

HANOVER FINANCE COMMITTEE

Statement on the Proposed Hanover School District Warrants for FY18

The Hanover Finance Committee (HFC) is an appointed Town committee composed of Hanover residents¹ charged with reviewing financial matters of the Town, and offering guidance on those matters to the Hanover School Board (HSB), Town officials, and residents. As part of its deliberations on the proposed Hanover School District budget for FY18 (2017-18), members of the HFC reviewed projected revenue and expenditure data, attended all public meetings of the HSB, attended HSB Budget Committee meetings as appropriate, and discussed the details of the budget with HSB members and school administrators.

During a public meeting on January 27, 2017, the Hanover Finance Committee voted unanimously to support the proposed FY18 Hanover School District Budget of \$13,829,986 in all suggested articles, which will result in a school tax rate of \$13.12. The proposed budget will increase spending by 0.98%, and the school tax rate by 0.77%.

Although the HFC voted to approve the budget, they noted with some concern that the moderate rate of increase was due, in part, to a significant reduction in out-of-district special education costs. A large fraction of the savings in special education was absorbed by significant increases in health insurance, retirement benefits, and salary, as specified by existing contracts. It is important to note that the Hanover School District has experienced dramatic fluctuations in special education costs in recent years, whether as a result of increased enrollment in our internal program, New England Center for Children (NECC), or external placement in day- or residential programs. The HFC is therefore concerned that future increases in retirement, benefits, and salary costs will have a larger effect on school budgets. If those occur in years in which special education costs also increase, the effects on budgets and taxes could be substantial.

To reduce the impact of such fluctuations, the District allocates funds to the Special Education Reserve each year, which are then used during years when significant and/or unexpected expenses arise. This Reserve diminishes budget fluctuations and lessens the impact on taxpayers. During budget development, the HFC recommended that the Hanover School Board take advantage of the drop in expenses by increasing Reserve account funding for FY18. Instead, the Reserve allocation was cut from \$100,000 to \$50,000. We recommend significant, steady allocation to special education reserves in future years.

¹ The members of the Hanover Finance Committee are Heidi Postupack (Chair), Kari Asmus (Secretary), Carey Callaghan (Hanover School Board representative), Bill Geraghty (Select Board representative), Nancy Marion, Daryl Press, and John Ruth.