

HANOVER SCHOOL DISTRICT

Bernice A. Ray School

Proposed 2022-23 Budget

Administration:

Jay Badams, PhD, Superintendent of Schools

Lauren Amrhein, Principal, Bernice A. Ray School

Nan Parsons, Asst. Principal, Bernice A. Ray School

Jamie Teague, Business Administrator

Rhett Darak, Director of Student Services

Tony Daigle, Director of Plant

Joshua Mulloy, Director of Technology

Hanover School Board:

Chair Ben Keeney, Vice-Chair Marcela Di Blasi

Jon Hunt, Kim Hartmann, Rick Johnson,

Kevin Knuuti, Deborah Bacon Nelson

Our Mission

At the heart of our school community is our mission and core values –

We honor a common vision of equality. We provide a challenging educational program that focuses on the individual child while fostering the motivation to learn and to collaborate.

Our teachers and staff members promote the school's core values through meaningful instructional experiences that include exemplary integrated and interdisciplinary project-based learning outcomes. In addition to the core subject areas of English language arts, math, science, social studies, and the arts, we seek to expand each child's interests, reasoning, collaboration, and communication skills.

Our children learn to take risks in the pursuit of knowledge and to develop their individual talents. All members of the school community follow the precepts of our "Three Rs" – Rights, Respect, and Responsibility.

2022-2023 Budget Guideline Summary

The Hanover School Board approaches the 2022-23 budget as a year for healing based on the still present impacts of the Covid-19 pandemic. Sadly, the rapid spread of the Covid-19 Delta variant and other strains has currently outmatched our global community's ability to achieve immunization and control the infectious disease. Therefore, our foremost priority as a Hanover School Board continues to be ensuring the health and safety of our students and staff. The Hanover Board expects the 2022-23 budget to continue to support health and safety measures, which have been successfully implemented and managed to date.

The Hanover School Board also recognizes that our local economy is actively healing from the pandemic. In 2020, the economic focus was on high unemployment and low interest rates, now employers, including school districts, are facing labor shortages and inflation risks. Upper Valley property values have climbed sharply since the pandemic began and the effect on Hanover property tax assessments has just started.

Balancing these health and economic concerns, the Hanover School Board recommends the Hanover School District to manage the 2022-23 general budget to a targeted increase of 3.25% or less over the 2021-22 budget (excluding the change in sixth grade tuition). This level of funding represents the direct operating expenses for the Hanover School District. It does not represent a target for the Hanover portion of the school tax rate.

To advise the budget corridor, the Hanover Budget Committee reviewed financial projections to understand the known, anticipated changes in expenditures for 2022-23 budget compared to the prior year budget. The Budget Committee predicts, to the best of its ability, that the Hanover School District budget can expect an increase of 2.52% in the Direct Operating budget and expect a 6.50% budget increase for the Support Operations budget. In total, the Hanover District budget, when rolled forward, is expected to increase 3.28% or approximately \$451K.

Initial Budget Guideline Summary considerations:

- Union agreements for Teachers and Support Staff are being negotiated
- Non-Union employees increases initially projected at 2%
- Health Insurance premium increase estimated 5%
- Other program costs estimated at July CPI of 4.2%
- Spec. Ed. Program costs estimated to increase 16.25%
- Transportation base costs estimated to increase by 4%
- SAU70 assessment estimates a modest increase
- Capital expenditures assumed flat budget
- Debt service held flat as tech project was self funded
- Enrollments have not been considered

To move beyond status quo we discussed the following changes:

- Higher enrollments = additional teaching staff
- Updating the math curriculum
- Additional reading/writing specialists

Actual Enrollment & Forecast as of Oct. 1, 2021

Projections									
Based on Oct. 1 Actuals	<u>2020-21</u> Projected	<u>2020-21</u> Actual**	<u>2021-22</u> Projected	<u>2021-22</u> Actual	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>
<u>Kindy</u>	72	70	70	85	73	73	73	73	73
<u>Grade 1</u>	83	75	77	81	91	79	79	79	79
<u>Grade 2</u>	83	79	80	75	82	92	80	80	80
<u>Grade 3</u>	82	83	77	78	77	85	95	83	83
<u>Grade 4</u>	88	88	83	85	74	74	81	91	79
<u>Grade 5</u>	72	74	86	93	88	77	76	79	94
TOTAL	<u>480</u>	<u>469</u>	<u>473</u>	<u>497</u>	<u>486</u>	<u>479</u>	<u>484</u>	<u>485</u>	<u>487</u>

District Staffing

<u>Certified Staff</u>	<u>2021-22</u>	<u>2021-22</u>	<u>Difference</u>
Regular Ed Teachers	38.40	38.20	(0.20)
Special Ed Teachers	9.20	9.20	0.00
Other Certified Staff	10.66	10.66	0.00
Total Certified Staff	58.26	58.06	(0.20)
<u>Other Staff</u>			
School Administrators	1.75	1.75	0.00
School Admin. Office	2.00	2.00	0.00
Regular Ed Aides/Tutors	11.42	14.97	3.55
Special Ed Aides	26.81	22.35	(4.46)
Health, Library & Tech Asst.	2.03	2.12	0.09
Custodial Staff	4.50	4.50	0.00
Total Other Staff	48.51	47.69	(0.82)
Total Overall Staff	106.77	105.75	(1.02)

2022-23 Budget Proposals:

V.1. Oct 30 (shared 11/1):

W/Out RET - \$14,225,687 \$475,221 3.46%

V.2 Nov 20 (shared 11/22):

W/Out RET - \$14,230,815 \$480,349 3.49%

W/RET - \$14,230,815 (\$1,425,838) (9.11%)

RET – Reg. Ed Tuition = 6th grade tuition costs pd to Dresden
for 2021-22 in the amount of \$1,904,287

Summary by Category

Expenditure Budget Summary				
<u>Expenditures</u>	<u>2021-22</u>	<u>2022-23</u>	<u>\$ Change</u>	<u>% Change</u>
Ray School Operating Expense				
Pre-K to 5	\$12,146,202	\$12,546,081	\$399,879	3.29%
Special Ed Tuition Expense	\$909,900	\$1,080,200	170,300	18.72%
Tuition--In State K-6	\$0	\$0		
Tuition--In State 7-8	\$0	\$0		
Tuition--In State 9-12	\$0	\$0		
Tuition--Private Pre School	\$33,000	\$33,000		
Tuition--Private K-6	\$360,000	\$350,000		
Tuition--Private 9-12	\$350,000	\$448,000		
Tuition--ESY	\$1,900	\$1,900		
Tuition--Out of State 6-8	\$0	\$61,300		
Tuition--Out of State 9-12	\$165,000	\$186,000		
Capital Expense				
Site & Building Improvements	\$150,600	\$161,600	11,000	7.30%
Debt Service	\$395,664	\$393,934	-1,730	-0.44%
Interfund Transfers Out	\$150,000	\$49,000	-101,000	-67.33%
to 6th Grade Tuition Reserve Fund	\$100,000	\$0	-100,000	-100.00%
to Bridgman Spec Projects Fund	\$40,000	\$40,000	0	0.00%
to Food Service Fund	\$10,000	\$9,000	-1,000	-10.00%
6th Gr Regular Ed Tuition Expense	\$1,904,287	\$0	-1,904,287	-100.00%
Total District Budget (includes Board/Bridgman)	\$15,656,653	\$14,230,815	-\$1,425,838	-9.11%
Total District Budget W/Out 6th Grade Tuition Expense	\$13,752,366	\$14,230,815	\$478,449	3.48%

Significant Changes V.2

Increases

- Salaries – Teachers/Specialists: \$30,558 or 0.70%
(Total Salary changes/net of decreases – (\$28,861)
- SAU 70 Services \$17,438 or 3.51%
- Special Ed Tuition - OOD \$170,300 or 18.72%
- Building Improvements \$11,000 or 7.3%
- Health Insurance Rate Increases \$74,364 or 4.63%
- NH Retirement Increases – turnover \$50,543 or 4.81%
- Group In-Service/Staff Development \$37,050 or 247.0%
- Technology Services/Equipment \$36,455 or 37.43%
- Grounds Maint/B&G overhead services \$43,661 or 15.51%
- Special Education Transportation \$84,200 or 179.9%
- Transportation Contract \$12,625 or 2.5%

Decreases

- 6th Grade Tuition – no longer tuitioned (\$1,904,287) or (100.0%)
- Early Retirement Benefits (\$15,382) or (16.0%)

District Revenues and Net Assessment

Revenues & Net Assessment	As Voted 2021-22	Proposed 2022-23	\$ Change	% Change
Hanover Direct Budget (includes WA #3)		\$ 14,190,815		
Prior Year As Voted <u>without</u> 6th Grade Tuition/Tech*	\$ 13,752,366		\$ 438,449	3.19%
Prior Year As Voted <u>with</u> 6th Grade Tuition/Tech	\$ 15,901,987			
		\$ 14,190,815		
Prop Bridgman Fund Article; breakdown on Ex 3 (next pg)		\$ 40,000		
Budget Proposal*	\$13,752,366	\$ 14,230,815	\$478,449	3.48%
20-21 Revenues - adj. Nov 2021 with NH DRA (subtracted from expenditures to arrive at net assessment)	2021-22	2022-23	\$ Change	% Change
Balance Carry Forward	\$300,667	\$300,000	(667)	
<u>Local Sources</u>				
From Hanover Water Works	\$176,313	\$176,313	-	
Tuition Income	\$6,000	\$6,000	-	
Interest on Investments	\$20,000	\$5,000	(15,000)	
Prior Year Refunds	\$12,000	\$7,000	(5,000)	
Rental of Property/Bldg Maint Offset	\$15,000	\$20,000	5,000	
Miscellaneous	\$250	\$250	-	
<u>State Sources</u>				
Kindergarten Aid	\$0	\$0		
Adequacy Aid (includes 1x change to State Wide Funding)	\$246,325	\$1,308,224	1,061,899	
Catastrophic Aid	\$500,000	\$500,000	-	
Building Aid	\$73,653	\$73,653	-	
Federal Sources (Medicaid & Agric Grant)	\$103,048	\$103,200	152	
<u>Other Financing Sources</u>				
From Sale of Bond/Notes-Other* (tech funding removed)		\$0	-	
From Building Maintenance Reserve Fund*		\$0	-	
From From Bridgman Reserve Fund (Revenue offsets potential WA)	\$40,000	\$40,000	-	
From Building Maintenance Reserve Fund	\$0	\$0	-	
Total Current Year Revenues	\$1,192,589	\$2,239,640	1,047,051	
Total Revenues and From Fund Balance (no tech funds)	\$1,493,256	\$2,539,640	1,046,384	70.07%
Total Revenues & From Fund Balance with Tech Revenue	\$1,738,590			
Net Assessment Actual - including all WA's & Expenses	\$14,163,397	\$11,691,175	(2,472,222)	-17.46%

*NOTE: cells in blue do not include tech project exp/rev or prior year 6th grade expense

Net Assessments and Tax Rate Summary

Hanover School District		Tax Impact Data		
Exhibit 3 - DISTRICT ASSESSMENTS:		2021-22	2022-23	\$ Chg % Change
Hanover Assessment (21-22 Adjusted to Actual)	\$14,163,397	\$11,691,175	(\$2,472,222)	-17.46%
Dresden Assessment	\$14,623,697	\$17,273,196	\$2,649,499	18.12%
	\$28,787,094	\$28,964,371	\$177,277	0.62%
EARLY ESTIMATE - RATES NOT YET SET		Hanover Tax		
ESTIMATED TAX RATES:				
Local School Tax Rate (Orig 21-22 Proj. \$10.53)	8.95	9.55	0.60	6.70%
State School Tax Rate (Orig 21-22 Proj. 2.00)	1.72	1.29	(0.43)	-25.00%
Total School Tax Rate (Orig 21-22 Proj. \$12.53)	\$10.67	\$10.84	0.17	1.59%

What is this “State School Tax Rate” also known as “SWEPT” and What are the big changes this year to cause such an increase in our Adequacy Aid funding and a decrease in this portion of the projected tax rate?

This is a One (1) Year grant award to provide local property tax relief.

State Wide Education Property Tax Rate

- **State's Perspective:**

From the State's perspective, this is a State tax we assess and record as State revenue and also record the act of letting School Districts retain 100 percent of the SWEPT as a State expenditure.

- **School District's Perspective:**

From the perspective of the School District, the SWEPT received from their local municipal tax collector is considered unrestricted State revenue just like non-SWEPT adequacy payments. While the District through local fiscal decisions can influence the local education property tax rate, they cannot directly influence the Statewide Education Property Tax.

- **Property Tax Payer's Perspective:**

From the perspective of the local residential property tax payer, the SWEPT likely feels no different than the local education property tax they pay to support their school. However, from the perspective of the State and School District the difference in the two taxes becomes more apparent.

[Excerpts taken from the NHDOE Training Video on Changes to Adequacy Aid Funding for FY 2023:

https://r20.rs6.net/tn.jsp?f=001dkeQtaydbBBYjzkZlqwL0cELWriK68Nd_unZ602vcdCrg1j88attSMSJo4_JEz2bpl7428RiAJpqUrqqqSymxlrMxlzanVKj6FMqH0Vg-rIX_JBYVz2O0AAxi4GQxi8RkrAegHfihZlispN4n7UJA6lvZC0drd7mZN4jMmdcmZKYLuwwqLrVRiOLRgH--eNFh&c=EzftO_2Od3bCiK09FdIwEQ_2TXeNO4fcYMuTbQHvffYp6FvLRRcGEA==&ch=FX_EF_GiDzSeXampxJsEwFbD_Tm7l0fMVhPyGcFOh45n8TBJT4wAZA==

How is the SWEPT rate calculated?

SFY 2022 SWEPT Calculation

$$\begin{array}{r} \$363 \text{ Million Revenue} \\ \hline \$199 \text{ Billion In State Property} \\ = \\ \$1.82 \text{ Per } \$1,000 \end{array}$$

SFY 2023 SWEPT Calculation

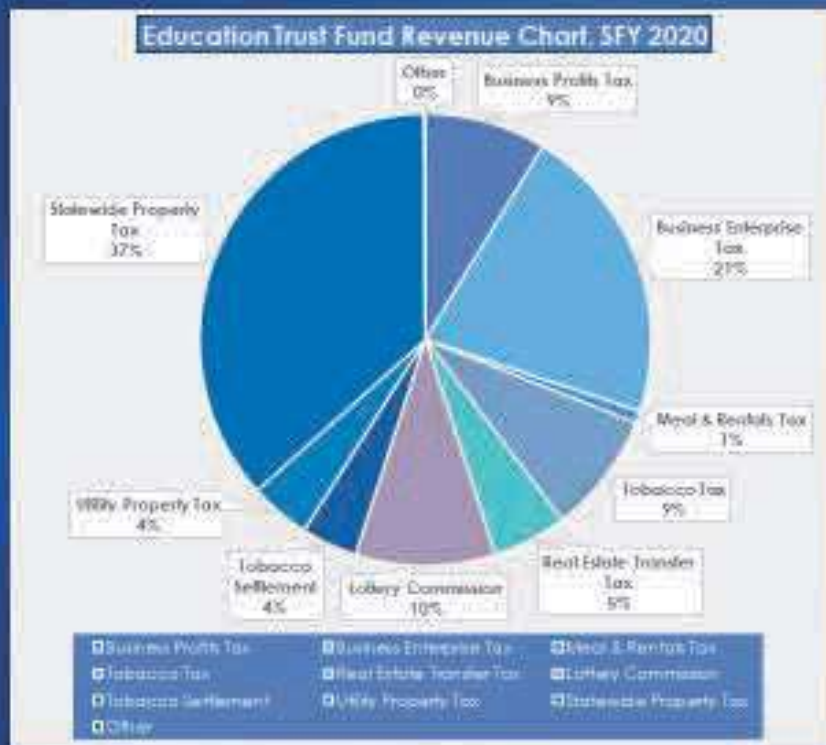
$$\begin{array}{r} \$263 \text{ Million Revenue} \\ \hline \$214 \text{ Billion In State Property} \\ = \\ \$1.23 \text{ Per } \$1,000 \end{array}$$

NHDOE Training

The State equalizes all of the property across NH's towns and cities, then divides the revenue by the equalized total property and determines a rate; which is adjusted up or down locally by the total amount of aid and local NAV.

Other State Revenues have been growing

State Revenue For Education



**SFY 2020 Education Trust Fund Revenue By Category
(Dollars in Millions)**

Revenue Category	SFY 2020
Business Profits Tax	\$ 86.6
Business Enterprise Tax	213.2
Meal & Rentals Tax	8.6
Tobacco Tax	86.2
Real Estate Transfer Tax	52.8
Lottery Commission	99.8
Tobacco Settlement	40.0
Utility Property Tax	43.3
Statewide Education Property Tax	363.2
Other	1.1
Total	\$ 994.8

Source: SFY 2020 State of NH Comprehensive Annual Financial Report

Other Potential Budget Changes:

- Transportation Changes with contract extension & number of routes
- Custodial FTEs or continuation of Outsourcing Contract
- Teacher Sabbatical coverage = additional 1.0 FTE

Other Potential Warrant Articles:

- Support Staff Union Agreement
- Education Association (Teacher's) Union Agreement
- Dissolving the 6th Grade Tuition Reserve Fund
- Setting up an OPEB Reserve Fund