

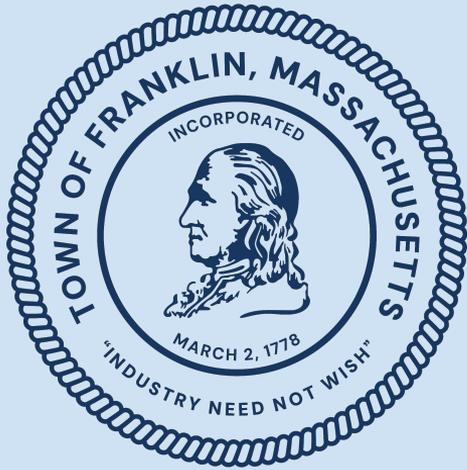
Town of Franklin

Preliminary FY26 Budget Update

March 5, 2025

Jamie Hellen, Town Administrator

<https://www.franklinma.gov/>



Model A:

Approve a “Level Service” Budget with a
\$3,862,672 Million Structural Budget Deficit

New Materials:

1. [New Town Administrator Budget Memorandum](#) (3/4/25)
2. [Updated FY26 Budget Model](#) (3/4/25)
3. [One-Stop Shop for Town Budget Materials](#)

Model A: Revenue: Tax Levy, Slide 1

TOWN OF FRANKLIN					
FISCAL YEAR 2026 REVENUE AND CONTROL SHEET					
Date: March 4, 2025	FINAL FY23	FINAL FY24	FINAL FY25	Estimated FY26	INCREASE/ (DECREASE)
TAX LEVY					
Prior Year Levy Limit plus 2 1/2%	\$ 85,955,821.00	\$ 89,436,897.00	\$ 92,839,014.00	\$ 96,360,364.00	\$ 3,521,350.00
New Growth	\$ 1,299,688.00	\$ 1,137,751.00	\$ 1,171,097.00	\$ 1,100,000.00	\$ (71,097.00)
TOTAL TAX LEVY	\$ 87,255,509.00	\$ 90,574,648.00	\$ 94,010,111.00	\$ 97,460,364.00	\$ 3,450,253.00
DEBT EXCLUSIONS					
Horace Mann Issue #1	\$ 93,600.00	\$ -	\$ -	\$ -	\$ -
Keller-Sullivan	\$ 390,910.00	\$ 376,050.00	\$ 360,325.00	\$ -	\$ (360,325.00)
Horace Mann Issue #2	\$ 290,000.00	\$ 280,000.00	\$ 270,000.00	\$ 260,000.00	\$ (10,000.00)
High School Issue #1	\$ 2,881,163.00	\$ 2,878,163.00	\$ 2,879,488.00	\$ 2,880,588.00	\$ 1,100.00
High School Issue #2	\$ 149,813.00	\$ 151,563.00	\$ 153,062.00	\$ 149,313.00	\$ (3,749.00)
Tri-County New School	\$ -	\$ -	\$ 132,298.00	\$ 1,608,430.00	\$ 1,476,132.00
TOTAL DEBT EXCLUSIONS	\$ 3,805,486.00	\$ 3,685,776.00	\$ 3,795,173.00	\$ 4,898,331.00	\$ 1,103,158.00
TOTAL POTENTIAL TAX LEVY	\$ 91,060,995.00	\$ 94,260,424.00	\$ 97,805,284.00	\$ 102,358,695.00	\$ 4,553,411.00

- Tax Levy is 2.5% annually + New Growth.
- New Growth is determined by property value increases captured mid year on construction, renovations, home improvements. Residential and commercial industrial.
- Thus, the Town has \$3,450,253 in available tax levy revenue for FY 26.

Model A: Revenue: Tax Levy, Slide 2

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- Debt Exclusions (DE) are tax increases that sunset at the conclusion of a DE project.
 - [The new Tri-County Vocational school](#)
- Declining tax levy due to tax sunsets in debt exclusions coming off the books.
 - Keller-Sullivan

Model A: Revenue: Local Receipts, Slide 3

OTHER REVENUES	FY23	FY24	FY25	FY26 Proposed	FY26 +/-
Local Receipts - General Fund	\$ 10,606,309.00	\$ 12,456,309.00	\$ 13,621,033.00	\$ 15,302,084.65	\$ 1,681,051.65
Host Community Agreement	\$ 335,295.00	\$ -	\$ -	\$ -	\$ -
J&J Opiod Settlement	\$ 67,505.00	\$ -	\$ -	\$ -	\$ -
TOTAL OTHER REVENUES	\$ 11,009,109.00	\$ 12,456,309.00	\$ 13,621,033.00	\$ 15,302,084.65	\$ 1,681,051.65
OTHER AVAILABLE FUNDS					
Net Budget Stabilization / Other Transfers	\$ -	\$ 250,000.00	\$ 3,032,009.00	\$ -	\$ (3,032,009.00)
Enterpirse Fund (Indirects)	\$ 1,255,000.00	\$ 1,593,000.00	\$ 1,841,000.00	\$ 1,984,600.00	\$ 143,600.00
TOTAL OTHER AVAILABLE FUNDS	\$ 1,255,000.00	\$ 1,843,000.00	\$ 4,873,009.00	\$ 1,984,600.00	\$ (2,888,409.00)
TOTAL REVENUES & OTHER FUNDS	\$ 136,459,275.00	\$ 142,164,971.00	\$ 150,255,757.00	\$ 154,035,602.65	\$ 3,779,845.65

- **“Local Receipts”** are the municipal version of School Department “Revolving Funds” Accounts.
 - Revenues are mostly municipal “fee for services”, such as inspections, dog licensing, ambulance receipts, and fees. Hundreds of sources of revenue accounted for here offset the cost of staff and expenses.
 - Examples: 100% of the Recreation Department, 35% of the Fire Department.
 - Many are enforcing state laws.
 - About 1/3 of this revenue is from Motor Vehicle Excise.

- Steady post-pandemic growth in consumer spending due to Franklin’s *strong, active and diverse* commercial base, increase in restaurants, a fourth hotel, and retail. In 2024, almost \$1,889,415 million in revenue was collected in hotel, meals and cannabis local option excise taxes. **All three are records!**

- Local Receipts fluctuates year-to-year.

Model A: Revenue: Local Receipts, Slide 3.1

<u>Fiscal Year (FY)</u>	<u>Revenue Received</u>	<u>Increase over previous FY</u>
FY16 actual	\$10,720,048	N/A
FY17 actual	\$10,574,362	(\$145,686)
FY18 actual	\$11,120,721	\$546,359
FY19 actual	\$13,194,890	\$2,074,169
FY20 actual*	\$11,189,992	(\$2,004,898)
FY21 actual*	\$11,792,361	\$602,369
FY22 actual*	\$12,997,190	\$1,204,829
FY23 actual	\$14,037,037	\$1,039,847
FY24 actual	\$15,173,910	\$1,136,873
FY25 <i>budgeted**</i>	\$13,621,033	Actuals will far exceed budgeted.
FY26 <i>estimated***</i>	\$15,302,084	TBD

Despite a global pandemic and turbulent economic times, “Local Receipts” has increased 30% over the past decade.

An * denotes three years of distorted figures due to the global pandemic and aftershocks.

An ** denotes budgeted FY25 figure. As of 1/31/25, all revenue categories are ahead of benchmark, except Motor Vehicle excise, which is mailed in the winter/spring.

An *** indicates a FY26 projected based on FY25 real time revenue data. This figure is projected and can be affected by global, national or regional economic conditions. This estimate is also a moderate to conservative calculation.

Model A: Revenue: State Aid, Slide 4

STATE REVENUE	FY23	FY24	FY25	FY26 Proposed	FY26 +/-
Chapter 70 School Aid	\$ 28,885,721.00	\$ 29,191,961.00	\$ 29,717,993.00	\$ 30,089,318.00	\$ 371,325.00
Charter School Reimbursements	\$ 971,965.00	\$ 1,032,630.00	\$ 767,369.00	\$ 614,849.00	\$ (152,520.00)
Unrestricted Aid	\$ 2,862,319.00	\$ 2,953,914.00	\$ 3,042,531.00	\$ 3,109,467.00	\$ 66,936.00
All Other Net of Offsets	\$ 414,166.00	\$ 426,733.00	\$ 428,538.00	\$ 576,589.00	\$ 148,051.00
TOTAL STATE REVENUE	\$ 33,134,171.00	\$ 33,605,238.00	\$ 33,956,431.00	\$ 34,390,223.00	\$ 433,792.00
ASSESSMENTS & OTHER VOTES	FY23	FY24	FY25	FY26 Proposed	FY26 +/-
School Choice	\$ 496,436.00	\$ 426,028.00	\$ 513,872.00	\$ 465,513.00	\$ (48,359.00)
State Assessments	\$ 502,519.00	\$ 528,947.00	\$ 524,133.00	\$ 541,489.00	\$ 17,356.00
County Assessment	\$ 246,505.00	\$ 255,963.00	\$ 262,362.00	\$ 281,111.00	\$ 18,749.00
Charter School Assessment	\$ 5,544,108.00	\$ 5,874,756.00	\$ 5,895,585.00	\$ 5,848,097.00	\$ (47,488.00)
Provision for Abatements & Exemptions	\$ 729,733.00	\$ 622,394.43	\$ 636,146.00	\$ 650,000.00	\$ 13,854.00
TOTAL ASSESMENTS & OTHER VOTES	\$ 7,519,301.00	\$ 7,708,088.43	\$ 7,832,098.00	\$ 7,786,210.00	\$ (45,888.00)
TOTAL NET REVENUE	\$ 128,939,974.00	\$ 134,456,882.57	\$ 142,423,659.00	\$ 146,249,392.65	\$ 3,825,733.65
LESS: TOTAL GENERAL FUND BUDGET	\$ 128,902,599.00	\$ 134,403,451.00	\$ 142,357,538.99	\$ 150,112,064.30	\$ 7,754,525.31
UNUSED LEVY	\$ 37,375.00	\$ 53,431.57	\$ 66,120.01	\$ (3,862,671.65)	

- State aid is **NOT** just Chapter 70. It's dozens of state formulas/assessments that amount to a "[Cherry Sheet](#)".
- Governor Healey's budget recommends a net increase \$272,024 in local aid. House/Senate will allocate more.
- The state budget usually is finalized in July.

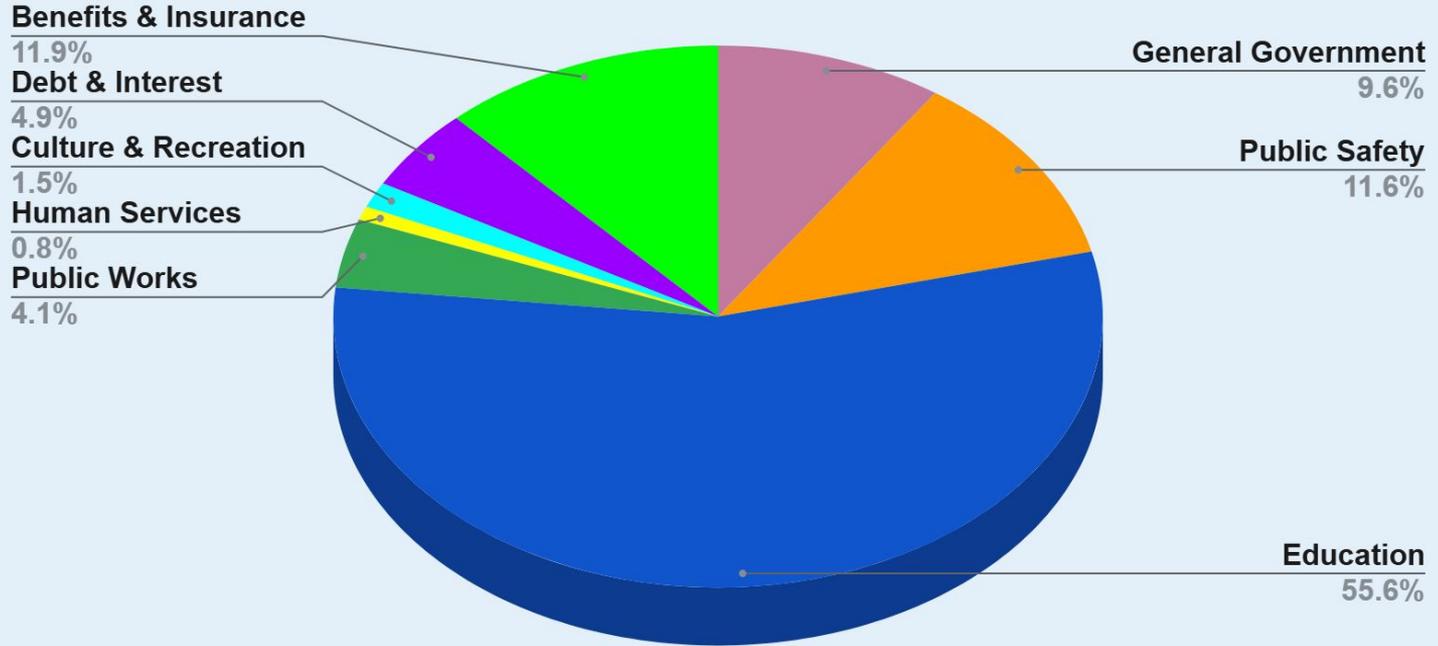
Model A: Expenditures: Slide 1: Overall Summary

<u>Budget Category</u>	<u>Town Budget FY26</u>	<u>% of Total Budget</u>
General Government*	\$14,337,886	9.6%
Public Safety**	\$17,384,579	11.6%
Education***	\$83,448,285	55.6%
Public Works (only general fund)	\$6,170,677	4.1%
Human Services	\$1,219,526	.8%
Culture and Recreation	\$2,292,074	1.5%
Debt and Interest (excluded & non-excluded)	\$7,364,856	4.9%
Benefits and Insurance	\$17,894,181	11.9%
TOTAL	\$150,112,064	100.0%

- * General Government includes 14 departments and 4 boards and committees that are heavily funded with structural revenues.
- ** Public Safety includes Police, Fire, Regional Dispatch, Building/Inspections and Animal Control.
- *** Education includes the Franklin Public Schools as well as Tri-County Vocational School and the Norfolk Agricultural High School.

Model A: Expenditures Slide 2: Pie

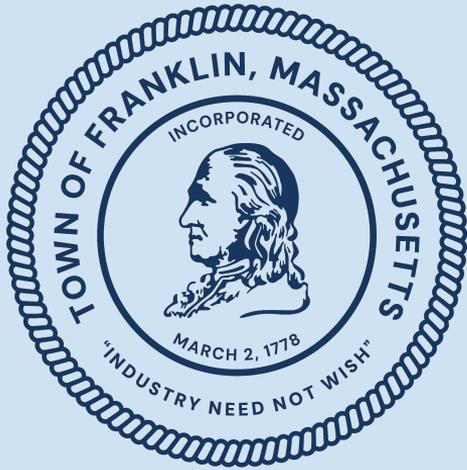
FY26 General Fund Budget



Model A: Expenditures, Slide 3: The Main Highlights on One Slide

- The model represents a **\$3,862,672 structural deficit** that has to be approved by the Town Council or evaluate the implementation of Model B.
- “Level Service” maintains the same staffing and expenses as the current fiscal year. The two minor exceptions:
 - 1 administrative assistant request by the elected Board of Assessors. Half of this request was offset by the elimination of a part-time position in town Human Resources.
 - Eight restored FPS positions that were cut in the FY25 budget for Account 300 Franklin Public Schools.
- Cost of Living Adjustment (COLA) at 2.5% -
 - Municipal estimated cost of \$610,000 increase over FY25.
 - School FEA Unit A Cost 2.5% COLA. Estimated \$1,381,594 increase over FY25.
- Account 300 Franklin Public Schools - \$2.9 million increase or a \$3.8% over FY25.
- Municipal Line item 910 Benefits Budget:
 - Town and school employees and the town will see a health insurance increase of 14.5%.
 - Norfolk County Pension Assessment - \$558,045 or 7%, increase over FY25.
 - All municipal health insurance related line items combined to increase 19%.

71% of the entire town budget consists of salaries and employee benefits.



Model B: Everything is on the table

A Menu of budget reduction options to avoid, or lessen, an override figure or likely cuts if the structural deficit is not solved.

Model B - Menu of Potential FY26 Budget Reductions

The list below is a first draft of potential cuts. These are presented as a menu of sample cuts that are at stake if the structural deficit is not addressed. The amount below is *higher than the deficit* to illustrate the most likely cuts and changes that would have to occur. **The list below totals \$4,255,282.**

<u>Line Item</u>	<u>Department</u>	<u>Personnel/Expenses</u>	<u>Reduction</u>	<u>Amounts</u>
141	Board of Assessors	Personnel	Eliminate the proposed new administrative staff member, a position requested by the elected Board of Assessors	\$60,231
192	Facilities	Expenses	Implement the savings from redistricting	\$409,208
210	Police	Personnel/Expenses	Eliminate staff positions and possible expenses	\$250,000
220	Fire	Personnel/Expenses	Eliminate staff positions and possible expenses	\$250,000
300	FPS	Personnel/Expenses	54% of deficit. Continued staff and expense reductions.	\$2,085,843
422	DPW	Expenses	See chart below	\$400,000
610	Library	Expenses	Reduction in hours, expenses, staff positions	\$50,000
910	Benefits	Expenses	Reduce OPEB Liability payment for second consecutive year	\$350,000
One-time	MECC	Expenses	Use one-time town stabilization funds	\$400,000
Various	Town Staff	Personnel/Expenses	Reduce municipal staff	\$250,000

Model B: DPW Cuts 1

FY26 - Department of Public Works - \$400,000 Cuts

<u>Highway Division</u>	Org	Object	Reduction
Traffic Light Repair and Maintenance	01440200	524030	\$10,000.00
Sidewalk Maintenance, Guardrail Installation, Repairs	01440200	524090	\$30,000.00
Supplies for Creation/Maint/Installation of Signs	01440200	525060	\$5,000.00
Drainage/ Stormwater Design & Troubleshooting	01440200	530700	\$10,000.00
Gravel, Concrete, Stone, Brick, for projects	01440200	543010	\$5,000.00
Road Construction & Maintenance	01440200	587500	\$200,000.00
		Highway Cuts	\$260,000.00

<u>Grounds Division</u>	Org	Object	Reduction
Tree Maintenance/ Trimming/Removal	01441200	524015	\$20,000.00
Field Maintenance	01441200	530920	\$5,000.00
Contracted Services for School	01441200	530921	\$50,000.00
Gravel, Loam, Lumber, Etc.	01441200	543010	\$5,000.00
Park and Tree Supplies	01441200	546090	\$5,000.00
Supplies for Maintenance of Public School Grounds	01441200	546091	\$5,000.00
		Grounds Cuts	\$ 90,000.00

Model B: DPW Cuts 2

<u>Central Motors Division</u>	Org	Object	Reduction
Contracted Services - Transmission Rebuilds	01446200	530900	\$15,000.00
Fuel - Gasoline & Diesel	01443200	541010	\$10,000.00
Automotive Parts - Batteries, Brakes, Etc.	01443200	548010	\$6,000.00
		Central Motors	\$31,000.00
<u>Recycle Center Division</u>	Org	Object	Reduction
Cost of Recycling Items	01443200	524020	\$15,000.00
Household Hazardous Waste	01446200	530920	\$2,000.00
		Recycle Center	\$17,000.00
<u>Administration/ Engineering Division</u>	Org	Object	Reduction
Equipment Maintenance and Repair	01449200	524030	\$1,000.00
Public Notices	01449200	534030	\$1,000.00
		A&E	\$2,000.00
		Total DPW	\$400,000.00

Override 101

- Step 1 - [The Joint Budget Subcommittee](#)
 - Sponsored the [Listening Sessions](#).
 - Submits a recommendation to the full Town Council, School Committee and Finance Committee. March 12th.
- Step 2 - Town Council coordinates with the Town Clerk on an election schedule.
 - A local election requires a **minimum 35 days** to set a special election ballot.
 - See DOR's [Prop 2 ½ ballot questions manual](#).
- **The Town Administrator, Superintendent of Schools and paid staff CANNOT advocate for, or against, an override with town/school resources. We are significantly limited in our ability.**
 - See Ethics Commission advisories [here](#) and [here](#), which should be carefully reviewed by the community.
 - Legally and strategically, town and school staff will have a limited role after a ballot question is set.
 - If the Town Council approves a ballot question, the Town will launch a dedicated override website containing as much information as the Town is legally able to provide.
- Grassroots “ballot committees” are required to facilitate advocacy campaigns “in favor” or “against” a question.
 - See the state’s [Office of Campaign and Political Finance \(OCPF\)](#) for information.
 - OCPF also has a [Campaign Finance Guide on Municipal Ballot Question Committees](#).

A One-Slide Override Sample

- A \$3,862,672 override would cost an average homeowner \$312 per household annually, based on FY25.
 - Actual bills will hit in January/April 2025. Estimate bills go out in Summer/Fall 2024.

Assumptions

- FY25 Certified Median Single Family Value house is \$679,449 at a Tax Rate of \$11.62.
- Average tax bill increase \$226 for FY 25 (current fiscal year).
- A \$3,862,672 override increases the baseline Prop 2 ½ by an additional \$312 per household annually.
- Prop 2 ½ combined with the \$3,862,672 override results in a \$538 increase annually.
- [Calculate Your Override here on DOR Override Estimate Calculator](#)
- Disclaimer: The FY26 tax rate is not established until November/December of 2025. The Board of Assessors will not have an actual dollar figure on the baseline Proposition 2 ½ figure until the tax rate is established. Projecting data on a tax rate establishment in 8 or 9 months is not advantageous. Staff use FY25 to *illustrate* the tax impact on families and households *to offer a more accurate* projection of their property tax increases with an override. [A baseline Proposition 2 ½ historical chart is online here.](#)

Upcoming Property/Ratepayer Increases for FY26

The following projects have been authorized and approved over the past five years for critical infrastructure projects that will improve, maintain the quality of life and your property values as a very appealing community to be a part of. Staff have added in how an override would add to the impact.

For all property owners:

<u>Cost</u>	<u>Annual Amount</u>	<u>Reason</u>
Tri-County	\$120	Voter approved new school debt exclusion.
Baseline Prop. 2/12	\$226	FY25 average baseline property tax increase.
Override	\$312	Estimated average override amount.

For public water and sewer ratepayers ONLY, which represents 70% of the general public:

<u>Cost</u>	<u>Annual Amount</u>	<u>Reason</u>
Water	\$35	8% water increase to pay for PFAS implementation and water main replacements
Sewer	\$62	To replace the 109-year old Beaver Street Interceptor.

Foreseeable Capital Costs Requiring Revenue - 2025-2030

The following projects are the next in line capital projects on the foreseeable future

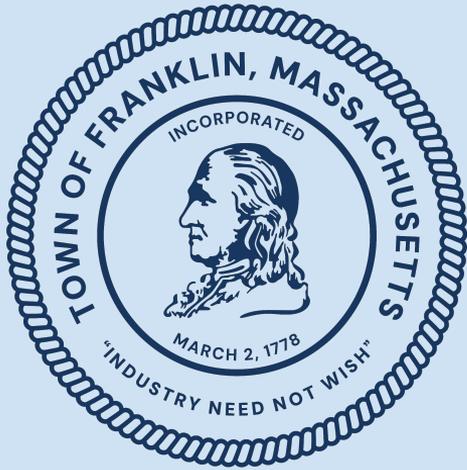
- **School and Town Facility Debt Exclusion**

- All of the following projects are in the beginning stages of design. No date or timeline has been scheduled. Estimated vote in 2-3 years. Costs here are basic, high level estimates. With altering global economics, these figures will evolve.

- Police Station - estimate \$25-\$30 million
- Remington Jefferson - estimate \$10 million
- Horace Mann Roof - estimate \$2 million

- **Public Works**

- Mandatory Water Tank Repairs (Hillside Tank). Will only affect water ratepayers.
- General pressure from federal and state mandates and geopolitical factors:
 - PFAS mandates to be determined. Class action lawsuit settlements will help.
 - Stormwater mandates to be determined.
 - Managing Trash/Recycling Costs for FY27 or FY28



Upcoming Dates of Note

JBSC Listening Sessions:

Saturday, March 8th, 10am-12pm, Virtually & Municipal Building

Wednesday, March 12th, 7pm, High School Auditorium

Town Council Budget Discussion: March 19

Town Administrator Official Budget Filing: April 18

Finance Committee Hearings: April 28-May 1

Town Council Budget Hearings: May 21-22

Visit the link for all budget materials:

<https://www.franklinma.gov/town-budget>



Questions & Feedback