State of Rhode Island and Providence Plantations
State House
Providence, Rhode Island 02903-1196
401-222-2080

Gina M. Raimondo
Governor

July 19, 2017

TO THE HONORABLE, THE SPEAKER OF THE HOUSE OF REPRESENTATIVES:

In accordance with the provisions of Article IX, Section 14 of the Constitution of the State of Rhode Island and Section 43-1-4 of the Rhode Island General Laws, I transmit, with my disapproval, 2017-H 5593 Substitute A, "An Act Relating to Labor and Labor Relations – Arbitration – Continuance of Contractual Provisions"

This legislation automatically extends collective bargaining agreements for municipal employees and teachers after expiration, continuing existing contracts indefinitely until a successor agreement has been reached.

The expiration date of collective bargaining agreements motivates the parties to come together and resolve their issues prior to the end of the contract. If, for some reason, the parties do not complete negotiations prior to the contract expiration, they should be able to extend contracts temporarily if both parties agree. In the overwhelming majority of cases, this is what happens already.

This legislation, however, goes much further. It ties the hands of our municipal leaders – and ultimately binds our taxpayers – to contracts that would never end. Rhode Island already has some of the highest property taxes in the country and I cannot support legislation that would increase this burden on everyday Rhode Islanders.

Current Rhode Island law prohibits a municipality from signing a labor contract that extends for more than three years. There is good reason why this is our current practice. This law protects the taxpayers from being obligated indefinitely for contract provisions that, in the future, may not be affordable. Importantly, it also prevents current elected officials from binding future elected officials. The proposed legislation before me extinguishes this existing protection, hurting the public's position in contract negotiations and placing taxpayers at risk of being forever locked into contractual provisions they can no longer afford.

Never-ending contracts limit municipal leaders' ability to promote efficient and cost-effective government and will lead to higher costs to taxpayers, as they would make it more difficult for municipal leaders to deal with changing economic circumstances, rising costs or large deficits, and employees would have no incentive to renegotiate a contract if they expected significant concessions on wages, health care or working conditions. The likely result would be higher property taxes.

Few states have enacted similar laws. New York State is the closest. Its experience with this law provides an important lesson. In 2012, a time of significant financial distress in that state and elsewhere, 41 of 67 labor contracts surveyed by the New York State Association of Counties had expired but were not renegotiated. In many cases, labor unions had strategically decided that they were better off stalling negotiations, given the difficult financial circumstances. Labor had little incentive to come to the bargaining table and negotiate in earnest, and as such municipalities were forced to find cuts elsewhere and raise taxes. With a similar law on our books, how could we expect any different result?

To date, I have received a considerable number of requests to veto this legislation – from nearly every municipal chief executive, local city and town officials, the League of Cities and Towns, the School Committee and Superintendents' Associations, the Rhode Island Public Expenditure Council, numerous chambers of commerce and business associations, and others – each of whom have raised concerns that this legislation significantly limits the ability of local officials to negotiate in the best interests of taxpayers and is bad for businesses and residents alike.

In these requests, our municipal leaders identify significant consequences that will occur in their communities if this bill becomes law, including: no after-school tutoring or extracurricular activities, double sessions (half-day school) at middle and high schools, extension of programs regardless of need or effectiveness, unnecessary positions required to be filled, continuation of provisions contrary to new federal and state laws and requirements, and forced compliance with severely outdated practices. In the case of at least one municipality, its chief executive said that had this legislation been in place six years ago, his community may have gone into bankruptcy.

I cannot, in good conscience, saddle our cities and towns – and thus our students and taxpayers – with this requirement.

Municipal leaders and employees have always found compromise sitting across the table and working together. It is my hope that by vetoing this bill, the same will occur here. I am a longtime supporter of collective bargaining and the parties should be able to negotiate provisions through the collective bargaining process that guarantee continuation of the contract. In these instances, it is a right that the parties have bargained for. But to legislate this right tilts the balance away from taxpayers, which is not in the best interest of the public – especially since Rhode Island already has some of the highest property taxes in the country.

Two years ago, a nearly identical contract continuation bill was put forth that would have created never-ending contracts for municipal firefighters. Our municipal leaders strenuously objected to the legislation and held a press conference at the State House in protest. Legislators and labor leaders listened to their concerns and explored compromise. This session, a compromise bill was passed that allows for the continuation of firefighters' contracts by mutual agreement of the parties. I signed that bill into law.

Notably, Massachusetts has this same compromise language for teachers and municipal employees that we just adopted for firefighters – contracts continue by agreement of the parties. If the General Assembly were to send me that bill next session, or a similar bill[1] that addresses the concerns of labor but also, very importantly, protects the taxpayer, I will sign it into law. I urge our municipal leaders, union leaders, and the legislature to work on similar legislation.

Legislative proposals like this must be judged in their fairness to our hardworking teachers and municipal employees and the public. I cannot allow legislation to become law that increases the financial burden on the public or significantly tilts the balance of collective bargaining against the taxpayer, and this legislation does both.

I disapprove of this legislation and respectfully urge your support of my veto.

Sincerely,

Gina M. Raimondo
Governor

[1] Connecticut for instance requires that only certain provisions regarding salary, differentials, overtime, and longevity continue despite expiration of a collective bargaining agreement.