

## HANOVER FINANCE COMMITTEE

### **Statement on the Proposed Dresden School District Budget for FY2025-26**

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. Although the Dresden Finance Committee has been discontinued, the HFC still makes every effort to understand the impacts of the budget on both the Hanover and Norwich communities.

**During a public meeting on January 16, 2025, HFC voted unanimously to support the proposed FY26 Dresden School District Budget of \$31,239,668 (Article 5), and the collective bargaining agreements with both the Hanover Support Staff (Article 3) and the Hanover-Dresden Service Staff (Article 4). The HFC took no position on the middle school athletics proposal (Article 6) but discusses briefly below.**

**The FY26 budget benefits from a scheduled \$1.3 million drop in debt service payments. After all costs from all articles are factored in, the Dresden budget will increase by \$725,250 or 2.34%). Factoring in lower tuition revenues and lower state aid yields an increase in the amount needed to be raised by taxation equal to \$982,463 (3.61%). By town, based on per pupil splits, Hanover's share of the Dresden assessment increases \$629,188 (3.3%) to \$19,577,763, while Norwich's share rises by \$353,275 (4.3%) to \$8,604,979.**

Including all warrant articles, school-level budget spending increases are \$504k (5.3%) at the Richmond Middle School (which expects a budget-to-budget decline in enrollment of 5 students) and \$600k (3.4%) at Hanover High School (which expects 12 additional students). The “district-wide” portion of the budget is down by \$907k (-25%), reflecting the reduction in debt service mentioned above.

An anticipated 13% increase in health insurance coverage, together with census-driven insurance changes alone yield an almost 2% increase in the expenditure budget. Another 1.8% can be attributed to contractual obligations for wages in the teacher's union agreement approved by voters in 2024. The HFC appreciates that the Dresden Board and administrators were careful in their budget deliberations to prioritize spending, and that several adjustments were made accordingly. However, we note that, without the \$1.3 million year-over-year decline in debt service payments in the proposed FY26 budget, total spending would have increased by \$1,458,160 or 4.69%. But for this significant one-time debt service reduction, FY26 tax assessments to Hanover and Norwich would have nearly doubled – from 3.3% to 6+% for Hanover taxpayers and from 4.3% to 7+% for Norwich taxpayers. Looking to future years, the Dresden District will not be able to

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<sup>1</sup> Members are John Dolan, Rich Greger, Greg Snyder, Antonia Barry (Hanover School Board) and Carey Callaghan (Hanover Selectboard).

count on such one-time cost reductions to avoid large increases in tax assessments and should plan accordingly.

Additionally, an anticipated step-up in capital spending stemming from both the strategic planning and capital improvement programs will likely drive cost pressures in the coming years. Together with on-going healthcare and personnel cost pressures, the HFC foresees the need for continued careful evaluation of staffing levels and incremental initiatives during a multi-year period when enrollment is expected to be flattish to down slightly. In its review, the HFC noted that on a ten-year “look back” administrative costs appear to have grown significantly faster than non-administrative costs... highlighting one such area for careful review.

#### **Comments on New Middle School Sports Program**

One new initiative this year is the introduction of sports to the middle school (with attendant additions of staff and transportation). Article 6 calls for a “year one” outlay of \$201,291 to fund an athletics program at the Richmond Middle School, including the hire of a Middle School Director of Athletics and Co-Curricular Activity Coordinator. While some taxpayer costs might reasonably be expected to be relieved from the Town of Hanover Parks & Recreation department, previously tasked with running athletics for this age cohort, it should be noted that a number of costs borne by parents of middle school students will now be paid for by the Dresden district. These include transportation, coaching, equipment and uniforms. HFC members noted that the absorption of these costs for middle school athletics would be similar to the practice of most other communities in New Hampshire, but took no position on this article.

#### **Comments on Collective Bargaining Agreements**

The three-year collective bargaining agreement between the Board and the Hanover Support Staff Association (Article 3) would increase the status quo budgets by \$228,889 in FY26, \$121,142 in FY27, and \$119,724 in FY28. This includes a 10% spending increase “on the base” in the first year, followed by 4.5% increases in both years two and three. Additionally, prior year hires may now be eligible for placement on a higher pay scale step to reflect prior comparable experience – credit for which had been capped under the old contract. Taken together, the pay increases and the contract language change on step increases are efforts to both attract and retain qualified paraprofessionals. They address an endemic issue that has hampered our ability to fill vacancies in regular and special education assistant positions. Accordingly, the HFC supports this agreement while noting that the high level of such increases should be viewed as one-time adjustments to reflect workforce market realities.

The one-year collective bargaining agreement between the Board and the Hanover-Dresden Service Staff Association AFSCME (Article 3) would increase the status quo budget by \$97,838 in FY26. This includes a 4% increase on base pay, an increase in the night shift differential from \$0.70/hr to \$1.00/hr, and an increase in the longevity payment by \$200/ year for each level. For context, these

increases are intended to help the district fill more than a half dozen open custodial positions with local hires, paring back use of outsourced services. The HFC supports this agreement.

**In closing, HFC commands 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.**