

School Finance

Presentation to Franklin School Committee
November 26, 2019

Agenda for tonight

1. Town Financial Position
 - a. Operational Budget overview
 - b. Capital Budget overview
2. Introduction to Chapter 70
3. State and Federal Grants
4. Other Sources of Revenue
5. Local Appropriation Budget
6. FY21 Budget Process
7. Q & A

Franklin's Budget Climate

Town Administrator
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Town of Franklin



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Franklin, Massachusetts 02038-1352

DATE: May 7, 2019

TO: Town Council, School Committee, Finance Committee, Employees, Citizens of Franklin

FROM: Jeff Nutting, Town Administrator
Jamie Hellen, Deputy Town Administrator

RE: Five Year Fiscal Forecast FY20-FY24

Please find attached the five year fiscal forecast. I would like to remind everyone this is a “forecast”. It uses information from the past and present to predict the future. Similar to a weather forecast, there are many factors that will affect what will actually happen. The forecast shows deficits in each year, but the Town is required by law to have a balanced budget, so decisions will be made along the way to ensure we comply with the requirement.

The takeaway message from all reports is that Franklin will continue to struggle to maintain high quality school and municipal services given the fiscal constraints that we operate under. In the long run, it will come down to a decision by the voters of Franklin to pay higher taxes or reduce the current level of services. The forecast shows that if the town wants to maintain the same service level it will need about a \$4 million override for FY 21. This amount could change based on many unknowns at this time however I can't see any scenario that would not require additional tax dollars.

This is not a new message. Over the past many years, we have both reduced services and increased taxes in order to arrive at the level of service the citizens enjoy today.

Funding Sources

Operational Budget

Operational funding is received annually by the Town based on the School Committee's request to provide educational services to the students and families in Franklin. Any unspent operational budget funds revert to the Town's "free cash" at year end. The fiscal year runs from July 1 through June 30.

Capital Budget

Capital funding is generated from the Town as a one time allocation in the fall based on the "free cash" certification in November. These funds are for one time use and there is no expectation that Capital items requested will be funded each year.

FY20 Capital Request preview

Description	Requested Amount
Curriculum Resources (Civics/SS/Elem.Math)	\$ 133,885
Instructional Technology (Chromebooks, laptops, projectors)	\$407,280
Total	\$541,165

Five Year Plan for Capital Needs

Description	Requested Amount
Curriculum Resources	\$270,000
Instructional Technology (Chromebooks, laptops, projectors	\$1,200,000
Special Education Passenger Van	\$350,000
Foodservice Equipment	\$138,000
Total	\$1,958,000

State Revenue

Chapter 70 (MA School Finance Statute)

- The major program of state aid to public elementary and secondary schools, providing state aid to support school operations
- Establishes **minimum spending requirements** for each school district and minimum requirements for each municipality's share of school costs
- Goal is to ensure that every district has sufficient resources to meet its **foundation budget** spending level, through an equitable combination of local property taxes and state aid.

Chapter 70 aid is determined in three basic steps

1. It defines and calculates a **foundation budget**, an adequate funding level for each district, given the specific grades, programs, and demographic characteristics of its students.
2. It then determines an equitable **local contribution**, how much of that “foundation budget” should be paid for by each city and town’s property tax, based upon the relative wealth of the community.
3. The remainder is funded by Chapter 70 **state aid**.

Chapter 70 makes up 43.8% of the FY20 School budget of \$64,858,500

Foundation Budget - Enrollment

Assigns specific cost rates to grade level categories and demographic groups.

Base Categories

- pre-kindergarten
- half-day kindergarten
- full-day kindergarten
- elementary (grades 1-5)
- junior high/middle (grades 6-8)
- senior high (grades 9-13)
- vocational education (grades 9-12)



then adds

Incremental Costs above the Base

- Special Education In District
- Special Education Out-of-District
- English Language Learners
- Economically Disadvantaged

Foundation Budget Categories

Cost rates in each category are determined based on statewide average expenditures and applying a **wage adjustment factor** and an **inflation** rate.

Enrollment headcounts are applied to cost rates to arrive at the upcoming year's **foundation budget**.

- Administration
- Instructional Leadership
- Classroom and Specialist Teachers
- Other Teaching Services
- Professional Development
- Instructional Materials/Equip/Tech
- Guidance/Psychological Services
- Pupil Services
- Maintenance
- Benefits
- Special Education Tuition

Foundation Budget

Massachusetts Department of Elementary and Secondary Education

Office of School Finance

FY20 Chapter 70 Foundation Budget

101 FRANKLIN

	Base Foundation Components							Incremental Costs Above the Base						
	Pre-School	----- Kindergarten ----- Half-Day	Full-Day	Elementary	Jr High/ Middle	High School	Vocational	Special Ed In District	Special Ed Out of Dist	EL PK-5	EL 6-8	EL High	EcoDis	TOTAL
Foundation Enrollment	108	2	341	1,949	1,432	1,799	0	209	55	73	13	10	631	5,576
1 Administration	22,350	414	141,132	806,648	592,673	744,567	0	597,000	162,793	6,949	1,294	777	34,343	3,110,941
2 Instructional Leadership	40,365	748	254,898	1,456,878	1,070,420	1,344,753	0	0	0	12,160	2,265	1,360	162,719	4,346,565
3 Classroom and Specialist Teachers	185,086	3,428	1,168,785	6,680,159	4,319,198	7,979,571	0	1,969,949	0	85,114	15,854	9,520	1,588,492	24,005,155
4 Other Teaching Services	47,469	879	299,769	1,713,343	906,181	947,744	0	1,839,314	2,487	12,160	2,265	1,360	0	5,772,972
5 Professional Development	7,320	136	46,244	264,348	210,558	256,484	0	95,029	0	3,474	647	389	77,068	961,695
6 Instructional Equipment & Tech*	25,368	470	160,195	915,601	672,725	1,352,218	0	78,546	0	8,224	1,532	920	11,188	3,226,987
7 Guidance and Psychological	13,467	249	85,051	486,113	475,403	748,670	0	0	0	5,211	971	583	64,321	1,880,039
8 Pupil Services	5,356	99	33,838	290,054	348,122	1,008,479	0	0	0	1,738	324	194	334,241	2,022,444
9 Operations and Maintenance	51,397	952	324,555	1,855,005	1,477,608	1,799,874	0	666,877	0	20,845	3,883	2,331	0	6,203,327
10 Employee Benefits/Fixed Charges*	56,093	1,039	354,214	2,024,591	1,531,933	1,741,169	0	705,340	0	18,094	3,370	2,024	243,326	6,681,192
11 Special Ed Tuition*	0	0	0	0	0	0	0	0	1,463,667	0	0	0	0	1,463,667
12 Total	454,271	8,412	2,868,680	16,492,741	11,604,821	17,923,529	0	5,952,054	1,628,947	173,967	32,405	19,457	2,515,698	59,674,984
13 Wage Adjustment Factor	105.6%													
14 Economically Disadvantaged Decile	2													
Foundation Budget per Pupil														10,702

*The wage adjustment factor is applied to underlying rates in all functions except instructional equipment, benefits and special education tuition.

English learner foundation budget as % total foundation budget	0.4%
Economically disadvantaged foundation budget as % total foundation budget	4.2%

Student Opportunity Act- proposed legislation changes include:

- Increased funding for areas recommended by the Foundation Budget Review Commission's 2015 report, including increased funding for employee and retiree healthcare costs, special education, English language learners, and students in districts with a high concentration of poverty.
- Providing additional state financial support, to be implemented over a number of years, for public schools through charter tuition reimbursements, an expansion of the special education circuit breaker, additional funding for school guidance and psychological services, and lifting the cap on Massachusetts School Building Authority spending.
- Establishing a 21st Century Education Trust Fund for districts and schools pursuing creative approaches to student learning and district improvement; a Data Advisory Committee to help districts with strategic planning and resource allocation; and a Rural Schools Commission to investigate low and declining enrollment in rural schools.
- Requiring schools and districts to develop and publish plans for closing opportunity gaps, and requiring the Department of Elementary and Secondary Education to publish district-level data on student preparedness for post-graduate success in college and the workforce.

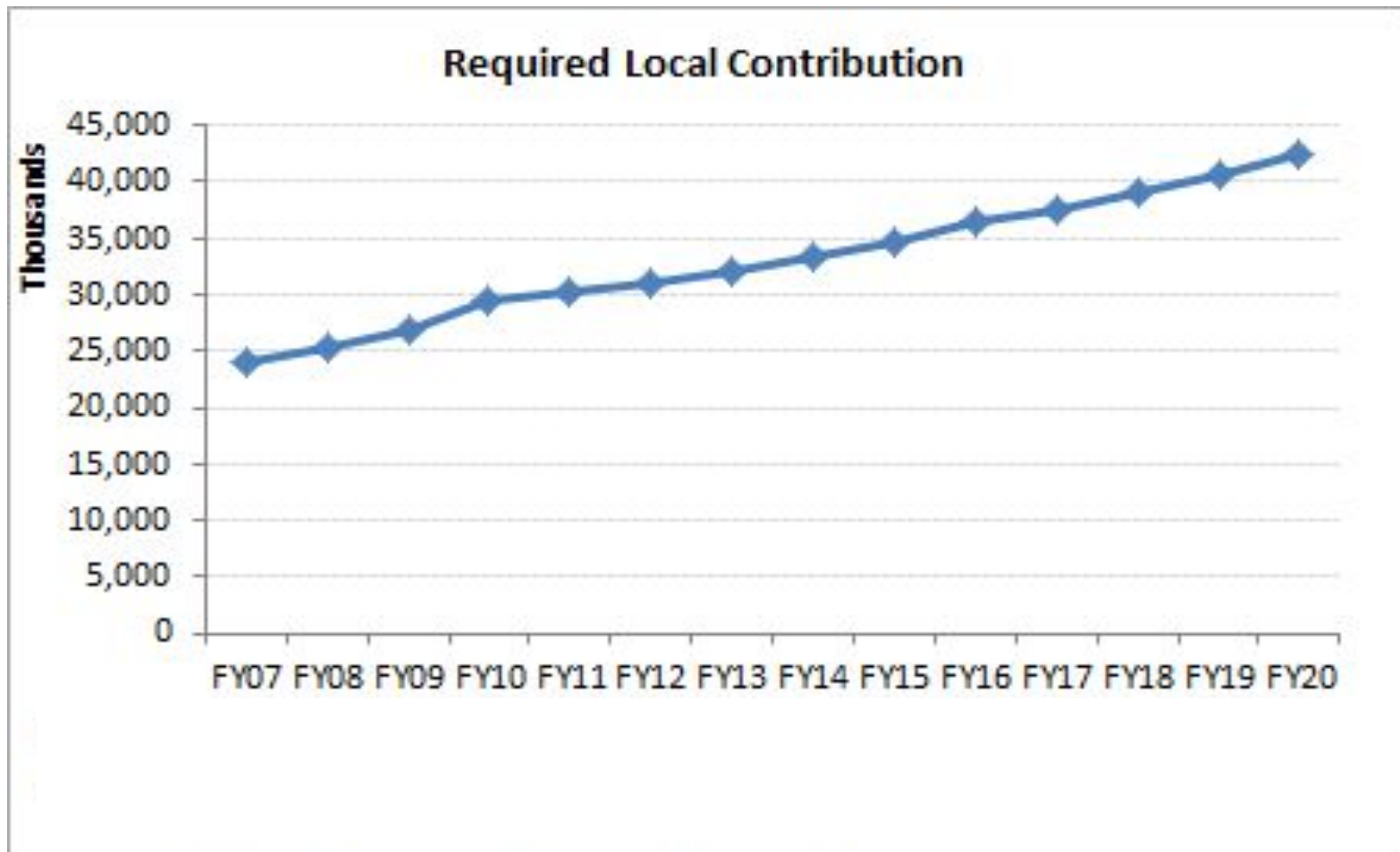
Student Opportunity Act- proposed legislation's local impact to Franklin remains to be seen:

- As a minimum aid community, we do not anticipate an increase in Chapter 70 funding as a result of the implementation of the FBRC recommendations. The bill, however, does set minimum aid to be \$30, which is the same amount as FY 20 and higher than amounts received in recent fiscal years.
- We anticipate additional financial support through the Circuit Breaker Reimbursement, with the inclusion of out-of-district specialized transportation (beyond a threshold level), which had previously not been included. This is proposed to be phased in over several years.
- We anticipate a small amount of additional financial support of Charter School Tuition reimbursement, which had not been fully funded in years past.
- Opportunities for competitive grants and additional flexibility through the 21st Century Education Trust Fund.

Local Contribution

- Each community has a different **target local share**, or “ability to pay”, based on its **property values** and residents’ **incomes**.
- **Municipal revenue growth factor**
 - Calculated annually by the Department of Revenue
 - Quantifies the most recent annual percentage change in each community's local revenues, such as the annual increase in the Proposition 2½ levy limit, that should be available for schools
- Municipal contribution is calculated then apportioned based on foundation enrollment to FPS and regional school districts which we belong (Tri County and Norfolk County).

Franklin's Required Local Contribution 2007-2020



Required Net School Spending

State Formula

Local Contribution
+ Chapter 70 Aid

Required Net School
Spending

Franklin FY20

\$40,088,811
+ \$28,416,161

\$68,504,972

Franklin's Actual Net School Spending



Massachusetts Department of Elementary and Secondary Education Chapter 70 District Profile

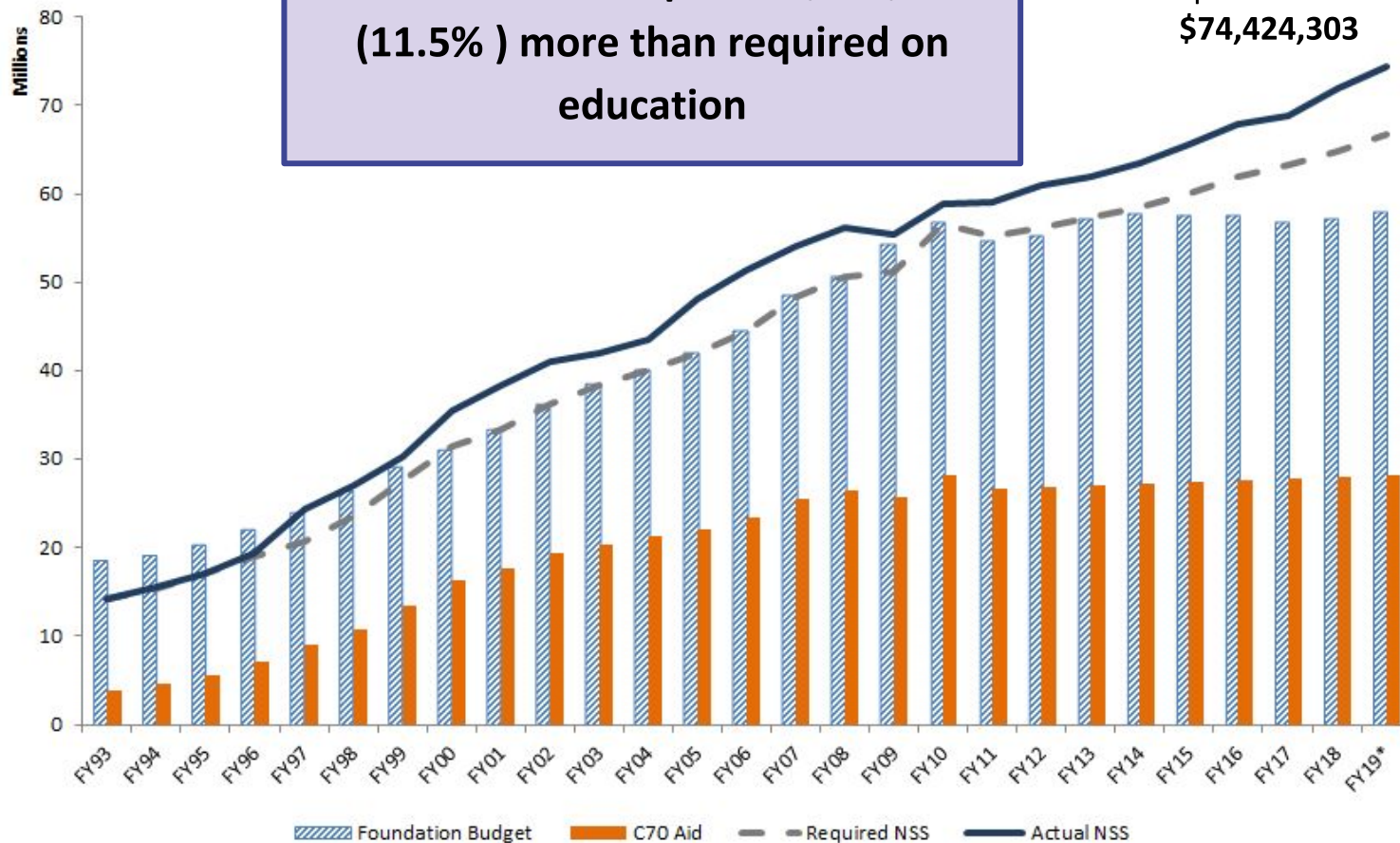
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0101 Franklin

**In FY19 Franklin spent \$7,693,425
(11.5%) more than required on
education**

How much Franklin actually
spent on education in FY19
\$74,424,303

FY19 Required
Net School
spending
\$66,730,878



Net School Spending Comparisons



Rank within the Collaborative Districts	Collaborative	District	Dollars over NSS	Percent over Required NSS
31	BICO	Attleboro	3,163,584.00	4.30%
30	BICO	Tri County Regional Vocational Technical	723,391.00	4.40%
29	BICO	Blackstone-Millville	2,001,530.00	10.30%
28	BICO/ACCEPT	Franklin	7,693,425.00	11.50%
27	BICO	North Attleborough	6,510,567.00	13.80%
26	BICO	Swansea	3,709,272.00	17.30%
25	BICO	Norton	5,134,863.00	17.50%
24	BICO	Milford	9,639,644.00	19.70%
23	BICO	King Philip	5,206,555.00	20.70%
22	ACCEPT	Medway	6,052,783.00	23.30%
21	BICO	Mansfield	11,842,611.00	25.40%
20	BICO	Easton	10,320,120.00	27.40%
19	BICO	Norfolk	3,338,298	31.60%
18	ACCEPT	Ashland	8,972,591.00	34.00%
17	ACCEPT	Holliston	9,143,510.00	34.00%
... see data at this link for additional districts in the BICO and ACCEPT Collaboratives...				
5	ACCEPT	Needham	40,450,969.00	71.70%
4	ACCEPT	Dover-Sherborn	9,637,804.00	77.60%
3	ACCEPT	Wellesley	42,094,938.00	82.30%
2	ACCEPT	Sherborn	3,905,170	101.10%
1	ACCEPT	Dover	7,963,915	171.60%

Other State Revenue Received in FY20

● School Safety	\$60,000
● Vaping Prevention	\$50,000
● Substance Abuse Task Force	\$58,000
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	\$168,000

Federal Revenue

Entitlement Grants – awarded directly to schools

\$1,433,967

SUPPLEMENT NOT SUPPLANT

Title I, Part A

\$149,379

Title I, Part A of the federal Elementary and Secondary Education Act (ESEA) provides **supplemental resources to local school districts to help low-achieving students in high-poverty schools** meet the state's academic standards.

- Priorities of Title I, Part A are to:
 - Strengthen the core program in schools and provide academic and/or support services to low-achieving students at the preschool, elementary, middle, and high school levels;
 - Provide programs based on scientifically based research that enable participating students to achieve the learning standards of the state curriculum frameworks;
 - Elevate the quality of instruction by providing eligible staff with substantial opportunities for professional development; and,
 - Involve parents/guardians of participating public and private school children as active partners in their children's education at school through open, meaningful communication, training, and, as appropriate, inclusion in decision-making processes.

Title II, Part A: Improving Educator Quality

\$76,385

The purpose of this federal grant program is to increase student achievement through comprehensive district initiatives that focus on the **preparation, training, recruitment, and retention of effective educators**. The goal is to improve the overall effectiveness of all educators, making those activities that focus on educator effectiveness a high priority.

Title IV, Part A: \$10,000 Student Support and Academic Enrichment

The purpose of this federal grant program is to provide supplemental resources to local school districts to build capacity to help ensure that all students have equitable access to high quality educational experiences.

Individuals with Disabilities Education Act (IDEA)

\$1,157,456

The purpose of this federal entitlement grant program is to provide funds to **ensure that eligible students with disabilities receive a free and appropriate public education** that includes special education and related services designed to meet their individual needs.

- Priorities of the Individuals with Disabilities Education Act - 2004 (IDEA-2004) are to:
 - ensure that all children with disabilities have available to them a free and appropriate public education that emphasizes special education and related services designed to meet their unique needs and prepare them for further education, employment, and independent living;
 - ensure that the rights of children with disabilities and their parents are protected;
 - assist states, localities, educational service agencies, and federal agencies to provide for the education of all children with disabilities; and
 - assess and ensure the effectiveness of efforts to education children with disabilities.

Early Childhood Special Education Entitlement Grant \$40,747

The Early Childhood Special Education Entitlement Grant provides funds to ensure that **eligible 3, 4, and 5 year-old children will receive developmentally appropriate special education and related services** designed to meet their individual needs in accordance with the Individuals with Disabilities Education Act - 2004 (IDEA-2004) and Massachusetts Special Education laws and regulations.

Other Sources of Revenue:

Revolving Accounts

- They are established to dedicate a specific source of **revenue from fees** and charges to pay expenses in rendering the service for which those payments are made.
 - The hallmarks of a revolving fund are that expenses cannot be paid until sufficient amounts have been received and that once received, money in the fund can be expended without further appropriation.
- | | |
|---------------------|--------------------|
| ■ Athletics | ■ Transportation |
| ■ Extracurricular | ■ School Choice |
| ■ Technology | ■ Food Services |
| ■ Pre-Kindergarten | ■ Circuit Breaker* |
| ■ Lifelong Learning | |

FY20 Budgeted Use of Revolving Funds

	FY 2020
Lifelong Learning	\$80,000
School Choice	\$7,500
Pre- Kindergarten	\$267,000
Technology	\$42,410
Transportation	\$861,180
Athletics	\$532,850
Extra-Curricular	\$79,500
Lifelong Learning/Grants	\$300,000
Circuit Breaker	\$2,702,395
Total Revolving Funds	\$4,872,835

Other Sources of Revenue:

Gift Accounts, Scholarships, Student Activity

Gift Accounts

- Donations made by PCC's, booster organizations, other outside entities.
- Approved by School Committee
- In accordance with School Committee Policy KCD

Scholarship Accounts

- Held in trust as identified
- Donations made annually by residents, outside entities, former employees and others

Student Activity Accounts

- Raised by students for the direct benefit of students
- In accordance with School Committee Policy JJF and others
- Principal Oversees - FHS, ASMS, HMMS, RMS
- Annually Audited
- Annually approved by School Committee

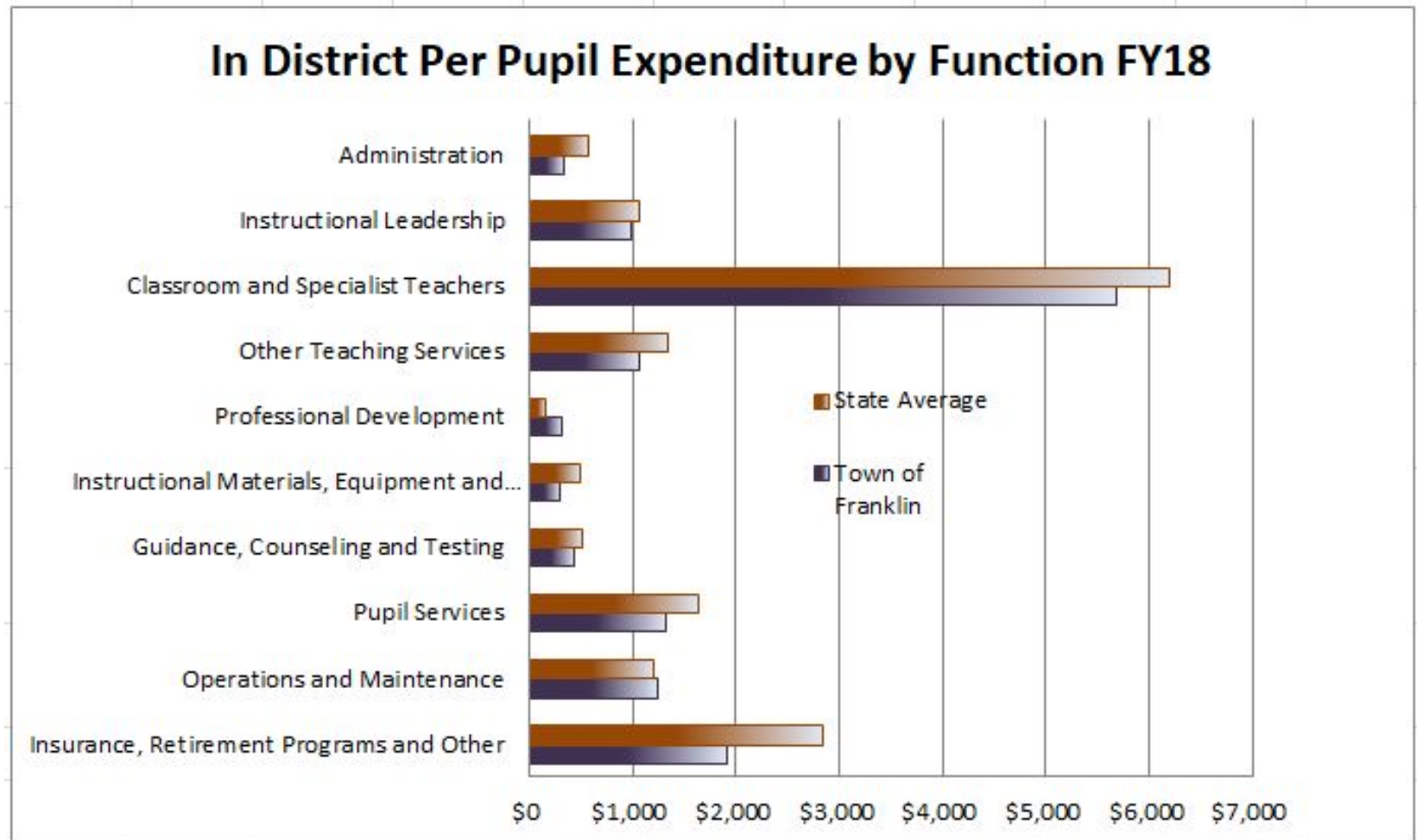
DESE Categories of Expenses

FY18

	Town of Franklin	State Average	Excess (Deficit)	Percentage
Administration	\$322.21	\$562.11	(\$239.90)	-74%
Instructional Leadership	\$976.34	\$1,046.09	(\$69.75)	-7%
Classroom and Specialist Teachers	\$5,668.43	\$6,180.45	(\$512.02)	-9%
Other Teaching Services	\$1,053.72	\$1,324.26	(\$270.54)	-26%
Professional Development	\$310.58	\$156.90	\$153.68	49%
Instructional Materials, Equipment and Technology	\$291.72	\$488.00	(\$196.28)	-67%
Guidance, Counseling and Testing	\$420.39	\$504.49	(\$84.10)	-20%
Pupil Services	\$1,320.13	\$1,628.73	(\$308.60)	-23%
Operations and Maintenance	\$1,223.72	\$1,197.93	\$25.79	2%
Insurance, Retirement Programs and Other	\$1,908.26	\$2,824.40	(\$916.14)	-48%
Total Expenditures per Pupil *	\$13,495.48	\$15,913.37	(\$239.90)	-18%

* Columns do not sum to the total due to spending categories not reported by DOE (approx. 5% of total)

DESE Categories of Expenses

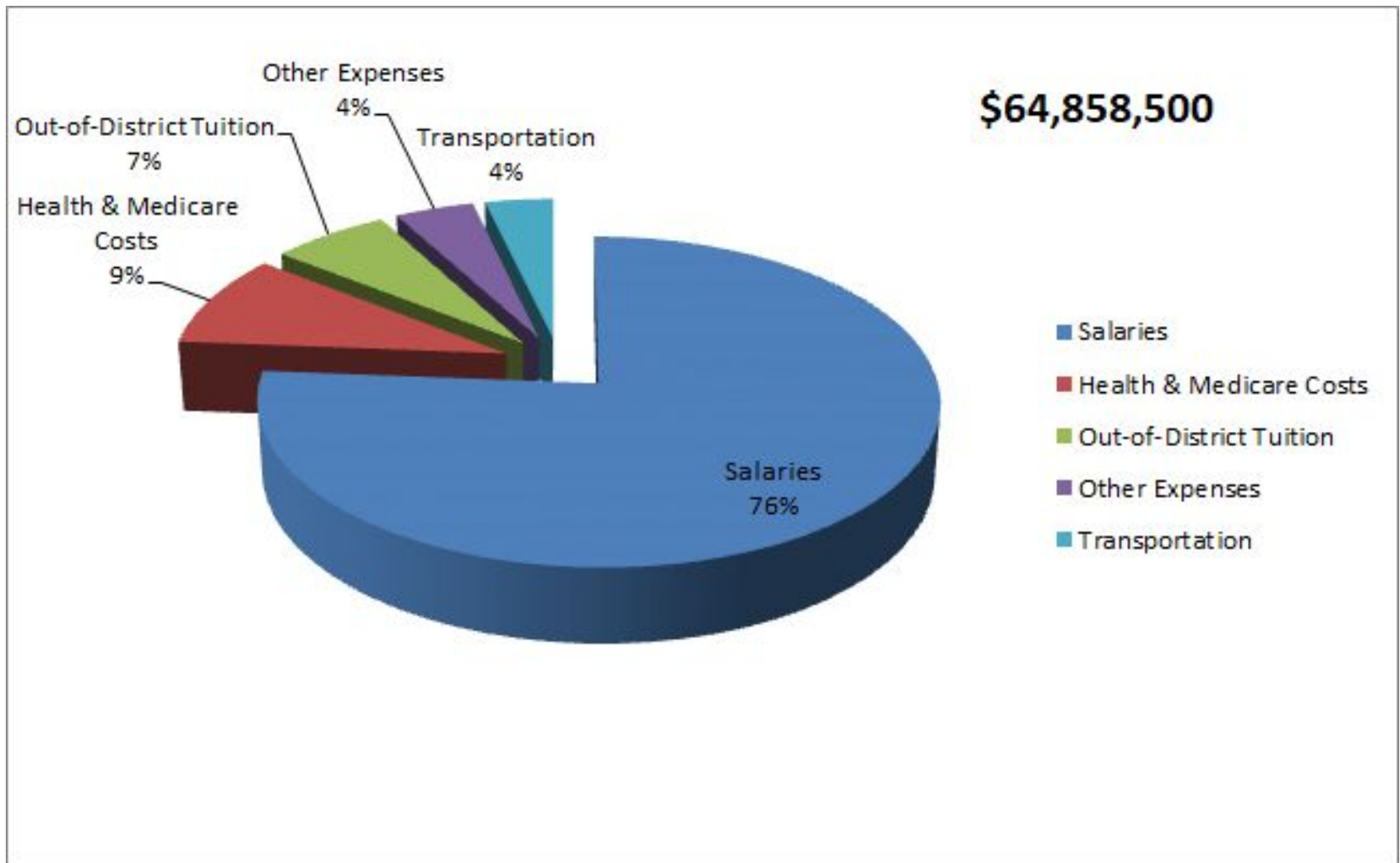


How do we compare?



Rank within Collaborative Districts	Collaborative	District	In-District FTE Pupils	Out-of-District FTE Pupils	Total FTE Pupils	Total In-District Expenditures	Total Expenditures
31	BICO	North Attleborough	4,271.80	196.4	4,468.20	\$12,360.22	\$12,914.39
30	ACCEPT	Holliston	2,903.90	83.5	2,987.40	\$12,979.62	\$14,146.07
29	BICO	Easton	3,704.00	90.6	3,794.60	\$13,279.96	\$14,060.13
28	BICO	Attleboro	5,881.70	468.1	6,349.80	\$13,296.41	\$13,659.15
27	BICO	Swansea	2,075.20	62.6	2,137.80	\$13,462.28	\$13,653.89
26	BICO/ACCEPT	Franklin	5,289.90	450.2	5,740.10	\$13,495.48	\$14,561.17
25	BICO	Blackstone-Millville	1,694.20	126.4	1,820.60	\$13,509.42	\$13,884.32
24	ACCEPT	Ashland	2,762.30	92.2	2,854.50	\$13,571.33	\$14,469.60
23	ACCEPT	Medway	2,280.40	99.6	2,380.00	\$13,985.09	\$14,887.59
22	BICO	King Philip	2,035.90	96.5	2,132.40	\$13,986.16	\$16,292.94
21	BICO	Norton	2,460.30	171.5	2,631.80	\$14,049.92	\$15,144.63
... see data at this link for additional districts in the BICO and ACCEPT Collaboratives...							
3	BICO	Tri County Regional Vocational Technical	1,024.10	0	1,024.10	\$19,868.37	\$19,878.87
2	ACCEPT	Dover-Sherborn	1,175.00	35.7	1,210.70	\$20,573.73	\$20,970.20
1	ACCEPT	South Middlesex Regional Vocational Technical	713.1	0	713.1	\$26,676.51	\$26,676.51

FY20 Approved Budget Expenses



FY20 Budget Efficiencies

Mitigation Strategies built into FY20 budget

- Expanded in-district specialized programming to avoid higher out-placement tuition costs
- Increased in-house specialized transportation to avoid paying higher costs to vendors
- Reduced positions based on declining enrollment
- Built community partnerships to leverage resources
- Strategically paid down revolving funds to reduce stress on future budgets
- Increased fees

Typical Budget Drivers

- Salaries
- Healthcare Insurance
- Special Education Tuition
- Transportation

Draft Budget Development Process - starts with the **Strategy for District Improvement**

October 29, 2019	School Committee Budget Workshop
November, December 2019	School Committee Budget Subcommittee Meetings
December 2019	Central Office & Principal Budget Development Meetings
January, 2020	Critical Needs and Strategic Investments Presented to School Committee
January, 2020	Superintendent's Recommended FY21 Budget Presentation to School Committee
January & February 2020	School Committee Budget Subcommittee Meetings
February, 2020	School Committee's <i>Third Annual Legislative Forum</i>
February, 2020	School Committee Budget Discussion
February/March, 2020	School Committee Budget Public Hearing

Thank You