

# Central Falls, Rhode Island, in bankruptcy

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The city of Central Falls, Rhode Island, declared bankruptcy on August 1. The action has opened the way for the imposition of drastic cuts in current workers' and retirees' benefits and pensions, as well as attacks on city services that have already been severely curtailed.

Central Falls, a city of about 18,000 people located just north of Providence, is the state's poorest municipality. The city is projecting a \$5.6 million deficit for the fiscal year that began July 1. Central Falls also has \$80 million in unfunded pension obligations to 141 retired firefighters, police officers and their survivors.

Since the city entered receivership 14 months ago, some \$800,000 in concessions have been negotiated with the city's union and nonunion workers. The city's state-appointed receiver, Robert G. Flanders, Jr., has asked a bankruptcy judge for the power to void city workers' contracts and implement additional wage, pension, benefit and job cuts. Over the past year, city buildings have closed and vacant city positions have gone unfilled.

Central Falls was cast into the national spotlight in February 2010, when all 74 teachers and 19 staff at Central Falls High School were fired as part of a "turnaround plan" modeled on the education policies of the Obama administration. Obama applauded the firings, commenting at the time that if a school "doesn't show signs of improvement, then there's got to be a sense of accountability."

The high school teachers and staff were subsequently forced to accept deep concessions. Now, the receiver claims that under terms of the bankruptcy even this abysmal contract can be ripped up and further attacks

imposed.

Touring Central Falls today, one is witness to a city devastated by a lack of basic services and a decaying social infrastructure. These conditions only stand to worsen under the impact of proposed federal budget cuts.

Adam's Memorial Library—housed in a historic building dedicated in 1910—has fallen victim to the city's dire financial situation. The receiver ordered it closed July 1, eliminating the jobs of its professional library staff and cutting off area residents from a vital resource.

It reopened August 1, staffed with volunteers on a limited basis—Mondays, Wednesdays, Fridays, noon to 5 p.m. Because the city has not kept up its payments to the statewide library system, Central Falls residents are not allowed to borrow books from the libraries of neighboring cities.

One resident commented to the WSWs: "So you took the library from the kids. They complain that the kids do badly at school, and now they can't go? That's insane. So you're in a city that just claimed bankruptcy, half of the people don't work. And now these kids are going to have to go without more?"

The city's community center has also been shuttered. It is rumored that the Progreso Latino group may purchase the facility, which is currently boarded up.

Firefighters and other municipal workers in Central Falls face drastic concession demands as a result of the foreclosure filing. The state-appointed receiver has proposed a 50 percent cut in their pensions and that they pay 20 percent of their health costs. When the fire chief died last year, his position went unfilled.

Central Falls firefighters responded to more than 5,000 call-outs last year, many to abandoned and foreclosed wooden structures. Low-income housing is scarce, and stands to be further depleted as a result of budget cuts at both the state and federal level.

Central Falls and the surrounding area have been devastated by the decline in manufacturing in recent decades, particularly in the textile industry. The city has long been a destination for immigrants, coming in centuries past from Ireland, Quebec, the Middle East, and many other regions of the world. Today, almost half of the city's residents are immigrants from Central America.

In the late nineteenth and early twentieth centuries, immigrants flocked to the area, seeking jobs in textile mills, jewelry-making and other small industries. Today, these jobs have all but evaporated. Central Falls' official jobless rate is close to 15 percent, and the real figure is likely much higher. According to the most recent figures available, median family income is \$26,844, and more than 40 percent of those under the age of 18 live below the official poverty line.

The Pawtucket and Central Falls railway station sitting abandoned on the border of the two Rhode Island cities in many ways sums up the fate of this now impoverished area. The state-of-the-art station was built in 1915 by the New York/New Haven/Hartford railroads. In the late 1940s, the station served about 70,000 people a month.

When it opened on January 16, 1916, the area was at the height of its prosperity. Mills and commerce provided reasonable incomes to residents and facilitated the growth of an affluent middle class. The combined population of the two cities at the time exceeded or rivaled major Connecticut cities such as Hartford, Bridgeport or New London.

The Pawtucket-Central Falls station closed in 1959.

The building has stood empty ever since, becoming home to the Depot Flea Market for a brief period in the 1980s. A CVS pharmacy has been built adjacent to the property.

The Donald W. Wyatt Detention Facility was opened in 1993 as the first privately run but publicly funded detention facility in the country. The prison gained notoriety following the August 2008 death of 34-year-old Chinese detainee Hiu Lui Ng, who died in custody after his cancer went undiagnosed and untreated. The case caused immigration officials to remove all detainees from the facility in Central Falls.

Margaret Lynch-Gadaleta, the jail's legal counsel, has said the jail will have no problem covering its semiannual payment of \$4.4 million to bondholders, but Central Falls will have to wait for payments due to the city. The monthly payments of approximately \$50,000 were supposed to contribute to the running of the now bankrupt Central Falls. The city last received a payment in January 2009.

The detention center's web site boasts that the 706-bed facility is "designed to function as an economic engine for the city of Central Falls and the state of Rhode Island."



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