

## ***Override Framework between the Board of Selectmen & School Committee*** **[DATE]**

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### **PURPOSE**

The purpose of this document is to set the parameters for the financial management of the Town of Shrewsbury related to the [DATE] 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* [Date]. This document provides greater detail regarding potential future situations that may arise and how they will be handled.

### **ACKNOWLEDGEMENTS**

1. Leadership desire to provide world class municipal and educational services to the residents of Shrewsbury
2. Financial limitations require Leadership to prioritize resources and often 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 regular public meetings to better inform each other of their ongoing work
5. This document is not legally binding, but rather 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 **X years**
  - a. Leadership understand 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 agree that it is the desire to preserve and protect the value provide to residents by extending the time frame through which this override enables desired operating conditions
  - c. Leadership acknowledge 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. 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 process of approving and distributing a third round of stimulus funding that may benefit the Town. Leadership agree to:
    - i. Continue to prioritize this aid for use in maximizing on-site 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. Aid available to off-set revenue reductions

1. Any aid available for use in offsetting revenues, if used for such purposes, will directly increase, dollar-for-dollar, the amount that is placed into the override stabilization account (or the like)
3. 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 [Date] 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 agree to:
    - i. Continue to have the Town Manager recommend the initial available revenue for both municipal and educational purposes
      1. A long term financial planning committee shall be considered to advise the Town Manager on long term revenue and expenditures
    - ii. Sustainably use any non-forecast revenue equitably to meet unfunded requirements
      1. Year-over-year funding levels at greater than ranges set through the *Override Statement to the Residents of Shrewsbury* will be avoided
      2. 75% of total revenues forecast above the Town Manager's [Date] forecast shall be appropriated into the override stabilization balance to prolong the duration of the override. The remaining 25% may be appropriated for other purposes
        - a. Priority will be given to increasing reserve levels until policy levels are met