



# Hanover FY24 Budget

March 2 2023

## **Discussion topics**

**Budget Expenditures**

**Revenue**

**Projected Tax Rates**

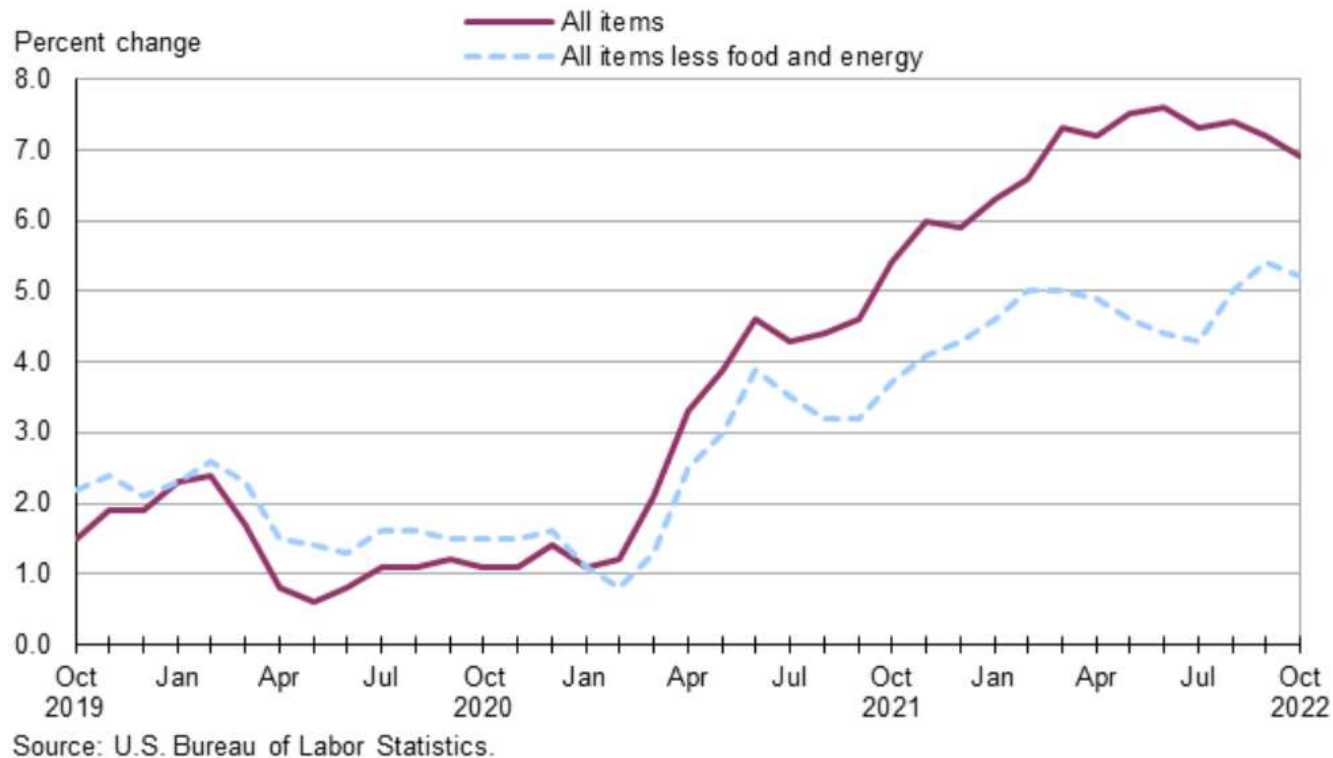
**Federal and State Education Funding**

**Progress Report**

# Budget Expenditures

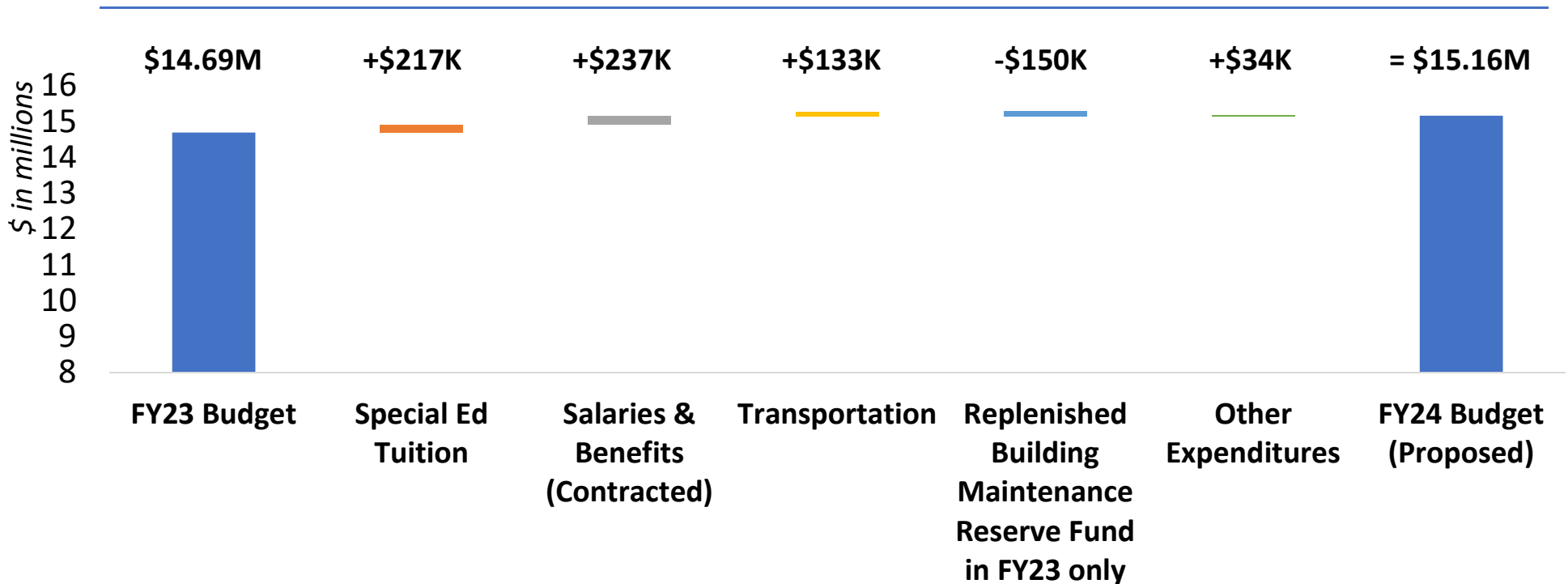
# At 6.9%, inflation has risen sharply over the past two years putting pressure on school budgets

## Over-the-year percent change in CPI-Northeast region (October 2022)



# FY24 Hanover District budget expenditures proposed to increase 3.2% or \$471K, driven by special ed tuition, salaries/benefits and transportation

**Total expenditure increase: \$471K**



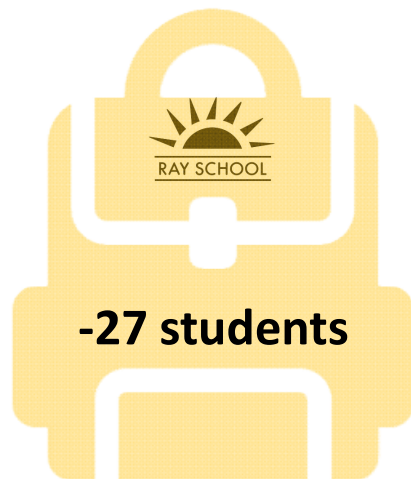
Note: Budget growth includes officer salaries and “passthrough” Bridgman fund expense of \$40K, which has equally offsetting revenue. Budget does not include expenditures associated with Service Staff negotiations.

**Ray School enrollment is expected to be nearly the same as this year, lower than FY23 budget due to smaller Kindergarten cohort**

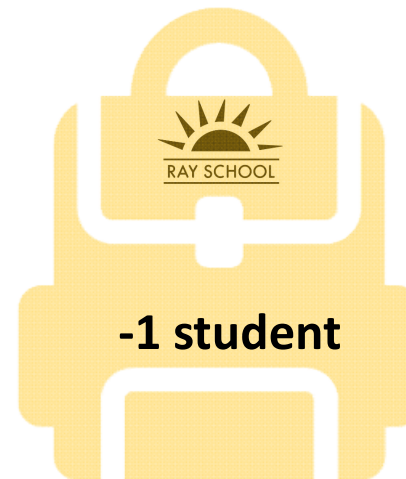
**Projected FY24 Ray School Enrollment: 458 students**

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**vs FY23 Budget**





**vs FY23 Actual**

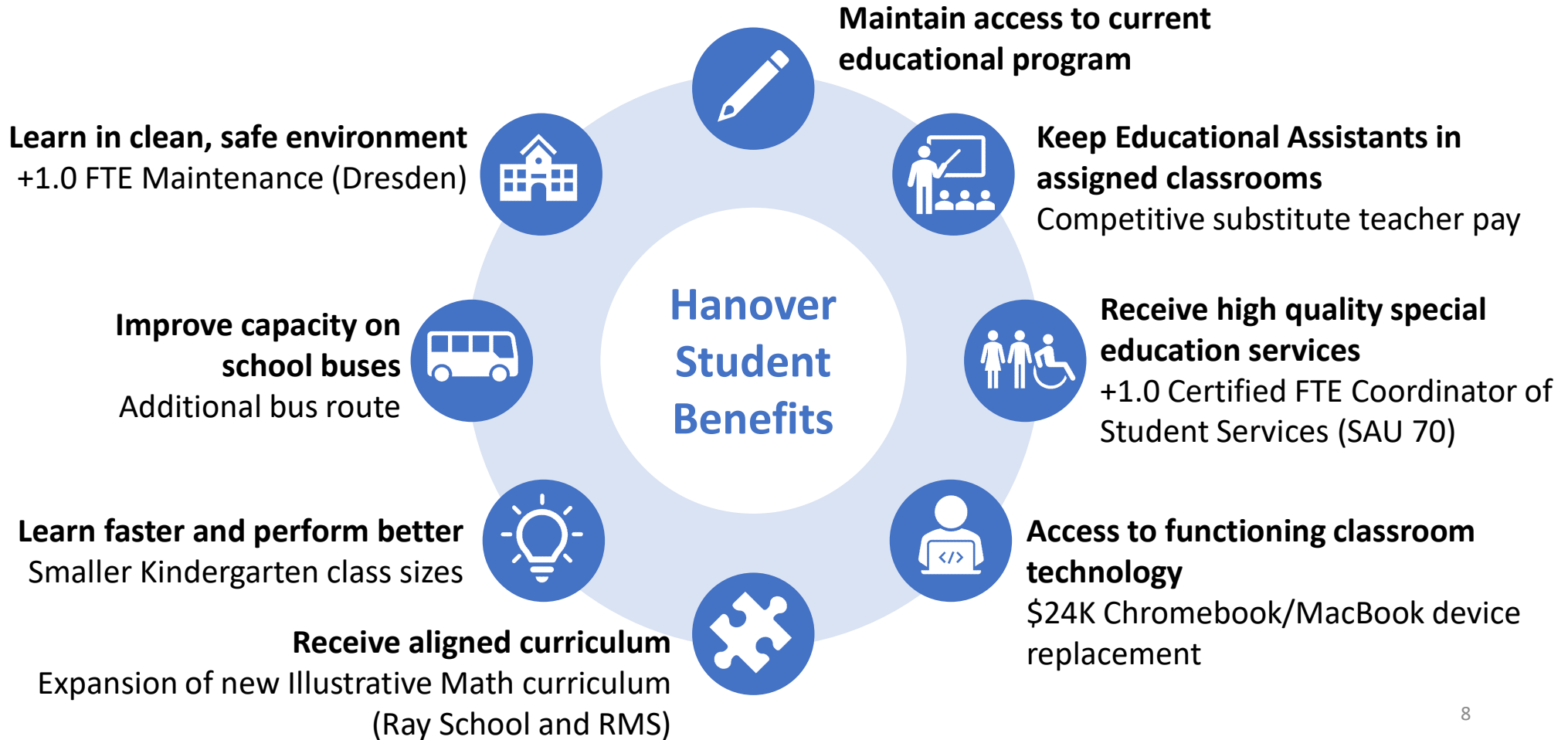


# The Ray School plans a 1.10 FTE decrease for FY24 staffing

## Ray School Full-time equivalent (FTE) change from FY23 Budget

	Increase	Decrease	Total FY24 Proposed Budget
 <b>Certified Staff</b>	<b>-1.0 FTE:</b> Reduced 1 classroom section, same number of sections as FY23 (unfilled position in FY23) <b>-0.40 FTE:</b> Spanish reduction (unfilled position in FY23)	<b>- 1.40</b> Reg Ed. Teachers	<b>56.66</b> <b>FTEs</b> <b>- 1.40</b>
 <b>Other Staff</b>	<b>+ 1.00</b> Occ. Therapy Assts <b>+ 0.42</b> Regular Ed. Assts <b>+ 0.28</b> Special Ed. Assts	<b>- 1.40</b> Special Ed. Asst (PreK)	<b>47.99</b> <b>FTEs</b> <b>+ 0.30</b>
<b>Total Staff</b>			<b>104.65</b> <b>FTEs</b> <b>- 1.10</b>

# Hanover District budget proposal offers many educational benefits

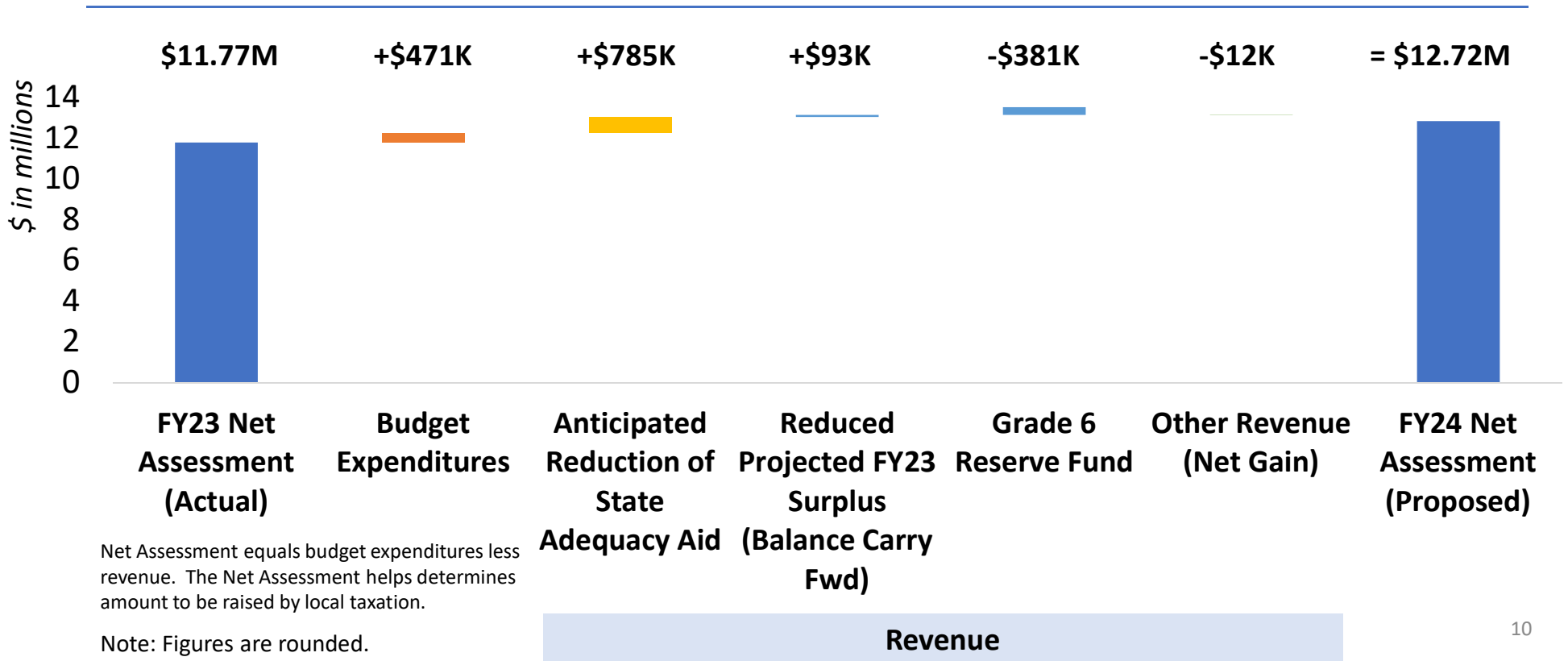




# Revenue

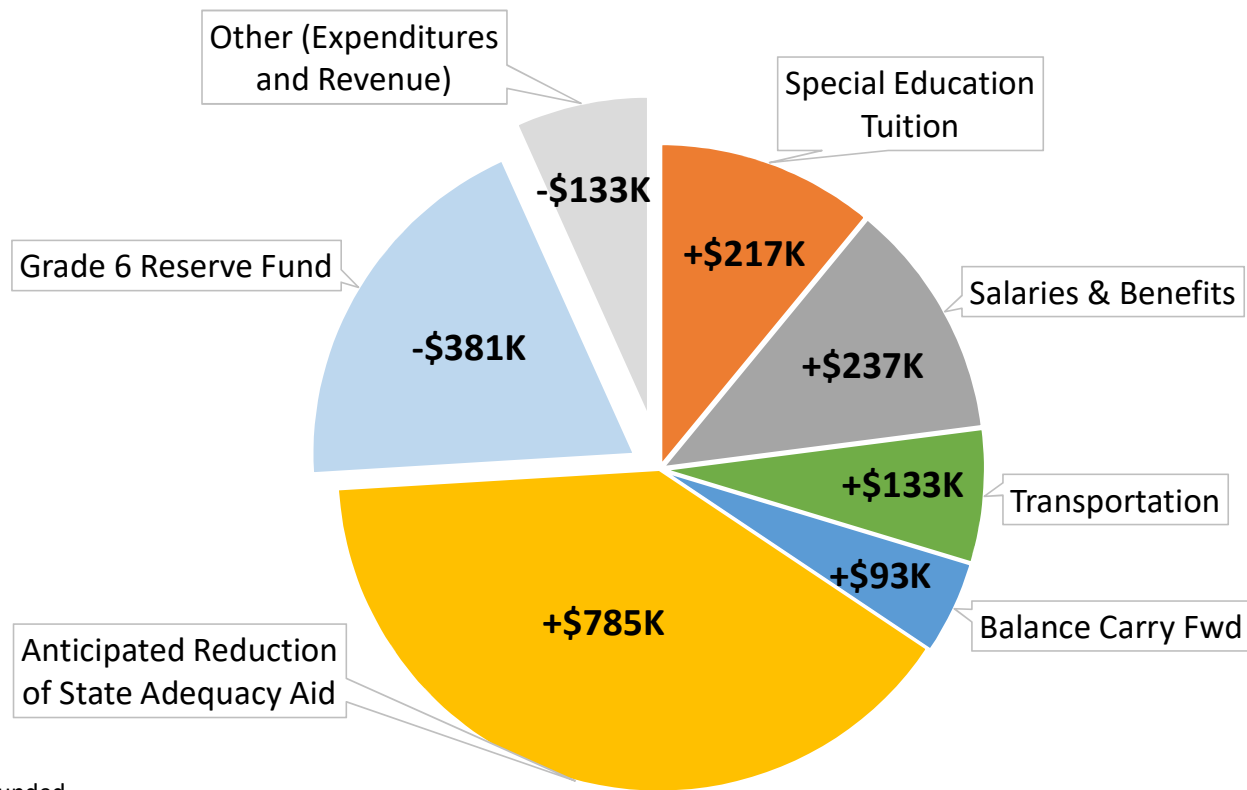
# Net assessment is proposed to increase 8.1% or \$951K, despite budget up only 3.2% due to significant revenue changes

Total net assessment increase: \$951K



# Nearly all the increase is due to uncontrollable events or contracted district agreements






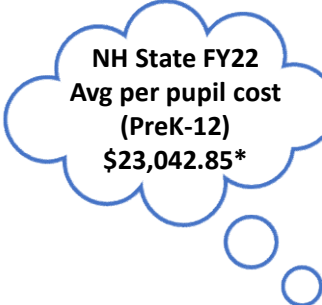
## Drivers of \$951K increase in FY24 Hanover District net assessment



Note: Figures are rounded.

# State is required “to provide a constitutionally *adequate* education to every educable child in the public schools in New Hampshire”

## How the State of NH calculates cost of Hanover’s FY24 “adequate” education

	 Base K-12 Adequacy	 Free & Reduced Meals	 Special Education	 English Language Learners	 Grade 3 Reading	Total Cost of Hanover Adequate Education
Per pupil cost	\$3,866.18	\$1,933.08	\$2,079.89	\$756.43	\$756.43	 NH State FY22 Avg per pupil cost (PreK-12) \$23,042.85*
<b>×</b> Number of eligible students (ADM)	1,085.29	39.44	159.37	32.18	6.00	
<b>=</b> Total	\$4,195,926.49	\$76,240.68	\$331,461.67	\$24,340.10	\$4,538.58	<b>\$4,632,507.52</b> - OR - <b>\$4,268.45 per pupil</b>

 Court ruling on the State of NH’s constitutional obligation to guarantee adequate education funding. *Claremont School District v. Governor* (“Claremont I”), 138 N.H. 183 (1993)

\* Average per pupil cost includes all district expenditures, including debt service, capital costs, tuition, and transportation costs.

Source: New Hampshire Department of Education

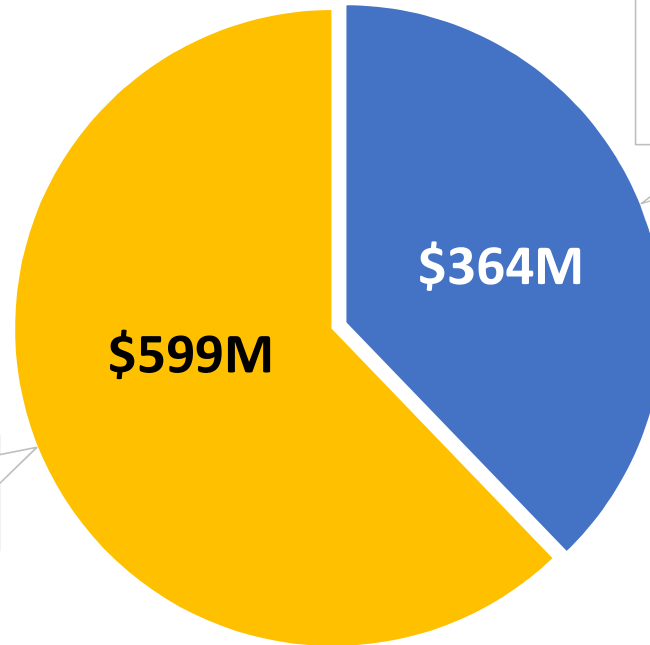
# Part of the State's funding for an adequate education comes from a statewide property tax

## How the State of New Hampshire plans to fund an adequate education in FY24

### Other Taxes

- Business Enterprise Tax
- Lottery Commission
- Business Profits Tax
- Tobacco Tax
- Real Estate Transfer Tax
- Utility Property Tax
- Tobacco Settlement
- Meal & Rentals Tax
- And more...

Other Taxes  
62%



Statewide Education  
Property Tax (SWEPT)  
38%

### SWEPT

- State of NH sets statewide property tax rate to **all** NH properties
- FY24 SWEPT rate: \$1.44 per \$1,000 of **equalized** property value



"The cost of providing an education that meets the constitutional standard of adequacy must be funded by state taxes that are **equal in valuation and uniform in rate**"

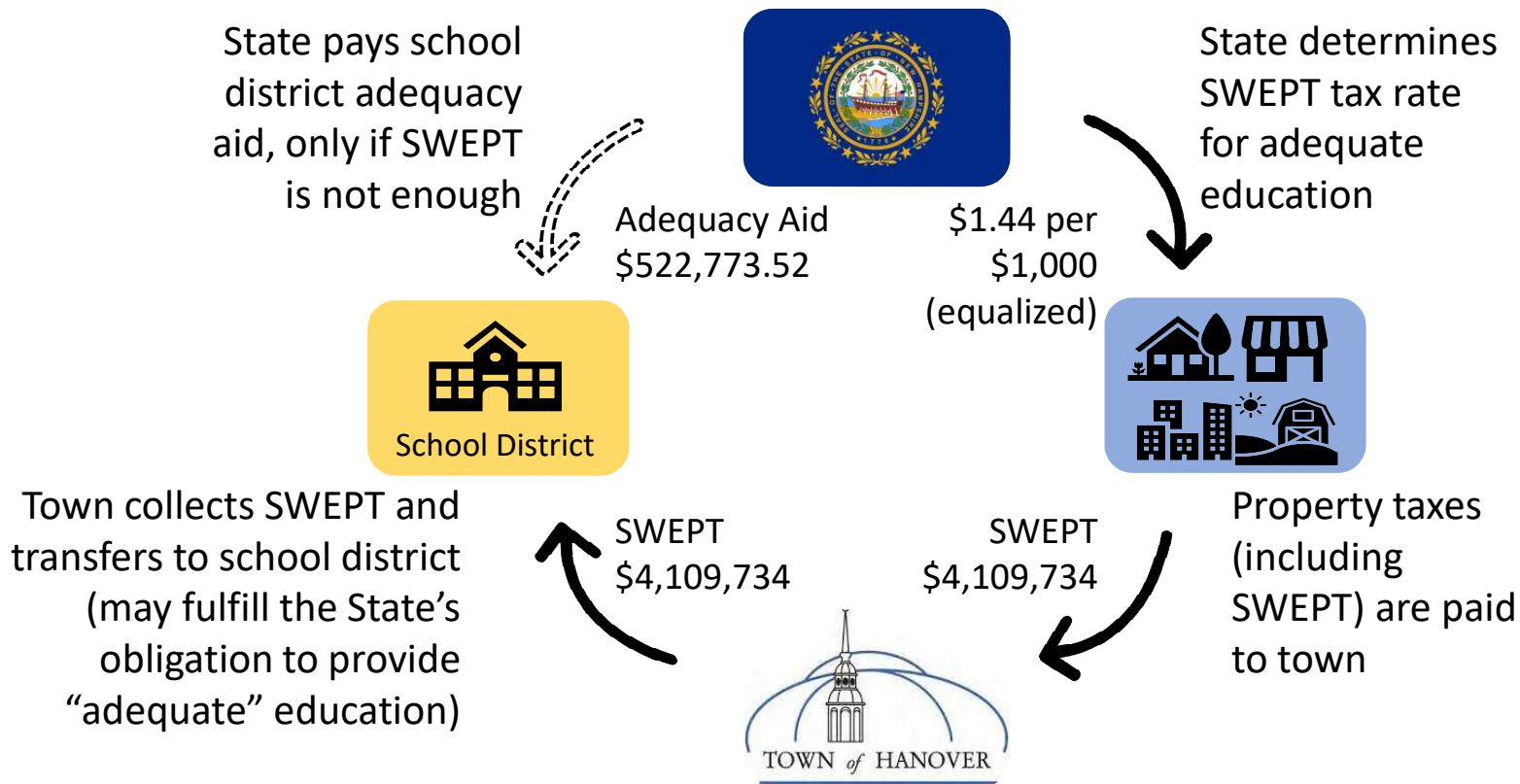
**Total FY24 State Adequate Education: \$962M**

Note: Figures are rounded

Source: New Hampshire Department of Education

# If SWEPT amount raised by local properties not enough to fund adequate education, then the State uses other taxes to pay districts

## How SWEPT works with FY24 tax rates

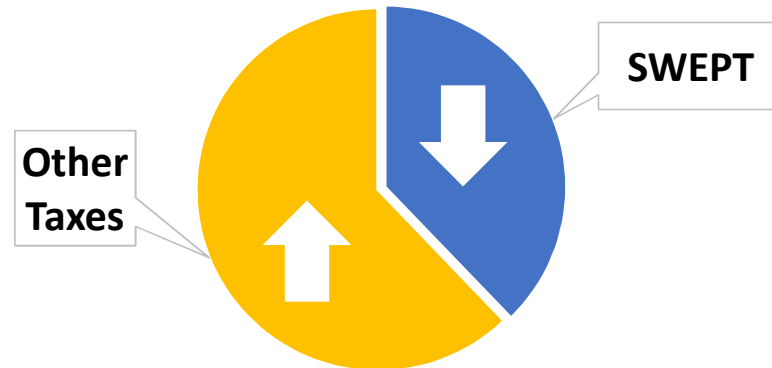


## Why big adequacy aid reduction in FY24

Last year the State decided to cut the FY23 SWEPT rate and raise more education funds from other taxes

**FY23 Hanover adequacy aid was high due to SWEPT rate cut**

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For one year, NH State decided to cut the FY23 SWEPT rate by \$100 million to \$1.28 per \$1,000 of equalized property value

AND

Pay school districts a one-time “hold harmless” adequacy aid grant (from surplus in other tax revenue sources)

**FY23 Hanover adequacy aid payment: \$1.3M +\$1M more than prior year**

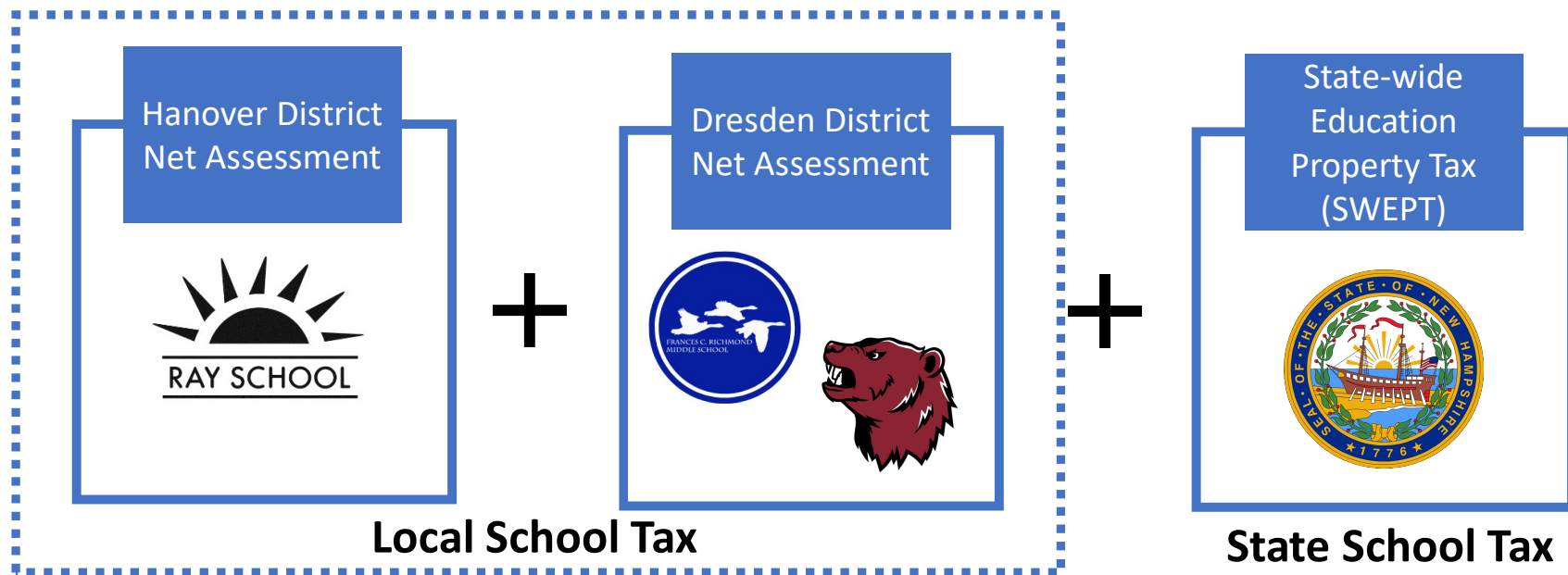
**FY24 Hanover adequacy aid payment: \$522K -\$785K less than prior year**

# Projected Tax Rates



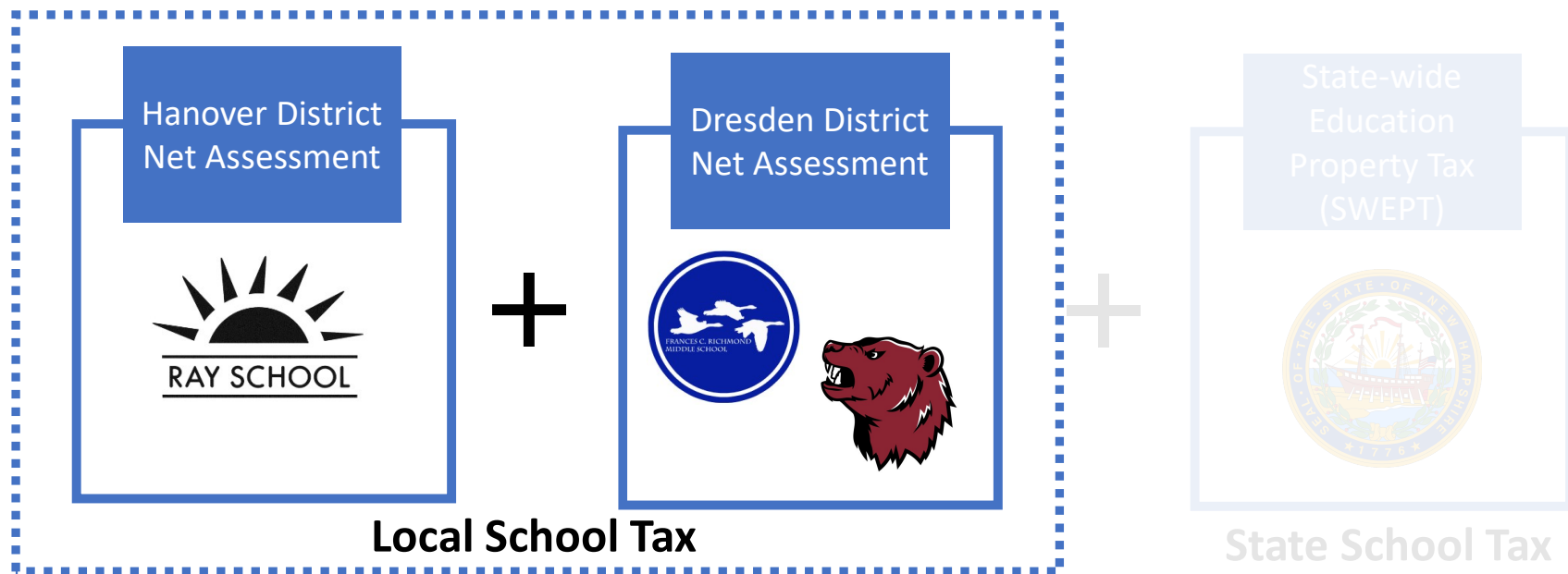
# Hanover education tax is combination of local and state school taxes

## Components of Hanover education tax



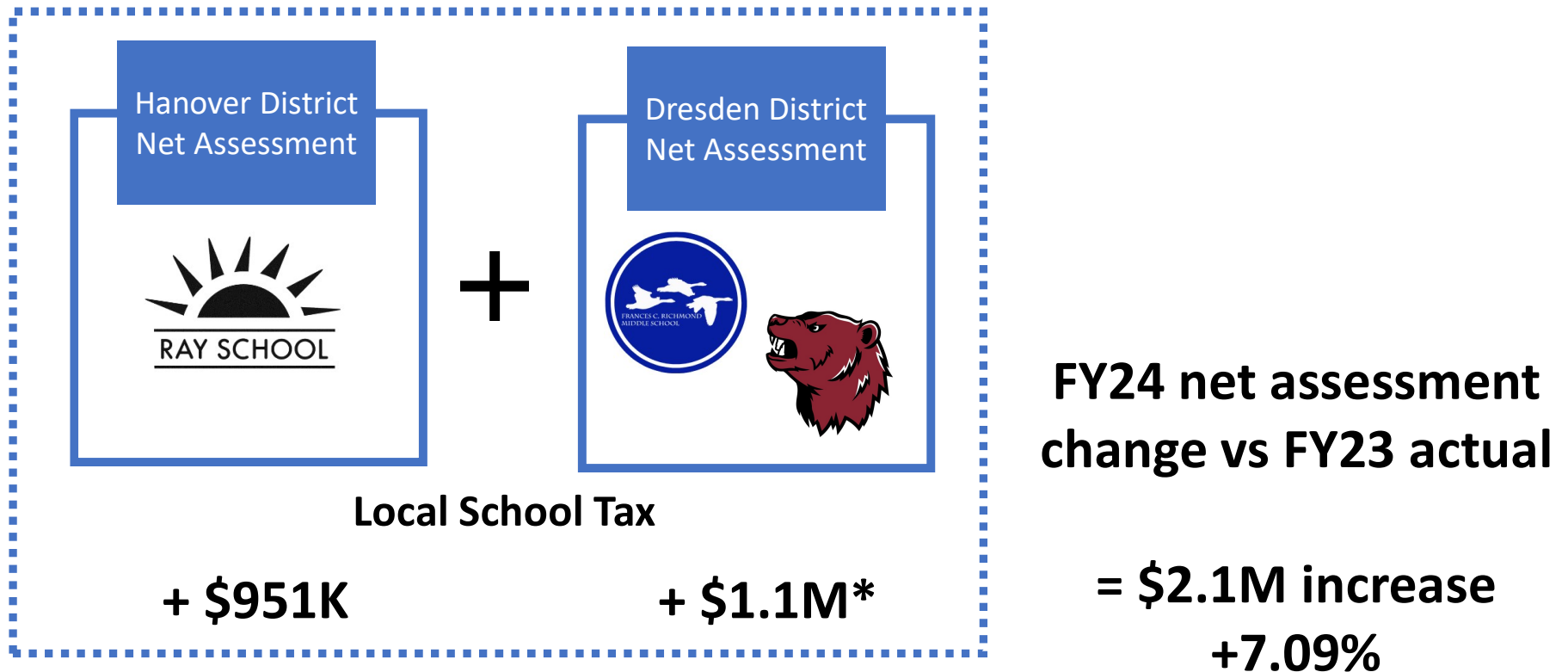
# Local school tax comprises Hanover and Dresden assessments, includes share of SAU 70 administrative costs

## Components of Hanover education tax



# Local school assessments are proposed to increase \$2.1M or +7.09%

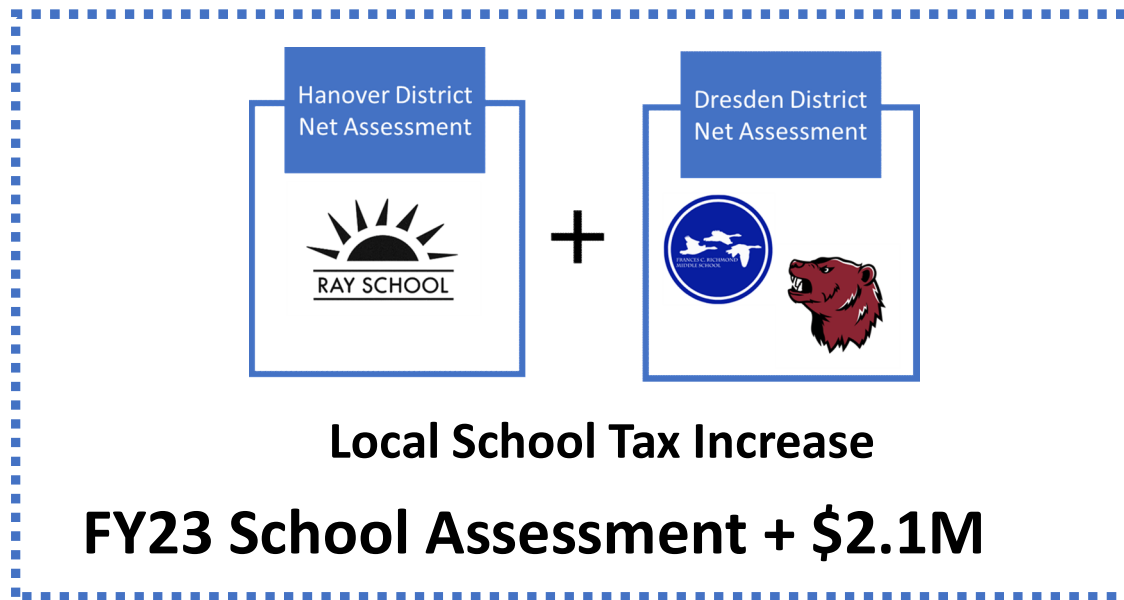
Assumes all warrant articles pass, excludes Service Staff Contract



\*Dresden District budget details will be discussed later this evening.

# Local school tax rate found by dividing local school assessments by growth in Hanover assessed properties

Assumes all warrant articles pass, excludes Service Staff Contract



**FY24 local school tax  
vs FY23 actual**

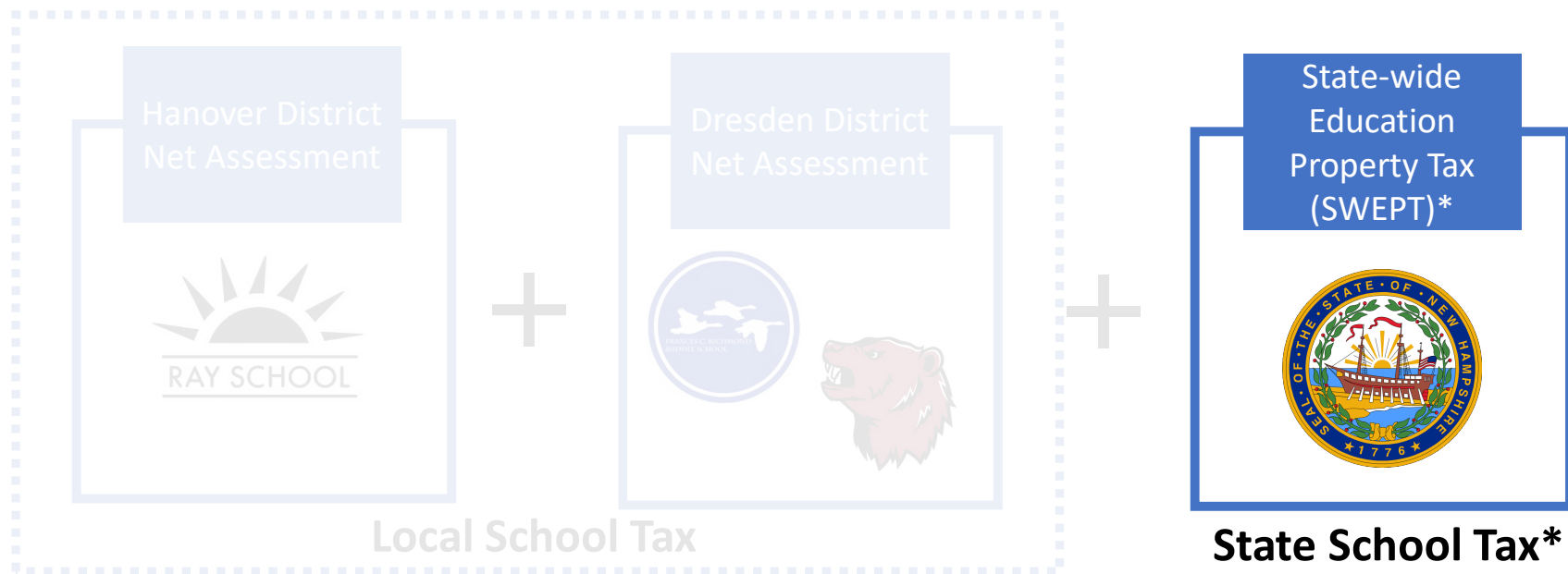
**= \$10.09 per \$1,000  
+\$0.47 or +4.89%**

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**FY23 Hanover Assessed Properties + \$14M**

# Statewide education property tax is used to fund part of the State's obligation to pay for an *adequate* education

## Components of Hanover education tax



\*Hanover's share of NH State's obligation to pay for an adequate education. The SWEPT rate is determined by the State. SWEPT funds are raised and retained locally. If the SWEPT amount raised is not enough to cover the State's obligation for Hanover schools, then Hanover District will receive an additional payment called "Adequacy Aid", found as a source of Hanover District revenue in Hanover net assessment.

# Statewide education property tax is used to fund the State obligation to pay for an *adequate* education

## Components of Hanover education tax

**FY24 state school tax  
vs FY23 actual**

**\$1.52 per \$1,000 =  
+\$0.25 or +19.69%**

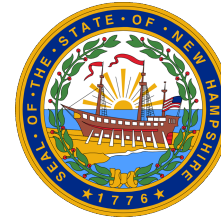
**FY24 SWEPT rate**

**\$1.44 per \$1,000 *equalized*  
property value**

**-or-**

**\$1.52 per \$1,000  
*Hanover assessed* property  
value**

State-wide  
Education  
Property Tax  
(SWEPT)\*

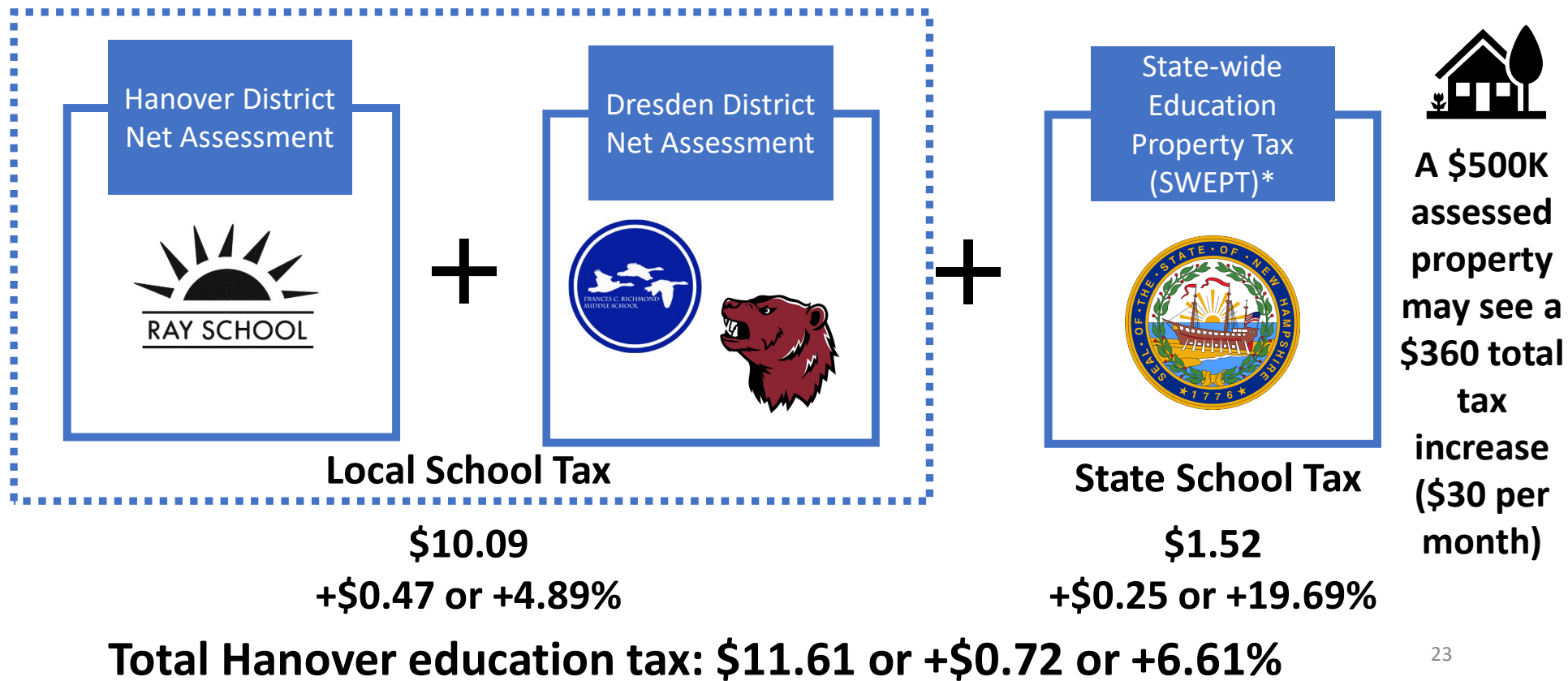


**State School Tax**

# Hanover education property tax rates projected to increase 6.6%

Assumes all warrant articles pass, excludes Service Staff Contract

## Components of Hanover education tax



# Excluding three “noisy” uncontrollable factors, projected tax rate increase would only be 3.2%, not 6.6%

## Controllable vs uncontrollable budget factors

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**+3.4%**

**+\$785K**

Revenue reduced due to last year’s one-time state adequacy aid (Hanover)

**+\$493K**

Enrollment-driven growth in Hanover’s share of the Dresden assessment (Dresden)

**-\$381K**

Revenue increased due to dissolving Grade 6 reserve fund (Hanover)

**+3.2%**

**Operational assessment  
tax rate increase**

Includes

Settled union contracts  
+13% health insurance hike  
Higher supply and utility costs

Source: FY24 Budget, Hanover Finance Committee



# Assuming all warrant articles pass, final projected FY24 Hanover school tax rate would increase +6.69% or +\$0.73

<b>ESTIMATE OF TAX RATE</b>			
		<u>Included in above rate estimate</u>	<u>Excluded from above rate estimate</u>
<b>IMPACT OF HANOVER SPECIAL ARTICLES:</b>			
Article 2 Bridgman Fund (included in above/revenue neutral)	\$40,000	\$0.015	n/a
Article 3 School Board & Officers Salaries (incl. in above totals)	\$7,388	\$0.003	n/a
Article 4 Service Staff Cont Stmt (excluded from total above)	\$4,054		\$0.0015
<b>Article 7 Special Ed Reserve* (offset by Fund Balance)</b>	<b>\$100,000</b>		<b>\$0.00</b>
Total Estimated Tax Rate w/Special Articles Approved	\$151,442	\$0.02	\$0.00
<b>IMPACT OF DRESDEN SPECIAL ARTICLES:</b>			
Article 4 Service Staff Cont Stmt (excl from DRES total above)	\$18,861		\$0.01
	\$18,861		\$0.01
<b>IF all of the warrant articles in Hanover and Dresden pass, IF all of the assumptions of valuation and state school tax rate calculations hold true, then the total school tax rate would increase by \$0.73 or 6.69%.</b>			

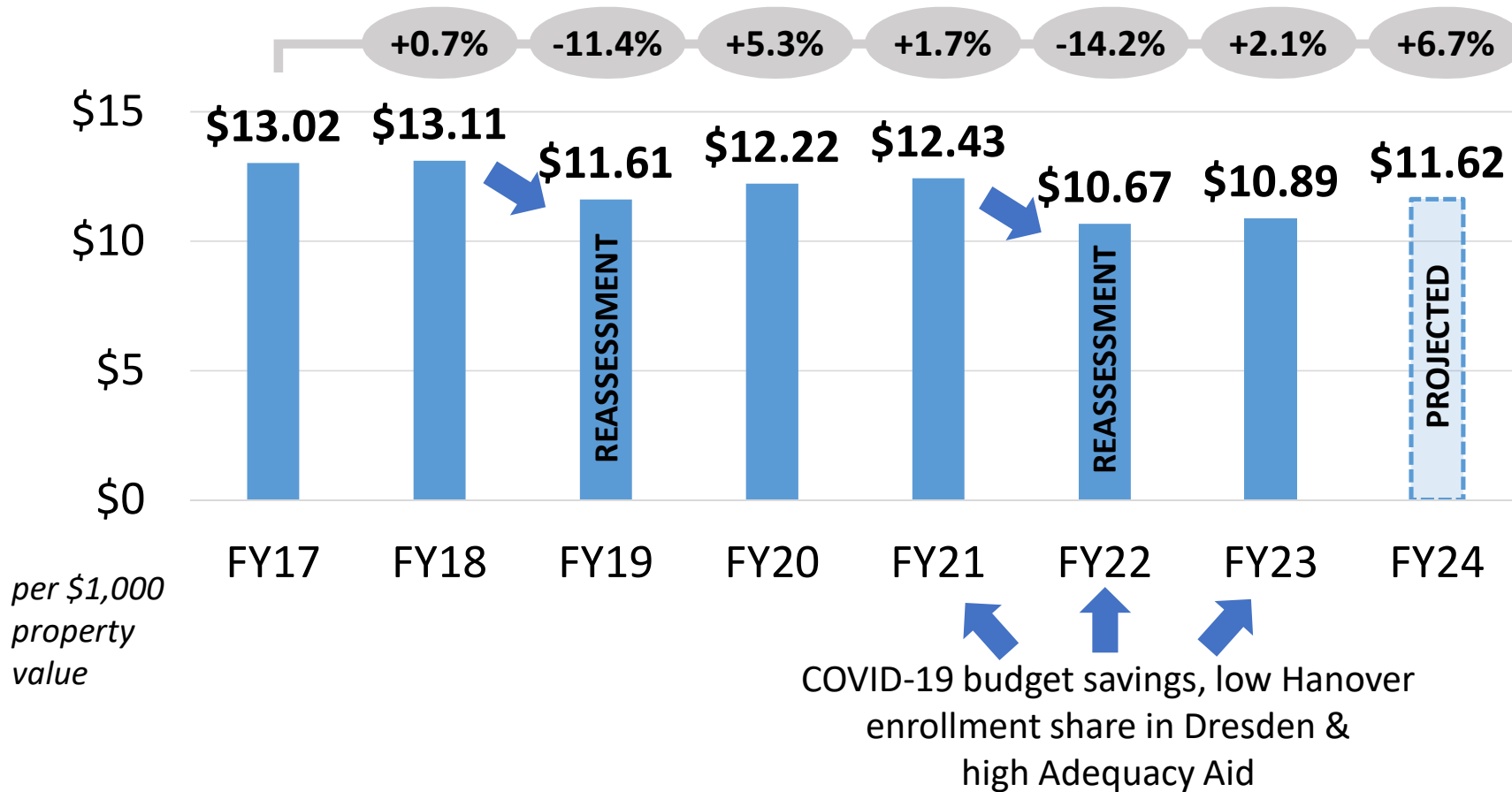


A \$500K assessed property would see a \$365 total tax increase (\$30.42 per month)

# Hanover districts had modest tax rate change over the last few years

Assumes all FY24 warrant articles pass

## Hanover education property tax rates



# Federal and State Education Funding

# Most of Hanover and Dresden relief funds have already been spent or earmarked related to pandemic response

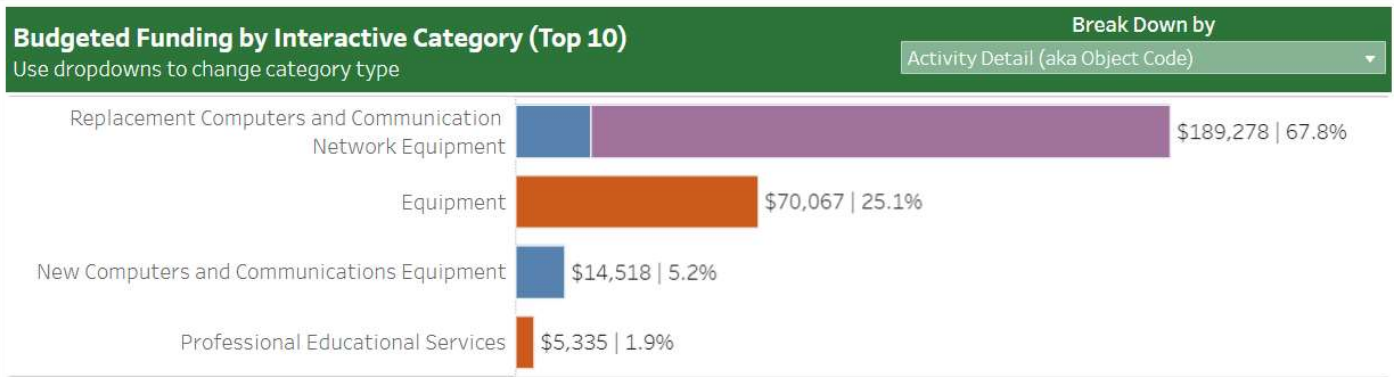
## Hanover & Dresden received \$281K in total Covid-19 relief funds (ESSER)

**Lebanon: \$3.7M**  
**Claremont: \$10.1M**

	ALL RELIEF FUNDS	CARES-ESSER	CRRSA-ESSER II	ARPA ESSER III
		Funds available through 09/30/2022	Funds available through 09/30/2023	Funds available through 09/30/2024
ALLOCATED	<b>\$281,199</b> Total allocated	<b>\$36,036</b> Total allocated	<b>\$75,480</b> Total allocated	<b>\$169,683</b> Total allocated
BUDGETED	<b>\$279,198</b> 99% of allocated funds	<b>\$36,036</b> 100% of allocated funds	<b>\$75,402</b> 100% of allocated funds	<b>\$167,760</b> 99% of allocated funds
APPROVED	<b>\$279,198</b> 100% of budgeted activities	<b>\$36,036</b> 100% of budgeted activities	<b>\$75,402</b> 100% of budgeted activities	<b>\$167,760</b> 100% of budgeted activities
REIMBURSED	<b>\$253,839</b> 91% of approved budget	<b>\$36,036</b> 100% of approved budget	<b>\$74,411</b> 99% of approved budget	<b>\$143,392</b> 85% of approved budget

School Type: School Districts | Funding Category: Budgeted

\$0K | \$85,384K



Source: NH Department of Education. January 2023

**On February 14, after school boards approved local budgets, Governor Sununu introduced draft biennium budget, proposed significant changes to education funding**

The seal of the State of New Hampshire is centered in the background. It features a ship on the stocks, surrounded by a laurel wreath and stars. The text "THE STATE OF NEW HAMPSHIRE" and "1776" is visible on the seal.

**GOVERNOR CHRISTOPHER T. SUNUNU**  
**A FISCALLY RESPONSIBLE BUDGET**  
*putting people over programs*

## Governor Sununu's education budget *initially* appears favorable to Hanover School District by nearly \$1M

### Governor's [proposed changes](#) to state adequacy aid will increase funding by \$127M






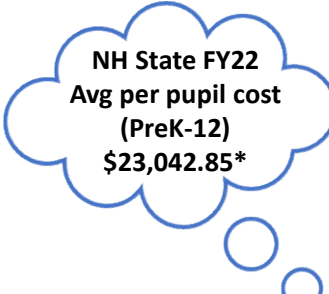
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- **Increase base adequacy 21.5%** to ~\$4,700 per pupil, this alone would give Hanover +\$905K more in aid
- **Increase free & reduced meals piece by \$20M**, this would be +\$22K additional to Hanover
- **Increase \$20M to special ed differentiated aid**, HB 540 unanimously supported in House Ed Committee, at least +\$15K for Hanover and likely higher depending on Special Education enrollment/ADM (legislative ask, not executive)
- **Eliminate \$1.7M Grade 3 reading aid**, this would reduce -\$4.5K to Hanover aid
- **Phase out stabilization/create hold harmless funding**, which Hanover does not currently receive
- **Tie base adequacy calculation to compounding inflation rate of 2% per year**, now rate adjusted once every two years

# Projected changes to Hanover adequate education funding amount to nearly \$1M if executive and legislative changes implemented

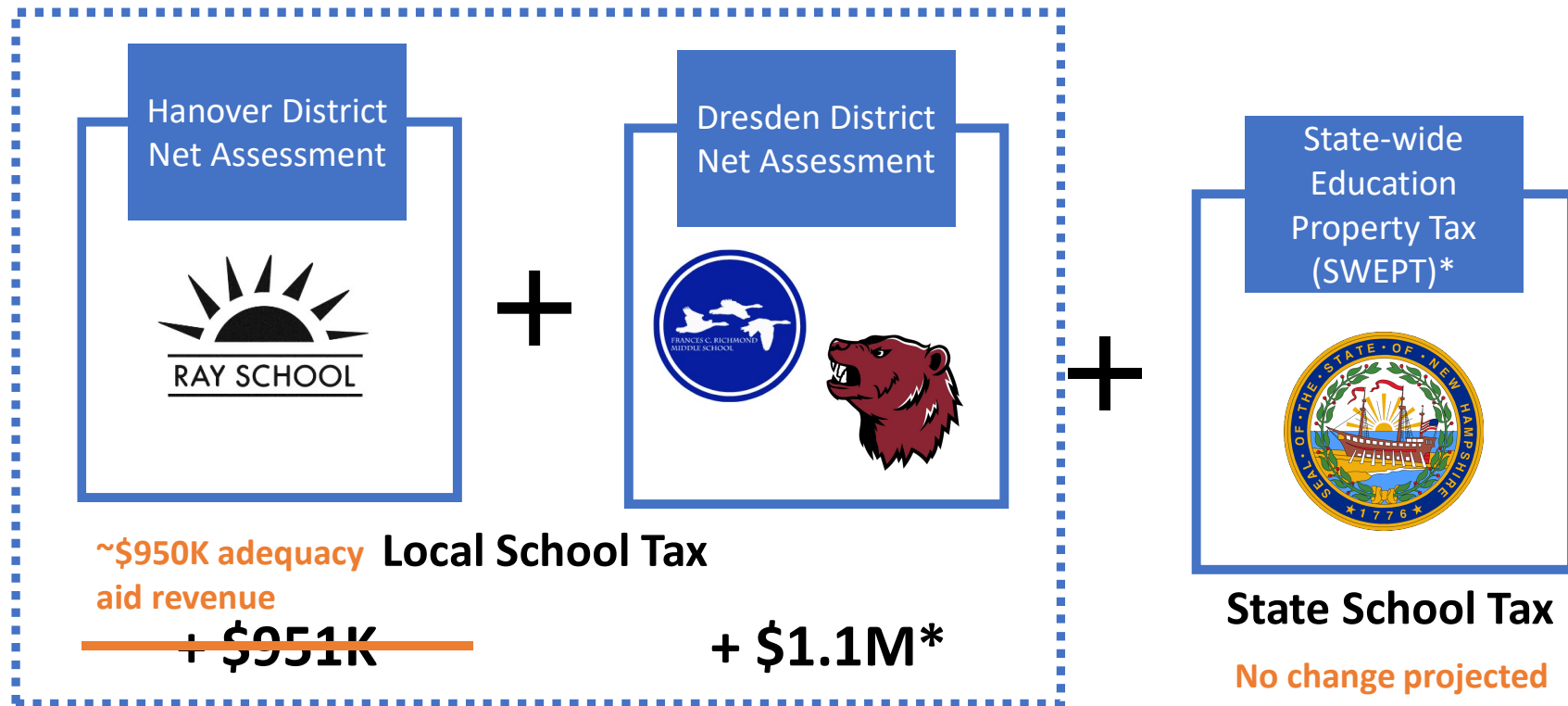
## How the State of NH calculates cost of Hanover's FY24 "adequate" education

Orange indicates changes from original plan: legislative bills and/or executive budget proposal

	 Base K-12 Adequacy	 Free & Reduced Meals	 Special Education	 English Language Learners	 Grade 3 Reading	Total Cost of Hanover Adequate Education
Per pupil cost	<del>\$3,866.18</del> \$4,700.00	<del>\$1,933.08</del> \$2,500.00	A. \$2,079.89 B. \$4,729.78 C. \$6,239.67	\$756.43	\$756.43	 NH State FY22 Avg per pupil cost (PreK-12) \$23,042.85*
×	Governor	Governor	HB540			
Number of eligible students (ADM)	1,085.29	39.44	159.37	32.18	6.00	\$4,632,507.52 - OR - \$4,268.45 per pupil
=		+\$100M additional to high F&R districts (HB 529), \$0 to Hanover due to low F&R				
Total	\$4,195,926.49 +\$904,937	\$76,240.68 +\$22,359	\$331,461.67 >+\$15,000	\$24,340.10	\$4,538.58	

\* Average per pupil cost includes all district expenditures, including debt service, capital costs, tuition, and transportation costs.  
Source: New Hampshire Department of Education

# Additional adequate education revenue, if fully realized, would essentially make net assessment flat in Hanover District



\*Dresden District budget details will be discussed later this evening.

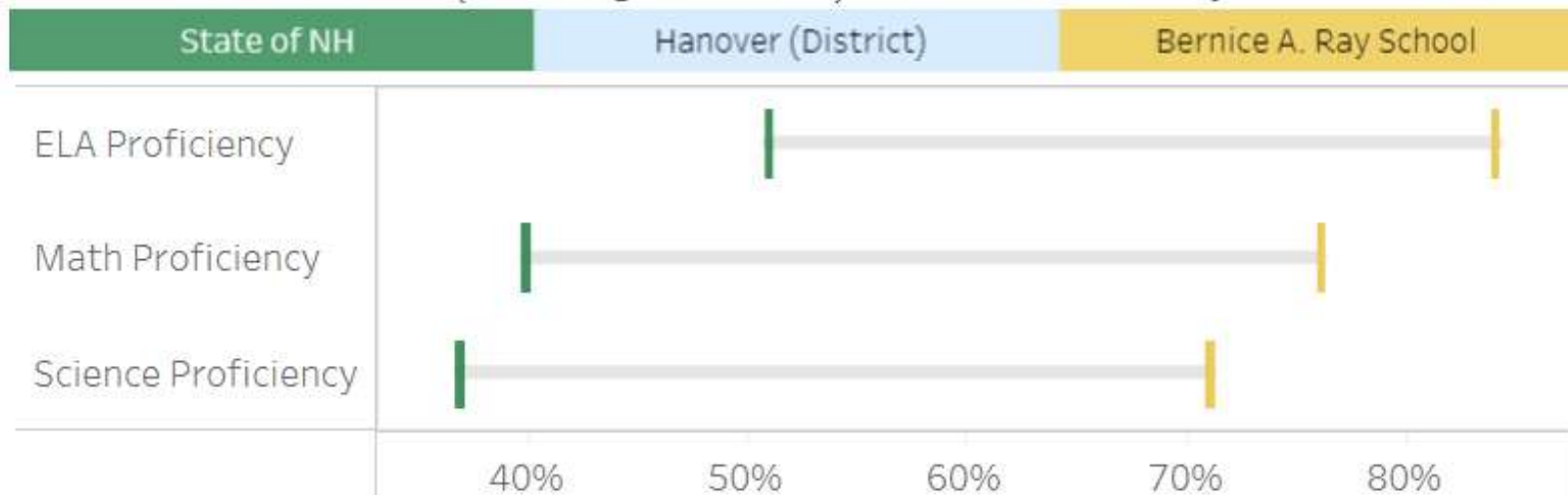


# Progress Report

# Ray School students achieve far above NH state average in English, Math and Science

## FY22 Ray School Student Achievement

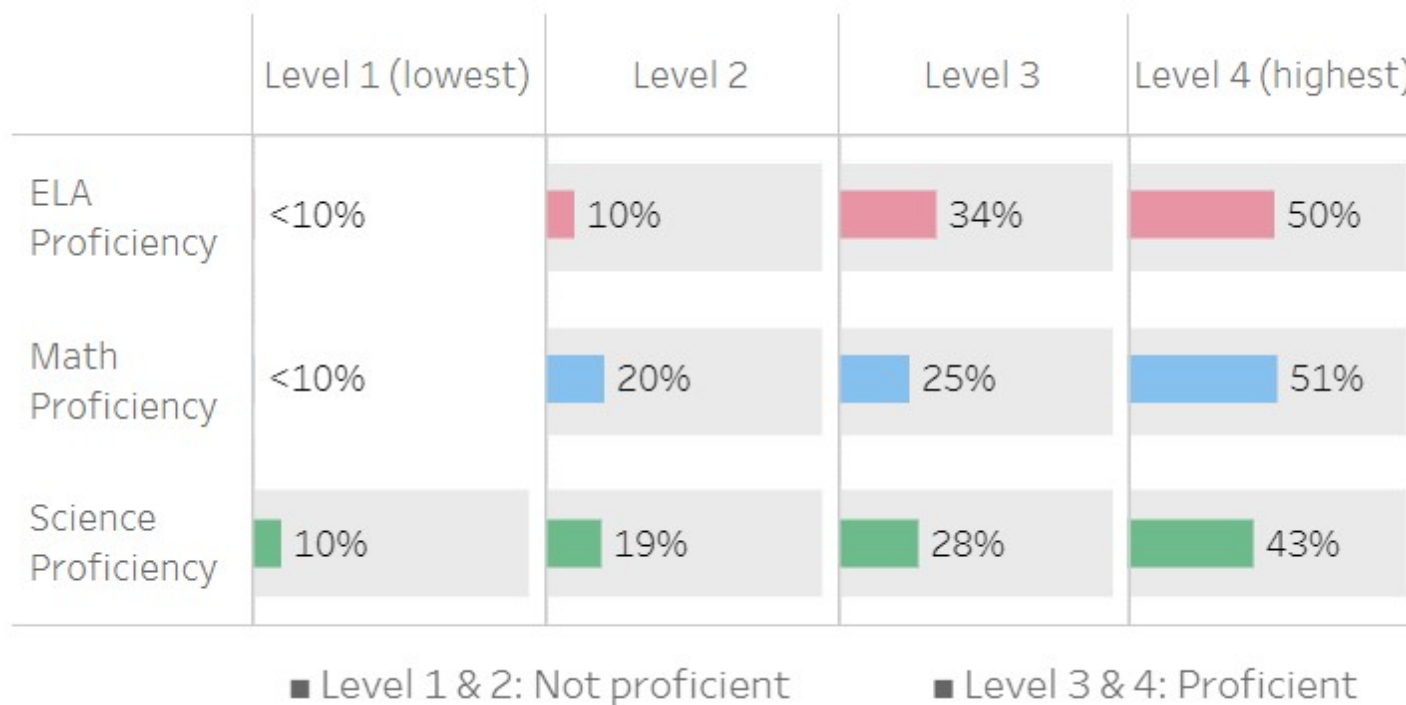
Proficiency as compared with the district (including all schools in the district) as well as the state of NH (including all schools) across all three subject areas.



Source: Department of Education

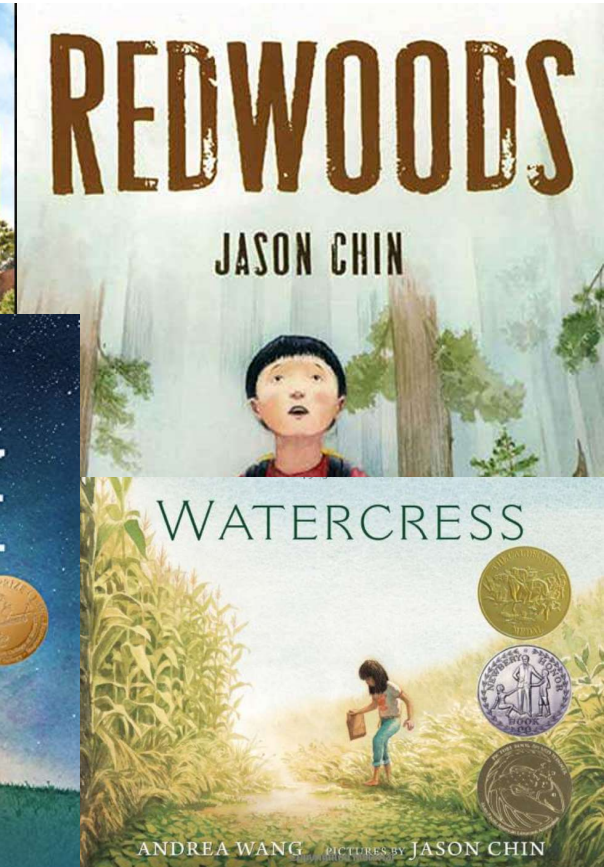
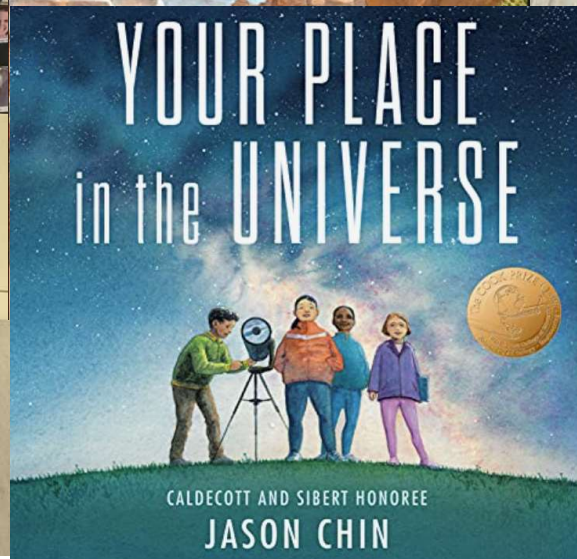
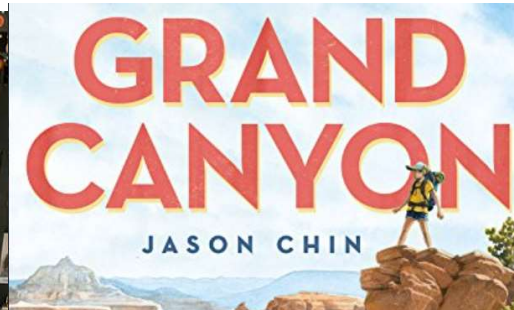
# Many Ray School students assessed at the highest proficiency levels

## FY22 Ray School Student Achievement



Note: Results from all Ray School students who took the NH State assessment, including students with disabilities  
 Source: Department of Education

# Children's author/illustrator and Hanover High graduate Jason Chin visited Ray School



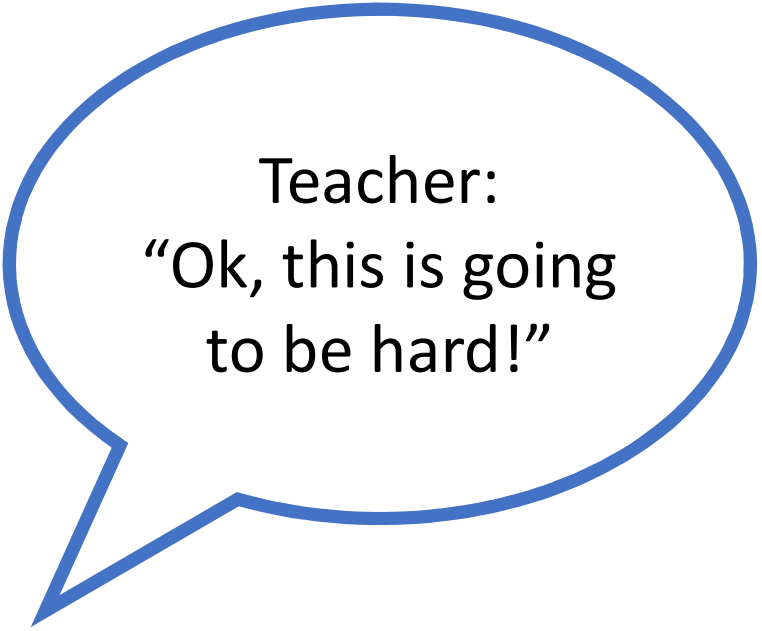


# 4<sup>th</sup> Grade: Marble run collaborative STEM project

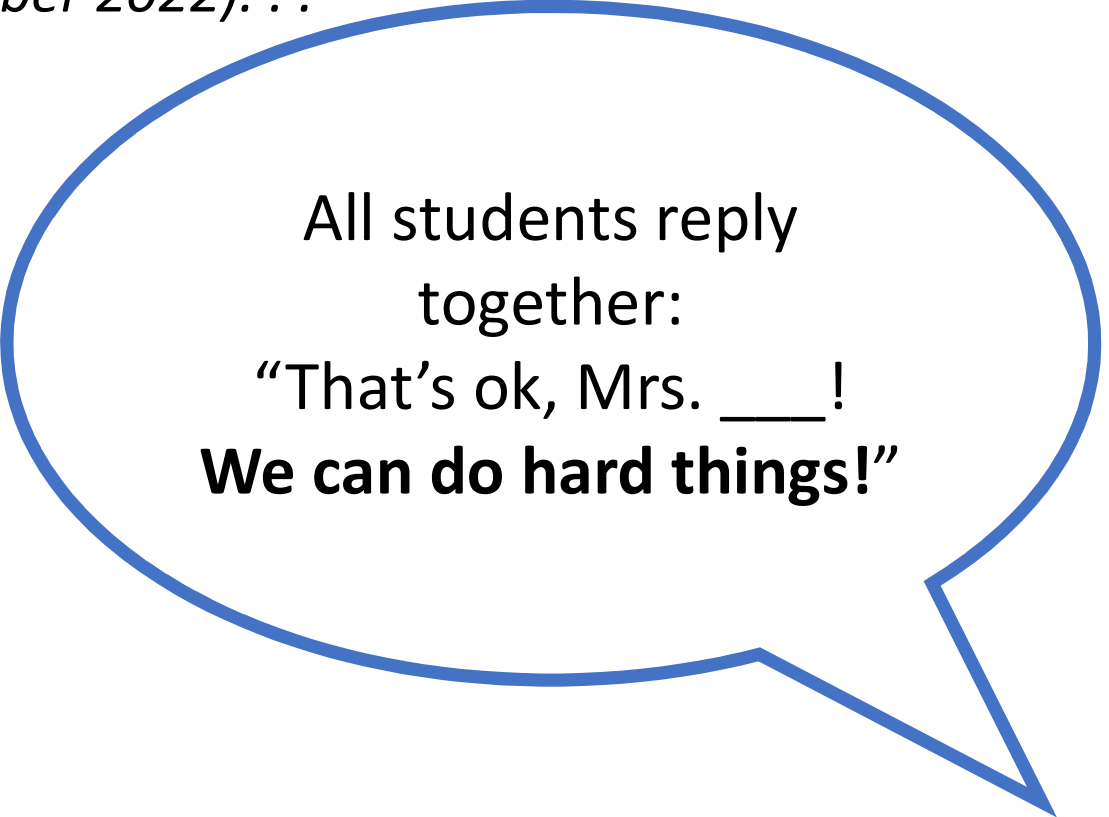


## Ray School encourages student growth mindset and resilience

*Overhead in classroom (September 2022). . .*



Teacher:  
“Ok, this is going  
to be hard!”



All students reply  
together:  
“That’s ok, Mrs. \_\_\_\_!  
**We can do hard things!**”



Thank you for supporting our students