

## HANOVER FINANCE COMMITTEE

### Statement on the Proposed Hanover School District Budget for FY2021-22

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.

**During a public meeting on January 14, 2021, the Hanover Finance Committee voted unanimously to support the proposed FY22 Hanover School District Budget of \$15,656,653 in all suggested articles. This represents a decrease in Hanover District appropriations of \$(83,517) or (.5)% over FY21. After factoring in revenues, the Hanover District assessment is expected to decrease by \$(36,164) or (.25)%. When combined with the Dresden assessment, the proposed budgets will result in a total school tax rate of \$12.53, an increase of 10 cents or .8%. The Finance Committee also voted unanimously to support the proposed technology bond (Article 2), the new contract agreement with Service Employees (Article 5), the proposal to include Hanover's 6<sup>th</sup> grade into Dresden (Article 7), as well as the option of granting authority to the Board to retain an undesignated fund balance should there be surplus at year's end (Article 8).**

HFC voted approval of the FY22 budget noting once again that one item, 6<sup>th</sup> Grade Tuition, had swung dramatically—this time decreasing by \$609,000 and lowering overall spending in the coming year. While this line item was significantly lower, the Ray School operating budget for grades Pre-K through 5 was up \$409,000 or 3.44%. Cost drivers include increases in the SAU assessment, building improvements, wages and most notably, NH Retirement System contributions with rate increases of 23% and 26% for teachers and other employees, respectively, resulting in additional payments of \$149,000.

The Hanover District will lose NH Adequacy Aid in FY22 as well as other revenues but is able to use \$600,000 in surplus and retained funds as an offset—a large portion of these funds coming from decreased expenditures during the Covid- 19 school closure.

In light of the continued volatility in 6<sup>th</sup> Grade tuition, HFC worked with the School Board to equitably restructure payments. This revised methodology would allow Hanover 6<sup>th</sup> graders to become Dresden students just as Hanover students in grades 7 through 12 are. HFC supports this article as it allows for more transparency and simplicity in budgeting and long-term planning.

HFC also voted to support the proposed \$245,334 technology bond article. Annual payments (assuming a 2% interest rate) would be \$27,084. This expenditure will serve the district for at least the expected 10-year term of the bond. Based on finance timing, no payment is expected in the coming year. The District is also pursuing grant funding and expects to realize savings to current operating expenses.

While the Hanover and Dresden districts have been aware of the need to improve technology infrastructure, the arrival of Covid-19 brought these shortcomings front and center. No significant

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<sup>1</sup> Members are Kari Asmus, Carey Callaghan, Mac Gardner, Jeffrey N. Ives, Mary Hakken-Phillips, William V. Geraghty (Hanover Selectboard), Kimberly Hartmann (Hanover School Board).

investment in the technology infrastructure of the schools and administrative departments has been made in the last ten years. The advancement of use of technology in classrooms, communications equipment, and state requirements are all compelling reasons to address this issue in a comprehensive way. The proposed article, in combination with an article on the Dresden warrant, will support upgrades for kindergarten through grade 12.

Looking forward, noting cost pressures driven by benefits and track advancements for teachers, HFC urges vigilance in contract negotiations as well as in the budgeting of staffing levels. HFC recommends prudence going forward due to the uncertainty around state funding levels and the prolonged impact of Covid-19. HFC also believes that Hanover taxpayers would be well served by having the ability to retain up to 2.5% of the net assessment at year end to assist in managing unforeseen issues going forward.

HFC would be remiss in not pointing out the tremendous efforts that everyone involved in delivering, managing and overseeing Hanover's public education system has demonstrated. These have been uniquely challenging times, and while it appears that there is light at the end of the tunnel, it remains unclear when things will return to "normal". In the meantime, the staff, administration, and school board have effectively managed the existing circumstances to the benefit of its students and the Town's taxpayers.