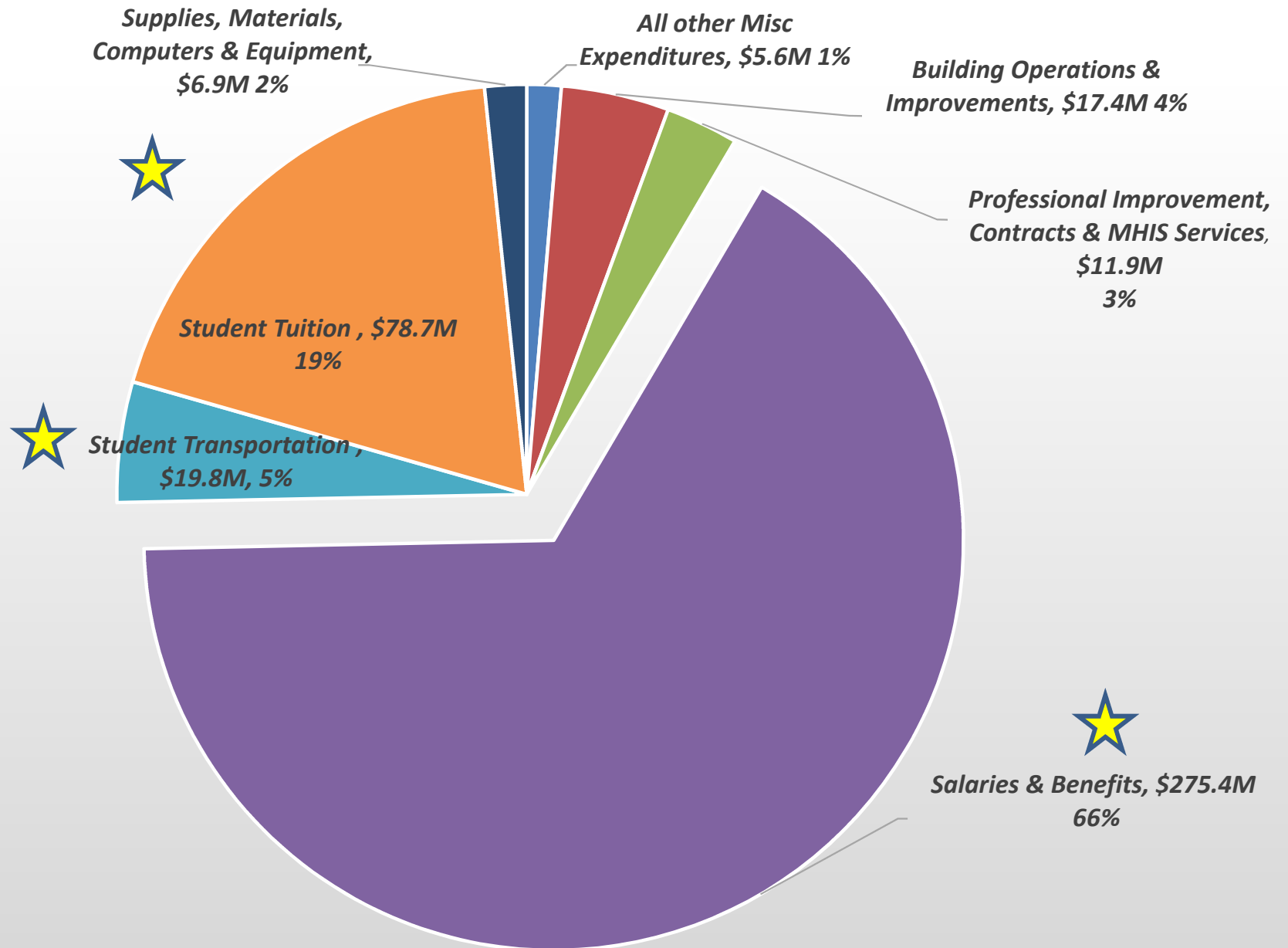
# FY17-18 Revenues



# FY17-18 Expenditures and Major Cost Drivers

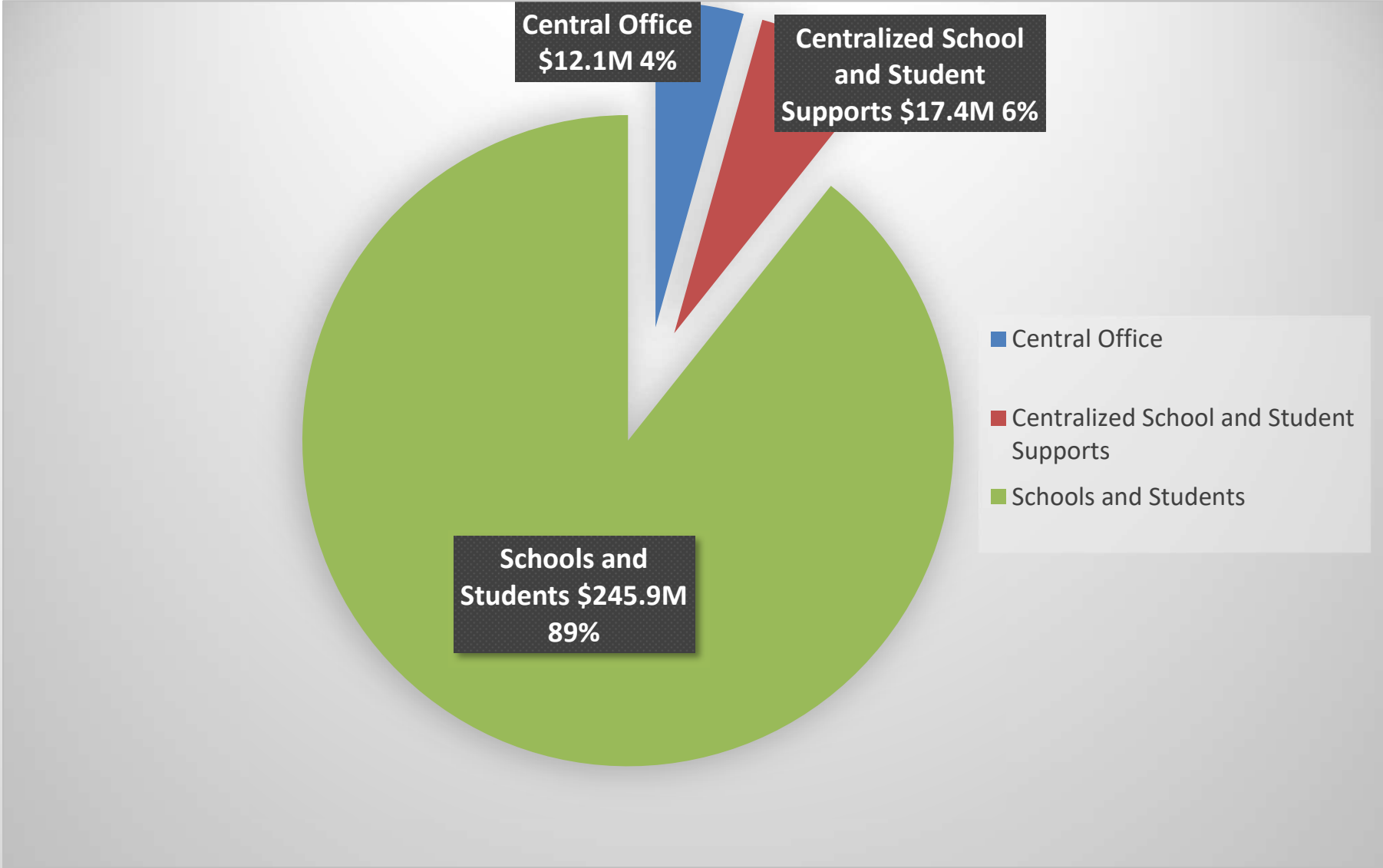


# FY17-18 Expenditures and Major Cost Drivers





# Salaries & Fringe



# Major Cost Drivers

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- Tuition - \$78.7M
  - ❖ Special Education - \$58.7M
    - Private out of state tuition
    - Private in state tuition
    - Public in state
    - High Road Hartford
  - ❖ Magnet - \$16.4M
  - ❖ Other - \$3.6M
- Transportation - \$19.8M
  - ❖ Special Education - \$12.4M
  - ❖ Other - \$7.4M
- Salaries & Fringe - \$27.4M

# Insurance Cost Trend

- ❖ Strategies implemented included increases in premium cost share.
- ❖ All new employees starting work on after July 1, 2014 may only enroll in the High Deductible Health Plan with Health Savings Account and shall not have access to the PPO Plan.

## RESULTS

- ❖ Increased revenues over 4 years \$1,073,833
- ❖ Decreased contributions for HPS (\$1,931,627)
- ❖ Expenditures increase over 4 year \$1,073,833

\* Changes subject to contract negotiations for bargaining group members

	FY 14-15	FY 15-16	FY 16-17	FY 17-18	4 year
	Actuals	Actuals	Actuals	Adjusted	Summary
	as of	as of	as of	Budget	Change
	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2017</u>	<u>6/30/2018</u>	
<b>Revenues</b>					
Employee/Retirement Contributions	\$ 14,503,052	\$ 14,515,805	\$ 14,325,216	\$ 15,749,037	\$ 1,245,985
State Reimbursements	1,076,749	980,119	878,100	877,029	(199,720)
Other Reimbursement	1,341,411	1,692,400	3,124,901	3,300,606	1,959,195
Contributions from HPS	43,201,971	42,545,173	42,295,636	41,270,344	(1,931,627)
<b>Total Revenue</b>	<b>\$ 60,123,183</b>	<b>\$ 59,733,497</b>	<b>\$ 60,623,853</b>	<b>\$ 61,197,016</b>	<b>\$ 1,073,833</b>
<b>Expenditures</b>					
Blue Cross/Blue Shield Claims	\$ 43,039,719	\$ 42,760,438	\$ 44,172,399	\$ 46,305,628	\$ 3,265,909
CVS Caremark RX Claims	11,209,933	11,824,232	11,503,970	10,112,030	(1,097,903)
Administrative Fees	2,957,057	2,423,027	2,040,513	1,905,752	(1,051,305)
IBNR Fees	297,000	154,999	361,000	361,000	64,000
Group Plan F	1,088,653	943,997	852,949	852,949	(235,704)
FSA Plan	4,080	3,930	3,396	3,000	(1,080)
BOE HAS Plan - Employer Contribution	571,000	660,400	853,410	853,410	282,410
Health Insurance Waivers	11,000	18,000	17,000	17,000	6,000
Group Life Insurance	944,741	944,474	819,216	786,247	(158,494)
<b>Total Employee Insurance</b>	<b>\$ 60,123,183</b>	<b>\$ 59,733,497</b>	<b>\$ 60,623,853</b>	<b>\$ 61,197,016</b>	<b>\$ 1,073,833</b>

# Pension Cost

	<b>FY 16-17 Actuals as of <u>6/30/2017</u></b>	<b>FY 17-18 Adjusted Budget <u>6/30/2018</u></b>	<b>FY 18-19 Projected Contributions <u>6/30/2019</u></b>	<b>FY 19-20 Projected Contributions <u>6/30/2020</u></b>
<b><i>Pension Costs</i></b>				
Contributions to City MERF	\$ 4,085,588	\$ 4,370,446	\$ 5,136,000	\$ 5,945,000
Contributions to City RAF	40,860	32,266	32,266	32,266
Payment to State Ret. Fund	1,390,967	1,390,967	1,390,967	1,390,967
Payment to State MERF-B	641,252	645,672	645,672	645,672
<b><i>Total Pension Costs</i></b>	<b><i>\$ 6,158,667</i></b>	<b><i>\$ 6,439,351</i></b>	<b><i>\$ 7,204,905</i></b>	<b><i>\$ 8,013,905</i></b>

***Liabilities*** ***\$ 49,322,000*** ***\$ 46,459,000***

## ***Active Participants***

<b>July 1, 2016</b>	<b>995</b>
Terminations	-109
Retirements	-26
Disabled	-1
Deaths	0
Transfers	0
New Entrants	+67
<b>July 1, 2017</b>	<b>926</b>

# OPEB – Other Post-employment benefits

	Market Value
<i>OPEB Trust</i>	<i>\$ 18,764,535</i>
<i>Funds held outside of Trust</i>	<i>\$ 1,000,000</i>
<b>Ending December 31, 2017 - OPEB Trust</b>	
Beginning Market Value	18,302,104
Contributions	-
Withdrawals	(1,875)
Net Investment Change	<u>464,305</u>
 <i>Ending Market Value</i>	 <i>\$ 18,764,535</i>
<b>Inception - 7/1/17</b>	
Beginning Market Value	-
Contributions	18,100,000
Withdrawals	(3,223)
Net Investment Change	<u>667,758</u>
 <i>Ending Market Value</i>	 <i>\$ 18,764,535</i>
<i>Liabilities</i>	<i>48,380,000</i>
<i>* subject to change - change based on # of participants</i>	
<b>Participants</b>	
Over 65	200
Under 65	200

# Objectives

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✓ **Overview of Hartford Public Schools**

✓ **Review of HPS Operating Budget**

✓ **Financial Sustainability Measures**

1

**Mitigations**

2

**Next Steps**

# Mitigation Strategies

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- Budget Reductions
- Cost Reduction Strategies
- District Redesign

# Budget Reductions

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- Staffing: FY15/16 through FY17/18 (3 years)
  - ❖ School-based: (344.70) positions
  - ❖ Central Office: (61.40) positions
- Additional Staffing Reductions FY17/18
  - ❖ School-based: (9.7) reductions
  - ❖ Central Office: (11.50) reductions
    - Reduction of (\$1,640,763)



# Cost Reduction Strategies

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- Move from PPO to HDHP with HSA
  - 10 bargaining agreements implemented the HDHP for new employees (grandfathering existing employees)
  - 1 bargaining agreement implemented the HDHP for “all” employees
  - Enrollment in the HDHP w/ HSA has increased from 213 in the plan year July 1, 2014 (HFT) to 671 as of December 2017

# Cost Reduction Strategies (Continued)

Employee/Retirement Contribution increased revenue of 1.2 million over 4 years

<u>Employees</u>	<u>PPO Increases</u>	<u>Total Percentage of Increase</u>
HFST – Substitute Teachers	9% increase to 13%	4%
HFSP – Special Police Officers	10% increase to 12%	2%
HFP - Paraeducators	12% increase to 13%	1%
AFSCME – Custodians/Food Services	10% increase to 15%	5%
HFSS – School Secretaries	12% increase to 17%	5%
HFHP – Health Professionals	13% increase to 17%	4%
HFCDA – Child Development Associates	12% increase to 15%	3%
Buildings & Grounds Supervisors	14% increase to 20%	6%
HFT-Teachers	17% increase to 21%	4%
HESP – Educational Support Personnel	16% increase to 19%	3%
HPSA – Certified Administrators	N/A – only HDHP	N/A – only HDHP
HSSA- School Supervisors – Non-Certified	15% increase to 20%	5%
Non-Bargaining – support	11% increase to 13% (R)	2%
Non-Bargaining - Administrators	20% increase to 21% (Q&P)	1%

## Cost Reduction Strategies (Continued)

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- Successfully negotiated 5 contracts with 0% General Wage Increases:
  - HFT: 2 years 2017-2019
  - HSSSA: 2 years 2017-2019
  - HESP: 2 years 2017-2019
  - HFP: 1 year 2017-2018
  - SPO: 1 year 2016-2017



# District Redesign: District Model for Excellence

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Current State

Model for Excellence

## Legend

-  Magnet
-  Neighborhood

*\*Data compares future state HPS to 13-14 data from other Connecticut districts from the comprehensive study  
Data excludes the two Montessori Magnets that are currently co-located but that are likely to be moved from their current location and Clark which is not currently housing any students.  
Source: HPS enrollment and facilities data, Oct 1, 2017 snapshot; ERS analysis.*

# By 2020, we will have clearer pathways for all students in our neighborhood schools

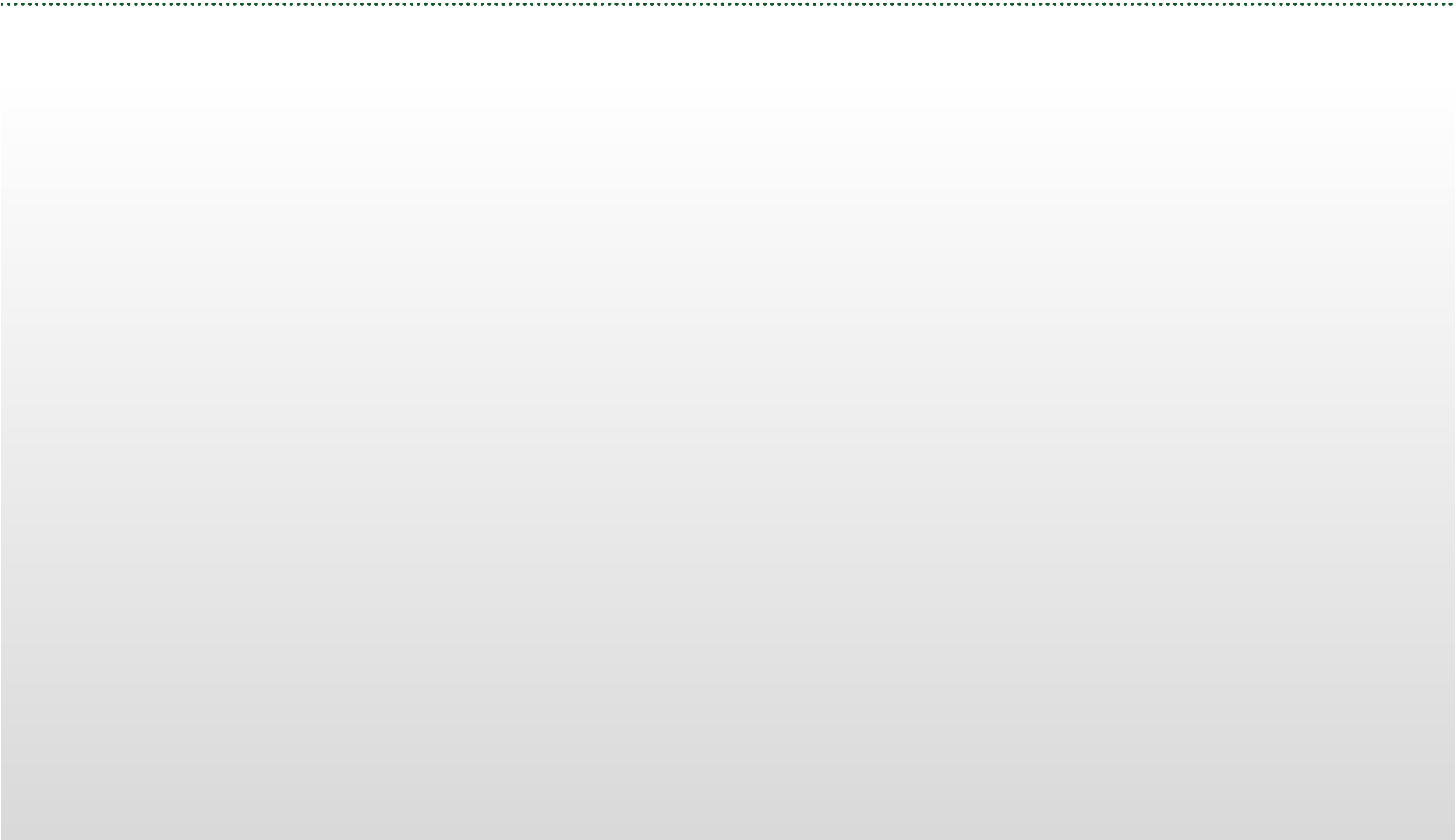
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## Model for Excellence

### Non-Negotiables



# District Redesign Timeline



## Next Steps

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- Continue District Model for Excellence implementation and budget mitigation efforts
- Launch FY18-19 budget process
- Fund New Arrival Programming (students impacted by hurricane disaster)