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Central Falls is Bankrupt

The city of Central Falls in Rhode Island has filed for bankruptcy on August 1. This has led to severe cuts in workers' benefits and disruption to city services.

About 18,000 people live in Central Falls, a city located north of Providence, which is the state's poorest municipality. For the current fiscal year that began July 1, the city is already projecting a deficit of \$5.6 million. On top of that, the city also has \$80 million in unfunded pension obligations it owes to 141 retired firefighters, police officers and their next of kin.

Central Falls went under receivership about 14 months ago and since then has had to pay about \$800,000 in concessions it negotiated with the union and non-union workers. In recent times, many job vacancies have not been filled and city-owned buildings have been closed. The city lacks some basic services and infrastructure and this situation will only worsen as more federal cuts in funding are imposed.

One example is the library which was ordered closed by the city's receivers July 1. The library staff lost their jobs and the community lost a vital resource center. A month later, the library reopened manned by volunteers but only on certain days – Mondays, Wednesdays and Fridays to be exact, between 12 to 5 p.m. Because the Central Falls has not kept up its payments to the statewide library system, city residents are not permitted to borrow books from the libraries of neighboring cities.

Likewise the city's community center has been closed with no sign of reopening.

Market talk has it that the Progreso Latino group may buy up the facility but nothing has been confirmed. Firefighters and other city workers face the prospect of further cuts in their salaries and benefits. The city's receiver has proposed a 50% cut in their pensions and that they bear 20% of their health costs.

The official unemployment rate in the city is a staggering 15% but the actual figure may be even higher. About a hundred years ago, many immigrants from as far as the Middle East came to Central Falls and the surrounding regions seeking jobs in the manufacturing industry. Many found jobs in the textile mills but today these jobs have all but disappeared. According to the statistics, the median family income is \$26,844 and more than 40% of those under the age of 18 live below the official poverty line.