

## HANOVER FINANCE COMMITTEE

### Statement on the Proposed Dresden School District Budget for FY2023-24

The Hanover Finance Committee (HFC) is an appointed Town committee composed of Hanover residents<sup>1</sup> charged with reviewing school and municipal financial matters and offering guidance on those matters to public officials and residents. When discussing the proposed Dresden School District Budget for FY24 (2023-24), HFC members reviewed projected revenue and expenditure data, attended Dresden School Board and Budget Committee meetings as appropriate, and discussed budget details with school board members and administrators. Although Norwich members have not been currently appointed to form a Dresden Finance Committee, efforts are made to understand the impacts for both Hanover and Norwich.

**During a public meeting on January 17, 2023, the Hanover Finance Committee voted unanimously to support the proposed FY24 Dresden School District Budget of \$31,111,476 (Articles 2 and 4) and the new collective bargaining agreement with the custodial and maintenance Service Staff (Article 3, at a cost of \$26,990). The proposed budget in all articles will increase baseline spending by \$1.3 million or 4.5%. By contrast, after factoring in additional revenues, the amount needed to be raised by taxation is expected to increase by 3.7%. In FY24, this increase will fall much more heavily on Hanover taxpayers as Hanover's share of local Dresden enrollment is rising by 1.8% to nearly 70% of the total, requiring an overall increase of 6.6% in its Dresden assessment or \$1.2 million. Conversely, Norwich's share of the local enrollment is falling, resulting in a decrease of 2.2% in its Dresden assessment or \$190k.**

Including all warrant articles, school-level budget increases are \$437k or +5.2% at the Richmond Middle School (which expects to see a budget-to-budget decrease in enrollment of 16 students) and \$723k or +4.5% at Hanover High School (which expects to see six additional students). Together with expense growth of \$183k or +3.4% in the "district-wide" portion of budget (primarily debt service and SAU administration costs), this results in the Dresden Budget increase of \$1.3 million or +4.5% as mentioned above.

Budgetary challenges included a 13% increase in the cost of healthcare insurance for many employees plus overall inflationary pressure. Other cost drivers include program changes at the middle school which add approximately \$100,000 in costs, as well as the addition of a maintenance employee in "district-wide" and 1.2 positions within the SAU.

The two-year collective bargaining agreement between the Board and Service Employees (Article 3) increases the status quo Dresden budget by \$26,990 in FY24 and \$34,582 in FY25. The impact of these costs is less than 1 cent on the Hanover tax rate.

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<sup>1</sup> Members are Kari Asmus, Carey Callaghan, Mac Gardner, Herschel Nachlis, Greg Snyder, William V. Geraghty (Hanover Selectboard) and Kimberly Hartmann (Hanover School Board).

On a positive note, a bump in tuition revenues of \$400,000 and a small reduction in District contributions to the NH Retirement System (NHRs) tempered the increase in “net assessment” costs borne by Hanover and Norwich. The Hanover Finance Committee encourages the Dresden Board to evaluate tuition rates to ensure fairness to Dresden taxpayers and to be mindful that when positions are added to the budget, that not only are there current additional payments to NHRs, the positions will also likely increase long-term Other Post-Employment Benefits (OPEB) liabilities.

Looking forward, on-going cost pressures likely to fall on both schools and town residents suggest a balanced approach to key cost drivers such as staffing levels. Classroom sizes at the low end of the target range may represent an opportunity for consolidation without harms to educational outcomes. At the same time, the HFC recognizes the on-going staffing challenges which could make such changes difficult in the near term.

HFC commends SAU and Dresden administrators, and the School Board, for a well-run budget process. HFC also extends its thanks and applauds the efforts of students, faculty and staff in continuing our district’s pursuit of educational excellence.