



DOVER SCHOOL DISTRICT SAU 11

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Empowering all Learners

MEMORANDUM

TO: Members of the Dover School Board, Dr. William R. Harbron, Superintendent;
FROM: Michael Limanni, Chief Financial Officer
DATE: March 10, 2025
RE: Request to Approve and Adopt Changes: FY26 Budget Proposal

Over the course of the past two months, District administrators went back to the drawing board and reviewed their budgets for reductions to help bring the District’s FY26 budget proposal within the City’s tax cap. During this time, the business office reviewed new information from both the NHED, and the governor’s office to update our 2026 revenue projections. As a result, we recommend that the board vote to modify the District’s proposed budget to reflect \$1,751,005 in additional revenue, and \$860,149 in expenditure reductions for a tax capped operating budget of \$83,098,024 (\$89,226,448 including debt service). This represents a total appropriation of **\$94,862,186** which includes all special revenue funds including food services and federal grants.

The following are proposed modifications to the District’s FY2026 revenue projections:

	Account Description	FY2025 ADJUSTED BUDGET	FY2026 ESTIMATED REVENUE	FY2026 REVISED REVENUE	\$ DIFF
R1	Tuition - Other NH Districts & Parents	\$ 86,962	\$ 102,000	\$ 105,923	\$ 3,923
R2	Tuition - Barrington	\$ 3,223,640	\$ 3,369,631	\$ 3,595,805	\$ 226,174
R3	Tuition - Nottingham	\$ 1,750,071	\$ 1,817,769	\$ 1,989,706	\$ 171,937
R4	Tuition - SPED Aides	\$ 366,365	\$ 189,000	\$ 311,255	\$ 122,255
R7	Tuition - Bellamy Academy	\$ 410,970	\$ 431,516	\$ 490,500	\$ 58,984
R10	Special Education Aid (Catastrophic Aid)	\$ 1,606,951	\$ 1,545,000	\$ 2,344,636	\$ 799,636
R13	Indirect Cost Allocation	\$ 171,000	\$ 180,000	\$ 107,520	\$ (72,480)
R16	Medicaid Distribution	\$ 200,000	\$ 50,000	\$ 250,000	\$ 200,000
R27	Local Property Tax	\$ 56,888,299	\$ 60,910,746	\$ 61,151,322	\$ 240,576
					\$ 1,751,005

Key Revenue Drivers:

- NHDOE released the FY24 cost per pupil data on January 7th showing a significant increase in the high school cost per pupil of \$18,159.97 (\$16,846.78 in FY23). This impacts the Barrington, Nottingham, and “Other NH” tuition rates. In addition to this, the student count from Nottingham was increased from 91 estimated, to 98.
- On February 13th, 2025 the Governor’s operating budget was released. Page 1,190 shows \$49,917,000 allocated for Special Education Aid funding out of the Education Trust Fund. If funded at this level in

FY25, the District would receive a full reimbursement of capped expenses of \$2.344 million, so we feel it is justified to budget this capped amount in the 2026 school year which assumes that any increase over the FY25 reimbursement would be capped further.

Below represents the FY25 Funding allocation:

Total for State if fully funded:	\$ 50,273,602.00
Amount Funded:	\$ 33,917,000.00
% of Amount Per the formula:	67.5%
Dover's Current Allocation (FY25):	\$ 1,581,804.52
Dover Allocation if fully funded (100%):	\$ 2,344,635.75
Dover's % of total:	4.6638%
New Money at 100% of Funding:	\$ 16,356,602.00
Estimated Amount due to Dover (FY25):	\$ 762,831.23

3. While the FY26 indirect cost rate will not come out until April, we felt it was important to lower this with respect to the FY25 rate of 3.2%. We have historically left this at 4% as we conservatively approach our grant allocations so as not to demonstrate dramatic swings in the bottom-line appropriation.

4. While FY24 Medicaid revenue came in at only \$43,661, research supports that we should be receiving much more than this. In FY19, (the year just before COVID – but still post the changes made by the NHED to the documentation required for receiving this Federal reimbursement) Dover brought in \$564,157. This dropped significantly in FY20 to \$57,058 but rebounded to \$241,547 in FY22. The business office surveyed several school districts and found that given the eligibility requirements for the services we are currently receiving, we should be receiving much more than what we have been over the last 5 years. The Special Education department is actively reviewing their practices and will be approving an RFP for a new billing partner in the FY26 school year. Here are some quick notes on our research of surrounding districts:
 - Portsmouth: Lower student count with IEP’s eligible for Medicaid than Dover (F&R ADM 369.85 vs. 913.49; SPED ADM 416.64 vs. 700.69), and half the budget (\$9.8M in 2024 vs. Dover’s \$21.9M), they consistently receive over \$400K in Medicaid reimbursements year over year.
 - Somersworth: 2024 budget was approximately \$50M less than Dover’s, and they brought in \$125K in Medicaid reimbursements.
 - Timberlane: is facing \$6.6M in budget cuts going into their FY26 budget, they received \$450K in reimbursements in 2023; this dropped to \$83K in 2024 and was attributed to the retirement of the SPED admin assistant and turnover at the SPED director position.
 - Hampton: The business administrator pointed out that it took 2 years to bring back their reimbursements to where they are now, showed \$68K in FY24 revenue on a total budget of only \$23M compared to Dover’s \$91M total budget for the same year.
 - Rochester: In FY23 showed \$411K, \$363K in FY24, and in FY25 they have already been reimbursed for \$148K of the \$325 budgeted as of 2/26.

5. On February 26th, the City Finance Director revised the FY2026 amount allowed to be raised by taxes for the school district from \$60,910,746 to \$61,151,322 representing an increase of \$240,576 allowed in additional revenue under the City’s charter.

The following are proposed revisions to the District's proposed FY26 expenditures:

	Account Description	FY2025 ADJUSTED BUDGET	FY2026 BOARD PROPOSED	FY2026 REVISED BUDGET	
E1	(1100) Regular Education Programs	\$ 27,077,713	\$ 28,314,325	\$ 28,295,041	\$ (19,284)
E2	(1200) Special Education Programs	\$ 21,006,297	\$ 22,472,514	\$ 21,509,614	\$ (962,900)
E6	(2100) Support Services - Students	\$ 5,715,451	\$ 6,100,839	\$ 6,099,839	\$ (1,000)
E7	(2200) Support Services - Instructional	\$ 2,123,933	\$ 2,275,046	\$ 2,260,713	\$ (14,333)
E9	(2400) Support Services - School Administration	\$ 3,528,920	\$ 3,688,165	\$ 3,688,065	\$ (100)
E11	(2700) Support Services - Student Transportation	\$ 5,062,156	\$ 5,774,958	\$ 5,912,426	\$ 137,468
					\$ (860,149)

Key Expenditure Drivers:

1. Principals cut \$19,284 in books, furniture, equipment and supplies.
2. Special education reduced their out-of-district tuition expenditures by \$887,000, lowered PD costs by \$33,000, reduced equipment by \$5,000, and adjusted Medicaid billing to represent 6% of \$250,000 saving \$10,000.
3. Transportation was increased to reflect further increases in homeless transportation, and the missed cost of freshman orientation.
4. The curriculum department tightened their budget by approximately \$15,000 by representing cyclical costs that will be paid out of grants in FY26 to the planned net transfer (to and from) their capital reserve.

FY2026 SCHOOL BUDGET PROPOSAL

GENERAL FUND - REVENUE

Account Description		FY2025 ADJUSTED	FY2026 ESTIMATED	\$\$\$	%
		BUDGET	REVENUE	INCREASE/(DECREASE)	INCREASE/(DECREASE)
R1	Tuition - Other NH Districts & Parents	\$ 86,962	\$ 105,923	\$ 18,961	21.80%
R2	Tuition - Barrington	\$ 3,223,640	\$ 3,595,805	\$ 372,165	11.54%
R3	Tuition - Nottingham	\$ 1,750,071	\$ 1,989,706	\$ 239,635	13.69%
R4	Tuition - SPED Aides	\$ 366,365	\$ 311,255	\$ (55,110)	-15.04%
R5	Tuition - CTC-NH Districts	\$ 178,020	\$ 220,000	\$ 41,980	23.58%
R6	Tuition - CTC-Out of State Districts	\$ 55,000	\$ 35,000	\$ (20,000)	-36.36%
R7	Tuition - Bellamy Academy	\$ 410,970	\$ 490,500	\$ 79,530	19.35%
R8	Other Local Revenue - Districtwide	\$ 10,000	\$ 10,000	\$ -	0.00%
R9	School Building Aid	\$ 383,462	\$ 368,722	\$ (14,740)	-3.84%
R10	Special Education Aid (Catastrophic Aid)	\$ 1,606,951	\$ 2,344,636	\$ 737,685	45.91%
R11	CTC-Tuition Aid	\$ 431,092	\$ 465,000	\$ 33,908	7.87%
R12	CTC-Transportation Aid	\$ 3,000	\$ 1,500	\$ (1,500)	-50.00%
R13	Indirect Cost Allocation	\$ 171,000	\$ 107,520	\$ (63,480)	-37.12%
R14	ABE Allocation	\$ 43,000	\$ 25,000	\$ (18,000)	-41.86%
R15	Impact Aid	\$ -	\$ -	\$ -	0.00%
R16	Medicaid Distribution	\$ 200,000	\$ 250,000	\$ 50,000	25.00%
R17	Tuition - Preschool Program	\$ 8,000	\$ 8,000	\$ -	0.00%
R18	Tuition - Summer School, Elementary	\$ -	\$ -	\$ -	0.00%
R19	Tuition - Summer School, DHS	\$ -	\$ -	\$ -	0.00%
R20	Athletic Transportation, DMS	\$ 30,000	\$ 30,000	\$ -	0.00%
R21	Athletic Transportation, DHS	\$ 104,000	\$ 104,000	\$ -	0.00%
R22	School - Transfer from Capital Reserves, Facilities & SPED	\$ 250,000	\$ -	\$ (250,000)	-100.00%
R23	School - Transfer from Capital Reserves, Curriculum	\$ -	\$ -	\$ -	0.00%
R24	School - Transfer from Capital Reserves, IT	\$ -	\$ -	\$ -	0.00%
Total Non Tax Revenue		\$ 9,311,532	\$ 10,462,567	\$ 1,151,035	12.36%
R25	State Adequate Education Grant	\$ 11,505,714	\$ 10,263,591	\$ (1,242,123)	-10.80%
R26	Statewide Education Tax	\$ 6,937,255	\$ 7,348,968	\$ 411,713	5.93%
R27	Local Property Tax	\$ 56,888,299	\$ 61,151,322	\$ 4,263,023	7.49%
R27	<i>Local Property Tax - Tax Capped Levy</i>	<i>\$ 55,059,960</i>	<i>\$ 61,151,323</i>	<i>\$ 4,263,024</i>	<i>7.49%</i>
R27	<i>Local Property Tax - Over/(Under) Tax Cap</i>	<i>\$ 1,828,339</i>	<i>\$ (0)</i>		
Total Tax Revenue		\$ 75,331,268	\$ 78,763,881	\$ 3,432,613	4.56%
Total	Total Operating Revenue	\$ 84,642,799	\$ 89,226,448	\$ 4,583,648	5.42%

FY2026 SCHOOL BUDGET PROPOSAL

GENERAL FUND - EXPENSES

Account Description		FY2025 ADJUSTED	FY2026	\$\$\$	%
		BUDGET	BOARD PROPOSED	INCREASE/(DECREASE)	INCREASE/(DECREASE)
E1	(1100) Regular Education Programs	\$ 27,077,713	\$ 28,295,041	\$ 1,217,328	4.50%
E2	(1200) Special Education Programs	\$ 21,006,297	\$ 21,509,614	\$ 503,317	2.40%
E3	(1300) Career and Technical Education Programs	\$ 3,050,303	\$ 3,189,596	\$ 139,293	4.57%
E4	(1400) Co-Curricular Activities and Athletics	\$ 781,967	\$ 815,033	\$ 33,066	4.23%
E5	(1600) Adult/Continuing Education Programs	\$ 276,853	\$ 285,445	\$ 8,592	3.10%
E6	(2100) Support Services - Students	\$ 5,715,451	\$ 6,099,839	\$ 384,388	6.73%
E7	(2200) Support Services - Instructional	\$ 2,123,933	\$ 2,260,713	\$ 136,780	6.44%
E8	(2300) Support Services - General Administration	\$ 1,912,113	\$ 2,032,446	\$ 120,333	6.29%
E9	(2400) Support Services - School Administration	\$ 3,528,920	\$ 3,688,065	\$ 159,145	4.51%
E10	(2600) Support Services - Operation Maint/Plant	\$ 5,735,309	\$ 6,564,779	\$ 829,470	14.46%
E11	(2700) Support Services - Student Transportation	\$ 5,062,156	\$ 5,912,426	\$ 850,270	16.80%
E12	(2800) Support Services - Centralized Services	\$ 2,082,365	\$ 2,157,732	\$ 75,367	3.62%
E13	(2900) District-Wide Severances	\$ 32,295	\$ 32,295	\$ -	0.00%
E14	Fund Transfer to Special Revenue Funds - McConnell Ctr	\$ -	\$ -	\$ -	0.00%
E15	Fund Transfer to Athletics Capital Reserves	\$ -	\$ 20,000	\$ 20,000	0.00%
E16	Fund Transfer to Curriculum Capital Reserves	\$ -	\$ 110,000	\$ 110,000	0.00%
E17	Fund Transfer to Facilities Capital Reserves	\$ -	\$ -	\$ -	0.00%
E18	Fund Transfer to IT Capital Reserves	\$ 35,000	\$ 125,000	\$ 90,000	257.14%
E19	Fund Transfer to Instructional Equip. Capital Reserves	\$ -	\$ -	\$ -	0.00%
E20	Fund Transfer to Student Support Svcs. Capital Reserves	\$ -	\$ -	\$ -	0.00%
Total Operating Expenses		\$ 78,420,675	\$ 83,098,024	\$ 4,677,349	5.96%
E19	School Debt - Principal Payments	\$ 3,544,466	\$ 3,560,651	\$ 16,184	0.46%
E20	School Debt - Interest Payments	\$ 2,677,658	\$ 2,567,773	\$ (109,885)	-4.10%
Total Debt Service		\$ 6,222,124	\$ 6,128,424	\$ (93,701)	-1.51%
Total	Total General Fund Expenses, Operating and Debt Service	\$ 84,642,799	\$ 89,226,448	\$ 4,583,648	5.42%

FY2026 SCHOOL BUDGET PROPOSAL

SPECIAL REVENUE FUNDS

Account Description	FY2025	FY2026	\$\$\$	%
	Adjusted Budget	Estimated	INCREASE/(DECREASE)	INCREASE/(DECREASE)
SR1 School Cafeteria Fund (Fund 2800)	\$ 1,784,697	\$ 1,838,238	\$ 53,541	3.00%
SR2 Federal/State Grants (Funds 282X)	\$ 4,100,000	\$ 3,360,000	\$ (740,000)	-18.05%
SR3 Special Programs (Fund 295X)	\$ 175,000	\$ 175,000	\$ -	0.00%
SR4 Tuition Programs (Fund 3810)	\$ 125,000	\$ 125,000	\$ -	0.00%
SR5 Facilities Fund (Fund 3830)	\$ 137,500	\$ 137,500	\$ -	0.00%
Special Revenue Fund Totals	\$ 6,322,197	\$ 5,635,738	\$ (686,459)	-10.86%
Total School Appropriations	\$ 90,964,997	\$ 94,862,186	\$ 3,897,189	4.28%