

December 23, 2021

The Honorable Michael Walsh
Mayor of East Hartford
740 Main Street
East Hartford, CT 06108

Dear Mayor Walsh:

This correspondence respectfully transmits the Board of Education’s (BOE) Proposed Budget for Fiscal Year 2023 (FY23) that was approved by the BOE at our December 20, 2021 meeting. The proposed net budget allocation request of \$95,993,863 represents a \$1,814,618 or 1.9% increase over the current year’s amended budget and will allow East Hartford Public Schools (EHPS) to deliver high-quality services at one of the lowest cost-per-pupil rates in the State. EHPS continues to evaluate every grant opportunity available to minimize the financial impact on the overall Town of East Hartford budget, adding only required Special Education (SPED) positions to the FY23 general budget. Even with the SPED positions added and \$1.1M of contractual salary increases, we managed to *reduce* our overall salary costs by over \$500k by leveraging the Alliance Grant expected increase. The categories driving the overall budget increase, either contractual in nature or outside of the direct control of EHPS, are articulated in this transmittal and reflect continuation of current services.

It is important to distinguish the General Budget preparation process from the unprecedented influx of federal funds through the Elementary and Secondary Schools Emergency Relief (ESSER2) and American Rescue Plan (ARP) programs, which were provided with a targeted focus on infrastructure renewal, reducing opportunity gaps, accelerating learning, and advancing equity for all students. Designed as on-time, non-sustainable funds, more than half of the \$30.3M combined total allocation will be used to fund impactful infrastructure projects contained in our Capital Improvement Plan. While a significant portion of the remainder will be used to fund sustainment of the 1:1 technology device program, required software and technology infrastructure, and new staff positions aligned with the program intents above, the reality is that EHPS has leveraged these grants to maintain continuity of services. As such, challenges will lie ahead in future budget years, especially FY25, when “re-entry” decisions will need to be made regarding staff funded through these grants, as well as ongoing technology sustainment needs. We will meet these challenges as we always do, with a spirit of collaboration, prudent fiscal management, and the best interests of the children and taxpayers of East Hartford at the forefront.

This budget represents our collaborative effort with you and your staff, State Legislative Leaders, and Town Council throughout the budget development process. The input received along the way and open lines of communication ensured the level of transparency expected of us was maintained, as well as the spirit of working together to achieve a common goal.

New this year to our budget package is the inclusion of a full “variance report” comparing FY23 to FY22 and calculating object account variances by program, rolled up by operational division. Beginning on page 16 in the attached budget document, this report explains all major changes to the budget at a granular level and allows for a quick view of “what changed” from FY22. Each year, we strive to right-size (both increases and decreases) all of our accounts and accurately budget for all planned expenditures in the “leanest” fiscally prudent manner. Providing a high-level summary, the following tables detail the factors contributing to the proposed budget increase and steps taken to ease the financial burden to East Hartford residents.

Major Driver	Explanation
Salaries-Existing (\$526,002) <i>-0.6% Budget Impact</i>	Contractual increase for all salary obligations including the Town Council approved Teacher and Administrative collective bargaining agreements for the district work force of over 1,300 employees. The total increase of \$1.1M was mitigated by moving the balance of grade 3 teachers remaining in the general budget and some grade 4 teachers (total of 21 full-time teaching positions) to the estimated increased Alliance Grant. Once detailed as a mitigation strategy, this ongoing reliance is now considered commonplace and built directly into the budget preparation process- though there is always a risk the Alliance Grant will not be fully funded by legislators each year.

Salaries-New SPED \$326,894 <i>0.3% Budget Impact</i>	The ever-increasing demand on Special Education services across the district has necessitated the addition of two new SPED classrooms, which will be located at Mayberry and Norris and each staffed with a SPED Teacher, Behavior Manager, and (2) Paraprofessionals.
Student Transportation \$543,761 <i>0.6% Budget Impact</i>	DATTCO contractual increase of 8% over FY22 budget rates was partially mitigated by revised usage projections and the elimination of one T1 bus route serving magnet schools.
Magnet Tuition \$335,328 <i>0.4% Budget Impact</i>	EHPS worked with our legislators in FY21 and received, for the first time, the total amount due under the 7% Magnet Cap Grant (\$1,658,635 vs \$915,000 historically received). Unfortunately, enrollment increases (FY22 vs FY21) of 6% and tuition increases of 19% (mostly driven by CRECs 18% increase to LEA share), as well as less funding allocated to tuitions from the Alliance Grant eroded the impact of this grant. In an effort to keep the budget as lean as possible, enrollments are budgeted at FY22 levels.
Special Education External Placements/Tuitions \$810,377 <i>0.9% Budget Impact</i>	While not as drastic of an increase as last year, these accounts continue to “chase actuals” as the overall number of SPED students continues to increase, as well as provider costs. As with magnet tuitions, in an effort to run as lean as possible, this category has been budgeted at FY21 actual levels, which risks being underfunded.

The table below outlines items currently being funded in what is supposed to be “one-time” federal funding, as well as current mitigation strategies that will not be available (or reduced) in future years. All of these amounts (total of \$5.25M) are annual, reflecting the actual cost avoidance to the general budget for this fiscal year. The general budget increase would be 7.4% without the availability of these resources.

Item	Future Considerations
Staff Positions funded through ESSER2/ARP \$2,975,479	ESSER 2 (ending 9/30/2023) and ARP (Ending 9/30/2024) currently carry 50.25 FTE in FY23. Many of these positions were moved into these grants from the general budget for FY22 to avoid being cut. While about 20% of the positions were designed to be phased out through attrition, EHPS will have to decide what to continue beyond FY24, with at least (11) critical positions having to re-enter the general budget and (28) currently without an alternative funding source.
1:1 Initiative Continuation -Devices and Infrastructure: \$965,500	ESSER2/ARP allow EHPS to maintain the 1:1 student and staff device initiative put in place in 2020 through FY24, as well as maintain the network infrastructure required to support devices. Since the 1:1 program is now the new educational standard, almost \$1M will have to be added to the general budget beginning in FY25.
IT Software: \$338,199	With the move to 1:1 devices comes increased costs for support software, both in the areas of instructional software and network/enterprise management software. The majority of software is licensed-based, so costs occur annually. These ongoing costs will need an alternate funding source by FY25.
Alliance “Intrinsic” Salary Increases \$522,759	Salaries contained in the Alliance Grant are subject to annual contractual increases, which dilutes the value of annual expected increases to the Alliance Grant. For FY23, contractual increases represent nearly 25% of the project Alliance increase, limiting the amount of new staff that can be moved in. If the Alliance increase does not occur as planned, these increases must be covered by the general budget.
Restoral of OBEB Contribution	Prepayments of the annual OPEB obligation (usually \$650k) in FY20, 21, and potentially 22 will lower the FY23 funding requirement to \$200k (if pre-payment is not made in FY22 the FY23 liability will be \$314k). Pre-pay ability will likely not exist as it did in FY20-22, leading to at least a \$450k increase to the FY24 budget, unless the Town lowers the required contribution

On behalf of the East Hartford Board of Education, I would like to thank you for your support and guidance throughout this process, and appreciate your consideration as we work to elevate the educational experience for the children in East Hartford.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tyron Harris', with a stylized flourish at the end.

Tyron Harris, Chairman
East Hartford Board of Education

Cc: EH Town Council Members

EH Board of Education Members

L. Trzetzak, M. Lupkas- EH Interim Finance Directors