

Taxing Times for Boston Colleges?

A CONNECTION interview with Boston City Councilor-at-Large Stephen Murphy, author of a plan to revamp the way Hub institutions pay for city services

Photo courtesy of Emerson College.



If you look at Boston police and fire call logs, very often student-related calls account for 30 to 40 percent of calls late at night ... it's tremendously taxing.

The idea of “taxing” historically tax-exempt nonprofit institutions comes up whenever college town budgets are tight, and particularly when instances of student roudiness strain local police and fire departments. So one could have predicted that last winter’s post-Super Bowl riots in Boston’s Fenway student enclave—on top of the Hub’s distinction as the U.S. city with the highest percentage of tax-exempt property—would fuel new calls to get colleges to pay for municipal services in New England’s largest city. CONNECTION recently talked with Boston City Councilor-at-Large Stephen Murphy who has introduced legislation to restructure the way the city’s 35 colleges and universities support city services.

CONNECTION: What’s wrong, if anything, with the current system in which Boston colleges and universities contribute to city services?

Murphy: There is no system. It’s catch as catch can. The city of Boston for years has taken a certain Payment in Lieu of Taxes (PILOT) from individual colleges and universities. The amount rarely changes until the college in question needs the city to do something for it. For instance, if it buys more land and needs permits for a building or needs new sewer or water hookups or new curb cuts, then the city comes back and says, “Oh sure, and you know what we’re going to revisit PILOT payments.” Then you see the college or university increase its subsidy.

CONNECTION: So the payments vary significantly from one college to another?

Murphy: For the fiscal 2003 budget, you had a total amount of \$5.6 million in PILOT payments from colleges and universities. The biggest payer was Boston University, which paid \$3.2 million, followed by Harvard at almost \$1.4 million.

On a per-student basis, BU paid \$112.92 in fiscal 2003. Boston College paid \$14.90;

Berklee College of Music, \$52.24; Northeastern, \$5.24; Simmons, \$4.49; and Wentworth Institute of Technology, 57 cents per student.

CONNECTION: How would your legislation change the way Boston colleges and universities pay for city services?

Murphy: There are 135,125 students attending colleges and universities in the city of Boston. Of that number, 111,000 are in private colleges. My suggestion is if you ask for \$100 per student per year, you would be looking at \$11 million in PILOT payments as opposed to \$5.6 million. You would roughly double the revenue and it would be more evenly spread. In fact, BU would pay less. If its enrollment is 28,000, for example, it would pay \$2.8 million instead of \$3.2 million.

CONNECTION: Why target colleges and universities for support when their presence is such a powerful economic contributor in itself?

Murphy: With population comes costs, whether you’re talking about students or people who come into work for the day. The population of Boston swells to more than two million every day even though there are only 588,000 permanent residents. The costs swell when the population is here. We need to say to all these colleges and universities, “We love having you, you make the city what it is ... but there are costs associated with it.” Forty-eight percent of Boston property is taxable; 52 percent is not. Boston homeowners and taxpayers are paying the freight for everything. The colleges, with their ever-increasing endowments and their ever-expanding borders, have shown that they’re very successful. They’re businesses and they’re succeeding tremendously. Harvard’s endowment is over \$20 billion, some of the others are in the billions. I’m not looking for the kids to pick up this cost. I’m looking for the colleges to say, “Yes, we contribute to police resources being used.”

Look no further than the February 1 riots

on Symphony Road and in Kenmore Square. It wasn't law-abiding Patriots fans who live in Hyde Park or Southie; it was cuckoos from out of town jumping up on cars and lighting them on fire. But Boston taxpayers are paying for the riot squad out there ... and for the false fire alarms pulled at dormitories and emergency medical services.

CONNECTION: How would you characterize colleges and their students as neighbors?

Murphy: Many of the students don't live in dorms, so neighborhoods like Mission Hill are filled with college students sometimes living six or eight to a two- or three-bedroom apartment. There are a lot of people who would love to buy a three-decker and rather than rent it to Mrs. Mahoney and her kids and get \$800 a month, they'll rent it to eight college students at \$400 each and get \$3,200 a month. And those are residential settings, and those students are also putting trash out and requiring street cleaning and other incidental services.

The Connecticut Model

One model Boston officials studied was Connecticut's 25-year-old PILOT program in which the state pays cities and towns a grant in lieu of taxes to compensate for tax-exempt property owned by private nonprofit colleges, universities and hospitals. Under the program, the state awards municipalities a payment that is supposed to equal 77 percent of the taxes that would have been levied on the property if it were taxable, but the percentage reimbursement has been lower in recent lean budget years. The Connecticut model generally works, but Murphy and colleagues in Boston calculated that such a proposal would go nowhere on Beacon Hill, where budget cuts are the order of the day.

But the big expenses are in public safety. If you look at Boston police and fire call logs, very often student-related calls account for 30 to 40 percent of calls late at night ... it's tremendously taxing. Are you going to have a typical Boston homeowner in the middle of a riot at 2:15 a.m. at Faneuil Hall? Hopefully not. Do you have fire calls regularly at your house? Hopefully not. But the dorms do.

Yes the colleges give us much, but we

should expect more from them in terms of partnerships with a cash-strapped city. I'm not trying to break anyone's bank. We're hitting a wall in this city. When Harvard bought public land in Allston Landing or Boston College buys the Archdiocese headquarters, it would have been nice to put some of that land on the tax rolls. But instead you see expansion by these institutions eating up the potential for revenue growth for the city.

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