

Town of Franklin

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355 East Central Street
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Memorandum

To: Town Council, School Committee, Finance Committee

From: Jeffrey Nutting, Town Administrator
Jamie Hellen, Deputy Town Administrator

RE: **FY20 Budget Forecast and Beyond**

As you know, the Town Council meeting on March 13th will be to discuss the fiscal challenges the Town faces for FY20 and beyond. The School Committee is scheduled to vote on a proposed school budget on March 12th. The Finance Committee will be beginning their FY20 budget review on March 18th.

Summary In a Nutshell

At this point in time, with final revenues still unknown, a "level service" municipal and school budget would require about an additional \$2,000,000 in revenue. "Level Service" budget is to provide the same level of services that are currently being provided this year.

The FY19 School budget funded by the town is \$63,235,000. The Superintendents FY 20 "level service" budget is \$65,921,000 or an increase of \$2,686,000 and the Superintendents revised recommended budget FY20 is \$66,826,115 or an increase of \$3,591,000. (See the attached memo's from the Superintendent.)

We are currently recommending an increase in the School budget of \$1,200,000 for the coming Fiscal Year 2020, starting on July 1st. Unfortunately, this means the school "level service" budget will be short by about approximately \$1,500,000 and the Superintendent's recommended budget by \$2,640,000.

It is important to note these numbers are still in flux due to final state budget numbers, charter school enrollment and health insurance figures.

Charter School Impacts

We do not have a clear revenue number yet due to the expansion of the charter school. They are projecting an increase of 258 students overall, from the current capacity of 450 to a maximum of 708 in FY20 and eventually phasing into a maximum capacity of 900 in future years. The Charter School will also be expanding eventually to K-12 from its current K-8 grades.

As of this letter, 212 Franklin students have applied from a pool of over 600 applications. A lottery will be held and the actual number will be known later in March. This will lead to an amended proposed state aid number that will be included in the House of Representatives budget, which generally is made public in mid-April.

Our current guess is that Charter School will divert about \$1,000,000 from our state aid. Since the final number is determined by a lottery, this estimate could go up or down based on the lottery and how many students who were accepted through the lottery and accept a seat. The funds for the Charter school are deducted from our Chapter 70 School aid amount. In total, the Town stands to lose local aid for education from the state budget this year, relative to this year.

The charter school funding issue has been a problem for years and the legislature has not yet properly addressed the issue. The bottom line is that the School budget will be less than what is needed to provide a level service budget, let alone the overall vision for the school district as outlined by the Superintendent and the School Committee. We have written to our legislative delegation for years regarding changing the state formula to be less punitive to public school districts, but the law has not changed in 26 years.

We will adjust our recommended school budget based on the House budget in April. The final state aid is not usually known until July and further adjustments can be made by the Council once the information is known.

The current revenue projections for future years do not provide the funds necessary to support municipal and school operations at its current level.

Fiscal Year 2021 (FY21)

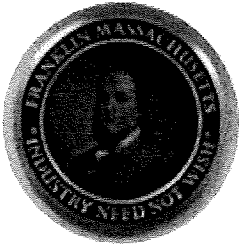
An override will need to be considered for FY 21 to properly fund school and municipal services. There are currently a lot of moving parts, including but not limited to, the final FY20 state aid amount, future changes to the education funding formula (if any), continued growth in Franklin's population, aging population, school enrollment, increased demand on public services, just to name a few.

The bottom line is that virtually every department in town is seeing increased costs to do business and a substantial increase in demand for services. Every department has seen an uptick in requests for services from record breaking public safety calls to more demands on the DPW to maintain our property, fields and roads, higher facilities costs, more customers at the Senior Center and Library, let alone recruiting and retaining the best staff.

The amount of an override is not known at this time, but something in the \$4 - \$5 million dollar range may be needed to maintain appropriate school/municipal services next year. Again these figures will change once more information is available and the Council and School Committee can discuss the matter this fall.

We are happy to answer any questions and hope this meeting in March will begin a community wide discussion.

The Town has a website with all finance & budget related materials to stay in touch with the latest information: <https://www.franklinma.gov/town-budget>



Franklin Public Schools

Office of the Superintendent
355 East Central Street; Suite 3
Franklin, Massachusetts 02038
Phone: 508-553-4819

To: Franklin School Committee, Town Council, Finance Committee
From: Sara E. Ahern, Ed.D., Superintendent of Schools
Re: FY20 Budget Update
Date: March 6, 2019

I have been invited to share more about the FY20 School Department budget in advance of the Wednesday, March 13, 2019 Town Council meeting. At that meeting, the Town Administrator's office will be presenting the Town's Fiscal Forecast for both FY 20 and beyond. This meeting will continue the community's conversation about town finances, following the School Committee's Legislative Forum on Tuesday, February 5, 2019.

At its March 4, 2019 meeting, the School Committee's Budget Subcommittee, Miriam Goodman, and I discussed the following points related to Franklin Public Schools and our financial climate:

1. *Students Today:* Although FPS student enrollment is down, students are presenting with more complex needs than ever. While our overall student population has decreased, the percentage of students qualifying for free and reduced lunch in Franklin has doubled in ten years. We know that statistically 1 in 5 children is struggling from a mental health condition, most of which are going untreated. Additionally, we are seeing growing, more complex needs among our students who require specialized education services.
2. *Contemporary Education:* Our rapidly advancing, technologically rich, and globally interdependent world requires our students to have different and more sophisticated skills than in the past. In addition to traditional content, our curriculum has expanded to include new literacies emerging as a result of technology. Curriculum frameworks in all major subject areas have been revised and we anticipate the revision of others, including art, in the near future. We are renewed in our commitment to the development of Social-Emotional learning, which is needed now more than ever. And we are doing this all within the same school structure -- school year and school day -- as in the past. Our "Critical Needs" presentation highlights just some of the strategic investments that are needed in order for us to realize our meaningful district goals and meet student needs.
3. *Purpose of Schools:* Schools are increasingly being seen as broader social agencies, serving students and families in ways that extend far beyond basic education. The "wraparound services" we coordinate and offer are perfect examples. I highlight our Weekend Backpack program with the Franklin Food Pantry, our support of Project Interface (a community-wide resource for behavioral health services), and relationship with YOU, Inc. (a behavioral health agency) as three such services.
4. *Competitive Context:* School has now become a highly competitive marketplace. Currently, we are most concerned with the impact of the Charter School expansion but we also are cognizant of

"Destiny is not a matter of chance, it is a matter of choice"

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students having other choices for high school as well as school choice into districts in nearby cities and towns. This decrease in enrollment siphons money away from the district, making it even harder to be competitive to keep and draw students to Franklin.

5. *Financial Picture:* The Foundation Budget Review Commission has pointed out the ways in which the state is not keeping up with an adequate education in the areas of special education, English language learners, health insurance, and low socio-economic status students. Additionally the Charter tuition assessment and reimbursement formula proposed in the Governor's budget is devastating to a community like Franklin. Furthermore, as a minimum aid community, we are only seeing small increases in the Chapter 70 allotment each year. Because of the Charter formula, we anticipate a *decrease* in funding this year. The state has not always fully funded Circuit Breaker, a critical resource that helps to mitigate the high cost of many special education services.
6. *Mitigation Strategies:* Over the past ten years, Franklin Public Schools has engaged in many strategies to operate in a fiscally responsible manner. Our in-district specialized programs are excellent in quality and have grown over time. As a result, we are able to retain students within our district who might otherwise be placed in out-of-district schools at a much higher financial cost. We are running more of our own vans for specialized transportation, saving on costly contracted services. There have been enrollment-driven reductions of positions across our schools, particularly at the elementary school level; although there have been reductions, elementary class sizes remain with School Committee guidelines. We employ technology, where helpful, to streamline processes and make them more effective. We have created partnerships within our community in order to leverage resources. There have been cuts to programs and services, some of which have shifted to a fee for service model through the Lifelong Learning Institute. User fees were instituted across the district for student activities, transportation, and athletics.
7. *Balancing FY 20:* It seems that the School Department's budget will not be fully supportable given the town's current fiscal climate, necessitating reductions. This was previewed during the budget development process as a gap that would need to be closed. Certainly no decisions have been made and there is still some uncertainty about state funding, but I believe I will find myself in a position of reluctantly recommending the following to the School Committee:
 - a. Reduction in expenses
 - b. Loss of positions and services
 - c. Examination of new revenues including fees and accepting school choice

I wish to also convey my grave concerns about the financial picture for FY 21.

The above points are not all inclusive, but highlight several main ideas. The School Committee will have an opportunity to discuss this at its meeting on March 12, 2019.



Franklin Public Schools

*Office of the Superintendent
355 East Central Street; Suite 3
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Phone: 508-553-4819*

To: Franklin School Committee
From: Sara E. Ahern, Ed.D., Superintendent of Schools
Re: School Committee FY 20 Budget
Date: March 6, 2019

The FY 20 School Committee budget was presented and discussed at the February 19, 2019 School Committee meeting and the public hearing was held on Tuesday, February 26, 2019. This budget came together over several months of meetings and discussions among the School Committee, Budget Subcommittee, and school administration.

This budget amounted to an allocation of \$67,076,078, (a 6.07% increase over FY 19), which included the funding of several areas of "Critical Need" in addition to a Level Service budget, as recommended during my presentation of the Superintendent's Recommended Budget on January 22, 2019. These Critical Needs areas include:

- Adjustment counselors (2.0 FTE) at the elementary school level
- Adjustment counselor (1.0 FTE) at the middle school level
- Kindergarten ESPs (6.0 FTE) at the elementary school level
- Two special education teachers (2.0 FTE) for IDEAS and STRIVE specialized programs at the middle school level
- Expansion of the NECC partner program at Parmenter Elementary School
- Two curriculum specialist positions (2.0 FTE) to support curriculum development PreK-8
- Four teaching positions (4.0 FTE) at Franklin High School to reduce class sizes
- A van driver for specialized transportation
- \$120,000 to recruit and retain classroom substitutes

The budget subcommittee met on Monday, March 4, 2019 to continue discussions related to the development of the FY 20 budget. As the budget is an iterative process, at that time, Miriam Goodman and I presented two updates to the subcommittee. One involved a revised figure regarding salaries, reducing that line item by \$124,963 and the other involved removing the expansion of the NECC partner program due to a change in anticipated student enrollment, reducing that line by \$125,000.

As a result, the budget subcommittee recommended that the School Committee consider a revised budget at the March 12, 2019 meeting. The revised budget is \$66,826,115, or a 5.68% increase over FY 19.

At the March 12, 2019 School Committee meeting, I recommend that the School Committee approve an FY 20 budget of \$66,826,115.