

HINGHAM SUSTAINABLE BUDGET TASK FORCE



FINAL REPORT JANUARY 31, 2022



Photo: Blu Lemonade

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REPORT OF THE HINGHAM SUSTAINABLE BUDGET TASK FORCE

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I. EXECUTIVE SUMMARY

The Sustainable Budget Task Force reviewed detailed economic, demographic, and financial information to meet its charge of developing options to facilitate a sustainable five-year Financial Forecast for the Town for fiscal years 2023 through 2027. We compared Hingham's operations and finances with its benchmark communities, consulted Town elected and appointed officials and staff, and sought feedback from citizens. The Task Force offers the following findings and recommendations:

- The Town was experiencing increasing budget pressure from expenditure growth exceeding revenue growth prior to the pandemic. In FY22, the Town chose to add several new services and positions to the Town budget, funded in large part by one-time monies. The result is an FY23 structural deficit; the Town needs to solve a significant budget gap in order to present a balanced budget to Town Meeting this spring.
- Hingham should seek both tax and non-tax revenue to provide the high quality municipal and school services its residents expect and support. Task Force recommendations on potential new revenue sources, additional Local Receipts used in benchmark communities, and enhancements to existing revenue sources, begin in Section V and are summarized in Section IX. Since new revenue sources require time - for Town investigation, decision-making, and implementation - they are not solutions for the budget gap in the short term.
- Both municipal and school departments should target a 3.5% expenditure growth rate in future years to better align expenses with available revenue. The Task Force outlines its recommendation on measures to address personnel costs, which represent 80% of the Town's budget, in Section VI. See Section IX for their summary, along with all of our recommendations.
- The Task Force recommends that the Town consider closing the FY23 budget deficit by using remaining federal American Rescue Plan Act funds, funds from the Stabilization Fund (if possible), and a modest amount of excess Unassigned Fund Balance.
- The Task Force further recommends that the Town consider proposing a potential override in FY24 to maintain or grow services.
- The Task Force outlines three budget scenarios as hypothetical options in Section VIII. Their purpose is to broadly illustrate three different levels of services the Town might offer, how the Town might pay for those services, and the resulting impacts on taxpayers.

II. INTRODUCTION

In August 2021, in response to increasing budget pressures that were exacerbated by the global COVID-19 pandemic, the Town Administrator established a Sustainable Budget Task Force to develop options to facilitate a sustainable five-year Financial Forecast for the Town for fiscal years 2023 through 2027.

Prior to the March 2020 onset of the pandemic, the Town was experiencing an increased demand for municipal and school services that was difficult to address with available revenue, particularly under the constraints of Proposition 2½. With approval of Annual Town Meeting in the spring of 2021, over 30 positions were added across the organization to help students recover from COVID-19 and to add critical capacity to several school and municipal departments. To balance this large increase in FY22, the Town used approximately \$5 million in one-time funds, including \$2.6 million in COVID-related federal funds, which will not be available to the Town in the long term.

As stated in the Select Board's Report in the 2021 Town Meeting Warrant, the Town currently lacks means to fully fund its budget beyond FY22. In response, the Town began developing a long-term financial management plan to identify new sources of revenue, assess service needs, and prioritize capital infrastructure investment – while being mindful of the cumulative impact on taxpayers.

Through the Sustainable Budget Task Force (“Task Force”), municipal and school leaders have been working together to assess future needs, explore additional revenue opportunities (including consideration of a Proposition 2½ operational override), and identify ways to sustainably fund the budget going forward.

The Task Force consists of six members:

- Elizabeth Klein (Chair), Select Board member
- Nes Correnti, School Committee member
- John Ferris, Director of Business and Support Services, Hingham Public Schools
- Dr. Gary Maestas, Interim Superintendent, Hingham Public Schools
- Michelle Monsegur, Assistant Town Administrator for Finance
- Donna Smallwood, former Advisory Committee Chair

A. Charge

The formal Task Force charge is as follows:

“The Town Administrator shall establish a 2021 Sustainable Budget Task Force to develop options to facilitate a sustainable five-year Financial Forecast for Fiscal Years 2023 through 2027. ‘Sustainable’ shall mean a financial forecast that uses realistic assumptions for revenue and expenditure growth that allow the Town to 1) provide services that meet residents’

expectations and 2) meet ongoing expenditure obligations through regularly occurring revenues.

Sustainable FY23-27 Forecast options presented shall include determining whether the Town will need Proposition 2½ operating overrides to support the Town's budget during that five-year period. Any option that includes an operating override shall detail the amount and timing of the override, its allocation, and for how long it would support the budget.

The Task Force shall be a temporary working group consisting of six members selected by the Town Administrator. The Task Force shall include one member of the Select Board, one member of the School Committee, a former Chair of the Advisory Committee, the Interim Superintendent of Schools, the Assistant Town Administrator for Finance, and the Director of Business and Support Services for Hingham Public Schools. The Select Board member shall serve as the Chair of the Task Force.

The Task Force shall complete the following tasks in connection with this charge:

1. Utilizing the Town's five-year forecast and budget projections, determine the structural budget gap for FY23 and beyond.
2. Examine potential non-tax and non-override revenue sources in compliance with the Town Financial Policy (such as Transfer Station stickers, grants, revolving funds, potential stormwater utility, etc.), including costs, feasibility, potential savings, and other impacts of potential adoption and implementation.
3. Benchmark municipal and school performance, programs, expenditures, and revenues with comparable municipalities.
4. Evaluate strategies to properly staff municipal and school operations while managing growth of personnel costs.
5. Assess the impact increased taxes and fees will have on taxpayers and residents, including the tax impact of debt exclusions related to large capital projects under consideration.
6. With input from the Town Administrator and School Superintendent, prioritize programs or other expenditures for funding.
7. Analyze the impact to municipal and school programs of failure of its recommendations.

The 2021 Task Force shall submit a written report of its findings and recommendations, including one or more FY23-27 Forecast scenarios, to the Town Administrator in January 2022. As the Town Administrator determines, the Task Force shall remain in place and participate in public meetings and forums to communicate its report and recommendations."

As the Task Force completes this report, we believe we have addressed six of the seven components of our charge – all except #6, which was to prioritize municipal and school requests for funding. As our research and analysis evolved, due to the timing of the annual budget process, budget recommendations were not yet available from the Town Administrator

and School Superintendent, the School Strategic Plan remains in progress, and we felt it was more appropriate for our group to focus on growth rates rather than on endorsing specific requests. We believe that the annual decisions as to formulating and approving budget requests remain with the Town Administrator, Select Board, School Superintendent, School Committee, Capital Outlay Committee, Advisory Committee, and ultimately Town Meeting.

The Task Force's recommendations are highlighted in green throughout this report and summarized at the very end of the report in Section IX.

B. Process / Methodology

Formally announced on September 14, 2021, the Task Force met weekly and reported monthly to the Select Board. The Task Force, including three Advisory Committee liaisons, met on the following dates:

- September 10, 2021
- September 16, 2021
- September 23, 2021
- September 30, 2021
- October 5, 2021
- October 14, 2021
- October 21, 2021
- October 28, 2021
- November 4, 2021
- November 10, 2021
- November 18, 2021
- November 23, 2021
- December 2, 2021
- December 9, 2021
- December 16, 2021
- December 23, 2021
- December 30, 2021
- January 6, 2022
- January 13, 2022
- January 20, 2022
- January 24, 2022
- January 25, 2022
- January 26, 2022
- January 27, 2022
- January 28, 2022
- January 31, 2022

Reports to the Select Board in public meetings occurred on the following dates:

- October 19, 2021
- November 16, 2021
- December 14, 2021
- February 1, 2022 (report presentation)

The Task Force welcomed questions, comments, and concerns about its work via direct email, virtual office hours on December 8, 2021 and December 16, 2021, an online form, and during public updates at Select Board meetings.

The Task Force engaged in its work in a collegial, candid, and constructive manner. Early in the process, members agreed to conduct the work in a fair and open-minded fashion with no predisposition towards any particular outcome or result. The Task Force strove to represent town-wide interests and work toward what is best for the Town as a whole.

C. Tools

The Task Force owes a debt of gratitude to Hingham resident and volunteer extraordinaire Jonathan Asher for developing and continuously updating a powerful Financial Planning Model that we used to investigate various budget scenarios and to help understand their potential tax impact. The Financial Planning Model allowed us to adjust assumptions about revenue and expenditure growth rates, structure and calculate debt service for large capital projects in different ways, test different uses of Unassigned Fund Balance, and calculate estimated impacts of various debt exclusion and override scenarios for taxpayers at multiple assessed value levels. This tool proved to be a vital asset to the Task Force. It will be available on the Town website under the [Sustainable Budget Task Force webpage](#).

The Task Force consulted a wide variety of materials and resources, including Annual Town Meeting Warrants, municipal and school budget documents, the MA Department of Revenue's [online Municipal Databank](#), recently completed Master Plan and Hingham Housing Plan documents, Hingham's [Inside Town Finances](#) series, data from various Town departments, the U.S. Census Bureau, and others in conducting our work and preparing this report. Data and budgetary assumptions contained herein are current as of January 2022.

III. BUDGET OUTLOOK

A. FY23 Structural Budget Gap: How did we get here?

The FY23 structural budget gap was created in FY22 when several new services and positions were added to the Town budget and funded in large part by one-time monies, including federal COVID-19-related funds. In FY23, the community continues to struggle with many of the same issues we faced in FY22 due to the ongoing global pandemic. Prior to FY22, the Town was already experiencing increasing budget pressure from expenditure growth exceeding revenue growth.

The reports of the Advisory Committee, Select Board, and School Committee in the 2021 Annual Town Meeting Warrant provide critical insight into the current structural budget gap and financial pressures facing the Town.

In its report in the 2021 Annual Town Meeting Warrant, the Advisory Committee outlined the increases between the FY21 and FY22 budgets as follows:

The FY22 budgets differ from the FY21 budgets as listed in the table below. This includes Articles 4, 5, and 6 (excluding the Sewer, Water, and South Shore Country Club budgets, which are funded by user rates/charges).

	<u>FY 2021</u>	<u>FY 2022</u>	<u>% CHANGE</u>
Municipal Departments:	\$27,818,654	\$29,211,057	5.01%
School Department:	\$56,730,985	\$61,792,079	8.92%
Capital Outlay:	\$3,175,686	\$2,500,168	-21.27%
Employee Benefits:	\$14,395,178	\$15,320,416	6.43%
Debt Service:	\$7,932,128	\$5,707,376	-28.05%
Insurance and Incidentals:	<u>\$767,183</u>	<u>\$1,028,087</u>	34.01%
TOTAL	\$110,819,814	\$115,559,183	4.28%

As the Advisory Committee noted:

- *Budget development for FY22 saw concerns related both to the pandemic and to structural deficits in both the municipal and the school budgets.*
- *As of March 25, 2021 the forecast for FY22 showed that the expenditure of \$4,959,009 of one-time money would be necessary to balance the FY22 budget. This one-time money would consist of expected ESSER funds in the amount of \$1.4 million and \$1.2 million of American Rescue Plan funds. The balance would come from excess Unassigned Fund Balance*
- *Including [the Town Administrator's] additional requests, municipal budgets increased from \$27,818,654 in FY21 to \$29,211,057 in FY22, an increase of 5.1%. Without the additional requests the municipal budgets would have increased by 2.18%.*
- *In the face of demonstrated learning deficits, the School Administration proposed a recovery budget which increased education spending by \$5,061,094 from*

- \$56,730,985 in FY21 to \$61,792,079 in FY22, an increase of 8.92%. This was the major factor in the creation of the need to use one-time money to balance the budget.*
- *Even before arrival of the pandemic, balancing the budget was a challenge. As has been true for some time, revenue growth had not been keeping pace with increases in expenses needed to maintain level services and meet demands for new services. Economic fallout from the pandemic further exacerbates this trend.*
 - *As part of [the Town's long-term financial] planning efforts, consideration should be given to potential new revenue sources including whether a future Proposition 2½ operational override may be appropriate. Although an override can provide revenue for additional services, particularly for the Education budget, the allure of such new revenue must be balanced against the permanent impact of the resulting tax increase on the average homeowner and the Town's ability to foster economic diversity, particularly given the disruption caused by the pandemic. The need for balance is especially called for in light of tax increases that likely will be incurred in connection with any debt exclusions for major capital projects that are on the horizon.*
 - *While the Town has sufficient resources to maintain service levels for FY22 due to federal aid and healthy Fund Balance, it may be difficult to avoid reductions in FY23.*
 - *Management of personnel expenses is critical, as employee payroll accounts for such a large percent of the Town's total budget.*
 - *The Five-Year Forecast shows a deficit of \$2,040,999 for FY23 and higher deficits in each succeeding year. The projection of these deficits is based on an assumption of 2% growth in expenses. If historic rates of growth were used the projected deficits would be substantially higher.*
 - *The Advisory Committee believes that the formation of an Override Study Group at this time would be useful in addressing whether an override for the FY23 budget is necessary and if so in what amount.*

The Select Board echoed some of these sentiments in its report and identified specific challenges that need to be addressed, stating:

- *Prior to the pandemic, Town and School departments were seeing an increased demand for services that were difficult to address with available revenue. In response, the Town began developing a long-term financial management plan to identify new sources of revenue, assess service needs, and prioritize capital infrastructure investment – while being mindful of the cumulative impact on taxpayers.*
- *Specific challenges that must be addressed include the following:*
 - *We currently lack the means to fund most of the FY22 budget additions in future years. Assuming a 2% growth rate in Municipal and Education expenses, the Town's Five-Year Forecast shows annual deficits in each of the next five years ranging from \$2.0 - \$3.8 million per year. Future deficits increase significantly if higher budget growth rates are assumed.*
 - *The annual growth of our education budget is not sustainable. Approximately 2/3 of the total Town budget directly supports Education, and that ratio continues to grow each year. From 2011 to 2020, student enrollment grew by*

4%, while the Education budget grew by 53%. Nearly all the budget increases were required just to maintain services, with little to no money available to fund education improvements. The Education level services budget continues to grow faster than our revenues, most of which are subject to the limits of Proposition 2½.

- *It is the opinion of the Board that for an override to truly be a “reset”, future operating budget growth must be in line with revenue growth. Absent this alignment, Hingham will face the difficult choices of either recurring tax overrides simply to maintain services or the reduction and/or elimination of services.*
- *The Board believes that a balance of revenue and expense management actions is the most fiscally responsible way to address our future financial challenges – and is the collective responsibility of municipal and school leadership and volunteers.*

In its report, the School Committee discussed the many ways COVID-19 challenged Hingham Public Schools, noting:

- *At the start of the 2022 Fiscal year on July 1, 2021, the School Department will implement the Recovery budget necessary to assist our students in recovering from the staggering academic and social-emotional losses caused by the pandemic.*
- *Assessment of elementary reading skills (in the Fall of 2020) show that they are significantly lower than their HPS cohorts over the past 10 years. Moreover, analysis of secondary social/emotional data shows an unquestionable need for additional support to ensure that our students recover from the learning loss caused by the pandemic.*
- *While there is unanimous agreement on the need for the School Department’s Recovery budget, the Committee and Department recognize and share the concern about the impact of the FY22 budget on future budget growth. To address those concerns and find potential ways to minimize this impact, the School Department, in collaboration with the community, will develop a five-year strategic plan. This plan will establish processes to maintain and grow educational excellence in Hingham Public Schools while also examining the budget to ensure the best use of resources and areas of potential cost savings.*

B. Financial Guidelines

In undertaking our work, the Task Force felt it was important that any budget recommendations the group puts forward remain within the framework of the Town’s [Financial Policy](#), which was formally updated by the Advisory Committee on December 7, 2021. The Town’s Financial Policy aims “to establish policies designed to manage expenditures and the Town’s financial resources to:

- Ensure the continuous delivery of Town services at a level that is consistent with the reasonable needs and expectations of its citizens;
- Ensure that people of varied economic means remain a part of our community;

- Provide for the acquisition and maintenance of appropriate infrastructure;
- Provide guidance for the use of Town financial resources in emergency circumstances;
- Ensure the Town's commitment to Climate Action Planning is reflected in budget and capital expenditure planning whenever reasonable and possible;
- Maintain stable tax rates; and,
- Preserve the Town's credit rating (currently Aaa from Moody's, AAA from Fitch, and AAA from S&P Global)."

The Advisory Committee intends that the Financial Policy “be used by the Select Board and other executive bodies in preparing budgets, by the Advisory Committee in reviewing and recommending budgets, and by Town Meeting in evaluating and approving budgets.”

Credit Rating

The Town has maintained an Aaa/AAA rating, the highest rating of credit worthiness, from all three major credit rating agencies since 2002. Hingham's Aaa/AAA bond rating ensures the Town has access to capital markets at the lowest possible rates, resulting in lower debt costs paid by taxpayers. That rating was most recently affirmed in July 2020 when the Town issued debt to finance acquisition of the Weir River Water System.

The Town's bond rating has saved millions of dollars over the years, including an estimated \$6 million between 2010 and 2020 when compared to an AA rating. It has also helped preserve the Town's ability to borrow when capital markets and economic conditions are tight. In addition to financial benefits, the underlying practices and policies that support our bond rating help attract new business investment in Hingham and make Hingham an ideal place to live and work. As the Town considers several large capital projects on the horizon, maintaining this credit rating will be a key factor in mitigating the tax impact of those projects on residents.

For more information about the Town's credit rating, see [Inside Town Finances: Volume 11](#).

IV. COMMUNITY DYNAMICS

The Task Force looked at demographic trends to understand historical budget growth, evolving demands for municipal and educational services, new growth trends, and other financial indicators and budget decisions in a broader context.

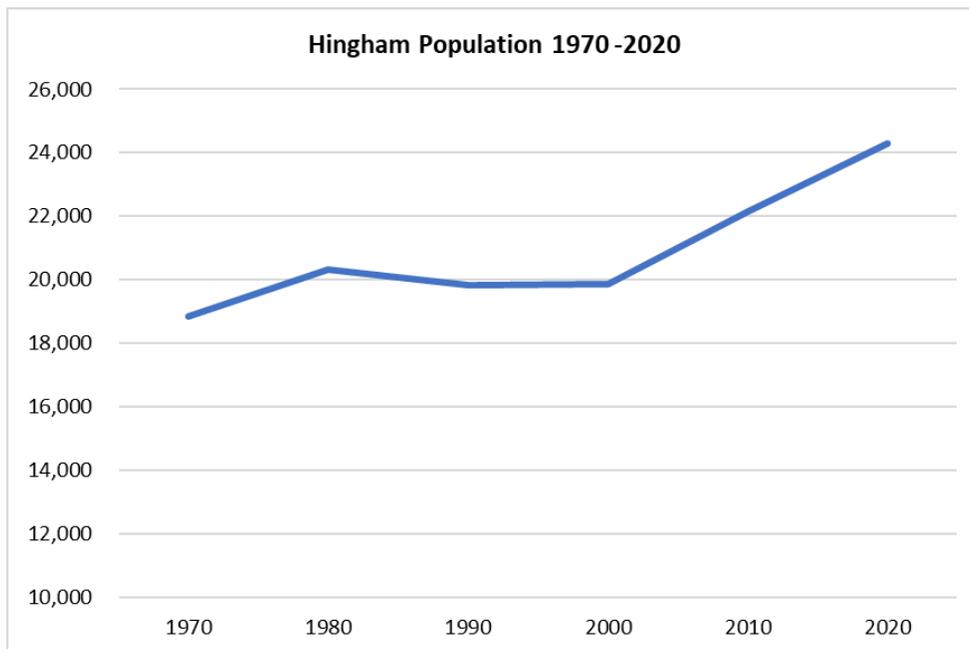
A. Population

Population Growth

After declining a little in the 1980s and remaining flat in the 1990s, the pace of Hingham's population growth quickened in the 21st century. The Town's population grew to 22,157 in 2010, representing an 11% increase in one decade. According to the Town's Master Plan, this growth outpaced all nearby communities.

By 2020, the Town's population increased again to 24,284, adding over 2,100 residents for a growth rate nearing 10%. By comparison, the Commonwealth's statewide population increased 7.4% in the same time period.

The Master Plan cites the University of Massachusetts Donahue Institute's (UMDI) projection of steady population growth for Hingham through 2035, anticipating an increase to 25,264.



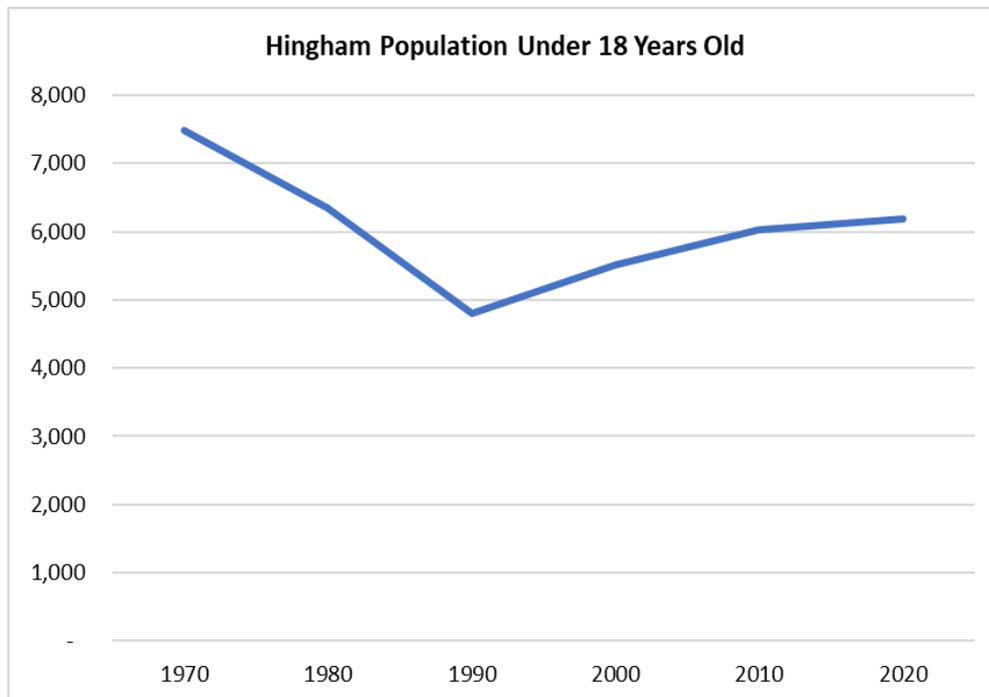
Source: UMass Amherst Donahue Institute

Population Age

Nationwide, the population of older adults is growing faster than other age groups as the Baby Boomers mature. In Hingham, this trend is more pronounced, perhaps in part because of Linden Ponds and other facilities serving older citizens. The Master Plan cites UMDI

projections that Hingham's population over 75 will reach 24% by 2035, in contrast with 12% today.

Hingham's population under age 18 decreased in the 1980s, before rebounding in the 1990s and continuing to grow over the last 20 years, although at a slower pace. From 2000 to 2010, this age group increased to 6,032, over a 9% growth rate. Over the last 10 years, this age group grew again by almost 3% to 6,187. UMDI projections cited in the Master Plan have Hingham's under 18 population dropping slightly as a proportion of the Town by 2035, from today's 26% to 23%.



Source: UMass Amherst Donahue Institute

School Enrollment

From the school year beginning September 2007 to June 2020, Hingham experienced a 12% increase in enrollment in the Hingham Public Schools (HPS). In 2007, the Town began the process of building a new East Elementary School (East) as the three existing elementary schools – Foster Elementary (built 1951), South Elementary (built 1948), and Plymouth River Elementary (built 1969) – were running at well over the designed building capacity. The building of East was followed by constructing a new and larger Hingham Middle School in 2014 to accommodate these additional students.

In 2009, the Great Recession impacted our economy at the same time that East Elementary School opened. The Hingham Public Schools administration and School Committee had prepared a recommended operational budget override to address opening of a fourth elementary school. However, the Select Board, Advisory Committee, and School Committee

presented Town Meeting with an override amount equal to half of the original plan due to the recession's impact on the taxpayer.

Town Meeting and the voters at the 2009 Town election approved an override request of \$1.1 million. With the recession continuing in 2010, the FY11 education budget was reduced by \$1 million despite increased enrollment. The Advisory Committee recommended to Town Meeting to apply \$961,000 of Federal Stimulus funds to close the budget gap. In addition, State education funding was reduced that year at the same time as State education mandates and required special education services were increased, resulting in the Town using a larger percentage of local funds for Hingham students.

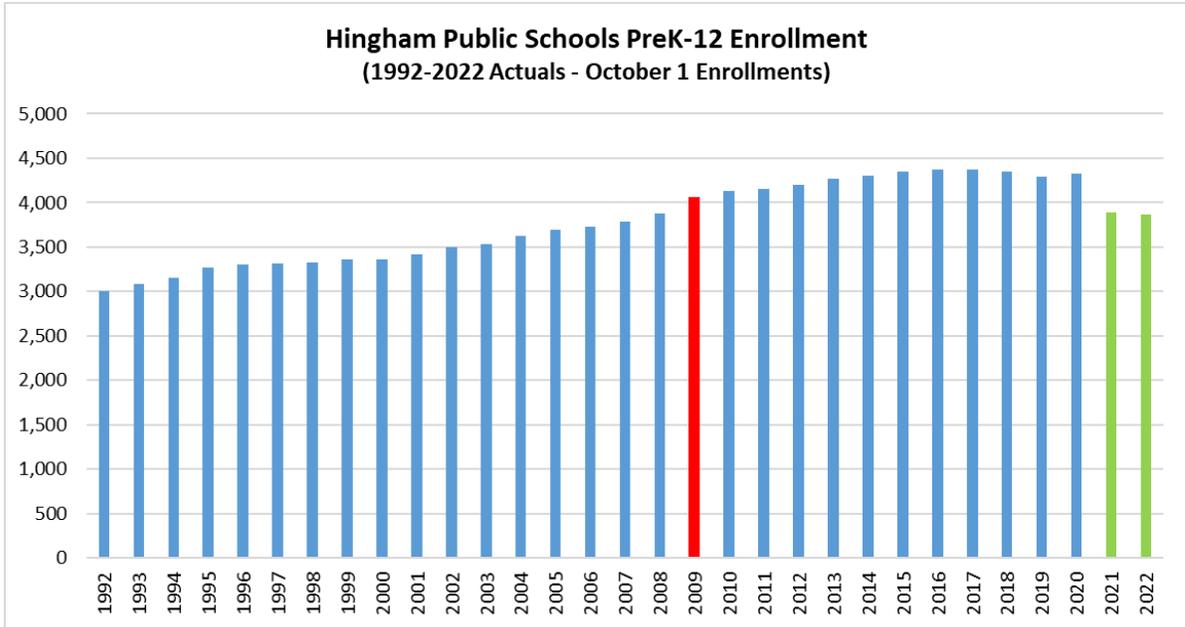
During the past 10 years, Hingham Public Schools and the Town have partially addressed these education budget deficits and enrollment increases by using available funds, rather than asking taxpayers for an additional override. HPS has gradually replenished staff, implemented state mandates, updated curriculum standards, maintained properties and buildings, negotiated employee contracts, and managed enrollments. This gradual replenishment resulted in annual school budgets growing at a rate of 4-8% per year through FY21.

In 2018, the School Committee presented the Select Board and Advisory Committee with a Five-Year Vision document outlining programmatic and student needs to meet the requirements of a 21st century education to begin discussion of further investment required for the schools. These discussions were underway when the COVID-19 pandemic impacted our community and nation, pausing future plans for the Town.

The COVID-19 pandemic greatly disrupted education nationwide and in Hingham. Public school enrollment has dropped across the country with most of the nation's enrollment decline occurring in the early grades. Hingham Public Schools did not evade this trend as we lost approximately 400 students since the 2019-2020 school year.

Historically, HPS has seen a change in student enrollment in grades 7 and 9. Some students leave to attend private schools at that time and other students, who have attended private school for their elementary years, choose to attend HPS for their secondary education. Prior to the pandemic, HPS saw a net reduction of about 6% for students entering grade 7 and 9% for students entering grade 9. Since the start of the pandemic in 2020, HPS saw a decline in every grade, most significant in kindergarten, grade 1, and grade 6. The drop in enrollment for grades 7 and 9 were consistent with historic trends.

The District did see a rebound in enrollment in kindergarten and grade 1 during the 2021-2022 school year, however not to pre-pandemic levels. The drop in enrollment relates to guardians and students opting for private schools, learning pods, and homeschooling; families enrolling students in the district of a family's second home; and families moving away from Hingham.

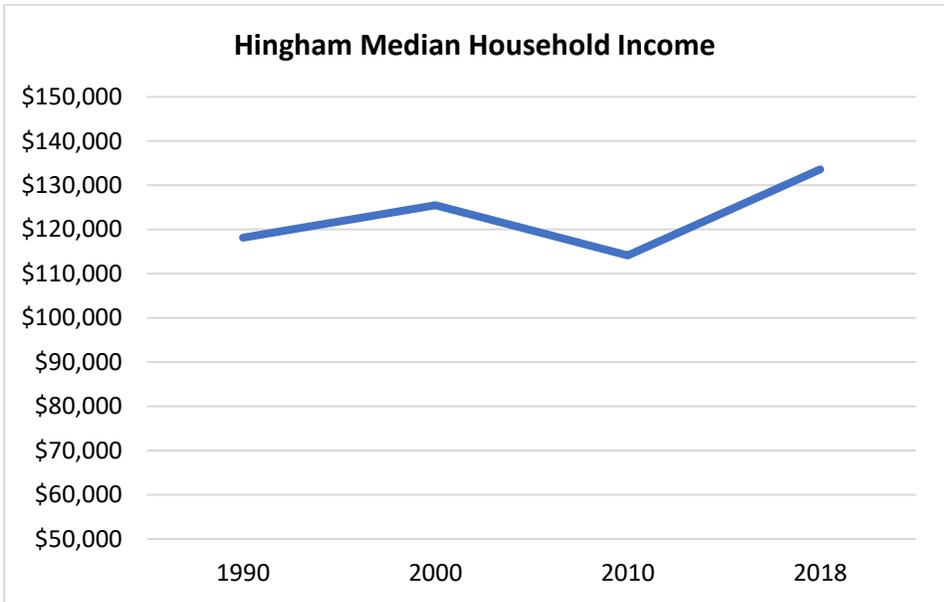


Source: Hingham Public Schools

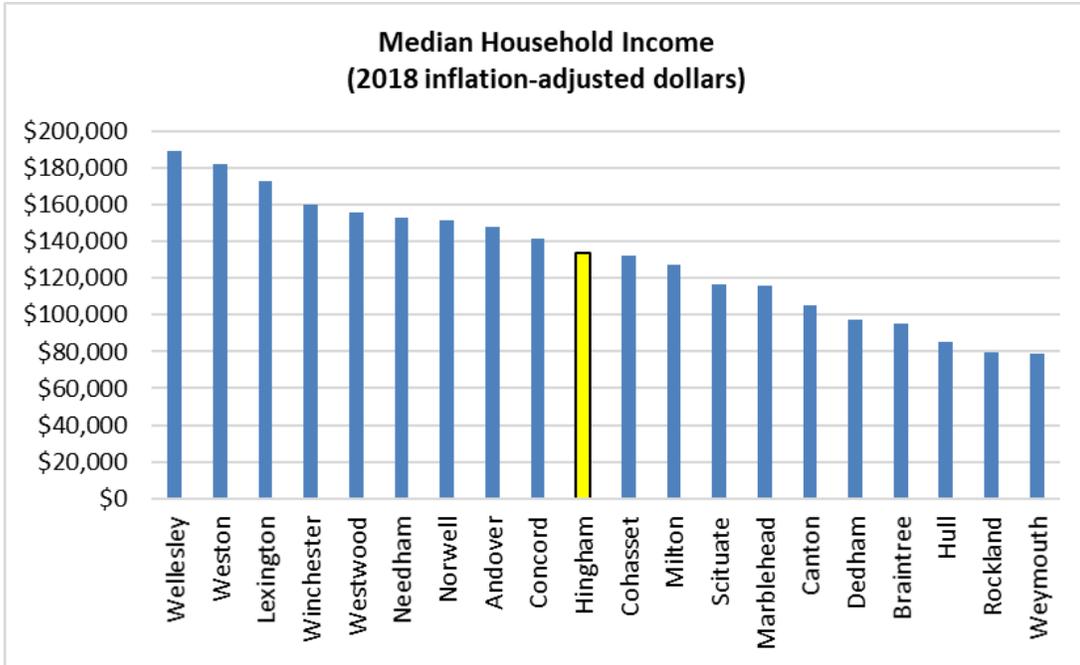
B. Income

Income Growth

After dropping between 2000 and 2010, Hingham’s median household income increased 17% from 2010 to 2018 to \$133,596. According to the Master Plan, the Town ranks 47 out of the 352 cities and towns in Massachusetts. This places Hingham in the middle of its benchmark communities for median household income. Of the nearby communities, only Norwell has a higher median household income.



Source: Hingham Master Plan. Data Sources: 1990 Census of Population and Housing, STF3; Census 2000, STF 3; American Community Survey 2010, 2018; and Barrett Planning Group LLC



Source: U.S. Census Bureau, American Community Survey

Income Distribution

According to American Community Survey 2018 data from the U.S. Census Bureau, one-third of Hingham households have annual incomes of less than \$75,000. About another third (32%) have incomes ranging from \$75,000 to \$200,000, and the final third have incomes over \$200,000.

When comparing Hingham’s income distribution with its benchmark communities, it is generally the case that towns with higher household median incomes have lower percentages of their residents earning less than \$75,000 while larger percentages earn in excess of \$200,000. That said, the third of Hingham’s households earning less than \$75,000 annually is several percentage points higher than benchmark communities with similar median incomes, such as Concord, Cohasset, and Milton. The table on the following page depicts this data.

**Household Income in the last 12 Months
(In 2018 inflation-adjusted dollars)**

Municipality	Total Households	Median Household Income	Less than \$75,000	\$75,000 to \$199,000	\$200,000 or more
Wellesley	8,654	\$188,908	21%	31%	48%
Weston	3,800	\$181,667	28%	25%	47%
Lexington	11,757	\$172,750	22%	35%	43%
Winchester	7,879	\$159,536	26%	33%	41%
Westwood	5,465	\$155,706	24%	38%	39%
Needham	10,765	\$153,032	25%	40%	36%
Norwell	3,674	\$151,306	28%	38%	34%
Andover	12,474	\$148,125	27%	40%	33%
Concord	6,751	\$141,293	26%	40%	34%
Hingham	8,743	\$133,596	33%	32%	34%
Cohasset	3,119	\$132,204	31%	34%	35%
Milton	8,881	\$127,448	30%	39%	32%
Scituate	7,146	\$116,750	33%	41%	27%
Marblehead	8,236	\$115,511	34%	37%	29%
Canton	9,021	\$105,371	35%	44%	21%
Dedham	9,983	\$96,992	39%	43%	18%
Braintree	14,074	\$94,945	38%	47%	15%
Hull	4,860	\$85,573	44%	42%	13%
Rockland	6,897	\$79,807	47%	47%	7%
Weymouth	23,284	\$79,034	48%	43%	9%

Source: U.S. Census Bureau, American Community Survey

C. Property and Housing

Hingham is primarily a single-family residential community. According to the Assessing Department, in FY22 approximately 89% of property was classified as residential, 7% was commercial, slightly over 2% was industrial, and less than 2% was personal property. Approximately 71% of the total taxable property in Hingham is classified as single family residences, and the majority of those homes are owner-occupied.

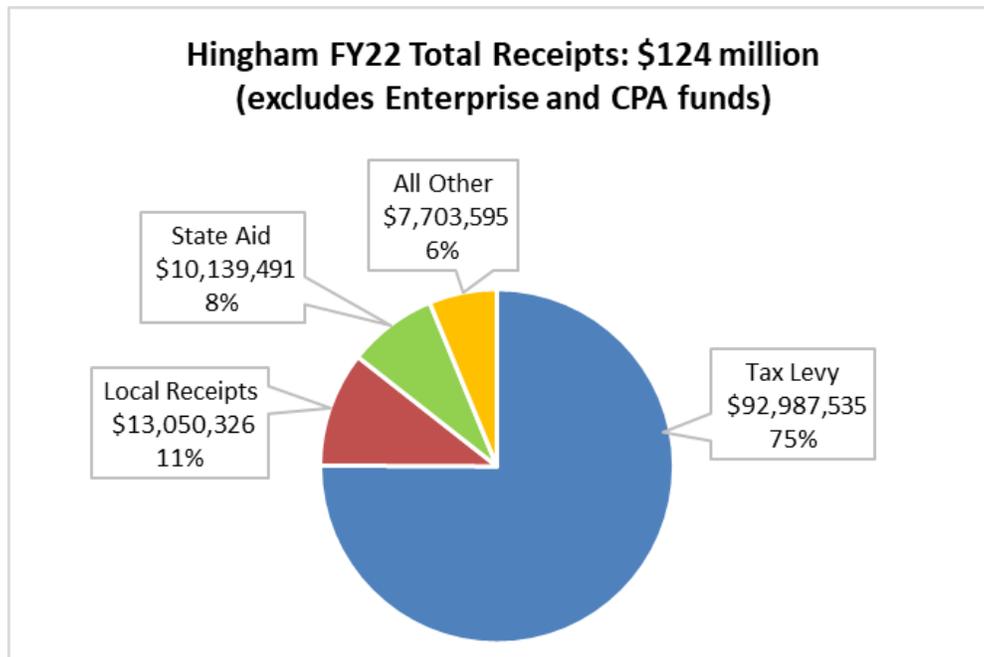
According to 2020 U.S. Census data, Hingham has 9,930 total housing units. Multiple Listing Service (MLS) data indicates that the median sales price for a home in Hingham in 2021 was over \$1.1 million. Pursuant to the most recent Subsidized Housing Inventory, as reported by the MA Department of Housing and Community Development based on 2010 census data, an uncontested 11.4%, or 1,088 housing units, in Hingham are deemed “Affordable” under MGL Chapter 40B. As current state policy allows for inclusion on a community’s SHI of all apartments in a 40B project, the actual number of housing units in Hingham that are income restricted to those making less than 80% of Area Median Income is 613.

The Task Force looked at key demographics from the Hingham Affordable Housing Trust's 2021 Housing Plan to help assess residents' capacity to pay taxes and fees. In 2021, there were 780 households earning at or below 30% of median family income and 17% of residents spending more than 50% of their income on housing. Some residents living in our community experience poverty. Six percent of residents, 1,314 individuals, live below the poverty level, including 212 families with 408 children.

V. REVENUE

The Task Force first examined Hingham's current revenue streams before exploring potential new revenues that might be available to the Town.

The Town's annual operating budget is supported by three main sources of revenue: property taxes (tax levy), State Aid, and Local Receipts, as shown below:



Source: MA Department of Revenue - [Revenue by Source](#)

In FY22, the Town utilized approximately \$5 million in one-time funds, including Unassigned Fund Balance and about \$2.6 million in federal COVID-related funds, to balance the budget and fund the addition of 36 positions across the organization in one fiscal year. When non-recurring revenues like Unassigned Fund Balance and federal aid are used to pay for recurring operating expenses, a budget deficit is created in future fiscal years.

As a result of sound financial management over the last several decades, Hingham was in the fortunate position of minimizing service disruptions, avoiding personnel reductions, and continuing to invest in our Town during a global pandemic. The Select Board, School Committee, and Advisory Committee collectively endorsed the FY22 budget request to respond to the pandemic, and that budget was unanimously approved by the 2021 Annual Town Meeting. It is now the community's responsibility to decide how to best support the desired level of services with available and reliable revenue sources.

A. Property Taxes

Property tax is the primary source of revenue for Massachusetts municipalities. Approximately \$93 million or 75% of the Hingham's general fund revenue came from property taxes in FY22. This calculation excludes self-supporting enterprises such as the Weir River Water System (WRWS), South Shore Country Club (SSCC), and sewer operations as those budgets are supported by user rates (water and sewer bills) and user fees (SSCC memberships and golf fees).

Around 89% of properties in Hingham are classified as residential while the remaining 11% are classified as commercial, industrial, or personal (CIP) property. In FY22, Hingham's tax rate was \$11.56 per \$1,000 of assessed value for all property classes.

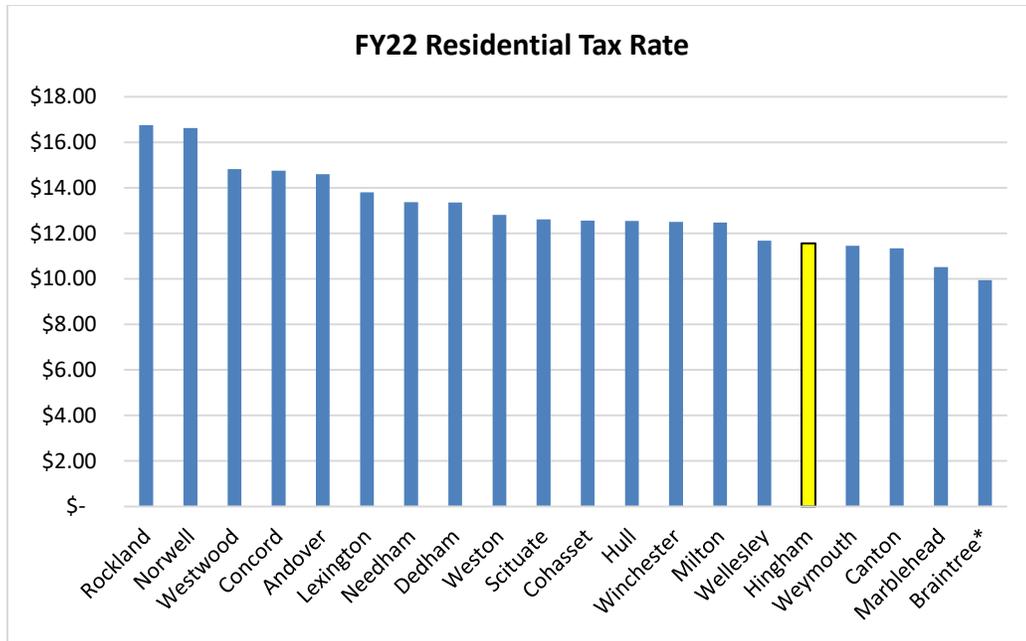
The MA Department of Revenue's (DOR) Division of Local Services (DLS) compiles tax statistics in its online [Municipal Databank](#) for all Massachusetts municipalities. The Task Force looked at how Hingham compares to our 19 benchmark communities in terms of several FY22 tax indicators. The chart below provides an overview of FY22 tax rates and tax levies for different property classes; it is sorted by residential property tax rate.

Municipality	Split or Single Rate?	Res. Tax Rate	Residential Levy	CIP Tax Rate	Commercial Levy	Industrial Levy	Personal Property Levy	Total Levy	Res. Levy as a % of Total Levy
Rockland	Single	\$16.75	\$34,668,753	\$16.75	\$4,992,380	\$2,090,658	\$947,041	\$42,698,832	81.2%
Norwell	Single	\$16.62	\$42,981,591	\$16.62	\$5,419,697	\$519,706	\$1,010,226	\$49,931,219	86.1%
Westwood	Split	\$14.83	\$63,522,282	\$28.99	\$16,129,670	\$3,397,470	\$3,544,541	\$86,593,964	73.4%
Concord	Single	\$14.76	\$92,601,217	\$14.76	\$6,899,325	\$391,665	\$872,566	\$100,764,774	91.9%
Andover	Split	\$14.60	\$116,606,654	\$29.29	\$18,329,150	\$21,293,751	\$9,344,363	\$165,573,918	70.4%
Lexington	Split	\$13.80	\$168,698,916	\$27.18	\$24,035,955	\$17,335,127	\$8,106,735	\$218,176,732	77.3%
Needham	Split	\$13.37	\$131,175,236	\$26.43	\$26,175,403	\$3,202,347	\$10,280,912	\$170,833,899	76.8%
Dedham	Split	\$13.35	\$66,699,191	\$27.93	\$23,422,910	\$1,338,862	\$5,637,411	\$97,098,374	68.7%
Weston	Single	\$12.81	\$83,295,685	\$12.81	\$2,668,764	\$127,612	\$1,216,075	\$87,308,136	95.4%
Scituate	Single	\$12.62	\$69,387,106	\$12.62	\$1,915,718	\$166,420	\$787,443	\$72,256,687	96.0%
Cohasset	Single	\$12.56	\$39,775,128	\$12.56	\$2,434,248	\$20,729	\$444,393	\$42,674,497	93.2%
Hull	Single	\$12.54	\$32,175,823	\$12.54	\$888,884	\$-	\$536,528	\$33,601,235	95.8%
Winchester	Split	\$12.51	\$107,402,985	\$11.89	\$3,161,965	\$438,786	\$1,131,036	\$112,134,773	95.8%
Milton	Split	\$12.47	\$85,556,740	\$19.12	\$2,775,966	\$90,965	\$2,868,997	\$91,292,668	93.7%
Wellesley	Single	\$11.68	\$135,798,606	\$11.68	\$17,722,379	\$76,422	\$1,809,489	\$155,406,897	87.4%
Hingham	Single	\$11.56	\$83,028,662	\$11.56	\$6,418,267	\$2,123,633	\$1,416,973	\$92,987,535	89.3%
Weymouth	Split	\$11.46	\$100,156,598	\$18.36	\$14,255,877	\$6,476,912	\$4,749,954	\$125,639,342	79.7%
Canton	Split	\$11.35	\$53,493,374	\$24.18	\$14,883,446	\$13,575,959	\$5,675,532	\$87,628,310	61.0%
Marblehead	Single	\$10.52	\$72,518,234	\$10.52	\$2,704,049	\$185,078	\$874,873	\$76,282,235	95.1%
Braintree*	Split	\$9.95	\$67,723,888	\$21.63	\$29,184,313	\$5,848,367	\$2,554,972	\$105,311,540	64.3%
Average		\$13.01	\$82,363,333	\$18.37	\$11,220,918	\$3,935,024	\$3,190,503	\$100,709,778	83.6%

Note: Braintree charges separate rates for commercial/industrial property and personal property.

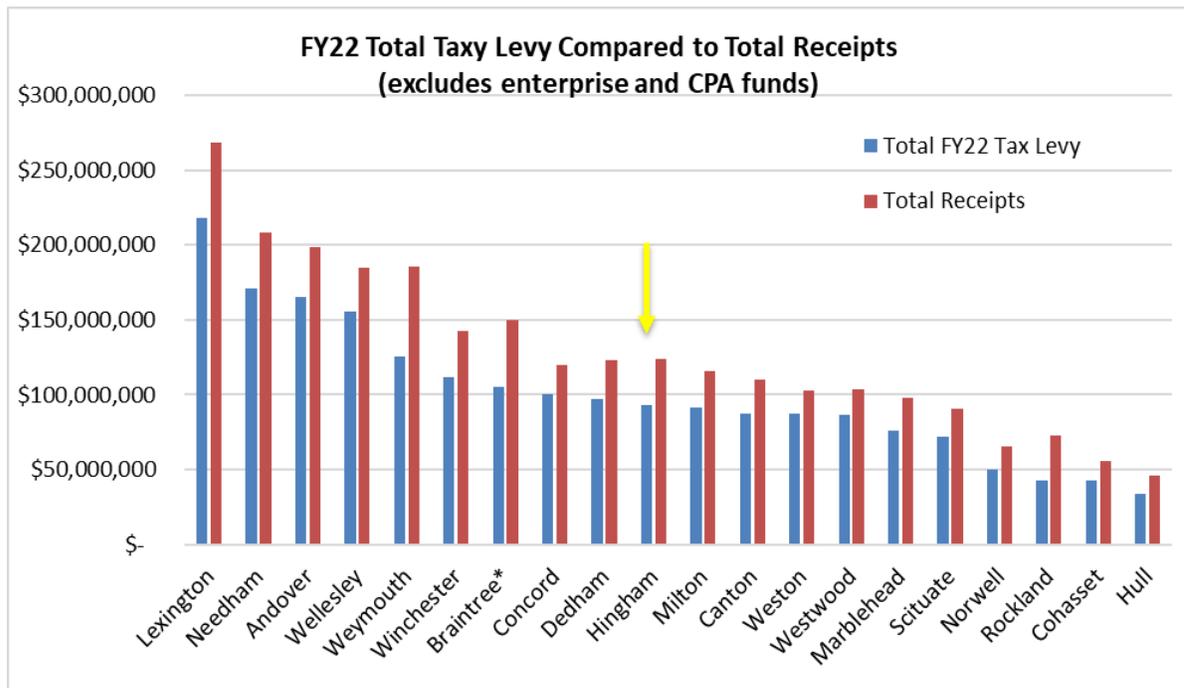
Source: MA Department of Revenue - [Property Tax Data and Statistics](#)

In terms of FY22 residential tax rate, Hingham is on the low end in this peer group at \$11.56 per \$1,000 of assessed value. The average residential tax rate is \$13.01. However, the residential tax rate alone does not provide information about affordability or relative tax burden.



Source: MA Department of Revenue - [Property Tax Data and Statistics](#)

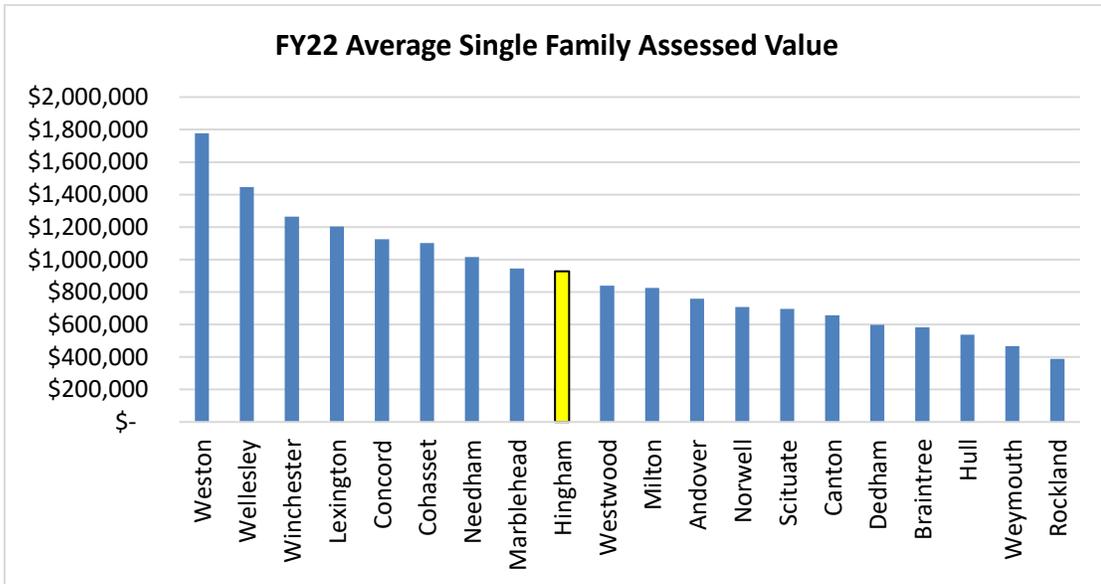
In terms of overall property tax levy, Hingham is in the middle of the pack at approximately \$93 million. The average total tax levy is about \$101 million. The chart below shows FY22 total tax levies as well as FY22 total receipts (excluding enterprise funds and Community Preservation Act/CPA funds), to provide a quick comparison of the towns' general fund revenue and to illustrate how most communities rely heavily on the tax levy to fund operations.



Source: MA Department of Revenue - [Property Tax Data and Statistics](#)

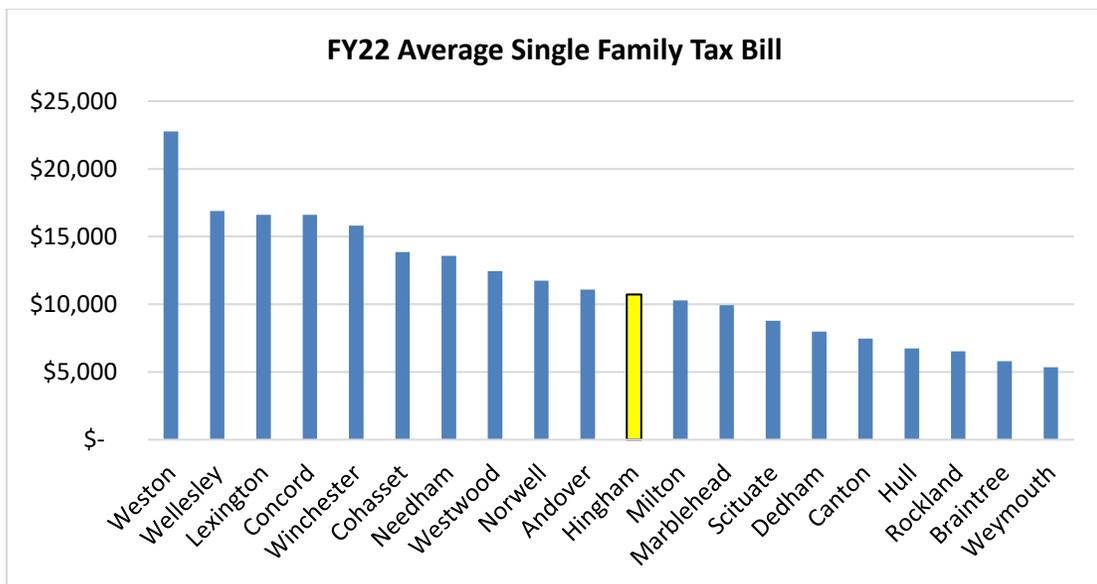
In FY22, the average assessed property value (for all property classes) in Hingham was \$915,120, which would yield an annual property tax bill of approximately \$10,579. The DLS Municipal Databank provides comparisons based on single family residential properties, which make up the majority of property in Hingham.

According to DLS, the average FY22 assessed value for Hingham single family residences was \$927,623, putting Hingham in the middle (#9 spot) of the 20 communities on this metric:



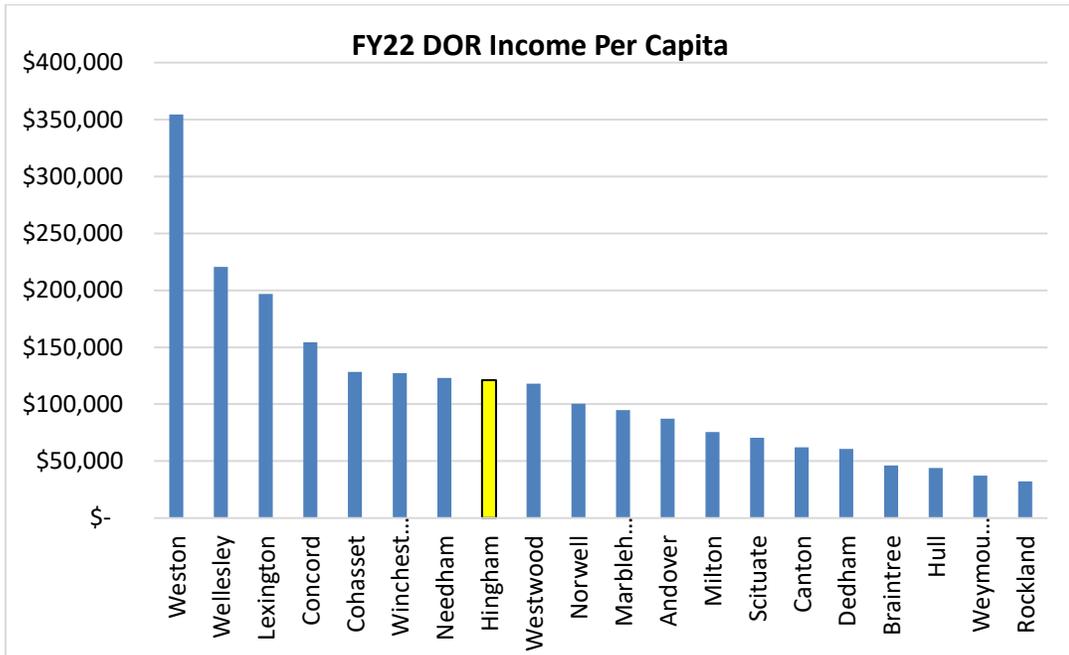
Source: MA Department of Revenue - [Average Single Family Tax Bills](#)

The Task Force also looked at average single family tax bills across the benchmark communities. Again, Hingham remains in the middle at the #11 spot:



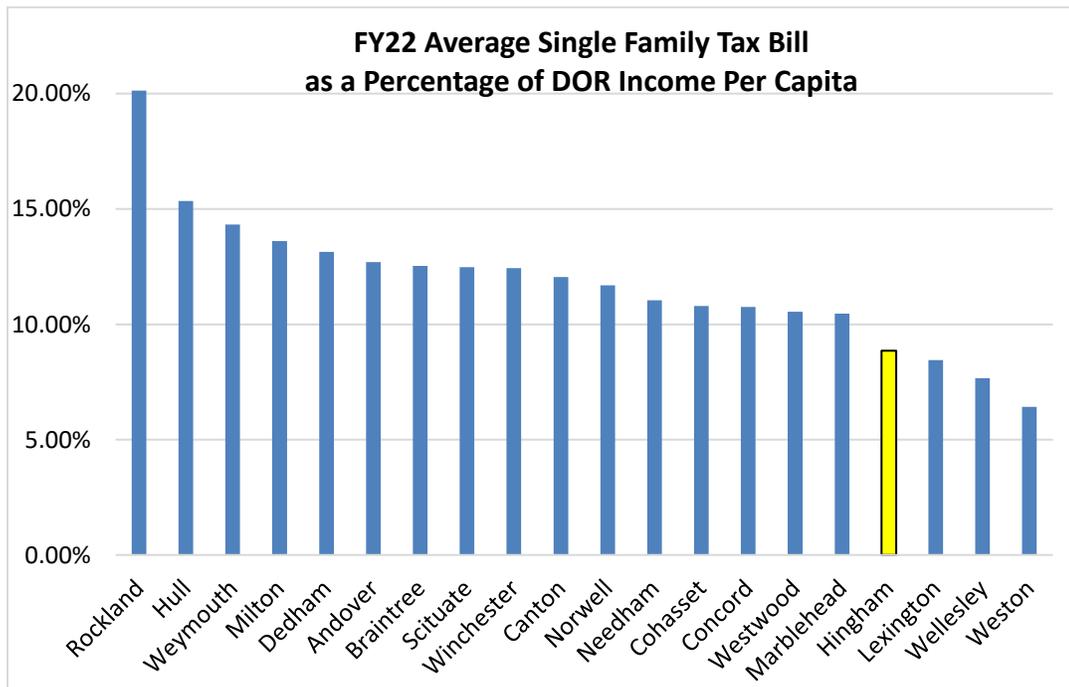
Source: MA Department of Revenue - [Average Single Family Tax Bills](#)

DLS also gathers data on income per capita. By this measure, Hingham is slightly above the median in the #8 spot below:



Source: MA Department of Revenue - [Average Single Family Tax Bills](#)

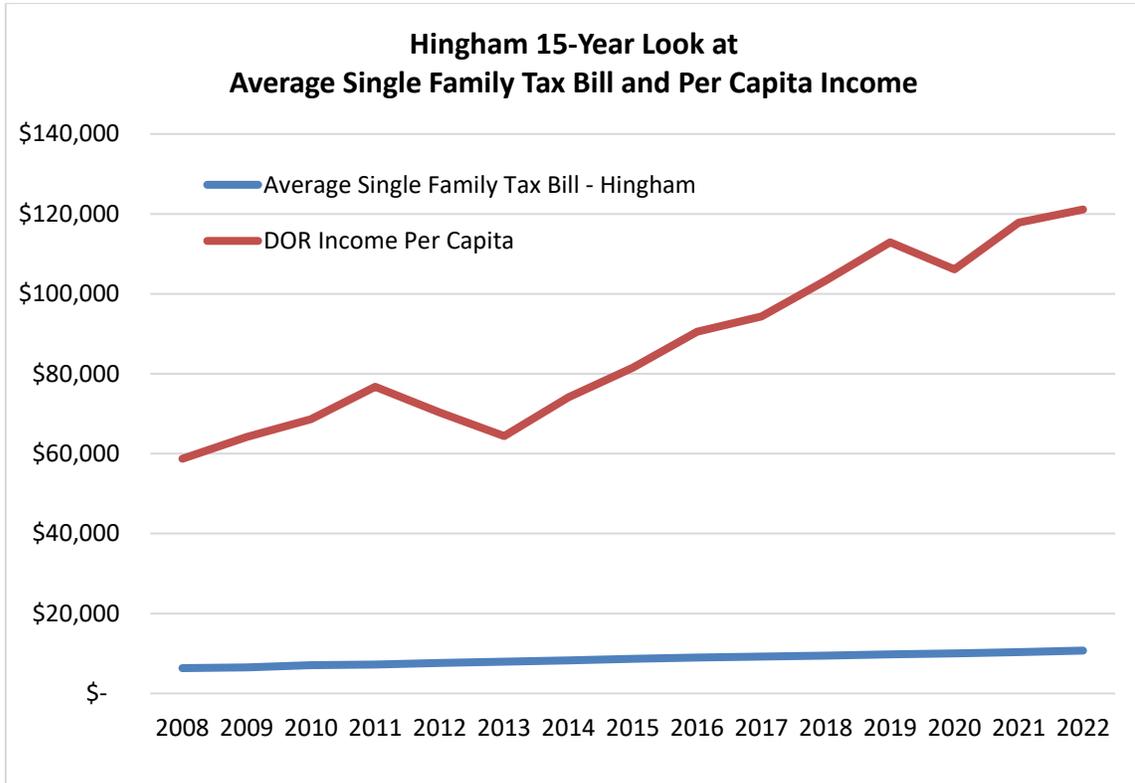
The Task Force then looked at average single family tax bills as a percentage of DOR income per capita across the 20 benchmark communities, and a different picture emerged:



Source: MA Department of Revenue - [Average Single Family Tax Bills](#)

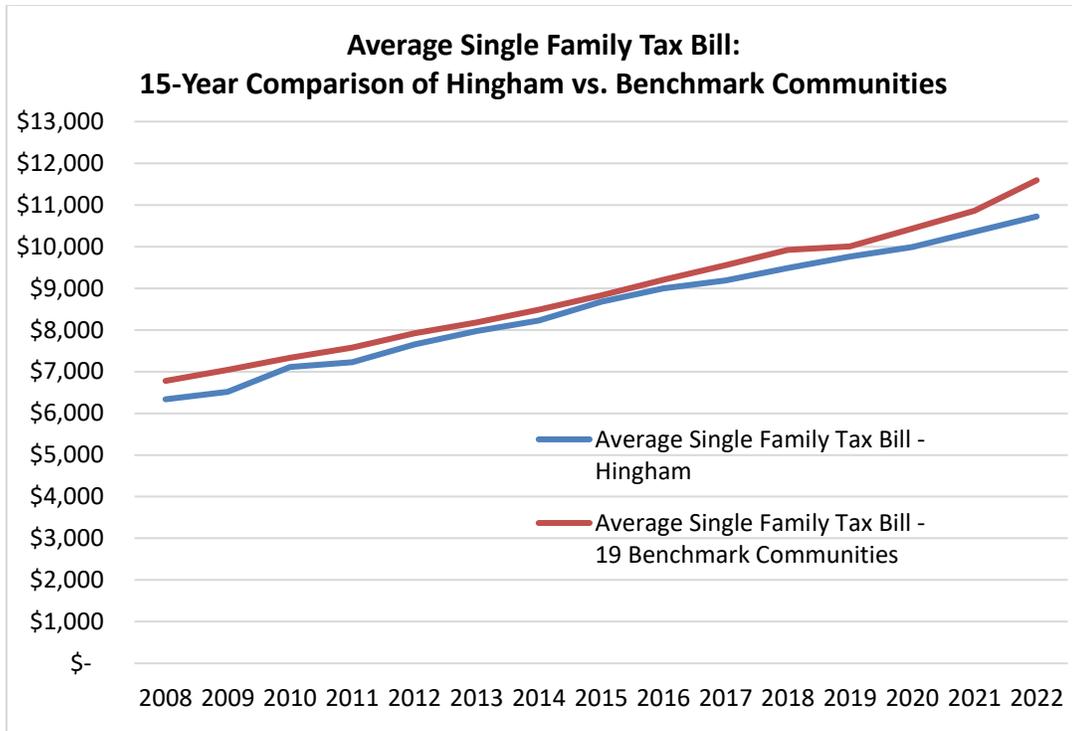
On this measure, Hingham lands on the low end in the #17 spot. While per capita income is an imperfect metric since extremely high earners can pull the average upwards, this indicator does point to some capacity to absorb tax increases *relative* to this group of peer communities.

We also looked back 15 years to see how income per capita and average single family tax bills have trended in Hingham. As shown below, the average single family tax bill in Hingham increased 69% between 2008 and 2022, while income per capita grew by 106% over that same time period:



Source: MA Department of Revenue - [Average Single Family Tax Bills](#)

Throughout that 15-year period, Hingham average single family tax bills trended just below the average of the 19 benchmark communities, but that gap has started to widen slightly in recent years, as the chart on the following page displays.



Source: MA Department of Revenue - [Average Single Family Tax Bills](#)

Some of the indicators shown above point to a potential capacity to absorb tax increases in Hingham *relative to* the 19 benchmark communities. We illustrate the tax impact of different override and debt exclusion scenarios towards the end of this report in Section VIII.

1. Proposition 2½ and New Growth

Proposition 2½ restricts the amount of property tax revenue Hingham can collect in two ways. First, the Town cannot levy more than 2.5% of the total full and fair cash value of all taxable real and personal property in town (levy ceiling). In FY22, Hingham’s levy ceiling was \$201,097,611 and the tax levy itself was \$92,987,535, so there is ample capacity to raise taxes before approaching the levy ceiling.

However, Proposition 2½ also limits the Town to increasing the tax levy no more than 2.5% from year to year (levy limit). Hingham currently levies to the limit. Prior to FY21, the Town had been levying under the limit by \$500,000, essentially providing a \$500,000 tax break spread across all taxpayers. In FY21, the Select Board decided to levy to the limit and use the additional funds raised to support a new senior means-tested tax exemption that was approved by the 2020 Annual Town Meeting to provide targeted tax relief to eligible low-income seniors in town.

Proposition 2½ allows municipalities to increase the tax levy above the 2.5% cap by the value of new construction and newly taxable parcels of land annually. This “new growth” is permanently added to the tax levy, resulting in recurring revenue the Town can count

on in future years. Hingham typically forecasts new growth based on building permit activity and the percentage of construction completed on new developments in town. For more information on the tax levy, please refer to [Inside Town Finances: Volume 1](#).

Hingham 20-Year History of New Growth (2003-2022)

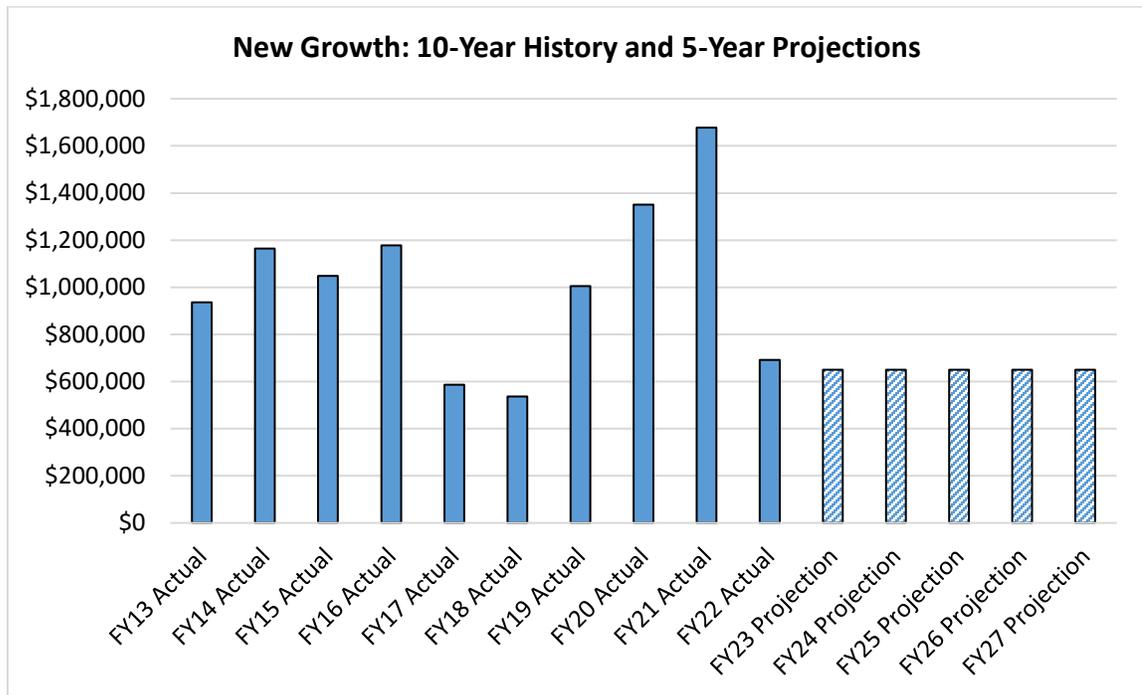
Fiscal Year	Total New Growth Value	Total New Growth Applied to Levy Limit	Residential New Growth as a % of Total New Growth	Prior Year's Levy Limit	Total New Growth Applied to Limit as a % of PY Levy Limit
2003	\$72,332,645	\$847,739	57.0%	\$35,719,817	2.4%
2004	\$76,853,745	\$881,513	61.7%	\$37,460,551	2.4%
2005	\$108,282,790	\$1,156,460	91.3%	\$39,278,578	2.9%
2006	\$253,035,730	\$2,520,236	53.5%	\$42,170,684	6.0%
2007	\$141,754,080	\$1,304,137	81.9%	\$45,745,187	2.9%
2008	\$157,065,217	\$1,413,586	86.4%	\$48,192,954	2.9%
2009	\$117,667,170	\$1,082,539	84.1%	\$50,811,364	2.1%
2010	\$111,050,550	\$1,082,743	81.1%	\$53,164,187	2.0%
2011	\$61,280,260	\$659,989	66.2%	\$56,676,035	1.2%
2012	\$63,107,377	\$699,229	57.9%	\$58,752,925	1.2%
2013	\$78,784,060	\$936,742	73.0%	\$60,920,977	1.5%
2014	\$94,480,890	\$1,164,004	83.7%	\$63,390,078	1.8%
2015	\$83,446,380	\$1,048,087	83.7%	\$66,138,834	1.6%
2016	\$94,053,760	\$1,178,494	84.9%	\$68,840,392	1.7%
2017	\$46,941,410	\$586,299	74.4%	\$71,739,896	0.8%
2018	\$43,798,230	\$536,529	75.6%	\$74,119,692	0.7%
2019	\$85,351,060	\$1,004,583	89.2%	\$76,509,213	1.3%
2020	\$114,358,650	\$1,350,576	89.5%	\$79,426,526	1.7%
2021	\$145,434,230	\$1,676,856	86.9%	\$82,762,765	2.0%
2022	\$58,650,110	\$692,071	81.7%	\$86,508,690	0.8%
10-year average		\$1,017,424			1.4%
5-year average		\$1,052,123			1.3%

Source: MA Department of Revenue - [New Growth Analysis](#)

The table above shows new growth data available from DLS. Over the last 10 years, Hingham has experienced an average of approximately \$1 million in new growth per year, which allowed the Town to raise property taxes by an average of 1.4% over the 2.5% Proposition 2½ levy limit. Those figures remain about the same when looking at the most recent five-year period, as demonstrated above.

However, new growth projections have slowed considerably. Much of the new growth over the last 10 years was driven by residential development in north Hingham in and around the Shipyard, as well as through expansion at Linden Ponds. After consulting with staff in the Assessing, Building, and Community Planning Departments, the Task Force is forecasting new growth at a flat \$650,000 for FY23-FY27. There are no new major projects on the horizon that staff anticipate will bolster new growth the way the Town has seen in recent years. The \$650,000 estimate represents the typical smaller-scale

residential and commercial property improvements such as home and business renovations and additions that the Town experiences in any given year.



Source: MA Department of Revenue - [New Growth Analysis](#) (actuals);
Town of Hingham Assessing Department (projections)

Larger new growth gains in the past help explain how the Town was able to absorb budget increases that were greater than 2.5% without pursuing more frequent overrides. New growth is dependent on development opportunities in town and, due to various factors including infrastructure and zoning constraints in Hingham, such opportunities have become much more limited. In particular, larger Chapter 40B residential project applications, which fueled a significant portion of the Town's new growth over recent years, have slowed since the Town has reached the uncontested milestone of having more than 10% of its housing units counted on the state's Subsidized Housing Inventory. The remaining undeveloped or underdeveloped industrial and office park zoning districts and business zoned corridors of Hingham hold the most development or redevelopment new growth potential for the Town.

If the majority of municipal revenue comes from property taxes and communities cannot raise taxes by more than 2.5% annually (without the help of new growth, which is slowing in Hingham), but expenditures tend to grow at a rate higher than 2.5%, it is no surprise that communities across the state are facing budget pressures from costs outpacing revenue. Hingham is no exception.

In addition to new growth, there are two other ways the Town can increase property taxes, both of which require voter approval: 1) overrides, which result in permanent tax increases to support operations and recurring expenses, and 2) debt exclusions, which are temporary tax increases to support specific capital projects.

2. Overrides

An override would increase the Town’s tax levy limit and become part of the base for calculating future years' tax levy limits. The result is a permanent increase in property taxes. An override requires a majority vote at Town Meeting and a majority election ballot vote. Per Massachusetts law, a majority vote of the Select Board is required to place an override on an election ballot.

Since 1990, Hingham voters have considered eight overrides on seven occasions as shown in the table below:

Hingham Override History (1990-2020)

Fiscal Year	Vote Date	Win / Loss	Department	Description	Amount
1990	4/1/1989	LOSS	GENERAL OPERATING	School and Municipal Services	\$950,000
1990	4/1/1989	LOSS	GENERAL OPERATING	School and Municipal Services	\$1,900,000
1991	4/1/1990	WIN	GENERAL OPERATING	General Operating Budget	\$875,000
1992	4/27/1991	LOSS	GENERAL OPERATING	General Operating Expenses	\$1,000,000
1992	9/1/1991	LOSS	GENERAL OPERATING	Fund General Operating Budget	\$1,000,000
1994	5/1/1993	WIN	SCHOOL	Purpose of Funding School Oper Expenses	\$485,508
2005	4/26/2004	WIN	SCHOOL	Funding School Operations	\$753,682
2010	5/2/2009	WIN	SCHOOL	Purpose of Operation of the New Elementary School (East)	\$1,100,000

Source: MA Department of Revenue - [Override and Underride Votes](#)

The Town has not brought forward a general operating override proposal to Hingham voters since 1991. The last three overrides considered by voters – in 1993, 2004, and 2009 – all targeted school spending and all three passed. It has been 13 years since Hingham voters have considered any type of override.

Compared to our 19 benchmark communities, Hingham has brought forward relatively fewer overrides since 2000, as shown on the following page.

Benchmark Comparison: Total Override Votes (2000-2022)

Municipality	Win	Loss	Total Overrides	Success Rate
Concord	19	2	21	90%
Lexington	10	3	13	77%
Rockland	6	7	13	46%
Marblehead	6	5	11	55%
Wellesley	7	4	11	64%
Needham	6	4	10	60%
Cohasset	4	2	6	67%
Westwood	3	3	6	50%
Milton	5	0	5	100%
Norwell	2	3	5	40%
Winchester	3	2	5	60%
Weston	4	0	4	100%
Scituate	3	0	3	100%
Hingham	2	0	2	100%
Andover	0	1	1	0%
Braintree	0	1	1	0%
Canton	1	0	1	100%
Hull	0	1	1	0%
Weymouth	0	1	1	0%
Dedham	0	0	0	
Average	4	2	6	58%

Source: MA Department of Revenue - [Override and Underride Votes](#)

The average size of overrides approved by voters in these communities in the 10 most recent years available (2010-2022) was \$2.3 million; the average size of overrides that failed was also \$2.3 million. The largest override among our benchmark communities during this period was a \$10 million override passed by Winchester in 2020.

Overrides are an integral tool associated with Proposition 2½ as they provide a sustainable source of revenue to support Town operations. Overrides are an important component of Proposition 2½ expense growth limits as well, requiring that permanent increases in taxes are approved directly by taxpayers. Careful consideration must be given to the impact that any override would have on Hingham taxpayers.

In light of declining projections for new growth, the Task Force discussed the fact that Hingham may face overrides more frequently in the future. Without new growth or other revenue streams coming to the Town, a critical gap of about 1% remains between revenues (2.5% property tax limit) and expenditures (3.5% target growth rate) that will be difficult to close without a change in service levels or a change in the tax base. The Town will need to gauge community expectations with regard to service levels and which revenue tools, including overrides, we might use to facilitate the desired outcome.

The Task Force heard from community members who expressed concern about long-time residents, particularly seniors on fixed incomes, not being able to absorb a large tax increase and remain in their homes in Hingham. We received communications from residents and parents who are eager to see an infusion of resources to Hingham Public Schools and are willing to pay higher taxes to accomplish that goal. Other community members urged us to consider an override as a last resort after scrutinizing current services for cost-saving measures and exploring other non-tax revenue options.

If the Town determines that an override is the appropriate tool to support the desired budget in a given fiscal year, the Town will need to effectively communicate the need and provide citizens with enough time and information to make an informed choice. Ideally, public engagement and education about a proposed override would begin well in advance of Annual Town Meeting. Hingham has not considered an override since 2009, so the community has not had this conversation in more than a decade.

When Hingham has voted in favor of previous overrides, that action followed concerted community campaigns to inform voters about the choices and consequences at stake. Successful campaigns began early and used the full range of communication media to reach citizens before Town Meeting and the following ballot vote. Public engagement efforts going forward would likely involve various public meetings and forums; development and dissemination of materials through the Town website, social media, local media outlets, mail, and other channels; and tools such as an online tax-impact calculator that citizens can use to estimate how a proposed override might affect them personally.

We explore the tax impact of certain hypothetical override scenarios in Section VIII of this report.

3. *Debt Exclusions*

A debt exclusion is a temporary tax increase that affects all property owners – “excluded” from the limits of Proposition 2½ – that is used to pay debt service costs (principal plus interest) on money borrowed to finance a specific capital project. Unlike an override, a debt exclusion does not become part of the base for calculating future years' tax levy limits. Although debt exclusions are temporary tax increases, they may not feel temporary to many residents since building projects and other large infrastructure projects are usually paid back over a period of 20-30 years.

A debt exclusion requires a two-thirds vote at Town Meeting and a majority election ballot vote. Per Massachusetts law, a two-thirds vote of the Select Board is required to place an exclusion question on an election ballot.

Since 1990, Hingham voters have considered 10 debt exclusions on seven different occasions as shown in the table below:

Hingham Debt Exclusion Votes (1990-present)

Vote Date	Description	Department / Function	Amount	Win / Loss	Yes Votes	No Votes
5/1/1986	Athletic Fields @ Hingham High School: Track, tennis courts, parking lot, fences, etc.	Culture and Recreation	\$615,000	WIN	3,687	1,551
5/1/1986	Golf and to establish the CCMC	Culture and Recreation	\$50,000	WIN	2,996	2,348
5/1/1982	Sewers	Public Works and Facilities	\$4,020,302	WIN	2,103	1,761
4/30/1994	Refurbish Central Junior High School into Town Hall	General Government	\$5,680,000	WIN	2,568	782
4/29/1995	South Junior High Renovations	School	\$5,320,000	WIN	2,652	1,094
4/28/1997	Addit. and Renovation to High and Elem. School	School	\$39,000,000	WIN	619	35
3/8/2008	Construct, Design and Equip and Furnish a New Elementary School	School	\$25,160,000	WIN	2,266	1,225
3/8/2008	Design, Repair and Improve Equip and Furnish the Plymouth River Elem. School and Foster Element School and Purchase and Furnish Modular Classroom for Middle School	School	\$7M for Windows, \$700K for Modulares	WIN	2,418	1,073
10/29/2011	Replacement of High School Track, Repair School Tennis Court, Design of Phase II of High School Fields Improvement Project	School	Up to \$935,000	WIN	3,770	1,661
10/29/2011	Furnishing and Equipping a New Middle School on Main Street	School	\$60,910,920	WIN	3,078	2,353

*Source: MA Department of Revenue - [Proposition 2½ Debt Exclusion Votes](#);
Hingham Town Clerk*

All of these debt exclusions passed. The majority of debt exclusions, particularly since 2000, have funded school capital projects. In FY22, taxpayers are still paying a total of \$3.6 million in debt service costs for the last four debt exclusions listed above.

Compared to our 19 benchmark communities, Hingham has brought forward relatively fewer debt exclusions since 2000, as shown in the next table. Please note that the DLS data tables do not include the amount of the debt exclusions.

Benchmark Comparison: Total Debt Exclusion Votes (2000-2022)

Municipality	Win	Loss	Total Debt Exclusions	Success Rate
Weston	72	0	72	100%
Marblehead	39	1	40	98%
Concord	30	8	38	79%
Needham	19	0	19	100%
Wellesley	17	0	17	100%
Rockland	12	3	15	80%
Westwood	14	0	14	100%
Canton	10	2	12	83%
Dedham	12	0	12	100%
Lexington	11	0	11	100%
Winchester	8	1	9	89%
Braintree	4	4	8	50%
Cohasset	7	1	8	88%
Hingham	8	0	8	100%
Scituate	8	0	8	100%
Andover	5	1	6	83%
Norwell	6	0	6	100%
Milton	5	0	5	100%
Hull	2	1	3	67%
Weymouth	1	0	1	100%
Average	15	1	16	91%

Source: MA Department of Revenue - [Proposition 2½ Debt Exclusion Votes](#)

The Town is currently contemplating several large capital projects, including Foster Elementary School, a new Public Safety Facility at 335 Lincoln Street, a new Town pool at South Shore Country Club, Hingham Harbor wharf resiliency improvements, and renovation of the Senior Center at Town Hall, among others. The 2020 Athletic Field and Outdoor Court Study completed by Weston and Sampson also proposes capital improvements for many of the Town’s outdoor athletic facilities.

Some residents have provided feedback calling for more preventative maintenance on municipal and school buildings and proactive planning for large-scale capital investments to avoid clustering of large necessary projects in the future. **The Task Force recommends that the Town explore ways to accomplish both.**

In Section VIII, the Task Force examines the tax impact of large capital projects for which Town Meeting has already authorized resources.

4. Property Tax Relief

The Town offers a variety of programs to mitigate the impact of property tax increases and has aggressively pursued programs that offer tax relief to our most vulnerable citizens. The [Assessing Department website](#) provides information on exemptions and programs

available to reduce property tax obligations for certain qualifying taxpayers, which include but are not limited to the following:

- Elderly persons
- Blind persons
- Disabled veterans and Gold Star parents
- Surviving spouse or orphaned minor child
- Extreme hardship
- Community Preservation Act exemption
- Senior Means-Tested Property Tax Exemption
- Property Tax Work-off Program and Veterans' Property Tax Work-off Program
- Tax Deferral Program

In FY22, the Town implemented a new Senior Means-Tested Property Tax Exemption that was approved by the 2019 Annual Town Meeting. As the 2019 Warrant stated, this exemption was “for a specifically identified group of Hingham seniors—those long-time residents who meet certain income and asset criteria... to help alleviate an escalating tax burden that could force those on fixed incomes to sell their homes.” In FY22, the maximum exemption under this program was \$1,150.

The Town's Property Tax Work-off Program is well utilized each year. This program is organized through the Senior Center and allows older residents to reduce property taxes by up to \$1,500 per year by volunteering for the Town in various capacities. The Veterans' Services Department directs a similar program authorized by the [Valor Act](#) where eligible Hingham veterans can also reduce property taxes by up to \$1,500 per year through volunteer service with the Town.

Under the Tax Deferral Program, eligible homeowners over age 65 can defer payment of up to 100% of annual property taxes to the Town. Deferred taxes accumulate with simple interest at 1% as a lien on the property until the property is sold or transferred.

5. *Split Tax Rate Scenario*

The Task Force researched a potential split tax rate scenario to see if there would be any benefit to having different tax rates for residential and commercial/industrial/personal properties in Hingham. The analysis is completed on an annual basis by the Assessing Department, Board of Assessors, and Select Board before the tax rate is finalized each fall. The following considerations should be noted during this type of analysis:

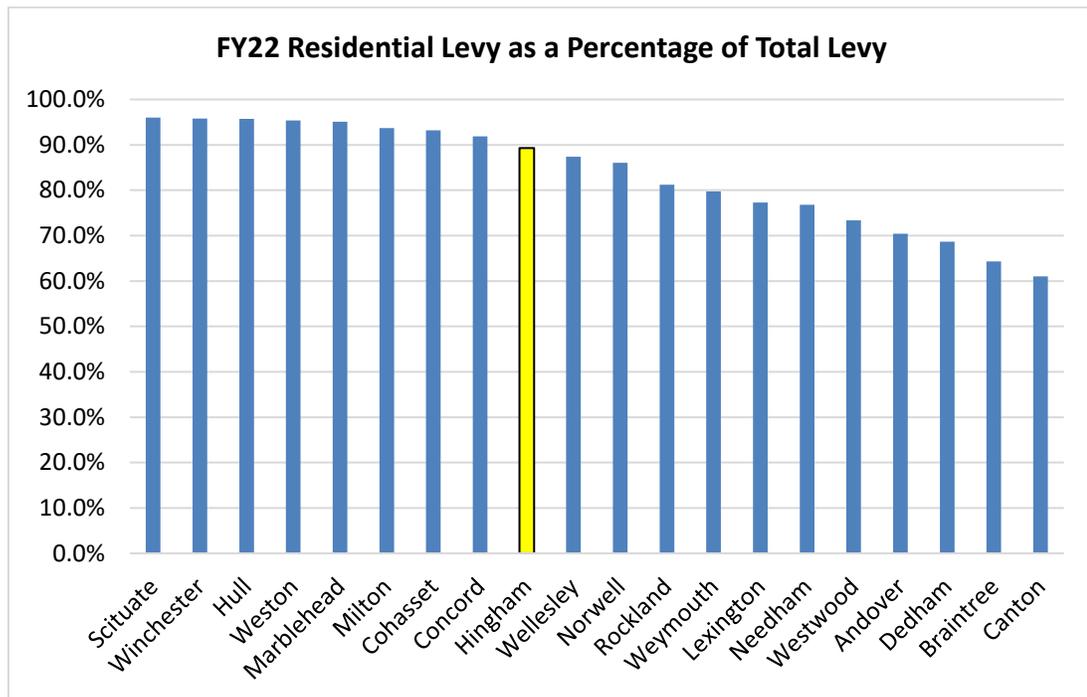
- A split tax rate does not increase revenue for the Town.
- A split tax rate would shift some of the tax burden from all residential taxpayers onto all commercial, industrial, and personal property accounts.

The Assessing Department presented the following benchmark information at the FY22 Tax Classification Hearing with the Select Board on December 7, 2021:

- In FY21, 108 of 351 MA communities had a split tax rate.
- 96% of those communities have had split the tax rate for more than 10 years.
- The average residential percentage of the tax levy for the split-rate communities is 79.0%.
- The average residential percentage of the tax levy for single-rate towns is 88.6%.
- Of the 27 cities/towns in Plymouth County, five have a split rate.
- The average residential percentage of the tax levy of these five communities is 80.8%.

As noted earlier in this report, 10 of Hingham’s 19 benchmark towns have split tax rates for FY22: Andover, Braintree, Canton, Dedham, Lexington, Milton, Needham, Westwood, Weymouth, and Winchester.

In looking at the 19 benchmark communities, Hingham is in the middle when it comes to the percentage of the total tax levy borne by residential taxpayers (as opposed to commercial/industrial/personal property taxpayers).



Source: MA Department of Revenue - [Property Tax Data and Statistics](#)

Similar to past years, the Select Board approved maintaining a single tax rate for FY22 at its meeting on December 7, 2021. The Task Force concurs with the Board’s determination and does not recommend instituting a split tax rate in Hingham for the following reasons:

- The split rate does not grow the tax levy amount – it redistributes the allocation of taxes across property classes. In other words, the pie does not get larger – how the pie gets sliced is what changes.
- Hingham does not yet have a large enough commercial tax base to benefit from a split tax rate.
- The commercial rate would have to increase significantly to make a difference in residential rates since commercial property only accounts for 11% of overall property in Hingham. As the Director of Assessing presented at the FY22 Tax Classification Hearing, imposing a split tax rate with the highest shift of the levy onto commercial, industrial, and personal property (CIP) accounts would result in a 50% tax increase for CIP taxpayers and only a 6% decrease for residential taxpayers.
- An effective way to grow revenue is through new growth, so it is in Hingham's interest to remain attractive to businesses.
- The downtown merchants that are the cornerstone of Hingham Square would struggle to absorb a large tax increase under a split rate scenario.

B. State Aid, Local Receipts, and Other Non-Tax Revenue

1. State Aid

In FY22, State Aid accounted for about 8% of Town revenues. It is money that comes from the Commonwealth – amounts are determined through the state budget process. The majority of State Aid comes in the form of Chapter 70 School Aid.

The chart below displays the last 10 years of State Aid Hingham has received (excluding any grant funds from the Massachusetts School Building Authority that offset debt service for specific school projects):

Hingham 10-Year History: State Aid (Actuals)

FY12 Actual	FY13 Actual	FY14 Actual	FY15 Actual	FY16 Actual	FY17 Actual	FY18 Actual	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Forecast
\$7,117,771	\$7,862,219	\$8,077,792	\$8,223,293	\$8,392,766	\$8,697,870	\$9,069,209	\$9,488,101	\$9,679,560	\$9,885,191	\$10,139,491
	10.5%	2.7%	1.8%	2.1%	3.6%	4.3%	4.6%	2.0%	2.1%	2.6%

Source: Town of Hingham Accounting Department

The Town does not have much control over how much State Aid it receives from year to year. The 10-year average for State Aid is 3.6%, the five-year average is 3.1%, and the three-year average is 2.2%. Governor Baker's FY23 State Budget Proposal announced on January 26, 2022 includes a 1.6% increase in State Aid for Hingham, or \$10,304,961 for FY23.

2. Local Receipts

Each town determines the extent to which programs and services will be supported by fees and charges, which they may collect within the provisions of state statutes. Local Receipts revenue is collected by the Town for various services and is sensitive to overall economic conditions.

In FY22, Local Receipts account for approximately 11% of municipal revenue and include the following categories:

- Motor Vehicle Excise Tax
- Other (Boat) Excise Tax
- Meals Tax
- Penalties and Interest
- Charges for Services
- Licenses, Fees and Permits
- Ambulance Fees
- Special Assessments
- Fines and Forfeits
- Investment Income
- Payments in Lieu of Taxes (PILOTs)
- Departmental Revenue

Hingham 5-Year History: Local Receipts (Actuals)

Local Receipts	2017	2018	2019	2020	2021
Motor Vehicle Excise	\$ 4,404,868	\$ 4,784,565	\$ 4,757,501	\$ 4,659,499	\$ 4,770,538
Other Excise	\$ 35,331	\$ 34,745	\$ 34,288	\$ 33,327	\$ -
Meals Tax	\$ 805,272	\$ 815,598	\$ 843,864	\$ 462,039	\$ 617,896
Penalties and Interest	\$ 331,201	\$ 319,948	\$ 469,252	\$ 265,089	\$ 428,063
Charges for Services	\$ 442,907	\$ 383,077	\$ 391,171	\$ 414,977	\$ 422,150
Licenses, Fees & Permits	\$ 1,634,481	\$ 3,026,429	\$ 1,171,935	\$ 1,319,538	\$ 1,282,345
Ambulance Fees	\$ 1,415,287	\$ 1,411,913	\$ 1,489,087	\$ 1,526,588	\$ 1,492,277
Special Assessments	\$ 275,051	\$ 229,567	\$ 157,184	\$ 157,897	\$ 97,293
Fines and Forfeits	\$ 85,130	\$ 64,137	\$ 60,363	\$ 51,043	\$ 26,629
Investment Income	\$ 294,748	\$ 693,630	\$ 1,121,787	\$ 835,443	\$ 122,364
Payments In Lieu of Taxes	\$ 613,443	\$ 622,522	\$ 638,085	\$ 659,142	\$ 693,715
Departmental	\$ 202,524	\$ 252,060	\$ 182,577	\$ 153,565	\$ 1,663,476
TOTAL	\$ 10,540,243	\$ 12,638,191	\$ 11,317,094	\$ 10,538,147	\$ 11,616,746

Note: FY21 Other (Boat) Excise revenue was transferred to the Waterways Fund by vote of the 2021 Annual Town Meeting.

Source: Town of Hingham Accounting Department

Certain Local Receipts are discussed in more detail below.

Motor Vehicle Excise Tax

Motor Vehicle Excise Tax represents nearly half of Hingham's Local Receipts. Vehicles that are garaged in Hingham are assessed an annual motor vehicle excise tax (rate is set

by the Commonwealth) that is based on the value of a vehicle. The higher the value of a vehicle, the higher the excise tax. Amounts collected in a given year are increased by new vehicle sales. The Treasurer/Collector issues and processes excise tax bills and payments.

Ambulance Revenue

Hingham operates its own ambulance service, which receives the majority of its revenue from Medicare, Medicaid, and private health insurance reimbursements. Ambulance revenue offsets a significant portion of the total Fire and Emergency Management budget. In FY22, ambulance receipts are projected to be approximately \$1.4 million.

The Hingham Fire Department currently operates four ambulances – two serve as primary ambulances and two serve as reserve or backup ambulances. After four years on primary duty, an ambulance transitions to reserve duty for another four years before being replaced, preferably when it has reached its useful life of eight years. The Town tries to stagger the replacement of ambulances every two years, but the cost of ambulances (upwards of \$350,000 currently) makes it difficult for the Town’s annual Capital Outlay allotment (FY23 estimate of \$2.7 million total for all departments) to absorb the increase without deferring other critical items.

Right now, any excess ambulance revenue the Town collects falls to Unassigned Fund Balance at the end of the fiscal year. The Task Force recommends that the Town reserve excess ambulance receipts – the amount of ambulance revenue collected above the forecasted amount – in a separate fund to be used to offset the capital purchase of an ambulance every two years.

Reserving excess ambulance revenue as opposed to *total* ambulance revenue prevents the Town from creating a revenue hole in Local Receipts. The 10-year history of ambulance revenue is as follows:

10-Year History: Ambulance Receipts

Fiscal Year	Forecast Amount	Actual Revenue	Surplus / (Deficit)
2012	\$1,050,000	\$983,283	(\$66,717)
2013	\$1,050,000	\$961,865	(\$88,135)
2014	\$975,000	\$929,150	(\$45,850)
2015	\$975,000	\$797,174	(\$177,826)
2016	\$975,000	\$1,375,728	\$400,728
2017	\$975,000	\$1,415,287	\$440,287
2018	\$1,100,000	\$1,411,913	\$311,913
2019	\$1,325,000	\$1,489,087	\$164,087
2020	\$1,375,000	\$1,526,588	\$151,588
2021	\$1,414,000	\$1,492,277	\$78,277

Source: Town of Hingham Accounting Department

Had the Town reserved excess ambulance revenue for the past two fiscal years, we would have already had about \$230,000 to offset the next ambulance purchase, which is planned for FY24.

License and Permit Revenue

The largest revenue source in this category is Building Permits. Building permit revenue is an indicator of new growth. Building permit revenue offsets many of the costs associated with Town land use and permitting departments. Other sources of revenue in this category include shellfish permits (administered by the Harbormaster); birth, death, marriage, and business certificates; and dog licenses (all administered by the Town Clerk). The Task Force recommends that the Town analyze license and permit fees set at the Town level to ensure they remain aligned with fees charged by our benchmark communities. Permit fees for building, electrical, plumbing, and gas are set by the state.

Meals Tax Revenue

In 2009, the MA legislature approved a local option allowing municipalities to levy up to a 0.75% tax on the sale of restaurant meals on top of the 6.25% tax the state already collects. Hingham's 2010 Annual Town Meeting authorized this tax at the maximum allowed limit. The Town used meals tax funds in the past to reduce the taxpayer cost of the design and construction of the Middle School and to offset debt service payments for that project.

Meals tax suffered in FY20 and FY21 as a result of the COVID-19 pandemic and the many restrictions and capacity limitations imposed on food establishments. The Town anticipates that meals tax revenue will return to pre-pandemic levels in the coming fiscal year and is currently forecasting FY23 meals tax revenue at \$800,000.

The Task Force supports the Town's continued engagement with local legislators regarding potentially increasing the amount municipalities are allowed to tax on the sale of restaurant meals. The Town may also want to consider partnering with the Hingham Downtown Association and other entities, as part of larger ongoing downtown planning initiatives, to launch "dine local" campaigns to market Hingham as a culinary destination and boost local meals tax receipts. The Select Board has been very supportive of local restaurants during the pandemic and has encouraged restaurateurs to explore the necessary permitting to allow for continued expanded outdoor dining service.

Payment in Lieu of Taxes (PILOT)

Some Hingham establishments make a payment in lieu of property taxes, also known as a PILOT agreement. PILOT agreements help communities recoup lost revenue that results from state property tax exemptions. The Town has two main PILOTS: one with HMLP (FY22 estimate: \$500,000) and one with Blue Cross Blue Shield in south Hingham (FY22 estimate: \$680,612). In addition, since the Town acquired the water system, the Weir River Water System as an Enterprise Fund has paid and will continue to pay the Town the equivalent of the real estate taxes for the property of the water system.

The Task Force recommends that the Town revisit current PILOT agreements to determine whether escalation clauses based on inflation need to be applied or whether the basis for calculation should evolve.

Investment Income

Hingham invests its cash on hand in low-risk securities and other accounts as permitted by state law. Hingham does not engage in speculative investments of Town funds. Investment income dropped precipitously from over \$1.1 million in FY19 to just over \$122,000 in FY21 as a result of the COVID-19 pandemic and its impacts on interest rates nationwide.

All Other Local Receipts

This includes penalties and interest, boat excise tax, charges for services, special assessments, fines and forfeits, and departmental revenue.

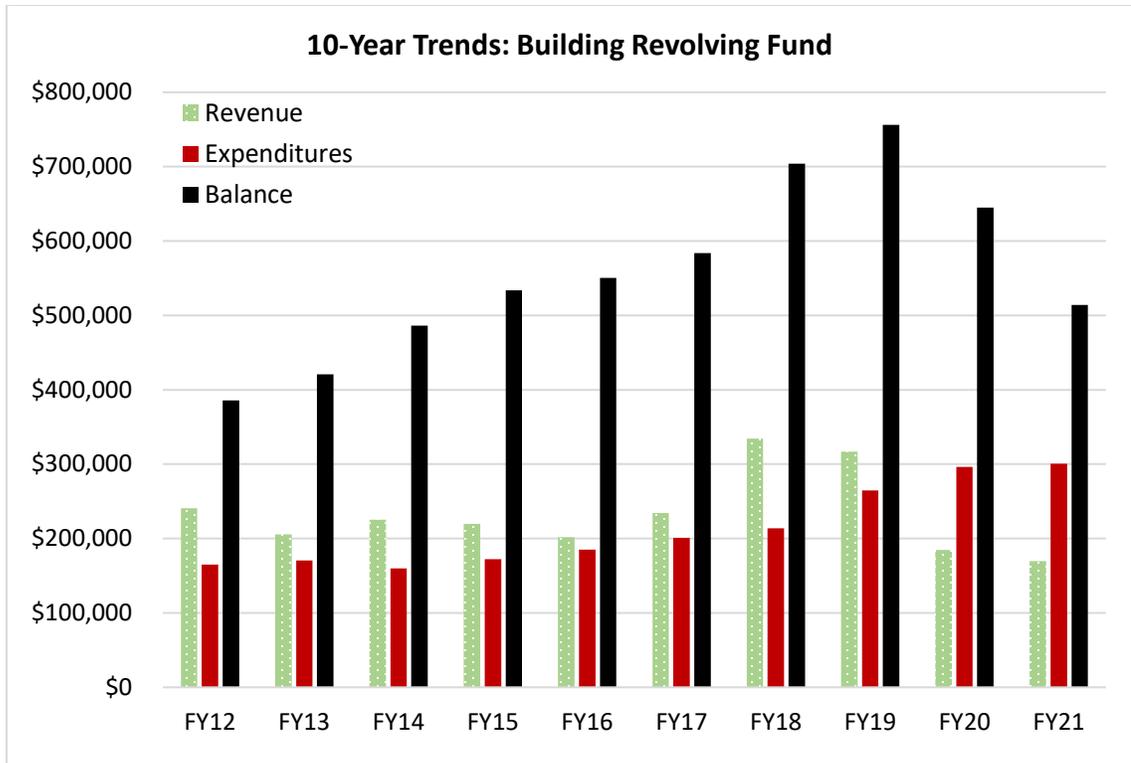
The Task Force recommends that further analysis and benchmarking be undertaken to determine whether the Town's fee structure is in line with our communities and whether the Town should adjust any fees accordingly.

3. *Revolving Funds*

According to DLS, a revolving fund separately accounts for specific revenues and earmarks them for expenditure by a board or officer without appropriation for particular purposes to support the activity, program, or service that generated the revenues. Typically, revolving funds are authorized by state law for programs or services with expenses that (1) fluctuate with demand and (2) can be matched with the fees, charges or other revenues collected during the year.

Building Department Revolving Fund

This fund is credited with all fees from plumbing, gas, and electrical inspections by Building Department Inspectors. The fund is used to pay 100% of the wages, salaries, and fringe benefits for the Plumbing, Gas, and Electrical Inspectors and 50% of the wages, salaries, and fringe benefits of other Building Department staff. Funds are also used to purchase vehicles and uniforms for inspectors. The FY21 revolving fund balance was \$514,156.



Source: Town of Hingham Accounting Department (MUNIS)

Elder Services Revolving Fund

Fees and charges received from Senior Center programs are deposited into this fund and used to pay for expenses associated with providing these activities and services for the Town’s senior residents. The FY21 revolving fund balance was \$7,852.

Health Department Perc Test Revolving Fund

This fund is credited with fees paid to the Health Department in conjunction with soil evaluations for septic systems. After the Health Department hires a consulting engineer to do a perc test and septic plan review, remaining funds may be returned to applicants. The FY21 balance was \$184,011.

Health Department Tobacco Enforcement/Education Revolving Fund

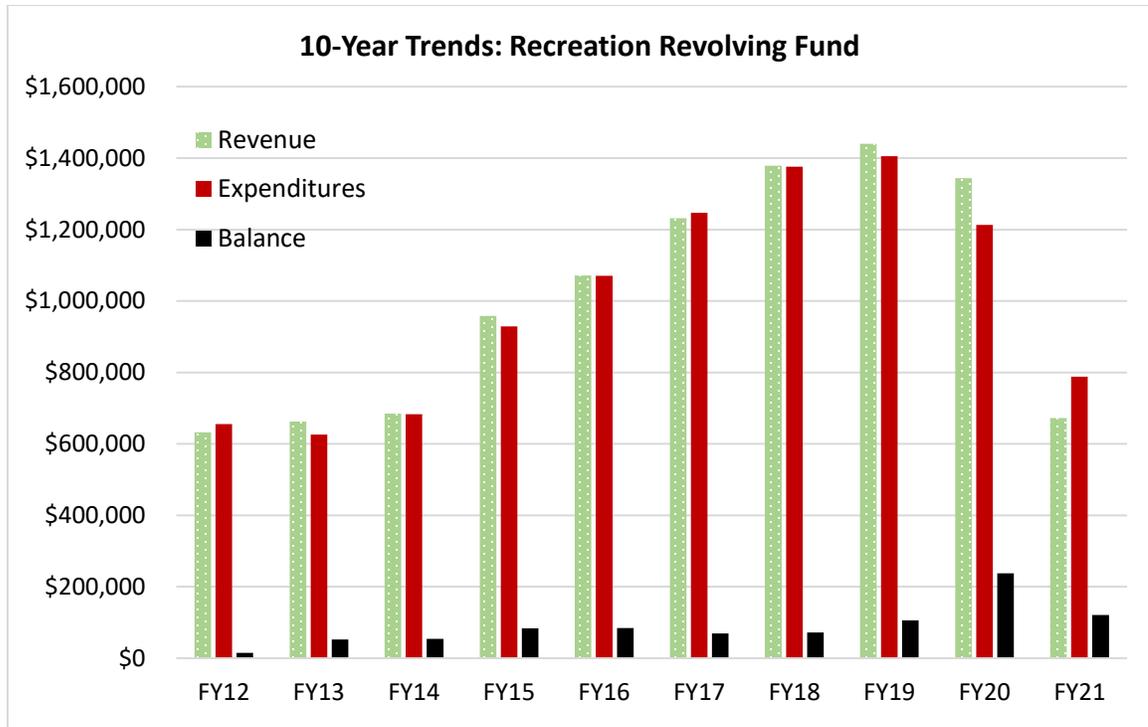
This account is credited with fines resulting from compliance checks of tobacco sellers to ensure they are not selling to minors. Funds are used by the Health Department for educational programs such as anti-vaping campaigns at local schools. The FY21 revolving fund balance was \$6,901.

Recreation Revolving Fund

The Recreation Department collects fees from various recreation programs, summer camps, and other activities and uses those fees to pay salaries of the permanent and seasonal staff members who provide those programs and activities to the community. User fees from youth sports groups, private leagues, and other groups and individuals

using the Town’s athletic fields also flow through this account and help offset the costs of the new town-wide field maintenance program.

Between FY16-20, annual Recreation Revolving Fund revenues and expenditures both exceeded \$1 million. The early stages of the pandemic curtailed some Recreation Department programs and activities (which have since resumed). As a result, FY21 revenues were \$672,258 and expenditures were \$788,348. The FY21 revolving fund balance was \$121,376.



Source: Town of Hingham Accounting Department (MUNIS)

School Revolving Funds

Hingham Public Schools has established certain school enterprise and revolving fund accounts to hold fees, tuitions, and other revenues that are then used to offset the expense of the related programs. The School Committee approves establishment of each revolving fund and sets policy on allowable uses, restrictions, and recommended fund balances.

As part of the budget process each year, the School Committee receives a summary of the revolving funds with at least two years of receipts and current balances for each fund. The Committee may hear any requests from the Superintendent and/or Director of Business and Support Services related to the addition, deletion, modification, or use of Revolving Funds.

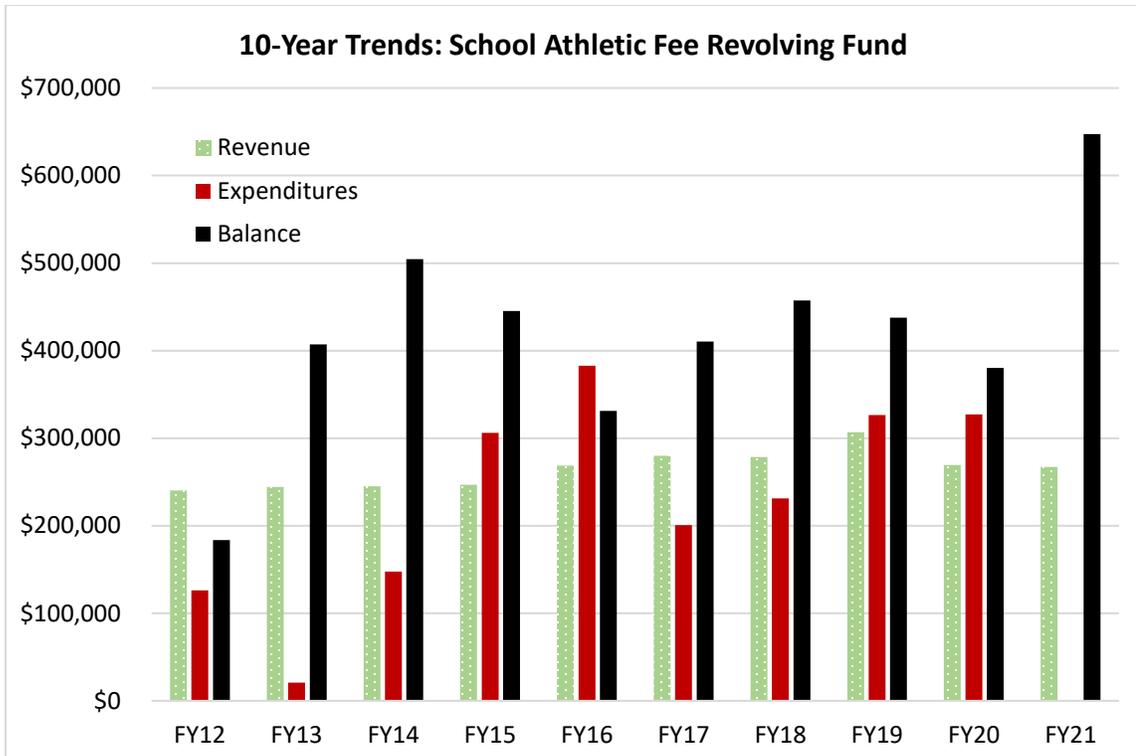
Revolving Account	Sources of Funds	Use of Funds	School Committee Recommended Balance
School Lunch (2600)	Food Services is a self-supporting entity within the district. Fees are for meals provided. HPS takes part in the National School Lunch Program. Support provided to schools participating in the program comes in the form of a cash reimbursement for each meal served.	Funds to be used to compensate employees. In addition, funds can be used for maintenance of equipment, purchase of new equipment, or to pay for contracted services, and materials to operate the food service program. An allocation for rent and other utilities is included in the expenses.	Regulations require 3 months of expenses in reserve: approximately \$400,000. FY21 balance: \$245,676
Community Ed (2605)	This program was terminated in 2015. The community lost interest in the programming.		FY21 balance: \$393
Kids in Action (2610)	Kids In Action is a year-long program. It is a self-supporting entity within the district. Tuition is an annual fee that is paid over 10 months. Rates vary based on the number of days a student attends the program on a weekly basis.	Funds to be used to compensate employees, pay for contracted services, health insurance, equipment and materials to operate the Kids in Action program. An allocation for rent, utilities, transportation and maintenance is included in the expenses.	Maintain at least 3 months of tuition. FY21 balance: \$364,638
Full Day Kindergarten (2613)	Tuition for families wishing to send their student to full-day kindergarten; half day kindergarten is provided for no fee. Continually collecting tuition throughout the year; in March HPS would start collections for the following fiscal year.	Funds to be used to compensate employees, pay for contracted services, equipment and materials to operate the extended kindergarten classes. An allocation for utilities is included in the expenses.	Maintain at least 3 months of tuition. FY21 balance: \$299,151

Revolving Account	Sources of Funds	Use of Funds	School Committee Recommended Balance
Athletic Fees (2615)	The Athletic Department is funded from multiple sources: the operating budget for the District, fees charged to students for participation, donations from various team/parent supporting groups, and gate receipts.	A combination of all of these funds is used to pay for coaches, officials, contracted services, police, transportation, equipment, supplies, dues and use of specialized facilities (ice rink, pool, gym).	Maintain at a level of no less than 30% total projected expenses. FY21 balance: \$647,477
Field Use Fees (2620)	<p>The School Department allows the public to use the school fields for sporting events. The School Department charges a rental fee to the public groups and schedules events so that there is no disruption to school activities.</p> <p>This account is no longer growing as new collections have been redirected to the Turf Management program under the Rec Department in FY22.</p>	Funds to be used to compensate employees to be on duty for a rental event, custodial costs or to pay for maintenance needs for the proper upkeep of the facilities. Periodically, funds are used to purchase needed equipment for the fields. The district will also use funds to defray some of the cost of the turf replacement when needed..	Allocation of expense relating to field use. Maintain balance for large expenditures. FY21 balance: \$244,739
Building Rental Fees and Payroll Details (2621, 2625)	The School Department allows the public to use the school building facilities for events that include meetings, sporting events, and various ceremonies. The School Department charges a rental fee to the public groups and schedules events so that there is no disruption to school activities.	Funds to be used to compensate employees to be on duty for a rental event, custodial costs or to contribute towards building energy costs such as heat or electric, maintenance needs for the proper upkeep of the facilities. Periodically, funds are used to defray the cost of emergency additional building needs, capital equipment or maintenance.	Allocation of expense relating to building use. Maintain balance for large expenditures. FY21 balance: \$317,953 (building rental) and \$72,010 (payroll details)

Revolving Account	Sources of Funds	Use of Funds	School Committee Recommended Balance
Lost Book (2630)	The Lost Book Revolving Fund is used to collect fees from students who lose school property. Or damage school technology.	Funds to be used to purchase replacement materials and also to repair damaged equipment.	FY21 balance: \$30,653
Drivers Ed (2635)	Fees are for the drivers education classroom and on-road instruction.	Funds to be used for instructor fees and licenses, vehicle lease, fees and inspections, oil changes, gas, tolls, and instructional materials to operate the program.	FY21 balance: \$3,533
Pre-School Tuitions (2640)	The Integrated Pre-K program is a district-wide program held at East Elementary School. Tuition for families wishing to send their student to Pre-K. Continually collecting tuition throughout the year; in March HPS would start collections for the following fiscal year.	Funds can be used to compensate employees that work in the program, and to pay for contracted services, equipment and materials to operate the extended kindergarten classes.	Maintain at least 3 months of tuition. FY21 balance: \$707,013
Middle School Co-Curricular Activity (2655)	Account is used for the student activity fees that cover all clubs in which a student may participate at the Middle School.	Funds can be used to pay for club advisors, equipment or materials to operate the clubs or after-school activities.	To be used as fees are collected. FY21 balance: \$43,649

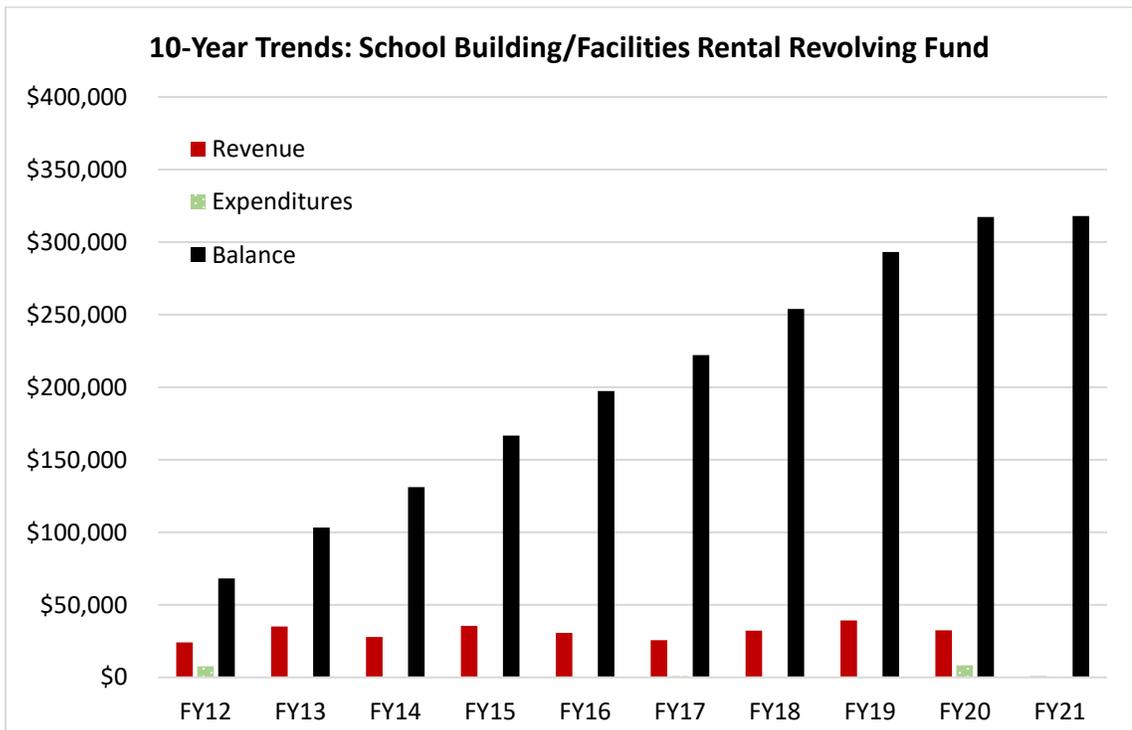
Some of the above revolving funds were not used at their typical levels in FY21 due to the COVID-19 pandemic and the availability of federal funds.

The 10-year trends for the School Athletic Fees Revolving Fund and the School Building/Facilities Rental Revolving Fund are depicted in the following graphs.



Source: Town of Hingham Accounting Department (MUNIS)

In FY21, the School Athletic Fee Revolving Fund was not used so funds could be saved and applied to future turf replacement projects.



Source: Town of Hingham Accounting Department (MUNIS)

In FY21, the School Department did not receive any rental revenue due to COVID-19 restrictions on use of facilities.

Recommendation:

The Task Force recommends further analysis of the revolving accounts – primarily the Building Department Revolving Fund, School Athletic Fees Revolving Fund, and School Building/Facilities Rental Revolving Fund – where there may be room to further utilize revolving funds to support the Town’s annual operating budget.

4. Grants

In FY21, the Town received a total of \$7,663,161 in grants, of which \$4,318,073 was for Hingham Public Schools. While many Town departments are adept at pursuing and securing the same grants each year, there are other federal, state, regional, and private grant opportunities that the Town should pursue to augment its revenue.

Recognizing this need, the Town Administrator included \$40,000 for a part-time Grant Writer in the municipal budget request for FY23. Identifying and pursuing grant opportunities will be particularly important in light of the passage of the federal Infrastructure Investment and Jobs Act described below.

The Task Force understands that new state rules adopted in 2021 tie eligibility for certain state grant programs to a requirement to adopt as of right zoning to allow for multifamily development. These rules affect Hingham and other communities with MBTA transit stations. Town staff and counsel are working to understand the potential impact on Hingham.

5. COVID-19 Federal Funds

The Town continues to proactively access federal funds through multiple programs to mitigate the ongoing financial and operational impacts of the pandemic.

Coronavirus Aid, Relief, and Economic Security (CARES) Act

A total of \$3.7 million in CARES funding was available to the Town on a reimbursement basis through Plymouth County. CARES funds could be used for non-budgeted COVID-19-related expenses incurred between March 1, 2020 and December 31, 2021.

The Town used the full \$3.7 million allocation, spending 80% on school operations and 20% on municipal departments and the Hingham Municipal Lighting Plant. Reimbursed expenses include personal protective equipment (PPE); cleaning and disinfecting supplies; technology (laptops, tablets, chromebooks, software, and infrastructure) to facilitate remote work and educational instruction; professional development to develop and train for an online educational platform; COVID-19 testing, contact tracing, and additional health services; rent payments for additional classroom space (Foster North/St.

Jerome's); additional school buses and special education vans; compensatory special education services; Zoom accounts for remote public meetings and programs; and many others.

Federal Emergency Management Agency (FEMA) Public Assistance Program

FEMA's Public Assistance Program provides grants to enable communities to quickly respond to and recover from major disasters or emergencies. The Town has applied for nearly \$1.9 million in FEMA grant funds to date to cover Police and Fire overtime costs associated with COVID-19 response and Town-sponsored testing sites and vaccine clinics. The Town also applies for FEMA reimbursement for eligible storm expenditures on an ongoing basis.

Elementary and Secondary School Emergency Relief Fund (ESSER)

CARES legislation made federal ESSER funds available to help address the ongoing COVID-19 impacts on elementary and secondary schools. The Town received \$128,449 in ESSER I funding, which was used for the school Summer Acceleration Academy. Remaining funds will be used to supplement after school tutoring, after Title I funding is exhausted.

The Town applied \$1,376,192 of anticipated ESSER II and III funding to offset the FY22 School budget request of \$62,810,611. ESSER funds must be used by the end of FY24; the Town does not anticipate receiving additional ESSER funds at this time.

American Rescue Plan Act (ARPA)

The Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program, which is part of ARPA, is another large source of federal COVID-19 relief funding. Municipalities can use this revenue for four categories: 1) replacing lost public sector revenue, 2) responding to the public health and negative economic impacts of the pandemic, 3) providing premium pay to eligible essential workers, and 4) investing in water, sewer, and broadband infrastructure. ARPA funds must be obligated by December 31, 2024 and expended by December 31, 2026.

The Town expects to receive a total of \$2,583,115 in ARPA SLFRF funding directly from/through the State; we received the first tranche in June 2021 and anticipate that the second tranche will arrive in June 2022. The Town applied \$1.2 million in ARPA funds to support the FY22 operating budget.

In addition to the direct allocation, an additional \$1,162,450 in ARPA funds is being routed to Hingham through Plymouth County.

Infrastructure Investment and Jobs Act (IIJA)

The Infrastructure Investment and Jobs Act, passed in November 2021, includes authorized and new spending over five fiscal years (FY22-26) for transportation, energy, broadband, water, resiliency, and environmental remediation. Unlike ARPA, where the

Town received a direct allocation of resources, IIJA funds will be primarily distributed through existing grant programs and through over 50 new grant programs, likely at the state level. While IIJA does not contain any provisions for general municipal facilities or school buildings, the Town will track IIJA grant programs to see if any funds can be applied to components of large capital projects to reduce overall project costs.

Recommendation:

The Task Force recommends that the Town should continue to strategically plan for the use of federal funds, remaining cognizant of their limited availability.

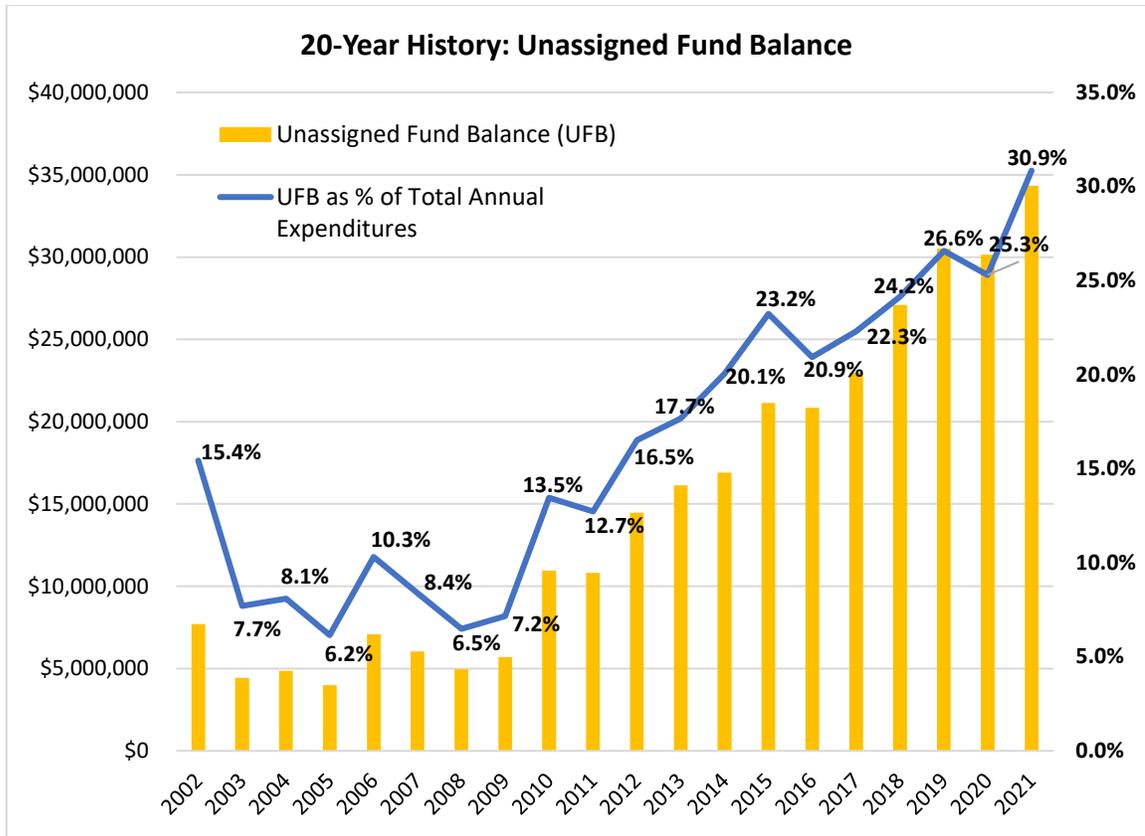
6. Fund Balance

The Town's Fund Balance, also known as Available Reserves, is the accumulation of each fiscal year's actual surpluses and deficits. Fund Balance is classified into five categories: Non-spendable (inherently non-spendable); Restricted (externally enforceable limitations on use); Committed (self-imposed limitations on use); Assigned (limitation resulting from intended use); and Unassigned (residual).

The Town's [Financial Policy](#) calls for maintaining Unassigned Fund Balance between 16% and 20% of Total Annual Expenditures (TAE). The Policy states that "when Unassigned Fund Balance exceeds 20%, the Advisory Committee should consider recommending that Town Meeting apply such amounts in excess of 20% to items such as unfunded long-term liabilities, long-term and non-recurring capital expenditures, retirement of debt, or targeted tax relief. Excess Unassigned Fund Balance should not be used to fund recurring operating budget items."

The Policy was updated in December 2021 to reflect the external challenges the Town faced during the COVID-19 pandemic. A new provision was added: "Under emergency circumstances which impact the Town's operations and resources, the Town should first look to federal and state aid to address those circumstances but, irrespective of the availability and timely receipt of such aid, may consider the use of Unassigned Fund Balance, subject to management controls to be determined by the Select Board, the Advisory Committee, the School Committee and the Town Administrator, to protect and stabilize Town resources and operations, while endeavoring to preserve the long-term financial health of the Town."

The chart on the next page plots the growth of Unassigned Fund Balance over the last 20 years.



Source: Town of Hingham Accounting Department

Town leaders have worked diligently to improve the Town’s overall financial health, including growing Unassigned Fund Balance, since 2008. Unassigned Fund Balance totaled \$34.3 million at the close of FY21, which represents 30.9% of TAE. The amount of “excess” Unassigned Fund Balance that falls above the 16-20% TAE threshold ranged from \$12.1 million to \$16.5 million for FY21.

The Task Force notes that the large increase in Unassigned Fund Balance in FY21 is partially due to accounting for COVID-19 federal funds (in terms of dollars being high) and partially due to a change in how TAE is calculated in the updated Financial Policy (in terms of the percentage of TAE being high).

Unassigned Fund Balance has been over the 20% threshold since FY15. Over the 10 years immediately preceding the pandemic (FY10-19), the Town used an average of approximately \$2.2 million of Unassigned Fund Balance each year to replenish the Reserve Fund (to balance operating deficits like snow and ice expenses) and to fund capital projects and other expenses through warrant articles.

The Task Force received feedback from some residents who expressed frustration that the Town has taxed citizens to build up this reserve, but has not made better use of Unassigned Fund Balance to fund operating and capital expenditures. Other community

members felt that the Town has budgeted too conservatively over the years, and recommended that the Town should amend budgeting practices going forward to put tax dollars immediately to work supporting the operating budget.

The Task Force discussed the importance of balancing good stewardship of the Town’s reserves with the need to show taxpayers results for their investment in Town services. When Unassigned Fund Balance is above 20%, the Task Force recommends considering the optimal recommended uses – for example, investing funds in capital projects in a timely and appropriate manner. The Task Force also discussed potentially using Unassigned Fund Balance to offset a portion of the debt service associated with proposed large infrastructure projects (such as Foster Elementary School and the Public Safety Facility) to diminish the initial tax increase associated with those projects.

C. Potential Non-Override Revenue Opportunities

For much of the fall, the Task Force focused on researching potential non-override revenue opportunities. We have summarized these opportunities in the matrix below for an at-a-glance comparison of potential revenue impact, timing, and implementation processes. We classify the potential revenue impact as either low (less than \$100,000), medium (between \$100,000 and \$1 million), or high (over \$1 million).

	Non-Tax Revenue Source	Estimated Revenue Impact	Process to Implement	Timeline	Further Action Recommended
1	Economic Development	High	Work with developers. Infrastructure improvements required. Town Meeting approval of any zoning changes.	5+ years	Yes
2	Real Estate Transfer Fee	High	Requires Town Meeting approval and state legislation	TBD	Yes
3	Advocate for New Municipal Revenue Package from the State	Medium/High	Requires state action	TBD	Yes
4	Disposition of Real Estate	Low	Requires Town Meeting approval	1-3 yrs	Yes
5	Room Occupancy Excise Tax	Low/Medium	Requires Town Meeting approval and potential zoning changes	1-3 yrs	Yes
6	Marijuana	Medium-High	Requires Town Meeting approval and zoning changes	1-3 yrs	Yes
7	Transfer Station Fees	Medium	Requires Select Board approval, potentially Town Meeting approval	1-3 yrs	Yes
8	Parking Meters / Parking Fines	Low-Medium	Further study	1-3 yrs	Yes
9	School Bus Transportation	Medium	Requires School Committee approval	1-3 yrs	Yes
10	School Athletic Fees	Low	Requires School Committee approval	1-3 yrs	Yes
11	Facility Rentals	Low-Medium	Further study	1-3 yrs	Yes
12	Cell Tower Rentals	Medium	Further study	1-3 yrs	Yes
13	Municipal Solar Projects	Medium	Further study	1-3 yrs	Yes
14	Wind Energy	Low	Further study	TBD	No
15	Naming By-law / Philanthropy	Medium-High	Requires Town Meeting approval	1-2 yrs	Yes

Each opportunity is explored in greater detail below.

1. *Economic Development*

South Hingham

When the South Hingham Study Group report was completed in 2017 after four years of study, the South Hingham study area had 3.3 million sq. ft. of commercial, industrial, office, institutional, and residential development. The Study Group concluded that South Hingham has capacity for an additional 1.5 million to 3.6 million sq. ft. of nonresidential and residential floor area (some of it replacing existing space), and potentially more if all properties exercised their as-of-right development potential.

These outcomes could yield anywhere from \$3.9 million to over \$10 million in gross revenue per year (2017 values and tax rate assumptions). A 2015 presentation to the Select Board reported over 2.3 million sq. ft. of potential new development in South Hingham over 12 years, though about 76% of that growth depended on access to water or sewer service from adjacent communities.

There seems to be relatively strong agreement about both the need and desirability for economic growth, with opportunity for new industrial, commercial, and/or mixed-use development in South Hingham. However, any significant development in that part of town faces many hurdles: limited water supply, lack of a comprehensive wastewater solution, impact on traffic and circulation, and public safety capacity. Collaborative efforts with development partners is ongoing and while the prospect is still hopeful, there are limited short-term opportunities for new growth. The Town has recently added economic development staff capacity at the planning and administration levels.

Other Economic Development Opportunities

In addition to the potential opportunities identified in South Hingham, other non-residentially zoned areas of Hingham provide potential for further development or redevelopment. The 2020 Hingham Master Plan recommendations include assessing Hingham's business districts, targeted development in the downtown and Shipyard areas, and reviewing potential zoning impediments to commercial development.

Recommendation

The Task Force recommends continued focus on economic development and supports collaboration between the Town Administrator's office, the Community Planning Department, and the Hingham Development and Industrial Commission throughout Hingham, and specifically in industrial and office park zoned areas of South Hingham. Such focus will require review of existing zoning regulations and continued consideration of infrastructure solutions. Participation in regional initiatives, such as expanding wastewater service, could provide significant benefits to Hingham if the Town is well-represented when these initiatives are planned, directed, and implemented.

2. Real Estate Transfer Fee

Description

The Task Force received citizen input suggesting that the Town pursue a real estate transfer fee where buyers of Hingham real estate would pay a one-time fee based on a percentage of the property sale. The funds collected from these transactions could then be used for capital projects either by supplementing the Capital Outlay allocation in a given fiscal year or by offsetting the cost of large-scale capital projects and debt exclusions.

Benchmark Comparison

In 1983, Nantucket successfully passed a home rule petition and imposed a real estate transaction fee to support conservation, outdoor recreation, and agriculture through a new Land Bank. Nantucket charges a 2% fee on the sale of most real estate transfers in Nantucket County subject to certain exemptions, and the fee is the statutory liability of the buyer. The Land Bank reported over \$50 million in revenue last year.

Several communities across Massachusetts are currently pursuing special legislation to impose real estate transfer fees to explicitly support affordable housing, including Arlington, Brookline, Cambridge, Concord, Nantucket, Somerville, and Truro. The individual bills proposed by the various communities differ in terms of the fee amount (most are between 0.5% and 2%), whether the cost is borne by the buyer or seller or both, and which types of properties and/or transactions are considered exempt. Some communities, such as Brookline, propose exempting the first \$500,000 of the sale price from the fee to provide relief for buyers on the lower end of the housing market.

There is also general legislation pending to authorize municipalities to impose a transfer fee between 0.5% and 2% of the sales price on certain real estate transactions to support affordable housing. To date, none of the abovementioned bills to impose a transfer fee to support affordable housing has been signed into law.

Revenue Impact

Over the last three fiscal years, according to the Assessing Department, Hingham saw an average assessed property value of approximately \$848,139, an average sale price of about \$1,044,831 (after removing the outlier of the \$139 million sale of 300 Beal Street in 2021), and 502 property sales per year on average.

As one example of how the Town could structure a real estate transfer fee, using \$1 million as an average sale price, assuming a 1% fee paid by the buyer, assuming the first \$500,000 of the sale price is exempt (as the Town of Brookline's pending legislation proposes), and assuming 400 eligible sales a year for this exercise, the Town could expect to collect about \$2 million annually through the institution of a real estate transfer fee to support local infrastructure. That amount could fluctuate up or down depending on the percentage fee applied and the types of transactions that the Town chooses to exempt.

Recommendation

The Task Force received feedback from community members who are in favor of a real estate transfer fee, from residents who want to see funds raised from this source used for affordable housing in town, and from others who expressed concern that such a fee would adversely impact efforts to expand diversity in Hingham.

The Task Force recommends further study of a potential real estate transfer fee because it represents one of the largest potential new revenue streams we have identified through our research.

3. Advocate for New Municipal Revenue Package from the State

Description

Since municipalities across Massachusetts are struggling to maintain and improve services under the constraints of Proposition 2½ without overburdening taxpayers, state leaders could develop a comprehensive municipal revenue package to assist local communities. The Massachusetts Municipal Association (MMA) has long advocated for such measures.

The Commonwealth ended FY21 with a \$5 billion surplus, pointing to potential capacity to redistribute some funds to local governments without jeopardizing the state budget. MMA President and Arlington Town Manager Adam Chapdelaine [recently noted](#) that “State revenue has grown at record levels the past two years, but municipalities haven’t seen that growth. As cities and towns continue to provide critical services, we hope that surplus state revenue can be shared via local aid.”

MMA Executive Director Geoff Beckwith remarked that cities and towns, under tightly capped property taxes, “rely on state revenue sharing to pay for vital services that people depend on every day. Municipal officials across the state look forward to working with the Legislature to bring local aid up to the levels needed to support strong communities.”

A municipal revenue package could include a variety of tools, including some that the Task Force has considered, such as:

- Increasing the local option meals excise over the current 0.75%, or transferring to municipalities a portion of the state sales tax on meals currently collected by the Commonwealth.
- Increasing motor vehicle excise tax revenue available to municipalities.
- Authorizing cities and towns to impose real estate transfer fees to fund infrastructure, as described earlier in this report.

These measures are just a few examples; there may be several others that would make sense to include in a municipal revenue bill.

Revenue Impact

As noted above, motor vehicle excise tax represents nearly half of Hingham's Local Receipts. The Town is forecasting \$4.9 million for FY23, so increasing this revenue source may have the biggest impact for Hingham in terms of Local Receipts.

As another example, the Town projects collecting approximately \$800,000 in meals tax in FY23, which signals a return to pre-pandemic levels. If the state expanded the municipal portion of meals tax revenue from 0.75% to 1.5%, Hingham could expect \$1.6 million going forward.

Timeline / Process to Implement

State action is required to move this idea forward.

Recommendation

The Task Force recommends that the Town Administrator and Select Board continue to work with the MMA and state elected officials to lobby state leaders to develop and pass a comprehensive municipal revenue package to assist communities across Massachusetts.

4. *Disposition of Town-owned Real Estate*

Description

According to the Town's assessing database, the Town owns over 250 properties in Hingham. Under Town ownership, those properties do not generate any property tax revenue. The Select Board Office recently began a preliminary analysis of municipally-owned parcels to determine which, if any, could be sold to generate revenue and how much revenue might be expected from disposition.

Parcels considered for potential disposition would exclude anything actively being used by the Town for municipal, educational, or recreation purposes, as well as any properties with conservation or recreation restrictions. The potential disposition list would also exclude wetlands and parcels not considered buildable. Selling buildable parcels would make the most sense for revenue purposes as the buyer would be more likely to improve upon the land and raise the assessed value of the parcel.

Revenue Impact

Disposition of real estate would generate two types of revenue for the Town: 1) a one-time payment from the sale of property, and 2) recurring annual tax revenue from adding a parcel back to the tax rolls. Although the magnitude of either category of revenue would vary from parcel to parcel based on size, location, zoning, and other attributes, the Task Force estimates the potential revenue impact from disposition of real estate as low/medium for one-time sale proceeds and low for recurring tax revenue.

As one example, the 2020 Annual Town Meeting approved the discontinuance and disposition of two portions of Old Derby Street that had no practical use to the Town and together totaled about 9,000 square feet. The Select Board office anticipates receiving approximately \$50,000 total from the sale of the two parcels. Both parcels will get added to abutting commercial properties, which will incrementally increase the Town's tax base.

Process / Timeline to Implement

Disposition of Town-owned real estate requires Town Meeting approval. It also requires a competitive sale process under MGL Chapter 30B, Section 16 if the parcel is valued at over \$35,000. In addition, any property owned by the Town that is zoned as official and open space would need to be rezoned through Town Meeting to a different category (residence, business, or industrial) to allow for development.

Recommendation

The Task Force recommends finalizing this research, in conjunction with undertaking the town-wide facilities/space analysis, which was approved by Annual Town Meeting in 2020.

5. Room Occupancy Excise Tax

Description

The state's [room occupancy excise tax](#) of 5.7% applies to room rentals of 90 days or less in hotels, motels, bed and breakfast establishments, and lodging houses. Massachusetts cities and towns are permitted to charge a local room occupancy excise tax up to 6% (6.5% for Boston) on top of the state's room occupancy excise tax. Hingham has not adopted the local room occupancy excise tax to date.

According to DOR, beginning July 1, 2019, for short-term rentals only, municipalities that have adopted a local excise may vote to charge an additional community impact fee up to 3% on the following types of property:

- Professionally-Managed Units: one of two or more short-term rental units that are located in the same city or town, with the same operator. The property is not within a single-family, 2-family or 3-family dwelling that includes the operator's primary residence. A short-term rental unit may be considered professionally managed for this purpose whether or not an intermediary is involved.
- By separate vote, cities and towns may choose to include 2-family and 3-family dwellings that include the operator's primary residence.

Benchmark Comparison

According to DLS, of the 351 cities and towns across Massachusetts, 211 have adopted the local room occupancy excise tax (average tax is 5.5%) and 20 have adopted an additional community impact fee on short-term rentals (all adopted 3%).

Of Hingham’s 19 benchmark communities, Hingham is one of five that have not yet adopted the local room occupancy excise tax. Only Lexington has adopted an additional community impact fee of 3%, which was approved in October 2021.

Benchmark Comparison: Local Room Occupancy Tax

Municipality	Current Rooms Tax Rate	Current Rooms Tax Effective Date
Wellesley	4.0%	7/1/1986
Hull	4.0%	1/1/1989
Weymouth	4.0%	4/1/1991
Andover	6.0%	10/1/2009
Braintree	6.0%	10/1/2009
Dedham	6.0%	1/1/2010
Needham	6.0%	1/1/2010
Canton	6.0%	7/1/2010
Concord	6.0%	7/1/2010
Lexington	6.0%	7/1/2010
Rockland	6.0%	7/1/2013
Cohasset	4.0%	7/1/2016
Westwood	6.0%	7/1/2016
Norwell	6.0%	7/1/2017
Scituate	4.0%	10/1/2020
Hingham		
Marblehead		
Milton		
Weston		
Winchester		

Source: MA Department of Revenue - [Room Occupancy Tax](#)

Revenue Impact

There is no short-term revenue impact to adopting the local room occupancy excise tax of up to 6% because there are currently no lodging establishments in Hingham that would be subject to this excise tax. However, if the Town were to adopt the local room occupancy excise tax, the Town’s zoning regulations do currently allow for hotels in Office Park, Industrial Park, Light Industrial Park, and Industrial Districts with a special permit. Those districts are primarily located in south Hingham and along Route 3A.

There is also no short-term revenue impact to adopting the additional community impact fee of up to 3% on certain short-term rentals because zoning regulations currently prohibit short-term, Airbnb-like rentals in Hingham.

Further research is needed before the Task Force could assess the potential revenue that would be generated by opening of hotels, motels, bed and breakfast establishments, and lodging houses in Hingham or by allowing short-term rentals in town.

Process / Timeline to Implement

A Town Meeting vote is required to adopt the local room occupancy excise tax. Town Meeting votes are also required to approve zoning changes to allow for short-term rentals in town and to adopt an additional community impact fee on short-term rentals.

Recommendation

The Task Force recommends further study of the local room occupancy excise tax considering that current zoning regulations allow for hotels in Office Park, Industrial Park, Light Industrial Park, and Industrial Districts with a special permit. The Task Force also supports the continued research by the Hingham Development and Industrial Commission and the Accessory Dwelling Unit Study Group in regards to short-term rentals and potential revenue for the Town.

6. *Marijuana*

Description

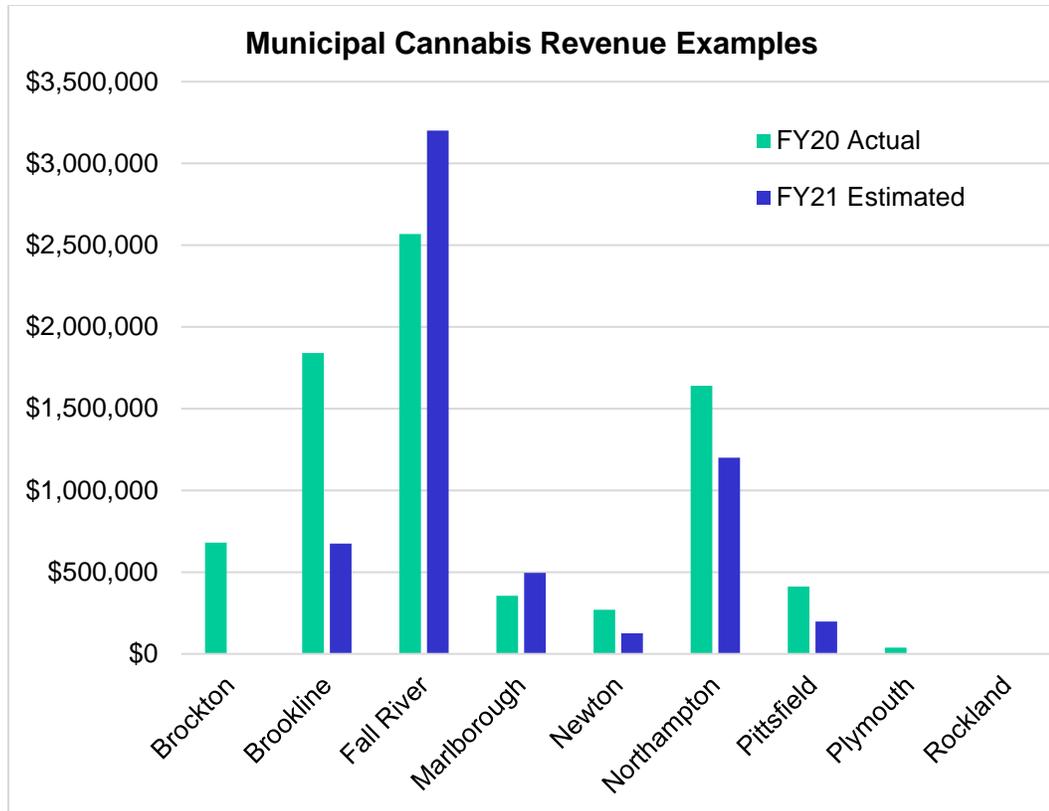
Massachusetts municipalities who permit adult use marijuana establishments can collect revenue in two ways. As part of the required Host Community Agreement, they may choose to collect local taxes of up to 3% on gross retail sales. In addition, they may negotiate community impact fees in host agreements of up to an additional 3% of gross sales. This community impact fee portion is limited to 5 years in duration and must be spent on expenses related to the municipality's costs incurred from hosting the marijuana establishment (i.e. law enforcement, public health).

Benchmark Comparison

While about 200 Massachusetts communities have provisions in place permitting marijuana establishments, another 125 communities, including Hingham, ban recreational marijuana establishments in their zoning regulations. Of Hingham's 20 benchmark communities, only two, Marblehead and Rockland, permit them. Communities within 10 miles permitting these establishments include Abington and Rockland.

Revenue Impact

Task Force members estimate the potential revenue impact as medium to high. According to the Massachusetts Cannabis Control Commission, licensees generated \$844 million in gross sales from January through August 2021, translating into a potential \$25.3 million in local tax revenue for municipalities statewide. Potential revenue in Hingham would be impacted by the number of establishments operating in town and their sales volume. The ultimate market size for retail cannabis is unclear at this stage in its development, making it difficult to estimate the impact of already established businesses in nearby communities on potential sales here.



Source: DOR Tax Recapitulation sheets

Process/Timeline to Implement

To pursue local revenue from recreational marijuana establishments, Hingham would first need a Town Meeting vote to amend its General and Zoning By-laws to permit them. (Note: The 2018 Annual Town Meeting considered this issue and voted to ban non-medical marijuana establishments in Hingham.) Once a potential marijuana business comes forward, the Town would then need to negotiate a community host agreement, a necessary step before the establishment can then complete the state licensing process. The business would need to open and ramp up sales before the Town would collect any local impact fees and local option taxes. Task Force members estimate the entire process could take 3-5 years.

Recommendation

The Task Force recommends additional study as some variables have changed since the last time the Town evaluated amending by-laws to permit marijuana establishments. When the Town first considered this matter, revenue data from communities across Massachusetts was not available. Reviewing marijuana from a broad perspective, including health impacts, community character, and revenue potential, will be critical to define the appropriate next steps.

7. Transfer Station Fees

Description

Under the [current fee schedule](#) for the Hingham Transfer Station, there is no charge for the first residential permit (sticker), a \$25 annual fee for additional residential permits and part-time residential permits, and commercial permit fees that range from \$50-150 per year. In addition, residential and commercial users of the facility pay per item charges to dispose of certain items (mattresses, large appliances, electronics, etc.) as well as per ton fees through the scale when disposing of large volumes of debris and other materials.

Hingham does not currently have a Pay As You Throw (PAYT) system where residents would pay a fee per bag of regular household trash and would purchase specific bags from the Town. PAYT models have contributed to increased recycling rates and reduced waste disposal costs in other communities.

Most municipalities charge for Transfer Station permits or have a PAYT system, and some do both to offset the costs associated with trash and recycling operations. Hingham's Long Range Waste Disposal Planning and Recycling Committee (also known as Cleaner Greener Hingham) has done considerable research on trash disposal and recycling system options, [reporting its findings to the Select Board in November 2010](#). The Committee shared additional information and updates with the Task Force for this report.

Public opinion on these issues varies. Some residents do not want to feel "nickel and dimed" by paying fees to use various facilities around town instead of paying one rate through property taxes. Others feel that charging for this service is more equitable, recognizing that many residents pay for private trash and recycling services.

Benchmark Comparison

Given that Hingham participates in a regional collaborative relative to trash and recycling, it is relevant to assess policies against other South Shore communities as well as our usual 19 benchmark communities. The table on the next page provides a comparison of residential Transfer Station permit fees as well as PAYT charges. Asterisks denote benchmark communities.

Curbside pickup is offered by 13 of our 19 benchmark communities (Andover, Braintree, Canton, Concord, Dedham, Hull, Lexington, Marblehead, Milton, Norwell, Rockland, Westwood, and Weymouth) and thus, many of those communities do not appear in the following list.

Benchmark Comparison: Transfer Station Fees

Municipality	Annual Permit (Sticker) Fee	Pay-As-You-Throw
Cohasset*	\$75 - first permit \$20 - replacement w/sticker \$75 - replacement w/o sticker \$30 - senior permit	\$10 (10) 16-Gal Bags, \$20 (10) 33-Gal Bags
Duxbury	\$105 - first permit \$105 - each additional permit \$45 - senior permit	\$6.25 (8) 13-Gal Bags, \$10 (8) 33-Gal Bags
Hanover	\$0	
Hanson	\$30 - first permit \$30 - second permit \$25 - part-time resident monthly permit \$75 - part-time resident season permit	\$10 (8) 15-Gal Bags, \$10 (5) 30-Gal Bags
Hingham	\$0 - first permit \$25 - each additional permit \$25 - replacement permit \$25 - part-time resident permit	
Kingston	\$200 - first permit \$15 - each additional (limit 2) \$15 - replacement permit \$90-\$100 - senior permit \$100 - veteran permit	
Marblehead*	\$80 - first permit \$25 - additional permit \$25 - replacement permit	
Milton*		\$3 PAYT stickers required on any non-Town trash cart or other bag/receptacle
Needham*	\$0	\$10.75 (10) 15-Gal Bags \$20 (10) 30-Gal Bags
Plymouth	\$170 - first permit \$10 - each additional permit	\$6.25 (8) 15-Gal Bags, \$6.25 (5) 30-Gal Bags
Scituate*	\$90 - first permit \$25 - each additional permit \$10 - replacement permit \$55 - senior permit	\$10 (10) 15-Gal Bags, \$20 (10) 30-Gal Bags
Wellesley*	\$0	
Weston*	\$0 - first permit \$20 - additional vehicle permit	\$20 (10) 15-Gal Bags, \$40 (10) 30-Gal Bags <i>Started PAYT in October 2021</i>
Winchester*	\$270 - first permit \$20 - second regular permit \$30 - low-income permit \$50 - one-day permit	<i>Discontinued SMART/PAYT in January 2022</i>

*Source: Long Range Waste Disposal Planning and Recycling Committee;
Town of Hingham Public Works Department; Town websites*

Of the 13 communities who require annual Transfer Station permits, five do not charge for the first permit (Hanover, Hingham, Needham, Wellesley, and Weston). However, Needham and Weston have PAYT programs. Excluding Hingham from the list, the other 12 communities charge an average of \$85 for the first residential permit.

As one PAYT example, the Long Range Waste Disposal Planning and Recycling Committee reported that Hanson began its PAYT program in 2013 and saw immediate positive results. The MA Department of Environmental Protection published a [case study on Hanson's PAYT program](#), reporting the following:

- Residents must obtain a sticker (at no charge) to access the transfer station.
- Residents pay \$2.00 for each 30-gal bag, and \$1.25 for a 15-gal bag. Bags are sold in sleeves of five and eight for \$10.
- Each participating household spent an average of \$85 annually for PAYT trash bags.
- Year 1 total PAYT financial benefit to the Town: \$258,131
- Year 1 recycling tonnage increased 11% from 543 to 600 tons
- Year 1 trash tonnage reduced 64% from 2,752 to 987 tons
- Year 1 disposal fee savings: \$39,001

Revenue Impact

Similar to communities across Massachusetts, Hingham is experiencing increasing trash costs and decreased recycling revenue. The Town's trash disposal contract with SEMASS will escalate by over 23% from \$85/ton to \$105/ton over the next five years.

Instituting a fee for residential Transfer Station permits, implementing a PAYT system in Hingham, or pursuing other options explored by the Long Range Waste Disposal Planning and Recycling Committee could result in significant revenue to help offset rising trash and recycling costs. DPW issues between 3,000-4,000 first residential permits each year, at no charge. Instituting an \$85 fee for the first residential permit – the average charged by other communities as discussed above – could generate between \$255,000 and \$340,000 annually.

PAYT systems have the added environmental and financial benefits of increasing recycling, decreasing household trash tonnage, and thereby decreasing trash disposal costs.

Process/Timeline to Implement

Implementing a fee for the first residential Transfer Station permit or a PAYT system in Hingham would require Select Board approval and potentially Town Meeting approval.

Recommendation

The Task Force recommends further consideration of different Transfer Station fee options in conjunction with the Long Range Waste Disposal Planning and Recycling Committee

from both a revenue and environmental perspective given that Hingham is not aligned with the majority of our benchmark and nearby towns in this regard.

8. New Local Receipts

The Task Force reviewed Local Receipts of our 19 benchmark towns to determine if there were other revenue opportunities in which the Town could engage. Such Local Receipts collected by other communities include, but are not limited to, the following:

Parking Meter / Parking Fines

The Municipal Modernization Act that was signed in late 2016 allows Massachusetts communities to create Parking Benefit Districts. A Parking Benefit District is a geographically defined area in which parking revenues are reinvested back into the district for transportation-related improvements. Funds may be used to purchase parking meters, improve pedestrian and bike infrastructure, or to improve the public realm with street trees, benches, and lighting.

Several benchmark towns have parking meter receipts included in their Local Receipts, ranging from \$40,000-\$1,000,000, with a median of \$315,000. Parking meter rates range from \$1.00 to \$1.50 per hour.

Recommendation:

The Task Force recommends that Town Administration work with the Community Planning Department and the Hingham Development and Industrial Commission in evaluating the public parking areas in Hingham and whether to consider implementing parking meters in any locations. The study would need to understand the public parking inventory, utilization and turnover patterns, and traffic patterns. It would also need to determine time limits, prices, economic vitality, enforcement policy, signage and payment options.

Implementation would require study of potential locations, purchase and installation (including utilities) of pay stations and would be a short to mid-term timeline depending on prioritization. The technology allows easy payment options; accepted payment methods include credit and debit cards, pay-by-plate, and smart phone pay by app. One pay station could serve multiple parking spaces and would be available in multiple languages.

Consideration of enforcing parking limits would have to weigh the potential revenue generated against the staff and resources (expenses) required to enforce.

School Bus Transportation

State laws governing school transportation require school departments to provide transportation for students in kindergarten through grade 6 living two miles or more from their school. Exceptions to this policy may be made when road conditions do not provide for the physical safety of the children and when the health of students make this service essential. A school committee may assess fees to students in grades 7 through 12, and

all students under two miles from school. No student eligible for free or reduced lunch under the federal school lunch program shall be required to pay a fee. Further, a school committee may choose to exempt families at other income levels as it may determine.

Fourteen of our 19 benchmark towns assess fees for school transportation. Two towns account for the revenue within Local Receipts, and the majority account for revenue within the school district's budget. The fees imposed by the benchmark towns vary:

- Single passenger rider: \$180 to \$655; the median fee is \$275
- Family cap: \$250 to \$1142; the median fee is \$590
- The revenue impact would be between \$150,000 and \$400,000

Recommendation:

The Task Force recommends that the School Committee consider instituting a bus fee for students in grades 7 through 12. The School Committee would need to determine pricing, understand the impact to families, changes in traffic patterns from increased rides to school by guardians, and cost savings on school transportation.

School Athletic Fees

A goal of HPS Athletics is to encourage as many student-athletes to participate in as many High School activities as possible. HPS charges one fee per student athlete for the full school year, and as such, the fee allows an athlete to participate in all three sport seasons. Approximately 80% of High School students participate in athletics.

In December 2019, the School Committee discussed athletic fees, in addition to other student fees. It was noted that in 2011 fees covered approximately 40% of the athletic budget. That budget has increased over time, but the athletic fees have not significantly changed. A benefit of increasing fees would be increasing the budget offset. The School Committee recognizes that the various booster groups and other organizations also raise funds, which can result in families paying far more than just the athletic fees. The School Committee Wellness Subcommittee and Finance/Capital & Facilities Subcommittee are currently reviewing the extracurricular and athletic programs and fee structure.

Recommendation:

The Task Force recommends asking that the School Committee consider reassessing athletic fees at Hingham High School to align with our benchmark communities. The School Committee would need to determine pricing, understand the impact to families, and take into account the funds raised by booster groups, Hingham Sports Partnership, and others.

Facility Rentals

Rental of Town-owned facilities and athletic fields is common. Twelve of our benchmark towns include facility rental revenue in their Local Receipts, ranging from \$25,000 - \$1,134,000 annually, with a median of \$260,000.

The School Department periodically updates the rental rates for its facilities. The School Department, Recreation Department, and other Town entities should initiate a review of its rental rates to ensure rates are comparable with surrounding communities.

The Town would benefit from facility rentals immediately; the typical process would include an application by the interested party to the Town. The Town would need to consider costs associated with the rentals when establishing the price, including the cost of custodial work and utilities used as a result of the rental.

Recommendation:

The Task Force recommends looking for opportunities to rent Town-owned facilities, including athletic fields.

Cell Tower Rentals

Municipalities can benefit from wireless communication companies leasing Town-owned land for the purpose of erecting, operating, and/or maintaining cell towers.

Several benchmark communities have cell tower rentals included in their local receipt revenue, ranging from \$100,000-\$430,000 annually. A wireless communication company would need to evaluate the Town's property for viability and work with the Town to ensure all zoning by-law requirements are met. The Town would enter into a lease agreement with the wireless communication company. Lease agreements vary, ranging from five to 20-year terms. A typical lease arrangement would have a five-year term with three renewal terms of five years each, at the lessee's option, for a maximum of 20 years total.

Recommendation:

The Task Force recommends that the Town explore revenue opportunities related to cell towers.

New Local Receipts Revenue Considerations

The Task Force considered several opportunities to raise revenue through Local Receipts. Any new revenue raised should be used to minimize service reductions and mitigate the need for property tax increases. The Select Board will need to consider whether raising fees to residents while considering an override is advisable, and whether the fee increases recommended here are equitable and fair.

9. Sustainable Energy: Solar Arrays and Wind Energy

Municipal Solar Projects

Communities and school districts are continuously seeking to stabilize fixed costs such as heating and utilities. An opportunity that has provided an attractive option for some school districts is a Power Purchase Agreement (PPA), which is a contract between an energy project owner and a buyer for a long-term purchase of electricity (typically 15-25 years).

PPAs for photovoltaic solar energy projects can deliver fixed-price electricity at competitive rates, limiting a customer's exposure to electricity cost increases over time while meeting climate change and environmental commitments without any upfront capital commitments. This option is desirable to municipalities that see the rising cost for utilities on an annual basis.

An off-site PPA is a good tool for energy contract procurement for entities lacking the physical space for a sizable on-site project and/or lacking concentrated load. It is a beneficial model for municipal entities pursuing a solar PPA to use the third-party ownership model to take advantage of the Federal Investment Tax Credit (ITC), which a taxable entity can only capture.

Recommendation:

The Task Force reviewed this model, and preliminary information revealed that since Hingham is one of 50 communities in Massachusetts that has a municipal light plant, Hingham does not qualify for the ITC. Although PPAs may not be an option for Hingham, other solar-derived cost-saving measures should be investigated in partnership with HMLP to help stabilize municipal utility costs. The Town is already working in partnership with HMLP to explore solar projects on Town-owned buildings and property.

Wind Energy

Hingham is actively pursuing carbon neutrality by 2040, including shifting to non-carbon emitting energy sources. One of those energy sources is wind. By 2022, Massachusetts will be procuring 1.6 billion watts (or 1.6 “gigawatts”) of electricity from new offshore wind installations.

Recommendation:

Based on the work already completed and conclusions reached by other groups in Town, including HMLP and engaged citizens, the Task Force does not recommend exploring wind energy at this time.

10. Naming By-law / Philanthropy

Description

On December 10, 2019, the Select Board formed a Naming By-law Committee with the following charge:

“Article 40 of Hingham’s General By-Laws establishes the Town’s process for the naming of public buildings and public lands. The Naming By-law Committee should review Article 40, assess whether the Article, in its present form, serves the best interests of the Town, and make recommendations with respect to possible changes to Article 40 to better promote the interests of the Town. The Committee’s review of Article 40 should include, but need not be limited to, the following considerations:

1. Whether and when to name public buildings or lands for a living people or families
2. Whether and when to name public buildings or lands for a commercial enterprise
3. Whether and when to name public buildings or lands for civic organizations
4. Naming rights and public/private partnerships
5. Reputational risk clauses
6. Funding levels associated with naming
7. Approval processes to name public buildings or lands
8. Name-removal processes for public buildings or lands

The Committee's review should include how other communities, specifically the Town's 19 benchmark communities, handle the naming of public buildings and public lands. The Committee should also interview Town and civic committees, boards, and employees. The Committee should consult with the Town Administrator to facilitate review by Town Counsel as appropriate."

The Committee has been seeking public input and has received input from several community groups.

Benchmark Comparison

The Committee is also reviewing policy statements and data from other benchmark towns. Of our 19 benchmark communities, at least Lexington and Winchester have similar committees and have shared materials with Hingham.

Revenue Impact

Updating Hingham's Naming By-law to increase the Town's ability to attract private funds/donations to support capital projects could serve as an important component of the Town's strategy to help defray the tax impact of debt exclusions on residents and businesses. We estimate the revenue potential of this idea to be medium-high.

Process / Timeline to Implement

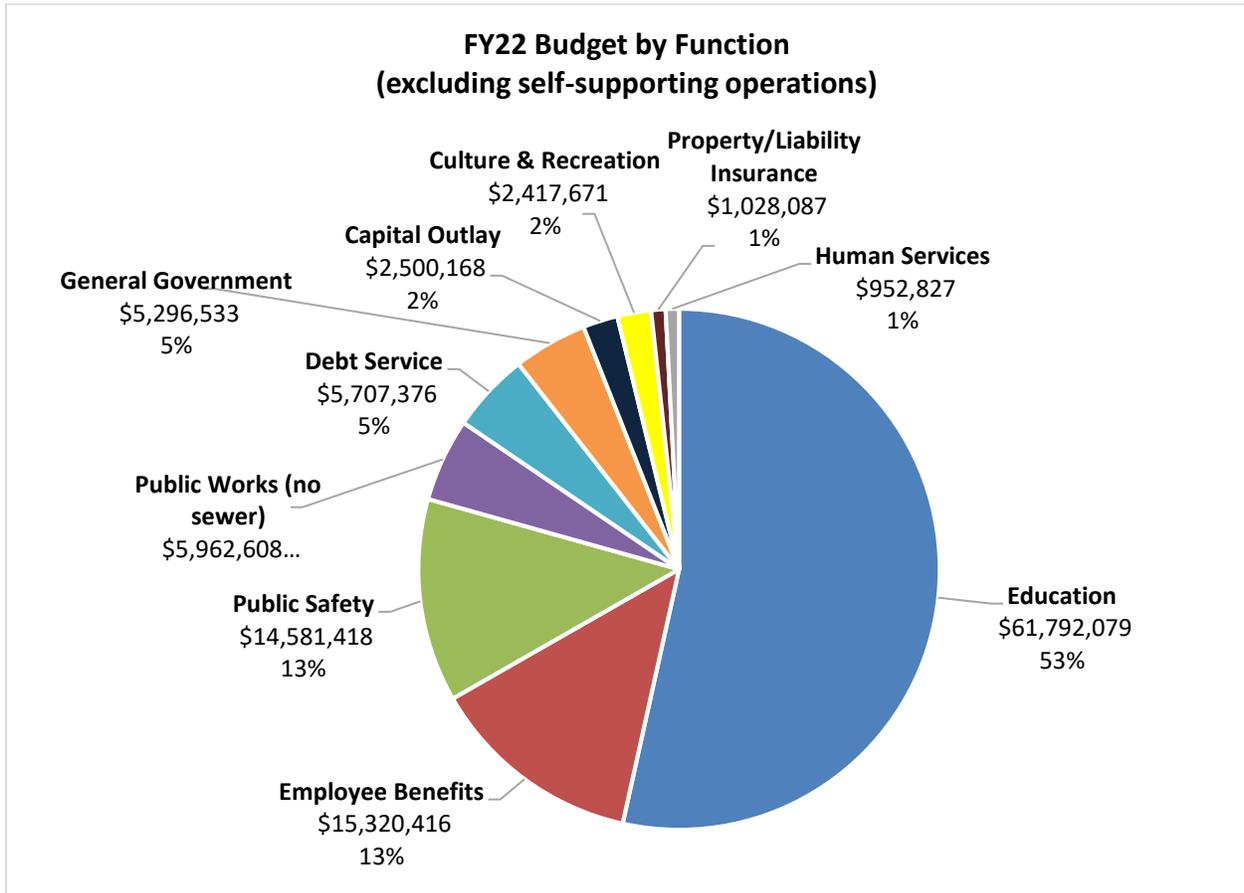
A Town Meeting vote is required to amend the current Naming By-law found in Article 40 of the Town's General By-law. The Committee may not have a recommendation in time for the 2022 Annual Town Meeting but will bring forward its findings and recommendations as soon as possible.

Recommendation

The Task Force recommends further study by the Naming By-law Committee. We look forward to their report as private/public partnership is a strategic component to support future large capital projects.

VI. EXPENDITURES

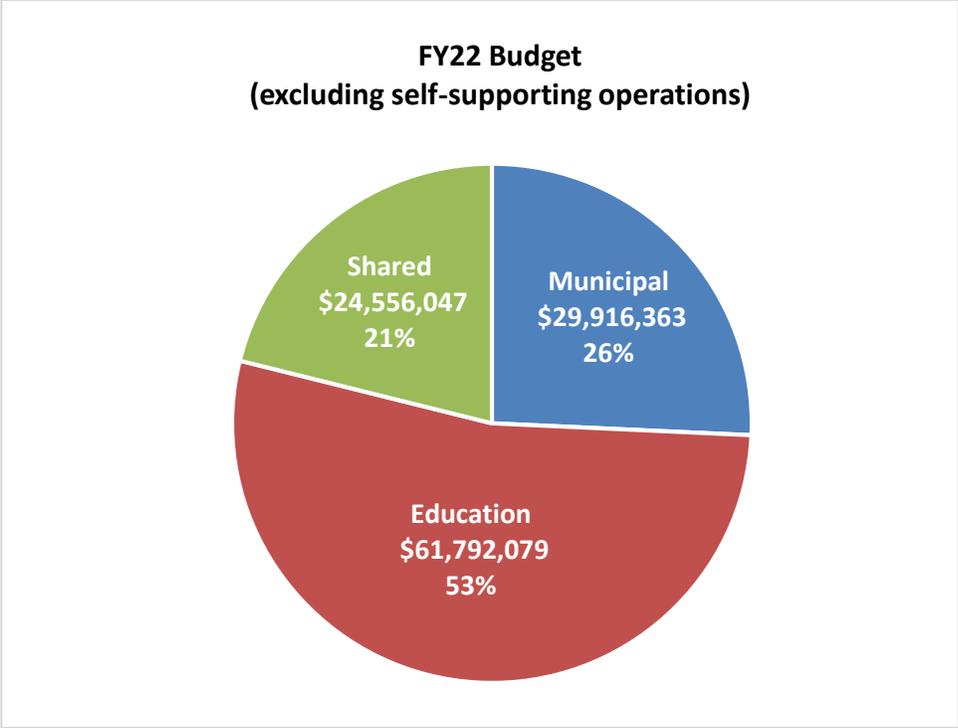
Now that we have explored revenue opportunities, we turn to the other side of the budget: expenditures. The chart below shows the composition of the FY22 budget for the Town by function. It excludes funding for self-supporting entities, such as the South Shore Country Club, Weir River Water System, and sewer operations.



Source: 2021 Annual Town Meeting Warrant (Article 6)

We often talk about the budget in terms of three main components: municipal services, education services, and shared service, as shown in the next graph.

- In FY22, municipal services account for 26% of total Town expenses. Municipal service categories include General Government, Public Safety, Public Works, Human Services, and Culture and Recreation.
- The School budget accounts for 53% of total Town expenses. Education categories include Regular Education, Special Education, and Vocational Education.
- Shared expenses account for 21% of total expenses. Shared expense categories include Employee Benefits for both active and retired employees, Debt Service (principal and interest payments), Capital Outlay, and Property/Liability Insurance.



Source: 2021 Annual Town Meeting Warrant (Articles 4 & 6)

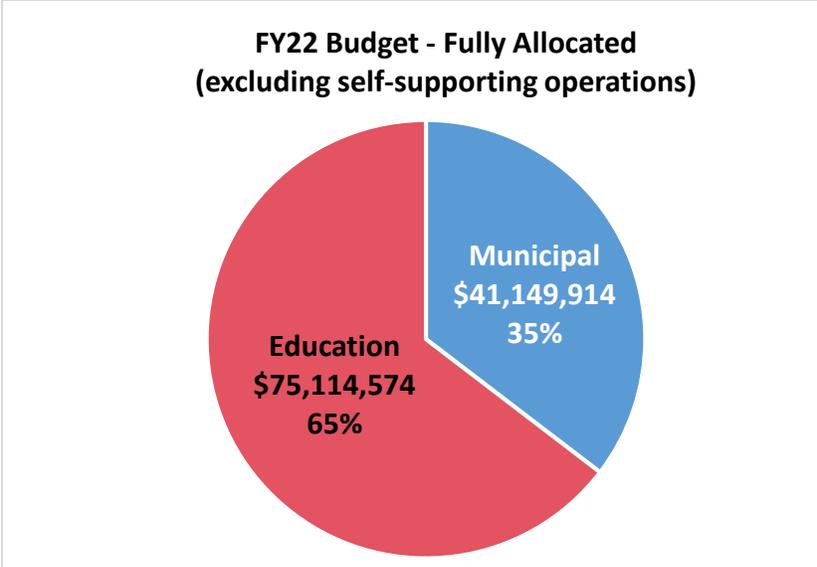
In our analysis, the Task Force focused on the municipal and school budgets because shared services largely represent fixed costs or costs over which the Town has less control.

The largest pieces of the FY22 shared services budget are health insurance for current and retired employees (\$7.1 million), debt service (\$5.7 million), and municipal pension costs (\$5.4 million). Pensions for teachers and certain school management personnel are administered by the Massachusetts Teachers’ Retirement System and do not impact the Town’s operating budget; all other school employees are part of the Hingham contributory retirement system.

The Town pays 50% of health insurance costs for current and retired employees, which is lower than the average of 70% paid by our 19 benchmark communities – an average that has slowly trended downward over time. Under the current system adopted by Hingham, the Town is required to provide a minimum contribution of 50%.

Debt service is determined by prior Town Meeting decisions to borrow for particular capital projects. According to the Town’s current debt schedule, approximately 70% of the FY22 debt service budget covers principal and interest payments on school projects, 6% is for public safety projects, and 20% is for all other projects (public works, land acquisitions, etc.).

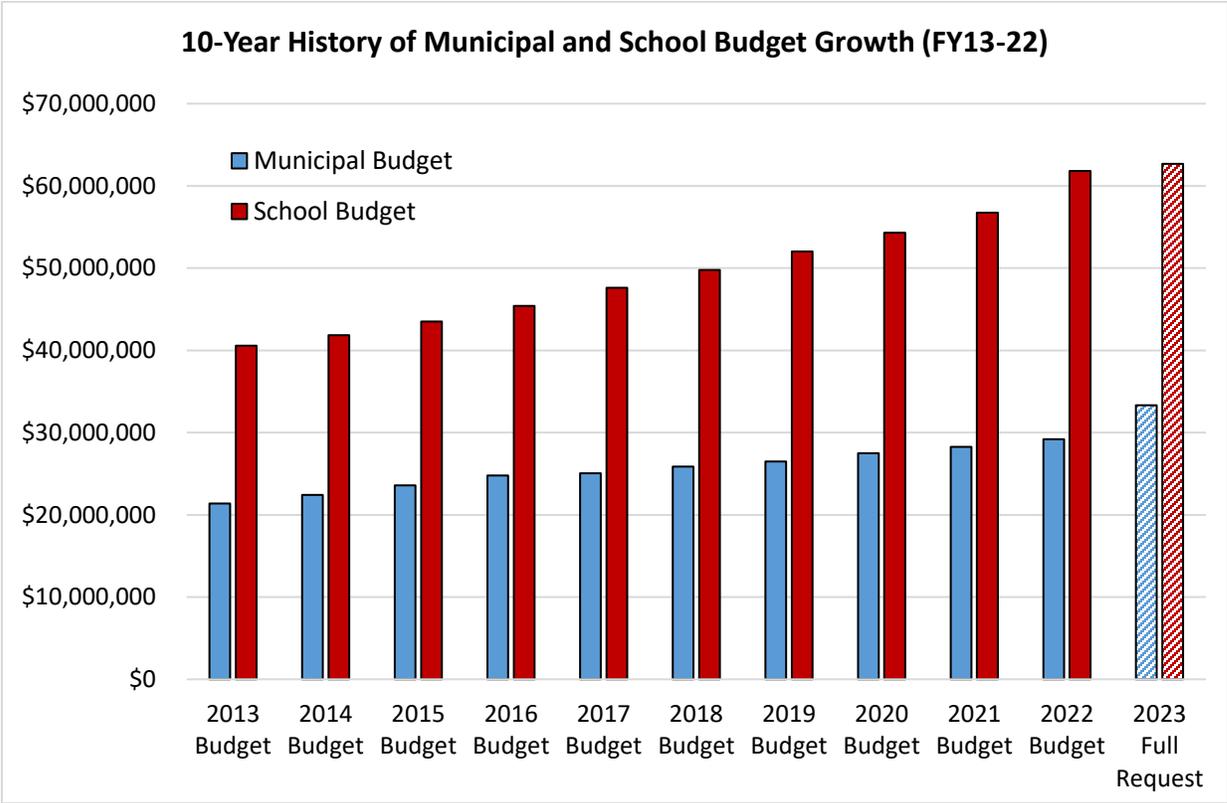
If shared expenses are allocated to their respective municipal and education departments, municipal expenses make up approximately 35% of the Town’s total budget while education expenses make up approximately 65%, as shown in the graph on the following page.



Source: Town of Hingham Accounting Department

A. Budget Growth

The chart below tracks the growth of the municipal and school budgets (without the shared services) over the last 10 fiscal years (FY13-22) and projects out the full FY23 budget requests in shaded bars on the right.



Source: Town of Hingham Accounting Department, Annual Town Meeting Warrants

As shown in the previous graph, the municipal budget has grown by an average of 3.5% over the 10-year period from FY13-FY22. The overall dollar change during that period was approximately \$7.8 million, from \$21.4 million in FY13 to \$29.2 million in FY22. The average growth for the last five years (FY18-22) was 3.1%, with an overall dollar change during that period of \$3.4 million.

The FY23 level services municipal budget request of \$32.4 million represents an 11.0% increase over the FY22 forecast. Personnel costs are largely driving that increase and are discussed more below. With additional requests included, as shown in the shaded blue bar in the graph, the full municipal budget request of \$33.3 million would represent a 14.1% increase over the FY22 budget.

The School budget has grown by an average of 5.1% over the 10-year period from FY13-FY22. The overall dollar change during that period was approximately \$21.2 million, from \$40.6 million in FY13 to \$61.8 million in FY22. The average growth for the last five years (FY18-22) was 5.4%, with an overall dollar change during that period of \$12.0 million. The growth was not primarily driven by enrollment but rather by personnel costs, the addition of new staff, and other expenses.

The FY23 School budget request of \$62.7 million (the shaded red bar in the graph), which includes additional positions, would represent a 1.4% increase over the FY22 forecast. Without additional positions in FY23, the School level services budget request is \$61.8 million, which would be a 0.1% increase over FY22 budget. The School budget increased substantially in FY22 (by 8.9% or \$5.1 million) with the addition of 32 positions, and the FY23 request reflects significant savings due to a decrease in out-of-district special education costs.

The Task Force discussed 3.5% as a potential growth rate going forward for municipal and school departments. The group felt that 3.5% represents a reasonable target to control costs while remaining aligned with market rates for personnel and expenses, but acknowledged that achieving and maintaining that rate would take considerable effort.

B. Personnel Costs

Local government is essentially a service industry, and it takes many people to provide those services. Therefore, personnel costs (salaries/wages and employee benefits) make up the vast majority (nearly 80%) of the Town's operating budget. Each time the Town adds positions to the organization, we have to remain cognizant of the associated impact (increase) on the employee benefits budget.

The Town has 12 collective bargaining units – six municipal unions and six school unions – as well as many non-union employees. The teachers union is by far the largest, currently representing 379 employees. Approximately 71% of all Town employees are school employees.

Municipal Employees	# staff	School Employees	# staff
Firefighters Union	53	Teachers Union	379
Library Union	31	Paraeducators Union	133
Police Patrol Officers Union	39	Custodians Union	35
Police Superior Officers Union	13	Food Service Workers Union	27
Public Works Supervisors Union	5	Transportation Drivers Union	42
Public Works Staff Union	40	Administrators Union	17
Non-union Employees	114	Non-union Employees	93

Note: Staff numbers above represent individuals, not full-time equivalents (FTEs).

Source: Town of Hingham Select Board Office and School Department

The Town uses salary data from our 19 benchmark communities to help determine wages for municipal and school employees in Hingham. The Task Force consulted with the Chair of the Personnel Board about the Town’s well-established practice of over 50 years of benchmarking salaries against these communities, which include municipalities in geographic proximity to Hingham as well others in the greater Boston area that have similar demographic and financial profiles.

1. Municipal Employees

The Select Board has authority to enter into collective bargaining agreements (CBAs) with the Town’s municipal unions. However, those agreements are negotiated by members of the Personnel Board on behalf of the Select Board, with support from Town Administration and department heads (and labor counsel, as needed). This unique system was put in place over 50 years ago, as the Chair of the Personnel Board recently explained at the January 11, 2022 meeting of the Advisory Committee. The Select Board itself does not sit at the negotiating table. This approach has helped the Town cultivate constructive bargaining processes with municipal unions where the goal is to achieve a package that is fair and equitable for employees, while being mindful of financial constraints and the budget impact to the Town.

The Task Force noted the large increase in salaries between the FY22 municipal budget and the FY23 municipal budget request (8.8% for level services). This increase is driven by three main factors: increases for staff covered by recently settled CBAs, increases for non-union staff resulting from the GovHR Wage and Classification Study, and a proposed 3% general wage increase to remain competitive in the municipal marketplace.

Collective Bargaining

The Personnel Board and Select Board aim for Hingham salaries to be “just above the midpoint” of our 19 benchmark communities. This means that for any given position in

Town, Hingham’s maximum salary should fall around the #10 spot among the 20 total communities in most cases. Salary data from the 19 benchmark communities is collected by the Town’s Human Resources Director and shared with the unions.

When Hingham salaries fall below the median, the Boards agree that an “equity adjustment” is warranted to bring the Town’s salary range back up to slightly above the median. Targeting slightly above the median mitigates high and low outliers and provides reasonable assurance that we are paying our employees fairly and in line with nearby and similar communities. Equity adjustments are applied at the beginning of a contract term, before any general wage increase or other requests are considered. Equity adjustments are not retroactive to fiscal years covered by previous CBAs.

At the beginning of FY22, five of the six municipal unions had open contracts – four from June 30, 2021 and one from June 30, 2020. The Town settled the Fire, Library, and both Police CBAs in the fall of 2021; the DPW Staff contract remains under negotiation. In analyzing salary data collected from the other towns, it quickly became evident that Hingham salaries had fallen below the midpoint in many cases, particularly in the Fire Department.

The following tables illustrate departmental positions and their ranking among the 20 towns prior to the most recent round of contract negotiations. Gray shading indicates that a community does not have any comparable positions.

FY21 Fire Department Salary Comparison (Prior to Negotiations)

Rank	Firefighter	Firefighter-EMT	Firefighter-Paramedic	Lieutenant-EMT	Lieutenant-Paramedic	Captain-EMT	Captain-Paramedic
1	Braintree	Braintree	Rockland	Braintree	Braintree	Needham*	Needham*
2	Needham*	Needham*	Braintree	Needham*	Needham*	Weymouth	Weymouth
3	Canton	Rockland	Needham*	Canton	Canton	Braintree	Braintree
4	Weymouth	Canton	Norwell	Weymouth	Westwood	Milton	Canton
5	Rockland	Weymouth	Westwood	Lexington	Rockland	Andover	Lexington
6	Milton	Westwood	Concord	Westwood	Lexington	Canton	Westwood
7	Westwood	Norwell	Canton	Andover	Winchester	Dedham	Concord
8	Wellesley	Hull	Winchester	Winchester	Concord	Lexington	Winchester
9	Cohasset	Winchester	Lexington	Milton	Weymouth	Winchester	Rockland
10	Winchester	Concord	Weymouth	Dedham	Scituate	Westwood	Hingham
11	Lexington	Lexington	Scituate	Rockland	Hingham	Wellesley	Norwell
12	Andover	Wellesley	Cohasset	Concord	Cohasset	Concord	Scituate
13	Marblehead	Milton	Hingham	Wellesley	Andover	Marblehead	Hull
14	Weston	Andover	Hull	Marblehead	Dedham	Hingham	Cohasset
15	Hull	Cohasset	Andover	Weston	Hull	Weston	Andover
16	Scituate	Scituate	Dedham	Hingham	Marblehead	Rockland	Dedham
17	Dedham	Marblehead	Marblehead	Scituate	Milton	Scituate	Marblehead
18	Hingham	Weston	Milton	Cohasset	Norwell	Hull	Milton
19	Concord	Hingham	Wellesley	Hull	Wellesley	Norwell	Wellesley
20	Norwell	Dedham	Weston	Norwell	Weston	Cohasset	Weston

*Note: Needham contract had expired so a 2% increase was applied as an estimate.
Source: Town of Hingham Human Resources, benchmark communities Human Resources*

FY21 Police Department Salary Comparison (Prior to Negotiations)

Rank	Patrol Officer	Sergeant	Lieutenant
1	Braintree	Weymouth	Needham
2	Norwell	Braintree	Weymouth
3	Canton	Needham	Wellesley
4	Westwood	Canton	Concord
5	Needham	Milton	Westwood
6	Milton	Norwell	Braintree
7	Concord	Westwood	Milton
8	Wellesley	Lexington	Canton
9	Lexington	Concord	Dedham
10	Weymouth	Hingham	Weston
11	Cohasset	Cohasset	Cohasset
12	Scituate	Dedham	Lexington
13	Hingham	Wellesley	Andover
14	Marblehead	Winchester	Hingham
15	Weston	Scituate	Winchester
16	Dedham	Andover	Rockland
17	Hull	Weston	Scituate
18	Winchester	Rockland	Hull
19	Andover*	Hull	Marblehead
20	Rockland	Marblehead	Norwell

Note: Andover patrol salary is from FY19.

Source: Town of Hingham Human Resources, benchmark communities Human Resources

Based on benchmark data, the Select Board approved equity adjustments for the Fire, Police, and Library unions. Equity adjustments are essentially salary corrections - for example, for the Fire Department, it was a seven-year correction as the benchmark salary data showed those salaries had fallen well below the midpoint.

Wage & Classification Study

Salaries for non-union municipal employees are governed by the Town’s [Personnel By-law](#) and associated Classification and Salary Plan. The Town partnered with GovHR in 2019 to initiate a comprehensive review of the Classification and Salary Plan for permanent non-union municipal employees (about 85 people in total). The process took two years to complete and a new Classification and Salary Plan was recommended by the Personnel Board, endorsed by the Select Board, and ultimately approved by 2021 Annual Town Meeting. The new GovHR Classification and Salary Plan became effective on June 1, 2021.

The last comprehensive review and update of the Plan was in 2001, so salary adjustments made through the new GovHR study represent a 20-year correction in many cases. The salary target for this group of employees was the same as for union employees: at or slightly above the median for the 19 benchmark towns. The total estimated FY22 budget impact of implementing the new GovHR Plan was about \$150,000, or an average of \$2,028 per person (General Fund employees only).

The former Classification and Salary Plan had 15 Grades, each with Steps 1-6 (1 being the lowest and 6 being the highest). The new GovHR Plan condensed the structure into 13 Grades, still with 6 Steps each. Employees with satisfactory performance are eligible to advance one step each year, which means that they generally reach their maximum salary upon completing their fifth year of employment with the Town. Under the GovHR Plan, the increase between steps in any given Grade ranges from 5-7%. The overall Salary Plan will also be increased annually to reflect any cost of living adjustments approved by the Town.

Employees transitioned to the GovHR Plan on June 1, 2021 by moving into the Step within the new recommended Grade that did not result in a salary decrease. In other words, no one was guaranteed a pay increase, but they were promised that they would not lose pay as a result of the study. As mentioned above, most people received a modest salary increase when converting into the new system. However, as shown below, the study gave many employees “room to grow.”

Step	Employees under Old Plan (effective 2001)	%	Employees under New GovHR Plan (effective June 2021)	%
1	10	14%	15	20%
2	4	5%	10	14%
3	4	5%	5	7%
4	3	4%	12	16%
5	6	8%	20	27%
6	47	64%	12	16%
Total	74	100%	74	100%

Source: Town of Hingham Human Resources

Looking only at the 74 employees in the study whose positions are funded by the Town’s General Fund Budget (as opposed to enterprise funds or revolving funds), 64% of those employees had reached their maximum salary (Step 6) under the old system, which means that their wages were only growing by the annual cost of living adjustment (2% in recent years). However, under the new structure, only 16% of employees had “maxed out” at the beginning of FY22. This growth will impact the municipal budget for the next few years until more employees reach Step 6.

The Town chose not to delay implementing the new municipal non-union pay scales, despite the challenges and uncertainties posed by the pandemic, to account for a 20-year correction and ensure that we continue to pay staff fairly, equitably, and competitively. As in any year, retirements, vacancies, and new hires (which typically come in at lower steps than outgoing employees) generate some savings to offset this growth.

2. School Employees

The School Committee negotiates collective bargaining agreements with school bargaining units directly with support from School Administration and labor counsel. The FY21 budget allowed the School Department to hire a Director of Human Resources for the first time to assist in managing the 700+ employees, the six bargaining unit agreements, conduct hiring, supervise CORI checks, manage employee benefits, comply with labor laws, and all other employee relations. Prior to this, the responsibilities were covered by Central Office administrators and School Committee members. In August 2019, long-serving labor counsel Peter Ebb of Ropes & Gray retired. The firm informed Hingham that it would no longer service school district labor relations. The School Committee conducted an extensive search and hired Murphy, Hesse, Toomey and Lehane for school labor and special education legal services.

The School Committee has authority to enter into collective bargaining agreements (CBAs) with the School Department labor unions. The agreements are negotiated by a three-member sub-committee of the School Committee with support from the Superintendent, Director of Business and Support Services, Assistant Superintendent and principals, and labor counsel. The full School Committee is regularly updated during the negotiating process and votes on the final agreements. Prior to commencing negotiations, the School Committee consults with the Select Board, Advisory Committee, and Town Administration to be mindful of financial constraints, the budget impact to the Town, and fair treatment of all Town of Hingham employees. At the same time, negotiations are a mutual discussion with the goal to achieve a package that is fair and equitable for both parties.

The largest School Department union is Unit A of the Hingham Education Association. Unit A includes classroom teachers, specialized teaching personnel, special education teaching personnel, guidance counselors, resource teachers/coordinators, psychologists, adjustment counselors, health coordinators, librarians/media specialists, Title 1 teachers and nurses. Excluded are substitute teachers and permanent substitute teachers.

Unit A employees are paid on a salary scale comprised of 13 steps and 7 lanes (similar to the GovHR plan above). The lanes reflect a teacher's education level and the steps reflect years of employment. They can be hired on any step or lane commensurate with their experience. The lane recognition awards successful teachers for specified graduate school advancement and degrees to advance their professional practice and is granted in September of the next school year. The step increases are 3-5% with advancement one

step each of employment. Once a teacher achieves step 13, they receive adjustments agreed to in the collective bargaining negotiations. The Department’s hiring goal is to replace a retiring or departing staff member with the best candidate at a lower level on the scale. The contract also includes stipend payments for longevity pay for 15 years or more of service, athletic coaching, extra-curricular advising, and mentoring and induction program leaders.

The Task Force noted the growth in budget for teaching staff over 13 years from FY10 to FY22. The steps and lanes salary scale is a standard practice in Massachusetts public school districts. Each district has unique numbers of steps and educational requirements for the lanes. The Hingham scale has been in place prior to FY10 with cost-of-living adjustments (COLA) awarded based on the collective bargaining negotiations. The scale has increased 30-40% over the 13 years; individual employees in the early career years can earn more than a cost-of-living-adjustment with the steps and lanes scale. In addition, the staffing of the School Department has grown over the 13 years due to increased enrollment, the opening of East School, state mandates, and special education services which required additional staffing.

The School Committee continues to monitor the Unit A scale compared to the 19 benchmark communities. Hingham salaries on average and for the highest attainable salary level are in the upper half of the benchmark communities.

Rank	2019-20 Average Teacher Salary
1	Concord-Carlisle
2	Weston
3	Wellesley
4	Westwood
5	Hingham
6	Cohasset
7	Needham
8	Dedham
9	Lexington
10	Andover
11	Braintree
12	Scituate
13	Norwell
14	Canton
15	Milton
16	Winchester
17	Hull
18	Marblehead
19	Weymouth
20	Rockland

Source: Hingham School Committee;
[MA Department of Education](#)

Rank	Highest Attainable Teacher Salary (2019)	Level
1	Concord-Carlisle	Step 16, Masters +60
2	Norwell	Step 30, Masters +45
3	Wellesley	Step 16, Masters +60
4	Westwood	Step 14, Doctorate
5	Weston	Step 15, Masters +60
6	Hingham	Step 13, Doctorate
7	Lexington	Step 12, Doctorate +30
8	Conhasset	Step 16, Doctorate
9	Andover	Step 14, Doctorate
10	Dedham	Step 15, Doctorate
11	Needham	Step 14, Doctorate
12	Scituate	Step 20, Doctorate
13	Winchester	Step 14, Masters +60
14	Canton	Step 16, Masters +90
15	Rockland	Step 20, Doctorate
16	Marblehead	Step 11, Masters +75
	Braintree	not available
	Weymouth	not available
	Hull	not available
	Milton	not available

Source: Hingham School Committee

The five other units include the majority of staff who directly work with, care for and attend to Hingham's students. Unit B are the Paraeducator teaching assistants. Unit C are the custodians and maintenance workers who clean, maintain, and operate the buildings and grounds. Transportation workers are the bus and van drivers for the six buildings and special education transportation. Food Service Workers are the staff who operate the six cafeterias. Finally, the Administrator Association includes the Assistant Principals, Department Directors, Counseling, Special Education, and Athletic Directors.

These units have received comparable COLA increases to what was awarded Unit A. Unit B, Transportation and Food Service Workers are paid on the lowest end of the scale and on an hourly rate. The School Committee has awarded these units equity adjustments beyond the 2% COLA primarily due to Massachusetts incremental increasing of the minimum wage to achieve \$15 per hour in 2023 with the intention of maintaining a consistent delta between their pay and the minimum wage. Benchmarking data has also required pay to increase compared to surrounding towns to maintain workers and fill open positions.

The Administrators Association have received comparable COLA increases and other benefits as awarded to Unit A. The School Committee continually reviews these salaries in comparison to the teachers and principals to achieve an appropriate delta in between both salary scales.

The Superintendent, other Central Office administrators, and Principals have individual contracts with salaries and benefits consistent with the Administrators Association agreements.

3. Recommendations

As discussed above, personnel expenses constitute nearly 80% of the Town's operating budget and the Town seeks the best people possible to deliver the services that residents desire. Managing the growth of personnel expenses while still compensating employees fairly, equitably, and competitively is a key factor in developing a sustainable budget.

The Task Force recommends the following in this regard:

- The Town should align collective bargaining and employee compensation strategies across all departments. Employees across the organization should be compensated according to the same standard in relation to our 19 benchmark communities.
- To help align strategies and facilitate information sharing, the Select Board, School Committee, Personnel Board, and Advisory Committee should meet in executive session to discuss collective bargaining strategies prior to the start of the negotiation period for a given fiscal year.

- The School Committee may want to consider adopting a strategy similar to the Select Board and Personnel Board where a third party would negotiate on behalf of the School Committee. This would allow the School Committee to set parameters for negotiations, remove itself from the room, and potentially contribute to a more constructive process with better outcomes for both sides.
- Municipal and school departments should strive to manage to an annual growth rate of 3.5% or less, including being mindful of managing personnel costs during the hiring process. The Task Force recognizes that this growth rate is below historical averages, but we believe that it represents a reasonable target to control costs while remaining aligned with market rates for personnel and expenses.

The Town may also want to consider exploring a formal revenue-sharing agreement similar to the practice in Brookline. The [Town of Brookline established its practice](#) in 1995 and today prescribes a 60/40 revenue sharing arrangement whereby the school department gets 60% of revenues and the municipal departments get 40% of the revenue, after certain shared expenses and other fixed costs have been removed from the calculation. Further analysis would need to be done to determine an appropriate split for Hingham and what costs were included and excluded from the calculation.

This type of agreement serves as a tool to help control budget growth as departments would need to live within the revenue available in any given year. It also provides some degree of budgeting certainty and an incentive for the Town to grow the revenue pie. The Task Force would not recommend that Hingham institute a revenue-sharing agreement until after an override or general revenue correction is first made to account for increased expenses in the FY22 budget that do not yet have a sustainable funding source.

C. Profile of Current Services

The Town provides a variety of services to residents, including public education; public safety and emergency medical services; street and sidewalk maintenance; snow removal; trash disposal and recycling; water, sewer, and electrical service; public health functions; public recreation and social programs; library services; and permitting, among others.

Given time constraints, the Task Force was not able to engage in a thorough evaluation of current services. We focused on the largest four service departments that are supported by the General Fund (School, Public Works, Police, and Fire) to determine whether there are any obvious opportunities to increase operational efficiencies. We offer the following profiles of the School, Public Works, Police, and Fire Departments. Overall, the Task Force found operations and staffing to be lean. The school strategic planning exercise and staffing audit will provide additional insight into school services.

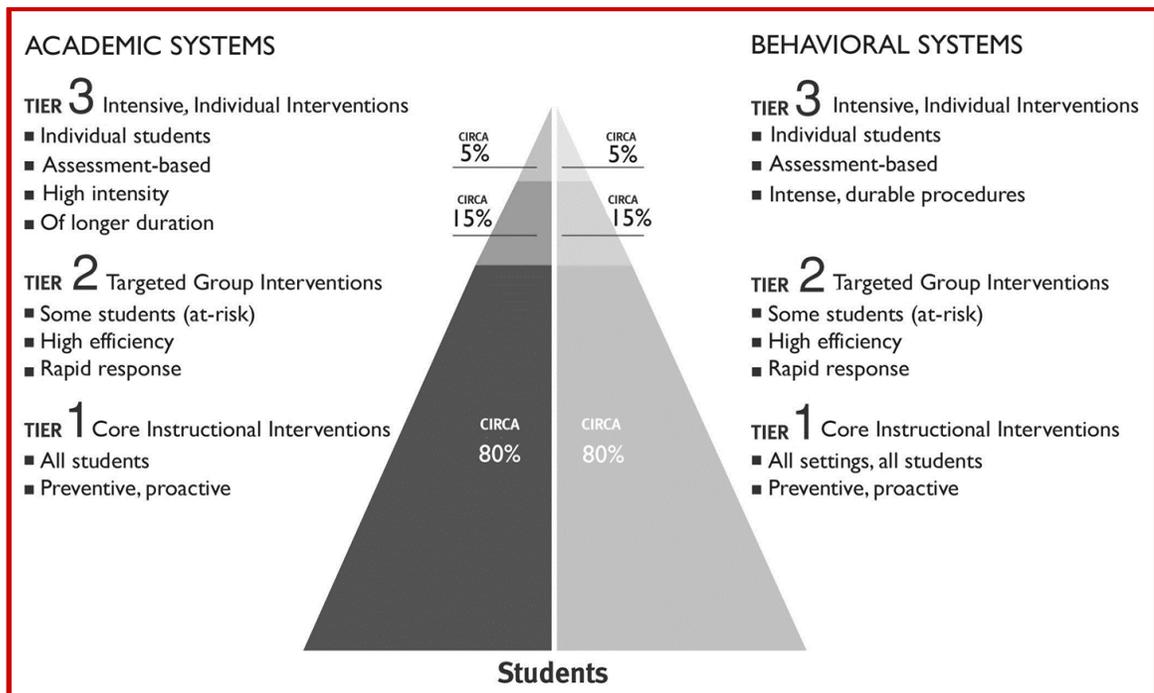
1. Education

The School Department is the Town's largest service department with an FY22 budget of \$61.8 million, comprising approximately 53% of the Town's General Fund budget. The Schools have over 700 employees, representing 71% of the total Town employees. The Schools also maintain six buildings and additional properties. The education budget has remained at nearly 50% of the total Town budget since 2011.

Schools represent one of the greatest investments that a town makes in its residents. There has been a documented history of achievement gaps between all students, students with disabilities, and High Needs students, even before the COVID-19 pandemic. An achievement gap is a persistent disparity in academic performance among student groups and/or subgroups. This achievement gap, as well as the impact of COVID-19 on academic skill and social-emotional functioning, was described by the Assistant Superintendent at the [February 22, 2021 School Committee meeting](#).

In an effort to address this achievement gap, as well as continue to support all students and provide academic excellence, Hingham Public Schools has been rolling out a multi-tiered model, referred to as the Hingham Tiered Systems of Support (HTSS).

Hingham Tiered Systems of Support



HTSS focuses on system structures and supports across the district, school, and classroom to meet the academic and nonacademic needs of all students. The HTSS provides support to teachers as they develop alternatives for students experiencing difficulties (behavioral, social or academic) in the general education classroom. The HTSS

is typically comprised of administrators, teachers, and counseling staff. The HTSS teams schedule regular meetings throughout the year depending on the needs of the students in the building. The HTSS ensures that the needs of students who are experiencing difficulty in school are identified and that a variety of strategies and interventions are implemented. In addition, the support of school psychologists, school counselors, curriculum or technology specialists, administrators, team leaders, and community agencies may provide ideas and/or peer assistance to their colleagues, or offer suggestions for better utilization of resources or staff time.

State law requires a town to educate its children and federal law requires that all children receive a fair and adequate education. There has been a significant increase in state and federal mandates over the past several decades. Although there has been a great deal of discussion about the need to fund items, there has been very little movement at the federal and state levels. Unfunded/underfunded mandates are significantly impacting school districts in the Commonwealth and around the country. Some examples of state and federal mandates that have been added in just the last 20 years include:

- No Child Left Behind
- Internet Safety
- Bullying Prevention Programs
- Texting and Social Media Etiquette
- Elevator and Escalator Safety Instruction
- Body Mass Index Evaluation (Obesity Monitoring)
- Eating Disorder Counseling
- Suicide Awareness Programs
- Organ Donor Awareness Classes
- Steroid Abuse Prevention Programs
- Media Literacy Training
- Expanded Early Childhood Wrap Around Programs
- Financial Literacy Development
- Intruder Lockdown Training
- Health and Wellness Programs
- Leadership Training
- Contextual Learning and Skill Development
- Entrepreneurial/Innovation Skill Development
- Credit Retrieval Programs
- On-Line Learning Requirements
- Race To The Top
- Common Core Standards
- S.T.E.M Programs
- Changes in school discipline
- Concussion Regulations
- Response to Intervention Training
- Preschool Requirements under Early Education and Care Regulations

One of the most visible underfunded mandates is the special education portion of the School Department budget. State and federal laws require districts to provide students with disabilities with a free and appropriate education in the least restrictive environment. In most cases, this means that students receive appropriate services in Hingham schools, alongside their typically developing peers. However, the personnel, administrative, and technology costs inherent in the delivery of appropriate services are exorbitant. The cost of providing legally required assessments, evaluations, and specialized instructional services far exceed the funding provided by federal and state sources. In addition, non-instructional services within the review and appeal processes, such as arbitration, mediation, hearings, etc., result in extraordinary costs to the district which are not reimbursable.

The Individual Education Plan process, which dictates which services a student receives and where they receive them, leaves little flexibility for districts. The required process, participants, and timeline is dictated by federal and state law, and the consequences of non-compliance with the process can have a detrimental educational impact on students and a detrimental financial impact on districts.

Perhaps the most volatile and unpredictable of the underfunded costs for special education is the total cost for out-of-district tuition for students whose needs cannot be met within the district. Hingham Public Schools special education administrative staff has done an admirable job over the past few years, and continues to develop programs that allow more students to receive an appropriate education in-district. However, when it is not possible to educate a student within the Hingham Public Schools, the district is legally required to fund their tuition at an out-of-district program where the student's educational needs can be met. Moreover, when an out of district placement is required, the district is also required to transport the student to that placement, often at a steep cost.

One of the reasons the financial impact of out-of-district tuitions is so unpredictable is that a student with significant disabilities could move to Hingham at any time, or a student within the school system could suddenly become disabled due to illness or an accident. While the Town does have a Special Education Reserve Fund to soften the impact of unexpected tuitions, Hingham's financial responsibility for the education of students who require special education services, including out-of-district tuitions, continues until students are 18 or potentially 22 years old.

Special education costs are partially offset by "Circuit Breaker" funding, which is intended to supplement the local budget. The threshold for Circuit Breaker eligibility is calculated by the state average per pupil expenditure multiplied by four (foundation budget). Districts are reimbursed a percentage above the foundation amount. Reimbursement rates have fluctuated over the past several years and are determined by the state. Out-of-district costs and reimbursement rates continue to be the most unpredictable cost in special education.

In addition, assessment, analysis, data management, remediation adjustments and associated district reporting have been significantly expanded. The [Superintendent's Checklist from the Department of Elementary and Secondary Education \(DESE\)](#) identifying reports that a school district is responsible for completing and filing is an example of this progression. Ninety percent of these management and resource activities have been added since 1993, and the requirements are constantly increasing. With increased demands on the staff currently in place, these requirements have caused a backlog of work, creating an atmosphere of an overwhelmed nature within support staff in buildings as well as at the district's central office.

The global pandemic has exposed faults and exasperated issues in all systems and the Hingham Public Schools were not immune from this phenomenon. Recovery from learning loss is still the primary focus for HPS in FY22. Focusing on FY23-FY27, Hingham Public Schools have engaged in several activities to help direct resources to meet the needs of the community, including but not limited to the Strategic Plan and Staffing Audit.

Strategic Planning: Hingham Public Schools are engaged in a Strategic Planning process set to be completed in July 2022. This process will allow the District to work with community stakeholders to help set goals for the next five years. This process is intended to:

- a. Provide focus: A strategic plan formalizes the school district's mission, vision, values, goals, and objectives. This enables stakeholders to voice and agree on the same priorities and focus on the same path to improvement.
- b. Engage the community and stakeholders: The strategic planning process involves engaging the community and other stakeholders in feedback sessions. This insight early on helps the team develop a more targeted strategic plan and builds community support.
- c. Help create efficiency and save money: School districts that implement strategic plans ultimately create efficiencies that translate to dollar savings.
- d. Understand district challenges: By understanding the school district's challenges, the school district's leadership can plan appropriately to address these challenges. The outcome may come in the form of a policy that is developed to assist in alleviating the challenges or perhaps a budgetary need that is identified, and the district can plan appropriately to address.

A five-year plan will identify the District's strategies, the responsible entity that will lead each initiative, timelines, and required funding. The developed plan will be reviewed annually to monitor and communicate progress to stakeholders.

Staffing Audit: HPS will be engaging a faculty and staff audit at the building level. One essential question in school finance today is what does it cost to provide an educational program that will provide an equal opportunity for all students to meet proficiency standards and prepare students for 21st-century life?

Picus and Odden Associates developed a process that engages a school district to understand clearly what adequately funding determinations can be derived based on an exercise to look at staffing aspects of a school district by building. The current Interim Superintendent has experience in Odden and Picus methods and will be completing this work during the second semester of the 2021-2022 school year. The staffing audit will be shared with the School Committee and new Superintendent as they begin budget development for the 2022-2023 school year.

2. Public Works

After the School, the Department of Public Works (DPW) is the Town's second largest service department. The total FY22 DPW budget is \$9.5 million including sewer, or approximately \$6.0 million excluding sewer (sewer operations are funded by sewer rates, not property taxes).

Currently, the Town's 52 full-time and three part-time Public Works staff are responsible for maintaining:

- 140 miles of public roads
- 100 miles of drain lines
- 60 miles of sidewalks
- 10,000 drainage structures
- 10,000+ public shade trees
- 3,100 traffic and street signs
- 80 pieces of snow removal equipment
- 13 sewer pump stations
- 5 sets of signal lights
- Various athletic fields, parks, and grounds of public buildings

DPW staff operate the Transfer Station four days per week with over 8,000 vehicle visits per week on average in 2021. Transfer Station usage increased significantly during the pandemic and has not returned to pre-pandemic levels, partly because many people continue to work remotely from home. Weekly vehicle visits exceeded 9,000 on average in 2020, compared to 7,000 in 2019.

Prior to the pandemic, residential growth and construction activity in Hingham over the last several years led to significant growth in scale activity and trucking operations at the Transfer Station, straining the Department's ability to maintain services. Last year, the DPW Superintendent requested two additional Heavy Equipment Operators to support the Transfer Station; one was approved through the FY22 budget process.

Similar to communities across Massachusetts, the DPW budget continues to be stressed by increasing trash and recycling costs and decreased recycling revenue. The Town's trash disposal contract with SEMASS will escalate by over 23% from \$85/ton in calendar

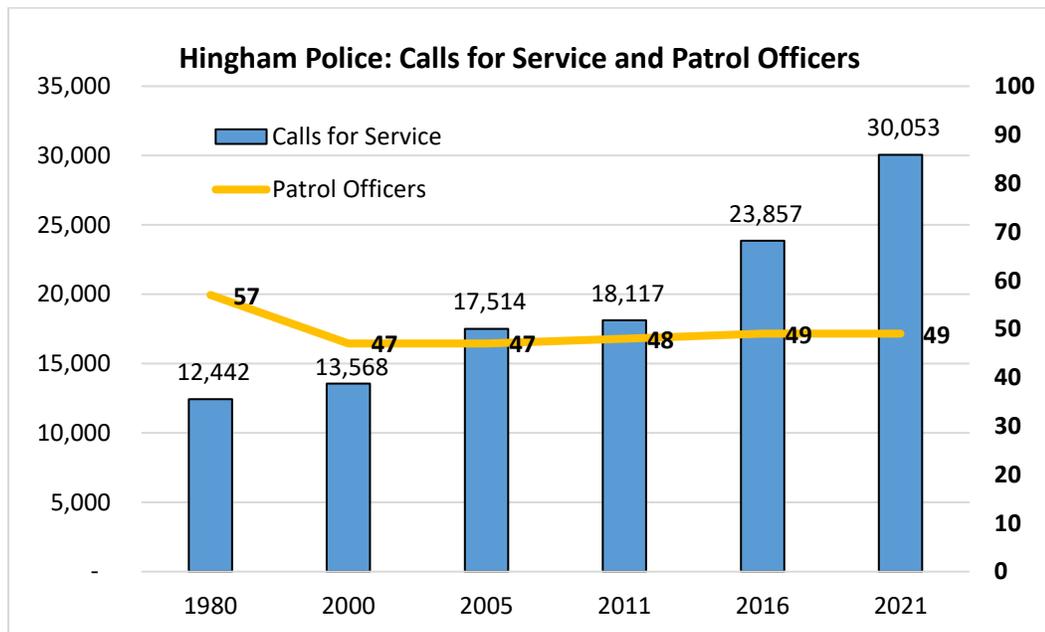
year (CY) 2021 to \$105/ton in CY 2025, the last year of the current five-year contract. These increases will need to be absorbed by the Town, or potentially offset by Transfer Station sticker or pay-as-you-throw revenue as discussed in Section V above.

Increasingly stringent federal stormwater mandates also put pressure on the Public Works budget. The Town developed a [Stormwater Management Plan](#) in 2019 to minimize stormwater runoff impacts to local water bodies and comply with requirements under the U.S. Environmental Protection Agency’s MS4 Permit program. Significant resources will be needed to implement the activities and measures outlined in the Plan over the next several years. An independent analysis conducted by a team of Harvard Kennedy School of Government graduate students in the spring of 2020 provided several options for the Town to consider in terms of funding municipal stormwater mandates, including a potential stormwater utility fee. The Town is actively seeking grants and other resources to offset stormwater expenses.

Finally, recurring vacancies, especially in DPW’s Tree & Park Division, continue to drive up overtime costs and strain staff and the Department’s ability to keep up with service demands.

3. Police

The Hingham Police Department (HPD) is the Town’s third largest service department at \$6.3 million in FY22. Over the past four decades, the Department has seen a steady increase in calls for service while overall staffing has remained static. The following chart plots annual calls for service against the number of HPD patrol officers.

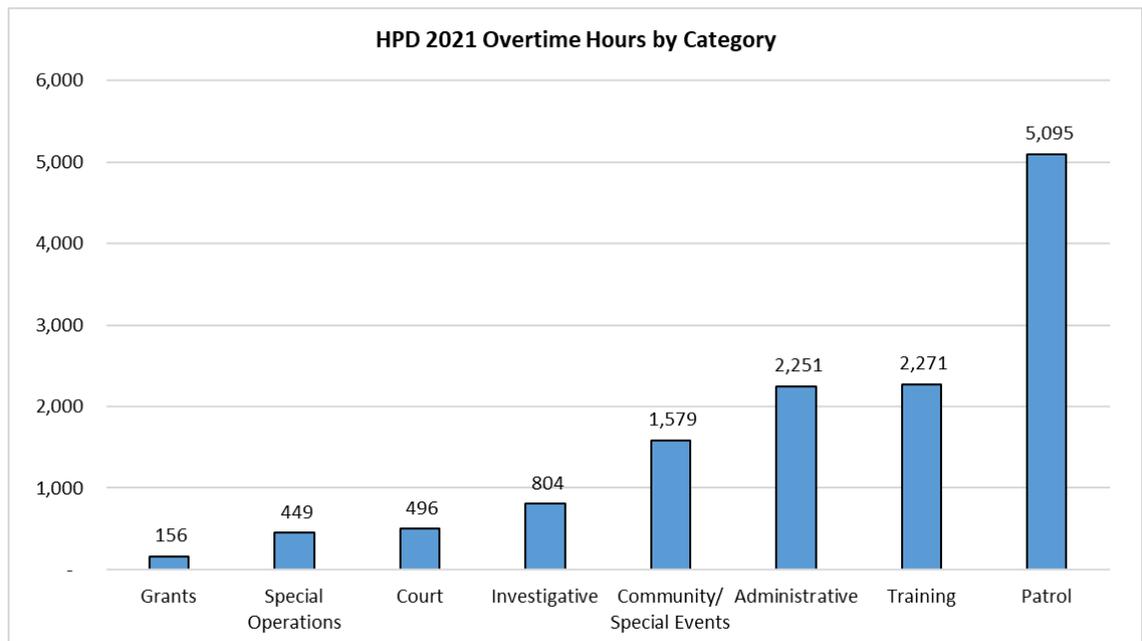


Note: Patrol officers count above does not include School Resource Officers.

Source: Hingham Police Department and Annual Town Reports

The Police Chief reports that the addition of new, large-scale commercial and residential developments in Hingham have caused a proportional increase in calls for service and responsibilities for officers. HPD has also seen a dramatic increase in incidents that involve mental health and substance abuse issues, as well as other complex situations that require significant follow-up investigations (fraud, identity theft, etc.). The FY22 budget includes funding for a new full-time mental health clinician as a dedicated role for the Hingham Police Department to help address the increased mental health needs of the community.

Staffing shortages and service demands on the Department have increased overtime costs. The chart below shows HPD overtime by category during CY2021.



Source: Hingham Police Department

As shown above, covering patrol shifts is the main reason for departmental overtime. In CY2021, 40% of overtime patrol shifts resulted in forced overtime, meaning that an officer did not volunteer for an overtime shift and was instead required to stay and work an additional eight hours to maintain coverage.

For several years in a row, including for FY23, Hingham Police Chiefs have requested additional patrol officers be added to the HPD budget. Maintaining minimum staffing levels ensures that there is adequate personnel for emergency response to simultaneous calls for service. In determining minimum staffing levels, police departments must take into account the geographical coverage area and the ability to respond to multiple incidents simultaneously, while maintaining additional resources for backup and other incoming calls. Many of the HPD's calls involve the need for a multi-officer response. Increasing staffing levels may actually decrease the overall department budget by lowering overtime

expenditures, which are typically paid at time-and-a-half or double-time as opposed to regular rates.

4. Fire

The Fire Department is the Town's fourth largest service department at \$6.1 million in FY22. The Fire Chief has asked for additional firefighters for several consecutive fiscal years, including for FY23, to try to address minimum and maximum staffing recommendations.

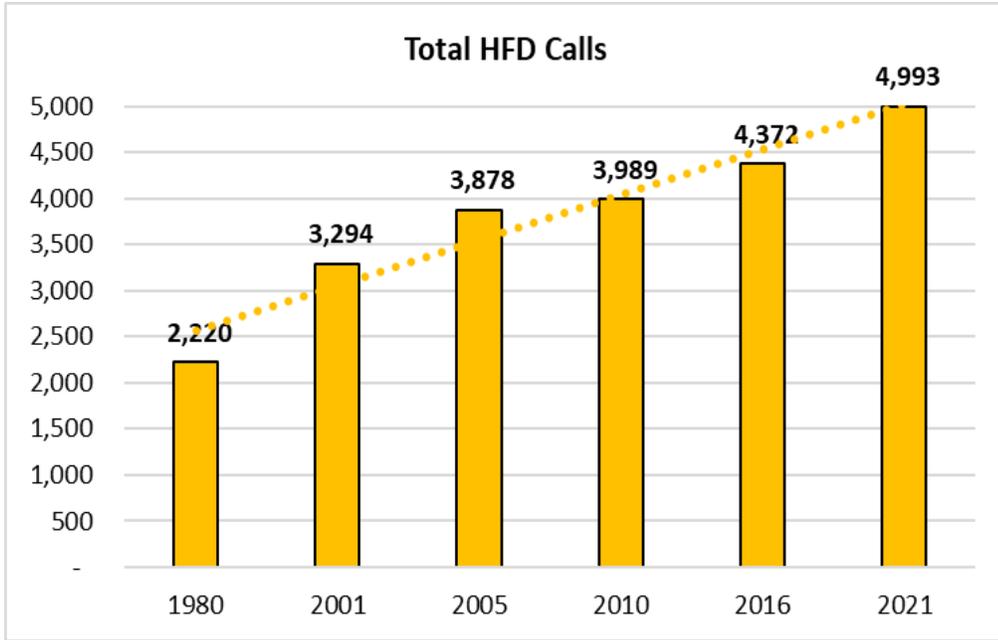
Firefighter effectiveness is one consideration in the Chief's calculus. The National Fire Protection Agency (NFPA) recommends minimum numbers of firefighters per fire engine/aerials. They also recommend the minimum number of firefighters responding to a structure fire.

- NFPA 1710 recommends a minimum of four firefighters per engine. Hingham staffs its engines with two.
- NFPA 1710 also recommends that a minimum of 14 firefighters respond to a fire in a single-family dwelling. When the aerial (ladder truck) is used, the number increases to 15. Currently, the Town can only provide 13 *if we are at full strength*. With vacancies, injuries, vacations, etc., the Hingham Fire Department (HFD) will only be able to provide 11 most of the time. (Note: NFPA considers a single-family dwelling to be 2,000 sq ft without a basement. Hingham has many larger homes, most of which have basements.)

The Fire Chief believes that there should be a greater separation between the Town's maximum and minimum shift strength. The HFD staffing module uses four operational groups with a minimum of 11 people working every day. To provide coverage for vacations, sick time, and injuries, there are 13 people assigned to each group. The Chief's request for an additional four firefighters would raise the maximum staffing to 14 by providing one additional person for each of the four operational groups.

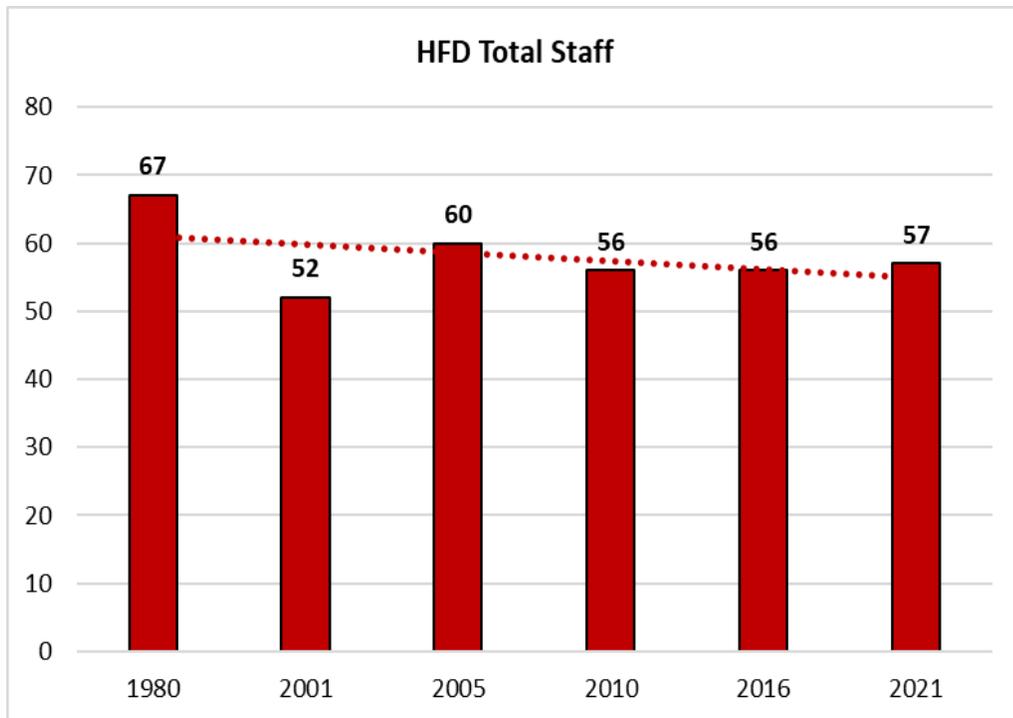
Although this change would increase regular salary costs in the Fire budget, the Chief explains that it would decrease overtime costs by a greater amount by allowing more Fire staff members to be out on training, sick leave, injury, or personal/vacation time before a shift has to be filled with overtime. He noted that the Department is currently covering too many shifts with overtime and experiencing many holdovers (forced shifts), which increase expenses even further (double time pay) and decrease morale.

The chart on the next page shows the annual calls for service for HFD from 1980 to 2021.



Source: Hingham Fire Department and Annual Town Reports

During that same time, while calls for service have been steadily increasing, HFD staffing levels have remained fairly steady with a slight trend downward over time, as shown below:



Source: Hingham Fire Department and Annual Town Reports

5. Capital Structural Deficit

According to the Town's [Financial Policy](#), "The capital assets of the Town comprise the Town's physical infrastructure, inherited from previous generations and intended to be passed on to future generations. It is the aggregate property, plant, and equipment used by the Town. It includes assets such as the roads and buildings we use, the harbor which must be dredged periodically, and the equipment needed by our Town staff. We are the current caretakers. It is our collective responsibility to maintain, replace, when necessary, upgrade and/or expand - as directed by Town Meeting - the Town's capital assets."

The Task Force is concerned that the Town continues to underinvest in capital. The Capital Outlay Committee (COC) noted in its report in the 2021 Annual Town Meeting Warrant that "Adequate capital funding is necessary in order to properly manage replacement and maintenance of Town-owned assets. A lack of sufficient capital funding may result in increased repairs and ultimately higher costs when those capital items are replaced. It is preferable to be proactive instead of risking the failure of one or more systems and spending more funds to remedy an emergency situation. The Town must continue to increase capital funding in order to keep pace with the operating budget, allow for proper maintenance of the Town's significant capital base and comply with the Town's Financial Policy."

The Town identified underinvestment in capital as an issue at least 10 years ago. The 2012 COC report pointed out that "most capital spending on infrastructure is not discretionary. For the last several years, capital spending has been considerably less than in previous years due to the continued adverse economic conditions impacting the town and its inhabitants. As a result, many of the items contained in the FY2013 capital requests have been deferred/delayed from previous years. While this practice has been necessary, it has resulted in a growing backlog of capital requests for future years. [The Committee] recommends that, in preparation for the 2014 budget process, additional funds be made available for replacement of capital items to prevent a significant negative impact to the town's capital base."

Although the Capital Outlay allocation has increased gradually in recent years, the Task Force believes that the Capital Outlay allocation constitutes a structural deficit in the Town's annual budget. The FY23 Capital Outlay budget of \$2.7 million falls far short of the amount needed to adequately address annual repair and maintenance of the Town's six school buildings, three fire stations, Public Works facilities, Town Hall campus, public library, other public buildings and facilities, emergency response vehicles, school buses and vans, public works vehicles and heavy equipment, and the many other vehicles and equipment used on a daily basis by over 20 departments.

As one example, the FY22 vehicle replacement request from the Public Works Department is included on the following page.

equipment in good operating condition. The absence of maintenance results in shortened life, unsafe conditions, and unexpected expenses.”

As part of the December 2021 update to the Financial Policy, the Advisory Committee increased the recommended annual Capital Outlay allocation to be between 3-6% of the Town’s operating budget for a given fiscal year (up from 2-5% in prior versions of the Financial Policy). In FY22, the \$2.5 million Capital Outlay allocation represented 2.6% of the Town’s operating budget.

The Task Force recommends that the Town find ways to augment the annual Capital Outlay budget in order to adequately invest in our infrastructure. The Task Force discussed potentially using excess Unassigned Fund Balance (over the 20% threshold recommended in the Financial Policy) on a planned/more regular basis to address medium-sized capital needs (e.g. new fire engines, roof replacements) that do not usually fit within the Capital Outlay budget. The Town may also want to consider creating and maintaining a more formal and centralized long-term facilities maintenance plan.

VII. PUBLIC FEEDBACK

The Task Force welcomed questions, comments, and concerns about its work via direct email, virtual office hours, an online form, and during public updates at Select Board meetings. Several citizens reached out to the Task Force throughout the process. Below is a summary of the types of feedback we received:

- Prioritizing funds for a Sustainability Director and climate change mitigation (multiple submissions received directly by Select Board office)
- Proposing a real estate transfer fee as a potential revenue idea where buyers would pay a percentage fee to the Town upon purchase of Hingham real estate (multiple submissions)
- Concern that a real estate transfer fee may make Hingham less affordable and accessible
- Support for an operational override and prioritizing funding for schools (multiple submissions)
- Support for additional funding for special education services (multiple submissions)
- Support for a senior center
- Requesting the Task Force to be mindful of the override burden on current and future generations
- Anticipated tax impact based on income distribution
- Research/analysis required before proposing an override
- Analyzing and optimizing the use of unassigned fund balance before proposing a tax override
- Creating budget scenarios based on different levels of confidence in revenue

Written submissions to the Task Force can be found in Appendix C.

VIII. BUDGET CONSIDERATIONS AND SCENARIOS

The Task Force used the Financial Planning Model and Five-Year Forecast document to develop three potential budget scenarios for the Town to use as a resource as it determines the path forward for FY23-27. We developed these scenarios as hypothetical options – their purpose is to broadly illustrate three different levels of services the Town might offer and how the Town might pay for those services. These scenarios are not intended to serve as prescriptive choices for the Town. We recognize that the Town will determine each year’s budget on an annual basis based upon actual numbers and information available at that time.

The potential scenarios and their estimated tax impacts are summarized below. Appendix A contains more detailed information and assumptions related to each scenario. The main variables in the scenarios below are the size and growth rates of the municipal and school budgets, the use of excess Unassigned Fund Balance, and the size and timing of any overrides. Other factors – such as new growth remaining flat at \$650,000/per year – remain consistent across all three scenarios.

The impact of the large capital projects is also discussed separately below.

A. FY23 Structural Budget Deficit

Before investigating different scenarios, the Task Force used the “existing services” budget requests (\$32.4 million for the municipal departments and \$61.8 million for the schools) and a growth rate of 3.5% for the municipal and school departments in FY24-27 to determine the approximate size of the current structural deficit facing the Town.

“Existing services” means that the Town would offer the same services and fund the same positions in FY23 as it did in FY22, but no additional positions or services would be added. Using these assumptions, and without applying any federal funds or Unassigned Fund Balance in any of the five fiscal years, the structural deficit starts at approximately \$4.2 million in FY23 and could grow to over \$11.5 million in FY27:

	FY23	FY24	FY25	FY26	FY27
Total Revenue	\$136,075,236	\$139,218,591	\$142,563,825	\$146,005,731	\$149,532,442
Total Expenditures	\$140,285,399	\$145,026,650	\$150,102,543	\$155,436,194	\$161,008,921
Projected Deficit	(\$4,210,163)	(\$5,808,059)	(\$7,538,717)	(\$9,430,464)	(\$11,476,479)

The expanding deficit is driven by revenues growing around 2.5%, largely due to the constraints of Proposition 2½, and expenditures growing at 3.5%, therefore outpacing revenue each year. The deficit will change based on the realities and decisions made each year. For example, the Town may decide to pursue new revenue avenues during this five-year period, including one or more overrides, which could increase revenues and reduce or close the gap in a given year. The Town could also reduce services or find ways to deliver them more cost effectively to lower expenditures.

The Task Force felt that using a 3.5% growth rate for our modeling purposes was more realistic than the 2% often used in forecasting documents. We recognize that it is below the historical averages for the school department (10-year average: 5.1%), but we believe that 3.5% is a reasonable target to control costs while remaining aligned with market rates for personnel and expenses.

B. Budget Scenario A

Scenario A considers the impact of living within the Town's currently available recurring revenue in FY23. While it applies the remaining ARPA funding (\$1,383,115) in FY23, it does not contemplate use of Unassigned Fund Balance or an override in the five-year FY23-27 window. A balanced budget using this approach requires cutting municipal and school services.

We started with the existing services budget requests (\$32.4 million for the municipal departments and \$61.8 million for the schools). We also assumed that the municipal and school budgets would grow by 3.5% per year in FY24-27. Applying these numbers yielded a \$2.8 million deficit in FY23, which means that the Town cannot support existing services with available revenue in FY23.

To balance the FY23 budget, the Town would need to reduce expenditures by \$2.8 million. While expenditure cuts in FY23 would reduce the deficit in FY24 and the following years, because revenue is not keeping pace with expenditures in this scenario, cuts would essentially need to be made in each year of this five-year outlook:

Budget Scenario A Summary

	FY23	FY24	FY25	FY26	FY27
Total Revenue	\$137,458,351	\$139,218,591	\$142,563,825	\$146,005,731	\$149,532,442
Total Expenditures	\$137,458,351	\$142,100,656	\$147,074,138	\$152,301,796	\$157,764,819
Projected Deficit	\$0	(\$2,882,065)	(\$4,510,313)	(\$6,296,065)	(\$8,232,377)

Tax Impact

Under this scenario, the impact to the taxpayer is not felt in tax bills, but rather in the form of significant reduction in force and corresponding municipal and educational services.

The Task Force does not recommend pursuing this option. We believe that the Town should seek new ways to increase revenue to maintain services Hingham residents currently receive and expect.

C. Budget Scenario B

Scenario B considers maintaining the same level of services that the Town is providing in FY22. This means that the municipal and school departments would keep the 36 positions and expenses that were added to the budget in FY22, but no new positions or services would be added.

In this scenario, we again started with the existing services budget requests (\$32.4 million for the municipal departments and \$61.8 million for the schools), and again assumed a 3.5% growth rate in FY24-27.

As in the first scenario, Scenario B applies the remaining \$1.4 million in ARPA funds in FY23, which leaves a deficit of \$2.8 million. We then use Unassigned Fund Balance to close that gap and maintain services in FY23. As with any type of one-time money, this only solves the equation for one year.

Scenario B includes a potential \$5.5 million override in FY24. The result is a near-balanced budget in FY24 and a significant (but not alarming) potential deficit in FY25.

Budget Scenario B Summary

	FY23	FY24	FY25	FY26	FY27
Unassigned Fund Balance	\$2,827,048				
Override		\$5,500,000			
Total Revenue	\$140,285,399	\$144,718,591	\$148,201,325	\$151,784,168	\$155,455,340
Total Expenditures	\$140,285,399	\$145,026,650	\$150,102,543	\$155,436,194	\$161,008,921
Projected Deficit	\$0	(\$308,059)	(\$1,901,217)	(\$3,652,026)	(\$5,553,581)

Beyond FY25, the deficit is projected to grow to levels that would be difficult to address through the normal budget process without attracting new revenue, reducing expenditures, or requiring another override.

The Task Force believes it does not make sense for the Town to consider an override in FY23 for several reasons:

- The COVID-19 pandemic continues to affect daily life, school, and work in our community. Most of the reasons for delaying an override and using one-time funds in FY22 still exist. We are experiencing a third surge in COVID-19 cases in Massachusetts, heightened public health protocols and precautions remain in place, and our students continue to experience high rates of learning loss and absenteeism due to COVID-19.
- Significant federal funds remain available to assist communities in mitigating the impacts of the pandemic. The remaining \$1,383,115 in ARPA funds from the State could be used to help close the FY23 budget gap, as Scenario B proposes.

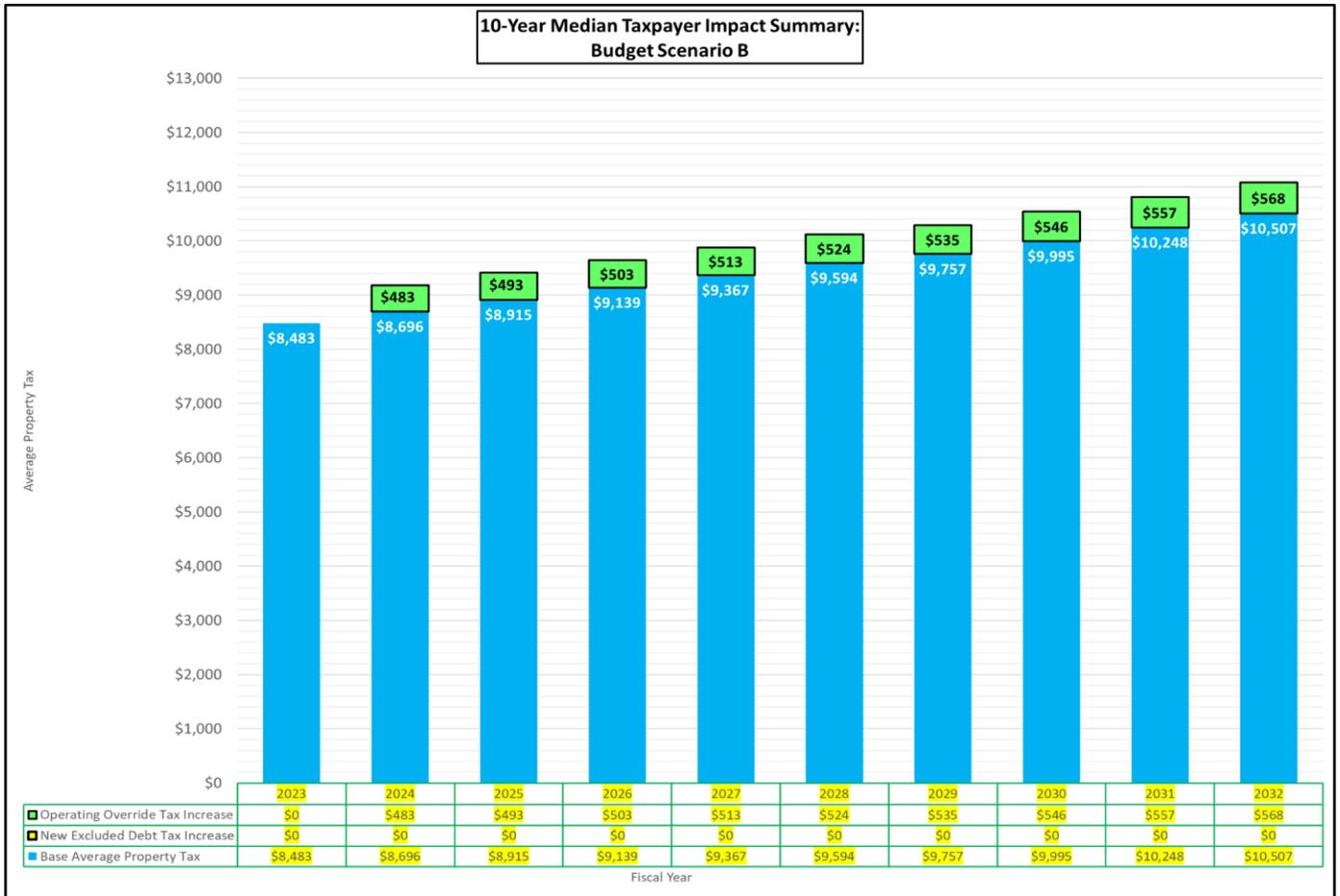
- The Town's updated Financial Policy allows the Town, under emergency circumstances, to consider the use of Unassigned Fund Balance to protect and stabilize Town resources and operations, while endeavoring to preserve the long-term financial health of the Town.
- Unassigned Fund Balance exceeds the 20% threshold recommended in the Town's Financial Policy by approximately \$12 million. The Town could use a modest amount of \$2.8 million in this scenario to get through one more fiscal year and allow operations to further stabilize without jeopardizing our reserves. The Town should also investigate whether funds from the Stabilization Fund can be used for this purpose.
- The school strategic planning process and staffing audit are currently in progress and will greatly inform school operations and budget requests going forward, starting in FY24.
- Hingham Public Schools leadership will change significantly in the next several months, including hiring a new Superintendent and new Director of Business and Support Services. Both will need time to learn the roles and assess District needs.
- There is inadequate time for the community to consider and assess the implications of an override.

Tax Impact

The Task Force used the Financial Planning Model to calculate the projected tax impact of Scenario B. We chose the FY22 median assessed property value to demonstrate the potential impact on the Hingham taxpayer at the midpoint. According to data provided by the Assessing Department on January 19, 2022, the FY22 median assessed property value (all classes) was \$703,600 and that the average was \$915,120, which means that the average is likely being pulled upward by large commercial properties in town.

More detailed information about the Financial Planning Model calculations, assumptions, and data can be found in Appendix A.

Under Scenario B, the "existing services" budget requests in FY23, annual growth rates of 3.5% for municipal and school departments thereafter, and a \$5.5 million override in FY24 yields the following potential impact on the taxpayer with an assessed value of \$703,600 (shown in the graph on the next page):



The blue bars above depict the typical property tax bill growth under Proposition 2½ and the Community Preservation Act (CPA) surcharge. The green bars illustrate the amount added to the median taxpayer’s bill in each fiscal year as a result of the \$5.5 million override in FY24. Once implemented in FY24, the override amount becomes a permanent piece of the following year’s base tax levy.

The table at the bottom of the graph lists the estimated dollar amounts for the base property tax bill and the override amount. The override impact starts at \$483 in FY24 and grows to \$568 by FY32. In the first year of the override (FY24), the impact amounts to a 5.6% tax increase over the base tax bill for that year for a taxpayer at the median assessed property value.

This scenario does not yet reflect any additional tax impacts associated with large capital projects like Foster Elementary School or the Public Safety Facility. We explore the combined impact in subsection F below.

D. Budget Scenario C

Scenario C contemplates adding positions and augmenting services in FY23 and FY24. Task Force members conceptualized this scenario in different ways. To some, it represented an opportunity to “right-size” the budget and put in necessary services and supports that should have been included years ago. Some members viewed it as “enhanced” or “increased” services – providing a level of services desired by citizens but above what the Town can currently offer. All members agreed that this scenario would provide capacity to improve service delivery to help meet community expectations.

For Scenario C, we started with the full FY23 budget requests from all departments (\$33.3 million for municipal departments and \$62.7 million for the school department). We note that this scenario is hypothetical and that these budget requests will likely change over the next two months as the Town Administrator, Select Board, School Superintendent, and School Committee refine their recommendations before the Advisory Committee considers final budget amounts.

After applying the remaining \$1.4 million in ARPA funds in FY23, the larger budget requests resulted in an FY23 deficit of \$4.6 million. Scenario C applies \$4.6 million in Unassigned Fund Balance to close that gap. As in Scenario B, the use of one-time funds solves the problem for one fiscal year but the gap persists (and expands) the following year.

Scenario C contemplates a growth rate of 4% in FY24, before dropping back down to 3.5% in FY25-27. This higher growth in FY24 is intended to accommodate additional needs identified by the Town Administrator and School Superintendent over the next year. As Town’s priorities and initiatives change in years ahead, future decision makers can use these tools to reassess impact.

Unless the Town develops new revenue sources in the short-term, which seems unlikely, or makes a decision to reduce services, Scenario C calls for an override of approximately \$7.8 million in FY24. The Task Force does not recommend that the Town consider an override in FY23 for the same reasons as stated above in Scenario B.

Budget Scenario C Summary

	FY23	FY24	FY25	FY26	FY27
Unassigned Fund Balance	\$4,571,319				
Override		\$7,800,000			
Total Revenue	\$142,029,670	\$147,018,591	\$150,558,825	\$154,200,606	\$157,932,189
Total Expenditures	\$142,029,670	\$147,311,973	\$152,467,852	\$157,884,289	\$163,542,700
Projected Deficit	\$0	(\$293,382)	(\$1,909,026)	(\$3,683,684)	(\$5,610,511)

Similar to Scenario B, this scenario produces balanced or near-balanced budgets in FY23 and FY24, a sizeable but potentially manageable deficit in FY25, and deficits in FY26 and

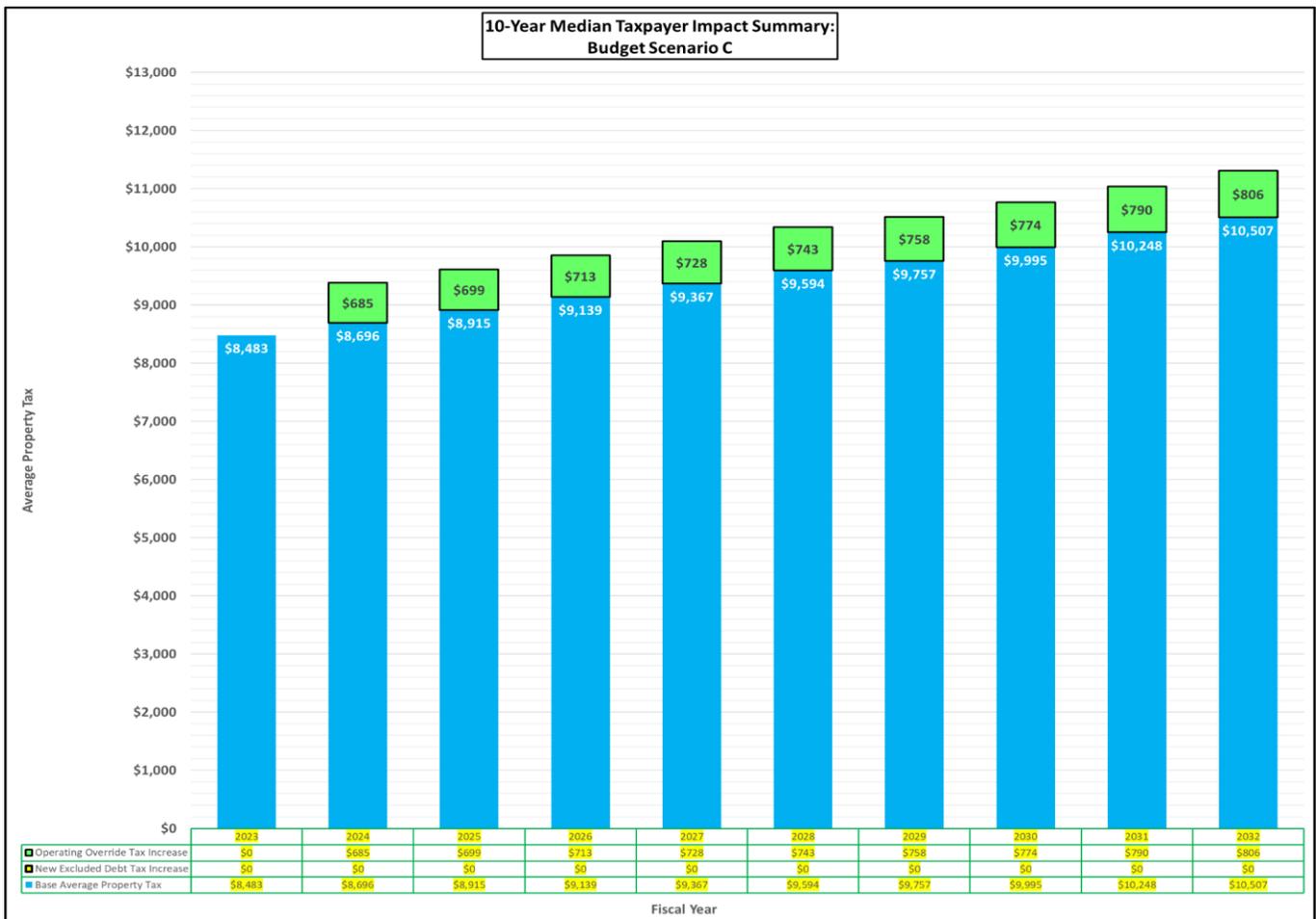
FY27 that would be challenging to address through the normal budget process without attracting new revenue, reducing expenditures, or requiring another override.

The approach in Scenario C – adding positions/services in FY23 and FY24 – results in a larger FY24 override than in Scenario B. While this approach adds resources and capacity across the organization without delay in FY23, it digs a deeper hole for FY24 before the community has had a chance to consider (through an override) whether to fund those positions and services for the long-term. Adding positions in FY23 also increases the stakes and consequences of an override failing the following spring. The Task Force recommends that the Town continue to take a data-driven approach to making the case for additional positions and requests in any given fiscal year.

Tax Impact

As with the previous scenario, the Task Force used the Financial Planning Model to calculate the projected tax impact of Scenario C at the median assessed property value level.

Under this scenario, larger budget requests in FY23, a slightly higher growth rate in FY24, and a \$7.8 million override in FY24 yields the following potential tax impact:



Once again, the blue bars depict the typical property tax bill growth under Proposition 2½ and the CPA surcharge. The green bars illustrate the amount added to the bill for the taxpayer at the median (property value of \$703,600) in each fiscal year as a result of the \$7.8 million override in FY24 and beyond.

The table at the bottom of the graph lists the estimated dollar amounts for the base property tax bill and the override amount. The override impact starts at \$685 in FY24 and grows to \$806 by FY32. In the first year of the override (FY24), the impact amounts to a 7.9% tax increase over the base tax bill for that year for a taxpayer at the median assessed property value. This scenario does not yet reflect any additional tax impacts associated with large capital projects. The combined impact is estimated in subsection F below.

D. Other Scenarios Considered

The Task Force considered and modeled several other options, including bridging the budget gap each year with Unassigned Fund Balance (quickly depleting reserves), investigating multiple smaller overrides in the five-year period, and proposing an override in FY23. We note that all of the scenarios, including the three outlined above, are hypothetical and based on assumptions and input that will continue to evolve over time.

We did not include the estimated impact of potential new revenue sources (such as a real estate transfer fee, marijuana-related revenue, etc.) in any scenarios because there was significant uncertainty that their implementation timelines would fall within the five-year period.

E. Impact of Large Capital Projects (Debt Exclusions)

While the Task Force's charge focused on the operating budget, members were cognizant of the significant capital projects on the Town's horizon. The Task Force considered the tax impact of large capital projects as separate from and on top of the operating budget scenarios discussed above. For the purposes of our analysis, we focused on the following five large projects for which Town Meeting has already authorized resources (see Appendix B). The table also displays the current project estimates and the fiscal year in which we anticipate long-term debt service would start.

Project	Current Project Estimate	Begin Payback of Long-term Debt Service
Foster Elementary School Renovation / Rebuild	\$100,000,000	FY26
New Public Safety Facility	\$50,000,000	FY26
Senior Center Expansion at Town Hall	\$10,000,000	FY27
Town Pool at SSCC	\$7,000,000	FY24
Harbor Wharf Resiliency Improvements	\$5,000,000	FY24

The current estimate for the Foster Elementary School project above reflects the gross project amount. The Town anticipates receiving a significant grant from the Massachusetts School Building Authority to contribute towards this project.

We recognize that this list does not include every capital that might be contemplated in the next five years. To the extent the Town considers additional projects or the project estimates presented here evolve, the tax impact analysis will need to be adjusted accordingly.

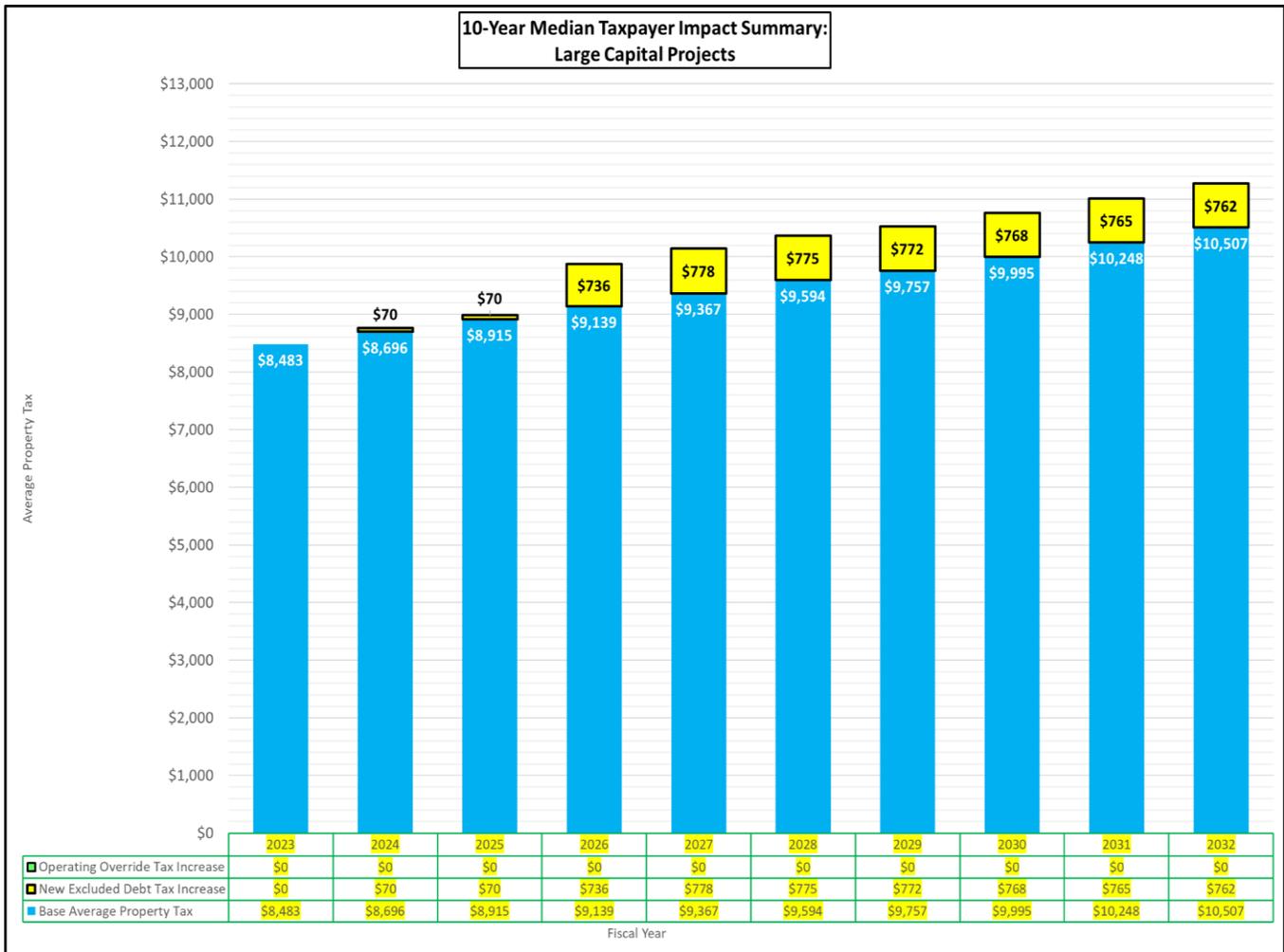
The Task Force used the Financial Planning Model to calculate the total tax impact of Foster Elementary School, the new Public Safety Facility, the Senior Center expansion, the Town Pool at SSCC, and the next phase of Harbor wharf resiliency work on the taxpayer at the FY22 median assessed property value of \$703,600.

Modeling assumptions:

- All five projects will be financed through excluded debt.
- All five projects receive Town Meeting approval and voter approval, and move forward on schedule.
- The Town issues short-term notes before long-term bonds.
- The first long-term debt service payments occur in the fiscal year outlined in the table above.
- Foster Elementary School, Public Safety Facility, and Senior Center projects have a 30-year debt payback period.
- Town Pool and Wharf Walls projects have a 20-year payback period.
- “Level payment” of debt service costs instead of “level principal.” “Level payment” spreads costs out more evenly over the 20 or 30-year period, but results in the Town paying more in interest over the life of the loan.
- Long-term interest rates gradually increase over time.

The actual timing and structuring of short and long-term borrowing for these large capital projects would be determined in conjunction with the Town’s financial advisors from Capital Markets Advisors and bond counsel.

The chart on the following page depicts the total tax impact of these five projects on the taxpayer at the median assessed property value over the next 10 fiscal years (FY23-32).



The blue bars depict the typical property tax bill growth under Proposition 2½ and the Community Preservation Act surcharge. The yellow bars illustrate the amount added to the tax bill in each fiscal year as a result of the debt service on the five large capital projects. Because this shows the impact on the taxpayer at the median assessed value, half of Hingham taxpayers would face a smaller tax impact and half would face a larger tax impact.

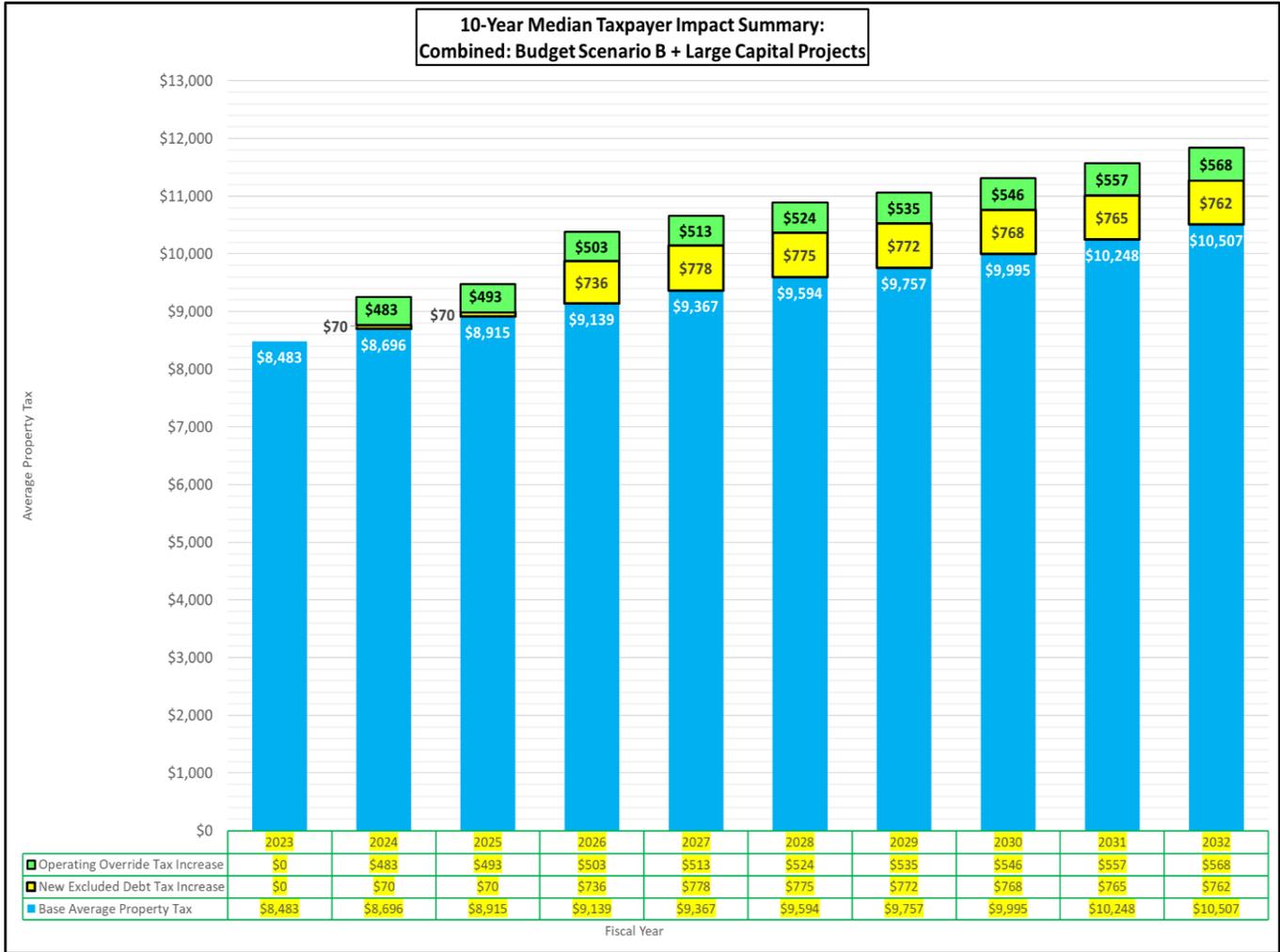
The debt exclusion impact starts at \$70 in FY24 and jumps to \$736 in FY26 when the long-term debt service payments for Foster School and the Public Safety Facility are projected to begin. In FY26, the first year of sizable debt service payments, the tax impact is approximately 8.1% higher than that year’s base tax bill.

F. Combined Tax Impact: Operating Budget Scenarios + Large Capital Projects

The next chart depicts the combined impact of the operating budget scenarios and the five large capital projects financed through debt exclusions.

Budget Scenario B + Large Capital Projects

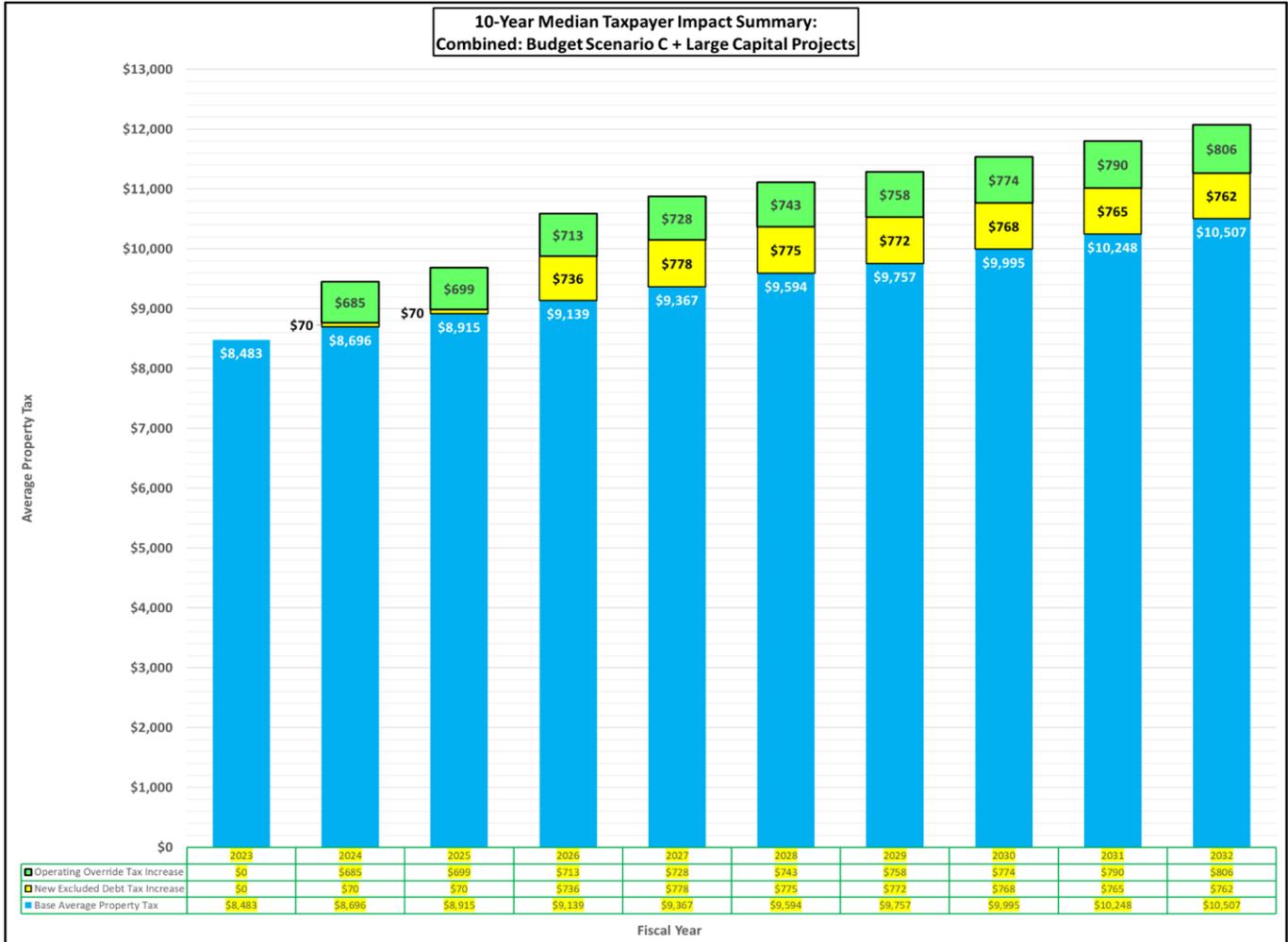
- Level/existing services budgets, growing at 3.5%
- Balance FY23 budget with one-time funds (\$2.8 million needed)
- \$5.5 million override in FY24
- All five large capital projects are approved



FY26 is the first year taxpayers will feel the combined impact of the override and the debt exclusions in this scenario. In FY26, the combined increase of \$1,239 would represent a 13.6% increase over that year’s base tax bill for a taxpayer at the median assessed property value of \$703,600.

Budget Scenario C + Large Capital Projects

- Full budget requests in FY23, growing at 4% in FY24 and 3.5% after
- Balance FY23 budget with one-time funds (\$4.6 million needed)
- \$7.8 million override in FY24
- All five large capital projects are approved



Again, FY26 is the first year taxpayers will feel the combined impact of the override and the debt exclusions in this scenario. In FY26, the combined increase of \$1,449 would represent a 15.9% increase over that year’s base tax bill for a taxpayer at the median assessed property value of \$703,600.

IX. RECOMMENDATIONS

The Task Force organized its recommendations into two broad categories: those related to revenue and those related to expenditures and process improvements.

Revenue-related Proposals

1. Close the FY23 budget deficit - Consider using remaining ARPA funds, funds from the Stabilization Fund (if possible), and a modest amount of excess Unassigned Fund Balance to close the budget deficit in FY23.
2. Override next year - Consider proposing a potential override in FY24 to maintain or grow services.
3. Maintain Hingham's single tax rate
4. Enhance and strategically target revenue from Local Receipts
 - a. *Ambulance receipts* – Reserve the amount of ambulance revenue collected above the forecasted amount in a separate fund to be used to offset the capital purchase of ambulances every two years.
 - b. *Permit fees* - Review fees set at the Town level to ensure they remain aligned with those charged by our benchmark communities.
 - c. *Meals tax* - Consider partnering with the Hingham Downtown Association and other entities to launch “dine local” campaigns to market Hingham as a culinary destination and boost local meals tax receipts. Continue to engage in discussions with local legislators regarding increasing the amount municipalities are allowed to collect from tax on the sale of restaurant meals.
 - d. *PILOT agreements* - Review agreements with HMLP and Blue Cross Blue Shield to determine whether escalation clauses based on inflation need to be applied or whether the basis for calculation should evolve.
 - e. *Other services* - Analyze fees for services to determine whether the Town's fee structure is in line with our benchmark communities and whether any fees should be adjusted accordingly.
5. Revolving Funds - Analyze these accounts – primarily the Building Department Revolving Fund, School Athletic Fees Revolving Fund, and School Building/Facilities Rental Revolving Fund – for opportunities to better utilize revolving funds to support the operating budget.
6. Grants - Pursue federal, state, regional, and private grant opportunities to augment the Town's revenue.
7. Federal funds - Continue to strategically plan for the use of federal funds, remaining cognizant of their limited availability.
8. Fund Balance - When Unassigned Fund Balance is above the 20% threshold set by the Town's Financial Policy, consider identifying optimal recommended uses – for example, investing funds in capital projects in a timely and appropriate manner.
9. Economic development - Enhance economic development efforts through collaboration between the Town Administrator's office, the Community Planning Department, and the

- Hingham Development and Industrial Commission (HDIC). Consider participation in regional initiatives, such as expanding wastewater service.
10. Legislation - Continue to work with the Massachusetts Municipal Association and state elected officials to lobby state leaders to develop and pass a comprehensive municipal revenue package to assist communities across Massachusetts.
 11. Town-owned real estate - Finalize disposition of real estate research, in conjunction with undertaking the town-wide facilities/space analysis approved by Annual Town Meeting in 2020.
 12. Further study of other non-override revenue sources
 - a. *Real estate transfer fee* - Research the feasibility, efficacy, and equity of a fee on property sales as this represents one of the largest potential revenue streams the Task Force researched.
 - b. *Local room occupancy excise tax* - Study this revenue source in the event that future developments include lodging establishments, which Town zoning regulations allow in certain zones with a special permit. Support the continued research by the HDIC and Accessory Dwelling Unit Study Group in regards to short-term rentals and potential revenue for the Town.
 - c. *Marijuana* – Re-evaluate whether or not to permit marijuana establishments in Hingham. Review marijuana from a broad perspective, including health impacts, community character, revenue potential, and experience in other communities to define the appropriate next steps.
 - d. *Transfer station fees* - Analyze potential fees, including residential permit fees and Pay As You Throw (PAYT) models, from a revenue and environmental perspective, noting that the majority of benchmark towns have implemented these types of fees.
 13. Consider new Local Receipts used in some of the Town's benchmark communities
 - a. *Parking meters* - Study whether or not Hingham should consider implementing parking meters in certain areas.
 - b. *School transportation fee* - Ask the School Committee to consider instituting a bus fee for students in grades 7 through 12.
 - c. *Athletic fees* - Request that the School Committee consider reassessing athletic fees at Hingham High School to ensure alignment with benchmark communities.
 - d. *Rental income* - Look for opportunities to rent out Town-owned facilities, including athletic fields.
 - e. *Cell towers* - Explore lease opportunities for cell towers in town.
 14. Public-private partnerships - Continue the Naming By-law Committee's research on private/public partnerships as a strategic component to support future large capital projects.

Expenditure and Process-related Proposals

15. Control expenditures - Target an annual growth rate of 3.5% or less for municipal and school departments. The Task Force believes 3.5% represents a reasonable target to control costs while remaining aligned with market rates for personnel and expenses.
16. Align collective bargaining and employee compensation strategies - Employees across the organization should be compensated according to the same standard in relation to our 19 benchmark communities. Convene the Select Board, School Committee, Personnel Board, and Advisory Committee in joint executive sessions to discuss collective bargaining strategies prior to the start of the negotiation period for a given fiscal year.
17. School contract negotiation - The School Committee may want to consider adopting a strategy similar to the Select Board and Personnel Board where a third party would negotiate on behalf of the School Committee. This would allow the School Committee to set parameters for negotiations, remove itself from the room, and potentially contribute to a more constructive process.
18. Consider establishing a formal revenue-sharing agreement between municipal and school departments - Consider this approach, defining a formula for revenue sharing, only after an override or general revenue correction is first made to account for increased expenses in the FY22 budget that do not yet have a sustainable funding source.
19. Preventative facilities maintenance and long-term capital planning - Residents have provided feedback calling for more preventative maintenance on municipal and school buildings and proactive planning for large-scale capital investments to avoid clustering of large necessary projects in the future. Explore ways to accomplish both.
20. Supplement the annual Capital Outlay budget to adequately invest in our infrastructure
21. Justify expenditures - Continue to take a data-driven approach to making the case for additional positions and requests in any given fiscal year.
22. Solar energy - Investigate cost-saving solar measures in partnership with HMLP to help stabilize utility costs for the Town.
23. Continue work of the Task Force and foster a municipal/school partnership throughout the year.

X. ACKNOWLEDGEMENTS

The Task Force acknowledges the leadership of the Town Administrator for assembling the Task Force, having confidence in our abilities, and removing obstacles to perform the task at hand for the good of the Town. The Task Force thanks the many citizens, volunteers, and Town officials and staff who shared perspectives, information, and data supporting our deliberations during the last five months.

This experience is a testament to what Hingham is about – different perspectives coming together, challenging the ways things have been done in the past, and thinking critically about how to do better in the future, in a respectful manner from the lens of what is best for our beloved Town. The community has important conversations and decisions ahead and we look forward to continuing our work collaboratively.

Respectfully submitted to the Town Administrator on January 31, 2022,

Hingham Sustainable Budget Task Force

Liz Klein (Chair)

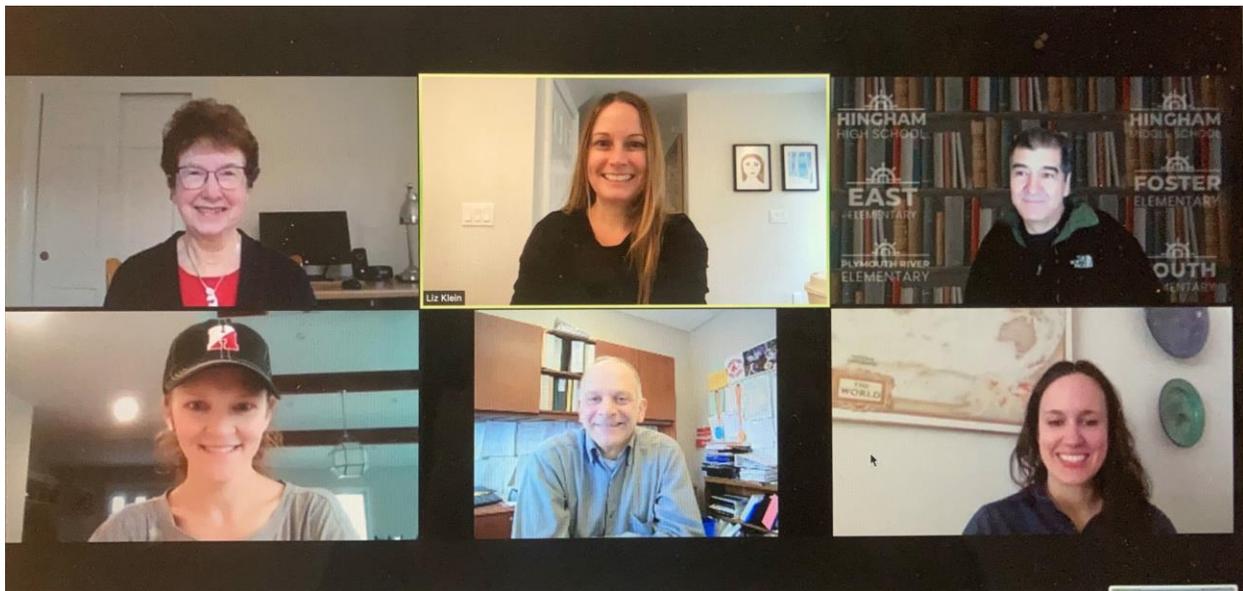
Nes Correnti

John Ferris

Gary Maestas

Michelle Monsegur

Donna Smallwood



XI. APPENDICES

Appendix A: Financial Planning Model Assumptions and Budget Scenario Detail

Appendix B: Summary of Town Meeting authorizations related to large capital projects

Appendix C: Public feedback submitted to the Task Force in writing

APPENDIX A Financial Planning Model Assumptions

Financial Planning Model

Each fiscal year, based on detailed financial data from the Accounting and Assessing Departments, Hingham's Select Board votes a property tax rate for each of the four property classes in town: residential, commercial, industrial, and personal. Historically, the Select Board has voted to adopt a single tax rate across all four property classes because the three non-residential classes comprise only 11% of the Town's total property assessed value.

The Financial Planning Model (FPM) derives three property tax rate estimates for all property classes for each fiscal year, utilizing Assessing Department valuation data from the prior 11 fiscal years. Those property tax rate estimates for each fiscal year are proxies for the more complex and nuanced calculations performed annually by the Town Accountant.

First, the FPM averages Town Assessor data to produce two annual growth rate percentages: the growth rate of the Town's total property assessed value and the growth rate of the average property in town. Each growth rate is used to estimate the Town's total property and property values in future fiscal years based on the state-certified figures for FY22. The three property-tax rates for each fiscal year are derived by dividing that year's total potential tax levy by the year's total property assessed value per \$1,000. Three versions of the total potential tax levy are utilized: the base tax levy absent any new excluded debt service and/or operating override revenue, the base tax levy including any new excluded debt service, and the base tax levy with any new excluded debt service and/or any operating override revenue.

The resultant three property tax rates are applied to that year's selected property value: the Town's median property valuation, the Town's average property valuation, or a user-entered property value. The 1.5% Community Preservation Act surcharge is added to produce that year's three property tax bill estimates.

The FPM is available on the Town website under the [Sustainable Budget Task Force page](#).

The following assumptions inform the three hypothetical operating budget scenarios:

Fixed Inputs

- *Revenue*
 - New Growth is projected to remain flat at \$650,000 for FY23-27 because there are no new large developments on the horizon. The \$650,000 represents the typical smaller-scale residential and commercial property improvements such as home and business renovations/additions that the Town may experience in any given year.
 - The Town will continue to levy to the limit in each fiscal year.
 - State Aid is projected to increase by 1.6% in FY23 based on Governor Baker's FY23 State Budget Proposal released on January 26, 2022 and reflected in the

[preliminary cherry sheet](#) for the Town. State Aid is projected to grow by 2.5% in FY23-27 based on more favorable historical trends.

- The balance of the Town's direct ARPA allocation, a total of \$1,383,115, would be applied as revenue in FY23.
- Revenues generated by the South Shore Country Club, Weir River Water System, and sewer rates continue to offset all expenditures related to those operations, resulting in no impact (positive or negative) to the General Fund budget in any fiscal year.
- The HMLP PILOT amount of \$500,000 and Stabilization Fund amount of \$178,836 remain unchanged during FY23-27.
- The Task Force anticipates that the Board of Assessors will continue to release funds from the Excess Overlay account, as they have done periodically in the past. Our scenarios assume release of funds in the amount of \$600,000 in FY23, \$400,000 in FY24, \$300,000 in FY25, \$200,000 in FY26, and \$100,000 in FY27, to the extent those funds are available. The FY23 amount of \$600,000 represents the approximately \$480,000 that was not used in the first year of the senior means-tested tax exemption, plus about \$100,000 to offset costs in the Assessing Department associated with FY23 being a recertification year (occurs once every five years), plus \$20,000 to round up to \$600,000. We project Excess Overlay releases to decrease in FY24-27 as participation in the senior means-tested tax exemption program hopefully increases.
- *Expenditures*
 - State Assessments grow by 5% in FY23-27.
 - The Overlay and Other Expenses/deficits lines remain static at \$850,000 and \$100,000 in FY23-27.
 - Capital Outlay grows by \$100,000 each fiscal year.
 - Article 4 & 5 funds have been built into the municipal budget request after FY23.

Variable Inputs

- *Revenue*
 - Use of excess Unassigned Fund Balance.
 - Amount and timing of one or more overrides.
- *Expenditures*
 - The size of the municipal and school budget requests.
 - The growth rate of the municipal and school budgets (3.5% is used as a target growth rate in most cases).

Combined Budget Scenarios + Large Capital Projects Tax Impact Summaries

Budget Scenario A

	FY23	FY24	FY25	FY26	FY27
Excess Unassigned Fund Balance	\$0	\$0	\$0	\$0	\$0
Override	\$0	\$0	\$0	\$0	\$0
Total Revenue	\$137,458,351	\$140,017,958	\$143,363,193	\$154,458,616	\$158,510,655
Total Expenditures	\$137,458,351	\$142,900,023	\$147,873,505	\$160,754,681	\$166,743,031
Projected Deficit	\$0	(\$2,882,065)	(\$4,510,312)	(\$6,296,065)	(\$8,232,376)
Base Median Property Tax	\$8,483	\$8,696	\$8,915	\$9,139	\$9,367
Override Tax Increase	\$0	\$0	\$0	\$0	\$0
New Excluded Debt Tax Increase (Capital Projects)	\$0	\$70	\$70	\$736	\$778

Budget Scenario B

	FY23	FY24	FY25	FY26	FY27
Excess Unassigned Fund Balance	\$2,827,048	\$0	\$0	\$0	\$0
Override	\$0	\$5,500,000	\$0	\$0	\$0
Total Revenue	\$140,285,399	\$145,517,958	\$149,000,693	\$160,237,053	\$164,433,553
Total Expenditures	\$140,285,399	\$145,826,017	\$150,901,910	\$163,889,079	\$169,987,133
Projected Deficit	\$0	(\$308,059)	(\$1,901,217)	(\$3,652,026)	(\$5,553,580)
Base Median Property Tax	\$8,483	\$8,696	\$8,915	\$9,139	\$9,367
Override Tax Increase	\$0	\$483	\$493	\$503	\$513
New Excluded Debt Tax Increase (Capital Projects)	\$0	\$70	\$70	\$736	\$778

Budget Scenario C

	FY23	FY24	FY25	FY26	FY27
Excess Unassigned Fund Balance	\$4,571,319	\$0	\$0	\$0	\$0
Override	\$0	\$7,800,000	\$0	\$0	\$0
Total Revenue	\$142,029,670	\$147,817,958	\$151,358,193	\$162,653,491	\$166,910,402
Total Expenditures	\$142,029,670	\$148,111,340	\$153,267,219	\$166,337,174	\$172,520,912
Projected Deficit	\$0	(\$293,382)	(\$1,909,026)	(\$3,683,683)	(\$5,610,510)
Base Median Property Tax	\$8,483	\$8,696	\$8,915	\$9,139	\$9,367
Override Tax Increase	\$0	\$685	\$699	\$713	\$728
New Excluded Debt Tax Increase (Capital Projects)	\$0	\$70	\$70	\$736	\$778

Budget Scenario B Detail

BUDGET PROJECTIONS: SCENARIO B							
	ACTUAL	ESTIMATE	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST
	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
SOURCES							
Tax Levy							
Levy	82,762,765	86,504,900	89,359,594	92,243,583	100,699,673	103,867,165	107,113,844
2 1/2 % increase	2,069,069	2,162,623	2,233,990	2,306,090	2,517,492	2,596,679	2,677,846
New growth	1,676,856	692,071	650,000	650,000	650,000	650,000	650,000
Debt exclusions	3,400,160	3,627,941	3,506,882	3,382,311	3,272,922	3,171,338	3,063,473
Unused Levy Capacity	(500,000)	0	0	0	0	0	0
Operating Override	0	0	0	5,500,000	0	0	0
Total Tax Levy	89,408,850	92,987,535	95,750,465	104,081,984	107,140,087	110,285,182	113,505,163
Other Revenue							
State Aid (2.5% FY24-27)	11,742,465	10,139,491	10,304,961	10,562,585	10,826,650	11,097,316	11,374,749
Local Receipts (2.5% FY24-27)	11,616,746	9,257,767	10,168,476	10,422,688	10,683,255	10,950,336	11,224,095
Federal Funds (ARPA)			1,383,115				
Fund Balance	4,783,337	6,759,009	2,827,048	0	0	0	0
SSCC	1,829,220	1,906,957	1,988,015	1,988,015	1,988,015	1,988,015	1,988,015
Weir River Water System	10,467,539	12,425,312	12,881,442	12,881,442	12,881,442	12,881,442	12,881,442
Sewer	2,688,025	3,839,968	3,703,041	3,703,041	3,703,041	3,703,041	3,703,041
Light Plant (\$450K Min.)	481,387	500,000	500,000	500,000	500,000	500,000	500,000
Stabilization Fund	178,836	178,836	178,836	178,836	178,836	178,836	178,836
Excess Overlay	450,000	225,000	600,000	400,000	300,000	200,000	100,000
Waterways Fund	58,500	40,750	0				
Total Other Revenue	44,296,055	45,273,090	44,534,934	40,636,607	41,061,239	41,498,986	41,950,178
Total Sources	133,704,905	138,260,625	140,285,399	144,718,591	148,201,325	151,784,168	155,455,340
USES							
State Assessments	1,035,944	1,193,509	1,188,439	1,247,861	1,310,254	1,375,767	1,444,555
Overlay	381,576	703,970	850,000	850,000	850,000	850,000	850,000
Other expenses / deficits	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Total	1,517,520	1,997,479	2,138,439	2,197,861	2,260,254	2,325,767	2,394,555
Appropriations							
Capital Outlay	2,013,032	2,877,918	2,700,000	2,800,000	2,900,000	3,000,000	3,100,000
Article 6	122,287,827	131,691,326	135,082,106	140,028,789	144,942,289	150,110,427	155,514,366
Article 4&5	0	0	364,854	0	0	0	0
Other articles	1,168,600	1,800,000	0	0	0	0	0
Total appropriation	125,469,459	136,369,244	138,146,960	142,828,789	147,842,289	153,110,427	158,614,366
Total Uses	126,986,979	138,366,723	140,285,399	145,026,650	150,102,543	155,436,194	161,008,921
EXCESS (Shortfall)	6,717,926	(106,099)	0	(308,059)	(1,901,217)	(3,652,026)	(5,553,581)

Budget Scenario C Detail

BUDGET PROJECTIONS: SCENARIO C							
	ACTUAL	ESTIMATE	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST
	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
SOURCES							
Tax Levy							
Levy	82,762,765	86,504,900	89,359,594	92,243,583	102,999,673	106,224,665	109,530,281
2 1/2 % increase	2,069,069	2,162,623	2,233,990	2,306,090	2,574,992	2,655,617	2,738,257
New growth	1,676,856	692,071	650,000	650,000	650,000	650,000	650,000
Debt exclusions	3,400,160	3,627,941	3,506,882	3,382,311	3,272,922	3,171,338	3,063,473
Unused Levy Capacity	(500,000)	0	0	0	0	0	0
Operating Override	0	0	0	7,800,000	0	0	0
Total Tax Levy	89,408,850	92,987,535	95,750,465	106,381,984	109,497,587	112,701,619	115,982,011
Other Revenue							
State Aid (2.5% FY24-27)	11,742,465	10,139,491	10,304,961	10,562,585	10,826,650	11,097,316	11,374,749
Local Receipts (2.5% FY24-27)	11,616,746	9,257,767	10,168,476	10,422,688	10,683,255	10,950,336	11,224,095
Federal Funds (ARPA)			1,383,115				
Fund Balance	4,783,337	6,759,009	4,571,319	0	0	0	0
SSCC	1,829,220	1,906,957	1,988,015	1,988,015	1,988,015	1,988,015	1,988,015
Weir River Water System	10,467,539	12,425,312	12,881,442	12,881,442	12,881,442	12,881,442	12,881,442
Sewer	2,688,025	3,839,968	3,703,041	3,703,041	3,703,041	3,703,041	3,703,041
Light Plant (\$450K Min.)	481,387	500,000	500,000	500,000	500,000	500,000	500,000
Stabilization Fund	178,836	178,836	178,836	178,836	178,836	178,836	178,836
Excess Overlay	450,000	225,000	600,000	400,000	300,000	200,000	100,000
Waterways Fund	58,500	40,750	0				
Total Other Revenue	44,296,055	45,273,090	46,279,205	40,636,607	41,061,239	41,498,986	41,950,178
Total Sources	133,704,905	138,260,625	142,029,670	147,018,591	150,558,825	154,200,606	157,932,189
USES							
State Assessments	1,035,944	1,193,509	1,188,439	1,247,861	1,310,254	1,375,767	1,444,555
Overlay	381,576	703,970	850,000	850,000	850,000	850,000	850,000
Other expenses / deficits	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Total	1,517,520	1,997,479	2,138,439	2,197,861	2,260,254	2,325,767	2,394,555
Appropriations							
Capital Outlay	2,013,032	2,877,918	2,700,000	2,800,000	2,900,000	3,000,000	3,100,000
Article 6	122,287,827	131,691,326	136,826,377	142,314,112	147,307,598	152,558,522	158,048,145
Article 4&5	0	0	364,854	0	0	0	0
Other articles	1,168,600	1,800,000	0	0	0	0	0
Total appropriation	125,469,459	136,369,244	139,891,231	145,114,112	150,207,598	155,558,522	161,148,145
Total Uses	126,986,979	138,366,723	142,029,670	147,311,973	152,467,852	157,884,289	163,542,700
EXCESS (Shortfall)	6,717,926	(106,099)	0	(293,382)	(1,909,026)	(3,683,684)	(5,610,511)

APPENDIX B

Summary of Town Meeting Authorizations related to Large Capital Projects

Foster Elementary School Renovation/Rebuild

- The 2017 and 2020 Annual Town Meetings authorized a total of \$1,100,000 to fund a feasibility study as part of the Massachusetts School Building Authority's Core program.
- The 2017 Annual Town Meeting also established a 2017 School Building Committee to oversee this project.

New Public Safety Facility

- The 2020 Annual Town Meeting authorized up to \$250,000 for a feasibility study and conceptual design documents for a new Public Safety Facility to be located at 335 Lincoln Street.
- The 2020 Annual Town Meeting also established a Public Safety Facility Building Committee to oversee this project.
- The November 2020 Special Town Meeting authorized the Select Board to acquire the property at 335 Lincoln Street for no more than \$5,525,000.
- The 2021 Annual Town Meeting authorized up to \$1,600,000 for design, architectural, engineering, Owner's Project Manager, and other professional services to complete the schematic design and design development documents for this project.

Senior Center Renovation/Expansion at Town Hall

- The 2020 Annual Town Meeting authorized up to \$525,000 for expenses for architectural, engineering, and other services related to site design through the issuance of bid documents for construction for renovations to the Senior Center and the space currently occupied by the Police Department in Town Hall, including ancillary space in Town Hall and related parking spaces.
- The 2020 Annual Town Meeting also established a Senior Center Building Committee to oversee this project.

Town Pool at South Shore Country Club

- The 2020 Annual Town Meeting authorized up to \$500,000 from the Community Preservation General Fund to be used by the South Shore Country Club for the design and construction documents of a new pool to be located at 274 South Street.

Harbor Wharf Walls Resiliency

- The 2021 Annual Town Meeting authorized up to \$5,650,000 for the repair/reconstruction of the Town Pier Wharf to address safety issues and sea level rise.

APPENDIX C
Public Feedback

As of January 27, 2022, the Task Force received the following written feedback from citizens.

1	<p>Revenue Source, Charge for Bathing Beach Parking, Use the funds to maintain the bathing beach, and pick up the trash..</p>
2	<p>Thank you for taking on this important work.</p> <p>An idea as it relates more to funding capital, but does potentially have an impact on operational budgets as they would no longer have to carry the burden of significant debt...</p> <p>The idea is similar the state's transfer fee tax, but this would be a local charge - the buyer would pay a % fee to the town upon the purchase of Hingham real estate. This is not a new idea and has been proposed and/or accepted in various forms in other MA towns, such as Brookline, Somerville and Nantucket.</p> <p>https://www.somervillecdc.org/wp-content/uploads/2020/02/20191220-retf-factsheet-7.pdf</p> <p>The idea would be similar to the meals tax but all proceeds would be used for capital projects, helping to defer the cost of borrowing. The Cove on Beal St is a good example - the town negotiated with the initial developer who I think paid for a new fire engine. It's my understanding that the Cove recently sold for \$139MM - wouldn't it have been a great opportunity for the town to receive some funding from the next investor to help defray the costs of schools, roads, safety, etc for the people occupying those units?</p> <p>Many new people moving into town expect a certain level of services and infrastructure for their tax dollar, and have complained that our tax rate is too low. Long time residents complain that they can no longer afford to stay in Hingham due to their high taxes resulting from their valuable property. This 'entry user fee'; would only be assessed to new property owners, would help defray the borrowing cost of new capital projects as cash would presumably be available, and existing residents wouldn't be priced out of town when unable to afford a large debt exclusion override. Another way to look at it - the taxpayer is paying up front by investing in their new community.</p> <p>Hingham, and government in general, has never excelled at capital planning, and this idea would be a good way to improve upon past practices.</p>
3	<p>Just offering a bit of context from previous override experience...</p> <p>In previous overrides, opposition was very focused on family's moving into town to educate their children, then move out upon graduation. This model occurs frequently in my experience and can be difficult to counter based upon simple math. For simplicity - let's say it costs \$10k per child, per year for 13 years of public education, and an average family has 3 kids.... \$10k x 13years x 3 kids = \$390k. For that same time frame, that same family pays an average of \$10k year in property taxes... \$10k x 13 years = \$130k.</p> <p>This results in the family taking out \$260k more than they paid in, just for education... \$390k cost to educate - \$130k paid in taxes = \$260k</p> <p>It would take them 39 years to breakeven, but they move out in 14 years once the kids have graduated, and they cash out on their valuable home, selling to a new family with children. Very difficult to ever catch up in this common scenario, making an override even more difficult as</p>

	<p>those left behind will be paying that bill for many years.</p> <p>We somewhat countered this opposition by pointing out that we operate as a community, and those before us paid our way, and now it's our obligation to do the same for future generations.</p> <p>The town needs to be sensitive to all members of the community. An override proposal will be more successful if its benefits somehow touch all members of the community, including Seniors who continue to point out how long they've been patiently waiting for an expanded Senior Center.</p>
4	<p>You have to do an override. Please don't waist anymore time pretending otherwise. The schools should be our number one priority. Strong public education is vital to everything.</p>
5	<p>Thank you for all your hard work for our town. Real estate values have increased so much and we as a Town, I don't think have captured that value increase, as the demand for services skyrockets. I think taxes should be higher to pay for all the things we want. There is so much wealth in this Town and while that is not true for everyone, there are programs for tax relief for those that need it. I strongly urge us to raise taxes, impose higher building fees and/or fees on real estate transactions. Thank you!</p>
6	<p>Thank you for soliciting public feedback. It is imperative that we fully fund our schools so the children in HPS can benefit from a 21st education. We need to reduce class sizes, and modernize our infrastructure. Families are the heart of this town and they come to Hingham for the schools. Unfortunately, once in the school system they are disappointed with the quality of education the town is able to provide. Last year, we took a huge step in approving the budget that was requested by the school department. Now we must find a permanent source of revenue to keep the school funding at least at the current after the federal relief funds run out.</p>
7	<p>Please take this opportunity to support our public schools and the best generation of families in Hingham. This can be achieved while still supporting our seniors and first responders. We want to bring back the reputation of a quality and robust public education that encompasses the strong sense of community Hingham has always been known for.</p>
8	<p>A great idea and long time coming. The point on sustainability raised in the joint meeting was an important one. For many years, the definition of "sustainable" varied depending on perspective. Sustainable can't be under a 2.5% increases (as some argue needs to be the case to avoid a structural deficit) but rather more realistic given historic revenue, accurate projections and conservative yet realistic budgeting. That needs to start with a forecast that includes more than a 2% increase as a placeholder for the School budget when everyone knows that contractual obligations, steps and lanes and increased SPED costs cause the necessary increases to be more like 4.5% annually over the past decade or more. This does not, of course, take into account the necessary increases to address COVID impacts as well as decades of underfunding that have led our schools to be less than they should be. I look forward to this discussion as it evolves and the collaborative efforts that will be necessary to address the many upcoming capital projects, adoption of an operating override (for the entire town and not just for the schools), a more robust maintenance and replacement budget for existing capital infrastructure and equipment, and other fiscal challenges we will surely fact in the coming years.</p>
9	<p>Is there a way to look up the budget for the senior center? I'd like to know how much the town gives and if they receive state or federal funds or grants.</p>
10	<p>Regarding priorities for school funding: I would like to voice my support for funding of the proposed Fine Arts Director. Unfortunately, Hingham High's voice and drama departments are in disarray, I believe largely to a complete</p>

	<p>lack of leadership. There is no support or accountability for the performing arts staff and the programs are suffering. I would be happy to share my perspective as the former President of Parents for Drama with you.</p>
11	<p>I encourage the task force to begin by recognizing that the historical disposition towards taxes and spending in Hingham is broken, especially when it comes to schools. The school budget comprises the biggest portion of our overall budget and is therefore subject to the most scrutiny and most demands for austerity. This is a flawed approach. Rather than viewing increased school costs as a burden, we should look at school spending as an investment. Strength of schools is the biggest driver of a town's overall financial security. It drives demand for housing (and therefore home values and residential tax base) and a steady influx of young families creates a desirable customer base for local businesses (and therefore ensures a strong commercial tax base). People should, and I believe would, be happy to pay additional taxes if those funds are invested in our schools. At last spring's town meeting, there was a lot of debate over various measures. But, after months of meetings where public officials at all levels expressed concern and skepticism about the viability of a roughly 9% school budget increase, there was NOT A PEEP about it at the meeting. Parents stood ready to jump to its defense but NO ONE OPPOSED IT. Because the townspeople recognized that excellent schools will ensure a healthy local economy and make fulfilling the town's other needs possible.</p> <p>I think it's also important that the task force realizes that finding a way to maintain the current school budget is essential but it's also just the starting point, not the finish line. Even the increase approved last year leaves many critical needs unfunded. Although over 90% of towns in MA provide free full-day kindergarten, Hingham has still yet to fund its program. Our textbooks are grossly outdated, lacking critical technology to make the curriculum accessible to our largest group of special ed students, those with reading disabilities. We still have no Director of Special Education or Director of Fine Arts. As we saw last year, when we couldn't provide bussing for the high school students, we don't have enough school buses. Parent fundraising groups supplement band, sports, field trips, speakers, air filters, classroom technology, and more. And, of course, there is the festering boil that is Foster, a school in such deplorable condition that we had to shift half of its students to another building last year. As you develop your proposals, please keep in mind these critical needs and remember that excellent schools are the key to a sustainable Hingham.</p>
12	<p>Provide money for all SPED teachers to become OG certified, increase SPED teachers (not paraprofessionals) in district to provide smaller group interventions, provide language based classrooms, not just at the middle school level. SPED students, especially those with dyslexia always get the short end of the stick in Hingham Public Schools.</p>
13	<p>Reading instructors that target the specific dyslexia challenges kids have. More Bcbas to work directly w children at elementary level More outdoor opportunities at middle school level Thank you to everyone!</p>
14	<p>This task force has a VERY important charge. To be honest, I'm a little confused as to what you are looking for from the public with respect to input. Are you asking residents to share what they see as the top priorities for the Town for the next 5 years? If so, it would be helpful to frame this "survey" in that way. Also, I think it's important to understand how this 5 year sustainable budget fits in with the Town's Master Plan and the HPS 5 year strategic plan...those two documents alone should do a lot to understand our priorities. I do think it's important to gather public input, but I would benefit from more context. I assume others might too. If the question or input you are looking for is, what do you see as the Town's top priorities for the years 2023-2027. Here are my thoughts in order of priority: 1) We need to invest in our schools. Schools are the single most important factor that attract people to our town. Even for people without school age children, our schools performance is highly linked to home values. Over the years our schools</p>

	<p>have not been the priority and it shows. Our children deserve a 21st century education. This includes ALL students and will require us to look more deeply at how we service students in the SpEd program. 2) IMO, our second priority is to prepare our town for the affects of climate change. This includes looking carefully at how we are contributing (negatively) to climate change and what we are doing to mitigate it. Are our facilities up to code and energy efficient? Are we too focused on building more and not allowing for green spaces? What are we doing to protect our water front? What are we doing to promote "green" initiatives in our schools and community? How can we help facilitate everyone reducing their carbon footprint (e.g. pedestrian and biking friendly), green campaigns promoting greener living, expanding the sidewalk along 3A toward Otis. Looking carefully at what businesses we allow? What are our zoning laws? How many trees are we planting? Just as examples. 3) Preserving Hingham's history. To me, these are the top priorities right now.</p>
<p>15</p>	<p>This year's increase in school budget is long overdue and should be repeated continually, not just because of a pandemic. The money spent per student is lower than other comparable towns. Our special education system is lacking consistency and results. The addition of math and reading specialists was necessary and should remain at all levels. A Language Based Curriculum should be the goal. Finally, we need continued Social/Emotional support staff to guide our children to the future, despite the affects of Covid.</p>
<p>16</p>	<p>Dear Members of the Sustainable Budget Task Force</p> <p>Thank you for the opportunity to submit comments as part of the invaluable work you are doing for Hingham. Im writing to you as a taxpayer, parent of two children at Hingham Middle School, and proud Hingham Public School graduate. I listened with interest to many of the SC, ACES, and BOS meetings leading up to the FY22 Budget, and believe its approval at the May 2021 Town Meeting was a promising first step towards a long-overdue renewed commitment to education here in Hingham.</p> <p>I am deeply concerned that there are those - both in town government and across the tax base - that will characterize the increase to the school portion of the FY22 Budget as a one-time response to COVID-19. Indeed, it was labeled by the former Superintendent as a "Recovery Budget", which I believe was an unfortunate misnomer. I am also concerned that your Task Force's work must be done without the insights of the promised strategic review of HPS, which I suspect will ultimately reveal that an annual school budget at FY22 levels will not go nearly far enough toward rebuilding a school system that has suffered from severe lack of town investment, which has only compounded over the years.</p> <p>As Dr. LaBillois and the School Committee explained in the months leading up to Town Meeting, the pandemic only exacerbated persistent achievement gaps in Hingham's public schools. The Administration has provided data on these gaps and I shared personal examples of how my own children's education has suffered in a March 2021 email to the Select Board, urging them to support the proposed FY22 School Budget. I would be happy to share my stories with any members of this Task Force upon request, but in this form I will restrict my personal comments to say that (a) I understand all too well why a seemingly record number of families are choosing to homeschool their children or send them to private schools (including those schools here in town which, unlike HPS, had the resources to support in-person learning for the entire 2020/21 school year) and (b) this is not school system I thought had returned to Hingham for to raise my own family. Rather, is an underfunded system which has had to rely on its reputation, instead of resources, for far too long. COVID shined a light on the cracks that have emerged after years of so-called level funding, despite continued pleas for investment from the Administration and School Committee alike (including the 5-Year Financial Vision presented back in 2018). I understand the School Budget is the largest of the 48 budgets in town, but Hingham's schools are the linchpin of our community - indeed the word school is right there on our town seal and flag!</p>

	<p>Some in Town Government have characterized the School Budget as “not sustainable.” Surely, at the current property tax rate, and with other competing priorities (including a new public safety building and a much needed community pool), it is not at all sustainable. Fortunately, this Task Force is charged with not only with making realistic assumptions for expenditure growth, but also for revenue growth. I respectfully urge this Task Force to look closely at the critical need to significantly increase revenues – including, but not limited to, an override – to a level that will realistically fund all of Hingham’s expenditures for FY2023-2027 and position Hingham for success as it approaches its quartercentennial.</p> <p>As you continue your work, please keep in mind the words of Dr. LaBilliois, and I am paraphrasing here, and help chart a course for Hingham whereby our schools are in a position to prepare students for their future, not our past. The success of Hingham and its schools are interdependent, and that success benefits not just families with children in public schools, but everyone in our community.</p> <p>You have a difficult task before you, but I am grateful for your commitment and public service and look forward to your January 2022 report.</p>
17	<p>Hello - I am a Hingham resident but I do not feel comfortable leaving my contact information. I strongly advocate raising taxes by a significant amount and exploring whether any surtaxes can be levied on real estate transactions over a certain amount eg. \$2mm or properties valued at over a certain amount eg. \$2mm. We are a wealthy town but compared to our peers, are so behind (crumbling schools, inadequate and run down library), inadequate turf fields (weymouth has 8 to our 1), run down country club, moldy fire station, cramped police headquarters, and the list goes on and on. We have to recognize the high education costs we are facing are not going to go away. For example the Town sends students to a special needs school in Walpole where the tuition is \$100,000 per student. This cost isn't a choice but when 3 students are allocated \$300,000 and those kids will likely go to that school for the long term, it is clear we have to raise more money from everyone to fund the needs of everyone. There are many many people in this Town who have significant family money and do not work. We all have to pay more and we can afford more. For those who can't there are a lot of programs offered by the Town to assist with reducing the tax burden. Thank you, A Hingham resident,</p>
18	<p>First, thanks to each of you for addressing this critically important issue. And thanks for taking the initiative to communicate progress on a regular basis early in the FY23 budget season.</p> <p>I'm wondering if the Task Force would be able to obtain from the MA Department of Revenue the distribution of household income for Hingham taxpayers. I'm thinking that such knowledge would better inform the Task Force than using just median or mean income to assess the impact of potential property-tax increases for the next five years.</p>
19	<p>Thank you for your work. As you evaluate our town's expenditures, I hope you will also give significant consideration to our town's revenue sources and financial management. Our policy of maintaining 20% unassigned fund balance is very conservative and benchmark towns like Wellesley, Newton and Weston maintain AAA bond ratings with only 12-13% unassigned fund balance. It is also time for an override. I understand why we do not take this decision lightly, but it is a responsible move to fund the long-term plans for our town and our schools. Historically, inflation has been above 2.5% for a majority of years since Prop 2 1/2 was enacted, yet Hingham has only passed 4 overrides, the last over a decade ago. Respectfully, it is time to grow the pie and fully fund the financial needs of our town. Thank you.</p>
20	<p>I have the perspective of both living (25 years) and teaching in Hingham (since 1992).</p> <p>The following specifically refers to the building of new town buildings, such as Foster</p>

	<p>Elementary School (where I teach) and how that will impact costs to the Town. I have been reading more and more about ground and air source heat pumps. While initially more expensive than traditional heating systems, ground source heat pumps will save a lot of money over time in energy costs for the town, and it seems as if Foster Elementary is ideally situated to make use of such a heat pump. There are residential rebates for such systems, and I was wondering if there were rebates for installing such systems for schools?</p> <p>In addition, whenever we purchase a car, we research the "True Cost to Own" - which is usually presented as the cost over 5 years, inclusive of initial cost plus the annual expenses of the car. When presenting options for heating/cooling any new building in Town, it feels as if the "True Cost to Run the Energy System" should be presented at Town Meetings. While the town might not vote for the more expensive system to build, the Town has always had a very long and conservative view pertaining to costs, and it might very well choose the system/building which is initially more expensive, but with long-term lower operating costs, resulting in big savings for the Town. Energy costs will only be going up. All of our buildings need to be the most energy efficient as possible.</p> <p>Ultimately, the new school with new heating system should save the town a lot in heating costs. (Both in terms of energy usage and professionals needed to "patch it up" for the many, many times the system has gone down.). As cooling the school will be a new cost, the most energy efficient system should be used.</p> <p>Thank you,</p>
<p>21</p>	<p>I would like to see future budgets include funding for a Sustainability Director in charge of ensuring that environmental concerns are considered as part of the Town's decision-making process. If we continue to invest in outdated, inefficient infrastructure, it will ultimately cost us more in the long run. It is the financially responsible decision to invest the money in someone who can be sure that we are making the right, long-term decisions.</p>
<p>22</p>	<p>I see from the PowerPoint of your presentation to the Select Board on 12/14/2021 that the task force is considering a real estate transfer fee. I think that is a bad idea. Housing costs in Hingham are too high as things are now. Adding a transfer fee (imposed on the buyer, according to the slides) would make the community even less affordable to new residents. This would have an adverse impact on efforts to expand diversity. It would be unfair to newcomers-- sort of like saying: pay extra to get the benefits of living in Hingham.</p>
<p>23</p>	<p>Hello Sustainable Budget Task Force,</p> <p>I am very concerned about the long term underfunding and understaffing of Hingham Public Schools. I understand that the task force is working on recommendations regarding the school budget and I am writing to advocate that you make recommendations to properly fund our schools. I moved to Hingham over 20 years ago to raise a family and in part due to my understanding at the time that Hingham schools were strong. Over the years I became involved in Sepac and special education issues and learned that our schools have not received the funding needed to meet the needs of all of our students. Furthermore, some of our school buildings such as Foster are in great disrepair.</p> <p>We have three children, two are currently in the public school system and one we had to move to a private school last year due to student's great difficulty with the remote learning environment during the pandemic. While many benchmark towns were able to return to more in person learning during COVID, HHS had great difficulty in part due to overcrowding and the school's inability to maintain social distancing.</p> <p>I am writing to express my support to retain the 32 new positions that were included in the</p>

	<p>budget last year. It was made clear at School Committee meetings that these positions were needed long term due to understaffing issues. Also, the pandemic is not over, with many students still experiencing absences and the extent of student regression is not yet known. I would also like to express my support that we hire an Arts Director. The schools have had an Athletic Director for years and the addition of an Arts Director should be a priority given that it is part of the curriculum and will support students who want to pursue arts and music.</p> <p>I am concerned with the declining student enrollment at HPS and how this will impact our property values if we do not prioritize our school system. We need to decide what kind of town we want to be. I advocate that we should be a town that provides a strong school system and attracts families. Our benchmark towns vote to approve overrides to right size the school budget and this has not happened recently in Hingham. It is time to properly fund our schools.</p> <p>Thank you for your time,</p>
<p>24</p>	<p>Thank you for accepting comments. I'm writing in favor of fully funding the schools and approving the school's requested budget for 22-23. It is well documented that our town's per pupil spending is far lower than comparator districts. This underfunding exposed significant deficits in our town during Covid, particularly in areas such as special education and the arts. Investing in our schools is in investment in the financial future of our town. If we want to continue to attract new residents and business to our town, we must have an excellent school system. Thank you for your service to our town.</p>
<p>25</p>	<ol style="list-style-type: none"> 1. LANGUAGE BASED CLASSROOM IN EVERY ELEMENTARY SCHOOL- we need to stop losing our children because their dyslexia and other language based differences are not being attended to in the school. Dyslexia is NOT going away so let's put the programs and curriculum in place to allow kids to be successful. 2. Reading curriculum that is SCIENCE BASED for K-3 so we are actually teaching kids to read. 3. FOCUSED professional development for teachers on the science of reading which most did not receive in their teacher prep. programs (a whole other issue). 4. ORTON GILLINGHAM certified instructors at each school to cover the high number of IEP's for reading. This will take the burden off of sped teachers in this area.
<p>26</p>	<p>I am not sure if this is an appropriate topic for the Sustainable Budget Task Force, but as a parent in the Foster Community, I would like to see a short term budget plan for the next three years that ensures that current students at Foster have an educational experience that is equitable to their elementary peers throughout the town. There is already a problem with the space and condition of the current building. While the vision of the new building is amazing, we currently have over 400 children coming each day to Foster now - and many of them will never attend a class in the new building. I hope the town will consider these children's social, emotional, and educational needs in its budget and facilities planning.</p> <p>If the new building plan is approved there will be increased impacts on our available space throughout construction. Our students, who have already had two very difficult school years, will be going to school adjacent to a construction site. I would ask that the town consider adding modular space or, ideally, reopening the Foster North location for grades 4 & 5 until the new building is complete. And, of course, the appropriate staff is crucial. The schools don't just need additional lunch monitors, but trained educators who can help students meet grade-level standards. And this needs to be an organized effort with clear goals, rubrics, and work samples that will help demonstrate progress.</p> <p>If parents were surveyed I am sure that the town would find that a statistically significant number</p>

	<p>of students are enrolled in private tutoring to try to close these gaps, but this seems like a solution that puts an unfair burden on families and will only foster increased inequality, as not every family has the resources to pay for tutoring outside of the school day.</p> <p>Thank you for your consideration and for all of the work the Task Force is doing for the town.</p>
27	<p>We need more funding for schools. Kids don't have space outside or can't go outside due to weather and are eating on the ground in hallways.</p>

To the members of the Sustainable Budget Task Force and Advisory Committee liaisons:

As requested, here is some feedback for your consideration.

This past spring, as part of the FY22 budget discussions, there were conversations about the unsustainability of the inherent growth rate in the education budget. While not new, these conversations took on a greater sense of urgency this past year.

10 years ago, the “level services” increase required to maintain education services was 3.2%. It has since grown to 4.4%. In comparison, over the past five years, the average level services increase in the Town of Wellesley is ~ 3-3.5% range. This past year it was 2.33%.

There is a lot of talk about the school budget being underfunded for years. I think there are more factors at play than just a budget amount – including how and where funds are spent, the structure of collective bargaining agreements, and the underutilization of other sources of revenue.

This past spring, the School Committee and Administration acknowledged the education budget growth concerns raised by the Select Board and Advisory Committee and committed to act. This commitment was a major factor in achieving consensus on the FY22 budget. Excerpts from the warrant are below:

Report of the Advisory Committee: *The School Administration and School Committee will pursue the formation of a strategic plan in FY22. One of the objectives of this plan will be to identify more efficient ways to use resources to restrain growth in the education budget. The Town will also be exploring efficiencies to restrain municipal expenditures.*

Although an override can provide revenue for additional services, particularly for the Education budget, the allure of such new revenue must be balanced against the permanent impact of the resulting tax increase on the average homeowner and the Town’s ability to foster economic diversity, particularly given the disruption caused by the pandemic. The need for balance is especially called for in light of tax increases that likely will be incurred in connection with any debt exclusions for major capital projects that are on the horizon.

Report of the Select Board: *There have been discussions among the Board, the Advisory Committee, and the School Committee focused on the need to reduce the future growth rate of the Education budget. While this issue remains unresolved at the moment, the School Department has committed that it is one of the objectives of its proposed Education Strategic Plan to be developed over the next year.*

As stated in the report of the Advisory Committee, an override is a permanent tax increase that is sometimes needed to reset the fiscal needs of a community. It is the opinion of the Board that for an override to truly be a “reset”, future operating budget growth must be in line with revenue growth. Absent this alignment, Hingham will face the difficult choices of either recurring tax overrides simply to maintain services or the reduction and/or elimination of services. The Board believes that a balance of revenue and expense management actions is the most fiscally responsible way to address our future financial challenges – and is the collective responsibility of municipal and school leadership and volunteers.

While an override may be appropriate, it is not the only work that needs to be done and cannot be the only solution to the Town’s financial challenges. The forecast sensitivity model illustrates that even with an

override, annual budget growth rates greater than 4% will require overrides every 2-3 years just to maintain services. The model also illustrates that without reducing the annual growth rate of budgets, an override accelerates the need for the next override.

In 2022, the Town may be asked to support some big asks – an override, debt exclusions for Foster School and a Public Safety facility that will pave the way for a renovated Senior Center. Many of our fellow citizens will be experiencing financial pressure due to higher grocery, gas, and heating bills. There is likely to be sticker shock. While some citizens are outspoken about their desire, willingness, and ability to absorb tax increases, they don't necessarily reflect the entire community. It's easier to say you can than to say you can't.

From my experience, particularly leading the advocacy effort to build and open East School during a global recession, any tax or fee increases are most likely to be successful if the Town:

- Demonstrates that existing dollars are being wisely spent
- Identifies opportunities to reduce/eliminate or deliver existing services in a more cost-effective manner
- Follows through on its commitment to look for ways to reduce the future growth rate of the fastest growing budgets
- Makes a case for why existing services need to be continued (especially those added this past year with one-time money) and why additional services need to be added (issues or opportunities trying to address)
- Links services to performance outcomes (vs. spending levels compared to other communities)
- Demonstrates that new fees or taxes are the last resort – and that other sources of revenue are being fully utilized
- Provides taxpayers with an honest assessment of what the future (next 5 years) holds in terms of additional tax increases. If an override will be put to the Town in 2022 prior to any debt exclusions, I believe the Town has a responsibility to provide an estimate of the impact of these debt exclusions

Thank you for taking the time to read this letter and your work on behalf of our Town.

Sincerely,

Considerations for the Sustainable Task Force

Background

Over the past year I have heard numerous comments that the Unassigned Fund Balance (UFB) of the Hingham Total Reserve Fund is too high. Many use the \$/enrolled student metric as the comparison to peer communities. Some argue that \$/enrolled student metric is not useful for comparison because towns account for expenditures in different departments. Others complain that the annual contribution to the UFB could have been used to create a larger budget within the Prop. 2½ constraints. That \$ increase would also have a compounding effect (increasing the Prop. 2½ ceiling for each year) potentially obviating the need for a budget override in a future year. Increases to UFB are a result of very conservative forecasting, expenditure savings from the approved annual budgets or planned contributions to Fund Balance account as part of the annual budgets. I decided it might be useful to examine these assertions and determine if there were suggestions that the Sustainable Task Force might consider. Thank you to Sue Nickerson, Tom Accountant for historical perspective on UFB and the sources of its year over year increase.

Definitions

- **Conservative Revenue Forecast:** forecast of revenue are less than actual revenues
- **Underspent Budget:** actual \$ expenditures are less than approved budget
- **Balanced Budget:** approved \$ budget = actual revenues
- **Underinvestment to Potential:** sum of \$ conservative forecast differential and underspent budget

Findings – Unassigned Fund Balance Growth Has Been Significant

Chart 1 below indicates that from 2002 to 2010 the UFB grew by \$3.249 million but decreased by 1.9% of the Town budget. From 2010 to 2021, however, the UFB grew by \$23.538 million representing 30.9% of Town budget – a 243% increase over 2011 levels. It is reasonable to conclude that the town has built its budgets since 2010 based on conservative forecasting but further analysis is needed.

Chart 1 – Unassigned Fund Balance 2002-10 and 2010-19

Year	UFB (\$000)	UFB Increase (\$000)	% UFB to Town Budget
2002	\$ 7,695		15.4%
2010	\$ 10,944	\$ 3,259	13.5%
2011	\$ 10,808		12.7%
2021	\$ 34,346	\$ 23,538	30.9%

Source: Town Accountant, "Fund Balance Uses for the Last Twenty Fiscal Years"

Chart 2 below indicates a large increase occurred from 2017-21 for a total of \$11,365 million (from \$22,981 million to \$34,346 million). For each budget 2017-2021 there could have been a larger "potential budget" level if the contribution to Unassigned Fund Balance had been less that occurred. An argument can be made that some (or most of those \$s) could have been invested in education or town services ("potential budget") without requiring an override vote. It is unclear how much of that growth is from conservative forecasting, expenditure savings from the approved annual budgets or planned contributions to Fund Balance account as part of the annual budgets.

Chart 2 – Unassigned Fund Balance Recent Growth 2017-2021

Year	UFB (\$000)	UFB Increase (\$000)	% UFB to Town Budget
2017	\$ 22,981		22.3%
2018	\$ 27,091		24.2%
2019	\$ 30,515		26.6%
2020	\$ 30,146		25.3%
2021	\$ * 34,346	\$ 11,365	30.9%

Source: Town Accountant, "Fund Balance Uses for the Last Twenty Fiscal Years"

* Source: Chart 3 below - December 2, 2021 Memo from Town Accountant to Town Administrator, Select Board, AdCom

Chart 3 – The FY21 components of Fund Balance along with the percentages (highlighting the FY21 Unassigned Fund Balance)

Nonspendable		\$0	0.00%
Restricted		\$0	0.00%
Committed:		\$4,695,761	9.82%
Stabilization Fund	\$2,338,809		
Special Articles	\$1,137,388		
Lincoln School Apartments	\$1,000,000		
Unused Non-Excluded Debt	\$219,564		
Assigned		\$8,754,468	18.32%
Encumbrance	\$1,995,459		
Subsequent years expenditures	\$6,759,009		
Unassigned		\$34,346,478	71.86%
TOTAL FUND BALANCES		\$47,796,707	100.00%
Total Annual Expenditures per Town's Financial Policy		\$111,317,208	
% of Unassigned Fund Balance to Total Annual Expenditures			30.85%

Source: December 2, 2021 Memo from Town Accountant to Town Administrator, Select Board, AdCom

The critical question is why? How much of that growth is from conservative revenue forecasting, expenditure savings from the approved annual budgets or planned contributions to Fund Balance account as part of the annual budgets.

Charts 4 below illustrates that the conservative forecasts to actual revenues between the years 2016-2019 was lower by \$9,217,121. Chart 5 below indicates the total revenue surplus for FY21 was \$2,222,093 of which \$1,954,317 was from under Forecasting local receipts.

In addition, under expenditures (School Dept. and Town Dept.) to budget during from 2016-19 was \$5,836,733. Of the combination generated \$15,053,854 of which \$7,926,813 was used between the years 2016-2019. Town Department underspending to its budgets was a large \$5,143,651. It is unclear why School and Town Departments continue to underspend their budgets resulting in a "turnback" – contribution to Fund Balance.

Chart 4 – Components of the Adds to Fund Balance and Uses

	Conservative forecast to actual revenues	School Department underspending to its budget	Town Departments underspending to budget	Sub-Total Adds to Fund Balance		Use of Fund Balance	Total \$s (Net of Adds and Uses)	Total Fund Balance
2016	\$1,225,106	\$297,265	\$1,050,022	\$2,572,393		(\$2,440,000)		\$31,503,190
2017	\$1,871,604	\$165,048	\$1,258,186	\$3,294,838		(\$2,237,000)	\$1,057,838	\$32,561,028
2018	\$3,619,098	\$94,112	\$1,724,649	\$5,437,859		(\$2,340,801)	\$3,097,058	\$35,658,086
2019	\$2,501,313	\$136,657	\$1,110,794	\$3,748,764		(\$909,012)	\$2,839,752	\$38,497,838
Total \$s	\$9,217,121	\$693,082	\$5,143,651	\$15,053,854		(\$7,926,813)	\$7,127,041	

Source: Email from Town Accountant to Liz Klein December 202, 2021, "Changes in Total Fund Balance FY16-FY19" (Change in TFB_FY16 to FY19)

Chart 5 – FY21 Surplus of Forecast Revenue

	ESTIMATED	ACTUAL	VARIANCE
TAX LEVY (LIENS, DEFERRED, PRIOR YRS)	\$90,173,019	\$90,343,077	\$170,058
NET STATE RECEIPTS	\$11,619,360	\$11,742,465	\$123,105
LOCAL RECEIPTS	\$9,662,429	\$11,616,746	\$1,954,317
LIGHT PLANT	\$500,000	\$474,613	(\$25,387)
TOTAL GENERAL FUND REVENUE	\$111,954,808	\$114,176,901	\$2,222,093

Source: December 2, 2021 Memo from Town Accountant to Town Administrator, Select Board, AdCom

Chart 6 indicates that the budget surplus for FY21 was \$4,376,367. Some of that may be as a result of Covid relief \$s.

Chart 6 – Categories of FY21 Budget Surplus

<u>Budget Surplus</u>	<u>Amount</u>	<u>%</u>
Public Safety	\$1,551,969	35.46%
Education	\$1,096,871	25.06%
General Government	\$508,900	11.63%
Public Works	\$445,949	10.19%
Culture & Recreation	\$315,891	7.22%
Employee Benefits	\$310,995	7.11%
Human Services	\$130,777	2.99%
All others	\$15,015	0.34%
TOTAL BUDGET SURPLUS	<u>\$4,376,367</u>	<u>100.00%</u>

Source: December 2, 2021 Memo from Town Accountant to Town Administrator, Select Board, AdCom

Forecast Refinements for Task Force Consideration

1. Create three forecast scenarios reflecting different confidence and risk levels.

Revenue forecasting is an imperfect activity and is better considered as three different scenarios reflecting different confidence and risk levels.

- **Conservative Scenario (75-25):** 75% confidence that actual revenues will reach or exceed forecast and 25% confidence that actual revenues will fall short of forecast
- **Balanced Scenario (50-50):** 50% belief that the actual revenues could be lower or 50% belief that the actual revenues could be higher

- **Optimistic Scenario (25-75):** 25% confidence that actual revenues will reach or exceed forecast and 75% confidence that actual revenues will fall short of forecast

2. Consider assigning responsibility to AdCom for owning/overseeing the budgeting process since it is responsible from making its recommendation to town meeting.

If accepted, AdCom should also be responsible to providing guidance to the Town Administrator and the School Superintendent for creating its department budgets. That guidance should include the balanced revenue forecast as well as the conservative and optimistic forecast as determined by the forecast subcommittee as well as the assumptions associated with each.

Timetable Suggestions:

September

1. Town Accountant review actual revenues from October of the previous year through September of current year and shares with forecast subcommittee
2. Forecast subcommittee discussion establishes three forecast scenarios based on risk/confidence level and using recommendation #1 above
 - Conservative Scenario (75-25)
 - Balanced Scenario (50-50)
 - Optimistic Scenario (25-75)
3. Forecast subcommittee lists assumptions (internal and external to Hingham) for each forecast scenario

October

AdCom releases budget memo/guidance to Town Manager and School Superintendent with the following:

- Town Administrator (town departments) and School Superintendent prepare primary budget using the Balanced (50%-50%) forecast that describes what would be added and what cut from previous year.
- Four additional budget levels should be prepared to understand the tradeoffs associated with different budget levels:
 - Level 1: Budget using the Conservative forecast including what would be added and what cut from previous year
 - Level 2: Budget using the Optimistic forecast including what would be added and what cut from previous year
 - Level 3: Level services budget with no headcount increase
 - Level 4: Strategic investment budget that include increases above the Balanced 50%-50% forecast

November-April

The remainder of the budget review process should be the same as current with the addition of reviewing the sensitivity impact of the Balanced forecast with the four other budget levels.

Impact of Conservation Forecasting and Resulting Budgeting on Student MCAS Performance

Given the conservative forecasting and resulting conservative budgeting (less than potential), a question follows - what has been the effect on student MCAS performance? The same question could be asked about the effect on Town Dept. performance. (Measuring Town Dept. performance might be difficult since there may not be accepted, objective measures.) Since the conservative forecasts have forced the School Department to not budget to its potential, the MCAS performance might be lower than it would had the differential between actual expenditures and potential budget being invested in school personnel. A separate analysis would seek to provide insight about student performance during the period of high Unassigned Fund Balance growth.