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## R.I. governor: Budget deficit next year twice what was expected

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PROVIDENCE - Rhode Island's budget deficit for the next fiscal year is now projected to be between \$400 million and \$450 million, twice as much as Governor Donald R. Carcieri's recent estimates, according to a published report.

The projection for the 2008-09 fiscal year from the House fiscal adviser, Michael O'Keefe, was based on numbers completed at Friday's Revenue & Caseload Estimating Conference.

Carcieri has consistently put the estimate at \$200 million in recent weeks. He had already proposed saving \$100 million by cutting the state's workforce by 1,000 jobs. He also planned to save \$50 million by reducing employee benefits and another \$50 million by cutting or consolidating social services programs.

The projections mean Carcieri will have to consider major additional cuts to meet his legal requirement to propose a balanced budget. The deficit was reported by the Providence Journal.

"Governor Carcieri has been sounding the alarm about the state's budget situation since before the end of the last legislative session," said the governor's spokesman, Jeff Neal. "Unfortunately, it is now clear that implementing the governor's spending-reduction plan is just the start of what is required to resolve Rhode Island's growing budget crisis."

Rhode Island is already facing a budget shortfall of at least \$150 million in the current fiscal year.

State officials have attributed the recent deficits to major declines in the state's largest revenue streams, income and sales taxes.

A representative from the state Department of Labor and Training testified last week that job growth has slowed in recent months, especially in the manufacturing sector, which was down 1,800 jobs since January, not including 300 layoffs recently announced at the biotech company Amgen. The result is less income tax revenue.

The state must do more than cut spending, said Ellen Frank, chief economist at The Poverty Institute, Rhode Island College's school of social work. She called on lawmakers to reconsider tax cuts to high-income Rhode Islanders, such as the recently instituted flat tax and the phase-out of the capital gains tax.

Neal said the governor would not raise taxes.

"Raising taxes on Rhode Island's already overtaxed citizens is not the answer," Neal said. "Instead, we need to decide what amount of state government Rhode Island taxpayers can afford." ■