STATE OF CONNECTICUT
DEPARTMENT OF EDUCATION

Connecticut State Board of Education Action Concerning Hartford Public Schools' Fiscal Operations

November 2024 Update

On May 15, 2024, the Accountability and Support Committee of the State Board of Education (SBE) heard from the Connecticut State Department of Education (CSDE) and the superintendent of Hartford Public Schools (HPS) on the impact of the reductions included in the proposed 2024-25 HPS budget, particularly the reductions to staff.

On June 5, 2024, the Connecticut State Board of Education authorized the Commissioner of Education to take necessary actions under Section 10-223e of the Connecticut General Statutes to ensure the stability of fiscal operations of Hartford Public Schools (HPS).

To read the full Board report, go to https://portal.ct.gov/hps060524.

When a district effectively manages its funding, leveraging all available resources and allocating those resources efficiently, it ensures students' access to a quality education that meets their individual needs and prepares them for achieving the SBE's overarching goal: *Every Student Prepared for Learning, Life, and Work Beyond School*. In response to the SBE's action, the CSDE has undertaken the following three-pronged approach.

1) Magnet School Assessment: Optimizing Funds Utilization
This activity is being led by the CSDE Office of Internal Audit (OIA) to review the utilization of state magnet school funding to support the operation of these interdistrict choice schools. The OIA is reviewing HPS' funding of its magnet schools through its equity-based framework to assess: (1) alignment with the goals and commitments of the most recent Stipulation and Court Order in the Sheff v. O'Neill case—signed by the City of Hartford—and (2) compliance with the statutory requirements of interdistrict magnet schools in Section 10-264l of the Connecticut General Statutes to provide high-quality, themed, and integrated education.

Current Progress and Related Findings – November 2024

- The Office of Internal Audit (OIA) is continuing its review of the budget development process documentation provided by HPS through MUNIS, general ledgers and the Allovue Planned Accounts File for fiscal years 2019, 2022, and 2024, to analyze the funding sources allocated to magnet schools. Through compliance testing, OIA will determine how the district manages special purpose magnet grants (e.g., marketing grants, extracurricular grants), other than the magnet operating grant, and how those grants impact funding allocations across magnet and neighborhood schools.
- As noted in last month's progress update, OIA will conclude school-level compliance testing through on-site visits and interviews with school-level administration and staff by the end of November.

- By the end of December, OIA will forward its findings to Office of Legal and Governmental Affairs for review and conclusions relative to HPS compliance with applicable statutes and the governing the Sheff v. O'Neill Stipulation and Court Order as previously mentioned.

Current Progress and Related Findings - October 2024

- HPS previously developed budgets based on historical spending and per pupil revenues, but in FY 2019-20, switched to an "equity-based funding" model whereby school budgets are developed through an equity-based formula that allocates general staffing and expenses for magnet schools and neighborhood schools based on enrollment and percentage of multilingual learners and chronic absenteeism rates, with a supplement of $500 per pupil for magnet schools for marketing and recruitment costs. A district allocation is added to the school-based allocations to create the initial starter budgets based on student and school needs, including special education teachers, bilingual teachers, TESOL teachers, and other supports. **Through this model, Hartford neighborhood schools often record a higher per pupil budget than magnet schools based on student need**.
- Central office matches revenues to the initial starter budgets from all sources – including Education Cost Sharing funds, the magnet operating grant and other state, local and federal funding – across all schools to create school budgets, **which means that funding sources are allocated and distributed across magnet schools and neighborhood schools based on the same formula, other than the $250 per pupil magnet supplement.**
- The magnet school supplements to school budgets were added to individual magnet school budgets at a rate of $500 per student in FY 2019-20, and have since been lowered to $250 per student, with plans for a future phase out. **Should this occur, magnet schools will no longer receive any supplemental funding through the equity-based budget formula.**
- Next Steps: once OIA has completed on-site interviews, and reviews of fiscal reports to establish findings on the allocation of funding, **these findings will be forwarded to Office of Legal and Government Affairs for review and conclusions relative to HPS compliance with applicable statutes and the governing *Sheff v. O'Neill* Stipulation and Court Order**.

Current Progress and Related Findings - September 2024

- OIA is reviewing the budget development process documentation provided by HPS for fiscal years 2019, 2022 and 2024 to analyze the funding sources allocated to magnet schools.
- HPS Central Office site visits are scheduled to begin on September 10, 2024, with interviews of finance staff and central office personnel, including the HPS Director of Financial Planning and Grants Management, regarding the magnet budgeting process. School-based interviews and on-site visits will commence later in September.

2) Special Education Services Assessment and Enhancement
The CSDE, through its existing partnership with the State Education Resource Center (SERC), as well as a contracted education consultant, is working with HPS to understand the impact, if any, the HPS budget will have on the district's ability to fulfill its federal and state obligations for the provision of services to students with disabilities. The CSDE and SERC will also collaborate with HPS in assessing the continuum of supports and services available to students in the public-school setting and to identify factors contributing to the increased need to place students in specialized programs.

Following this assessment, the CSDE and SERC will continue to provide support and identify staffing patterns, service delivery models, and current professional learning needs. This collaborative approach is designed to enhance the district's capacity to meet the diverse needs of its students.

Current Progress and Related Findings – November 2024

- Status of Vacancies:
    - As reported last month, the CSDE has provided Hartford Public Schools with access to the Connecticut Special Education Employment System (CSEES). This is a free resource for local education authorities (LEAs) to post special education vacancies. The website has had 1,432,444 views, including 101,223 views during the month of September, and since its launch has resulted in 1,878 vacancies filled. Specific marketing and a social media campaign for Hartford Public Schools is also available to address current vacancies. As of now:
        - Hartford Public Schools has two (2) registered contacts who can post positions in the system. Hartford has begun to post some, but not all current vacancies are in the system.
        - Hartford has not yet taken advantage of the opportunity to work with CSEES on the development of social media posts, marketing of the positions, and working with the resume job seeker portals on their behalf.
        - CSEES is sending a flyer out to universities nationwide in early November targeting the December graduates.
        - The CSEES Team remains poised to support Hartford Public Schools throughout the year.
- Current Professional Development Offerings:
    - The CSDE/SERC offered training and support in the following areas: Individualized Education Program (IEP) Quality Training, Least Restrictive Environment, Paraeducator Training, MTSS Module (CT-SEDS).
        - Hartford Public Schools has taken advantage of the Statewide Paraeducator Training System (ParaSharp). They have registered 370 members (1 admin, 369 paras). As of October 31st, the members have not yet accessed the online modules.
        - The CSDE offered IEP Quality training to all Hartford Special Education administrators/directors and curriculum leaders to take

place on November 5, 2024. Hartford Public Schools has declined this training offering at this time.
        - Hartford Public Schools shared their current plan for administrators which involves a data analysis and action planning. The HPS plan is to integrate key special education components to ensure alignment in their January and March professional development/leadership institute sessions.
- Current Status of the Special Education Audit:
    - New Solutions K-12, which has been contracted to conduct the audit of Hartford Public Schools, has begun their data analysis of the following special education elements:
        - Targeted review of special education in the district.
        - Targeted review of the Least Restrictive Environment (LRE) continuum, including a review of processes and procedures for placing students out of district.
        - Targeted review of staffing shortages, management of vacancies, and recruitment and retention strategies.
    - The data request is nearly complete, and results of these requests are being reviewed.
    - In-district dates for interviews, focus groups and classroom/program observations have been scheduled for November and December.

<u>Current Progress and Related Findings - October 2024</u>

- Status of review of vacancies:
    - During a July 9, 2024, meeting with the CSDE and SERC, Hartford Public Schools reported the following vacancies: 38 Special Education Teachers; 34.8 Speech and Language Pathologists; 109 Paraeducators.
    - Hartford Public Schools reported the following staff vacancies which are budgeted positions that they are actively working to fill in the August 2024 CSDE survey displayed in EdSight: 57 Special Education Teachers; 79 Other Teachers; 111 Paraeducators (99 special education); and 54 Special Service positions.
    - Hartford Public Schools has engaged in a variety of strategies to address their current vacancies to minimize the impact on students:
        - Adjusting caseloads and responsibilities of current educators.
        - Creative service delivery strategies.
        - Contracted Services (Outside agencies).
    - Hartford Public Schools reported that they are taking the following actions in response to students whose individualized education program (IEP) implementation have been impacted by vacancies:
        - Informed parents of the vacancy.
        - Documented efforts to fill the vacancy.
        - Documenting missed services.
        - Developing plans to provide missed services.
    - The CSDE has provided Hartford Public Schools with access to Connecticut Special Education Employment System (CSEES). This is a free resource for

LEAs to post special education vacancies. The website has had 1,432,444 views, including 101,223 views during the month of September. Specific marketing and a social media campaign for Hartford Public Schools is also available to address current vacancies. As of October 1, 2024, HPS has not accessed this resource although email communications have been exchanged.

- The CSDE/SERC offered training and support in the following areas: IEP Quality Training, Least Restrictive Environment, Paraeducator Training, MTSS Module (CT-SEDS).
    - Hartford Public Schools has taken advantage of the Statewide Paraeducator Training System (ParaSharp). They have registered 370 members (1 admin, 369 paras). As of October 1st, the members have not yet accessed the online modules.
    - The CSDE offered IEP Quality training to all Hartford Special Education administrators/directors and curriculum leaders to take place on November 5, 2024.
        - We are awaiting HPS selection of dates for IEP Quality Training for 100+ General Education Administrators (Asst.Principals and Principals). Participants will attend/be grouped by school level.
        - PreKindergarden - in 22 buildings.
        - Elementary - in 25 buildings.
        - Middle School - in 17 buildings.
        - High School - in 12 buildings.
    - The following areas of training are also available to Hartford Public Schools:
        - Least Restrictive Environment (recommended by SERC/CSDE).
        - Functional Behavior Assessment (FBA) support, including modeling, training, data collection, implementation (Requested by Hartford Public Schools).
- New Solutions K-12 has been contracted to conduct an Audit of Hartford Public Schools in the following areas:
        - Targeted review of special education in the district.
        - Targeted review of the Least Restrictive Environment (LRE) continuum, including a review of processes and procedures for placing students out of district.
        - Targeted review of staffing shortages, management of vacancies, and recruitment and retention strategies.

<u>Current Progress and Related Findings - September 2024</u>

- An assessment is being made of the special education staffing vacancies and current systems to recruit, retain, and support educators, as well as the impact, if any, the HPS budget will have on the ability to fulfill their federal and state obligations for the provision of services to students with disabilities.
- CSDE has received the draft of a 2020 HPS special education audit with recommendations which were, according to the Superintendent, not fully implemented due to the pandemic. These findings will be analyzed as part of the current review being conducted.

- CSDE is providing HPS with the opportunity to access high quality professional development, and shared resources including access to free paraeducator training and the CT Special Education Employment System.

3) Improvement of Financial Systems

The CSDE has engaged an external entity to examine HPS' preexisting financial systems and procedures along with current operational structures to determine both short- and long-term action steps to improving financial operations. This will also provide the needed technical assistance to ensure: (1) no funds are returned to the state or federal government due to a failure to meet grant expenditure deadlines; (2) that the district meets all state and federal compliance requirements, including the proper utilization of grants for their intended statutory purposes; and (3) the district is able to maximize the financial resources available to it in promoting successful student outcomes. The successful allocation and deployment of financial and human resources are critical to supporting needs at the school and classroom level.

Current Progress and Related Findings, as reported by Public Works, LLC – November 2024

- The budget creation process used for the 2024-25 Fiscal Year was based on an equity-based, formula-driven spreadsheet, with no consideration for revenue sources. HPS does not have a budget development procedural manual.
- The District has not created Key Performance Indicators (KPIs) to measure whether the financial programs/grants are succeeding; goals and expected outcomes from the use of funds are not documented and monitored in most cases.
- The Budget and Grants Department has few documented procedures for the tracking, monitoring and administration of the grants.
- Grant planning is not integrated into the normal budget process. Instead, planning for grants occurs after the budget is developed. As a result, Hartford Public Schools allocates budgeted positions and expenditures to various grants after-the-fact, which limits the district's ability to evaluate and make programmatic changes to grant funded programs targeting improved student outcomes.
- Public Works is in the process of finalizing their report documenting the findings of their review and their recommendations for improving Hartford Public Schools financial systems. This report will be published and presented by Public Works at an upcoming State Board of Education meeting.

Current Progress and Related Findings, as reported by Public Works, LLC – October 2024

- The absence of a Chief Financial Officer is seriously impeding the district's ability to regain control of its budgeting, grants, and financial management functions; it should be noted that HPS is in the active recruitment process for this critical position.
- **HPS has not designated a program-related owner for its grants;** positions such as federal grants coordinator and Title I coordinator positions that existed in the past have been eliminated.
- **The grants application and budgeting processes were in many instances carried out by the grants/budget team with little or no programmatic input;**

some planning for the use of grants for the 2025-26 fiscal year has begun, but there has been no training for the programmatic owners on the planning process.

- **HPS is making excessive use of purchase vouchers;** using purchase vouchers does not encumber funds until the invoice is paid, which could lead to budget overruns or possible circumventing of competitive procurement guidelines (i.e., approximately 17% of 17,000 invoices paid in 2024 were paid without a purchase order).
- The accounts payable staff authorize the payment of invoices based on a match between the purchase order and the invoice; **receiving documents are not examined or matched to ensure that the items ordered were actually received.**
- HPS does not use one-to-one position control; **making the tracking and monitoring of positions paid from grants difficult and limits the ability for the district to accurately track vacancies**.

<u>Current Progress and Related Findings, as reported by Public Works, LLC - September 2024</u>

- Public Works is currently reviewing state and federal grant expenditures and utilization of funds, as well as current fiscal processes and procedures, and has the following preliminary findings:
  - Grant budget development needs focused attention and consistent oversight to ensure timely and effective grant planning in alignment with requirements and school needs.
  - Organizational staffing and structures are not optimized to support effective grant management by school leaders.
  - Regarding standard business operating procedures, fundamental processes need updated documentation and training.
- Of note, the CSDE recently invoiced HPS for nearly $1.6M spanning 28 grants over four (4) fiscal years, including $99,514 for Commissioner's Network and $835,963 (in 2021) for magnet school related grants.

Conclusion

The CSDE will brief the SBE at each board meeting regarding this proactive, unified, three-pronged approach, which will assist HPS in achieving fiscal health and stability of financial systems, resulting in improved delivery of services to students, educators, and families. Enhancing educational outcomes for all HPS students is the central focus of this SBE action.