

Hanover School District

Warrant Article #7: Change in Tuition Arrangement for Grade 6,

Discussion presented by Kim Hartmann, Hanover School Board Budget Committee Chair and Hanover Finance Committee Liaison, on February 25, 2021 Annual District Meeting

For Warrant Article #7, we are considering whether or not to designate Dresden as the exclusive education provider for Hanover sixth grade students.

Frankly, the substance of this Hanover warrant article is relatively straightforward and likely not controversial as this is in effect what we already do today. The Hanover sixth graders attend Richmond Middle School, a Dresden building, taught by Dresden teachers. Some might even think this arrangement exists already because it seems so obvious.

However, the Hanover sixth graders are technically Hanover School District students and tuition is paid to Dresden each year based on the estimated number of students we expect will enroll. Then in the following budget year, there is an adjustment payment that “trues up” the tuition payment to reflect how many sixth graders actually attended versus what we estimated. This adjustment can go up or down.

Overall, the sixth grade tuition payment can and has swung wildly over the years. Last year in this very meeting, for the budget portion, I was explaining that we had a \$1 million hike in tuition costs between one year and the next. By and large, sixth grade education is largely a fixed cost, but the tuition arrangement is based on an average cost per pupil. So in big cohort years, there is a large surplus for Dresden and a large expense for the Hanover District. Then in the following year the cohort size tends to be smaller - and that prior large cohort may have never materialized - so not only is there a smaller tuition expense for Hanover due to next year’s small class, but then Hanover gets a credit for paying too much the year before and the tuition payment is even smaller. Therefore, almost every other year there is a swing back and forth between Hanover and Dresden.

These tuition shocks force the Hanover Board and administration - especially the Ray School - to have to think about the size of the sixth grade class at RMS first - because we are obligated to pay that tuition amount per the terms of the contract with Dresden. Before we can think of our Ray School strategic priorities to start the budget process we are constantly analyzing the size of the current 5th grade class and speculating who might move in or out next year.

There are other drawbacks as well, but overall this arrangement has serious shortcomings for our ability to do long-term strategic planning and also effectively communicate the budget to you, our community.

This year the Hanover School Board first commissioned a Joint Working Group consisting of members of the School Board, SAU 70 administration and the Hanover Finance Committee. The working group, which later included members from the Norwich School Board, sought to find a way to solve these long-recognized issues.

It is important to note that the Dresden inter-state partnership has been mutually beneficial to Hanover and Norwich residents over the years. In effect, the warrant articles related to the sixth grade - which have been proposed in Hanover and Dresden - aims to bring us more together in Dresden - targeting equitable partnership shares that are less sensitive to swings in student enrollment and that does not

include enrollment *estimates* because the Dresden net assessment allocation will solely be based on actual sixth grade enrollment for the same school year as the rest of the grades (7th through 12th).

The proposal under consideration by the Dresden voter seeks to include the sixth grade program under Dresden. The costs will be split between Hanover and Norwich under the same method used for the rest of the grades - something we call the Average Daily Membership (or "ADM") formula, but would now include the sixth grade enrollment in the calculation. This would eliminate the need for the Hanover School District to pay tuition to Dresden separately and in the end both the Dresden and Hanover budget books would more accurately reflect the "real world" experience. The Hanover sixth grade program would officially fall under Dresden.

To say that more clearly, if both warrant articles pass in Dresden and Hanover, then the Hanover School District budget will no longer have any expenses related to the sixth grade on it.

The specifics of this change to the ADM formula and the language of the related Dresden warrant article will be presented in detail at the 7pm Dresden deliberative session later tonight.

Turning back to the Hanover warrant article, specifically, please do not be troubled with how powerful the word "exclusive" may seem if one is concerned that this would preclude Hanover sixth graders from access to special education services. All special education expenses for all Hanover students, with or without this warrant article, will continue to get billed back to the Hanover School District.

Finally, if both warrant articles pass, the Hanover School District will need to find a solution for what to do with the remaining funds in the 6th grade tuition reserve fund. Absent any other way to balance out the tuition swings in the past, the Hanover School Board had been maintaining a sixth grade tuition reserve fund. At the end of this year, we expect to have about \$100,000 remaining. While this is likely a decision for the Hanover School Board, these funds could be returned to Hanover taxpayers. However, please bear in mind that Dresden has no ability to maintain reserve funds like we can in Hanover, but the intention is that the swings will not be as volatile as the current arrangement making the need to have a reserve fund less important.

But before I finish, I want to sincerely thank my Hanover colleagues of the joint working group: my fellow school board member Rick Johnson, SAU 70 Business Administrator Jamie Teague, and the Hanover Finance Committee members: Kari Asmus, Carey Callaghan, who chaired the Working Group, and Mac Gardner. This is quite a complex issue and we have smart, dedicated community members who have helped us find a better way for our schools. I hope you will join us in our gratitude and support warrant article #7. Thanks.