



Framingham Public Schools

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MEMORANDUM

Date: May 15, 2020
To: Framingham Public Schools School Committee
From: Lincoln D Lynch IV, Executive Director of Finance and Operations
Re: FY20, FY21 and COVID Updates

FY20 Budget Update

Since March 11, 2020, the overall operation of Framingham Public Schools has significantly changed. Staff are no longer in buildings, students are no longer in the classrooms, and athletic fields and auditorium stages are empty.

Due to COVID-19, the District has put cost saving measures in place. We froze most hiring and most non-COVID-related expenses back in March. By slowing spending before the last quarter of the fiscal year, an available balance could be attained to help close the FY21 budget gap. The funding gap we have to close, namely between the school department's FY21 request of a 6.40% increase and the City's recommended School Department FY21 budget at 2.38%, is a difference of \$5,569,000. While in typical times such dependence on a previous year's funds to the extent we may be currently choosing does not constitute an ideal budget management strategy, the current dire financial climate is forcing us into an atypical budgetary path.

Since the hiring freeze back in March, we have only approved general education, special education, and ESL teachers who were - and continue to be - directly in front of students providing remote learning and legally required services. By hiring these positions only and keeping other positions open, savings have occurred. These savings - combined with turnover savings, leaves of absences and step holds - equals a projected **\$2,007,239** and represents 1.94% of the total current fiscal year 2019-2020 salary budget of \$103,604,403. However, we are only projecting a 1.94% savings because our hard working salaried and hourly employees are working to support remote learning.

Furthermore, we have borne witness to savings in our additional salaries category in line items such as custodial overtime, substitutes, summer custodians, as well as special education summer and associated medical costs. We have committed to pay in full staff stipends and coaches stipends as they continue to provide remote learning, engagement opportunities, and communication with our students. The projected savings in additional salaries is **\$514,261**, which is 11.43% of the total current fiscal year 2019-2020 additional salaries budget of \$4,497,401.

Savings can also be seen in the expenditure category of the budget. The following expenditures have been reduced based on the COVID-19 situation: in-person professional development, conferences, home to school day busing (which includes the absence of fuel costs), late bus costs, field trip transportation costs, athletic event transportation costs, special education out of district and in district transportation, homeless transportation, utilities (including reduced gas and electric costs), day to day school supplies, copy paper, buildings & grounds department supplies and materials, etc. The savings in the expense side

of the operating budget is projected at **\$2,220,313**, 7.31% of the total current fiscal year 2019-2020 expense budget of \$30,383,182.

Please keep in mind there are still about six weeks remaining in the fiscal year; changes can still occur that will swing the available balance in either direction. My recommendation is to carry the available balance by way of FY20 Circuit Breaker carryover in the amount of at least \$4,358,804 to balance the FY21 budget, about which you will read below. Of this number, \$1,500,000 of Circuit Breaker carryover funds was previously planned to offset out of district special education tuitions as part of the annual budget submission. The new COVID related projection can now be added to this account to help reduce the gap for FY21. The Department of Elementary and Secondary Education emphatically allows the carryover of Circuit Breaker to offset the following year's out of district tuition costs. A survey of dozens of Massachusetts communities offers examples upon your request. If the carry of Circuit Breaker is not approved by the Committee, the FY21 Operating budget will have to be increased by the recommended amount to avoid detrimental cuts to core services. Projections are calculated to the best of my ability and are based on year-to-date spending, encumbrances and conversations with principals, directors and other staff.

The following recaps the FY20 available balance projection:

Salaries:	\$2,007,239 savings
Additional Salaries:	\$514,261 savings
Expenses:	\$2,220,313 savings
Total projected:	\$4,741,813 projected balance on 6/30/2020 - 3.42% of Operating budget

COVID-19 Expenses - Estimated \$1,386,965.12 as of 5.14.20

Over the past two months there have been unexpected District costs due to the COVID-19 situation. Expenditures include chromebooks, cases for chromebooks, hotspots, postage costs to ship Chromebooks and hotspots to students and masks and gloves (PPE). Additional costs include salaries that are normally funded with fees and/or tuitions that are being refunded and/or no longer being paid by families due to COVID-19. The following costs are expected to be covered by FEMA funding combined with non-ESSER CARES Act funding:

Operating Budget: Postage for delivering chromebooks & hotspots	\$15,000 (projected)
Operating Budget: Deep clean two elementary schools	\$149,173.78 (actual)
Operating Budget: Clorox 360 cleaning machines	\$4,208.25 (actual)
Operating Budget: Masks and gloves	\$60,000 (projected)
Operating Budget: Chromebooks	\$171,185 (actual)
Operating Budget: Chromebook Cases	\$35,468.93 (actual)
Operating Budget: Hot Spots	\$92,682.94 (actual)
Operating Budget: Call manager	\$18,214.59 (actual)
Operating Budget: Supplies for staff	\$1,000 (projection)
Operating Budget: Zoom account	\$345 (projection)
Operating Budget: Translations	\$84,933.33 (projected)
Revolving Account: Before/After School Staff	\$390,149.99 (projection)
Revolving Account: Day Care staff	\$127,700.51 (projection)
Revolving Account: School Lunch staff (not at 4 sites)	<u>\$237,270 (projection)</u>
Total School COVID-19 Expenses	\$1,386,965.12

The \$1,386,965.12 COVID related expenses are as of May 14, 2020. Any future COVID-related expense, occurring between May 14th and June 30th, will be added to the list and submitted for reimbursement. At this time the list has been submitted to the City's CFO to include in the city's expedited application for FEMA funds. The expedited process allows for 50% reimbursement, which should all expenditures above

be approved, amounts to a \$693,482.56 reimbursement. The City will also apply for the normal, non-expedited FEMA reimbursement, which is expected to cover an additional 25% of the total expenses above. We continue to research and secure funding to close the 25% gap in uncovered COVID-19 expenses. One option could be additional, non-ESSER CARES Act Funding.

CARES Act Elementary and Secondary Schools Emergency Relief (ESSER) Fund - Estimated \$1.8M Over Next Two FYs

ESSER funding was signed into law to assist with the unexpected expenditures that have been made due to COVID-19. The distribution of funds is based on a District's share of funds received under Title 1. To be clear, this funding is not considered Title 1 funding and cannot be used to replace other funding sources. The estimated amount of funding Framingham Public Schools could receive is around \$1.8M. As part of the CARES Act ESSER funding, the law requires districts to offer equitable services to nonprofit private schools. Consequently, the total amount of funding accessible to Framingham Public Schools will not be the full \$1.8M; instead, it will result in an amount less than \$1.8M, but as we work with our private school partners in the City to calculate the funding to be appropriated to them, a final Framingham Public Schools ESSER funding number will be finalized.

Per DESE, districts are permitted to use ESSER funds to address the current and future impact of COVID-19 on elementary and secondary schools. Restrictions on CARES Act spending includes the inability to give bonuses or merit pay unless related to COVID-19, to offset executive salaries and benefits of non-district employees, and to spend no expenditures related to state or local teacher/staff unions or associations. A robust application process is required to seek, utilize, and report back on these funds. We will, of course, abide by all restrictions.

In accordance with DESE, two options exist for accessing ESSER funding:

Option 1: Due date for FY20 fund use Monday, June 15, 2020: Applicants that intend to obligate any funds in FY20 (FY20 period of availability is 3/13/2020 – 6/30/2020) should submit by this deadline. Those who opt to apply for FY20 funds will likely get one initial payment of 10% of the award amount in July/August. DESE will then roll the balance of the grant into FY21 (Year 2) of the award (7/1/2020–6/30/2021) and into FY22 Year 3 Q1 (7/1/2021-9/30/22), if needed.

Option 2: Due date for FY21 fund use Wednesday, July 1, 2020: Applicants that *do not* intend to obligate any funds in FY20 but plan to begin using these funds in FY21 should submit by this deadline (FY21 period of availability is 7/1/2020 – 6/30/2021). Applicants will receive an initial payment of 10% of the award amount once the grant is programmatically approved and established on the state's accounting system. DESE will roll the balance of the grant into FY22 (Year 2) of the award (7/1/2021–6/30/2022) and into FY22 Year 3 Q1 (7/1/2022-9/30/22), if needed.

At this time, the recommendation coordinated with the CFO is to move towards Option 2 and submit an application by July 1, 2020. The only factor that may move us towards Option 1 is if we fail to secure funding to cover the 25% of uncovered FY20 COVID expenses mentioned in the previous section. As a result, we will prepare an application to be submitted by June 15th in case that funding is not secured. The rationale for the recommendation is that by moving the ESSER funds to FY21, we can cover any unanticipated, and more importantly, unbudgeted, occurrences that are the result of Federal, State or Local guidelines. For instance, if guidelines for the 2020-2021 school year come out limiting the number of students on a bus, we will have to add more buses or add more time the buses are on the road. If we end up having to implement a policy that calls for students and staff to wear masks, gloves, etc. on a daily basis, the ESSER funds can assist. The recommendation is for ESSER funds to cover one time expenses incurred in FY21. I will not recommend or support a plan to allocate ESSER funds to multi-year initiatives or staff that will have to be funded in FY22 since the ESSER funds could be depleted in FY21.

COVID-19 Expenses, FEMA and CARES Act ESSER recap: 75% of COVID-19 expenses in FY20 are expected to be covered by FEMA funds and the other 25% covered by other COVID-related funding. If funding is not secured to cover 25% of FY20 COVID-19 expenses, CARES Act ESSER funds, in an attempt to cover the cost, will be applied for. Ideally, CARES Act ESSER funds will be applied for on July 1, 2020 to be used in FY21 and, if necessary, FY22.

FY21 Budget Update - Up to date budget recommendation is \$141,781,934 (+3,296,948, 2.38%)

Due to COVID-19, there are still many unknowns as they pertain to the FY21 budget, but experts do project a significant loss in state revenues that directly impacts local City and other town budgets. The loss is projected anywhere from four billion (\$4B) to six billion (\$6B), and, as a result, the FY21 budget does not include the support of the once-celebrated Student Opportunity Act (SOA) funding. The FY21 Chapter 70 (SOA included) increase of \$7,089,523 (\$2,741,904 towards ongoing expenses plus \$4,347,619 towards ongoing or new Student Opportunity Act Programs), deemed a needed infusion of public K-12 funding, is no longer factored into the FY21 budget process. With the anticipated loss of SOA funding, the current Chapter 70 Aid increase for FY21 is projected at \$2,741,904. The revised and most recently recommended FY21 City budget reflects the loss of Chapter 70 Aid and loss of other local revenues. The revised FY21 School Department budget calls for a 2.38%, or \$3,296,948, increase to the FY20 \$138,484,986 operating budget for a total recommended FY21 budget of \$141,781,934. The revised FY21 budget is \$5,569,000 less than the budget which the School Committee approved through its April 1, 2020 vote. The approved FY21 budget included an increase of 6.40% or \$8,865,948 to the FY20 budget. All new initiatives except those required by law have been put on hold. This budget increase is solely due to the law and enrollment growth, as at least 220 new students are joining FPS. We understand these difficult times and respect the needs that all other City Departments established for the 2020-2021 fiscal year. We are continuing to evaluate all options. Based on the latest FY21 School Department budget submitted to the City Council, the following is the strategy proposed to the Committee to close the difference between a 6.40% increase and a 2.38% increase:

School Committee 4/1/20 Voted FY21 Budget	\$147,350,934 (+8,865,948, +6.40%)
Mayor's FPS Budget Recommendation	<u>\$141,781,934 (+3,296,948, +2.38%)</u>
FPS to reduce FY21 request by net	\$5,569,000 reduction

FY21 Budget Gap	\$5,569,000 Budget Gap
Remove Summer salaries	-\$300,000 (\$5,269,000 gap remains)
Remove Summer transportation	-\$70,000 (\$5,199,000 gap remains)
Remove NEW Contractual Positions	-\$636,279 (\$4,562,721 gap remains)
Remove Tier 1 New Positions*	-\$1,213,608 (\$3,349,113 gap remains)
Remove Tier 2+ New Positions	-\$408,675 (\$2,940,438 gap remains)
Add back in 2.0 FTE due to rescinded retirements	+\$68,635 (\$3,008,803 gap remains)
Remove Athletic Expenses to be covered by Rev	-\$50,000 (\$2,958,803 gap remains)
Remove B&G Expenses to be covered by Rev	-\$100,000 (\$2,858,803 gap remains)
FY20 Circuit Breaker Carryover to cover tuitions**	-\$2,858,803 (Gap closed)
FY20 Budget Gap after reductions	\$0.00

*New 2.4 FTE added at Fuller due to new class at King. New 1.0FTE Nurse added at Barbieri due to enrollment growth

** \$4,358,804 Total FY20 CB Carryover to balance

