

## Town of Franklin

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December 9, 2016

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Richard J. Ross  
State Senator  
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Jeffrey N. Roy  
State Representative  
Room 527A  
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Boston, MA 02133

### Re: 2017-2018 Legislative Priorities

Dear Legislative Delegation:

Congratulations on your recent re-election to your respective branches. We look forward to working with you throughout your next term and thank you for your continued strong leadership on behalf of the residents of Franklin.

At your request, we are writing to share some of our priorities for the 2017-2018 legislative session. The following issues are of substantial financial concern to the Town of Franklin and reflect the most challenging aspect of our jobs: managing the Town's operating budget cost drivers. As we peak into the short-term future of the community's budget forecasts, the challenges to maintain the levels of service since the Great Recession within the constraints of the law are going to become increasingly difficult in the years ahead, especially when factoring in the relatively robust economic climate currently enjoyed in Massachusetts.

We understand these are not new issues to the legislative docket. However, we firmly believe more proactive steps must be taken to help address some of the structural issues that affect municipal finance.

#### 1. Reallocate Funds to Established State Aid Programs

Each year the Legislature votes hundreds of millions for specific projects in communities across the state. We recommend reallocating those funds into established state aid programs.

### 3. Other Post-Employment Benefits (OPEB) Reform

We recommend spearheading a legislative effort to make structural changes to the laws regarding retiree health insurance. Our priority has less to do with any direct financial relief, which given the liability for all cities, towns, counties and the state agencies, is not realistically feasible for the state to unilaterally shoulder. However, as you know, a report was released by a Special Commission in January of 2013 with a series of modest recommendations to help all public agencies reform retiree health insurance and benefits to a more sustainable and manageable level for future public employees.

Now is the time for reform. As the baby boomers begin to retire in large numbers, it's our obligation to make the necessary changes in law to ensure that the next generation is protected against this enormous liability. Furthermore, health insurance costs are one of largest cost drivers that takes away from day-to-day municipal services, like public education, roads, staff, facilities, affordable programs and much more.

With uncertainty at the federal level on health insurance, we see no end in sight for annual 7 to 10-plus percent hikes on health insurance premiums (if we're lucky). Franklin's current OPEB liability is \$93 million as of 2015. The Town appropriates almost \$700,000 +/- annually to its OPEB Trust Fund, which is barely enough to keep up with the projected liability on the new employees we hire. To illustrate this point, each new employee we hire equals \$4 million in OPEB liability over their career and retirement of them and their spouses. The current law is unsustainable.

We urge you to review the January 2013 report and propose legislation to help all of us – in both state and local governments – manage this exponentially growing problem.

### 4. Chapter 32B Reform


As part of any legislative package at reforming retiree health insurance, we also recommend reforming Chapter 32B as part of that effort. For many of the reasons stated above, Chapter 32B significantly affects the ability of cities and towns to budget effectively to maintain day-to-day services, including employee health insurance. In today's marketplace and political environment, cities and towns need as much flexibility as possible to work with our employees to provide health insurance within our means.

Many of the provisions of Chapter 32B are outdated and need fresh perspective given the world we live in now. Chapter 32B was enacted in 1955 and has 34 sections that mandate local options, rules and regulations relating to employee health insurance, which are inconsistent in the modern market. For example, Section 9E of Chapter 32B requires every retiree to have the same contribution rate. The ability of cities and towns to grandfather current retiree's and modify the contribution rate for future retirees (and/or spouses) ensures communities will be creating another generation of employees with an unsustainable benefit, despite the facts that health insurance costs are (at this time) uncontrollable and employee salaries have risen to keep the Town competitive. Furthermore, many employees do not stay in one job for 35 years any longer and people are living longer. We project in the long term, the Town of Franklin will be liable for far more health insurance obligations for employees and their spouses for many

As the Commonwealth of Massachusetts state assessment system is undergoing restructuring the administration of MCAS 2.0 will impact all communities. The requirement to use digital assessments presents an ongoing funding challenge for municipalities. In Franklin we have been on the forefront of this change. As Franklin was a PARCC pilot district, the Town and school district partnered to make sure the infrastructure and student devices were in place to assure that our students would be successful on state assessments. However, the ongoing costs of repair/replacement of these devices will challenge municipalities over the next five years. Our fiscal forecast indicates that the school department will need approximately \$500,000.00 to \$1,000,000.00 over the next five years to replace student and faculty digital devices. To date the Town of Franklin has provided funding to cover these costs, however the replacement costs are unsustainable at the local level. A focus on technology infrastructure across the state is necessitated to make sure all of our schools can provide students with the 21<sup>st</sup> Century skills needed to be successful academically and to remain competitive in the work force.

We appreciate your attention to these requests. Do not hesitate to contact us. We are happy to work with you and do whatever we can to help achieve our goals.

Sincerely,



Jeffrey D. Nutting  
Town Administrator



Maureen Sabolinski, Ed.D.  
Superintendent of Schools

Cc:

Charlie Baker, Governor

Karyn Polito, Lt. Governor

Stanley Rosenberg, President of the Massachusetts State Senate

Robert DeLeo, Speaker of the Massachusetts House of Representatives

Franklin Town Council