

Long Range Financial Forecast

Fall Special Town Meeting
October 18, 2016



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FRAMINGHAM

Long Range Financial Forecast

- Three major issues affect Sustainability:
 1. School cost overwhelming our ability to pay; education is by far the largest spending item.
 - The School GF appropriation has grown by more than \$48 million, or 60% since 2007.
 2. Substantial annual increases in Chapter 70 aid has helped fuel the increases in the School budget; BUT we have caught up with our Chapter 70 shortfall; no more substantial annual increases.

Long Range Financial Forecast

- Three Major issues... (cont.)
 3. Our capital investment requirements, especially for buildings and roads, total hundreds of millions of dollars; we cannot afford nor can we manage to do everything in the capital plan. Current priorities: Fuller School and the Memorial Building renovation will require continued investment of free cash into capital reserves and a debt exclusion.
 - Disposal of assets for both working capital and reduction of maintenance cost should be encouraged.

Long Range Financial Forecast

Last Year's Forecast:

	FY17 Budget	FY18 Forecast	FY19 Forecast	FY20 Forecast	FY21 Forecast
Projected Balance	312,784	(2,020,086)	(4,678,717)	(6,492,157)	(7,239,271)

- 1.75% FY17 Levy Growth, 2.5% in subsequent years
- Significant reduction in capital investment
- Restricted growth in discretionary costs
- Use \$500,000 in added free cash to existing revenue estimate

This Year's Forecast:

	FY17 Budget	FY18 Forecast	FY19 Forecast	FY20 Forecast	FY21 Forecast
Projected Balance	922,978	(1,903,161)	(5,024,306)	(6,804,769)	(8,931,814)

- 2.5% Tax Levy
- Significant restriction in capital budget
- Restricted growth in discretionary spending
- Includes \$1.2 million in free cash

Revenue Assumptions

- Total Revenue Increase ranges from 2.7% to 3.4%
- Property Tax Levy
 - Annual base levy growth of 2.5%
 - New tax growth from development approx. \$2.5+ million per year
- State Aid
 - 2% growth in Chapter 70 Aid
 - 3-4% growth in Unrestricted Gen'l Gov't Aid

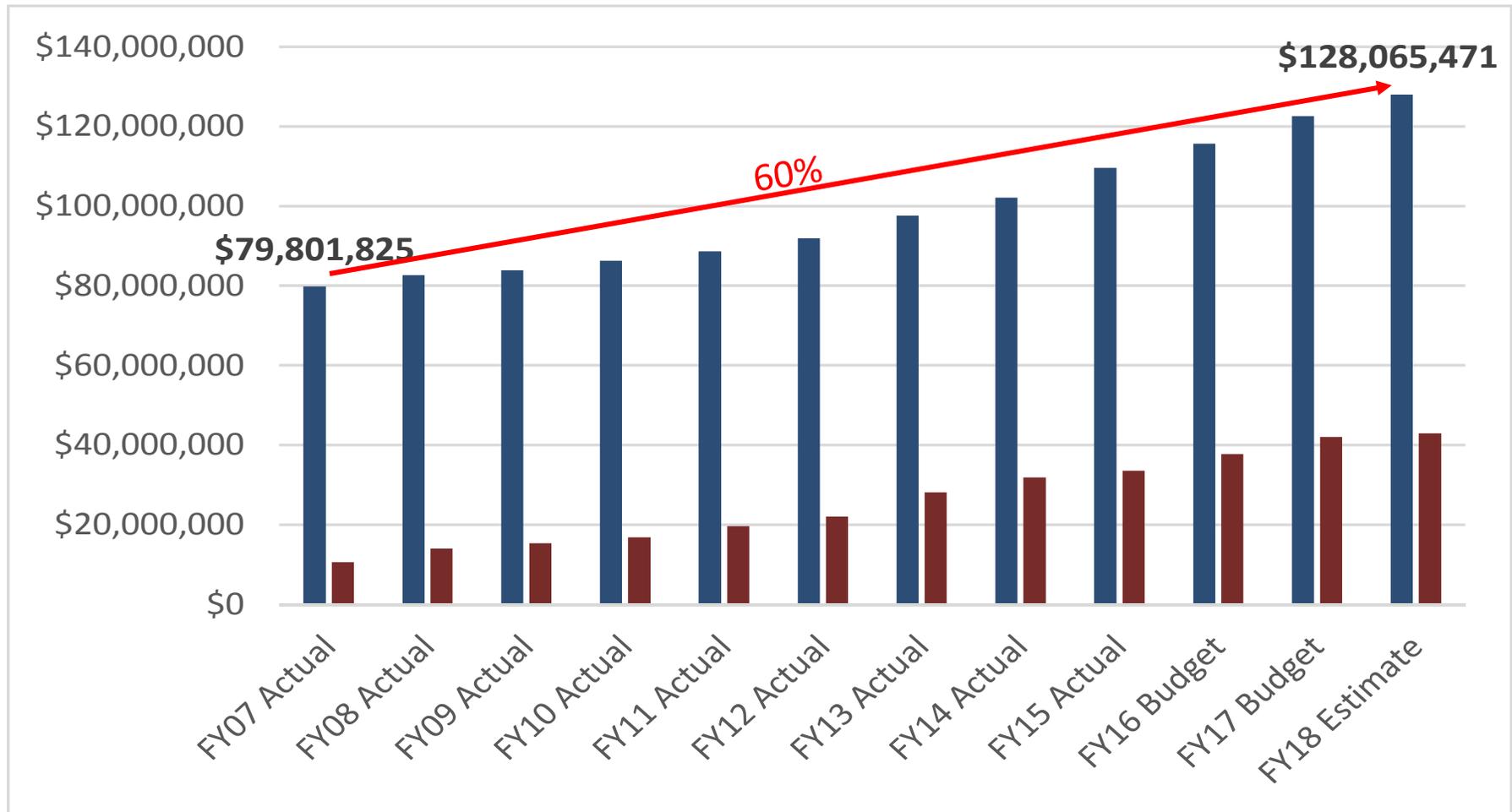
Revenue Assumptions (cont.)

- Local Receipts
 - Overall 1.2 - (1.8%) change
- Free Cash
 - Use \$2M in FY18 to ease into 2.5% levy restriction
 - Allocate enough to Stabilization Fund to maintain 5% policy goal
 - Allocate almost \$1M to Capital Stabilization Fund annually
 - Allocate a fixed portion of net free cash to OPEB Trust

Spending Assumptions

- Spending growth of 3.5% to 3.7%
- No new programs or additional staff for municipal departments: 3.2% growth in FY18
 - Salary growth of 2-4% per year
 - Operating cost growth of 0-4% per year
 - Energy cost growth of 3% per year
- School Department Level Service
 - Base budget growth of 4.5% per year
- Debt Service is based on a very restricted capital budget for the near term

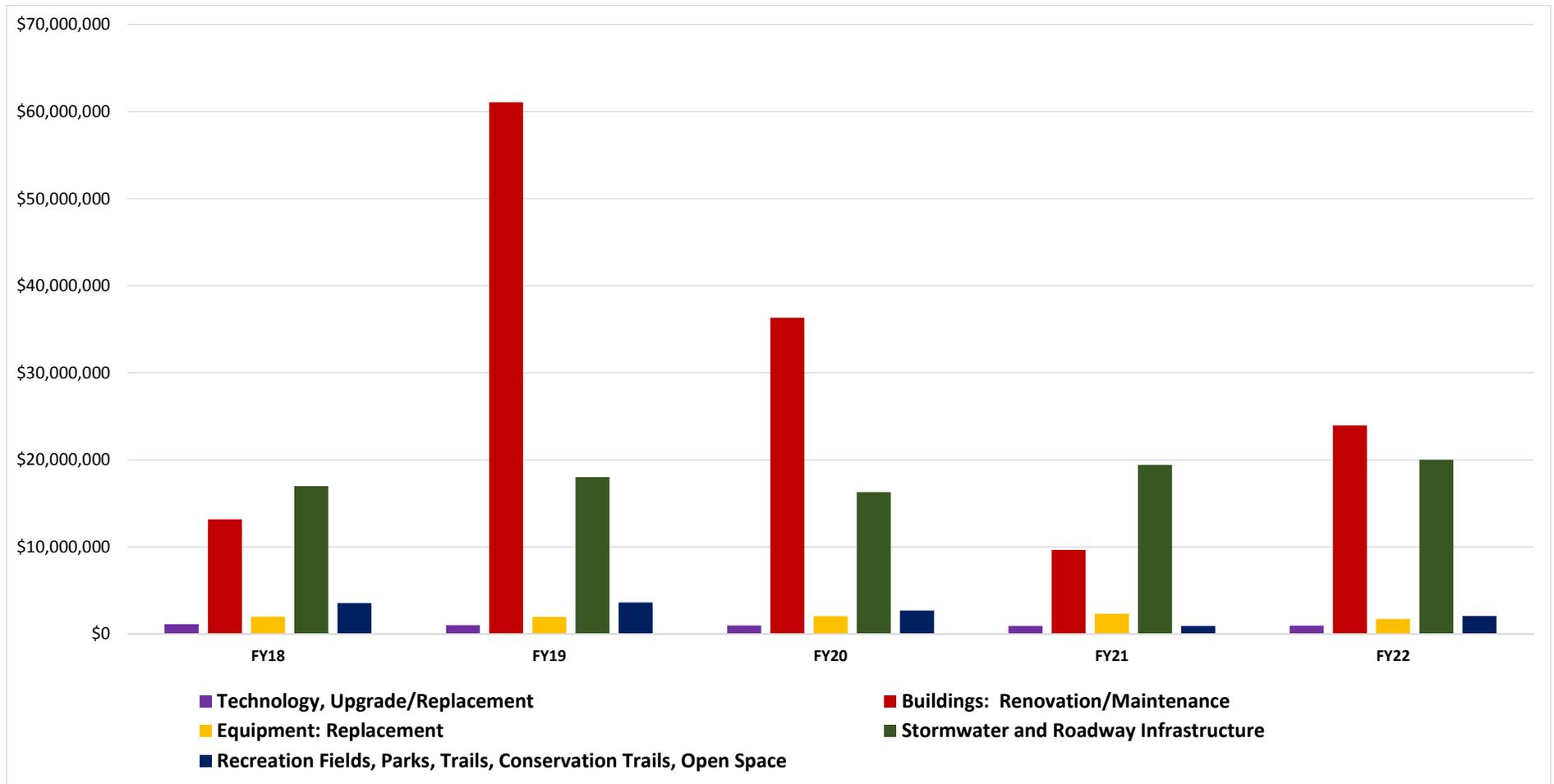
Education Spending FY07 to FY18 est



Long Range Financial Forecast

- Capital Investment Forecast
 - Assumes 25%-30% of capital requests get authorized, at least for next three years
 - The plan must be sustainable - focus on highest priority items in next 5 years
 - Allocate \$5M to Fuller; continue contribution to capital stabilization fund to allocate to another major building project - Memorial Building renovation
 - Assumes debt exclusion for school impacts minimally in FY20

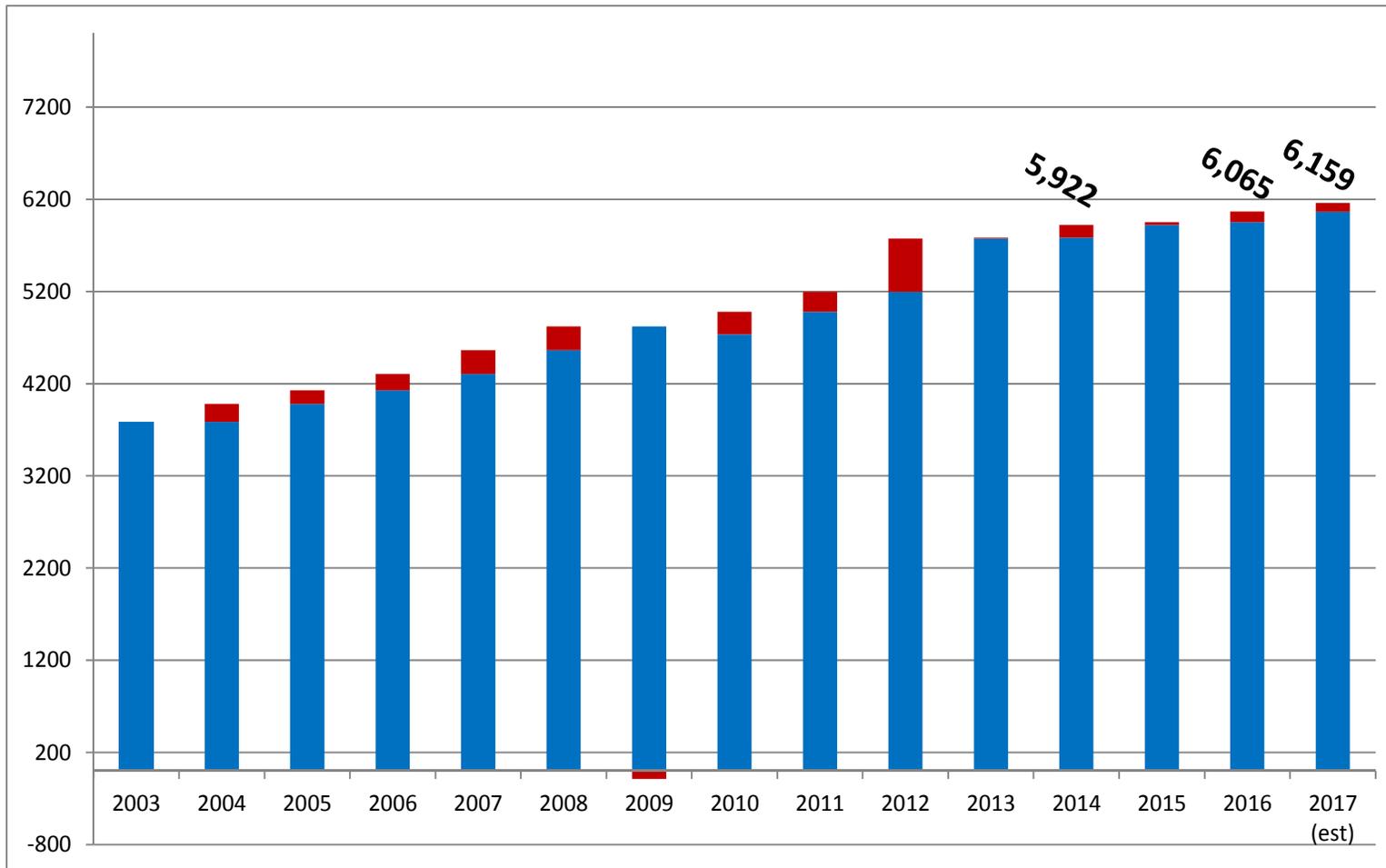
Capital Improvement Requirements



Near Term Tax Estimate

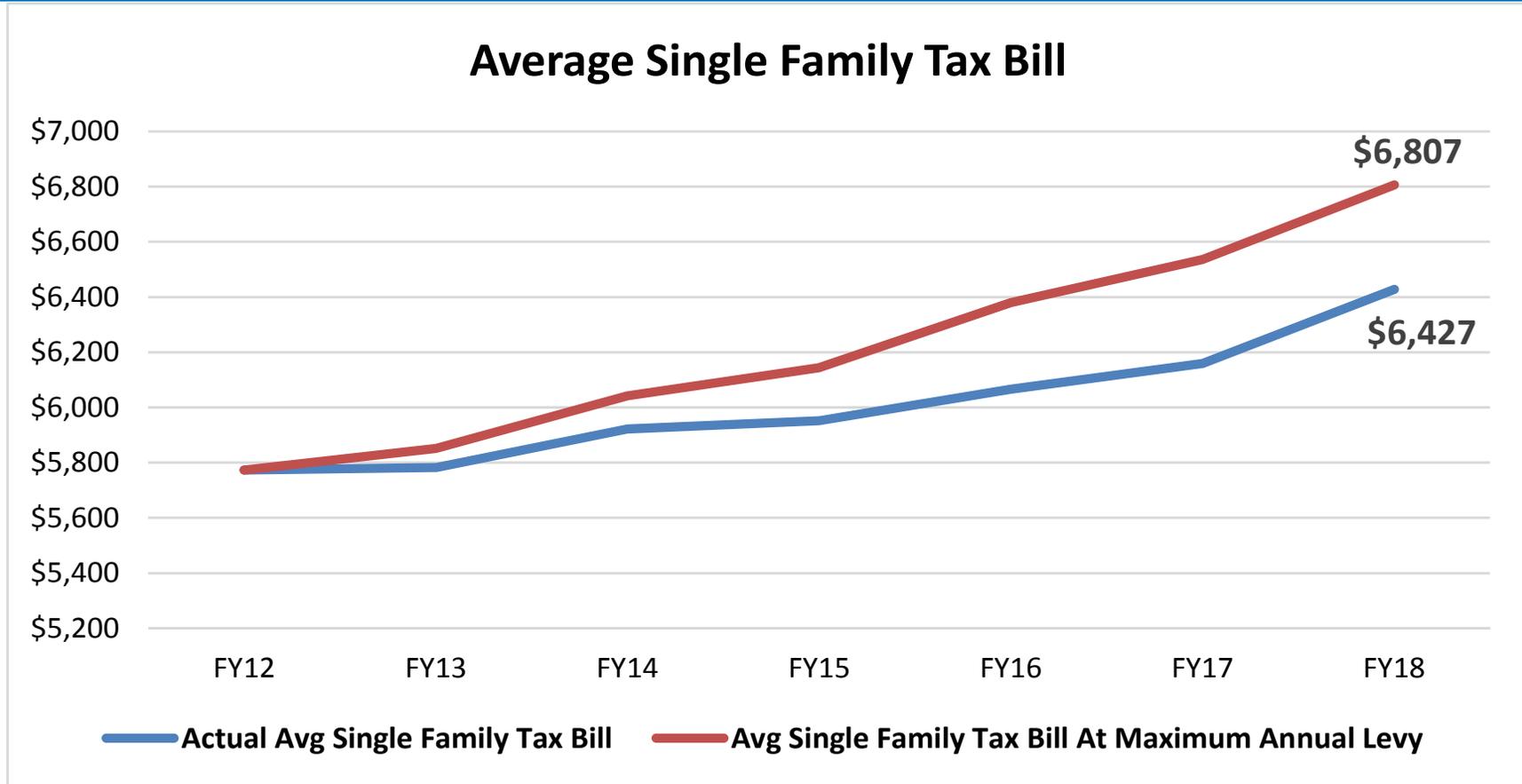
- Resume 2.5% levy means return to historic range of average single family tax bill annual increases
 - 2004 to 2008 ranged from 3.8% to 6% increase
- Estimate \$267 increase in single family tax bill for FY18
 - 4.3% increase
 - \$22.25 per month

Moderating the Avg Single Family Tax Bill



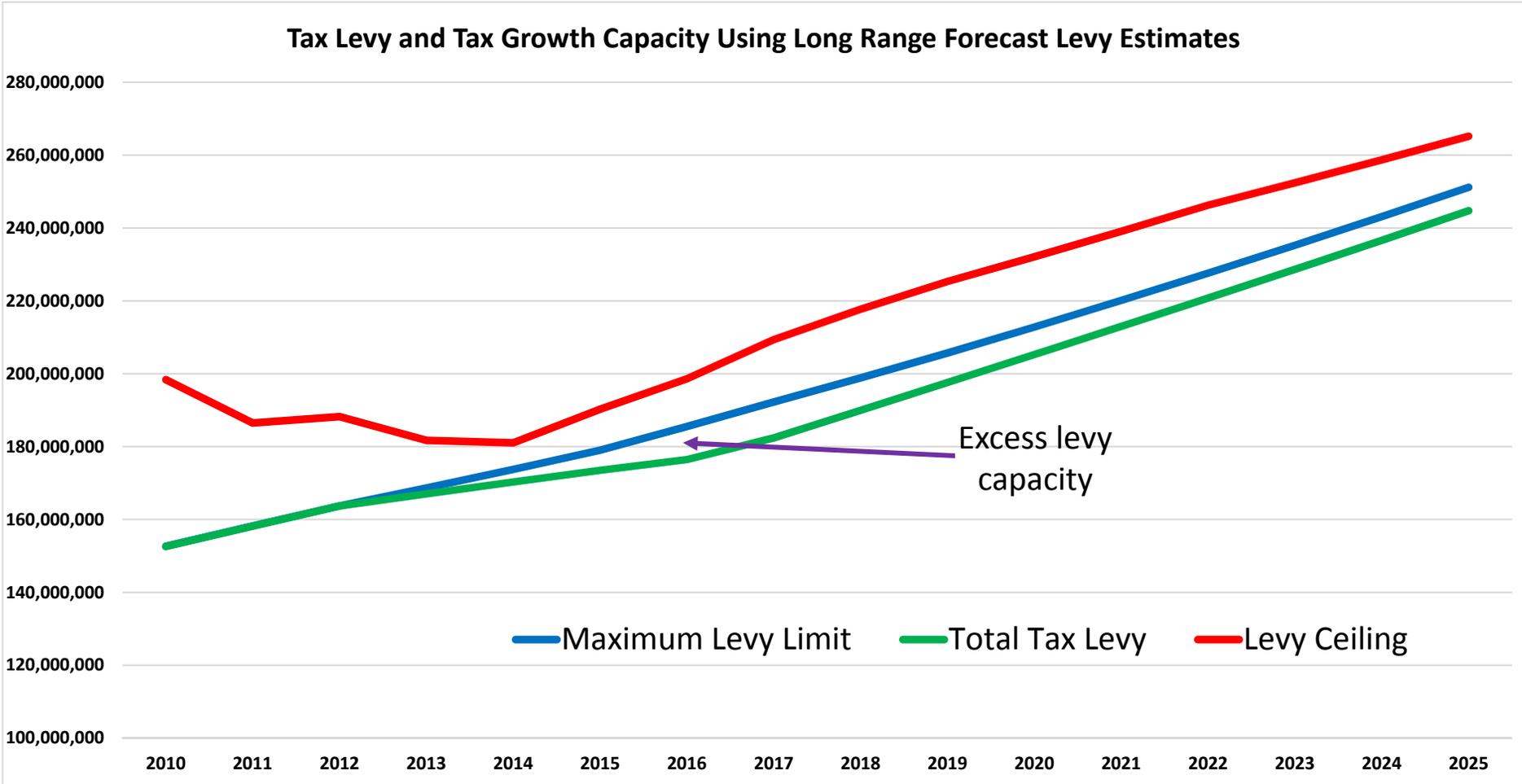
2003	n/a
2004	5.0%
2005	3.8%
2006	4.3%
2007	6.0%
2008	5.6%
2009	-1.8%
2010	5.2%
2011	4.4%
2012	11.1%
2013	0.2%
2014	2.4%
2015	0.5%
2016	1.9%
2017(est.)	1.5%

The Taxpayer keeps the \$\$\$

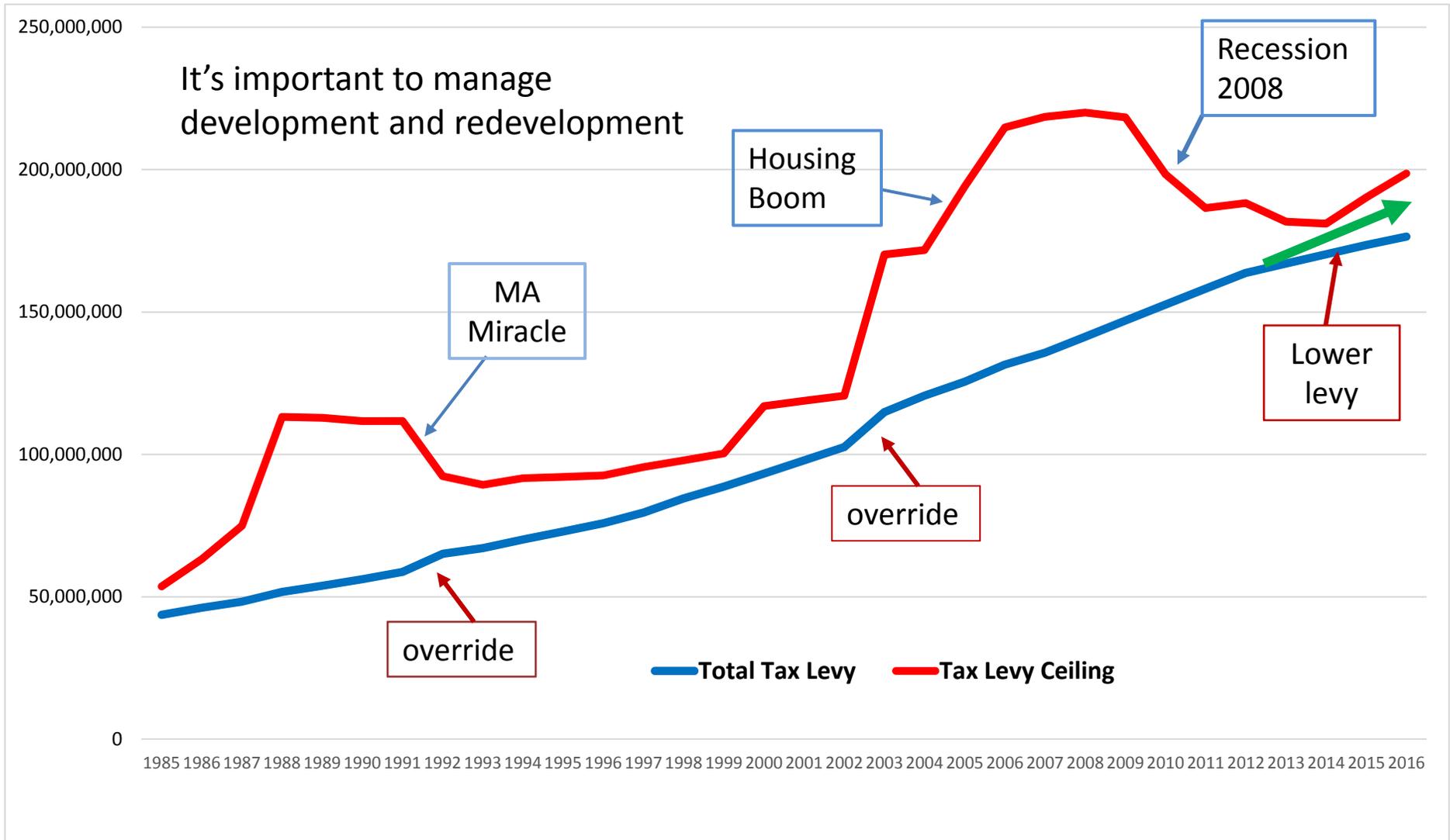


If we taxed to the maximum 2.5% levy, the average residential taxpayer would have paid \$883 more from FY13 to FY18

Tax Levy and Tax Ceiling



Levy Ceiling-Economically Cyclical



Summary Outlook

- Limit growth in spending-Sustainability
 - Must get School spending within affordable growth parameters
- Maximize existing resources - determine how best to invest
 - Invest in only highest priority capital in the short term
 - Continue growth of reserves to offset future capital costs
- Keep financial flexibility with levy capacity and tax burden management