HANOVER FINANCE COMMITTEE

Statement on the Proposed Dresden School District Budget for FY2022-23

The Hanover Finance Committee (HFC) is an appointed Town committee composed of Hanover residents[1] charged with reviewing school and municipal financial matters and offering guidance on those matters to public officials and residents.

During a public meeting on January 13, 2022, the Hanover Finance Committee voted unanimously to support the proposed FY23 Dresden School District Budget of $29,343,255 in all suggested articles. This proposed budget will increase baseline spending by $1,138,594 or 4.0% (not including union agreements). HFC also voted unanimously to support the athletic field renovation bond (Article 2), the new collective bargaining agreements with the Hanover Education Association (Article 4) and the Hanover Support Staff (Article 5) and to authorize the Dresden School Board to retain year-end unspent funds up to 5% of the net assessment (Article 7).

Comparisons to prior years and ultimate tax rate impacts are complicated by the pending absorption of Hanover sixth-graders into the district and one-time tax relief in Hanover. The net Dresden assessment to Hanover will increase by 17.8% or $2.6 million, largely reflecting the absorption of sixth graders into the district and for which there is a partial offset of $1.9 million to the Hanover district from foregone tuition expense. Norwich's net assessment increases 12.2% or $892k, reflecting an increase in pro rata students in grades 7-12. The tax rate increase in Hanover is projected to be significantly buffered by state-level, and likely one-time only, property tax relief.

In Article 2, the Dresden Board responds to issues of useability and safety at both the Hanover High School track and the baseball diamond at the Dresden Fields in Norwich. The present six-lane track and field event areas are approaching 15 years old and are in need of complete reconstruction due to material breakdown, updated drainage needs and general usage. Drainage issues at the baseball field which have compromised its use will also be addressed with this proposal for up to $1,837,000 in bonds and/or notes. The Board will endeavor to secure financing at a fixed low-interest rate over 15 years.

The two-year collective bargaining agreement between the Board and the Hanover Education Association increases the status quo budget by $394,007 in FY23 and $283,957 in FY24. This includes a 2% increase "on the base" each year for all staff and an increase in the 403B annuity match from 3.0% to 3.5% for those at the top "step" on the salary schedule. This agreement also includes a reduction in spousal eligibility for supplemental benefits associated with the election of early retirement. Staff health care insurance premium contributions increase by 1% to 10% and then 11% in year two. The Board estimates total compensation (salary and benefits) will increase an average of 2.4% per year.

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[1] Members are Kari Asmus, Carey Callaghan, Mac Gardner, Jeffrey N. Ives, Herschel Nachlis, William V. Geraghty (Hanover Selectboard) and Kimberly Hartmann (Hanover School Board).

The new three-year collective bargaining agreement with the Hanover Support Staff calls for wage increases of 1.0%, 2.0% and 2.5% in years 1-3 respectively. Employee medical co-pays increase 0.5% per year from the current 6.0% level.

Dresden's interstate district status denies the possibility of reserve funds for unanticipated capital or operating expenses. Article 7's authorization allows for up to 5% retainage; in practice only the NH pro rata share will be allowed, yielding a ceiling of 3.4% of the net assessment amount or approximately $863k. This could only be sourced from year-end surplus monies, cannot be carried forward into a subsequent year, and its use would be subject to state-level controls under recently introduced NH legislation. The HFC believes such retainage is sound fiscal management.

HFC commends the Dresden administration and School Board for a well-run budget process and related union contract negotiations in the face of substantial uncertainties. One-time tax relief has significantly mitigated the tax impact of FY 23's budgetary increases, and the HFC urges a budgetary process for FY 24 which recognizes the immediate step-up in tax rates solely to offset the loss of that relief. HFC also extends its thanks and applauds the efforts of students, faculty and staff in continuing our district's pursuit of educational excellence despite on-going challenging circumstances.