

**Hanover Finance Committee**  
*Minutes*  
**September 12, 2016**  
**Location:** Black Center, Room 215

Members Present: Heidi Postupack, Chair; Bill Geraghty, Hanover Select Board member; Carey Callaghan, Hanover School Board member; Kari Asmus; Nancy Marion; Daryl Press; and John Ruth. Minutes by Asmus.

Chair Postupack called the meeting to order at 5:03 p.m.

1. *Review/amendment of agenda* – None.
2. *Public comments on items not on the agenda* – None
3. *Review/approve minutes of HFC meeting on August 8, 2016* - Discussion / action  
*Geraghty moved approval of the minutes of August 8, 2016 as submitted; Marion seconded. Press abstained. All others present voted in favor of the motion.*
4. *Report - research on municipal price indices and budget benchmarks* – Nancy Marion  
Nancy shared a ranking of New Hampshire towns with the highest 2014 Median Family Income to illustrate one way of defining comparability. The biggest challenge is finding data that is not disaggregated by town and year as that makes it extremely time consuming to make comparisons. Nancy believes it is important to go back to 2007 for data to get a representative picture. Other sources of data such as the Stanford Education Data Archive may be helpful. It is possible that the State has the data in a more useful format.

*Discussion:*

What are important factors to consider when determining comparability? Some ideas: Population, mean income as well as median income, median home values, having at least one town with proximity to Hanover, comparability in terms of tax exempt properties or the town's "total property wealth" per resident.

How many towns should be in the comparison group? There could be as many as 15, but a smaller group may be more realistic, especially if readily useable data is difficult to find.

How many years of data should be collected? Ideally there should be more than just the beginning and ending year to be able to check if those years are representative of other years.

What might we want to look at once we have a comparison group? Some ideas: Tax levy per capita; total fee revenue; and service levels in relationship to fee revenue.

Timeline: The information would be most helpful in November and again in February.

5. *Report - research on inflation-adjusted income trends in Hanover* – Daryl Press  
Daryl shared his September 12, 2016 memo and presented an analysis of the changes in the Hanover median family income and in property taxes from 1999 to 2014 in real (inflation-adjusted) terms. During that period the median family income in Hanover fell by \$16,236 (11.2%) and all property taxes combined rose by \$758 (11.1%). Additional analysis provided by Kari Asmus showed that of that tax increase, \$96 (12.7%) could be attributed to the Town, \$526 (69.4%) to the schools, and \$135 (17.9%) to the County.

*Discussion:*

The fall of the median family income in real terms was of great interest. Discussion focused on how changes in Hanover's housing stock (the "gentrification" of modest homes, the advent of Gile Hill, the loss of the

Rivercrest units, etc.) could have affected the median income as well as on how national trends are playing out here. In addition to the possibility of many family incomes not keeping pace with inflation, a preliminary look at the distribution of families in income categories suggest that some high-category families may have lost substantial ground since 1999 and not recovered to their previous level.

A suggestion was made that the committee look at median income data in the intervening years to develop a better understanding of what has happened. There is also interest in benchmarking Hanover's change in income with other similar communities.

The committee looked at the relationship between the much larger growth in the Town levy (the tax "effort" required to support the Town budget) and the more modest growth in the levy paid by individual home owners. It appears that individual home owners have benefitted from a muted growth in tax rates due to growth in the Town's Net Assessed Valuation (NAV or Grand List) of taxable property.

Data from FY '03 to FY '16 showing a Town levy increase of 85% and a school levy increase of 70% would seem to contradict the breakdown of taxes discussed above. The analysis above was adjusted to account for the State Education Tax that Hanover paid in the early 2000's as a donor town.

6. **Town of Hanover business. Continued discussion on the Capital Improvement Plan** – Bill Geraghty Bill reported on an increased effort to get harder numbers of what is needed for the Capital Improvement Plan. In particular, interest was expressed in the necessary water and sewer improvements.

7. **Hanover and/or Dresden School District FY18 business and budget development** – Carey Callaghan Recent materials from the Dresden Budget Committee were circulated in advance. Carey high-lighted the results of the "Quick Model" (i.e. basic budget increases) and the committee's recommended budget guidelines. Carey pointed out that the Quick Model does not include a projected increase in the budgeted tuition income which will offset some of the increases in cost.

The Dresden budget is expected to go up overall by 1.9%. This includes all contractual obligations to the district's three unions with an approximate increase of 2.3% in the teacher salary line item, an estimated 5% increase in the district's contribution to the New Hampshire Retirement System, and an increase of 1.6% in benefits. Special Ed expenses are estimated to increase at the 10-year average rate of 4.7%, and other expenses at the CPI rate of .8%. The Dresden Budget Committee is recommending a budget guideline corridor of 1.75 – 2.75%

Although there may be future downsides, the Finance Committee expressed overall appreciation of the effort to increase tuition income, especially at a time when the high school is otherwise below capacity in terms of the number of students that it can accommodate. Discussion also focused on the relatively high (compared to inflation) increases in total compensation and how the committee might best influence future increases.

One member opined that a corridor of 1.75 – 2.25% would be more appropriate.

8. **Set/confirm agenda and time for HFC meetings** – No discussion.

Future meetings: Oct. 10 at 5:00 p.m. (Columbus Day); Nov. 14 at 5:00 p.m.; and Dec. 12 at 5:00 p.m.

9. **Election of Committee Secretary**

*Chair Postupack moved to elect Asmus as Hanover Finance Committee Secretary; Press seconded. All present voted in favor of the motion.*

10. **Adjournment**

*Press moved to adjourn; Postupack seconded. Motion passed unanimously. Meeting adjourned at 6:47 p.m.*