HARTFORD PUBLIC SCHOOLS  FY 2017-18

Budget Development
Budget Forecast and Priorities

Community, Parents, School Governance Council Presentation
January 23, 2017
Objectives

• To understand what drives, impacts, and threatens the stability of our budget.

• To examine our need to change how we distribute and use resources.

• To identify key priorities and "essential ingredients" in service of equity.

• To embrace our collective responsibility in the budget development process.
What funds are included in the education budget?

2016-17 ALL FUNDS BUDGET

- **General Funds** are intended to finance core instructional programs, day-to-day operations to support those programs, and general operations of our school district.

- **Special Funds** are generally restricted use funds and largely supplemental in nature. The purpose and use is generally determined by the provisions of the legislation or directives creating them.
Where does our funding come from?

2016-17 ALL FUNDS BUDGET

- **State Pass-thru**
- **City of Hartford**
- **Federal Grants**
- **State Grants**
- **Private/Foundation**

- **General Fund** revenue has decreased by $1.75M, or 0.6% over last 8 years.
- **Special Funds** revenue has decreased by $13.5M, or 8.6% over last year.
Special Funds

- Special Fund includes revenue received for specific projects, programs, donations, or tuitions, including funds received from the Federal and State government for entitlement programs, such as, Title I.

- 10 Grants represent approximately 90% of Special Funds and their purpose is specific:

<table>
<thead>
<tr>
<th>Grant Name</th>
<th>Amount</th>
<th>Funding Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Magnet Operating</td>
<td>$ 58,411,317</td>
<td>Magnet - Suburban Students</td>
</tr>
<tr>
<td>Title I - Part A Improving Basic Skills</td>
<td>13,355,979</td>
<td>Low-Income Students</td>
</tr>
<tr>
<td>Alliance District</td>
<td>12,793,354</td>
<td>Bold/Innovative Reforms to Close Achievement Gap</td>
</tr>
<tr>
<td>Excess Cost</td>
<td>9,325,709</td>
<td>High Cost (&gt;86K+) Special Education Tuition</td>
</tr>
<tr>
<td>Sheff Magnet Incubation Funds</td>
<td>9,307,991</td>
<td>Magnet Incubation - Buildings/Renovations</td>
</tr>
<tr>
<td>IDEA-Part B, Section 611</td>
<td>6,406,942</td>
<td>Special Education</td>
</tr>
<tr>
<td>Priority School District</td>
<td>5,733,947</td>
<td>Students - Academic Need &amp; Supports</td>
</tr>
<tr>
<td>Tuition Billing/Fee Collection/Other</td>
<td>4,311,543</td>
<td>Magnet - Special Education Suburban Students</td>
</tr>
<tr>
<td>Title II A - Teachers</td>
<td>2,843,692</td>
<td>Professional Development - Teachers</td>
</tr>
<tr>
<td>Alliance District Building Grant</td>
<td>2,493,785</td>
<td>Minor Renovations Buildings</td>
</tr>
</tbody>
</table>

**TOTAL** $ 124,984,259
Where does our funding go?
2015-16 ACTUALS BY PROGRAM

- $341.8M or 80.6%
- $33.2M or 7.8%
- $22.1M or 5.2%
- $27.2M or 6.4%

- Schools & Students
- Operation & Maintenance of Buildings
- Student Transportation
- General Administration, Central & Other Services
Where does our funding go?
2015-16 ACTUALS BY OBJECT

- **Salaries & Fringe Benefits**: $65.3M or 15.4%
- **Student Tuition**: $292.3M or 69%
- **Student Transportation**: $15.6M or 3.6%
- **Building Operations: Utilities, Rentals, Improvements & Maintenance**: $13.5M or 2.5%
- **Professional Improvement, Contracts & MHIS Services**: $10.7M or 2.5%
- **Supplies, Materials, Computers & Equipment**: $5.9M or 1.4%
- **All Other Misc Expenditures**: $21.2M or 5%
Our Budget Context

Refocus Priorities:
Students First!
What are the essential ingredients for success?

Need for Change:
Equity and Excellence
Current system serves some; must serve all

Challenge:
Sustainability
Increasing costs, increased programming, and decreasing funds
Challenge: Sustainability

• Costs increase every year $13.98M (forecasted increase).

• Revenue is projected to remain flat or decrease again this year $5.55M (likely scenario)

• Gap to Close = $19.32M

• Continued threats to stability (City & State fiscal crisis, Sheff implications).
# 2017-18 Forecasted Budget

**MAJOR COST DRIVERS**

<table>
<thead>
<tr>
<th>Description</th>
<th>2016-17 Operating Budget*</th>
<th>2017-18 Projected Operating Budget*</th>
<th>Percent Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition (est)</td>
<td>6,034,284</td>
<td>5,243,200</td>
<td>1.4%</td>
</tr>
<tr>
<td>Fringe &amp; Insurance (est)</td>
<td></td>
<td></td>
<td>1.3%</td>
</tr>
<tr>
<td>Salaries</td>
<td>1,397,548</td>
<td></td>
<td>0.3%</td>
</tr>
<tr>
<td>Transportation</td>
<td>638,547</td>
<td></td>
<td>0.2%</td>
</tr>
<tr>
<td>Rental of Facilities</td>
<td>240,000</td>
<td></td>
<td>0.1%</td>
</tr>
<tr>
<td>Utilities</td>
<td>430,214</td>
<td></td>
<td>0.1%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td>13,983,793</td>
</tr>
</tbody>
</table>

* Excludes magnet incubation funds, bond grants, and school security infrastructure grant.
## 2017-18 Revenue Assumptions

<table>
<thead>
<tr>
<th></th>
<th>Adjusted Budget 2016-17</th>
<th>Forecast 1 Best Case FY 17-18</th>
<th>Forecast 2 Worst Case FY 17-18</th>
<th>Forecast 3 Most Likely FY 17-18</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BOE Operating Budget</strong></td>
<td>416,241,735 100.0%</td>
<td>430,225,528 100.0%</td>
<td>430,225,528 100.0%</td>
<td>430,225,528 100.0%</td>
</tr>
<tr>
<td><strong>State of Connecticut (Pass-Thru Grants)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education Cost Sharing (ECS)</td>
<td>187,974,890</td>
<td>187,974,890</td>
<td>185,560,804</td>
<td>187,974,890</td>
</tr>
<tr>
<td>Health &amp; Welfare</td>
<td>63,925</td>
<td>63,925</td>
<td>63,925</td>
<td>63,925</td>
</tr>
<tr>
<td>Total State of Connecticut Grants</td>
<td>188,038,815 45.2%</td>
<td>188,038,815 43.7%</td>
<td>185,624,729 43.1%</td>
<td>188,038,815 43.7%</td>
</tr>
<tr>
<td><strong>Local Tax Contributions</strong></td>
<td>94,762,329 22.8%</td>
<td>95,969,372 22.3%</td>
<td>85,286,096 19.8%</td>
<td>94,762,329 22.0%</td>
</tr>
<tr>
<td><strong>Grants/Donations</strong></td>
<td>133,440,591 32.1%</td>
<td>140,604,479 32.7%</td>
<td>123,505,869 28.7%</td>
<td>127,891,875 29.7%</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>416,241,735 100.0%</td>
<td>424,612,666 98.7%</td>
<td>394,416,694 91.7%</td>
<td>410,693,019 95.5%</td>
</tr>
<tr>
<td><strong>Revenue Variance</strong></td>
<td></td>
<td>(5,612,862) 1.3%</td>
<td>(35,808,834) 8.3%</td>
<td>(19,532,509) 4.5%</td>
</tr>
</tbody>
</table>

* Excludes magnet incubation, bond funds, school security grant = Total $12.12M

**Revenue Assumptions:**
1. Best Case: +$8.4M
2. Worst Case: ($21.3M)
3. Most Likely Case: ($5.6M)
2017-18 Major Threats to Stability

1. State of Connecticut fiscal crisis: $1.4B projected deficit
   • As a result of State policy, Hartford is more dependent on State revenue than any district in Connecticut (70% of operating budget.)
   • Low-income, low-property wealth school districts like Hartford experience the greatest volatility in time of economic stress due to our dependence on State funding.

2. City of Hartford fiscal crisis: $50M projected deficit
   • Hartford has the highest rate of poverty and one of the lowest amounts of taxable property per capita in Connecticut (23% of our operating budget).

3. Sheff Implications: Increase tuition costs, competition for students
   • Expanded choice options for students in magnet, open choice and charter programs.
   • Compliance and funding constraints = “unfilled” seats.
   • Unlimited tuition to be charged by other school operators for students attending magnet and other choice schools (455% increase in tuition over last 8 years).
   • Allows Commissioner to deduct and transfer funds from Hartford’s ECS funds to other providers if we fail to pay tuition costs.
Need for Change: Equity and Excellence

- Current system is working for some students...it needs to work for all students.
- Scarce resources we do have are spread to thin.
- Characteristics unique to Hartford are costly (aging facilities, small schools, unique school models).
- Sustainability of fiscal/budget models (review SBB/WSF models, needs assessment).
- Guiding priorities for decision-making (clear focus on equity and quality).
- Align funding to priorities (fund highest priorities first).
Students First!

Align funding to priorities
- Literacy and Numeracy Fundamentals
- Capacity Building through Data Teams and a Commitment to Systemic Continuous Improvement
- Social and Emotional Supports
- Family and Community Partnerships

Identify essential “ingredients” to success: what does every student need?
2017-18 Budget Process

• Goal: *Finding the best possible alignment of resources to ensure student success!*

• Modification to budget process:
  1. School-based, student-focused needs based approach “without” a SBB/WSF revenue model.
     a. Intentional focus on the resources necessary to provide our students equitable opportunity and access, to ensure quality and success for all students.
  2. Identify needs, priorities and goals of all students through planning and preparation (SOP, SIP’s, SSP’s).
  3. Align spending and resource allocations with needs and identified priorities.
  4. Expanded engagement and input opportunities for all stakeholders.
## 2017-18 Budget Calendar and Engagement Opportunities

### Internal Budget Process Calendar

<table>
<thead>
<tr>
<th>Target Date</th>
<th>Activity/Process</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Budget Development</strong></td>
<td></td>
</tr>
</tbody>
</table>
| January 3 - January 9, 2017 | Engagement with HFT, HPMS, Board Finance & Audit Committee,  
Initiation of budget process/planning and distribution of budget development tools |
| January 10 - February 6, 2017 | Budget overview at Principal Leadership meeting (1/10/17);  
Planning workshops, training, and on-site support assistance to schools/cohorts |
| January 19, 2017         | Informational session with central office staff                                  |
| January 23, 2017         | Parent leadership training on budget development process and budget priorities (SCG, PTA/PTO) |
| January 30 - February 3, 2017 | HFT/HPMS Budget Advisory Meeting                                                |
| February 1 – March 1, 2017 | Budget Community Forums (Blakeley, HPHS, Site #3 TBD, Site #4 TBD);  
Individual and small group meetings with partners;  
Sessions with other unions          |
| February 6, 2017         | Draft budgets due from Schools and Departments                                  |
| February 7 – February 21, 2017 | Central Review                                                               |
| February 20 – 24, 2017   | HFT/HPMS Budget Advisory Meeting                                                |
| February 21 - March 6, 2017 | Budget Committee Hearings (Peer Support);  
Engagement with HFT, HPMS                                                                 |
| March 6 – March 10, 2017 | HFT/HPMS Budget Advisory Meeting                                                |
| March 13, 2017           | Budget Revisions due from Schools and Departments                              |
| March 14 - April 7, 2017 | Budget Reviews and First Draft of Budget Compiled                               |
| April 10 - April 14, 2017 | Budget update at Principal Leadership meeting;  
Final Review and Printing of District Budget Documents                           |
| **Budget Recommendation** |                                                                                  |
| April 18, 2017           | Superintendent’s Recommended Budget presented to Board of Education            |
| April 24 - April 28, 2017 | Board of Education/Finance Committee Budget Workshops                          |
| May 2, 2017              | Public Hearing on Recommended Budget                                            |
| May 16, 2017             | Board of Education Adopts 2017-18 Budget                                       |
For more information:

Website: hartfordschools.org
Email: budget@hartfordschools.org

A number of resource documents will be made available on our website:

- Tonight’s presentation
- Budget memo to schools
- Budget calendar
- Guide to Special Funds
- 2017-18 Budget Planning Tool
Thank You!

We would be happy to answer your questions!
As you begin to work on the budget, consider the following questions to help guide your conversations.

1. What would you define as the “essential” ingredients for success at this school?
2. How is the budget aligned to these “essential” ingredients?
3. Are there opportunities to enhance revenue to the district and thereby our schools?
4. Are there opportunities to decrease costs or increase efficiency within existing resources?
5. Are classes and program/course offerings aligned to be efficient and effective for students? If no, what changes can be made?
6. How is the budget aligned to the priorities identified in areas identified in the 2017-18 Budget Planning Tool?