



# Town of Franklin

## FY25 Budget Update

Joint Meeting Town Council/School Committee

April 24, 2024

Jamie Hellen, Town Administrator

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

# State Budget Update

- Governor's House 2 and House Ways and Means budgets propose using one-time funds.
  - House Ways & Means nets Franklin an estimated \$204,000 net increase in state aid over FY24 or \$280,000 over Governor Healey's H2.
- The Commonwealth is facing their own budget challenges:
  - "We know the good fiscal times don't last forever. The reality is one that we have come to know all too well over the past 10 months," Speaker Mariano told reporters.
  - 8 of the past 9 months of tax collections have lagged behind predictions.
  - Far greater requests than available revenues.
  - Governor Healey issued a partial state hiring freeze.
- The spending trends are not sustainable for the state or cities and towns. Massachusetts remains one of the least affordable places to live in the United States.

# Boiled Down: FY25 Town Administrator Budget Highlights, #1

- Total Operating budget is \$140,847,520.
  - \$3.264 million in new revenue through the tax levy.
  - \$2 million in one-time revenue
    - \$1.507 million free cash; \$500,000 MECC Stabilization.
    - FY26 already has a \$2 million deficit to fill due to the use of one-time revenues.
  - Local Receipts are estimated up \$1.116 million.
    - But these are mostly estimated fees for service and predictions, not guarantees.
      - EG - Recreation, Fire, Building, Administration, etc.
  - Loss in State aid of about \$76,000 is in the model.
    - Note: HW&M Budget proposal has a \$204,000 increase over FY24.
  - No new spending in the municipal budget. One exception: Fire Department.

## Boiled Down: FY25 Town Administrator Budget Highlights, #2

- Account 300 - Franklin Public Schools:
  - \$74,989,431 + \$20.6 million in school costs within the municipal budget = 68% of overall town budget.
  - \$3 million increase (4.2%) for Franklin Public Schools in FY25
    - The largest single year increase in school history (tied with 2019 at the same amount)
  - Level Service increase for the Schools = \$7.3 million (minus \$3 million = \$4.3 million deficit);
  - Level service, plus partially restore cuts from FY 24 = \$9.3 million (minus \$3 million = \$6.3 million deficit)
  - Does not include one-time capital funding appropriations, school revolving funds, or other outside one-time revenue sources (EG - grants).

## Historical FPS \$\$ Annual Increase

<u>Fiscal Year</u>	<u>Final Appropriation</u>	<u>Annual increase</u>	<u>School Request</u>	<u>Available New Tax Levy &amp; New Growth</u>
2019*	\$63,235,000	\$3,000,000 (4.98%)	\$3,000,000 (4.98%)	\$3,269,679
2020	\$64,858,500	\$1,623,500 (2.57%)	\$3,800,000 (6.07%)	\$3,700,361
2021	\$65,658,500	\$800,000 (1.23%)	\$3,900,000 (6.03%)	\$3,596,844
2022	\$67,820,825	\$2,162,325 (3.11%)	\$3,026,084 (4.61%)	\$3,124,417
2023	\$70,220,825	\$2,400,000 (3.74%)	\$2,396,171 (3.53%)	\$3,396,172
2024	\$71,989,431	\$1,768,606 (2.5%)	\$3,370,000 (4.8%)	\$3,319,139
2025*	\$74,989,431	\$3,000,000 (4.2%)	\$9,300,000 (12.9%)	\$3,264,366

\*Denotes years with one-time revenues used to balance the budget: FY19 Rainy Day Fund depletion; FY25 Free cash.

The School deficit has been growing for years.

## What is the number to solve “the problem”?, Slide 1

- Solving “the problem” is approximately an **\$8.8 million structural deficit** and defined as:
  - \$6.3 million more is requested by the School Committee to fulfill “Level Service” and “Partially Restore” the cuts made in FY24.

“On April 9th, 2024, the School Committee voted to approve the FY25 School Budget in the amount of \$81,319,261. We are asking for the Town Council’s support to fully fund this budget that addresses the \$9.3 million increase, up to and including initiating an operational override for the community to vote upon as a ballot question in time to fund the FY25 budget.”
  - \$2 million in one-time money that was used to balance the FY25 budget.
  - \$500,000 for Facilities to restore to pre-pandemic levels for basic services to preserve funding to school buildings.

## What is the number to solve “the problem”?, Slide 2

- These numbers do not include:
  - Future FY26 costs drivers such as:
    - collective bargaining,
    - borrowing for the Rem-Jeff remodel, Horace Mann roof replacement, or
    - any other priorities or ideas, such as roads, infrastructure, sustainability, net zero, sidewalks, and so forth.
- Sustainability & Strategic Planning:
  - Regardless of any of this, the Town and School District should work much more closely together to ensure that we have a sustainable budget.
  - Even if an override of this magnitude passes, FY26 will be **more** challenging.
  - The Schools and Town need to live within its means!

## What if an override does not pass? FY25 Plan B

- Level Service will be the focus. The “Partially Restore the Cuts” option should be off the table (for now).
- We will include \$200,000 of anticipated state aid; adjust after the Senate budget.
- Prior to making further cuts to the Town OR Schools, the Town should evaluate options. The Superintendent and I have not coordinated this reply - we’d have to dive into the details and I would want to look at School spending far deeper.
  - Await the conclusion of the School Comprehensive Facilities Analysis for savings/economies of scale.
  - We will reevaluate employee health care estimates.
  - The Schools have an estimated \$4.7 million in expected surplus in revolving accounts on June 30, 2024.
  - The Schools are contemplating user fee increases. We should look at these details before cuts.
    - (EG - Facility rental fee structure)
- **If an override does not pass for FY25 for the Schools, the Town will be into the same situation in FY26 with a larger deficit.**



## Five Year Fiscal Forecast, slide 1

### TOWN OF FRANKLIN FIVE YEAR FISCAL FORCAST FY26 THROUGH FY30

	BUDGET	FORCAST				
	FY25	FY26	FY27	FY28	FY29	FY30
<b>TAX LEVY</b>						
Prior Year Levy Limit plus 2 1/2%	\$ 92,839,014	\$ 96,184,989	\$ 99,614,614	\$ 103,129,979	\$ 106,733,228	\$ 110,426,559
New Growth	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
	<b>93,839,014</b>	<b>97,184,989</b>	<b>100,614,614</b>	<b>104,129,979</b>	<b>107,733,228</b>	<b>111,426,559</b>
<b>DEBT EXCLUSIONS</b>						
Keller-Sullivan	360,325	-	-	-	-	-
Horace Mann Issue #2	270,000	260,000	-	-	-	-
High School Issue #1	2,879,488	2,880,588	2,879,000	2,879,888	2,877,888	2,877,988
High School Issue #2	153,062	149,313	150,563	151,563	152,313	152,813
Tri-County New School	132,298	1,942,875	1,942,875	1,942,875	1,942,875	1,942,875
	<b>3,795,173</b>	<b>5,232,775</b>	<b>4,972,525</b>	<b>4,974,325</b>	<b>4,973,075</b>	<b>4,973,675</b>
<b>TOTAL POTENTIAL TAX LEVY</b>	<b>97,634,187</b>	<b>102,417,764</b>	<b>105,587,139</b>	<b>109,104,304</b>	<b>112,706,303</b>	<b>116,400,234</b>

- Depicts five-year tax levy projections
- Debt exclusions continue to “sunset”

## Five Year Fiscal Forecast, slide 2

	<b>FY25</b>	<b>FY26</b>	<b>FY27</b>	<b>FY28</b>	<b>FY29</b>	<b>FY30</b>
<b>OTHER REVENUES</b>						
Local Receipts - General Fund	13,572,562	14,251,190	14,963,750	15,711,938	16,497,535	17,322,412
	<b>13,572,562</b>	<b>14,251,190</b>	<b>14,963,750</b>	<b>15,711,938</b>	<b>16,497,535</b>	<b>17,322,412</b>
<b>OTHER AVAILABLE FUNDS</b>						
Net Budget Stabilization / Other Transfers	2,007,009					
Enterprise Fund (Indirects)	1,841,000	1,933,050	2,029,703	2,131,188	2,237,747	2,349,634
	<b>3,848,009</b>	<b>1,933,050</b>	<b>2,029,703</b>	<b>2,131,188</b>	<b>2,237,747</b>	<b>2,349,634</b>
<b>TOTAL REVENUES &amp; OTHER FUNDS</b>	<b>148,843,689</b>	<b>154,080,382</b>	<b>159,832,889</b>	<b>166,062,343</b>	<b>172,512,244</b>	<b>179,196,473</b>
<b>ASSESSMENTS &amp; OTHER VOTES</b>						
School Choice	484,619	508,850	534,293	561,008	589,058	618,511
State Assessments	530,647	557,179	585,038	614,290	645,005	677,255
County Assessment	262,362	275,480	289,254	303,717	318,903	334,848
Charter School Assessment	6,068,541	6,371,968	6,690,566	7,025,094	7,376,349	7,745,166
Provision for Abatements & Exemptions	650,000	650,000	650,000	650,000	650,000	650,000
	<b>7,996,169</b>	<b>8,395,977</b>	<b>8,749,151</b>	<b>9,154,109</b>	<b>9,579,315</b>	<b>10,025,780</b>
<b>TOTAL NET REVENUE</b>	<b>140,847,520</b>	<b>145,684,405</b>	<b>151,083,738</b>	<b>156,908,234</b>	<b>162,932,929</b>	<b>169,170,693</b>
<b>LESS: TOTAL GENERAL FUND BUDGET</b>	<b>(140,847,520)</b>	<b>(147,996,451)</b>	<b>(153,652,569)</b>	<b>(159,137,108)</b>	<b>(165,682,837)</b>	<b>(172,605,298)</b>
<b>UNUSED LEVY</b>	<b>\$ -</b>	<b>\$ (2,312,047)</b>	<b>\$ (2,568,832)</b>	<b>\$ (2,228,875)</b>	<b>\$ (2,749,909)</b>	<b>\$ (3,434,606)</b>

- Basic Modeling: Assumes Schools and health care/pension at 5% each year, 2.5% elsewhere.
- Does not include any new staff, initiatives, or spending: Police Station, Remington-Jefferson borrowing, etc.

## Override Calculations on Average SFH

<u>Override Total Amount</u>	<u>Override Cost*</u>
\$2,000,000	\$162.59
\$3,000,000	\$247.14
\$4,000,000	\$325.19
\$5,000,000	\$409.74
\$6,000,000	\$487.78
\$6,500,000	\$528.10
\$7,000,000	\$572.33
\$8,000,000	\$650.38
\$9,000,000	\$734.93
\$10,000,000	\$812.97

\*FY25 will also include an additional 2.5% as allowed under Prop 2 1/2

### Assumptions

- \$650,377 Avg. Single Family Value
- FY24 Tax Rate is \$11.79
- FY24 Current Avg Tax Bill \$7,667
- Calculate Your Override [here on DOR Override Estimate Calculator](#)
- The Household Cost is in addition to the average household cost at 2.5% of \$198.

# FY25 - Overall Financial Impacts to Citizens

- The public needs to be conscientious of the impact of cost increases to citizens.
- Massachusetts is one of the least affordable states to live in because the Cost of Living is so high.
- Other guaranteed new cost increases in FY25:
  - Previously authorized:
    - 20% Sewer Rate increase July 1, 2023 for Beaver Street Interceptor.
      - 15% July 1, 2024, 10% July 1, 2025.
    - Debt exclusion for new Tri-County School to hit taxpayers in FY25. This has been built into the model.
    - Resident Municipal Aggregation 10 cent electricity rate ended November 2023.
      - .15 cents November 2023-2025.
  - New required:
    - Increase in the Stormwater Fee July 1, 2025 (federal mandate)
      - Expect another small increase of \$10/household in FY25 to maintain this unfunded mandate.
    - Trash/Recycling fee is expected to rise \$50/household for FY25.
    - Federal/State PFAS remediation regulatory costs (water rate increase is certain FY25 for PFAS).
      - Water Rate increases expected of a 8% FY25, 8% FY26, 8% FY27.
      - Estimate increase is \$50/household in FY25.

# Crystal Ball: FY25-FY28 - Other Expected Costs

- The upcoming four years that may need a new/increased revenue sources for:
  - Police Station.
  - PFAS mandates from the EPA and state DEP.
  - Stormwater and Phosphorous mandates from the EPA.
  - Discretionary:
    - If the Davis-Thayer is maintained and renovated by the municipality.
  - Other unforeseen projects and costs...
- I firmly believe that this community needs to begin to be very judicious with its additional commitments moving forward unless the revenue source is through an already existing mechanism,
- The Town and School District cannot do it all.

# Community Assistance Program (CAP)

- The Town of Franklin, through its Community Assistance Program (CAP) in Section 82 of the Town Code and the Commonwealth of Massachusetts offer a variety of exemptions, discounts & resources to qualifying residents.
- The Board of Assessors can discuss applicability of state exemptions (EG - disability, veteran).
- Recreation, Public Works, Fire, and other departments offer discounts for services.
- Town Citizens, Discounts & Exemptions Flyer



## CITIZEN DISCOUNTS AND EXEMPTIONS

A Guide to Local and State Government Assistance Programs



### LOCAL ASSISTANCE PROGRAMS

The Town of Franklin offers a variety of assistance programs to qualifying residents. Eligible residents may receive discounted rates for certain Town services through our departments. Requirements and applications are available on our website. You can find information about the following:

<b><u>Dept of Public Works</u></b> Eligible residents can receive a 20% credit, per quarter, on	<b><u>Recreation Department</u></b> Eligible residents can receive up to a 100% discount on	<b><u>Assessor's Office</u></b> Senior, Blind and/or Veteran Property Owners may qualify
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