



Framingham Public Schools

Robert A. Tremblay, Ed. D., Superintendent of Schools

OFFICE OF FINANCE AND OPERATIONS
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MEMORANDUM

Date: April 13, 2020
To: Framingham Public Schools School Committee
From: Lincoln D Lynch IV, Executive Director of Finance and Operations
Re: Fiscal update to Fiscal Year 2019-2020 (FY20) and Fiscal Year 2020-2021(FY21)

Due to the COVID-19 situation the world is dealing with, there are many unknowns and at this point, the potential significant loss in state and local revenues and the unknown of if and when students and staff are returning to school restricts my ability to project the FY20 available balance. The State is scheduled to hold a budget hearing this week where it is expected economists may project a possible shortfall of up to \$5 billion in revenues. The decrease in revenues occurring now, for the most part, will be felt in Quarter 1 (July 2020 - September 2020) of Fiscal Year 2020-2021. This time frame that will be hit hardest mirrors the first three months of our 2020-2021 (FY21) fiscal year. Depending on federal and state stimulus funds which may or may not come to the city, loss in revenues will have a significant impact on the \$147,350,934 FY21 proposed budget that was approved by the Committee on April 1, 2020 and officially submitted to Mayor Spicer last week. The loss in revenues may impact many of the new positions, new initiatives and new evidence-based program spending the District planned to implement in FY21 in accordance with the Student Opportunity Act (SOA). The Student Opportunity Act funding is tied to the State's FY21 Chapter 70 aid program which supports public elementary and secondary schools. The FY21 Framingham Chapter 70 state aid is projected at \$58,051,703, a \$7,089,523 increase to the current FY20 Chapter 70 aid of \$50,962,180. Based on the projected loss in revenue at the state and local levels, I fear that the significant increase to Chapter 70 for Framingham may be lower than expected and plans for FY21 may need to be reassessed when we learn more. While we have submitted our proposed FY21 budget mentioned above, which includes level services, additional required legal positions, positions to fulfill contractual obligations and other new positions, I believe, just as the State is doing now, we will have to submit a revised, proposed FY21 budget to the Mayor. At this time I do not know what that will look like but my team and I have begun to look at the submitted FY21 budget line by line. The work being done will identify spending we may be able to postpone and implement in Fiscal Year 2021-2022 (FY22).

While we look at ways to potentially reduce the FY21 proposed budget, we are also working on the current FY20 budget to see how we can slow spending to help supplement the FY21 budget. As of April 10th, the FY20 year to date expenditures were \$89,663,979 and encumbrances were \$9,292,854. The total FY20 spent plus encumbrances was \$98,956,833 leaving an available balance of \$39,532,017. The last narrative presented to the Committee projected an available FY20 balance of \$1,410,190 or 1.01% of the total budget on June 30, 2020. There are many variables that factor into an end of year projection and at this time I am not confident in a number to present although my thought is the balance will be higher than the \$1,410,190 projection. As you know, even with school not in session, we continue to pay our salaried employees, hourly employees, seasonal employees and some contracted vendors. We are also making unexpected expenditures based on the COVID-19 situation such as hot spots, boxes to ship Chromebooks to students and masks for our food services staff distributing food at Cameron, Fuller, Barbieri and Wilson schools. On the other hand, while we are making these expenditures, substitute teachers are not being paid, there are no fuel costs for busing, day to day school supplies are not being purchased, copy paper has not been purchased at the normal rate and most, if not all other requests to spend have been halted until at least May 4.

The unknown of how long we will continue at this rate is what makes it difficult to project. The numbers change significantly if we go back on May 4 versus if we do not go back until Fall 2020. When the decision to return to school or not, if and when the COVID-19 situation becomes more stable and how State revenue projects come in, the available FY20 funds on June 30, 2020 can be more accurately defined. The amount on June 30 is going to be an important number.

By slowing spending now in FY20, we may have the opportunity to carry more funds than anticipated from FY20 to FY21 to help close the FY21 funding gap. The funding gap we will have to close is between the school department's FY21 request and the combined City and State FY21 contribution to the school department budget. The effective route right now is to get a grip on all spending as mentioned above to prepare for a less than ideal FY21. I plan to update the Committee and public regularly as I receive more information regarding revenues and the outlook for the close of FY20 and the budget for FY21. There are several calls scheduled this week that will focus on state revenues and I plan to continue to work in collaboration with the Mayor's office on both FY20 and FY21.