

Carcieri won't expand layoffs

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By Steve Peoples

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PROVIDENCE — Governor Carcieri will not expand his plans to cut the state's work force to help reduce a budget deficit now estimated at nearly \$400 million for the coming fiscal year.

The administration will move to lay off 414 state employees and cut another 136 contractor positions over the next eight months, but probably won't go any further, the governor said in a brief interview yesterday, three days after learning that the estimated budget deficit for the coming fiscal year was \$200-million worse than he expected.

"It's been difficult to get where we are already," Carcieri said of his work-force reduction plan, which he says will save \$100 million by eliminating more than 1,000 state jobs, including retirements and other unfilled vacancies. "From the impact on state employees, it's already pretty significant."

The governor has "some thoughts" on ways to close the budget hole, but said he preferred not to share specific plans until vetting them with his Cabinet. "This may be the opportunity for us to make some serious significant changes," he said.

Carcieri spoke generally about potential savings in pension changes, furlough days, shifts in education financing, and looking at "the whole structure of entitlements," which include programs such as cash assistance, RIte Care, childcare subsidies, and medical spending for the elderly and disabled.

"I think all those things are going to have to come back on the table," he said. "All this means is that we're going to have to dig deeper. There are going to be some tougher decisions We're going to have to look across the whole budget, particularly human services and entitlements."

Friday afternoon, the fiscal directors of the House, Senate and the governor's budget office finalized projections that paint a dismal picture for Rhode Island's finances over the next two years. The state's largest revenue streams — income tax and sales tax — are not keeping pace with projected expenditures, in part because of a weak national economy that may be headed toward a recession.

There is some disagreement, however, over the depth of the problem.

House Fiscal Advisor Michael O’Keefe estimates that the state has a current-year deficit between \$150 million and \$175 million. The governor’s budget officer, Rosemary Booth Gallogly, puts the hole at \$145 million.

For the fiscal year that begins in July, O’Keefe projects a deficit of between \$400 million and \$450 million. Gallogly, who had previously projected a \$211-million deficit for that year, has now revised her projection to \$381 million.

“I’m hopeful it’s not \$450 [million], but it’s up significantly,” Carcieri said, noting that he wasn’t entirely surprised by last week’s fiscal projections, given national economic indicators.

Meanwhile, the Carcieri administration tomorrow will notify 414 state employees that their jobs will be eliminated, as part of a budget-balancing plan the governor announced when he thought next year’s deficit was only \$211 million. The governor’s office released the details of its plan to cut 136 contractors earlier in the month, but has yet to say which state jobs will be targeted.

The largest state employee union has already been notified, however.

At least 83 jobs will be taken from employees who are members of Council 94, American Federation of State, County & Municipal Employees, according to figures released yesterday by the union, which received notice of the layoffs last week, as required by its contract.

At least 56 cuts will come from those working in the Department of Human Services and the Department of Mental Health, Retardation and Hospitals, although the union would not release the specific job titles targeted. Because of seniority, or bumping rules, the governor can eliminate positions, but not specific employees. As each employee is allowed three “bumps,” the layoff process is expected to span several months.

The governor’s savings for the coming fiscal year require the cuts to be in effect before July 1. There is still no official plan to address the budget deficit for the current fiscal year, which began last July.

Carcieri had been scheduled to meet with labor leaders this afternoon to discuss the layoffs and said he would broaden the discussion to include the state’s growing deficit.

“Once we get beyond the layoffs, what else do we want to give?” said Council 94 president Michael Downey. “No matter what we come up with, it’s not going to come close to \$450 million.”

Downey said his employees are particularly troubled with the governor’s continued use of contract employees. Taking into account the reductions announced earlier in the month, roughly 450 would remain.

Downey also criticized the governor's recent decision to hire a \$130,000-a-year director of the state's new Department of Revenue. "Conversations [with union members] would get easier if they weren't constantly hiring people over \$100,000," he said.

But the Department of Revenue hiring was applauded by social-service advocates, who have long called on the governor to study the state's tax structure.

"I'd like to hope that given the enormity of the problem that this year policymakers are going to be willing to sit down and take a hard look at revenues. No business would look at just slashing spending without looking at how well it's generating profits," said Kate Brewster, executive director of Rhode Island College's Poverty Institute. "We call on the governor to sit down with us before he releases any major policy changes through the slash- and-burn approach, and hear our ideas."

Carcieri, meanwhile, said he's open to a collaborative approach. He plans to meet with the leaders of the House and Senate this week. He will also meet with Cabinet members in the coming days.

But he dismissed any suggestion to adjust revenues, which is code, he says, for raising taxes.

"I don't think it's appropriate for us to be laying on another tax burden," Carcieri said. "We have to decide how to run the state on less and what programs we cannot afford to continue. It's going to be a very, very difficult discussion."

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