



# CITY OF FRAMINGHAM

---

## OFFICE OF THE ACTING CHIEF FINANCIAL OFFICER

Jennifer Pratt  
Acting Chief Financial Officer

Phone (508) 532-5427  
Email [jap@framinghamma.gov](mailto:jap@framinghamma.gov)  
[www.framinghamma.gov](http://www.framinghamma.gov)

Memorial Building  
150 Concord Street, Room 123  
Framingham, MA 01702

To: Mayor Charles J. Sisitsky  
Michael A. Tusino, III, Chief Operating Officer  
From: Jennifer A. Pratt, Acting Chief Financial Officer  
Date: April 24, 2024  
Re: FY2025 General Fund and Enterprise Fund Budget Submission

---

Thank you for the opportunity to present the FY2025 General and Enterprise Fund budgets for consideration by the City Council. This comprehensive plan outlines the city's financial strategy, investment priorities, and commitment to serving our community's needs effectively and responsibly. The FY2025 budget presented a significant challenge to prioritize resource allocation and meet essential needs within a limited revenue landscape. With constrained revenue, infrastructure maintenance, public services, community development, education, healthcare and public safety all face tough decisions. The city should be proud of the work done by all stakeholders including all city and school departments, the Mayor, Superintendent, School Executive Director of Finance and Operations, School Committee, Chief Operating Officer, and Acting Chief Financial Officer in order to bring the budget to a balanced position within the available revenues.

The FY2025 recommended budget is submitted for \$359,040,477. This represents an increase of \$15M, 4.4% over FY2024. At the beginning of the budget process departments were requested to submit level service budgets which totaled \$368,622,631; an increase of \$24.6M, 7.2% over FY2024. As the revenue picture became clearer, realizing the limited increase in state aid, city and school departments were requested to provide a level funded budget in order to meet revenue projections. This process resulted in a reduction of \$9.5M, 2.6% from the originally requested level service budget. Again, this was accomplished as a collaborative process with city and school departments, the Mayor, Superintendent, School Executive Director of Finance and Operations, School Committee, Chief Operating Officer, and Acting Chief Financial Officer.

**REVENUE**

Revenue to support the budget consists of increase in the tax levy of 2.5%, new growth, excluded debt, state aid, local receipts, free cash, overlay surplus, cable revenue, and enterprise indirect.

<b>REVENUE FY2025</b>	<b>2.5% Tax Levy</b>	
<b>Total Tax Levy</b>	\$218,480,249	60.9%
<b>New Growth</b>	\$2,200,000	0.6%
<b>Excluded Debt</b>	\$3,316,577	0.9%
<b>State Aid/Cherry Sheet</b>	\$100,359,899	28.0%
<b>Local Receipts</b>	\$25,000,000	7.0%
<b>Free Cash</b>	\$3,500,000	1.0%
<b>Overlay Release</b>	\$2,000,000	0.6%
<b>All Other</b>	\$683,752	0.2%
<b>Enterprise Indirect</b>	\$3,500,000	1.0%
<b>Total General Fund Revenue</b>	\$359,040,477	100.0%

**Property Taxes - FY2025 \$218,480,249 (60.9% of Total Revenue)**

FY2025 projects the property tax levy at 2.5% which provides a revenue increase of \$5.3M over FY2024. Property tax is the revenue a community can raise through real and personal property taxes, referred to as the tax levy. The tax levy is the largest source of revenue for the city at 60.9% of total revenue for FY2025. The total amount of taxes to be raised, after the budget for FY2025 is balanced and voted, will combine the tax levy, new growth, and the debt exclusion together, that is a total of \$223,996,826. The tax rate setting process will occur in October/November 2024.

The 2.5% Levy Impact results in an increase of \$186 to the FY24 Average Single-Family Home Value of \$600,895. This does not include the excluded debt.

FY24 Tax Bill \$7,487

FY25 Tax Bill \$7,673

**New Growth - FY2025 \$2,200,000 (0.6% of Total Revenue)**

FY2025 new growth is projected flat at \$2.2M and is 0.6% of the total revenue projection, and mirrors the FY2024 results for new growth. New growth is comprised of properties that have increased in assessed value since the prior year's valuation because of development or other changes that increase the property's value which was not captured on the prior year's valuation. These could include exempt real property returned to the tax rolls, new personal property, and new subdivision parcels and condominium conversions. The new growth amount is added to the total of taxes to be raised.

**Excluded Debt - FY2025 \$3,316,577 (0.9% of Total Revenue)**

The excluded debt amount of \$3.3M for FY2025 is primarily derived by the voted debt exclusion for the Fuller Middle School project which was completed in the summer of 2021. Debt exclusion is a method a community may use to assess taxes in excess of its tax levy for the payment of certain capital projects and the debt service costs associated with the project. This amount is added to the levy limit for the life of the debt only. Excluded debt does not become part of the permanent tax base. Excluded debt is 0.9% of total revenue for FY2025.

**State Aid (as per FY2025 House Ways & Means Budget Proposal 4/15/2024)**

State aid is the amount that the state provides for municipalities to fund vital services such as schools, public safety, parks and public works. State aid is based on the House Ways & Means Proposal (4/15/2024) Proposal which provides less than a 1% increase, \$722,660 (0.73%), over FY2024. Total state aid is projected at \$100,359,899 and is 28% of the total FY2025 revenue. State aid is categorized as education aid and general government aid. For FY2025 education aid increases only \$589,943, which is a combination of Chapter 70 at an increase of \$1,054,940 and a decrease in Charter School Tuition Reimbursement by (\$464,997). General government aid increases 1.0%, \$132,717 over FY2024, and is made up of unrestricted general government aid, benefits for veterans and surviving spouses of veterans and elderly, state owned land, and public libraries. State aid is the second largest category of revenue for the city. The FY2025 revenue in this category may fluctuate as the state budget continues through the House and Senate deliberation process.

**State Aid Chapter 70 Education - FY2025 \$86,051,474 (24% of Total Revenue)**

Chapter 70 Education Aid is the state's primary program for distributing its portion of K-12 public education funding to local and regional school districts in the Commonwealth. Although the Chapter 70 aid for FY2025 projects an increase of \$1,054,940 (1.24%), it is far below the significant increases seen in recent years, and driven by a decrease of student enrollment used in the formula for FY2025 (-238 students). Net education aid is \$589,943, decreased by the reduction in Charter School Tuition Reimbursement of (\$464,997). The chart below provides information related to the community's requirements for local contribution and required net school spending. The city has consistently funded the school budget over the required net school spending amount. The chart below provides historical data and FY2025 projections per the Governor's proposed FY2025 budget.

FY	Foundation Enrollment	% Chg	Foundation Budget	% Chg	Required Local Contribution	Chapter 70 Aid	Increase \$	Increase %	Required Net School Spending Aid + Local Contribution	Voted Budget
FY19	9,248		108,226,362	7.5%	\$ 60,883,909	\$ 47,636,211			\$ 108,520,120	\$ 133,017,949
FY20	9,348	1.1%	114,246,010	5.6%	\$ 63,283,830	\$ 50,962,180	\$ 3,325,969	7.0%	\$ 114,246,010	\$ 138,484,986
FY21	9,572	2.4%	121,857,618	6.7%	\$ 65,102,393	\$ 56,755,225	\$ 5,793,045	11.4%	\$ 121,857,618	\$ 140,949,434
FY22	9,303	-2.8%	124,104,569	1.8%	\$ 67,201,559	\$ 57,034,315	\$ 279,090	0.5%	\$ 124,235,874	\$ 146,830,670
FY23	9,344	0.4%	139,318,257	12.3%	\$ 70,464,780	\$ 68,853,477	\$ 11,819,162	20.7%	\$ 139,318,257	\$ 153,674,742
FY24	9,759	4.4%	159,351,947	14.4%	\$ 74,355,413	\$ 84,996,534	\$ 16,143,057	23.4%	\$ 159,351,947	\$ 164,793,582
FY25 Projected	9,521	-2.4%	163,975,459	2.9%	\$ 78,035,696	\$ 85,939,763	\$ 943,229	1.1%	\$ 163,975,459	

\*Data from [doe.mass.edu/finance/chapter70](http://doe.mass.edu/finance/chapter70)

**General Government Aid - FY2025 \$13,420,199 (3.7% of Total Revenue)**

General Government Aid is made up of unrestricted general government aid, benefits for veterans and surviving spouses of veterans and elderly, state owned land, and public libraries. General government aid increases \$132,717 (1.0%), over FY2024.

**Local Receipts - FY2025 \$25M (7.0% of Total Revenue)**

Local receipts revenue is projected flat for FY2025 at \$25M. Local receipts are defined as locally generated revenues other than real and personal property taxes. Local receipts are comprised of a variety of sources such as motor vehicle excise taxes, service fees such as building permit receipts, local option taxes on hotel accommodations and meals, and recreational marijuana revenue. Local receipts revenue is projected conservatively and should meet or slightly exceed projections each fiscal year.

**Free Cash - FY2025 \$3.5M (1.0% of Total Revenue)**

Free cash is a revenue source that results from the calculation, as of July 1, of the city's remaining, unrestricted funds from operations of the previous fiscal year based on the balance sheet as of June 30. This includes actual receipts in excess of revenue estimates and unspent amounts in departmental budgets, plus unexpended free cash from the previous fiscal year, and offset by property tax receivables and other certain deficits. Free cash is a non-recurring revenue source and should be restricted to pay one-time expenditures, fund certain capital projects, and replenish reserves.

Fiscal Year	2018	2019	2020	2021	2022	2023	2024
Budget	\$282,266,519	\$ 291,097,733	\$ 292,305,400	\$ 302,263,887	\$ 304,772,452	\$ 322,758,646	\$343,282,351
Free Cash	\$ 14,144,287	\$ 10,253,247	\$ 15,701,938	\$ 13,750,675	\$ 7,823,173	\$ 6,114,394	\$ 14,355,799
Free Cash % Budget	5.0%	3.5%	5.4%	4.5%	2.6%	1.9%	4.2%

Certified free cash for FY2024 is \$14,355,799. Although this number may seem significant it is only 4% of the total general fund budget. The city continues to wean itself off the use of free cash as a revenue source for the general fund budget, projecting \$3.5M in the FY2025 budget, which is 1.0% of total revenue. Best practices and strong financial policies dictate that free cash should not be used to supplement current-year departmental operations. This restriction provides for increased accountability and continued progression towards enhanced financial stability for the community. **As of the most recent credit opinion issued by Moody's Investors Service in March 2024, the city's limited use of this one-time revenue source was a positive indicator of the city's financial stability resulting in a rating of Aa2 stable. Statement from Moody's Investor Service Credit Opinion, "On March 1, 2024, Moody's revised Framingham's outlook to stable from negative and affirmed the Aa2 issuer rating and Aa2 general obligation limited tax bond rating."**

**Overlay Surplus - FY2025 \$2,000,000 (0.6% of Total Revenue)**

Overlay is a single account to fund abatements and exemptions of committed real and personal property taxes for any fiscal year. The overlay amount is determined by the board of assessors (assessors) and may be raised in the tax rate without appropriation. Excess overlay is determined, certified and transferred by vote of the assessors to a Fund Balance Reserved for Overlay Released by the Assessors for Expenditures (overlay surplus). Overlay surplus may then be appropriated by the legislative body for any lawful purpose until the end of the fiscal year, i.e.,

June 30. The city has identified \$2M of Excess Overlay that the Board of Assessors will vote to Overlay Release (surplus) which will then be available to appropriate towards the revenue for the FY2025 budget.

**Enterprise Indirect - FY2025 \$3,500,000 (1.0% of Total Revenue)**

The Enterprise Fund budget consists of the water and sewer departments. Indirect costs consist of personnel and operating expenses associated with the operations of the enterprise fund, but incurred by the general fund budget. This indirect impact is considered a line item in the enterprise budget and used as a revenue source in the general fund budget. FY2025 projects \$3.5M of indirect for the general fund budget which is 1.0% of total revenue.

**EXPENSES**

Total recommended General Fund Budget is \$359,040,477

Municipal Departments	\$ 78,959,341	22.0%
School Department	\$ 172,690,620	48.1%
Keefe Tech Assessment	\$ 9,688,381	2.70%
Committees	\$ 82,750	0.02%
Reserve/Stabilization Funds	\$ 1,025,000	0.3%
Insurances	\$ 48,569,815	13.5%
Retirement	\$ 22,264,538	6.2%
Debt	\$ 16,500,000	4.6%
Non-Appropriations	\$ 9,260,032	2.6%
	\$ 359,040,477	100.0%

**Municipal City Departments**

**Municipal Salaries \$59,827,991** - Salaries for 35 municipal departments and 635.83 FTE total \$59.8M, an increase of \$2.2M, 3.9% over FY2024 driven by 12 contractually obligated union agreements, 2% COLA increase for non-union personnel and merit increase dollars for senior management staff. This is a decrease of \$3.5M from the requested budget of \$63.3M which was achieved through utilization of vacancy factor and not funding other requests to add staff.

**Municipal Energy \$2,160,111** - The municipal energy budget totals \$2.16M, an increase of \$122,670. This reflects an anticipated increase in rates for a new electricity contract that will be effective as of December 2024. The city will also be bidding for a new natural gas contract which will be in effect as of May 2025.

**Municipal Operating \$15,907,356** - The majority of the 35 municipal departments have level funded operating budgets. Operating budgets total \$15.9M, an increase of \$226,492, 1.4% over FY2024. This is a decrease of \$704,651 from the requested budget of \$16.6M which was achieved by lowering the recommendation for most budgets to FY2024 level funded dollars.

**Municipal Small Capital \$1,063,883** - Small capital budget recommendation is \$1.063M which provides limited funds, cut from the request of \$1.7M. Funded items include software for the Assessing Department for assessing and tax billing systems; turnout gear replacement for the Fire Department; replacement of Zamboni battery, rubber flooring, and a lift for Loring Arena; 4 hybrid cruisers, tasers, and equipment for the Police Department; laptop replacement program for Technology. All other requests were not funded in the amount of \$636,692.

**School Department Recommended Budget \$172,690,620**

The School Department budget is recommended at \$172,690,620. This was achieved through a cooperative process with the school department and School Committee lowering the original requested budget of \$176,117,222 by \$3.4M while preserving student facing services. The School Committee voted approval of the \$172M on April 3, 2024.

**Keefe Technical School Assessment Recommended Budget \$9,688,381**

The Assessment for Keefe Regional Technical School is recommended at \$9,688,381 which is a decrease of \$208,929 2.11% from FY2024. On March 4, 2024 the Keefe School Committee voted approval of a budget of \$25,031,006 and confirmed Framingham's assessment amount of \$9.68M with 636 students, down 1 from FY2024.

**Committees Recommended Budget \$82,750**

Committee budgets include \$32,500 for the Disability Commission and \$50,250 for the Traffic Commission. These budgets are level funded to FY2024 dollars.

**Reserve/Stabilization Funds Recommended Budget \$1,025,000**

Reserve Fund of \$400,000 is recommended to provide for unforeseen expenditures such as unexpected increases to departmental operating costs, such as legal fees, major equipment repairs, and unanticipated increases in services costs. Salary Reserve Fund of \$625,000 is recommended to provide for municipal department collective bargaining and compensation and classification study impacts.

**Insurances Recommended Budget \$48,569,815**

Insurance budgets cover all municipal and school departments. Property and liability insurances are recommended at \$2,761,315 an 8% increase which keeps pace with prior years expenditures. Health insurance is recommended at \$41,580,000 an 8% increase based on increase in rates for FY2025. Unemployment is recommended at \$500,000 which is \$180,000 over FY2024. Medicare/FICA increases by 5.5% for a recommendation of \$2,848,500. All other line items in this category are level funded.

<b>Department</b>	<b>FY25 Recommended Budget</b>	<b>Incremental Inc/Dcr from FY24 Voted Budget</b>	<b>% Inc/Dcr</b>
<b>INSURANCES</b>			
<b>Liability Insurance</b>	\$2,761,315	\$204,542	8.0%
<b>Health Insurance</b>	\$41,580,000	\$3,080,000	8.0%
<b>Unemployment</b>	\$500,000	\$180,000	56.3%
<b>Workers Compensation</b>	\$620,000	\$0	0.0%
<b>Sick Leave Buyback</b>	\$40,000	\$0	0.0%
<b>Medicaid Part 1</b>	\$100,000	\$0	0.0%
<b>Police &amp; Fire Retired Medical</b>	\$120,000	\$0	0.0%
<b>Medicare/FICA</b>	\$2,848,500	\$148,500	5.5%
<b>Total Insurances</b>	<b>\$48,569,815</b>	<b>\$3,613,042</b>	<b>8.0%</b>

**Retirement Recommended Budget \$22,264,538**

The Framingham Retirement System provides retirement, disability, and accidental death benefits to its 2,172 members, retirees, and beneficiaries. The Framingham Retirement System is one of 104 public retirement systems in the Commonwealth, and operates in accordance with M.G.L. Ch. 32. It serves three-member units: The City of Framingham, the Framingham Housing Authority, and the Metro West Regional Transit.

The Framingham Retirement System is governed by a five-member Board of Directors consisting of: one member appointed by the Mayor, the City Accountant in an ex officio capacity, two elected members from among the membership of the retirement system, and one member appointed by the other four Board members from outside of the Retirement System.

The Total Appropriation is in accordance with the current funding schedule and the scheduled payment based on the most recent actuarial valuation.

**Debt Service Recommended Budget \$16,500,000**

Debt service is the fund type used to account for the accumulation (resource) for, and the payment of, short and long-term debt principal and interest costs for voted capital projects. FY2025 increases \$801,777 5.1% over FY2024 and includes the debt exclusion payment for Fuller Middle School.

**Non-Appropriated Items Recommended Budget \$9,260,032**

Non-Appropriated items are included in the budget, but not voted by the City Council. These items are automatically added to the bottom line of the budget and include Medicaid Consultant \$75,000; Tax Title \$90,000; Tax Overlay \$600,000; and Cherry Sheet Charges \$8,570,032.

**Enterprise Funds Recommended Budget \$57,654,837 (Combined Water & Sewer)**

The Enterprise Fund is comprised of the water and sewer operating budgets. Authorized by MGL c. 44 § 53F½, an enterprise fund is a separate accounting and financial reporting mechanism for municipal services for which a fee is charged in exchange for goods or services. It allows a community to demonstrate to the public the portion of a service's total costs recovered through user charges and the portion subsidized by the tax levy, if any. With an enterprise fund, all costs of service delivery--direct, indirect, and capital --are identified. This allows the community to recover total service costs through user fees if it chooses. Enterprise accounting also enables communities to reserve the "surplus," or retained earnings, generated by the enterprise operation rather than closing this out to the general fund at year-end. Services that may be treated as enterprises include, but are not limited to, water, sewer, hospital, and airport services.

**Water Recommended Budget \$26,232,126**

The recommended budget for the Water Department is a decrease of (\$443,078) -1.7% from FY2024. This is accomplished with a reduction to operating line items, debt service, and indirect. The Preliminary FY2025 Water Assessment from the Massachusetts Water Resource Authority increased \$186,386 (2%) over FY2024.

**Sewer Recommended Budget \$31,422,711**

The recommended budget for the Sewer Department is a decrease of (\$983,913) -3% from FY2024. This is accomplished with a reduction to operating line items, debt service, and indirect. The Preliminary FY2025 Sewer Assessment from the Massachusetts Water Resource Authority increased \$727,191 (5.1%) over FY2024.

Although the city recognized retained earnings in the fund for FY2024 it is important to keep the budget conservative. The city has engaged a consultant to review the enterprise budgets and recommendations for rates and other operational improvements will be used to determine next steps for this fund.