



## CITY OF NEW BEDFORD

JONATHAN F. MITCHELL, MAYOR

April 14, 2026

Massachusetts Senate  
Massachusetts House of Representatives  
State House  
Boston, MA 02138

Dear Members of the New Bedford Legislative Delegation:

With release of the House version of the State Budget imminent, I write to reiterate two requests for funding which are of importance to City of New Bedford finances.

Two weeks ago the City's Chief Financial Officer announced a \$13 million preliminary projected gap between local government revenues and base expenditures for Fiscal Year 2027. [Attached] The forecasted deficit is far greater than anything the City has experienced at this point in the budget development process since the Great Recession. The gap amount does not include the cost of three outstanding collective bargaining agreements or \$8.3 million in additional spending requested by city departments. And several other mandated spending obligations widen the gap further still.

My Administration will be working hard in coming weeks to close the projected deficit ahead of my submission of a budget proposal to the City Council on May 13. The task will involve many difficult decisions and spending reductions will impact the services provided to residents. But this work is being made more difficult by the Commonwealth's underfunding of Unrestricted General Government Aid (UGGA) and the state's exclusion of New Bedford from a key public safety grant program, the Municipal Public Safety Staffing Program (MPSSP).

### 1) Insufficient Non-School Aid Is Shifting The Burden Onto Property Taxpayers

As we have discussed in the past, deficiencies in the state's non-school local aid are having an ever-growing negative impact on City finances and, in turn, on local property taxpayers. I have supported the Massachusetts Municipal Association's efforts to encourage legislative attention to the problem for many years. Given the City's current budget outlook and the calls for action this year from local leaders across the state, it is clearly time for the House and Senate to take seriously the alarms being sounded. The MMA has proposed a funding increase for UGGA which would help localities deal with current inflationary pressures and also begin to repair the cumulative impacts of the chronic underfunding.

As you know, the 2008 financial crisis prompted the Commonwealth to impose significant local aid cuts, with the Commonwealth merging two non-school local aid programs, Lottery Aid and Additional Assistance and replacing these with a single, unified aid program, UGGA, in FY2010.

In establishing UGGA the Commonwealth left unaddressed problems which have worked against the interests of New Bedford ever since. First, the Commonwealth has not increased overall UGGA funding to a level which would bring all municipal distributions back to their levels prior to the financial crisis. New Bedford has only recently seen *nominal* UGGA funding return to the levels of FY2009—some eighteen years ago.

In FY2009, the City received roughly \$29 million in non-school local aid. That amount fell to a low of \$18 million in FY2011. After more than a decade of annual distributions since the low, New Bedford's non-school local aid, the current proposed "cherry sheet" distribution (House 2) provides roughly \$350,000 more than New Bedford's aid amount in back FY2009.

Equally troubling, the Commonwealth has long declined to adjust UGGA distributions to keep up with inflation and rising municipal costs, including costs attributable to state mandates. The result is that New Bedford's UGGA funding has come to lag far behind inflation over time.

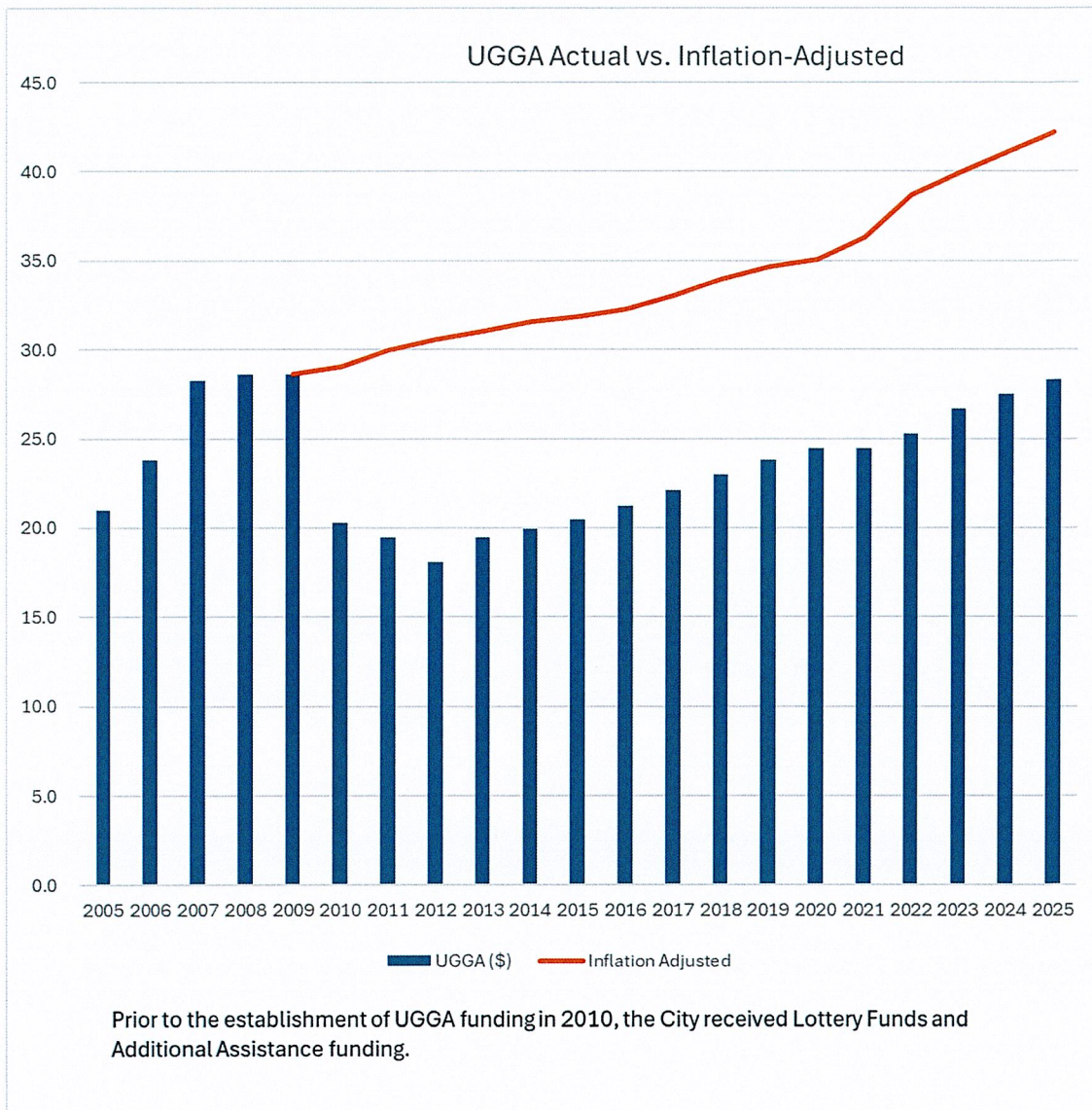
Had New Bedford received annual UGGA distributions that simply kept pace with inflation, the City would be in a far stronger financial position today. Consider the following chart which shows that the City's *cumulative* UGGA shortfall due to inflation is \$187 million—with an average annual shortfall of nearly \$12 million since FY2010.<sup>1</sup>

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<sup>1</sup> There are also material inequities in the distribution of UGGA funds which have persisted since the program's inception. Instead of adopting a formula-based distribution, the Commonwealth elected to select FY2009 as a "base" year and escalate all subsequent UGGA distributions each year by the same percentage for all municipalities. Effectively placing UGGA on "auto-pilot" since its inception has meant that municipalities that happened to have a relatively lower initial funding level have been perpetually penalized.

New Bedford, as one of the municipalities in this category, has been permanently locked into lower annual distributions relative to similarly situated cities—regardless of need, population size, or other factors. A comparison with New Bedford's closest city, Fall River, captures how the initial difference in FY2009 has translated into sizable, sustained disparities in non-school aid. In FY2009 Fall River received \$1.6 million more than New Bedford in combined Lottery Aid and Additional Assistance (later combined and renamed UGGA).

Every year since FY2009 both cities have received the same annual percentage increases, but because New Bedford started from a lower base amount, New Bedford has consistently received less UGGA funding. In FY2025, for example, New Bedford received \$1,017,542 less UGGA funding than Fall River, despite New Bedford's larger population—and this disparity will continue indefinitely until the Commonwealth alters its policy.



Note: all figures in \$millions.

City government has borne the brunt of the relative retrenchment in non-school local aid since FY2010. New Bedford has had little choice but to increase its reliance on its property tax levy to cover rising expenses and make up for UGGA aid that has declined significantly in real terms and been inequitably distributed. Consider, for example, the local impact of a broken UGGA policy in the context of the difficulties the City has faced in paying for employee pension and health insurance benefits.

State-mandated employee pension and health insurance spending have been the two largest factors driving the City budget for more than a decade. The combined cost of these two items rose by more than 65 percent, from \$58.7 million FY2013 to \$96.8 million in FY2026. In the current Fiscal Year pension and health insurance costs are projected to account for nearly twenty percent

of total General Fund spending.

In the absence of adequate support from the Commonwealth, the City has taken aggressive steps to mitigate the burden on local taxpayers by restraining spending in other areas of the City budget. A range of new efficiency measures have been put in place, and the City has been forced to reduce its non-school workforce over time.

In fact, the City has eliminated a net of roughly 100 non-school, full-time, General Fund-supported positions from the City budget since the high-point of non-school local aid in FY2009. This represents a nearly ten percent reduction in non-school, full-time, General Fund-supported positions.

My intent in offering this context is simply to illustrate that the City has been doing its part, making hard decisions to address its escalating financial challenges. Every year we have produced municipal budgets which constrained operating expenses, either by achieving efficiencies or eliminating services. And yet, by consistently underfunding UGGA, the Commonwealth has effectively allowed unrelenting growth in non-discretionary items like pension obligations, other post-employment benefits and health insurance costs continue to crowd out the revenues needed to provide the services that residents see, need, and experience every day.

## 2) Municipal Public Safety Staffing Program

The Commonwealth's grant funding for local public safety departments, the Municipal Public Safety Staffing Program, also needs reform, as New Bedford has been unfairly excluded from millions in grants for its Fire Department—again, with local taxpayers instead bearing costs that grant revenue would have offset.

Since 2010 the state budget has included a line item for a program that provides grants to local governments who spent less than \$200 per capita on their police budgets in FY2010. The program was later amended to allow grants for fire departments, but every year since its inception eligibility has been strictly limited to only those localities that had submitted grant applications in the previous year. As we have discussed several times in the past, New Bedford has never been allowed to participate in the program in its 16-year existence.

The dubious eligibility limitation (repeatedly making only previous grant recipients eligible) appears to have been intentionally designed to permanently ensure no additional communities, beyond those in the initial cohort, could ever qualify because none would have submitted a past grant application. Consider that New Bedford spent \$221 per capita on Police and \$137 per capita on Fire in FY2010. By virtue of its Fire Department spending figure, the City would have easily met the criteria for grant funding if its per capita Fire Department per capita spending had been considered at the time, and had the exclusionary "previous year" grant application requirement not been subsequently applied.

The stated purpose of the MPSSP is to restore or retain police officer and/or firefighter positions, or to provide additional overtime funding for those departments. It is ironic (and inequitable) that

wealthier jurisdictions continue to receive annual grant allocations while other localities--that are more resource-constrained--are denied access.

The following table depicts the funding provided by the Commonwealth last year to the ten localities allowed to apply to the Program:

<b>Award Recipient</b>	<b>Funding for Police Department</b>	<b>Funding for Fire Department</b>	<b>Total Award</b>
Brockton	\$352,620	\$323,822	\$646,442
Fall River	\$805,419	\$805,783	\$1,611,202
Framingham	\$74,264	\$74,264	\$148,528
Haverhill	\$333,792	---	\$333,792
Lawrence	\$1,208,942	---	\$1,208,942
Lowell	\$216,990	\$90,750	\$307,740
Lynn	\$633,985	---	\$633,985
Newton	\$123,677	---	\$123,677
Malden	\$259,471	\$259,471	\$518,942
Somerville	\$87,450	\$109,296	\$196,746

Given that funding for New Bedford Fire Department is one of the largest departmental line items in the municipal budget, the work of the City's finance team to close the \$13 million projected FY2027 deficit, cannot help but potentially impact the Fire Department. The MPSSP eligibility criteria and the program funding level should be amended to allow the New Bedford Fire Department to benefit, having been excluded without merit for the past 16 years

I know that each of you will appreciate the seriousness of the budgetary challenge facing the City and will make every effort to reform the state policies which have worked against the interests of the City and its residents. For this, and for all the matters on which we collaborate, I remain appreciative.

Sincerely,

  
Jon Mitchell  
Mayor

cc: New Bedford City Council  
Senate Ways & Means Committee Chairman Michael J. Rodrigues  
House Ways & Means Committee Chairman Aaron M. Michlewitz

Attachment (CFO FY2027 Budget Outlook letter)



**CITY OF NEW BEDFORD  
MASSACHUSETTS**

*Office of the*  
**Chief Financial Officer**

March 30, 2026

New Bedford City Council President Ryan Pereira  
and Honorable Members of the City Council  
133 William Street  
New Bedford, MA 02740

Re: Fiscal Year 2027 Preliminary Budget Outlook and COLA base increase proposal

Dear President Pereira and Members of the City Council:

During tonight's Finance Committee meeting, Committee members will be considering an increase to the pension COLA base which, if passed, will add \$6.5 million to the City's pension liability and \$1.167 million to the Fiscal Year 2027 tax levy, as well as to the levies for each subsequent year through fiscal year 2035. It is a large financial commitment, even more so than the \$2,000 COLA base increase enacted three years ago. In fact, it would doubly offset the positive effects of the recent change to the Fund Balance Management Policy that added \$616,000 of free cash toward solving the significant unfunded pension liability that has challenged the City since the State transferred pension systems to local governments.

Tonight's vote will come just six weeks before the FY 2027 Proposed Budget is released, which could have provided helpful context given the financial challenges facing the City in 2027. Therefore, please allow me to offer you a preliminary outlook before your vote.

The City has now received: (1) the DESE Foundation budget setting the mandatory funding for the School system; (2) all state and regional district assessments, including the pension contribution assessed by PERAC; and (3) debt service. None of these items are subject to any local decision-making and will cost \$391.8 million in 2027. That's 73% of the administration's budget, even before any departmental requests are considered, and it results in an automatic \$28 million increase in expenditures.

State aid for education will increase by \$18 million, covering most of the Foundation Budget increase, but government aid is increasing only \$0.8 million. The majority of this is UGGA, which increases only 2.5% in the Governor's budget. That leaves a \$9.2 million shortfall inherent in the component of the budget for which there is no local control.

That shortfall grows larger when departmental budgets are added. As with every year, departments may initially request only a baseline budget that funds existing personnel and services. That totals \$103.4 million, a \$2.8 million increase needed merely to continue the services residents, businesses, and visitors are accustomed to receiving. This does not include wage increases from three collective bargaining units now being negotiated, nor does it accommodate any of the \$8.3 million in proposed enhancement requests for improvements to services and new initiatives. Their review must be deferred until later in the budget process.

Departmental requests also include several significant non-discretionary costs, such as utilities, health insurance, and other types of insurance, currently projected at \$39 million, a \$3.3 million increase over last year. All in, departmental requests widen the budget gap to \$15.3 million. The only sources with which to fund this are local receipts and property taxes. There is presently no



## Office of the Chief Financial Officer

meaningful increase in local receipts, although historical trends indicate a fourth quarter increase of \$2 million over last year. If so, the funding deficit would decrease to \$13.3 million, but without collective bargaining increases. Each new ratified agreement will require an additional appropriation in order to enact them, with a total cost of more than \$4 million in fiscal year 2027.

While this initial budget outlook presents a sober reality and many hard decisions lie ahead, a Proposed Budget will be presented in May that will be balanced by the property tax levy. From now until then, the administration will strive to minimize that levy, but the COLA base increase before you will exacerbate this task. Therefore, I respectfully recommend the Committee table the COLA base increase until: (1) the administration finalizes the Proposed Budget so that the cost of the increase can be considered within the context of the overall 2027 budget; and (2) the Retirement Board completes its biennial valuation to determine whether sufficient progress is being made toward full funding by 2035.

Thank you for your consideration.

Sincerely,

Robert Ekstrom  
Chief Financial Officer