



***Override Framework between the
Board of Selectmen & School Committee
March 16, 2021***



PURPOSE

The purpose of this document is to set the parameters for the financial management of the Town of Shrewsbury related to the May 4, 2021 override question. The Board of Selectmen and School Committee, collectively identified as “Leadership” throughout this document, acknowledge and agree to work together within the context of the commitments they have made to the residents of the Town of Shrewsbury through the *Override Statement to the Residents of Shrewsbury* March 16, 2021 (“the *Statement*”). This document provides greater detail regarding potential future situations that may arise and how they will be handled.

ACKNOWLEDGEMENTS

1. Leadership desires to manage the Town’s finances to maintain or improve services for the residents of Shrewsbury
2. Financial limitations require Leadership to prioritize the utilization of available resources which will leave certain programs and activities funded at lower levels than desired or not funded at all
3. Financial forecasts are a snapshot in time using the best data available and must be revised at least annually
4. Leadership will hold at least two joint public meetings annually to better inform each other of their ongoing work
5. Although this document is not legally binding, it illustrates the two entities’ strong desire to work together for the good of all residents

DURATION OF OVERRIDE

1. Commitment to no Proposition 2 ½ override questions for at least 4 years based upon the financial stability model presented by the Town Manager March 16, 2021
 - a. Leadership understands that the current fiscal limitations placed upon the Town through Massachusetts General Laws restrict revenues to a level incompatible with normal cost increases faced by organizations like the Town of Shrewsbury
 - b. Leadership agrees that it is the desire to preserve and protect the value provided to residents by extending the time frame through which this override enables desired operating conditions
 - c. Leadership acknowledges that there could be some catastrophic event where an override question would have to be asked prior to the timeframe established above. However, every effort will be made to avoid asking prior to the commitment date.
2. Although shared operating expenses accounts¹ have their own separate forecast growth factors, Leadership understands that these expenses are significantly influenced by staffing levels. Therefore, operating expense accounts must be adjusted each year to ensure sufficient funding to cover all accounts with regards to planned staffing changes and rate increases
3. Use of Stimulus Funding/Other Significant Non-Recurring Revenue
 - a. Given the extraordinary circumstances surrounding the global coronavirus pandemic, the Federal and State governments are in the rulemaking process for an approved third round of Federal stimulus funding.
Leadership agrees to:

¹ includes expenses like health insurance, liability insurance, unemployment and FICA

- i. Continue to prioritize this aid for use in maximizing in person education
 - 1. Education specific aid shall be allocated at the discretion of the School Committee/Superintendent but will include input from the Board of Selectmen/Town Manager in consideration of the Town's expenses related to building and grounds maintenance
 - ii. Prohibit or extremely limit the use of this aid for recurring expenditures
 - iii. Use aid available to off-set revenue reductions as follows:
 - 1. Any aid available for use in offsetting revenues, if used for such purposes, will benefit the taxpayers by either extending the duration of this override or reducing the tax levy for one or more years
 - 2. Any aid used to offset revenues must be forecast to be supplanted by recurring revenues within the timeframe the aid is available for use

- 4. Use of Non-Forecast Recurring Revenue
 - a. Municipal and School Operations benefit from a pooled revenue model which is underpinned by transparency between Leadership and at the staff level
 - b. The forecast produced by the Town Manager on March 16, 2021 will be the touchstone of annual conversations, and will be updated at least annually
 - c. Recurring revenues primarily include the tax levy, local receipts and state aid. Leadership agrees to:
 - i. Continue to have the Town Manager recommend the initial available revenue for both municipal and educational purposes
 - ii. Sustainably use any non-forecast revenue equitably to meet unfunded requirements within the limitations of the *Statement*.
 - 1. Year-over-year funding levels at greater than ranges set through the *Statement* will be avoided
 - 2. At least 25% of total revenues forecast above the Town Manager's March 16, 2021 forecast shall be appropriated into the General Stabilization Account until such a time that the December 2020 Board of Selectmen Financial Policy levels are met
 - 3. At least 10% of total revenues forecast above the Town Manager's March 16, 2021 forecast shall be appropriated into the override stabilization balance to prolong the duration of the override or reduce the magnitude of a subsequent override request.
 - 4. The remaining 65% may be appropriated for other purposes and shall be divided with 60% going to Education and 40% going to Municipal budgets unless mutually agreed upon by Leadership for alternative uses/amounts. Total expenditures remain subject to the limitations set forth in the *Statement*.
 - a. If annual spending caps of the *Statement* limit educational or municipal expenditures below that the this split, the funds that are unable to be utilized are transferred and available to the other budget area
 - 5. Additional uses for this funding will include:
 - a. Used for one-time expenditures to preserve outyear flexibility
 - i. Any such funds appropriated through the annual capital improvement shall not count toward any of the annual increase caps in this document or the

Statement

- b. Responding to new mandates for services not in place at the time of creating this document
- c. Initiatives that fulfill the established strategic goals and priorities of municipal departments and the School Department, including capital improvements