

April 8, 2022

Rhode Island Senate  
State House  
82 Smith Street  
Providence, RI 02903

Dear Senator:

Next Tuesday, the Senate is scheduled to consider S 2244, S 2416 and S 2417, three bills that the Rhode Island League of Cities and Towns strongly opposes. These bills would undermine the ability of municipal officials to manage personnel costs, leading to higher costs for the taxpayers. **The League urges you to vote NO on these three measures, and we expect to include these votes in our next legislative scorecard.**

Personnel costs represent more than 70% of local budgets, and nearly all the costs associated with personnel are governed by contracts – salary, benefits, pension costs in locally administered plans and retiree health benefits. These bills would further tie the hands of municipal leaders in contract negotiations and put more decisions in the hands of unelected arbitrators impacting the fiscal health of municipalities across the state. Cities and towns cannot afford the long-term costs of lifetime contracts and binding arbitration – both unfunded mandates.

#### **Lifetime Contracts for Police (S 2417) and Fire (S 2416)**

- **Ongoing litigation** – Currently 19 communities, representing more than 60% of the state's population, have challenged the 2019 contract continuation law as unconstitutional as a violation of the Contract Clause because it alters the terms of existing contracts. **On March 25, there was a significant victory for cities and towns when Judge Lanphear ruled in favor of Rhode Island communities in denying the Defendant's motion to dismiss on Count I, violation of the Contracts Clause, in the on-going lawsuit.** In light of the ongoing litigation in this area, the General Assembly should not be expanding contract continuation laws.
- **Allows contracts to remain in place indefinitely** – The expiration date of collective bargaining agreements is important, as it motivates the parties to come together and resolve their issues prior to the close of the contract. Without those deadlines, employees have little incentive to negotiate if they believe their current contract provisions are better than what may result from a new contract. Expanding lifetime contracts to police and fire will limit municipal leaders' ability to negotiate substantive changes to police and fire contracts, including shift scheduling, departmental policies and oversight. State lawmaker efforts to enhance law enforcement accountability will be much harder if police contracts never expire.
- **League supports temporary contract extensions** – In 2017, the League supported legislation allowing voluntary contract extension authority for firefighter contracts (H 5973/S 0288; R.I. General Laws § 28-9.1-17). Former Governor Raimondo signed that bill into law, so there is no reason for the new contract continuation bill for firefighters (S 2416).

**Expanded Binding Arbitration for Municipal Employees (S 2244)**

- **Loss of local budget control** – Binding arbitration usurps local elected officials’ fiscal and budgetary authority and empowers unelected arbitrators with no knowledge of local conditions or the community’s ability to pay. S 2244 includes not only municipal employees, but also school system employees who are not certified teachers. Combined with current binding arbitration laws on monetary issues for public safety personnel, arbitrators could have authority over a substantial component of municipal budgets, meaning city and town councils could lose authority over the budgets that the residents elected them to manage.
- **Expensive arbitration awards** – In making recommendations, S 2244 requires arbitrators to use compensation in other cities and towns “of comparable size,” but does not account for local fiscal conditions. Rhode Island communities vary in local resources, and our state has a lower per capita income than Massachusetts, Connecticut or New Hampshire. If an arbitrator chooses wealthier communities for comparisons, cities and towns would be providing wages that their tax base cannot afford. Since an arbitration decision does not need to be ratified by a city or town council, a generous award could blow a hole in local budgets and cause long-term fiscal problems.
- **Binding arbitration should be reformed, not expanded** – League members believe that the current binding arbitration process is lengthy and expensive. The General Assembly should be reforming it instead of expanding it and giving more power to unelected arbitrators.

Property taxes are the largest revenue source for cities and towns. If personnel costs go up because of negotiation delays and/or arbitrator awards, cities and towns would be forced to raise property taxes or potentially reduce essential services to make ends meet. Rhode Island communities already have the eighth highest property tax burden per capita, and we cannot afford to go any higher.

S 2244, S 2416 and S 2417 would tie the hands of local officials when trying to negotiate contracts in the best interests of both employees and taxpayers. We urge you to oppose these bills.

Sincerely,



Charles Lombardi  
Mayor, North Providence  
President, RI League of Cities and Towns



Jordan Day  
Interim Executive Director