



CITY OF PROVIDENCE

Angel Taveras, Mayor

Providence's Fiscal Emergency: What You Need to Know

Shortly after taking office, Mayor Angel Taveras created a Municipal Finances Review Panel to conduct a comprehensive review of the City's current fiscal condition. The Panel's findings show the true extent of Providence's financial emergency and underscore the difficult work that must be done to put Providence back on firm financial footing.

Key Findings from the Municipal Finances Review Panel Report:

- The City has a severe structural deficit due to its reliance on significant one-time fixes to balance budgets.
- This year's structural deficit is \$70 million; Next year's structural deficit is \$110 million.
- The City's pension plan is severely underfunded – a result of inadequate funding in prior years, generous benefits and cost of living increases, liberal disability pension provisions and the ability to collect benefits at an early age. Annual required contributions into the pension plan are expected to increase dramatically until 2039, when the annual payment is projected at more than \$210 million.
- A large portion of the City's property is tax-exempt. There is a critical need for tax-exempt property owners to contribute more towards the cost of city services.

Mayor Taveras Will Get Providence Back on Track

The Mayor has announced initial actions his administration is taking to begin to address the fiscal challenges facing Providence. These actions include the following:

- Effective immediately, the Mayor is taking a 10% pay cut.
- The Mayor will submit a FY12 budget that cuts the mayor's office payroll by 10%.
- Effective immediately, city positions, including several school administration positions, have been eliminated, resulting in \$1.7 million in savings to the City.
- Department Director's have been instructed to submit budgets that reflect at least a 10-15% overall reduction.
- 4-6 schools will be closed and a number of teacher positions will be eliminated.
- Immediate freeze on all non-essential spending and hiring across city departments.
- Immediate review and renegotiation of contracts with third party vendors.

- Cancellation of the City's contract with a benefits administration company. By bringing this service in house we have created an annual savings of \$900,000.
- Renegotiation of union contracts to produce cost savings
- Negotiate with tax-exempt universities and hospitals to increase support for the City
- Lobby the State to fully implement the Statewide Education Funding Formula
- Acceleration of the consolidation of City departments and services.
- Active pension reform.
- Aggressively pursue short and long-term opportunities to work with neighboring cities and towns to make regionalization of services a reality.
- Close collaboration with City Council, the State and community to pursue new ideas for reducing spending.

Get Connected

The Mayor urges citizens to get involved and stay engaged. Community outreach around this financial emergency will include neighborhood meetings and an easy to use website where residents can find accurate and timely information, and share feedback.

The Municipal Finances Review Panel's findings clearly reveals that the city's existing fiscal foundation is crumbling and is not sustainable. We must work together to build a foundation for a new Providence - one that is based on transparency and fiscal responsibility and ensure the future prosperity of our great City.

OFFICE OF THE MAYOR

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