

HANOVER FINANCE COMMITTEE

Statement on the Proposed Hanover School District Budget for FY2023-24

The Hanover Finance Committee (HFC) is an appointed Town Committee composed of Hanover residents.¹ HFC is charged with reviewing the Town's financial matters and providing guidance to Town officials, the Hanover School Board (HSB), and Town residents.

During a public meeting on January 17, 2023, the Hanover Finance Committee voted unanimously to support the proposed FY24 Hanover School District Budget of \$15,163,617 in Articles 2, 3, and 5. This represents an increase in appropriations of \$471k, or 3.2%, over FY23. HFC also voted unanimously to support a new collective bargaining agreement with the custodial Service Staff (Article 4); the return of \$381,000 to taxpayers and the discontinuation of the 6th Grade Tuition Fund (Article 7); and the addition of up to \$100,000 from year-end surplus to the special education reserve fund (Article 8). On a vote of 4-2, HFC voted not to support Article 6 which would double the Board's authority to retain year-end surplus to an amount equal to 5% of the district assessment or \$680,000.

After factoring in these warrant articles, Hanover's share of Dresden expenses and offsetting revenues, the Hanover school tax rate is expected to increase by 73 cents per \$1,000 or 6.7%, generating a school tax rate of \$11.62. HFC estimates that if all other factors were held constant, the proposed increases in operational school spending would require a tax increase of 3.2%--not the unusually high increase of 6.7%. Uncontrollable factors such as the loss of last year's one-time state aid (\$785,000) and enrollment-driven growth in Hanover's share of the Dresden assessment (\$493,000), combined with an offset of \$381,000 in Article 7, contribute an additional increase of 3.5% in the tax rate. If Article 7 does not pass, the tax rate is calculated to increase by an additional 14 cents or 1.3%.

Budgetary challenges for the Hanover School District included a 13% increase in the cost of healthcare insurance, a 24% increase in transportation costs due to both higher fuel and driver compensation and overall inflationary pressure. These increases were offset in part by the elimination of the FY23 sabbatical salary and some reductions in staffing as enrollment is expected to drop by 28 students in FY24, budget to budget. The two-year collective bargaining agreement between the Board and custodial Service Employees (Article 4) increases the status quo Hanover budget by \$4,054 in FY24 and \$6,840 in FY25—amounts that would add a fraction of a cent to the tax rate.

¹ Members of the Finance Committee are Kari Asmus, Carey Callaghan, Mac Gardner, Herschel Nachlis, Greg Snyder, William V. Geraghty (Hanover Selectboard), and Kimberly Hartmann (Hanover School Board).

As noted above, HFC voted unanimously to support the dissolution of the 6th Grade Tuition Fund (Article 7) and the return of its \$381,000 balance to taxpayers as the fund is no longer needed. HFC also unanimously supported the addition of \$100,000 to the Fund for the Education of Persons with Disabilities from surplus monies, if available, (Article 8) as the current balance has not kept pace with the increasing cost of out of district placements.

While HFC has encouraged the prudent funding of reserves, as demonstrated above, a majority of committee members voted not to support Article 6 which would increase the School Board's authority to retain year-end monies from up to 2.5% to 5% of the Hanover District assessment—or from \$340,000 to \$680,000. HFC notes that the Hanover District has reserve funds available for building and special education related expenses that may arise, and that these, in addition to the existing 2.5% retention authority, seem a sufficient buffer against unanticipated expenses in the majority opinion of HFC.

Looking forward, on-going cost pressures likely to fall on both the school 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 harm 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 Hanover 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.