

Providence, Rhode Island budget includes mass layoffs, spending cuts

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With the end of the state and city fiscal years this week, the mayor of Providence, Rhode Island is escalating his campaign to ram through a budget that includes massive layoffs, increases in taxes and fees on city residents, school closures, and cuts to public worker benefits.

Both the current mayor, Mayor Angel Tavares, and his predecessor, David Cicilline, are Democrats. Cicilline is now a member of the US House of Representatives. He currently stands accused of bankrupting the city and violating the city charter.

In response to a financial crisis that made headlines this spring, Tavares delivered a budget address to the City Council on May 2, in which he referred repeatedly to a “fiscal hurricane” besetting the city. Behind this metaphor is an attempt to force through attacks on the working class.

Tavares' budget proposes to lay off 10 percent of the city's non-union workforce. The mayor also threatened to lay off more than 50 firefighters, but Providence Fire Fighters Local 799 instead agreed to forego a 3 percent pay raise due to its members on June 30, and to let the city postpone payment of a retroactive increase that was also due June 30.

Firefighters will also lose a week of vacation time, suffer significant increases in their healthcare “co-shares,” and have to work an additional five years (25 instead of 20) in order to be eligible for their pensions.

The budget threatens cuts of 10 percent on average across every city department. It would close six city schools and reduce wages and benefits to workers in

the school system by \$16 million. At the end of February, Tavares and the School Committee began their attack on public schools by firing all 1,926 teachers and staff with a promise to hire them back if the budget allowed (see, "Providence, Rhode Island rally protests mass teacher firings").

In his May 2 budget address, Tavares cynically asked for “faith and help” while he carries out the cuts.

Tavares is relying on the “faith and help” of the unions in his attacks on workers. Along with Firefighters Local 799, Local 1033 of the Laborers International Union of North America has already signed on to cuts. In his budget address, Tavares personally thanked the leaders of this local, which represents most municipal workers outside of teachers, police and firefighters, for agreeing to pay cuts and increases in health insurance premiums. He then scolded other unions that have been “unable to come to agreement on their share of the sacrifice.”

Tavares has cited the agreement with these unions to pressure teachers to accept sharp cuts in pay and benefits as well. While there is enormous opposition among teachers to this attack, union president Steve Smith has already declared the willingness of the union to go along: “We maintain, we can address the city's financial concerns, as we have in the past--always, thru retirements, resignations, and significant economic concessions,” he said.

Providence is also seeking permission from the state legislature to force onto Medicare any eligible retirees who are currently on more generous plans. This same tactic has been used to attack workers' benefits in

Massachusetts. It represents a double threat to workers, as the federal government seeks to do away with Medicare itself.

The budget seeks to raise revenues through an increase of 4.25 percent in real estate taxes on houses. The burden of this tax increase will fall disproportionately on workers who own their homes. While commercial property taxes will also increase, the relevant city ordinance caps property taxes at twice the rate applicable to homes. Given the high occupancy rate (95 percent) in the city's priciest office buildings, the refusal to raise commercial rates higher represents a defense of corporate profits.

In addition to property taxes, the mayor's budget increases revenues through fees and fines to be shouldered mostly by workers: the institution of overnight parking permits sold to residents (currently parking is allowed overnight on the street if one informs the city with a phone call), increased parking meter fees and enforcement of fines, and a \$20 fee for disposal of a mattress. In his budget address, the Mayor also promised fees on fire hydrants and fire alarm boxes.

Former Providence Mayor Cicilline is being blamed for the financial crisis, which is in fact a result of ongoing global crisis of capitalism. According to the *Providence Business News*, Cicilline was predicting a slight surplus in the city's budget at the end of fiscal year 2011 when he left for Washington in January. Most estimates now put this year's deficit at \$12.6 million and the FY12 deficit at \$110 million. Cicilline first tried to blame the discrepancies on his staff. However, in a June interview with NBC local affiliate Channel 10, Cicilline owned up to the motive driving most municipal politicians: that he was just trying to keep the bond markets happy.

A report issued by the City Council on April 20 accused Cicilline not just of financial mismanagement, but also of violating the city charter. It gave as examples transfers out of the Capital Asset Account without Council approval, a failure to provide financial reports to the Council, and a failure to give information to the city's internal auditor. As with the appointment

of a financial receiver for Central Falls last year, this undemocratic maneuvering by a friend of the financial markets is an example of the rotten state of municipal government in the US.



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