

# Carcieri looks to eliminate \$151-million budget deficit

By Steve Peoples, Katherine Gregg and CYNTHIA NEEDHAM

Journal State House Bureau

The Providence Journal / Connie Grosch

PROVIDENCE — Governor Carcieri unveiled a deficit-avoidance plan yesterday that forces all state employees, local communities, immigrant children and even motorists using hand-held cell phones to help close a \$151-million budget hole over the next six months.

“I’ve said all along we had a very, very serious problem,” Carcieri said yesterday afternoon, adding that the burden needs to be shouldered by “all the different aspects of state government, all the different people that depend upon state government ... as well as the cities and towns.”

Carcieri wants to strip \$12.5 million in non-school aid from cities and towns, and eliminate subsidized health insurance for 7,400 low-income adults and another 2,000 non-citizen children. He hopes to save another \$15 million by forcing all state employees to take off six unpaid workdays over the next six months.

Troubled by the midyear aid cut, Warwick Mayor Scott Avedisian, a Republican, said: “They’ve taken one bad budget on the state level and turned it into 39 bad budgets on the local level.”

The proposals released yesterday, known as a “supplemental budget,” would make midyear changes in the \$6.9-billion current year budget the General Assembly adopted in June. Most of the provisions require the approval of the Democrat-dominated General Assembly and, in some cases, labor unions.

The revised spending plan also lays the groundwork for closing a far more serious budget deficit — projected as high as \$450 million — in the fiscal year that begins in July. Carcieri said he would release his 2008-09 spending plan in two weeks.

The governor has re-introduced a series of “good time” provisions that would allow hundreds of prisoners to leave the Adult Correctional Institutions early. He also plans to cap the number of children at the state Training School. Neither proposal is expected to save money this year.

Social-service advocates feared the governor would follow through on proposals to slash eligibility for the state’s subsidized health-care program. Carcieri decided against cutting coverage for 8,500 low-income children, but included a plan to cut 7,400 adults by lowering the income-eligibility ceiling.

For more immediate savings, the governor is seeking emergency rule-making power to eliminate 2,000 children of foreigners in this country illegally from RIte Care as soon as April — a proposal he says will save \$4 million next year.

“We need to do everything we can to take care of Rhode Island citizens and that’s what we’re going to do,” Carcieri said. “We are struggling to take care of our own.”

While the children would likely continue to attend Rhode Island schools, Carcieri downplayed potential health risks presented by 2,000 children without health care. The immigrant children would be required to get immunizations, he said.

“You’re going to have sick kids no matter what,” Carcieri said.

The Poverty Institute at Rhode Island College estimates that 1,300 of the 2,000 targeted children are “legal permanent residents” on a track to become citizens in the next five years, according to executive director Kate Brewster.

“As talk about a recession looms large, there couldn’t be a worse time to take health insurance away from low-income working parents which will deny them access to preventative health care, cause the state to forfeit millions of federal dollars, and send shock waves through the health-care delivery system,” she said.

The proposal seeks to offset millions in projected overspending and a shortfall in revenue by making \$83.2 million in spending cuts, and bringing in \$68.8 million by capping the state’s popular historic tax credit program and scooping millions of dollars from various quasi-public agencies such as Rhode Island Housing and the Resource Recovery Corporation.

If approved, the spending plan would reduce the state-financed portion of the budget adopted in June by \$36.3 million.

Highlights of the plan:

#### UNPAID WORKDAY:

The governor has resurrected a “furlough” proposal that would force state workers to take off six unpaid days over the next six months.

Last year, Carcieri proposed shutting down state government for several days, but backed down facing pressure from labor unions and a lack of cooperation from other branches of state government.

State Budget Officer Rosemary Booth Gallogly said the administration hasn’t decided exactly how to proceed, but that all of the 15,000 or so state workers would either choose or be assigned six days between now and June 30 to stay home, forgoing about 6 percent of their pay. Government would not shut down.

Carcieri said his staff had been working with labor leaders on the plan for “probably a month” and hoped that unions would voluntarily agree to the furloughs. Without agreement from labor, the Republican governor said he may ask the Democrat-dominated General Assembly to pass a law mandating the furloughs. A key lawmaker, House Majority Leader Gordon D. Fox, said: “I guess a furlough day is better than a layoff notice.”

The president of the largest state employees union, J. Michael Downey, was stunned by the governor’s intimation that the furlough days had been discussed with labor leaders. “I haven’t been in any of the meetings,” he said. “They are meeting with themselves, I guess.”

But Downey said he was not unwilling to discuss unpaid leave days along the lines Carcieri suggested if they applied to all state workers, and the governor takes layoffs and the privatization of state jobs off the table.

(Carcieri is pushing ahead on a separate workforce-reduction plan that he says will result in 583 layoffs. About half depend on his ability to replace state workers with private contractors. Yesterday’s plan includes a provision that would expand his privatization powers.)

“If he was saying to me, there will be no more layoffs. We are going to honor the law that was passed about privatizing...I certainly would go to talk to the members about trying to do something like that to try to help the state. Absolutely,” Downey said. Some employees contacted yesterday objected to what they called “unpaid holidays.”

“I’m a state worker and I’m opposed to it,” said Department of Human Services employee Tonya Pool as she loaded her toddler into her car after work. Her first year on the job was 1991, the last time Rhode Island successfully imposed a furlough program, which resulted in several state government shut-down days. STATE AID:

The governor wants to cut \$10 million in “revenue sharing” for cities and towns in the current year, in addition to shaving \$2.7 million off the compensation they expected from the state for cutting their local car taxes.

“This is not a State of Rhode Island problem, this is a statewide issue,” Carcieri said. “It’s not easy from a state employee standpoint... That’s why I don’t have a lot of sympathy, frankly, for cities and towns...”

Local officials were not happy.

“Everyone at the local level of government understands and appreciates the difficult budget situation the state is in,” said Daniel Beardsley, executive director of the Rhode Island League of Cities and Towns. But, “I believe it is unconscionable and was quite frankly deceitful to the people of the state that just yesterday he announced he has a legislative initiative that would bring ‘property tax relief’ to Rhode Island communities

and then just 24 hours later, the governor proposed a \$12.5-million tax transfer to the same communities he promised property tax relief a day ago,” he said.

Urban communities will be hit especially hard by the cuts, including Providence (which would lose around \$2.9 million), Pawtucket (more than \$1 million), Cranston (more than \$1 million) and Woonsocket (more than \$700,000).

Warwick stands to lose more than \$1 million, something Mayor Avedisian says that city is depending on with less than six months in the fiscal year.

“Every time the governor is in this city he praises us for the wonderful budgeting we do and talks about the fact that we post a surplus every year. This is going to kill that surplus,” Avedisian said. “Cutting \$1 million with less than half a budget year is going to be very hard to make up.” **RELEASING PRISONERS, JUVENILE OFFENDERS:**

Faced with a swelling prison population and the possibility that the state may soon hit a court-imposed inmate cap, Carcieri is also proposing the early release of inmates from the Adult Correctional Institutions.

The plan mirrors one proposed by the Department of Corrections and gives well-behaved prisoners — with the exception of sexual offenders — the chance to slice 10 days per month off their sentences. Prisoners who participate in rehabilitation programs would be eligible to earn extra time off.

Corrections Director A.T. Wall said yesterday that he believes the early-release plan, if enacted, will reduce the daily prison population by 47 prisoners, on average, between April 1 and July 1, and by about 211 next year. The administration would like the legislature to enact the plan by March with the goal of allowing inmates to start accruing time under the new system by April 1.

Start-up costs associated with the new initiative, including the hiring of additional probation and parole staff will negate any savings this year, but corrections officials estimate the new policy will save more than \$1 million next year, and a potential \$22 million savings over 10 years.

The governor also hopes to cap the number of children sentenced to the state Training School at 148, allowing state officials to close older buildings on the Pastore campus and cut workers there. The average Training School population over the last two decades has been 200. This plan would keep dozens of juvenile offenders out of the Training School, and presumably prompt judges to come up with alternatives.

The state has a \$61-million new Training School complex, set to open in the spring, that can only hold 148. If the state’s judges do not honor the cap, Department of Children, Youth and Families Director Patricia Martinez acknowledged yesterday that the plan may soon lead to overcrowding.

## RETIREE HEALTH BENEFITS:

State workers who retire after June 30 may no longer qualify for state-subsidized health insurance, under the governor's plan. If they still do, they may have to pay more toward the premiums.

For starters, the administration wants to impose minimum age-and-work requirements for post-retirement health coverage. After June 30, a retiree would have to be at least 59 and have worked for the state at least 20 years to qualify for the benefit.

As it stands, longtime state workers pay nothing, after they retire, toward their health-insurance premiums. Other retirees pay up to 50 percent of the rate the state is charged for an "active" employee. The state not only pays the other half, it also pays the difference between that rate and the higher rate the insurer is actually charging the state for this older, and presumably sicker group.

From July 1 forward, Carcieri wants new retirees to pay 20 percent of the actual \$8,461 anticipated cost to the state of a single health plan, which equates to \$1,692 a year.

Altogether, the state expects the two moves to shave \$9.8 million off the overall \$33.3-million cost of retiree health care.

## CELL PHONES, LICENSE PLATES:

Among the unusual budget-saving items Carcieri proposed yesterday was the idea of banning Rhode Island drivers from using hand-held cell phones.

The measure would require drivers to purchase and use hands-free ear pieces to conduct on-the-road conversations and levies a \$50 fine against those who don't. The proposal mirrors one making its way through the House and follows on the heels of similar laws in six states including Connecticut and New York.

The administration estimates that the ban — which would also prohibit use of text messaging while driving — is expected to bring in \$1.2 million in the current year and \$4.9 million the next.

On the list of smaller cuts, the governor has proposed that as of July 1, newly registered cars only be required to have one license plate, not two. Eliminating the front-bumper plate could save the state an estimated \$239,000 in manufacturing costs in the first year.

**PLAN HIGHLIGHTS**  
Governor Carcieri has proposed sweeping legislation to close the state budget deficit. Key elements include:

Spending cuts

Reduce aid to cities and towns:

\$12.5 million

6 unpaid days for state employees:

\$14.8 million

State vendor contract savings:

\$33.5 million

Savings on employee medical claims:

\$11 million

Other measures

- Cap historic tax credits
- Remove illegal immigrant children from RItCare
- \$50 fine for driving while talking on hand-held cell phone
- 1 license plate per vehicle
- Cap Training School population