

Addressing Providence's Cash Shortfall

Fiscal 2012

- **Projected budget deficit of approximately \$30 million**
 - Expenditures:
 - Medicare Transfer \$11 million
 - Public Safety \$6.5 million
 - School Department \$1.0 million
 - Revenues:
 - Tax-Exempt PILOT \$7.0 million
 - Taxes \$2.0 million
 - Inspections Fees \$1.5 million
 - Overnight Parking \$1.0 million

- **March 2012 - \$4.0 million cash shortfall**
- **June 2012 - \$16.4 million cash shortfall**
 - Potential Solutions:
 - Defer vendor payments
 - Hiring Freeze
 - Limit Purchasing to only goods/services vital to operations
 - Eliminate all but emergency overtime

- **July 2012 - \$49.3 million cash shortfall**
 - Potential Solutions:
 - Tax Anticipation Notes
 - Accelerated state PILOT payments

City Council Committee on Finance
February 2, 2012

▪ **Fiscal 2012 Potential Corrective Action Plan**

- Suspend Cost-of-Living-Adjustments (COLAs)
(Proposed by mayor, actuary estimates cost of COLAs \$16 million)
- Tax-Exempt Fair Share
(Mayor's budget included \$7.0 million increase, Revenue Commission recommends \$15 million annually)
- Cost Reductions
 - Discuss additional cost savings opportunities with the city's unions
 - Reductions to City Services
 - See potential solutions listed under June 2012