

June 14, 2015

Dear Fellow East Siders:

I hope you enjoyed the Farmer's Market, the Arts Festival, or other outdoor events this weekend. This week's Ward letter discusses tomorrow night's meeting with the Mayor and the City Council's review and approval of the City budget.

On tomorrow night, Monday, June 15 at 6:00 p.m. at Nathan Bishop Middle School, the Mayor will hold a Community Conversation co-hosted by Councilman Kevin Jackson and me. My email box is full of constituent feedback on such issues as the baseball stadium, the budget, the I-195 land and the streetcar project among others. I look forward to the opportunity to hear from constituents.

Last Monday night (June 8) and Wednesday night (June 10), the City Council reviewed and approved the budget. The final budget changed the Mayor's budget by using \$1.9 million of additional identified savings and revenues to expand the student bus pass program (\$680,000) and reduce nonresident landlord tax rates by \$.65 per thousand (\$1.2 million). It also included a last-minute increase of \$247,000 to the City Council's own budget, making a total 13.8% increase over the current year, an amount far out of proportion with other major City departments. Also, last \$247,000 of this increase was (1) buried in a stack of new documents first distributed at 8:00 p.m. on the final night of Finance Committee review and passage, and (2) not mentioned at that meeting. In fact, the City Council budget was the only department the Finance Committee chose not to review during budget hearings, which leaves that Committee vulnerable to questions about accountability, transparency and consistency. It did not help when I asked the Committee Chair at Monday's City Council meeting to describe the changes in the City Council budget, only to be told that it is better to discuss those issues in Committee hearings (which on this subject never took place) rather than on the City Council floor.

At Monday's meeting, Council Members Seth Yurdin, David Salvatore and I proposed two amendments to the budget, both of which proposed alternative uses of the \$1.2 million landlord tax cut. The first would allocate \$250,000 each to the Providence Community Library, the Police Department (for 2 additional officers), the School Department and the Recreation Department, with \$200,000 for deficit reduction. The second would reduce the automobile tax rate by \$2, from \$60 per thousand (currently) to \$58 per thousand. Both proposed amendments were rejected by the other 11 members present that night.

After those votes, I voted against the budget as a whole. I disagreed with the \$1.2 million tax cut, and I do not believe the proposed budget has an adequate margin of safety to (1) balance revenues and expenses, (2) reduce the accumulated deficit, and (3) make the actuary's recommended contribution to the City's pension fund in full and on time, which failure may generate several million dollars of extra payments to make the fund whole. I also have concerns about the administration's ability to manage a tight budget, given their prediction that this year's budget will close with the liquidation of the entire \$3.2 million allocated for deficit reduction, placing greater pressure on the administration to produce greater savings each of the next two years without a sufficient track record of accomplishment. I remain hopeful the City will meet its budgetary targets, but I must base my vote on clear data and well-substantiated likelihoods.

On Tuesday night, the Rhode Island House Finance Committee approved a budget, which typically matches the bulk of the final State budget. The budget included a State allocation of aid to the City that was \$1.5 million less than the administration assumed when it constructed the budget. As a result, the budget was now \$1.5 million out of balance. Based on this information, I proposed a budget amendment to remove the \$1.2

million tax reduction for the nonresident property owners, as it is our responsibility to approve a balanced budget. This amendment failed on an 11-4 vote, as I was joined by Council members Jenkins, Salvatore and Yurdin. I voted against the budget as a whole at the meeting, for the additional reason that it was unbalanced.

Sincerely,

Sammuel D. Jenkins
