



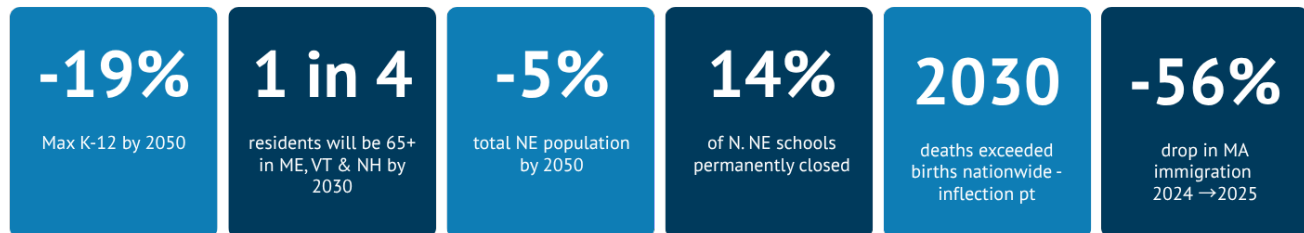
Current Demographic Trends and Impact on Municipalities in New England

A Fiscal Planning Reference
for Municipal Finance Managers



Current Demographic Trends and Impact on Municipalities in New England

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EXECUTIVE SUMMARY

New England municipalities face a long-term demographic shift that will reshape budgets, service demands, and infrastructure needs for decades. Population decline is modest - a projected 5% for the region by 2050 - but the **compositional change is dramatic**: communities are aging rapidly, birth rates are falling, and K-12 enrollment is in structural decline across much of the region.

For finance officials, this creates a **structural fiscal squeeze**: rising demand for senior services collides with declining enrollment-linked state aid, a slower-growing tax base, and growing pension and OPEB obligations. The question is not *whether* municipalities will face fiscal pressure - it is how well-prepared they are when it arrives.

"The demographic trends described in this report are largely locked in for the next 10-15 years. The births that would change them haven't happened."

FIVE TRENDS SHAPING MUNICIPAL BUDGETS

1

K-12 Enrollment: Structural Decline

Enrollment is falling in nearly every district across New England. Only 3 MA counties are projected to see school-age population growth by 2030. Fourteen percent of northern NE schools open in 2000 have already closed permanently.

2

Rapid Aging of the Population

ME, VT, and NH are projected to have more than 25% of residents aged 65+ by 2030. Maine already has more seniors than children. This sharply increases demand for transportation, health, EMS, and senior services.

3

Slowing Property Tax Growth

Population decline and an aging demographic suppress housing demand and assessed values in many communities - constraining the primary local revenue source just as service costs rise.

4

Immigration Is Now the Dominant Variable

Beginning around 2030, deaths will exceed births nationally - making immigration the only source of U.S. population growth. MA net immigration fell from ~90,000 to ~40,000 in a single year. Every long-range plan must model this uncertainty.

5

Pension & OPEB Liabilities Growing Harder to Fund

Underfunded pension and OPEB obligations represent the largest long-term balance-sheet risk for municipalities facing demographic decline. A shrinking tax base makes these obligations harder to fund over time - not easier.

Why This Affects You - In Plain Terms



Your school budget per pupil rises automatically as enrollment drops - even with no new spending decisions. Fixed costs (buses, buildings, administrators) don't disappear.



Your roads, pipes, and public buildings were sized for more residents than you'll have. Per-household maintenance cost rises every year.



Demand for senior services is growing while the working-age tax base is tightening. Both trends hit the budget simultaneously.



Whether your town grows or shrinks now depends more on federal immigration policy than on local demographics. This is new - and it requires planning for multiple futures.

REGIONAL DEMOGRAPHIC OVERVIEW

While lower immigration and declining birth rates will present challenges across the United States, fiscal pressures will be more pronounced in New England. The region is projected to decline from approximately **15.4 million residents today to roughly 14.6 million by 2050** - a modest 5% overall decrease, but one that masks dramatic compositional shifts.¹ Americans continue relocating from the Northeast and Midwest to the South and West, with the Northeast projected to see a 1% population decrease in the 2020s alone.

Snapshot: Northern New England

Maine already has more adults 65+ than children under 18 - as of 2020.
New Hampshire and Rhode Island crossed that same threshold in 2024.
ME, VT, and NH are projected to exceed 25% seniors by 2030 - among the highest proportions in the nation.
This is not a future trend. It is already happening.

The Aging Population Shift

The demographic shift toward an older population will be most acutely felt in northern New England. Maine, Vermont, and New Hampshire are projected to have **over 25% of their populations aged 65 or older from 2030 onward**, reflecting both aging-in-place of large cohorts currently between ages 45 and 64, and lower in-migration of younger residents.²

Seniors vs. Children: 2000 vs. 2030 (65+ Share of Population)

State / Region	65+ Share (2000)	65+ Share (2020 actual)	65+ Share (2030 projected)	Trend
Maine	15%	22%	27%	↑ Highest in U.S.
Vermont	13%	21%	25%	↑ Above 25% threshold
New Hampshire	12%	20%	24%	↑ Approaching threshold
Massachusetts	13%	17%	21%	↑ Rising steadily
Connecticut	13%	17%	21%	↑ Rising steadily
U.S. Average	12%	17%	20%	↑ Rising but slower

Source: U.S. Census Bureau; UMass Donahue Institute; Cooper Center/UVA 2024 projections.

¹Cooper Center/UVA 2024 National Population Projections. news.virginia.edu/content/us-population-will-grow-bigger-and-get-older

²U.S. Census Bureau, Vintage 2024 Population Estimates, June 2025. census.gov/newsroom/press-releases/2025/older-adults-outnumber-children.html

K–12 Enrollment: Structural Decline

K–12 enrollment is in structural decline across the region. Between 2000 and 2017, the school-age population declined in **all 40 northern New England counties**. The most extreme cases saw nine of Maine's 16 counties lose at least 20% of their school-age residents. Fourteen percent of northern NE public schools that were open in 2000 have since closed.³

This trend extends across the rest of New England. Only three Massachusetts counties are projected to see school-age population increases by 2030. **Statewide MA enrollment is projected to decline approximately 20% over the next 25 years**, with areas like the Berkshires seeing declines of 35% or more.

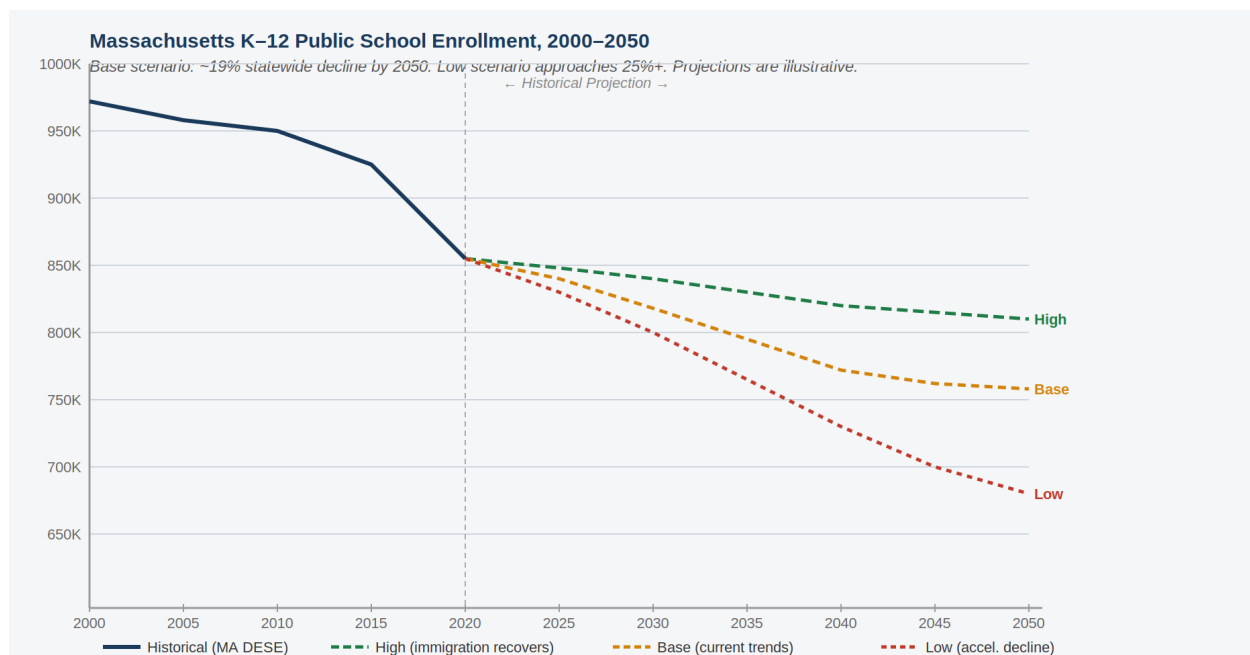


Figure 1. Massachusetts K–12 Public School Enrollment, 2000–2050 (Base: ~19% decline by 2050; Low: approaches 25%+)

Source: MA DESE Enrollment Reports; Pioneer Institute; UMass Donahue Institute Long-Term Population Projections.

³Federal Reserve Bank of Boston, 'The Challenge of Declining K–12 Enrollment in Northern New England,' September 2020.

MASSACHUSETTS: A CLOSER LOOK

Massachusetts is the region’s economic engine and its most demographically resilient state. Its largest growth driver has been **net international immigration** - ranking fourth nationally in the rate of net international immigration. However, that flow is volatile.⁴

Immigration Alert: The Single Most Important Variable

Massachusetts net immigration peaked at approximately 90,000 new residents in 2024 - then fell sharply to roughly 40,000 in 2025 due to federal policy shifts. That is a 56% drop in a single year. Beginning around 2030, deaths will exceed births nationally, meaning immigration will account for ALL U.S. population growth. Every municipal long-range financial plan must model immigration uncertainty explicitly.

Massachusetts Regional Snapshot: 2050 Outlook

Region	Population Trend	65+ Share (2050)	K–12 Enrollment Trend	Fiscal Risk
Greater Boston	Stable to modest growth	~19%	Modest decline	Lower
Central MA & Southeast	Modest growth/flat	~20%	Moderate decline ~20%	Moderate
Metro West	Flat to modest decline	~20%	Decline ~20%	Moderate
Northeast (Essex Co.)	Flat	~20%	Decline ~21%	Moderate
Southeast (Plymouth)	Flat to modest decline	~21%	Decline ~22%	Moderate
Pioneer Valley	Declining	~26%	Decline ~28%	Mod–High
Berkshire & Franklin	Significant decline	~34%	Decline ~36%	Higher
Cape & Islands	Declining (seasonal conv.)	~37%	Decline ~26%	Higher

Source: UMass Donahue Institute V2024 projections; U.S. Census Bureau; MAPC 2023 regional projections.

⁴UMass Donahue Institute, Massachusetts Population Estimates Program, Vintage 2025 Summary, January 2026.

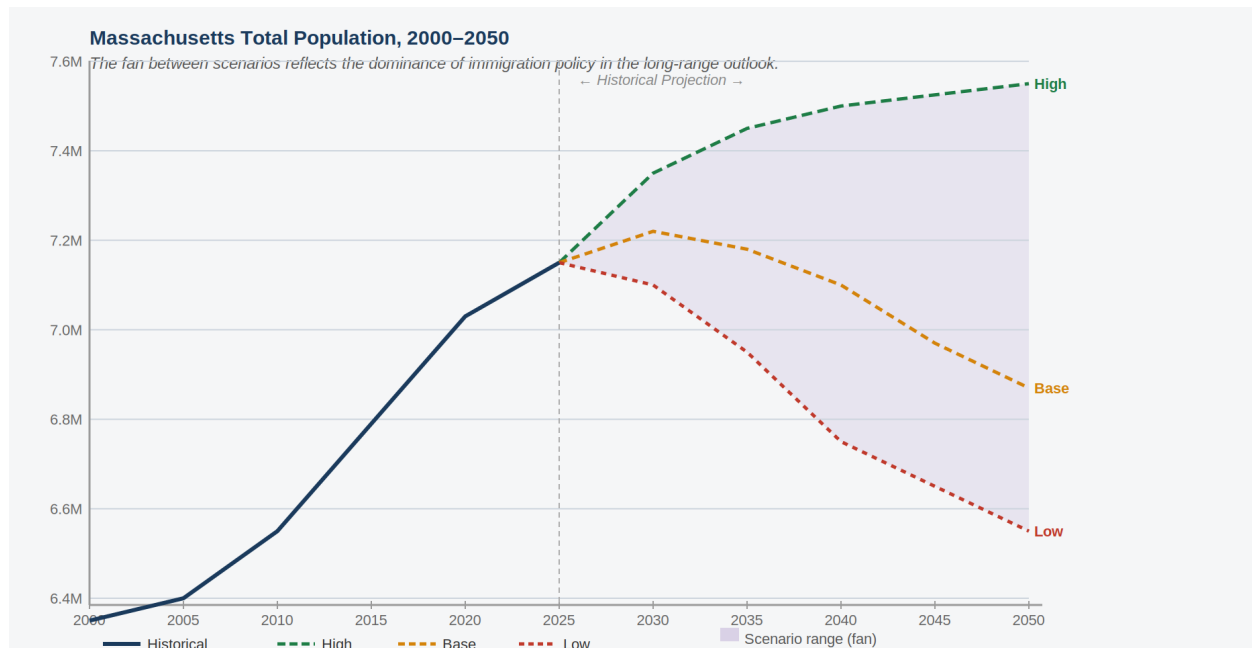
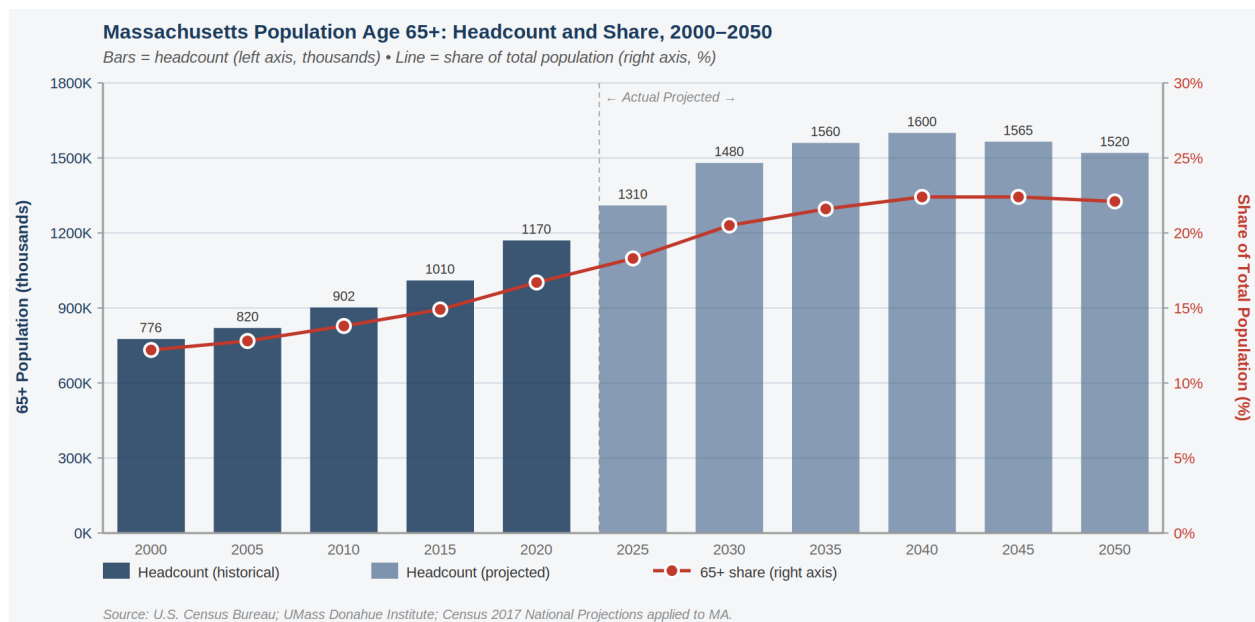


Figure 2. Massachusetts Total Population, 2000–2050 (fan reflects dominance of immigration policy)

Source: U.S. Census Bureau decennial and vintage estimates; UMass Donahue Institute Long-Term Population Projections.



Source: U.S. Census Bureau; UMass Donahue Institute; Census 2017 National Projections applied to MA.

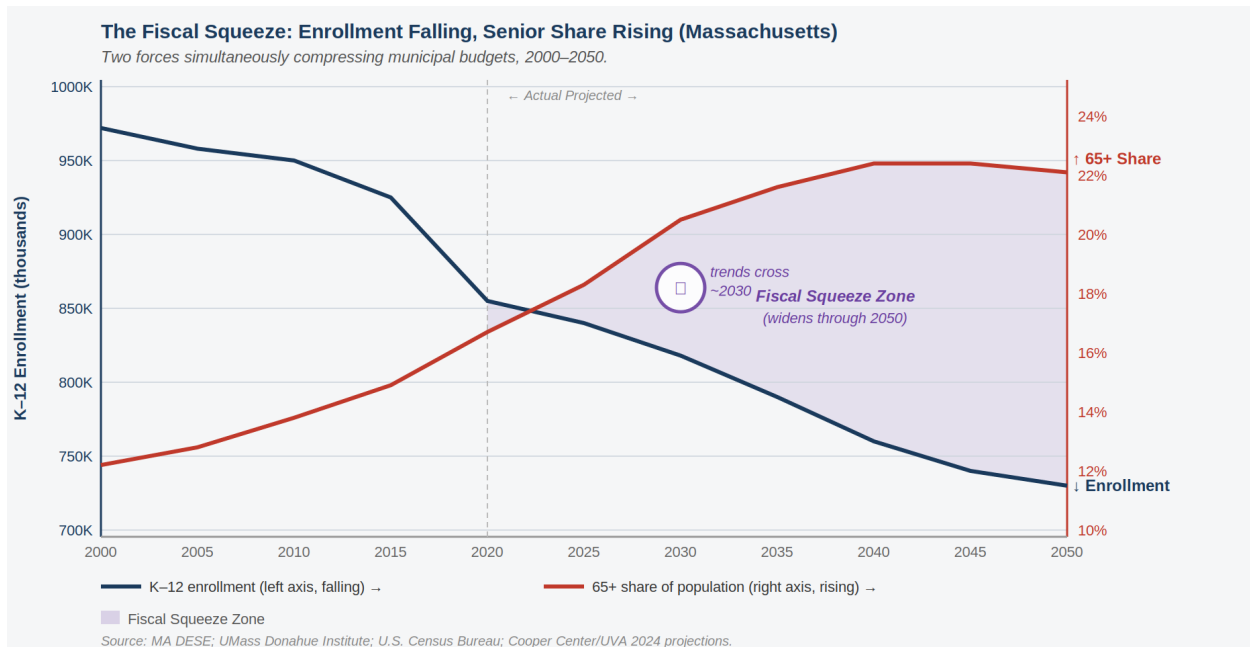
Figure 3. Massachusetts Population Age 65+: Headcount (bars, left axis) and Share of Total (line, right axis), 2000–2050

Source: U.S. Census Bureau; UMass Donahue Institute; Census 2017 National Projections applied to MA.

BUDGET IMPLICATIONS

The Fiscal Scissors Effect

The central fiscal challenge is not any single trend in isolation - it is the **simultaneous collision** of two opposing forces: enrollment falling (pulling down state aid and signaling lower future service demand) while senior costs rise (requiring more services and capital investment). These two trends cross around 2030, and the gap widens through 2050.



The Fiscal Squeeze: K-12 Enrollment (falling, left axis) vs. 65+ Population Share (rising, right axis), 2000–2050

Source: MA DESE; UMass Donahue Institute; U.S. Census Bureau; Cooper Center/UVA 2024 projections.

Education Costs

K-12 per-pupil spending will likely continue to rise everywhere even as enrollment falls, because **fixed costs do not scale down proportionally with enrollment**. Infrastructure, transportation routes, administrative staff, and building maintenance remain largely constant. Western Massachusetts districts face the most acute near-term fiscal pressure, and further school consolidations are probable.

The Fixed-Cost Problem - A Worked Example

A district with 1,000 students and \$15 million in annual costs has \$15,000 cost per pupil. If enrollment falls to 750 students but fixed costs only drop by \$1 million (transportation, admin, facilities), the new cost per pupil is \$18,667 - a 24% increase. No budget decision was made. Demographics did it automatically.

Revenue Pressures

Municipalities rely heavily on property tax revenue. Population decline combined with an aging demographic may **suppress assessed valuations and constrain available tax revenue**, while simultaneously increasing demand for senior services. An aging population has historically shown less support for education spending, creating political friction around the largest single line item in most municipal budgets.

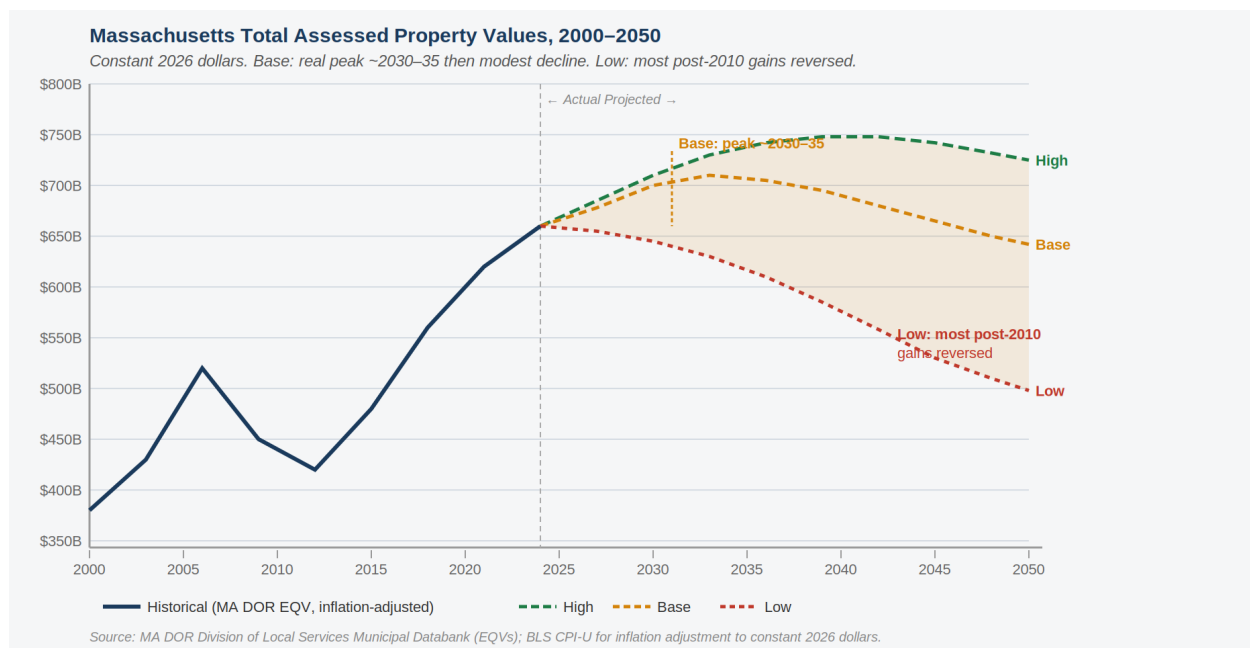


Figure 4. Massachusetts Total Assessed Property Values in Constant 2026 Dollars, 2000–2050

Source: MA DOR Division of Local Services Municipal Databank (EQVs); BLS CPI-U for inflation adjustment to constant 2026 dollars.

Chapter 70 Warning: The Lagged Trap

Chapter 70 education aid tracks enrollment - but with a lag. Districts may not feel the full aid reduction until 1–2 school years after enrollment falls, creating a temporary false sense of budget stability. Finance managers who rely on current aid levels to project future budgets are building on a shrinking foundation.

WHAT FINANCE MANAGERS SHOULD DO NOW

The trends described in this report are largely locked in for the next 10–15 years. The following actions are appropriate to begin **now**, even in constrained budget environments. The cost of early action is low. The cost of delayed action compounds every year.

For General Readers

These aren’t just problems for finance directors. When municipalities face fiscal stress unprepared, the result is service cuts, deferred road and pipe maintenance, higher fees for recreation and permits, and reduced emergency response capacity. Proactive planning protects everyone.

Priority Action Matrix: What to Do & When

	Act Within 1–2 Years	Plan Now / Longer-Term
Higher Impact	ACT NOW 1. Build demographic scenarios 2. Quantify pension & OPEB liabilities	PLAN NOW 5. Align capital with demographics 6. Monitor state aid dependency
Moderate Impact	BEGIN NOW 3. Explore regional consolidation 4. Diversify revenue sources	ONGOING Track immigration trends Benchmark vs. peers

1 Build Demographic Scenarios into Your Long-Range Financial Plan

Most long-range financial plans use a single population and enrollment projection. Given the uncertainty in immigration policy - now the dominant variable - finance managers should model at least **three scenarios**:

Scenario Planning Quick-Start

	Low (suppressed immigration)	Base (partial recovery)	High (2024 levels restored)	Key Indicator to Watch
Revenue growth	Flat or declining	0–1% real growth	1–2% real growth	EQV growth rate
Chapter 70 aid	Declining faster	Gradual decline	Modest decline	Annual enrollment count
Pension funding ratio	Deteriorating	Holding (with effort)	Improving possible	Annual actuarial report
Capital budget	Defer aggressively	Prioritize carefully	Invest strategically	Facility utilization rate

Checklist:

- ☐ Build low, base, and high immigration scenarios in your long-range financial plan
- ☐ Carry each scenario through to revenue, Chapter 70 estimates, pension funding ratios, and capital needs
- ☐ Update scenarios annually as immigration data becomes available
- ☐ Benchmark your enrollment and demographic trajectory against peer municipalities

If you do nothing: A single-scenario plan that assumes stable enrollment and property values will systematically overstate revenue and understate fiscal pressure.

2 Quantify and Address Unfunded Pension and OPEB Liabilities

Underfunded pension and OPEB (Other Post-Employment Benefits) plans represent the **most significant long-term balance sheet risk** for municipalities facing demographic decline. A shrinking tax base makes these obligations harder to fund over time, not easier.

Checklist:

- ☐ Calculate the current unfunded actuarial accrued liability (UAAL) for both pension and OPEB
- ☐ Model what the funding trajectory looks like under each of your three population scenarios
- ☐ Identify the minimum annual contribution required to prevent the funding ratio from deteriorating
- ☐ Explore OPEB trust fund creation, contribution rate adjustments, and benefit restructuring for new employees

***If you do nothing:** Municipalities that defer this work will face a compounding problem: fewer taxpayers funding obligations to a larger retiree population. Every year of deferral widens the gap.*

3 Explore Regional Service Consolidation

Fixed costs such as school administration, public works, dispatch, and inspectional services **do not decline proportionally when population does**. Regional cooperation and service sharing can reduce per-capita costs without reducing service quality.

Checklist:

- ☐ Identify services with high fixed costs and low population-sensitivity (administration, dispatch, back-office)
- ☐ Begin feasibility discussions with neighboring municipalities before fiscal stress forces emergency decisions
- ☐ Prioritize school administration and potential district consolidation (particularly in western MA)
- ☐ Explore shared public health and elder services infrastructure given the rising 65+ share

***If you do nothing:** Consolidation is politically difficult and takes time. Communities that begin now have leverage; communities that wait negotiate from fiscal crisis.*

4 Diversify Revenue Sources

Over-reliance on property tax revenue creates risk when assessed valuations stagnate or decline. **Revenue diversification is a multi-year effort**; the planning should begin before the revenue pressure materializes.

Checklist:

- ☐ Evaluate revolving funds and enterprise fund structures for fee-sustaining services
- ☐ Build a grant pipeline targeting aging infrastructure, elder services, and climate resilience
- ☐ Pursue economic development partnerships to broaden the commercial and industrial tax base
- ☐ Assess local option taxes available under Massachusetts General Laws

***If you do nothing:** A budget built almost entirely on property tax is vulnerable to a single stressor. Demographic decline is not a single stressor - it is a sustained, multi-decade pressure on every line.*

5 Align Capital Planning with Future Demographics

Infrastructure investments made today will serve the population of 2035–2050, **not the population of today**. Capital investments in facilities likely to be closed or consolidated within 15 years represent significant fiscal risk.

Checklist:

- ☐ Use enrollment projections (not current enrollment) to size new or renovated school facilities
- ☐ Incorporate elder accessibility and co-located senior services into facility design
- ☐ Prioritize deferred maintenance on facilities that will remain in long-term use; defer or eliminate spending on those likely to close
- ☐ Add demographic projections as a standard required input to all capital improvement plans

***If you do nothing:** Capital investments in facilities likely to be closed or consolidated within 15 years are not just wasteful - they lock in operating costs that compound the fiscal squeeze.*

6 Monitor State Aid Dependency

Chapter 70 education aid is the largest single source of state revenue for most Massachusetts municipalities, and it is **directly tied to enrollment**. As enrollment falls, formula-driven state aid will decline - often on a lagged basis that can create a temporary false sense of budget stability.

Checklist:

- ☐ Track enrollment trends annually and model Chapter 70 impacts under each demographic scenario
- ☐ Monitor legislative developments around the foundation budget formula, which may be adjusted as declining enrollment becomes a statewide concern
- ☐ Avoid structural budget reliance on state aid levels that assume stable or growing enrollment
- ☐ Build a 5-year aid sensitivity analysis: what does a 5%, 10%, or 15% enrollment decline mean for your Chapter 70 revenue?

If you do nothing: Districts that build structural budgets on current Chapter 70 aid levels will face mid-year gaps as enrollment declines. The lag between enrollment drop and aid reduction creates a false sense of security.

Data Notes & Sources

Sources

- [1] Cooper Center/UVA 2024 National Population Projections. news.virginia.edu/content/us-population-will-grow-bigger-and-get-older
- [2] U.S. Census Bureau, Vintage 2024 Population Estimates, June 2025. census.gov/newsroom/press-releases/2025/older-adults-outnumber-children.html
- [3] Federal Reserve Bank of Boston, 'The Challenge of Declining K–12 Enrollment in Northern New England,' September 2020.
- [4] UMass Donahue Institute, Massachusetts Population Estimates Program, Vintage 2025 Summary, January 2026.

Chart Data Sources

Figure 1 (K–12 enrollment): MA DESE Enrollment Reports; Pioneer Institute; UMass Donahue Institute Long-Term Population Projections.

Figure 2 (Total population): U.S. Census Bureau decennial and vintage estimates; UMass Donahue Institute Long-Term Population Projections.

Figure 3 (65+ population): U.S. Census Bureau; UMass Donahue Institute Long-Term Population Projections; Census 2017 National Projections applied to MA.

Figure 4 (Assessed property values): MA DOR Division of Local Services Municipal Databank (EQVs); BLS CPI-U for inflation adjustment to constant 2026 dollars.

Note: Projection scenarios are illustrative reference paths consistent with the qualitative discussion in this brief and published projections from the sources above. They are not official forecasts.

About the Author

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Odyssey Advisors provides actuarial, financial, and strategic guidance that helps municipalities strengthen financial health and plan confidently for the future.



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