



Town of East Greenwich

Town Manager

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Testimony from Andrew E. Nota, East Greenwich Town Manager
In Opposition to Expansion of Binding Arbitration (H5406)
House Committee on Labor
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Thank you, Madam Chair, and members of the committee. In my role as a municipal official, presently serving as the Town Manager for the Town of East Greenwich, I strongly oppose (H5406), which would expand bargaining arbitration for municipal employees and teachers to include monetary issues. Personnel has been and continues to be today, the largest single component of municipal budgets, representing more than 75% of the financial impact in some communities. Passing this legislation could provide unelected arbitrators, significant control over municipal budgets, and usurp the ability of municipal CEO's to negotiate labor contracts directly with its employees, in a fair and equitable manner on behalf of their community with no recourse for residents.

As the committee is likely aware, most cities and towns require local councils to approve collective bargaining agreements after a fair and equitable process involving management and employee units. This protection is intended to ensure that contractual promises are balanced with community priorities and services and that the total, does not exceed available local tax dollars. It provides this important opportunity in achieving a balance between the needs of employees and taxpayers. However, an arbitration decision does not need to be ratified by a city or town council, which means that arbitration awards on wages or benefits could create a vacuum in local budgets, impacting needed community priorities, increasing the likelihood of higher taxes or critical service reductions.

Municipal officials believe that the current binding arbitration process is lengthy and expensive. We should be transforming the process, versus expanding its use. Binding arbitration was intended to be a rapid way of resolving impasses in contract negotiations. Instead, it has become a lengthy process that is inefficient, costly to communities and replaces local authorization of such decisions, as if others are more prepared to make local decisions for our City/Town residents. And though the law states that an arbitration board must consider a community's ability to pay, that designation is not an exact science and can be influenced by the experience of the arbitrator and many other variables.

- Nothing in current law requires a fiscal impact statement telling the public or local officials what the cost of an arbitration decision is to a community.
- Nothing in law requires an arbitration panel to remain within budgeted levels. For that reason, an arbitration award could place a town's budget in deficit in the middle of a fiscal year.
- Nothing in law prevents arbitrators from requiring that a community use its accumulated surplus to pay for awards. The municipal fund balance is an important reserve to protect communities in emergency situations. It is considered by bond rating agencies as an indicator of fiscal health and should not be used for ongoing personnel or operations. It has also been the topic of extensive study by various agencies as a criteria in rating the health of our states municipal government.

Municipal officials have heard the argument from past and present supporters of this legislation, that relatively few contract negotiations actually go to arbitration and so that we should not worry about this legislation. This in and of itself is insufficient in defending a legislative action of this magnitude, that can have a wide sweeping impact on municipalities and in creating a further imbalance in the local negotiation process. In fact, that is a sound argument to oppose the bill. In reality, when negotiating specific municipal agreements that impact hardworking public employees, municipal leaders are often left with little room to turn, due to the optics and influences involved in the process. We are often left with choosing between two bad options: a tentative contract agreement that is more generous than the community can afford or possibly an even more imbalanced and inequitable outcome if they go to binding arbitration, which can take months and entail significant legal fees. This dilemma shows us that the current system is not working as it was originally designed and needs to be modified, not expanded in its present form.

Based on the above inconsistencies and direct negative impacts on the process of fair and equitable negotiations, I strongly oppose H5406. Thank you for your consideration to the perspectives that I offer in this regard.