

## HANOVER FINANCE COMMITTEE

### Statement on Hanover School District Warrant Articles for FY2019-20

**During a public meeting on January 24, 2019, the Hanover Finance Committee<sup>1</sup> (HFC) voted unanimously to support the proposed FY 20 Hanover School District Budget of \$14,353,745 in Article 7. The Committee also voted unanimously to support Articles 3 and 8 to fund the 6<sup>th</sup> Grade Tuition Reserve Fund and Article 5 to approve the cost items in the new contract with the Hanover Education Association. After factoring in revenues and including all articles on the warrant, the Hanover District assessment increase is \$500,877 or 3.84%. When combined with the increase in the Dresden assessment, all articles will result in a total school tax rate of \$12.00, an increase of 41 cents or 3.56%.**

At the Ray School, a FY20 projected enrollment increase, coupled with a plan to reduce classroom sizes for our youngest students, prompted the addition of two classroom sections, increasing the total number from 25 to 27. The resulting 4% increase in school operating expenses of \$450,005 is largely offset by a drop of \$357,091 in the 6<sup>th</sup> grade tuition expense due to a projected drop in the number of 6<sup>th</sup> graders who will attend Richmond Middle School next year.

Looking out another year to FY21, 6<sup>th</sup> grade tuition is expected to spike, and the HFC agreed with the School Board's decision to add nearly \$90,000 to a reserve fund to buffer that impact—and to potentially add a further \$100,000 should any year-end surplus allow (Articles 3 and 8). The HFC also understood the School Board's decision not to raise additional funds this year for reserves related to special education and building maintenance given their adequate fund balances, and to forego the contingency set-aside in the budget itself.

The HFC appreciates the efforts of administrators and School Board members to consider the concerns of tax payers relative to the needs of our school community. The committee nonetheless notes an ongoing concern regarding the trajectory of recent budget increases. Looking forward, HFC recommends that the Board continue to closely monitor and evaluate staffing levels. The expected step down to 26 classrooms in FY 21 is need-driven, but will be helpful fiscally given the 6<sup>th</sup> grade tuition upswing. Lastly on the budget, the use of a specific corridor in setting budgetary guidelines, absent this past year, is recommended in the future as a sound practice.

The three-year collective bargaining agreement between the Board and the Hanover Education Association, NEA-NH, would increase the status quo budgets by \$66,215 in FY20, \$142,149 in FY21, and \$137,114 in FY22. This includes a 2% increase “on the base” each year for all staff and one “step” per year for staff who are not at the top of their “track” on the salary schedule. The agreement also includes a switch to a new medical insurance provider, resulting in lower premiums paid by the District. This reduction creates a noticeable offset to the increase in salaries in the first year of the contract. In years two and three, staff contributions towards the premiums will increase by 1% to 8% and then 9%. The Board calculates that total compensation (salary and benefits) will increase an average of 2.69% per year. (Inflation ran at 2.2% in 2018 as measured by the NE Regional CPI.)

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<sup>1</sup> Members of the Finance Committee are Kari Asmus, William A. Fischel, Michael Gonnerman, Mary Hakken-Phillips, Jeffrey N. Ives, Carey Callaghan (Hanover School Board), and William V. Geraghty (Hanover Selectboard).