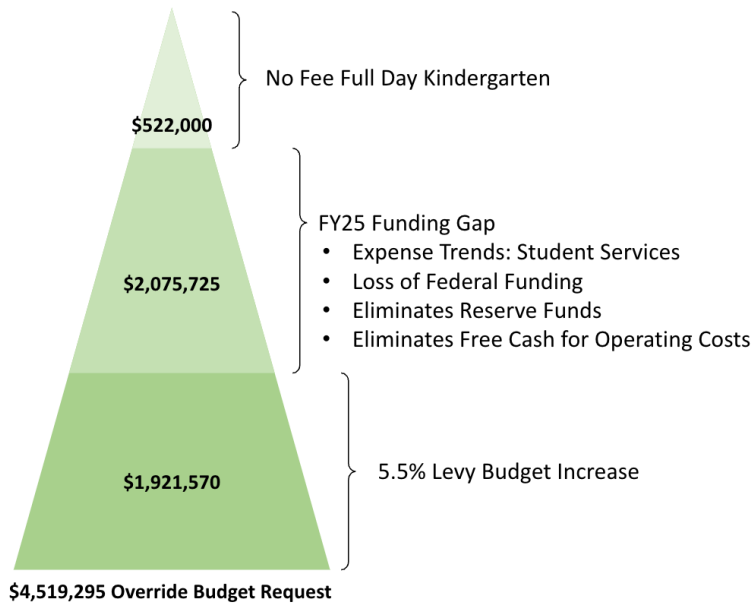


Hanover Public Schools: Budget Impact Analysis

DRAFT 1.0: December 6, 2023

Overview: Impact of Projected FY25 Budget Shortfall



The Town of Hanover is facing a significant budget shortfall for the 2025 fiscal year (FY25) - and beyond. As a result, the Hanover Public School District (HPS) is actively evaluating the impact of the current level of available funding and the service reductions that would likely occur if not addressed. In order to maintain the current level of services (level-services budget) expected by our students, staff, and the community overall, it will require a

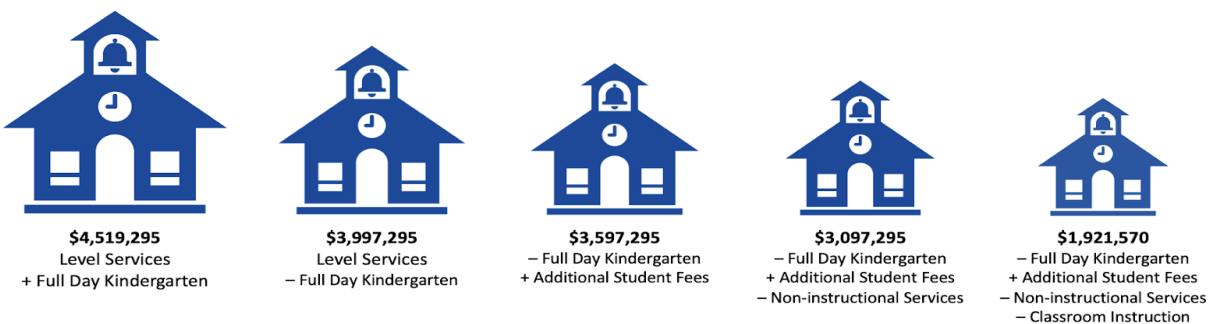
considerable increase in funding to the HPS operating budget beginning in FY25. The purpose of this analysis is to provide context to the challenges ahead if the HPS cannot secure the funding that is required to maintain our community's expected level of services for FY25+. This analysis outlines the impact that a budget shortfall of the projected magnitude would have on our school community beginning in September 2024.

The graphic above represents the three key components of the proposed FY25 budget. The FY25 proposed budget only supports level-services at this time - with the exception of eliminating the tuition required for full-day Kindergarten (FDK) that is currently paid by families. The entire triangle represents the overall requested budget increase. The triangle's base represents the funding that is likely available under a levy limited budget (see explanation below). The tip represents the cost required to absorb the current FDK tuition into the HPS operating budget. The middle section represents the remaining budget gap that needs to be closed to preserve our current level of services. Much more detailed information is accessible by visiting the [Budget Planning pages](#) on the HPS website. These pages link to the documents and slide decks from prior budget presentations that provide greater detail of this unsustainable post COVID budget gap.

There are two important terms that need to be commonly understood for this analysis:

1. **Levy Budget:** This is the funding level that can be generated by the Town's current capacity to raise revenue via property tax. The projected levy budget allocation for FY25 is approximately \$1.9 million (5.5%). This level of funding is represented by the base of the triangle.
2. **Override Budget:** This is the funding level required to maintain (at minimum) "level services" - or - to preserve our current level of services and resources available to students, staff, and families. This is represented by the entire triangle. This level of funding is approximately \$4.5 million (12.9%) for FY25. This level of funding would require a Proposition 2.5 *override*. The MA Division of Local Services (DLS) has a [Primer on Proposition 2.5](#) that is helpful to understand this process.

A levy budget in FY25 would result in significant and impactful service reductions that would negatively affect all of our students, staff, and families. The impact would be realized in higher class sizes, fewer academic offerings, fewer extracurricular activities, reduced security/supervision/counseling, ongoing tuition payments for full-day Kindergarten, significant staff reductions across all levels, high turnover in key roles related to student services, and new and increased fees for services. To provide some additional context, each of these categories is addressed in this analysis.



Full Override Budget -----> Levy Budget

This graphic represents a general progression of service reductions starting from an override budget on the far left that is reduced in phases to a levy budget on the far right.

Timing Challenges

As of this writing, seven months remain in the school year. This analysis provides examples of the most likely outcomes for staff and service reductions based on a levy budget based upon the information we have available today. Many variables will need to be taken into consideration before any final plans are released. Specific personnel and service cuts won't be determined until the late winter/early spring, and consideration needs to be given to budget reductions that are deep enough to have funds available for unanticipated student services requirements that are identified over the summer and into FY25. The HPS is also proposing a warrant article at Town Meeting to replenish funds into the Special Education Reserve Fund. The outcome of that article, and the amount allocated, will influence decisions regarding how much funding to leave available for unanticipated costs in the operating budget..

There are contractual timelines required to notify staff of any Reductions in Force (RIF) - also known as layoffs. Those deadlines occur in the spring prior to the Annual Town Meeting in May where an override budget will be considered. Discussions with the various Bargaining Units will be needed to determine how to best manage this very challenging timing issue and process. Updates and options for outcomes will be provided over the next several months.

Class Size/Academic Offerings

The most significant impact that would be realized by students and staff would be an increase to class size. A RIF of classroom teachers could range between 15-20 teaching positions across the district after all other non-instructional cuts are made. Maintaining our current class size in Kindergarten and first grade (approximately 20-22 students per classroom) would be a priority. Grades two, three, and four would likely see class size rise into the mid/upper twenties per classroom (without adding additional support staff).

Hanover Middle School class size would likely increase across each grade well into the upper twenties, and the current structure of grade based instructional teams would likely be changed to accommodate staff reductions at the classroom level. Electives and specialists would likely be reduced or eliminated resulting in "study hall" time and fewer opportunities for students to explore areas of interest.

Hanover High School students would see increased class size across all classes and subjects. Many core subject classes would routinely exceed 30 students. Teaching positions would be reduced in each subject area, and many elective classes would be reduced or eliminated. Advanced Placement (AP) classes with even modest enrollment (15-20) would likely be consolidated to much larger sections or would not run. Many budget funded extracurricular activities would be reduced or eliminated without adding additional participation fees. Counseling support for college applications/recommendations would be reduced along with supervision for many before/after school activities.

Student Support Services

The staffing and resources required to support students with Individual Education Programs (IEP), out-of-district placements, and other programming/accommodations related to student services would remain in place. These services are non-discretionary, and staffing levels would be retained to meet all requirements and obligations. It is almost certain that a RIF of this magnitude would result in increased staff turnover and involuntary transfers amongst teachers and support staff to provide these essential services at all levels. The process for RIF is heavily weighted by seniority and licensure. Many of our newer teachers and staff who currently work in positions within Student Services would be affected by the first round of RIF notifications. Senior staff members would likely be transferred (or travel) between schools to replace teachers with fewer years of seniority.

Reductions of this level would most likely result in the departure of talented teachers and support staff to other districts rather than waiting to see if an override budget is successful. It is also very likely that a RIF of this magnitude would result in scaling back support services such as guidance counseling and the level of staffing in the Health Services Department (nurses and health office support staff). These departments have seen modest increases in staff post COVID to support student health (including higher rates of diabetes, life threatening allergies, and mental health issues), and it would likely require reverting to pre-pandemic levels.

Recruiting and Retaining Qualified Support Staff

This is a challenge that is not unique to Hanover, however, we have a very difficult time recruiting and retaining committed and qualified staff to key support positions. The employment market for ABA Tutors, Paraprofessionals, Food Services workers, and substitutes (both daily and long term) is very competitive and the pool of candidates is more limited than ever. As mentioned

above, all ABA Tutor and paraprofessional positions that are related to student services are non-discretionary (required by student IEP), and the majority of HPS support staff work in that capacity. In response to the critical personnel need and market conditions, HPS must evaluate the payscale and benefits available to these valuable employees or risk compliance violations and safety issues for students and staff resulting from insufficient personnel levels.

The impact on the FY25 budget and beyond is to be determined. This past week, our ABA Tutors were certified as a bargaining unit under AFSCME 93, and we will determine the process for collective bargaining in the months ahead.

Management, Oversight, and Curriculum

The HPS has maintained only the necessary level of administrators (district and school based) to meet the needs of our staff, students, and families with the priority shifting towards Student Services management over the past several years. The highest priority for the leadership team at HPS is safety and security. A RIF to our administrative team would decrease staff responsible for safety and security, reduce daily support for teachers, limit and delay communication to students/staff/families, reduce student privileges and activities that require adult supervision, reduce the capacity for meaningful evaluation and coaching for all staff, and impact the ability to effectively manage the daily operation of our schools.

Additionally, curriculum oversight and review would be very limited with little opportunity to explore growth opportunities, teacher training and coaching, professional development, and parent/guardian engagement events and activities. These deficiencies would be realized at the curriculum and student level as resources (textbooks/materials, software licenses, updated technology, and assessment tools) would be limited along with reduced training and implementation support for teachers.

No Fee Full-Day Kindergarten (FDK)

The override budget request for FY25 includes funding to eliminate the fee charged to families for FDK (\$3,750/yr) as Hanover is one of approximately 15 districts in MA still charging for this basic service. This is an inevitable outcome as the Massachusetts Legislature has bills currently under consideration that would require free FDK, and it has become the industry standard that families demand. Without the appropriate funding, future staff/service reductions (or the ongoing reliance on free cash for operating costs) would likely be necessary to achieve

full implementation of FDK. By implementing FDK without tuition, it would increase Hanover's annual state aid allocation under Chapter 70 to offset a portion of the cost moving forward.

Fees and Service Reductions

New and increased fees would be required to mitigate the budget shortfall. Hanover families do not currently pay a transportation fee, and all students K-8 are offered free transportation regardless of distance between home and school. The HPS has not increased user fees for athletics in almost a decade, and there are very limited costs for school based clubs and activities.

Reductions of this magnitude would necessitate the implementation of a transportation fee (\$300-\$400 per seat), increase to athletic user fees, implementation of activities fees, and the retention of tuition based full-day Kindergarten. There would likely be reductions to clubs and activities that are not highly enrolled, oversight of high school internships would be reduced or eliminated, and new equipment/uniforms/supplies for our athletic, music, and art departments would be reduced.

Fortunately, many of our extracurricular and enrichment activities are run through the Office of Family and Community Engagement (FACE) which operates outside of the HPS operating budget. Those activities will remain fee based, but there would likely be no reductions to those opportunities.

Technology and Equipment

Reliable and sufficient levels of technology equipment and software for academic and operational purposes is non-discretionary and essential for daily function at every level. Our hardware and overall technology infrastructure is aging and in need of a sustainable replacement cycle. A major (internet) grant funded fiber project to increase bandwidth for all schools and municipal buildings is in process, and it is expected to provide increased internet speed and wi-fi access. Many of our machines (chromebooks, projectors, laptops, servers, switches, etc) have reached the end of their useful life, and we have relied on grants and COVID funding to replace much of this equipment for the past several years. This is a town-wide issue that extends beyond the HPS, but we are the largest consumer by far.

The Town Wide Technology Committee is now re-engaged following a pause related to the pandemic, and is evaluating options for a strategic replacement cycle that is predictable and sustainable. Our operating budget has little room for new equipment and has been serving as a maintenance budget only for several years. Options that include increasing operational budget lines that serve HPS and all Town Departments are under consideration. Also under consideration will be an annual strategy to fund a replacement cycle as an annual capital investment. Technology costs need to be factored into the FY25 budget with a long-term strategy for sustainability and growth to meet the increasing demand for service.

Future Growth and Student Achievement

This analysis stops short of new supports or services to grow and improve our overall academic program. New programs, course offerings, increased mental health services, and enrichment opportunities for students of all abilities are essentially on hold at this time. Current staffing shortages already impact required IEP services and the ability to provide adequate coverage for daily and long-term absences. Fully accessible full-day Kindergarten, readily available mental and physical health supports, and new and innovative offerings that challenge and inspire students is all in jeopardy without a sustainable change in available funding.

The discussion and strategy for future growth and sustainable basic services is on the table. As those conversations move forward, the HPS administration and School Committee will evaluate options and opportunities accordingly.

Overall, the limitations of a levy budget in FY25 will have a significant impact on our academic program and the overall school experience for our students. As more information becomes available, our budget documents and projections will be updated on our website and during public presentations over the next several months. As always, questions and ideas are welcome and encouraged.