

School Budget and Override Synopsis

Many questions have been raised about what happens if the override to fund the school assessment should fail.

The attached lays out both the timeline of getting to a final budget and just one potential fallback position for the Town and School budgets should it not pass.

Statement Re: NRSD – Over-Ride
April 24, 2019

"I've been asked what happens - both as to process and as to a potential alternative budget - if the Over-Ride to fund the NRSD budget needs should fail. In order to address that I've spent considerable time with the NRSD Superintendent and the Phillipston TA to discuss various scenarios.

I think you would all agree with us that no-one wants to go through the state of uncertainty of the process I've laid out for you in my memo of 04/18/19. To do so means a number of NRSD employees – and those of Templeton and Phillipston – live on in fear of their jobs. Schedules for busing and classrooms can't be set. Parents and the children become unsettled about what opening day means for them during a time they should be enjoying their summer vacation season. And, critically important to all, should a reduced NRSD (and Town) budgets be necessary; any delay in putting those reductions in place means we all would have to redouble our cuts as we get deeper into the fiscal year to make up for expenditures made.

So, our discussions first were about the calendar itself. The end desire was to get to a locally agreed budget by July 1st. Failing to do so means the state sets our local budget; first with a 1/12th budget **or such higher number as the Commissioner may determine is needed**; and then a series of disruptive "District Meetings" over the course of the Summer and possibly into the fall. Failure to agree a budget by December 1 means we not only lose control of the bottom line number but we lose control over a number of key financial decisions as outlined in the brief I gave you.

With respect to the calendar; the end result was the Superintendent will work with the School Committee so that if the over-rides in our two towns fail on May 20 they are prepared, as required to statute, to consider and certify a secondary budget submission as quickly as possible such that a special Town Meeting might be held on or about June 15th and then - if required - a District Meeting shortly after the 4th of July Holiday.

With respect to the budget; the current funding number sought by the NRSD - should the Over-Ride fail to pass and such a number were to be recertified by the NRSD - would mean a need to reduce the Town budget slightly more than 20% across the board after one takes out the things one cannot cut at all (such as debt, WRRS, holding elections, mailing tax bills, and the like). I firmly believe the NRSD recognizes the horrific impact this would have on other departments as we come off these past few years of dramatic improvement in our finances and reputation rebuilding.

The Superintendent has spent many hours trying to sort through what it would mean to our schools if the NRSD budget had to be reduced in order to avoid doing such harm to our organization.

He starts from the need to open the new school; both for reasons of providing the best education program possible to our children and to fulfill the promise to the community of these past fifteen years for this new building.

Were the NRSD to certify such a reduced budget - in simplest terms – it would mean the elimination of 19 positions and the attendant disruption to his organization as the inevitable "bumping" process works its way out; not to mention those employees who will immediately begin job searches to economically protect themselves and their families. It means a physical re-organization - for at least this first year - of virtually all pre-k through grade 5 of both communities into the new elementary school. It means a further division in the relationship with our partner Town which has long prided itself on its in-town grammar school and in our Town which has justifiably prided itself on funding this new school.

And - in terms of dollars to us - it means that even after all of the required cuts and disruption, even after all of the negative publicity counter to our efforts to attract and retain school choice students - a source of some \$2.2 Million dollars of income to our district - and potential loss of local pride; the NRSD would still need an increase in local combined funding of some \$235,000. That is roughly \$195,500 to us and \$39,500 to Phillipston; cuts we would both have to identify quickly in order to be prepared to propose cuts at the potential June Special Town Meeting to not only approve any recertified NRSD budget but to cut our FY '20 Opex budgets just approved at our respective Town Meetings.

This is the reality we face after months of work on this budget process. And, it is but a vision of the future if the State of Massachusetts cannot honor its commitment to fully fund our transportation budgets - as promised in entering into this district partnership - and reform the funding formulas which so heavily penalize rural and smaller districts such as ourselves.

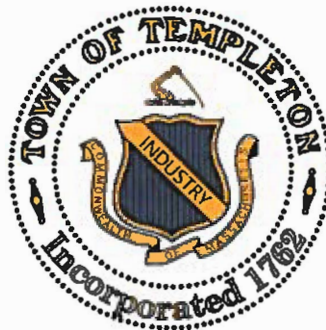
Please understand that all of this discussion was at the staff level, so it remains in the end the province of the School Committee, but it is a course of action. I would ask for your support to convey to the NRSD our desire to come to a budget prior to July 1 in such a manner as has been laid out here and your understanding that, upon completing this process, work must begin in earnest to secure a more financially stable future for the NRSD and its partner communities."

A handwritten signature in black ink that reads "Carter Terenzini". The signature is written in a cursive, flowing style with a prominent initial 'C'.

MEMORANDUM – OFFICE OF THE TOWN ADMINISTRATOR

TO: Board of Selectmen
FROM: Carter Terenzini, Town Administrator
RE: Voter's Ballot Guide et al
DATE: April 18, 2019
CC: C. Harris; T. Harrington; C. Casavant

Carter



The first part of this item is to review the status of any questions you may have with respect to the Voter's Guide on Ballot questions to be prepared in accord with your adoption of MGL Ch. 53 §18B. Town Counsel and the Town Clerk began this process on 04/18 with the publication of a notice seeking arguments for and against the question (Attached). Those must be submitted to the Clerk's Office by CoB 04/25. Town Counsel must submit the guide to this office by such that you can have it sent to "... each household wherein a person whose name appears on the current voting list for the city, town or district resides." by a date "Not later than 7 days before an election at which the question shall be submitted to the voters.". There is no role for the BoS to approve, disapprove or otherwise amend the guide. Your sole role is to cause its publication.

The second part of this item is to review the process should the Over-Ride fail to pass.

Step 1 is to await the advice of Town Counsel as to potential amendments that might be made to the main funding motion to account for a lesser amount that might be appropriated in such an instance should the NRSD recertify its budget at such an amount.

Step 2 is to understand the process going forward should we not be able to construct a scenario giving us a fall-back position in Step 1 (See Attached).

Should the budget be funded by the District's Members we are done.

Should the budget not be funded the NRSD has 30 days to "reconsider, amend and resubmit a budget" to its members. It may request an additional fifteen (15) days from the state to do so. They have seven days from the date of their action to recertify to actually get it to us. We then have 45 days to hold a Town Meeting to act upon this recertified budget.

There is one important caveat in all of this at this point in the process. Should the NRSD not be funded by its members by 07/01; the NRSD has to go on a 1/12th budget. The interesting thing is what is the 1/12th budget derived from. It is certified by the state as an amount sufficient for the operation of the district which shall be the past Fiscal Year and divide it by 12. It can also set *such higher amount* as the DESE Commissioner may determine.

Given the desire to keep timelines tight and given our local requirement that a warrant be open for at least fourteen (14) days, Town Counsel has advised that we might want to open a warrant for the possibility that a Special Town Meeting might be required in order to keep our timelines as tight as possible. Should we do that, you could then hold a special in as few as eighteen days. I do not anticipate making a request for a second Over-Ride should the May ballot question fail.

Should the recertified budget be funded by the District's members we are done.

Should the recertified budget not be funded by the District's members the NRSD will then call a meeting (or meetings) of the voters of the District. This is a single joint meeting(s) to which all voters of the two Towns may attend. They then act collectively on the budget.

Should the District Wide Meeting(s) pass a budget we are done.

Should the District Wide Meeting(s) not pass a budget by December 1st, the matter of the budget defaults to the DESE Commissioner who assumes fiscal control of the District, with authority over many more matters than just setting the budget, and may set the budget at such amount as he determines is needed. The Commissioner retains fiscal control of the NRSD until the end of the fiscal year and assumes we successfully put a budgeting place by vote of the members by 07/01 of the new fiscal year.

Step 3 is to understand what a failure of the Over-Ride means (some might say mid Step 2).

First, we need to understand that our over-ride is only 84% of the NRSD shortfall. They would have to cut their budget by \$1,175,000 to recertify at a number covered by our desired base appropriation. I simply cannot imagine they could do so.

Obviously, everyone wants the new school to open. While it might be possible, since the 1/12th budget is not a strict guidance but can be what the Commissioner sets it at, I am struggling to see scenario where this is a clear path forward to that event.

At the same time, I cannot see any path forward for the Town of Templeton to cut its operating budget by \$1M without devastating cuts in local services. Once one reviews debt and other fixed obligations (WRRS, retiree insurance, property insurance, elections, etc.) you have to take the \$1M out of a base of roughly \$5M. Of that \$5M roughly \$.75M is for active employee insurance so you can only cut that account as you cut employees (and then your unemployment and settlement costs for accrued leave time go up.) Also, please remember that the Voter's just voted to put \$475k into this budget as an over-ride. Trying to discontinue those services just one year later could only – understandably - enrage them. Please also remember that as you get deeper into the Fiscal Year it becomes that much more difficult to squeeze savings out dollar for dollar.

As we have asked the NRSD to do, so too may you wish to consider the preparation of alternate scenarios should the over-ride fail.

**TOWN COUNSEL REQUEST FOR WRITTEN ARGUMENTS
IN FAVOR OF AND IN OPPOSITION TO
PROPOSITION 2 ½ OVERRIDE FOR FISCAL YEAR 2020 OPERATING BUDGET**

On March 29, 2019 the Board of Selectmen voted to accept Section 18B of Chapter 53 of the Massachusetts General Laws, which authorizes the Board of Selectmen to print information relating to local ballot questions (the “Printed information”). On April 10, 2019, the Board of Selectmen voted to include the following question on the ballot for the May 20, 2019 Annual Town Election:

“Shall the Town of Templeton be allowed to assess an additional \$988,336 in real estate and personal property taxes for the purposes of opening and operating the new Templeton Center Elementary School and paying for additional operating costs of the Narragansett Regional School District, for the fiscal year beginning July 1, 2019?”

Yes ____ No ____”

In addition to the full text wording of the question, Section 18B provides that the Printed Information must include: 1) a fair and concise summary of the question, which shall be prepared by the Town Counsel, including a one sentence statement describing the effect of a yes or no vote; and 2) arguments, of not more than 150 words, both for and against the question.

Town Counsel is required to “seek written arguments from the principal proponents and opponents of the question” and to “contact each ballot question committee, if any.” Town Counsel is authorized to determine, based on the arguments received, the person or group best able to present arguments for and against the question. If no argument is submitted for a particular position, Town Counsel is required by law to prepare the argument.

Therefore, this request is being issued by Town Counsel, Miyares and Harrington LLP, through the office of the Town Clerk, for written arguments “for” and “against” the Proposition 2 ½ override question. **Arguments must be submitted to the Town Clerk for delivery to the Town Counsel, no later than April 25, 2019.**

The arguments determined to appear on the ballot will be included in the Printed Information that will be mailed to each voter household at least seven days before the Annual Town Election. All arguments filed or prepared will also be available in the office of the Town Clerk and at the polling places on the day of the election.

If you are interested in participating in this process, please contact the Town Clerk’s Office at 978-894-2758 (phone), 978-894-2790 (fax), or by email to charris@templetonma.gov.

Provided by: Miyares and Harrington LLP
April 17, 2019

MGL 53 Section 18B (a) As used in this section "governing body" shall mean, in a city, the city council or board of aldermen acting with the approval of the mayor subject to the charter of the city, in a town having a town council, the town council, in every other town, the board of selectmen and in a district as provided in sections 113 to 119, inclusive, of chapter 41, the prudential committee, if any, otherwise the commissioners of the district.

(b) The governing body of a city, town or district which accepts this section in the manner provided in section 4 of chapter 4 shall print information relating to each question that shall appear on the city, town or district ballot. The information shall include: (1) the full text of each question; (2) a fair and concise summary of each question, including a 1 sentence statement describing the effect of a yes or no vote, which shall be prepared by the city solicitor, town counsel or counsel for the city, town or district; and (3) arguments for and against each question as provided in subsections (d) and (e). Not later than 7 days before an election at which the question shall be submitted to the voters in a city, town or district, the information in this subsection shall be sent to each household wherein a person whose name appears on the current voting list for the city, town or district resides.

(c) Not later than the day following the date of the determination that a question shall appear on the ballot in an election, the governing body shall provide written notification to the city solicitor or town or district counsel and to the city or town clerk.

(d) Not later than 7 days after the determination that a question shall appear on the ballot, the city solicitor or town or district counsel, as applicable, shall seek written arguments from the principal proponents and opponents of the question. For the purposes of this section, the principal proponents and opponents of a question shall be those persons determined by the solicitor or counsel to be best able to present the arguments for and against the question. The solicitor or counsel shall provide not less than 7 days' written notice to the opponents and proponents of the date on which the written arguments shall be received. Proponents and opponents shall submit their arguments, which shall be not more than 150 words, to the solicitor or counsel, together with a copy thereof to the city or town clerk or, in a district, to the clerk of each city and town within the district. The arguments and summary shall be submitted by the solicitor or counsel to the governing body at least 20 days before the election for distribution to voters in accordance with subsection (b). A copy of the arguments and summary shall also be submitted by the solicitor or counsel to the city, town or district clerk.

(e) In determining the principal proponents and opponents of a ballot question, the solicitor or counsel shall contact each ballot question committee, if any, as defined in section 1 of chapter 55. The principal proponents or opponents of a ballot question may include officers of a ballot question committee or officers of a city, town or district office or committee including, but not limited to, a finance committee or a school committee. In addition, the principal proponents or opponents may include the first 10 signers or a majority of the first 10 signers of a petition initiating the placement of such question on the ballot. The solicitor or counsel shall determine, based on a review of arguments received, the person or group best able to present arguments for and against a question. If no argument is received by the solicitor or counsel within the time specified by the solicitor or counsel, the solicitor or counsel shall prepare an argument and

submit the argument to the governing body and to the city or town clerk or, in a district, to the clerk of each city and town within the district within the time specified in subsection (d).

(f) All arguments filed or prepared pursuant to this section and the information prepared pursuant to subsection (b), shall be open to public inspection at the office of city or town clerk or, in a district, at the office of the clerk of each city and town within the district. In addition, each city or town clerk shall make such information available to the voters at all polling places within the city, town or district.

- END -



Massachusetts Department of Elementary and Secondary Education

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Telephone: (781) 338-3000
TTY: N.E.T. Relay 1-800-439-2370

August 27, 2010

REGIONAL SCHOOL DISTRICT BUDGET PROCESS

Preparing the Regional Budget

The regional school committee shall propose, by a *majority vote*, a budget containing all proposed operating expenditures, capital expenditures, and debt service payments to be paid from general revenues of the regional school district.

The budget shall be classified into such line items as the regional school committee shall determine, provided that such line items shall be consistent with but need not be to the same level of detail as the chart of accounts required for the end of year reporting of expenditures. The regional school committee may include a line item in the budget for a reserve for extraordinary and unanticipated expenditures.

The budget shall identify each separate revenue source, and the amount estimated for each revenue source. Grant, revolving and trust funds should not be included in the budget, but should be provided to the member municipalities for informational purposes.

The budget shall specify whether members' assessments are calculated pursuant to the statutory assessment method or the alternative/agreement assessment method; and shall specify the total amounts to be assessed to the members for the support of the budget.

Public Hearing on Budget

The school committee of each city, town or regional school district shall hold a public hearing on its proposed annual budget not less than *seven days* after publication of a notice thereof in a newspaper having general circulation in such city, town or district. Prior to such public hearing said committee shall make available to the public at least one copy of said proposed budget for a time period of *not less than forty-eight hours* either at the office of the superintendent of schools or at a place so designated by said committee. At the time and place so advertised or at any time or place to which such hearing may from time to time be adjourned all interested persons shall be given an opportunity to be heard for or against the whole or any part of the proposed budget. Such hearing shall be conducted by a quorum of the school committee. For the purposes of this section a quorum shall consist of a majority of the members of said school committee.

<https://malegislature.gov/Laws/GeneralLaws/PartI/TitleXII/Chapter71/Section38N>.

Adopting the Budget

The regional district school committee, by a *two-thirds vote*, shall adopt a budget containing all proposed operating expenditures, capital expenditures and debt service payments to be paid from

general revenues of the regional school district.

Timing of the Budget

The School Committee must adopt a budget 45 days before the first annual member town meeting but *not later than March 31 and not earlier than February 1*. With the approval of the majority of the member communities, the superintendent may submit the budget following the notification of the annual local aid distribution.

Calculating Member Assessments

The amounts so apportioned for each municipality shall be certified by the regional school district treasurer to the treasurers of the member municipalities *within thirty days* from the date on which the annual budget is adopted by the regional district school committee but *not later than April thirtieth*.

Two methodologies are available to regional school districts for calculating assessments to member municipalities. The methodologies are defined in CMR 41.01 and in Guidance for Regional School Districts:

- Statutory Assessment methodology
- Alternative (Agreement) Assessment methodology

Approval of Local Appropriating Authorities

The annual regional school district budget shall require the approval of *two-thirds* of the local appropriating authorities of the member municipalities.

If the alternative/agreement method is used to calculate the member town assessments, the *unanimous* approval of all the members is required. The approval may be given by a separate vote of the appropriating authority, or if a separate vote is not taken, unanimous approval of a budget or assessment based on the alternative/agreement method shall be deemed approval of the method.

A vote by the local appropriating authority to appropriate the member's assessment shall constitute approval of the regional school district budget.

Failure to Approve a Budget

In the event that the regional school district budget is not approved by at least *two-thirds* of the member municipalities, the regional district school committee shall have *thirty days* to reconsider, amend and resubmit a budget.

With the approval of the Commissioner, a regional district school committee may have *an additional fifteen days* within which to reconsider, amend and reapportion the budget.

The budget shall be reapportioned between or among the member municipalities and a copy of the amended budget shall be provided to the chairmen of the board of selectmen, chairmen of the finance committees, mayors, presidents of the city councils and treasurers of the member municipalities *not later than seven days* from the date the amended budget was adopted by the

school committee.

Approval of Reconsidered Budget by Local Appropriating Authorities

Prior to the *expiration of forty-five days* from the date on which such budget was adopted by the regional district school committee, each member municipality shall hold a meeting of the local appropriating authority to act upon the appropriation of the budget.

If *two-thirds* of the member municipalities vote to appropriate the amounts so reapportioned and recertified to them under the *statutory method*, such budget shall be considered *approved*.

If the member municipalities *unanimously* vote to appropriate the amounts so reapportioned and recertified to them under the *agreement/alternative* method, such budget shall be considered *approved*.

If a local appropriating authority *does not vote* on the revised budget within the 45-day period that member shall be *deemed to have approved* the revised budget.

Where the local appropriating authority is a town meeting and the annual town meeting is dissolved prior to voting on the budget, the budget shall be deemed *disapproved* by that member as of the date of such dissolution.

In a district having three or more members, if two-thirds of the member municipalities *do not vote* to appropriate the amounts so reapportioned and recertified to them, then the budget shall again be recommitted to the regional district school committee for action

District Wide Meetings

In the case of a *two-member regional school district*, if the appropriating authority of *either* member votes not to appropriate the amount so reapportioned and recertified to it, the regional district school committee shall convene a district-wide meeting at which the revised budget and assessments shall be placed before all voters eligible to vote. A district-wide meeting shall only consider budgets based on the statutory assessment method.

Notice of the meeting must be given at least *fourteen days* prior to the date of such meeting.

Approval of the regional school district budget shall require the affirmative vote of at least a *majority of those present and voting* thereon, by a counted vote.

If a majority of voters at this meeting votes to approve a greater or lesser amount for the budget, such amount shall be placed before the regional school committee for its ratification. If the regional school committee by a *two-thirds* vote ratifies this amount, it shall constitute approval. If the regional school committee rejects such greater or lesser amount, it shall again reconsider, amend, and adopt a revised budget and shall reconvene a district-wide meeting.

1/12 budget Approved by the Commissioner

If the operating budget for a regional school district has not been approved by *July 1*, the

superintendent of schools shall notify the Commissioner.

The Commissioner shall establish an interim monthly budget for the regional school district and certify an amount sufficient for the operation of the district which shall be *one-twelfth* of the regional school district's budget for the prior fiscal year *or such higher amount* as the Commissioner may determine.

The treasurer of the regional school district shall calculate and certify to the member municipalities their respective assessments.

The interim monthly budget shall remain in effect until an operating budget is approved pursuant to 603 CMR 41.05(3) or *December first*, whichever comes earlier.

State Fiscal Control

In the event a budget is not adopted by *December first* in any year, the Commissioner shall assume fiscal control of the regional school district and shall establish the final budget for the fiscal year. Budget materials and recommendations from the district and member municipalities will be solicited prior to the December deadline.

The Commissioner's control continues until the end of the fiscal year or until the member municipalities have approved a budget for the subsequent fiscal year, whichever is later.

Certain fiscal actions taken by the superintendent or school committee are subject to Commissioner's written authorization.

- Adoption or reconsideration of the district budget
- Transfer of budgetary authority between line items
- Encumbrance or expenditure of funds not included in the general fund budget.
- Borrowing
- Execution of new or amended collective bargaining agreements.
- Execution of new contracts or amendments to existing contracts with a value of \$25,000 or more.
- Establishment, increase, or decrease of user fees
- The Commissioner may impound any unencumbered funds for such period of time as he determines
- The Commissioner may undertake any initiatives that he deems necessary to secure the financial stability of the district
- The Commissioner may designate a person to act on his behalf with respect to his responsibilities under 603 CMR 41.07.

Amendments to Budgets

A regional school committee may propose, with a *two-thirds vote*, an amendment to a previously approved budget. If such amendment results in an *increase* in the total amount of the *budget* or an increase in *assessment* for any member, such amendment shall be submitted to the *local appropriating authorities for their approval*.

The treasurer of the regional school district shall submit the proposed amendment to the member municipalities within *7 days* from the date of the regional school committee vote. The local appropriating authority of every member shall have *45 days* from the date of the regional school committee's vote to meet and consider the amendment. The proposed amendment shall be effective if it is approved by *two-thirds of the local appropriating authorities* and by the local appropriating authority of *any member whose assessment is increased*.

If a local appropriating authority *does not vote* on the proposed amendment within the *45-day period* and that local appropriating authority has previously appropriated funds for its assessment in an amount greater than or equal to the member's assessment for the amended budget, that member shall be deemed to have approved the amended budget.

If a proposed amendment to a previously approved budget *does not increase* the total amount of the budget and *reduces or leaves unchanged* the assessment for every member, the amendment shall not require approval by the local appropriating authorities and shall be effective upon a *two-thirds vote of the regional school committee*.

If the Commissioner adjusts the required local contribution of any member (s) subsequent to the approval of the budget, the regional school committee shall propose an amendment to the budget to reflect such adjustment(s). Whenever a member's assessment is reduced to a smaller amount than previously appropriated by the local appropriating authority, the appropriation shall automatically be deemed to be reduced to such lesser amount.

Line Item Transfers

Transfers from one budget line item to another shall require and be effective upon approval of the regional school committee by majority vote unless otherwise specified in the regional agreement. Authority for such transfers may not be delegated.

Links: Chapter 71, Section 16B

CMR 41.05

Assessment methodologies – see Guidance for Regional School Districts

Public Hearings on budget