

Testimony from Jordan Day, Policy Director
In Opposition to Continuing Contract Legislation (H7089, H7090)
House Labor Committee – February 2, 2021

The League of Cities and Towns strongly opposes any legislation to mandate contract continuation for municipal employees, such as firefighters (H7089) and police officers (H7090). Police, fire and EMS personnel have done amazing work over the course of the pandemic to keep Rhode Islanders safe from COVID-19. Our members appreciate their efforts, and they have had very strong working relationships with public safety personnel. However, they are deeply concerned that contract continuation would further limit the control of municipal leaders over their budgets and ultimately lead to higher property taxes.

The League has testified in this committee against contract continuation bills for municipal employees and teachers. Former Governor Raimondo vetoed one such bill in 2017, but she signed a similar bill in 2019. As many members of the Committee know, that law has now been challenged in court by many cities and towns. Nineteen communities are now plaintiffs in that suit, which contends that the enacted law is unconstitutional – both as a violation of the Contract Clause because it alters the terms of existing contracts, as well as a violation of the Home Rule provision of the State Constitution. These nineteen communities represent more than 60% of the state’s population and are from all regions of the state – Barrington, Bristol, Burrillville, Charlestown, Coventry, Cranston, Cumberland, East Greenwich, Glocester, Lincoln, Little Compton, North Kingstown, North Providence, North Smithfield, Pawtucket, Providence, Smithfield, West Greenwich and Woonsocket. In light of the ongoing litigation in this area, we do not think it is advisable to expand contract continuation laws.

The litigation aside, municipal leaders have opposed contract continuation legislation because it ties their hands when trying to negotiate in the best interests of their taxpayers. As the League has testified before, 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. Four years ago, the League supported legislation allowing that voluntary extension authority for firefighter contracts (H5973 / S0288). Former Governor Raimondo signed those bills into law, so there is no reason for the contract continuation bill for firefighters that is being heard today (H7089).

The reason this issue is so important to cities and towns is that personnel is the largest category of municipal spending. Statewide, cities and towns spend 70% of their budgets on personnel – between the municipal side and the school side of the budget. Nearly all of the costs associated with personnel are governed by contracts – salary, benefits, pension costs in locally administered plans and retiree health benefits. In many communities, public safety personnel costs are the second largest expenditure after teachers. In places like Pawtucket and Newport, public safety costs are more than 50% of the non-education budget. We cannot wall off vast portions of the budget – particularly now when municipal revenues are down from the impacts of COVID, but health care and pension costs continue to increase. If contract negotiations are delayed, it will inevitably lead to property tax increases and cuts in other public services. For these reasons, we urge the committee not to pass H7089 or H7090.

It is worth reiterating 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 provide for automatic and indefinite contract continuation. That goes too far and would provide an advantage to employees at the expense of taxpayers. We urge the committee to oppose them.