

Hanover Finance Committee
Minutes
September 19, 2016
9:15 – 10:00 a.m.: Dresden Budget Discussion
10:00 – 10:45 a.m.: Ray School Budget Discussion
Location: SAU 70, Superintendent's Office

Members Present: Heidi Postupack, Chair; Bill Geraghty, Hanover Select Board member; Kari Asmus; and Daryl Press. Absent: Carey Callaghan, Hanover School Board member; Nancy Marion; and John Ruth. Others present: Superintendent Frank Bass; SAU 70 Business Administrator Jamie Teague; Marion Cross Principal Bill Hammond (9:15-9:30); Richmond School Principal Michael Lepene (9:15-10:00); Ray School Interim Principal Kevin Cotter and Interim Associate Principal Lauren Amrhein (10:00-10:45); Dresden Board and Budget Committee Members Tom Candon and Justin Campfield (9:15-10:00); and Hanover Board and Budget Committee Member Dan Rockmore (10:00-10:45). Minutes by Asmus.

Business Administrator Teague began the discussion by handing out four documents:
Ray School Per Pupil Cost Comparisons;
Richmond Middle School (RMS) Per Pupil Cost Comparisons;
Hanover High School (HHS) Per Pupil Cost Comparisons; and
History of Average Salaries Paid in Dresden and Hanover vs. the State Average

Dresden Discussion:

RMS per pupil costs were compared with approximately 62 middle schools across the state. The data are published every year by the Department of Education and are to exclude costs related to tuition, transportation, and debt service. In FY06 RMS ranked #1 in terms of highest per pupil costs, spending \$14,213 per pupil. In FY15 it ranked #15, spending \$17,276 per pupil.

The drop was attributed to a culture of conservative budgeting that was introduced a number of years ago, and turnover in a particularly senior staff.

The question was raised whether there was any thought that quality of education had suffered from the decrease in relative per pupil spending. Administrators said no, mentioning stellar rankings that RMS continues to receive and other indicators.

HHS per pupil costs were compared with approximately 73 high schools across the state. In FY06 HHS ranked #11, spending \$12,528 per pupil. In FY15 it ranked #12, spending \$18,556 per pupil. In FY11 it had ranked #21.

Fluctuations in enrollment can be responsible for some of the changes in per pupil costs. Dresden schools are large enough to experience some economies of scale compared to some of the very small schools which will have high per pupil costs because their expenses are spread across many fewer students.

The average Dresden teacher salary in FY06 was \$61,748, and then peaked in FY12 with an average salary of \$73,030 (numbers not adjusted for inflation). In FY16 the average was \$65,755. To a large extent, these averages reflect the census of teachers in each of the years and the recent turnover. They also reflect negotiated changes to the step-and-track scale.

The Hanover/Dresden average salary is 20.5% greater than the state average which is a significant narrowing of the gap from 37.7% in FY11. This reflects, in part, a conscious decision of a number of districts across the state to put more money into salaries at a time when also having high turnover in senior staff.

Superintendent Bass noted that Hanover/Dresden receives many more applications for each opening than it did several years ago, and that the districts are able to recruit extremely well-qualified employees.

Another way to look at how salaries have increased would be just to look at the salary for a mid-level step-and-track position over time.

The question was raised as to whether there are similar numbers for “total compensation,” including benefits. The SAU could provide more information on our staff, but there would not be a database to compare with other districts.

As an example of benefit increases, the NH Retirement System announced the biennium increase in employer contributions. The increase for certified staff will be 10.8% and all other staff by 1.9%. This represents an increase of \$74,000 in that line item for Dresden and \$67,000 for Hanover. The Quick Model had assumed a 5% increase.

Also of note, the CPI for the most recent month showed an increase to 1.1% from .80% in the previous month. The point was made that the Hanover Select Board has decided to no longer reference the CPI in regards to the Town’s budget as it does not reflect the goods purchased by the Town.

Ray School Discussion:

Ray School per pupil costs were compared with approximately 154 elementary schools across the state. In FY06 the Ray School ranked #12, spending \$13,938 per pupil. In FY11 the Ray School ranked #40 in the comparison group. In FY15 it ranked #28, spending \$19,012 per pupil. Lyme ranked #27, spending \$19,114 per pupil.

Business Administrator Teague noted that large changes in ranking can represent relatively small changes in per pupil spending as districts are not evenly spread along a continuum—rather a number can be clumped together and then there can be a gap before the next “clump.”

This year the district budgeted for 466 students with 471 currently enrolled.

Looking at the Quick Model, in addition to the \$67,000 increase in contributions to the NH Retirement System, the costs of the new transportation contract have been priced at \$52,000 above budget.

The Hanover Budget Committee discussed reformatting the Quick Model at its meeting, both to simplify it, and to separate the K-5 Operating Expenses from uncontrollable costs such as 6th grade and Out of District tuition. This change would reflect how the Ray School budget is functionally separated when the Board gives guidance to the administration and when the Finance Committee does a year-to-year comparison.

The meeting adjourned without a motion shortly before 10:00 a.m.