



HON. LOUISE DAY HICKS
President



Boston City Council

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BOSTON, MASSACHUSETTS 02201

OFFICE OF THE PRESIDENT

January 29, 1976

Honorable Arthur W. Garrity, Jr.
U.S. District Court for Massachusetts
John W. McCormack Federal Building
Boston, Mass. 02109

Dear Judge Garrity:

On Tuesday, January 28, 1976, Moody's Investment Service lowered the credit rating of the City of Boston two steps from "A" to "BAA." Moody's action was clearly the result of that establishment's apprehension over Boston's "serious financial problems, including an impending deficit, strained tax base and unfunded pension liabilities of undetermined but large magnitude."

Moody's action followed by only a few days, the broadcast of an editorial by WEEI Radio (59), the CBS all-news affiliate in the Greater Boston area. In that editorial, WEEI clearly foresaw the extent of the city's financial plight which it claimed was the result of the cost of the Phase II desegregation program.

It is not easy to fault WEEI's editorial stance in this respect. It has consistently upheld the court's decisions as a matter of station policy. This time, however, without changing its policy on desegregation, the station did objectively report the financial effects of the desegregation plan on the city.

Moody's action appears to be a confirmation of WEEI's assessment, but only because it came later and not in order of importance for the city's future.

At the present time, city budget analysts are predicting a \$33million deficit for the city of Boston by May 1, 1976. A total of \$28million of that deficit is directly attributable to Phase II. Already, city workers have received their layoff notices, and, I might add, they are the workers at the lower end of our municipal salary scale. Again, it is the poorest who must bear the brunt of the financial effects of Phase II just as they have been asked to bear the emotional brunt of it.

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The city can raise the property tax rate, but indications are it would have to be in the plus \$20 per thousand range to have even minimal effect. A property tax rate hike would be clearly confiscatory and only serve as a further impetus to the exodus of the middle class. If it has not left in droves because of forced busing, as you believe, then it most certainly will when the bill for forced busing comes due, leaving behind a tax base of poor people. I, as an elected official, cannot in good conscience, pass the deficit created mainly by Phase II onto a dwindling number of taxpayers who are already tremendously over-burdened by the present state of the national economy.

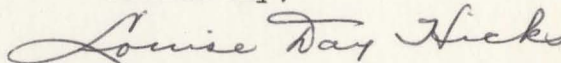
Senator Edward M. Kennedy (D-Mass.) has publicly pledged his support in seeking out alternative methods through federal funding to finance your desegregation orders. WEEI made note of that pledge in its editorial, and also called on you "to create -- and listen to -- a Desegregation Finance Committee, composed of all those who have a stake in keeping the schools open and the city solvent. That includes city leaders, the Chamber of Commerce, representatives of banks and municipal unions."

I urge you to follow through on WEEI's suggestion to establish and listen to a Desegregation Finance Committee. To do otherwise is to heap financial discrimination on the very people your decision were supposedly designed to help. Believe me, there are no racial quotas necessary in unemployment lines or bankruptcy court.

At the present time, I am contacting business, professional, labor and elected officials with a stake in the financial future of the city of Boston in an effort to ascertain their willingness to serve on such a committee. I am sure the action by Moody will be a great spur to that willingness.

As soon as I have compiled the results of this survey, I shall forward same for use by the court. In the meantime, I would appreciate any comments and/or suggestions you may have to facilitate my efforts.

Sincerely,



Louise Day Hicks

LDH/ke