



NORWICH FREE ACADEMY

**Testimony of Norwich Free Academy, RE Governor's Bill 874
An Act Concerning Education Initiatives and Services in Connecticut
Sarette B. Williams
Chairwoman, NFA Board of Trustees
March 1, 2019**

Senator Looney, Senator Duff, Representative Aresimowicz, Representative Ritter and distinguished members of the Education Committee.

Norwich Free Academy is vigorously opposed to the provisions of Governor's Bill 874 which apply to Connecticut's independently governed, endowed academies; specifically, §8(b), lines 377-378; §9(b), c, d, e, and f, lines 389-427, pp. 13-14.

These provisions represent an unprecedented, unnecessary level of oversight and governmental overreach upon a successful and transparently governed nonprofit providing outstanding educational services and exceptional value to NFA's Partners. Further, as proposed, this legislation will immediately impair the fiduciary obligation of the Board.

We believe that GB 874 is an encroachment on the ability of NFA to operate as an independently governed, privately endowed academy.

Incorporated, June 6, 1854, by the Office of Secretary of State of the State of Connecticut, Norwich Free Academy is a 501(c)(3) nonprofit duly constituted and governed by the laws of the State of Connecticut. Norwich Free Academy operates like any other nonprofit in the state of Connecticut and complies with all the rules, regulations, and requirements of other nonprofits in Connecticut. It operates under formal by-laws and its strict internal checks and balances, and by Connecticut's Nonprofit Association's *Principles and Practices for Nonprofit Excellence in Connecticut*.

Norwich Free Academy operates in compliance with all provisions of Connecticut's general statutes concerning public school education. Founded as an independently governed, endowed academy, after over 160 years of operation, Norwich Free Academy by design is a mission-driven school intended to operate free of political or personal influence or conflict of interest. Trustees take an oath with fiduciary obligations to preserve a mission-driven institution.

For over 160 years the independent governance model has successfully allowed the school to remain focused upon the mission and accommodate changing student and community needs with stability, integrity, and sensitivity.

PROVIDING OPPORTUNITIES... PREPARING LIVES

2019 ECONOMIC REALITIES AND UNFUNDED MANDATES

NFA is acutely aware that our partner districts face the same economic challenges as other boards of education in communities across the state of Connecticut. In recent meetings with each, some have been surprisingly frank that they want to influence reductions in the breadth and depth of NFA's well-regarded academic and sports programming to effectuate a decrease in their 9-12 tuition costs to be able to balance their K-8 costs. **Their proposed representation on NFA's Board of Trustees, would not be as stewards or fiduciaries of a mission-driven NFA, but as advocates for and agents of the specific fiscal interest of their towns.**

NFA is supported by the NFA Foundation, Inc. (Foundation). The Foundation was created to provide funding specifically to NFA. These funds make it possible for NFA subsidize per pupil costs to all partner district enrollees. Were it not for the Foundation's contribution, NFA's tuition costs would be appreciably higher. Were it not for the Foundation, Norwich Free Academy would be unable to maintain the array of scholastic and sports offerings.

NFA'S FISCAL VALUE TO EVERY PARTNER

In the next fiscal year, a seven-year total of donor support from the NFA Foundation will be \$9.15 million. The magnitude of this benefit to the taxpayers of NFA's Partners is primary among many others that independent governance affords.

a. Tuition Subsidies for Every Student

During the current fiscal year, the NFA Foundation, Inc. has provided 1.5 million dollars to the operating costs of Norwich Free Academy. This donor support in the amount of \$665 per pupil is a direct financial benefit to every partner district.

b. Host City Discount

In the current fiscal year, 66.5% of NFA students (1,500 of 2,256 students) reside in the city of Norwich. By agreement, the city of Norwich receives a \$200/pupil discount in recognition of the municipal services (fire, police, ambulance, etc.) provided by the city. In the current fiscal year, this figure is \$300,000. This amount is in addition to the tuition subsidy of approximately \$997,340 benefitting Norwich students (or 66.5% of the \$1.5 million support from the NFA Foundation, Inc.)

NFA's willing discount to a municipality is non-profit generosity when weighed against others throughout the state.

c. NFA Tuition Is Less Than the Partner District's K-8 Costs

Because of economies of scale and the support of the private NFA Foundation, Inc., the current year's general education tuition is \$12,762. The Norwich Free Academy experience is an exceptional value by any measure.

Partner	2018-19 NFA Real Cost Per Pupil ¹	2016-17 Audited CSDE PPE, Pre K-8 ²
Bozrah	\$13,667 / pupil	\$20,502 / pupil
Canterbury	\$12,918 / pupil	\$18,530 / pupil
Franklin	\$13,701 / pupil	\$17,307 / pupil
Lisbon	\$13,684 / pupil	\$19,897 / pupil
Norwich	\$14,615 / pupil	\$17,850 / pupil
Preston	\$13,575 / pupil	\$20,295 / pupil
Sprague	\$13,516 / pupil	\$14,128 / pupil
Voluntown	\$13,488 / pupil	\$21,038 / pupil

[1] Real average cost per pupil is determined by dividing the invoiced total of all tuitions (general education, special education, and specialty programs) by the number of students for each Partner Community attending NFA as recorded on the official census, October 1, 2018).

[2] This data from the CSDE District Profile and Performance Reports is the most up-to-date available from the state.

This comparison demonstrates the value proposition of the NFA experience to NFA's Partner Communities. The first set of figures compared with the second demonstrates that the cost of NFA is less to Partners than the cost for students in K-8 programs.

Disturbing NFA's governance model is an effort to control private funds, but serves, only as a diversion from the real issues that have left our Connecticut boards of education in financial difficulty. We urge the Connecticut General Assembly to take appropriate action against unfunded and underfunded federal and state educational mandates. Members of the Board of Trustees and NFA Administration have actively participated in public forums sponsored by Norwich Mayor Peter Nystrom and CABA/CAPS about how to solve the real fiscal stress of unfunded and underfunded mandates, especially as relates to escalating special education costs.

Only with the help of the General Assembly can we begin to solve this fiscal problem.

SUCCESSFUL GOVERNANCE

(a.) Mission-Driven

The institution has maintained a socially responsible position regarding Trustee and Corporator membership so that all constituencies are represented. Norwich residents have always represented the largest and most influential membership. Corporators and Trustees take an oath to put aside any partiality **to focus solely upon the school's mission and to serve the needs of all students**. Therefore, none of our Board of Trustees is

an elected official, whose commitment to NFA would be compromised by a need to promote the interests and needs of the districts by whom he/she is elected.

(b) Transparent

SB 874 mandates greater transparency into the prudence of NFA's fiscal operations. We submit that the transparency that SB 874 purports to guarantee is already a pillar of NFA's governance model. By implementing regulations for transparency which already exist, SB 874 need not disturb an independent governance model that has sustained NFA as a quality secondary school option for over 160 years.

1. Master Agreement

The five-year Master Agreement and the tuition side agreement were reached through a collaborative process among all partners, including implementation by the partner districts that the first three years of the Master Agreement, include a fixed tuition increase

2. Monthly Superintendent Meetings

Per the Master Agreement, the NFA Head of School/Superintendent hosts monthly Superintendent Meetings with the Superintendents of our partner districts. The NFA Superintendent produces an agenda in advance of these meetings, and each participant is invited to enter agenda items. The NFA Superintendent records minutes from these discussions which are provided to all invitees, whether or not they have attended the meeting. These discussions address budget considerations.

3. Board of Trustees Meetings

As is required by law for public schools, the agendas for the monthly meeting of the NFA Board of Trustees and minutes are posted on the NFA website, and all meetings are open to the public.

4. Budget Process

The Master Agreement simplified and stabilized the budget process for Partners because, by agreement, NFA and all Partners fixed upon no more than a 2.5% tuition increase in the first three years of the agreement. Those parameters represent NFA's response to partner needs and economic conditions.

Before adoption, NFA holds a media briefing about the budget and releases detailed budget discussion documents and an executive summary to the media.

5. Annual Audit

BlumShapiro, the largest regional certified public accounting firm serving businesses and nonprofits in Connecticut, Massachusetts and Rhode Island, annually audits Norwich Free Academy. The complete audit and 990 forms are available to the public.

6. Annual Report

NFA's annual reports are published and made available to the public on the NFA website. They are presented to the media in an open meeting at the Annual Corporators' Meeting.

GENERAL INFORMATION ABOUT NORWICH FREE ACADEMY

A Board of Trustees chosen from a Board of Corporators governs Norwich Free Academy. The majority of both the Trustees and Corporators are by requirement 66% from Norwich, and NFA's other Partners are represented on both Boards. The current Board of Trustees of 12 includes 9 Norwich residents and one resident from each of Preston, Franklin, and Canterbury. The current Board Chairperson is from Norwich, as were the immediate past three Board Chairpersons.

NFA provides educational services to 8 partner districts (Bozrah, Canterbury, Franklin, Lisbon, Norwich, Preston, Sprague, and Voluntown) and a host of tuition and international students. As a school of choice, NFA accepts any student who chooses to attend, and historically, by agreement, their sending communities (NFA Partners) fund tuition. NFA operates under the same provisions and costs for all partners according to a five-year (2015-2020) Master Agreement. The provisions of that agreement are the same for all partners with the exception of a \$200 per pupil discount for students that reside in Norwich in recognition of municipal services provided by the host city. NFA's Board of Trustees doubled that discount from \$100 to \$200 in the first year of the current five-year agreement. At the request of a consortium of representatives from these eight partners, NFA agreed to fix tuition increases to no more than 2.5% in the first three years of the current five-year agreement. Subsequent increases for the remaining two years of the agreement are 1.5% and 1.75%.

NFA's 2,256 student demographic is very diverse consisting of urban, suburban, and rural characteristics, including diverse racial, ethnic, linguistic, and economic backgrounds. The student population is 45.9% minority: including 16.3% African-American, and 15.7% Hispanic. Students speak more than 18 different languages other than English. We are proud of our ethnically and racially diversity. Our student demographic is a microcosm of our larger culture. By virtue of our situs in Norwich, a very ethnically and racially diverse municipality, NFA achieves naturally the model of diversity targeted by the magnet school model. About 44% of NFA's students qualify for free or reduced lunch, an accepted federal measure of low income.

Based upon the state's district ranking system by demographic and economic reference groups, NFA is placed in DERG G. Other districts in DERF G include Bloomfield and Putnam.

CONCLUSION

SB 874 unnecessarily encroaches upon the constitutional right and guarantee of NFA and other privately endowed academies to exist as independently governed

secondary education schools of choice. We cannot support legislative and regulatory encroachment that effectively dissolves the independent high school governance model – which to date has maintained itself free of the well-meaning, yet necessarily, biased interests of elected representatives. For 163 years, the NFA Board of Trustees has had one focused purpose - to actualize our educational mission in a focused and prudent fashion to benefit the students whose communities have designated NFA as a school of choice.

Norwich Free Academy was founded on a commitment to independence. With clarity, its founders saw that free from contentious political forces, conflict, and personal interest, their school could focus solely on developing students into productive, contributing members of their communities.

Today, NFA's independence is inextricably intertwined with the generous donor dollars of the NFA Foundation, Inc., whose support affords unparalleled opportunity in the region and innovative response to student needs. Norwich Free Academy, its community-based mission, and its independence are irreversibly intertwined and must be maintained.

Thank you,

Sarette B. Williams
Chairwoman, Board of Trustees