

Testimony from Brian M. Daniels, Executive Director
In Opposition to Continuing Contract Bills (H5143, H5144)
House Committee on Labor
January 31, 2019

The League of Cities and Towns strongly opposes any legislation to mandate contract continuation for municipal employees. As we have said consistently in recent years on this matter, contract continuation would limit the control of municipal leaders over their budgets and ultimately lead to higher property taxes.

Contract continuation legislation would only tie the hands of local elected officials when negotiating in the best interests of their taxpayers. The expiration date of collective bargaining agreements is important – it motivates the parties to come together and resolve their issues prior to the close of the contract. In nearly all cases in Rhode Island, when the parties do not complete negotiations prior to the contract expiration, they mutually agree to extend the existing contracts temporarily – a gesture by both sides to maintain dialogue and good working relations. If employee unions are concerned that they do not have the legal authority to extend contracts voluntarily, then we support legislation that allows temporary contract continuation at the agreement of all parties. Two years ago, the League supported legislation allowing that voluntary extension authority for firefighter contracts (H5973 / S0288). The Governor signed those bills into law, so there is no reason for the contract continuation bill for firefighters that is being heard today (H5143).

In the Governor's veto message of contract continuation language in 2017, she noted the adverse impact of perpetual contract continuation in places like New York. During the Great Recession, a majority of labor contracts expired but were not renegotiated, with labor unions deciding to stall negotiations instead of making concessions. This impasse forced municipalities to cut services and raise taxes. Rhode Island already has one of the highest property tax burdens in the country, and local leaders have been working to use taxpayer dollars responsibly. Statewide, property taxes have grown at just around 2% annually for the last five years, even while personnel and health care costs have grown. However, when the next recession comes, if current contract provisions are locked in indefinitely, municipal leaders will have very few options to control costs.

To put this in context, the League reviewed the budgets of the state's eight cities to determine how much they spend on public safety. Spending on police and fire represents almost 40% of non-school expenditures. Nearly all of those costs are associated with personnel and governed by

contracts. In places like Pawtucket and Newport, public safety costs are more than 50% of the non-education budget.

So, when the next recession comes – and health care and pension costs are increasing while revenues drop – municipal leaders will not be able to negotiate contract changes if the contracts never expire. Contract continuation essentially walls off 40% of a municipal budget from reductions, which will inevitably lead to property tax increases and cuts in other public services. For these reasons, we urge the committee not to pass H5143 or H5144.

It is worth emphasizing that most municipal leaders have good working relationships with their employees and support harmonious labor negotiations. We understand that contract negotiations often need additional time, which is why the League supports temporary contract continuation when agreed to by both sides. Unfortunately, the bills today would go too far and provide an advantage to employees at the expense of taxpayers. We urge the committee to oppose them.