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Providence looking for more from nonprofit institutions

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PROVIDENCE — After a week of heavy rain, there are hints of blue sky, and students this particular afternoon are relaxing on the main green at Providence College, in the northern end of the city.

But outside the campus gates, in neighboring Smith Hill, foreclosed houses proliferate and unemployment and crime are on the rise.

In the midst of a recession, the divide between city and campus is hard to ignore. As cities such as Providence face deep budget deficits, dwindling revenue and an increasing demand for services, the focus, at least for city officials, has turned to how to get universities and colleges (and nonprofit institutions in general) to carry more of the burden of financing municipal government.

In Massachusetts, a bill pending before the state legislature would have private universities and hospitals pay about 25 percent of the value of the real estate taxes they would otherwise pay on their tax-exempt properties. Boston officials are also working with the colleges and hospitals to create a uniform system of city compensation.

At present, 13 of the 16 colleges and universities in Boston have tax agreements with the city, but the amount paid falls far short of what the city needs, according to Boston City Councilor Stephen Murphy, who is a member of Mayor Thomas Menino's task force on developing a citywide PILOT, or payment-in-lieu-of-taxes program.

“What is in place in Boston is haphazard and unfair to the Boston taxpayers,” Murphy said. “The goal is to set up a system that is rooted in fairness, so that we are not burdening the universities and hospitals that contribute to our economy but that is also fair for the services that are rendered by the city.”

In Providence, [Mayor David N. Cicilline](#) wants to impose a \$300 fee on students at the city's four private colleges and says he intends to submit state enabling legislation in the coming week.

The proposal, which Cicilline has declined to elaborate upon, has generated heated debate on campuses. Students and university officials are unified in opposition. But some city officials say Cicilline is on the right track. Others would even like to go further.

City Council President Peter S. Mancini wants to tax dormitories and other revenue-generating

properties owned by the schools. “Last I checked, Brown University was charging \$100 a day for a dorm in the summer. They’re hotels, essentially,” said Councilman Miguel C. Luna, who represents Elmwood.

To be sure, cities such as Providence and Boston, where officials say that half of all real property is tax exempt, have long been asking for their “fair share” for being host to tenants that do not financially contribute to the running of city government.

But while cities across the nation have been vocal about the issue, just a handful have done anything about it.

Only Connecticut and Rhode Island have state laws that offer municipalities a payment-in-lieu-of-taxes, or PILOT, for hosting tax-exempt state institutions, universities or hospitals, according to Judith B. Greiman, president of the Connecticut Conference of Independent Colleges.

PILOT is a boon to Rhode Island municipalities that few other cities enjoy, yet Providence Councilman Seth Yurdin, who represents College Hill and Fox Point, and others argue that Rhode Island doesn’t compensate Providence nearly enough.

Rhode Island pays municipalities an annual lump sum equal to 27 percent of the taxes that would have otherwise been collected had state-, university- or hospital-owned property not been tax exempt. For Providence, that amount was \$19.6 million this year.

In Connecticut, the rate of compensation for cities and towns that host universities or hospitals is equal to 77 percent of the taxes that would have otherwise been collected, although Greiman says that the Connecticut legislature typically funds municipalities closer to 60 percent.

For New Haven, a city with a population of 123,000 that is home to Yale University and a number of other private colleges and hospitals, that meant \$37 million from the state this year. On top of that, says Greiman, municipalities with state-, university- or hospital-owned tax-exempt properties also enjoy a slice of revenue from the state’s two casinos, bringing New Haven’s total compensation from the state to \$43 million.

“Usually, I tell people that we are the only state that has a state PILOT since Rhode Island’s PILOT is really irrelevant. It’s just so small,” said Greiman.

But with Rhode Island mired in its own financial mess, revising the PILOT has not been suggested by either [Governor Carcieri](#) or the [General Assembly](#). A more common solution has been for colleges and universities to volunteer financial compensation to their host communities.

Roger Williams University, for example, reached a deal with the Town of Bristol in 2007 that gives the East Bay community an estimated \$42 million in compensation over the next 20 years.

Yale gives New Haven \$4 million annually.

Harvard contributes \$1.8 million to Boston and \$1.8 million to Cambridge each year.

Providence’s four private colleges — Brown University, the Rhode Island School of Design, Providence College and Johnson & Wales University — agreed in 2003 to pay a total \$48 million to the city over 20 years.

University officials suspect that the mayor's proposal and the other rumblings from city officials are a prelude to an attempt to get the colleges to reopen that agreement to increase the compensation. It is an idea that university officials flatly reject.

Said Daniel P. Egan, president of the Rhode Island Association of Independent Colleges and Universities: "We're the only part of the nonprofit community that has stepped up."

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