

Member Town Financial Report – Hanson

September 2019

By: MARS Consulting Group

Definitions

Below Effort Shortfall – the percentage increase applied to determine MLC as dictated by the fiscal year Chapter 70 budget language for those districts which are paying less than their Target Share.

Combined Effort Yield (CEY) – the sum of a weighted percentage of EQV and Total Income which is considered the municipality’s capacity to pay, or aggregate wealth. This figure is largely driven by the state’s view of funding Chapter 70 aid, which currently is 59% of the sum of the total state foundation budget being funded by municipalities, and 41% representing aid (otherwise known as the 59/41 split).

Equalized Valuations (EQV) - The determination of an estimate of the full and fair cash value (FFCV) of all property in the municipality as of a certain taxable date.

Excess Effort/Effort Reduction – the reduction percentage applied to determine MLC as dictated by the fiscal year Chapter 70 budget language for those districts which are paying more than their Target Share.

Excess Levy Capacity - the gap between the amount the municipality chose to tax and the amount they are allowed to increase the tax to for that fiscal year. If a municipality chose not to increase their Tax Levy the full 2.5%, the difference is the Excess Levy Capacity.

Hold Harmless – the Legislature’s intent and practice is to allocate enough Chapter 70 funding, so that a district never sees a decrease in aid from the previous year.

Minimum Local Contribution (MLC) – the amount the municipality is required to pay toward their Foundation Budget.

Municipal Revenue Growth Factor (MRGF) – is the percentage of overall growth in total new revenue of the municipality from the previous fiscal year as determined by DOR.

Net School Spending (NSS) – the sum of MLC and Chapter 70 aid, which the district is required to spend on education.

Override Capacity - the gap between the total Tax Levy and the Tax Ceiling is the amount that is available to the municipality to request a Proposition 2 ½ override.

Target Share – the percentage of the municipality’s Foundation Budget that is determined by CEY which should be funded from the municipality as the Minimum Local Contribution.

Tax Ceiling - 2.5% of the overall value of taxable real estate and personal property.

Tax Levy - the municipality’s tax base/revenue, which is allowed to be increased 2.5% yearly.

Total Income – is the aggregate income of residents as reported by DOR.

EXECUTIVE SUMMARY

Hanson is a town of 10,630 residents (2019) and 7,013 registered voters (2012). There is an Open Town Meeting form of government, which is administered by a Town Administrator. The unemployment rate is 3.70% (2016), which is above the state average of 3.1%.

Tax Rate - The tax rate is \$15.53, and it is the same for residential and commercial property. Residential property represents 92% of the total tax levy.

Revenue – 5.01% of the town’s 2019 total revenue came from state aid.

Excess Levy Capacity - 2019 Excess Capacity is \$248,955.

Override Capacity – 2019 balance is \$13,175,906.

Free Cash – FY19 Free Cash balance is \$2,369,261.

Stabilization Account – 2018 balance is \$1,150,016.

Available Resources – FY18 Available Resources balance is \$3,236,482.

Education/Municipal Budget – Education has typically remained around 44% of total general budget expenditures, which is below the state average of 47.2%.

Enrollment – Total enrollment for Whitman-Hanson Regional School District has decreased by 13.4% from FY10 to FY20.

Target Share/MLC – Since FY10, Hanson’s Target Share has steadily increased from 48.59% to 59.19%, with resulting staggering yearly MLC increases as high as 6.2%.

Hold Harmless Aid – Whitman-Hanson will receive \$4,430,551 in Hold Harmless Aid for FY20.

Summary & Trends:

- Hanson has a significant 92% tax revenue from residential property.
- Hanson saw a modest 2.8% increase in new Single Family Parcels being added to tax roll since 2008, with a corresponding and significant 18.76% decrease in student enrollment.
- Hanson is not taxing the full 2.5%.
- Hanson's Levy Ceiling experienced a drop since at least 2008, but began to recover in 2017. Hanson's Override Capacity dropped every year through 2015 and is now on an upward trend.
- Hanson maintains healthy Free Cash balances.
- Hanson has built up their stabilization account to where it represents a healthy 4.8% balance of their 2018 general appropriation.
- Hanson's Available Resources are sufficient to cover extraordinary and unanticipated costs, or catastrophes.
- Hanson has attempted five Proposition 2 ½ overrides since 2006, with two wins (2006: \$378,711 Finance Whitman-Hanson RSD Budget; 2013: \$235,766 Finance Whitman-Hanson RSD Budget).
- Due to the housing market crash, Hanson realized a significant drop in its EQV values, which only started to recover in FY18. The aggregate personal income levels have consistently increased a total of 27% from FY10 to FY20. It has been personal income, and not EQV which is driving the municipality's CEY, or capacity to pay. As a result of the CEY increase, Hanson's MLC increased 65% from FY10 to FY20.
- The Hanson student population at Whitman-Hanson has decreased by 21% from FY10 to FY20. The number of students attending the local vocational school has fluctuated slightly.
- Hanson's charter school enrollment is on an upward trend, but overall student population has been on a steady decline since at least 2010.
- Since FY10, Hanson's Target Share has steadily increased from 48.59% to 59.19%, with resulting staggering yearly MLC increases as high as 6.2%. From FY10 to FY20, the Foundation Budget has decreased due to declining enrollment numbers. As Hanson remains below Target Share, MLC increases are expected to continue to be significant going forward.
- Whitman-Hanson saw a 11.5% decrease in student enrollment between FY11 and FY20. While there was modest growth in the overall Foundation Budget during same period, there were not significant increases until FY18. The decrease in Foundation Aid is a hybrid result of student enrollment

decrease, stagnant Foundation Budget increases for several years, and the increases to MLC as both member towns are under the target percentage which DESE has calculated they can afford to pay toward education.

- Whitman Hanson is receiving significant Hold Harmless aid. The district will continue in Hold Harmless status until such time as the district sees an increase in student enrollment and the member towns' MLC reaches their target share percentage.
- The number of students coming into Whitman-Hanson since FY15 has increased significantly more than the number of students leaving, resulting in a significant increase in net revenue.

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Historically, when local government and school districts of each set about to develop their individual fiscal budgets, their attention is focused primarily on the areas for which they provide direct oversight. This often results in two bodies of government advocating against each other for their budgets at town meeting, with little understanding of how they each got to that point. This unfortunately can contribute to adversarial relationships forming between the town and school district.

We offer this overview of your member towns' municipal finances, as we believe it is critical for you to understand your towns' revenue, general appropriation budget, capacity to pay, override capacity and fiscal solvency with regard to stabilization accounts and free cash. We chose not to include enterprise and revolving accounts as they are not available for general budget appropriation use.

The information we provide is from data publicly available from the Department of Revenue (data is limited in each category to most recent year publicly available) and the Department of Elementary and Secondary Education.

HANSON

Hanson is a town of 10,630 residents (2019) and 7,013 registered voters (2012). There is an Open Town Meeting form of government, which is administered by a Town Administrator. The unemployment rate is 3.70% (2016), which is above the state average of 3.1%. Approximately 18.2% of students enrolled in Hanson's PK-8 grades fall into the category of economically disadvantaged.

Tax Rate

The 2019 tax rate is \$15.53, and it is the same for both residential and commercial property. The 2019 tax levy for residential property is \$19,068,399; commercial property is \$953,831; industrial property is \$297,530; and personal property \$383,324; for a total tax levy of \$20,703,084. Residential property represents 92% of their tax levy so most of the tax revenue is coming from the residents, rather than a commercial base.

Excess Levy Capacity:

Proposition 2½ (M.G.L. Ch. 59 Sec. 21C), which was passed by Massachusetts voters in November of 1980, places a limit on the amount of property taxes a community can levy each year. Proposition 2½ establishes two types of restrictions on the annual property tax levy. First, a community cannot levy in excess of 2.5 percent of the total full and fair cash value of all taxable real and personal property in the community. This limit is referred to as the levy ceiling. Second, community's levy is constrained in the amount it may increase from one year to the next. The maximum amount a community can levy in any given year is called the levy limit. The levy limit will always be below or at most equal to, the levy ceiling. It may not as a rule exceed the levy ceiling.

A Guide to Financial Management for Town Officials, Massachusetts Department of Revenue, Division of Local Services, undated.

While the municipality is allowed under law to increase the yearly tax rate automatically by 2.5%, some municipalities choose not to do so for various reasons. Typically, those reasons include determination that taxing to the full levy is not necessary through the process of budget development and approval (common in regional school districts), concern over the total tax ceiling amount, and concern for capacity to pay real estate tax bills by aging community and other socio-economic factors.

The gap between the amount taxed and the amount allowed to be taxed by Proposition 2½ is referred to as the Excess Levy Capacity. For example, a municipality may choose to only raise taxes by 1.5% instead of the full 2.5%. The dollar value of the 1% they chose not to tax would be considered the Excess Levy Capacity.

The excess levy capacity can grow over time, as each year the municipality is able to keep tax increases under the 2.5% cap, the excess capacity can grow. Some municipalities end up building large excess capacities. The benefit for excess capacity as a municipality is that they have access to this amount to raise and appropriate funds for any new tax year over the 2.5% cap, without the need to request overrides from the taxpayer. On the flip side however, is the concern for the taxpayer in that in any given tax year, the municipality may need to access that excess amount in part or in full, which could greatly increase the tax rate on their property.

Hanson has a 2019 Excess Levy Capacity of \$248,955. Hanson is not taxing the full 2.5 percent (Excess Levy Capacity is 1.19% of Maximum Levy).

Excess Levy Capacity:

2011 \$245 (0.00%)
2012 \$3,177 (0.02%)
2013 \$75,258 (0.45%)
2014 \$9,105 (0.05%)
2015 \$132,067 (0.75%)
2016 \$37,471 (0.20%)
2017 \$208,477 (1.08%)
2018 \$44,509 (0.22%)

Override Capacity:

The Override Capacity of a municipality is the difference between the Tax Levy (yearly total tax raised) and the Tax Ceiling (which is 2.5% of the “full and fair value of all taxable real estate and personal property”).

A municipality is allowed to automatically increase their Tax Levy by 2.5%, as long as the value of the Tax Levy does not exceed the value of the Tax Ceiling. Once a town hits its ceiling, it is no longer allowed to raise taxes. For most municipalities, especially those inside of I-495, this is not an issue as there is an ample cushion between the Tax Levy and Tax Ceiling. However, the same cannot be said for towns in Central and Western MA which were hit hard by the housing market crash and have since then experienced a very slow recovery in real estate assessed values.

Tax Levy = the municipality’s tax base/revenue, which is allowed to be increased 2.5% yearly.

Excess Levy Capacity = the gap between the amount the municipality chose to tax and the amount they are allowed to increase the tax to for that fiscal year. If a municipality chose not to increase their Tax Levy the full 2.5%, the difference is the Excess Levy Capacity.

Tax Ceiling = 2.5% of the **overall** value of taxable real estate and personal property.

Override Capacity = the gap between the total Tax Levy and the Tax Ceiling is the amount that is available to the municipality to request a Proposition 2 ½ override.

For those school districts which may be considering a Proposition 2½ override warrant article to fund their operating budget, it is especially important to ascertain what the current Override Capacity is when determining if the request is in the best interest of the future financial health of the town.

Hanson's Levy Ceiling experienced a drop since at least 2008, but began to recover in 2016. Hanson's Override Capacity dropped every year from 2008 to 2015 and is now on an upward trend, but not yet reaching 2011 capacity.

Override Capacity
2011: \$16,217,539
2012: \$14,662,058
2013: \$13,558,874
2014: \$11,180,844
2015: \$10,935,425
2016: \$11,040,683
2017: \$11,401,400
2018: \$12,371,666
2019: \$13,175,906

Hanson has attempted five Proposition 2 ½ overrides since 2006, with two wins (2006: \$378,711 Finance Whitman-Hanson RSD Budget; 2013: \$235,766 Finance Whitman-Hanson RSD Budget).

Free Cash

Free Cash is the revenue available at year-end close-out which are typically from line item surpluses and unexpected revenue from areas such as delinquent tax collection, etc. Free cash cannot be appropriated until it is certified by the Department of Revenue. As Free Cash is considered one-time revenue, it therefore should only be appropriated for one-time expenditures and not recurring general budget expenditures. The use of Free Cash for recurring expenditures places the municipality into a structural deficit for the following fiscal year, which is a difficult financial position to be in (much like funding full-

time employees with grant money, at some point the full-time employees will need to be moved to general budget expense, which is never easy to accomplish).

Your municipality may have financial bylaws and policies with regard to Free Cash balances and uses (e.g. maintain free cash balance at 5% of general budget appropriation). We recommend you spend time familiarizing yourself with them so you are aware of what the access for these funds are limited to.

Hanson maintains a 2019 Free Cash balance of \$1,514,965.

Free Cash:

2011 \$447,321
2012 \$590,788
2013 \$899,266
2014 \$753,013
2015 \$1,466,879
2016 \$1,098,601
2017 \$1,631,566
2018 \$2,070,377

Stabilization Account:

Most, if not all, municipalities maintain at least one stabilization account to protect their town from extraordinary expenses and unexpected emergencies. Some create stabilization accounts/special fund accounts for capital needs and purchases. The creation of, and the appropriation from and to stabilization accounts, require a 2/3 majority from the local appropriating authority at town meeting. Bond rating firms look for strong financial policies on stabilization accounts, on top of maintaining sufficient line item balances, when setting municipal bond rates. Municipalities which regularly appropriate funds from their stabilization account will see it negatively impact their bond rating. In many municipalities, the Stabilization Accounts are built up yearly by Free Cash appropriation.

Hanson has built up their stabilization account to where it represents a healthy 4.8% balance of the 2018 general appropriation.

Stabilization Account balance:

2011 \$866,714
2012: \$921,171
2013: \$964,254
2014: \$991,713
2015: \$1,051,257
2016: \$1,108,927
2017: \$1,121,596
2018: \$1,150,016

Available Resources:

The combination of Free Cash, Stabilization Fund, and Excess Levy Capacity is considered the “Available Resources” the town has access to, and it is a key consideration when setting the Bond Rate for the municipality.

In FY18, Hanson had an Available Resources balance of \$3,236,482.

Single Family Parcel Growth:

HANSON	Single Family Parcels	Public School Student Count*	Tax Levy Ceiling	Override Capacity
2008	3,077	1,982	\$32,917,948	\$20,247,171
2009	3,090	1,991	\$32,093,620	\$18,890,929
2010	3,099	1,980	\$30,196,344	\$16,522,370
2011	3,105	1,984	\$30,349,843	\$16,217,539
2012	3,112	1,932	\$29,288,046	\$14,662,058
2013	3,120	1,902	\$28,951,753	\$13,558,874
2014	3,120	1,855	\$27,130,414	\$11,180,844
2015	3,125	1,782	\$27,624,747	\$10,935,425
2016	3,129	1,736	\$28,521,079	\$11,040,683
2017	3,146	1,717	\$29,791,843	\$11,401,400
2018	3,157	1,654	\$31,612,503	\$12,371,666
2019	3,166	1,610	\$33,327,567	\$13,175,906
Total	89/2.8% increase	-372/18.76% decrease	\$409,619/1.2% increase	-\$7,971,265/ 39.9% decrease

*Foundation enrollment

Hanson saw a modest 2.8% increase in new Single Family Parcels being added to tax roll since 2008, with a corresponding and significant 18.76% decrease in student enrollment. Although 89 parcels were added, Hanson’s Tax Levy Ceiling

did not recover to 2008 level until 2019. Hanson's override capacity has not recovered, however it is on an upward trend. As of 2019, Hanson has 334 vacant parcels and 24 agriculture parcels. Both represent the potential for future growth should those parcels be buildable.

Municipal Budgets:

In the table below, the budgets for the various municipal departments were evaluated from FY10 to FY18. Additionally, the percentage of the total budget used for education was reviewed.

Hanson	General Government	Police	Fire	Other Public Safety	Education	Public Works	Hun Ser
2010	1,833,593	1,665,878	1,452,578	372,800	8,101,872	1,130,567	
2011	1,648,783	1,660,343	1,463,156	337,098	8,006,983	1,196,233	
2012	1,632,373	1,719,593	1,528,315	423,374	8,249,512	1,023,844	
2013	1,364,190	1,773,093	2,002,535	424,155	8,561,147	1,527,905	
2014	1,410,721	1,910,703	1,736,202	465,138	8,750,761	1,810,152	
2015	1,550,724	1,970,328	2,230,279	463,240	9,213,279	1,610,247	
2016	1,645,594	2,033,657	1,849,395	467,654	9,403,586	1,357,538	
2017	1,611,909	2,070,167	2,229,924	486,678	9,913,705	1,309,023	
2018	1,639,706	2,183,786	2,212,080	538,987	10,415,119	1,692,514	

-10.5%	31%	52%	44.5%	28.5%	49.7%
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Percentage increase from FY10 to FY18

Hanson	Recreation	Fixed Costs	Intergov. Assessments	Other	Debt Service	Total
2010	215,976	2,343,783	127,961	0	676,960	18,113,758
2011	179,712	2,532,583	129,292	11,367	658,135	17,989,876
2012	205,427	2,511,181	131,438	5,816	686,759	18,286,604
2013	389,838	2,622,858	139,998	0	665,804	19,661,610
2014	388,236	2,721,274	142,927	0	662,085	20,208,177
2015	376,517	2,770,536	144,997	0	646,656	21,215,755
2016	396,060	2,930,527	146,150	0	637,544	21,113,158
2017	425,074	3,299,988	148,666	0	515,305	22,239,757
2018	446,500	3,488,067	150,661	0	499,512	23,518,095

106%	49%	18%	-26%	30%
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Percentage increase from FY10 to FY18

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Since 2010, education expenditures have increased 44.5%, which is roughly on pace with other town general budget line item increases. Education has typically remained around 44% of total general budget expenditures, which is below the state average of 47%.

School Profile

Foundation Enrollment

	Hanson	Whitman-Hanson	South Shore	Total Students
FY10	3	1,899	78	1,980
FY11	4	1,897	83	1,984
FY12	3	1,850	79	1,932
FY13	5	1,813	84	1,902
FY14	5	1,764	86	1,855
FY15	7	1,701	74	1,782
FY16	8	1,653	75	1,736
FY17	8	1,634	75	1,717
FY18	9	1,565	80	1,654
FY19	6	1,524	80	1,610
FY20	3	1,491	77	1,571

The foundation enrollment includes the resident students, so it is the total of resident students attending the local school as well as students going out to other towns for school choice.

The Hanson student population at Whitman-Hanson has decreased by 21% from FY10 to FY20. The number of students attending the local vocational school has fluctuated slightly.

School Attending Children Report

Hanson	Local Public School	Academic Regionals	Vocational	Collaborative	Charter	Out of District Public	Homeschool	In-State Private/Parochial	Out-of-State Private/Parochial	Total	Total Public	% Public
2010-11	0	1,866	81	14	11	0	10	86	0	2,068	1,972	95.4%
2011-12	0	1,843	86	11	14	8	19	61	0	2,042	1,962	96.1%
2012-13	0	1,765	91	15	11	14	13	44	0	1,953	1,896	97.1%
2013-14	0	1,685	--	14	12	7	7	64	0	1,803	1,732	96.1%
2014-15	0	1,631	77	13	10	7	11	69	0	1,818	1,738	95.6%
2015-16	0	1,604	75	6	13	5	11	54	0	1,768	1,703	96.3%
2016-17	0	1,529	75	8	15	13	18	66	0	1,724	1,640	95.1%
2017-18	0	1,472	75	7	23	12	18	66	0	1,673	1,589	95.0%

Hanson's charter school enrollment is on an upward trend, but overall student population has been on a steady decline since at least 2010.

Chapter 70 & Minimum Local Contribution (MLC)

Before going into details on MLC and Chapter 70 calculations, we wanted to provide a description of some of the key terms:

Equalized Valuations (EQV) - The determination of an estimate of the full and fair cash value (FFCV) of all property in the municipality as of a certain taxable date.

Note: EQV used for Chapter 70 calculations is delayed 2 years, so FY18 calculations are based on FY16 preliminary EQV determined by DOR. Municipalities are required to reassess their property value every three to five years, dates for which are not uniform across the state.

Total Income – is the aggregate income of residents as reported by DOR. Total Income used for Chapter 70 calculations is delayed 4 years.

Combined Effort Yield (CEY) – the sum of a weighted percentage of EQV and Total Income which is considered the municipality's capacity to pay, or aggregate wealth. This figure is largely driven by the state's view of funding Chapter 70 aid, which currently is 59% of the sum of the total state foundation budget being

funded by municipalities, and 41% representing aid (otherwise known as the 59/41 split).

Target Share – the percentage of the municipality’s Foundation Budget that is determined by CEY which should be funded from the municipality as the Minimum Local Contribution.

Minimum Local Contribution (MLC) – the amount the municipality is required to pay toward their Foundation Budget.

Excess Effort/Effort Reduction – the reduction percentage applied to determine MLC as dictated by the fiscal year Chapter 70 budget language for those districts which are paying more than their Target Share.

Below Effort Shortfall – the percentage increase applied to determine MLC as dictated by the fiscal year Chapter 70 budget language for those districts which are paying less than their Target Share.

Hold Harmless – the Legislature’s intent and practice is to allocate enough Chapter 70 funding, so that a district never sees a decrease in aid from the previous year. The Hold Harmless Aid is the difference between Net School Spending and Foundation.

Net School Spending (NSS) – the sum of MLC and Chapter 70 aid, which the district is required to spend on education.

The change to the Chapter 70 foundation funding formula calculation for cities and towns passed in FY07 has proven to be detrimental to many MA towns. The data presented in the table below focuses on the MLC which DESE mandates Hanson pay toward their Foundation Budget, and it does not include those amounts above foundation that the towns voluntarily pay (including debt, transportation and other operation costs).

Hanson	EQV	Income	CEY	MLC
FY10	\$1,399,821,900	\$291,739,000	\$8,514,614	\$5,838,167
FY11	\$1,399,821,900	\$293,272,000	\$8,150,770	\$5,992,830
FY12	\$1,304,082,300	\$299,352,000	\$8,487,784	\$6,244,529
FY13	\$1,304,082,300	\$286,454,000	\$8,819,635	\$6,559,878
FY14	\$1,218,356,000	\$291,359,000	\$8,832,934	\$6,884,592
FY15	\$1,218,356,000	\$299,682,000	\$8,945,074	\$7,276,325
FY16	\$1,153,100,300	\$312,002,000	\$9,049,001	\$7,726,003
FY17	\$1,153,100,300	\$322,529,000	\$9,113,680	\$8,137,026
FY18	\$1,233,299,600	\$345,002,000	\$9,293,262	\$8,591,885
FY19	\$1,233,299,600	\$363,219,000	\$9,729,740	\$9,101,384
FY20	\$1,373,623,000	\$371,451,000	\$10,311,716	\$9,662,029
Difference %	-1.8%	27%	21%	65%

MLC is supposed to be determined by several key indicators, which when considered together demonstrates the town's "capacity to pay." These indicators include the EQV, aggregate personal income, and the Municipal Revenue Growth Factor of the municipality.

In most towns in Massachusetts, it is actually the aggregate personal income which is driving MLC calculations. In Massachusetts, personal income is subject to state and federal tax only. The municipality does not benefit at all from the value of the aggregate personal income of its residents.

Due to the housing market crash, Hanson realized a significant drop in its EQV values, which only started to recover in FY18. The aggregate personal income levels have increased a total of 27% from FY10 to FY20. It has been personal income, and not EQV which is driving the municipality's CEY, or capacity to pay. As a result of the CEY increase, Hanson's MLC increased 65% from FY10 to FY20.

Hanson	Foundation	MLC	MLC Increase	MLC Increase (percentage)	Target Share	Actual Share
FY10	\$17,522,971	\$5,838,167			48.59%	33.32%
FY11	\$17,427,987	\$5,992,830	\$154,663	2.6%	46.77%	34.39%
FY12	\$17,331,391	\$6,244,529	\$251,699	4.2%	48.97%	36.03%
FY13	\$17,743,820	\$6,559,878	\$315,349	5.0%	49.71%	36.97%
FY14	\$17,760,915	\$6,884,592	\$324,714	4.9%	49.73%	38.76%
FY15	\$17,173,083	\$7,276,325	\$391,733	5.7%	52.09%	42.37%
FY16	\$17,264,953	\$7,726,003	\$449,678	6.1%	52.41%	44.75%
FY17	\$17,192,379	\$8,137,026	\$411,023	5.3%	53.01%	47.33%
FY18	\$16,923,698	\$8,591,885	\$454,859	5.6%	54.91%	50.77%
FY19	\$17,052,617	\$9,101,384	\$509,499	5.9%	57.06%	53.77%
FY20	\$17,419,947	\$9,662,029	\$560,645	6.2%	59.19%	54.47%

Since FY10, Hanson’s Target Share has steadily increased from 48.59% to 59.19%, with resulting staggering yearly MLC increases as high as 6.2%. From FY10 to FY20, the Foundation Budget has decreased due to declining enrollment numbers. As Hanson remains below Target Share, MLC increases are expected to continue to be significant going forward.

Hold Harmless Status:

WHITMAN-HANSON	Foundation Enrollment	Foundation Budget	MLC	MLC Increase	Foundation Aid	Total Aid	Hold Harmless
FY11	4,193	\$36,625,906	\$13,430,108	\$458,943	\$23,195,798	\$23,464,624	\$268,826
FY12	4,310	\$36,853,532	\$13,057,622	-\$372,486	\$23,795,910	\$24,214,376	\$418,466
FY13	4,159	\$37,691,613	\$14,011,112	\$953,490	\$23,680,501	\$23,680,613	\$--
FY14	4,152	\$38,579,785	\$14,560,975	\$549,863	\$24,018,810	\$24,018,810	\$--
FY15	4,067	\$38,173,063	\$15,278,470	\$717,495	\$22,894,593	\$24,120,485	\$1,225,892
FY16	3,964	\$38,322,360	\$16,147,370	\$868,900	\$22,174,990	\$24,219,585	\$2,044,595
FY17	3,939	\$38,333,512	\$16,774,824	\$627,454	\$21,558,688	\$24,436,230	\$2,877,542
FY18	3,860	\$38,233,604	\$17,627,386	\$852,562	\$20,606,218	\$24,552,030	\$3,945,812
FY19	3,781	\$38,780,823	\$18,467,197	\$839,811	\$20,313,626	\$24,665,460	\$4,351,834
FY20	3,708	\$39,870,088	\$19,523,939	\$1,056,742	\$20,346,149	\$24,776,700	\$4,430,551
Difference FY20 to FY11	-485 (-11.5%)	+\$3,244,182 (8.8%)	+\$6,093,831 (45.3%)	--	-\$2,849,649 (-12.2%)	\$1,312,076 (5.5%)	--

The legislature promised when they changed the formula that a district would never see a reduction of aid (they would in essence hold that district harmless with aid). They kept that promise. With declining enrollments and resulting declining Foundation Budgets, this has been a lifesaver, as without it, most districts would not be able to open their doors. The unintended consequence of

this was once a district was placed in hold harmless status (receiving aid above what the foundation budget warrants), they were placed in debt for that aid. They would remain in debt until such time as their Foundation Budget earned that aid. Of course in order for that to happen the district would either have to start seeing an increase in student enrollment or significant rate increases to the Foundation Budget calculations.

Whitman-Hanson saw a 11.5% decrease in student enrollment between FY11 and FY20. While there was modest growth in the overall Foundation Budget during same period, those increases were not significant until FY18. The decrease in Foundation Aid is a hybrid result of student enrollment decrease, stagnant Foundation Budget increases for several years, and the increases to MLC as both member towns are under the target percentage which DESE has calculated they can afford to pay toward education.

Whitman Hanson is receiving significant Hold Harmless aid. The district will continue in Hold Harmless status until such time as the district sees an increase in student enrollment and the member towns' MLC reaches their target share percentage.

ADDENDUM

Actual Student Enrollment numbers for Whitman-Hanson Regional School District (includes residents of Whitman and Hanson attending from other towns via school choice):

Hanson Middle School	5 th Grade	6 th Grade	7 th Grade	8 th Grade	Total
2018-19	104	116	124	135	477
2017-18		125	131	137	393
2016-17		136	135	131	402
2015-16		143	130	141	414
2014-15		130	148	151	429

Prior to adding a grade in the 2018-19 school year, Hanson Middle School had seen declining enrollment in all grades, with an overall 8.4% decline to total student enrollment since the 2014-15 school year.

Indian Head	1 st Grade	2 nd Grade	3 rd Grade	4 th Grade	5 th Grade	Total
2018-19	102	98	101	104		405
2017-18			109	103	112	324
2016-17			98	111	134	343
2015-14			106	127	137	370
2014-15			120	131	137	388

Prior to adding two grades in the 2018-19 school year, Indian Head School had seen declining enrollment in all grades, with an overall 16.5% decline to total student enrollment since the 2014-15 school year.

John H Duval	Kindergarten	1 st Grade	2 nd Grade	3 rd Grade	4 th Grade	5 th Grade	Total
2018-19	60	77	78	66	80	82	443
2017-18	61	72	65	76	80	90	444
2016-17	75	70	79	85	93	93	495
2015-16	66	75	86	95	93	101	516
2014-15	67	87	94	95	98	93	534

John H Duval school has seen declining enrollment in all grades, with an overall 17% decline in total student enrollment since the 2014-15 school year.

Louise A Conley	Kindergarten	1 st Grade	2 nd Grade	3 rd Grade	4 th Grade	5 th Grade	Total
2018-19	75	87	81	95	80	110	528
2017-18	79	86	93	82	110	112	562
2016-17	82	90	86	106	110	87	561
2015-16	87	85	102	112	81	92	559
2014-15	78	99	109	79	88	96	549

Louise A Conley has seen declining enrollment in most grades - except for 3rd and 5th grades, with an overall 3.8% decline in total student enrollment since the 2014-15 school year.

Whitman Middle	6 th Grade	7 th Grade	8 th Grade	Total
2018-19	205	177	198	580
2017-18	181	195	199	575
2016-17	196	195	208	599
2015-16	191	212	183	586
2014-15	211	181	186	578

Whitman Middle School has seen some fluctuation with enrollment in some grades, but has otherwise remained steady in overall enrollment since the 2014-15 school year.

W-H Regional	9 th Grade	10 th Grade	11 th Grade	12 th Grade	SP	Total
2018-19	290	295	281	303	4	1,173
2017-18	284	278	293	309	8	1,172
2016-17	271	291	299	297	12	1,170
2015-16	289	300	290	301	11	1,191
2014-15	296	285	304	274	3	1,162

Whitman Hanson Regional High School has seen some fluctuation with enrollment in some grades, but has overall increased 1% in total student enrollment since the 2014-15 school year.

School Choice

The table below shows the effect of school choice on Whitman-Hanson Regional School District.

Whitman-Hanson	School Choice In	Receiving Tuition	School Choice Out	Sending Tuition	Net Revenue
FY19	53.2	\$296,465	24.3	\$146,019	\$150,446
FY18	57.8	\$339,536	8.2	\$65,822	\$273,714
FY17	38.7	\$233,582	8.5	\$67,785	\$165,797
FY16	29.76	\$186,073	17.78	\$98,250	\$87,823
FY15	15.7	\$78,500	16	\$91,286	-\$12,786

The number of students coming into Whitman-Hanson since FY15 has increased significantly more than the number of students leaving, resulting in a significant increase in net revenue.

