

## 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