



CITY OF BOSTON IN CITY COUNCIL

ORDER FOR A HEARING TO DISCUSS SOLUTIONS TO HISTORIC AND DISPROPORTIONATE STATE DISINVESTMENT IN THE CITY OF BOSTON

- WHEREAS*, State aid which the City of Boston receives from the Commonwealth of Massachusetts has been substantially reduced over the last two recessions, and since fiscal year 2002, the City's net state aid has been trending down steeply, being reduced by \$300.2 million, or 70.1 percent; *and*
- WHEREAS*, Boston, the capital city of the Commonwealth, has experienced long-term state aid reductions that have not been reinstated, leaving a systemic issue of the City shifting significantly toward increased reliance on property tax for revenue growth; *and*
- WHEREAS*, In FY03, Boston received \$476.6 million in state aid and was charged \$101.1 million in state assessments, yielding \$375.5 million in net state aid, while in the FY23 recommended budget, the City anticipates receiving \$495.2 in state aid (an increase of 3.9 percent since FY03) and will contribute \$367.1 million through state assessments (an increase of 263 percent over two decades), resulting in \$128.1 million in net state aid received by the City (a loss of 65.9 percent since FY03); *and*
- WHEREAS*, In FY03, property tax represented 55.6 percent and state aid comprised 25.6 percent of the City's revenue sources, then property tax rose to 67.2 percent and state aid dropped to 16.1 percent by FY13, and the City anticipates for property tax to reach 74 percent and state aid to lower to 12.4 percent of revenue in FY23; *and*
- WHEREAS*, In FY03, state assessments were 5.4 percent of the City's expenditures, rising to 6.9 percent by FY13, and are anticipated to be 9.2 percent in FY23, and as a result, net state aid received by the City comprised 20.2 percent of revenue in FY03, 9.2 percent in FY13, and is anticipated to be only 3.2 percent of the budget in FY23; *and*
- WHEREAS*, While Boston's share of state aid has diminished, the Commonwealth generated a revenue surplus of \$5.86 billion in FY21, and state tax revenues have thus far exceeded FY22 benchmarks through April by \$4.23 billion, leading Governor Baker to file a \$1.7 billion FY22 supplemental budget (*H.4802*) on May 19, 2022; *and*
- WHEREAS*, Divestment by the State has largely been driven by stagnant increases in K-12 education and increases in state assessments, while phasing in of the Student Opportunity Act of 2019 is anticipated to provide much needed reform to the education funding formula provided in Chapter 70; *and*

- WHEREAS*, The amount of funds to be distributed each year to a municipality is described on the “Cherry Sheet,” a listing of estimated assessments and receipts of local aid, such as library aid, school construction, school transportation and other reimbursements, and highway funds, and preliminary Cherry Sheet estimates for FY23 demonstrate the City will be assessed \$367 million, more than double its assessment in 2013; *and*
- WHEREAS*, A 2006 report of the Boston Redevelopment Authority Research Department titled, “Boston Gives More than it Gets From the Rest of Massachusetts,” found that Boston comprised 9.3 percent of the state’s population and 0.6 percent of its land, but generated 15.6 percent of state jobs, 19.3 percent of state tax revenue, 23.5 percent of the state’s income, corporate excise, and business tax revenue, 30 percent of state visitor revenue, and 41 percent of state hotel tax revenue; *and*
- WHEREAS*, A 2010 update to the report found that on average, each worker in Boston produced \$125,195 of the Gross State Product in comparison to \$76,012 per worker in the rest of the state, but the City is left with state aid disproportionately low in light of its economic contributions and population base; *and*
- WHEREAS*, The City of Boston has transformed immensely since the initial 2006 report and 2010 update commissioned by Mayor Menino, and an updated assessment of Boston’s present conditions and contributions to the Commonwealth is urgently overdue; *and*
- WHEREAS*, The scope and implications of Boston’s restricted local control have long been scrutinized, particularly in the *Boston Bound* report series by Harvard Law School professors Gerald Frug and David Barron comparing the legal powers of Boston with Atlanta, Chicago, Denver, New York City, San Francisco, and Seattle, finding that “Boston’s power is constrained by the state to an extent that is unique among the places studied” and that “the City of Boston lacks the power that other major American cities enjoy to shape its own future”; *and*
- WHEREAS*, State aid distribution in Massachusetts has historically disinvested in low-income and communities of color by directing more funds to wealthier, Whiter towns, thus, a more equitable distribution of state aid is necessary to support Black and brown communities, and the City should be allowed to recover a greater share of the wealth it produces in return for the taxes generated for the Commonwealth; *and*
- WHEREAS*, Updating the City’s state aid formula requires coordinated and strategic collaboration with the Mayoral administration, members of the City Council, the Boston delegation to the Legislature, leadership of the State House and Senate, and the incoming gubernatorial administration; *NOW, THEREFORE BE IT*
- ORDERED*: That the appropriate committee of the Boston City Council hold a hearing to discuss solutions to historic and disproportionate state disinvestment in the City of Boston, and that Administration officials, members of the Boston legislative delegation, and interested members of the public be invited to attend.