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Many colleges not paying Boston in full for services

Forgo voluntary outlays for services; most hospitals comply

By **Matt Rocheleau**

| GLOBE CORRESPONDENT | OCTOBER 27, 2014



78 COMMENTS



BARRY CHIN/GLOBE STAFF/FILE

Northeastern University, which was asked for \$2.5 million this past fiscal year, gave nothing, even though it paid \$886,000 in each of the previous two years and \$30,000 in fiscal 2011.

Most colleges in Boston have failed to pay the city the full amount sought to help pay for municipal services, while a majority of hospitals met the recommended amounts, a Globe review has found.

Under a three-year-old program, the city asks nonprofits with more than \$15 million worth of tax-exempt property to write checks twice a year to help offset the cost of police and fire protection, snow removal, and other services. The payments are voluntary contributions, in lieu of taxes.

Fifteen of the 19 colleges, including the city's wealthiest universities, did not pay amounts requested by the city during fiscal 2014, which concluded at the end of June, according to city data. Northeastern University, which was asked for \$2.5 million this past fiscal year, gave nothing, even though it paid \$886,000 in each of the previous two years and \$30,000 in fiscal 2011.

City Councilor Stephen J. Murphy, who was a member of the task force that in 2011 recommended the so-called PILOT program, criticized the colleges that failed to reach their benchmarks.

“They were all in the room, and they all agreed to this,” Murphy said. “You made commitments; you gave your word. Is your word any good?” he added, as if he were speaking directly to the campuses.

Murphy said he hopes to hold a City Council hearing on the issue soon.

But Richard Doherty, president of the Association of Independent Colleges and Universities in Massachusetts, said “everyone understood these were going to be voluntary payments.”

He said that for some colleges, significantly increasing their payments would force them to make budget cuts, and all of the schools already provide valuable public benefits.

“The city has recognized that these institutions make contributions far above what the formula might recommend in terms of community benefits — scholarships to Boston residents, partnerships with the schools and community centers, partnerships regarding athletic fields and facilities and arts facilities,” he said.

For decades, Boston typically negotiated payments on a case-by-case basis with nonprofits when the organizations built a new facility or acquired new property. But starting with fiscal 2012, the city established a structured system and began to incrementally increase the amounts requested of each institution with the goal that, by fiscal 2016, each nonprofit will be asked to contribute 25 percent of the property tax bill they would owe if not exempt.

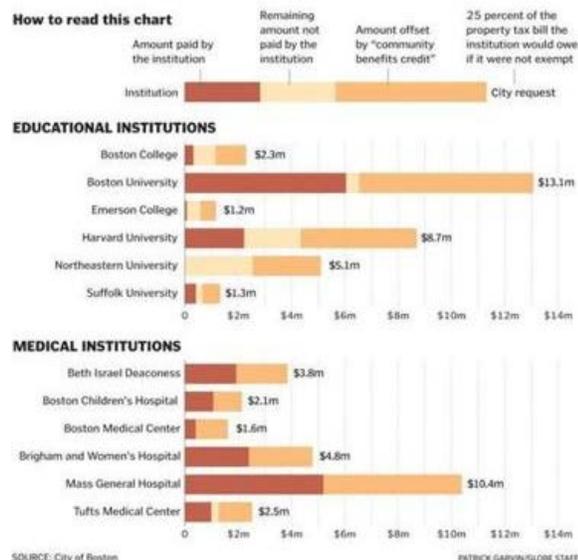
Institutions can get up to half of the city’s requested amount covered through a “community benefits credit” by demonstrating they provide at least that amount through services that uniquely benefit Boston residents.

Mayor Martin J. Walsh, who inherited the PILOT program from his predecessor, Thomas M. Menino, is committed to keeping it, according to Melina Schuler, a spokeswoman in his office. “While the PILOT program is voluntary, institutional participation is both needed and expected, and institutions that don’t participate, or participate with less than the full amount, place a greater burden on the city’s taxpaying residents and businesses,” Schuler said.

More than half of higher-education institutions have increased their payments since the new program took effect,

‘Tax bills’ for major nonprofits

The city of Boston asks colleges, hospitals, and other nonprofit groups to pay up to 25 percent of what they would owe if their properties were taxable. Here is a look at how much the city requested from some major organizations for fiscal 2014, and how much they paid. The institutions can use a “community benefits credit” to cover up to half of what the city asks.



and Murphy and other city officials credit them for increasing city revenues.

The city this past fiscal year asked 49 institutions for a combined \$34.6 million and received a total of \$24.9 million, an increase of 64 percent over fiscal 2012.

If not for their tax-exempt status, the city says, the organizations would owe the city a collective \$425 million in annual property taxes.

Cultural institutions and several middle-high schools are also asked to make voluntary payments. However, much of the program's attention has focused on colleges and hospitals, economic engines for Boston.

Eleven of 16 medical institutions in the program have met their payment benchmarks in each of the past three fiscal years, including Partners HealthCare's four hospitals: Brigham and Women's, Faulkner, Massachusetts General, and Spaulding Rehabilitation, which own a combined \$2.9 billion worth of tax-exempt property and collectively paid the city the \$8.2 million it asked for in fiscal 2014.

"Partners' commitment to the PILOT program really reflects the tremendous value that we place on the services that the city provides," said Partners spokesman Rich Copp.

In explaining their payments, colleges cited the benefits they already provide to the city.

Northeastern calculated that it contributes more than \$30 million annually in community programs and benefits, including direct payments to the city outside of the PILOT program.

"We look forward to working with Mayor Walsh to determine the best way for tax-exempt institutions to add additional value to the city and its citizens," Northeastern spokeswoman Renata Nyul said in a statement.

Boston University has the highest value of tax-exempt property — \$1.9 billion — among the city's colleges. It paid the city what it requested during the first two years of the program.

But this past fiscal year, the university's payment, just over \$6 million, fell shy of the \$6.5 million requested by the city.

Still, it was the largest voluntary payment and accounted for more than half of all the money that educational institutions gave to the city in fiscal 2014.

"Boston University supports an equitable and fair system on PILOT payments," said campus spokesman Colin Riley. "BU's willingness to increase its voluntary payment, however, is premised on other institutions doing so as well."

Riley pointed out that BU has its own police force and pays for its trash removal, recycling, and snow removal.

Boston College, which owns a half billion dollars worth of tax-exempt property, paid the city \$317,888 this past fiscal year, a far cry from the \$1.15 million requested.

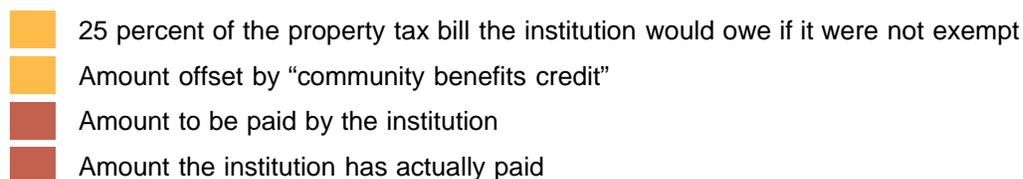
“As a nonprofit, religiously affiliated educational institution, we do not participate in the PILOT program,” said BC spokesman Jack Dunn.

Dunn said the college’s payment reflected “the sole service we receive, which is fire protection service.”

Harvard University, which owns \$1.5 billion worth of tax-exempt property in Boston, was asked to give \$4.3 million in 2014; it paid \$2.2 million, \$100,000 more than three years ago. Officials at the world’s wealthiest university said that the school has given millions through payments in lieu of taxes over many years, and that its programming provides substantial community benefits and saves the city millions more in expenses.

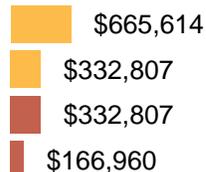
'Tax bills' for major non-profits

The city of Boston asks colleges, hospitals, and other non-profit groups to pay up to 25 percent of what they would owe if their properties were taxable. Here is a look at how much the city requested from some major organizations for fiscal 2014, and how much they paid. The institutions can use a "community benefit credit" to cover up to half of what the city asks.

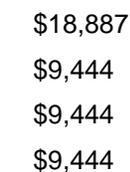


Educational Institutions

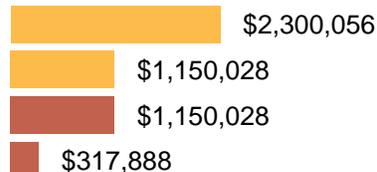
Berklee College



Boston Architectural College

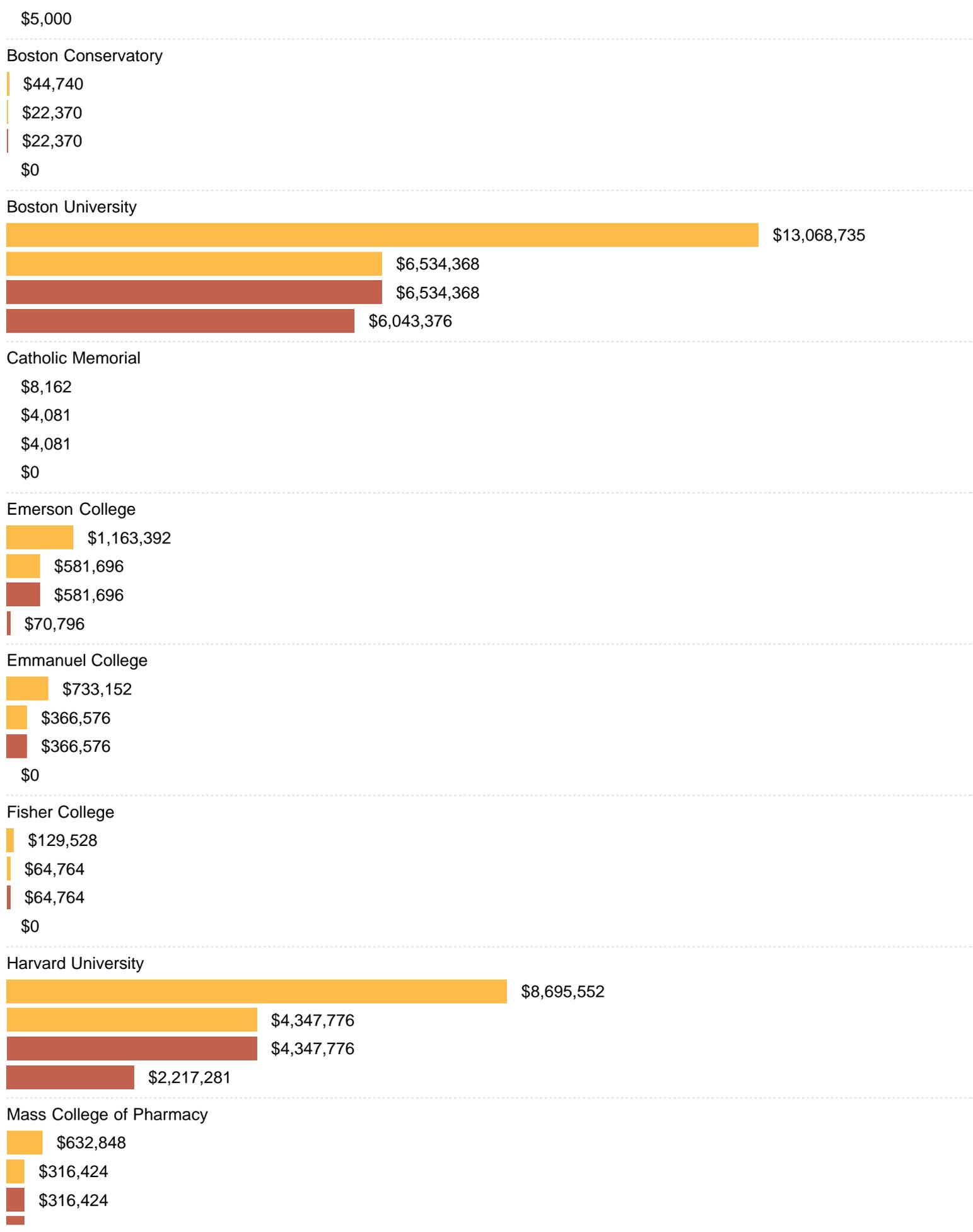


Boston College



Boston College High School





\$316,424

NE College of Optometry

\$46,865

\$23,432

\$23,432

\$23,432

New England Conservatory

\$77,415

\$38,708

\$38,708

\$0

Northeastern University

\$5,097,121

\$2,548,560

\$2,548,560

\$0

Roxbury Latin School

\$176,133

\$88,067

\$88,067

\$0

Showa Institute

\$227,413

\$113,707

\$113,707

\$113,707

Simmons College

\$592,743

\$296,371

\$296,371

\$108,790

Suffolk University

\$1,323,457

\$661,728

\$661,728

\$413,750

Tufts University

\$853,588

\$426,794

\$426,794

\$0

\$425,000

Wentworth Institute of Tech.

\$867,570

\$433,785

\$433,785

\$283,785

Wheelock College

\$184,638

\$92,319

\$92,319

\$0

Winsor School

\$122,378

\$61,189

\$61,189

\$0

Medical Institutions

Beth Israel Deaconess

\$3,849,693

\$1,924,846

\$1,924,846

\$1,924,846

Boston Children's Hospital

\$2,133,849

\$1,066,925

\$1,066,925

\$1,066,925

Boston Medical Center

\$1,614,990

\$1,211,242

\$403,747

\$403,747

Brigham and Women's Hospital

\$4,788,643

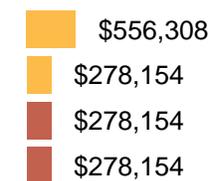
\$2,394,321

\$2,394,321

\$2,394,321



New England Baptist Hospital



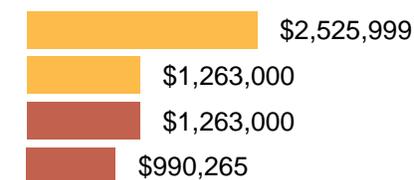
Shriners Hospital



Spaulding Rehab Hospital



Tufts Medical Center



Cultural Institutions

Bayridge Center



Boston Symphony Orchestra



Children's Museum



Gardner Museum



\$15,422

\$15,422

\$15,422

Inst. of Contemporary Art

\$103,189

\$51,594

\$51,594

\$0

MASCO

\$274,392

\$137,196

\$137,196

\$137,196

Museum of Fine Arts

\$1,291,334

\$645,667

\$29,986

\$0

Museum of Science

\$92,671

\$46,335

\$46,335

\$0

New England Aquarium

\$256,900

\$128,450

\$128,450

\$0

WGBH

\$162,506

\$81,253

\$81,253

\$81,253

DATA: City of Boston

PATRICK GARVIN/GLOBE STAFF

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