

PRESENTATIONS
AND
DISCUSSIONS

- *Legislative Delegation: Senator Spilka, Senator Ross, Representative Roy*

Town of Franklin

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Karen E. Spilka
State Senator
Room 212
State House
Boston, MA 02133

Richard J. Ross
State Senator
Room 419
State House
Boston, MA 02133

Jeffrey N. Roy
State Representative
Room 527A
State House
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.

As municipal leaders, we support any financial assistance the state may be able to grant us. Our departments are always looking for ways to gain state assistance for public projects. All of you have been instrumental in assisting the Town in obtaining many grant funds over the years and greatly appreciate your hard work and efforts. We believe the vast majority of projects allocated for specific purposes in the state budget have local support and are good projects that affect the pride and quality of life in our communities.

That said, we have experienced great difficulty in obtaining funds that were set aside for specific projects in the state budget over the past two years during Governor Baker's term. Either the money never materialized from the Administration or we received the funds so late in the fiscal year it was very difficult, or impossible, to spend the all of the funds on time by the end of the Fiscal Year. Furthermore, contracting and compulsory reporting with state agencies for small projects under \$50,000 are increasingly time consuming and cumbersome on all of our staff. At some point, the Law of Diminishing Returns kicks in.

We recommend to divert these politically contentious funds into other established state aid programs, such as Chapter 90 for road maintenance, special education, Chapter 70 or any other general state aid account for distribution. By increasing cities and towns' portion of state aid, Franklin would be able to fund the projects that were set aside for specific purposes in the town budget with much less bureaucracy and setting realistic expectations among all of our constituents.

2. Charter School funding formula

In the largest turnout in Massachusetts electoral history, the voters of this state made a very decisive decision with respect to charter schools. We are requesting the Legislature look at alternative funding mechanisms for charter schools, including private financing. The bill for charter schools cannot rest solely on the backs of the town taxpayers.

The Franklin public school district redirects over \$3.7 million from the Town's public school district budget to charter schools annually. This priority is not an indictment on the educational value of charter schools, its simply becoming an ever increasing financial challenge for the Town of Franklin and continues to be very difficult to manage the Town budget when siphoning off this kind of money, annually, to charters.

By our assessment, the ballot question to expand charter schools failed by almost 800,000 votes statewide and failed by a near 2 to 1 margin. We believe the need for charter schools has reached its plateau, or state programs and money should be prioritized in underperforming school districts. It has been 23 years since Education Reform in Massachusetts with almost no changes to the charter school funding formula to protect most public school districts who are consistently performing very well.

With clearly little public appetite for an increase in charter schools, we recommend fixing the charter school funding formula to prevent fewer dollars from leaving the public school district. We need your assistance in helping Franklin keep as much of the \$3.7 million being diverted to charter schools right here in our own public school district, while finding alternative state or private resources to fund charter schools.

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

individuals who work in a town for 10 to 15 years just to obtain a good health insurance plan for retirement.

We recommend you reform both the OPEB laws and Chapter 32B together to chart a new course of financial sustainability for our cities and towns for future generations.

5. Reform the Special Education Law & Circuit Breaker

Similar to the OPEB reform priority above, we understand any significant financial commitment from the state is unlikely to solve our budget structures with the exponential rising costs of special education.

In Franklin, we continue to be challenged by the increasing costs of delivering special education programming to students with disabilities. One of the many unanticipated costs is the OSD practice of granting private special education schools the opportunity to assess mid-year tuition increases. These tuition increases can reflect an increase in cost of seven to ten percent and are directly passed on to districts. These costs are often non-budgeted and propel us to reallocate funds to pay the tuition increases. Implementing a review of OSD practices and protocols may offer some relief to municipalities. Including district administration in this review may offer insights on how to enable private schools to efficiently fund programs but in a way that does not negatively impact districts in mid-budget cycle.

With respect to special education, Franklin experienced an increase of 14% in students diagnosed with Emotional Disabilities (October 1, 2016 SIMS submission). Students with complex diagnoses requiring significant therapeutic supports and psychiatric interventions that often create educational and fiscal challenges for schools. Expanding the allowable claims for specific services in the Circuit Breaker formula could offer some relief to local communities. Additionally, offering financial support for Social Emotional Learning (SEL) initiatives could support districts in developing training programs for educators and parents to support students with emotional disabilities in the school environment.

Increasing Circuit Breaker reimbursement would have a positive impact in many communities such as Franklin. Including special education transportation in the reimbursement calculation offers immediate budget relief in our community. Additional funding to support students living in poverty and students who are ELL would offer much needed assistance for Franklin, as these two high need groups are growing constituencies in our community.

The legislature may also consider a study to identify the impact of changing demographics within many suburban communities. There is a trend in communities such as Franklin, Needham, and Natick that Superintendents refer to as the Suburban/Urban phenomenon. These communities are continuing to experience increased student enrollment of high needs families that are more culturally, socially and economically diverse. The educational needs and supports many of these new students require are significantly different from the needs of other students and school administrators continue to reallocate funds as they diversify programs. Funding for professional development of personnel would help educators to be more effective with this changing demographic.

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 21st 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