

Town of Barkhamsted  
Incorporated 1779

**Testimony of Donald S. Stein**  
**First Selectman, Town of Barkhamsted**  
**Before the Labor Committee**  
**of the Connecticut General Assembly**  
**March 10, 2011**

Good afternoon, Senator Prague, Representative Zalaski and members of the Committee. My name is Donald Stein, and I'm the First Selectman of the Town of Barkhamsted. I'm testifying today in support of the following binding arbitration measures:

- 1. SB-989 - AN ACT CONCERNING RESERVE FUND BALANCES AND CHANGES TO MUNICIPAL BINDING ARBITRATION.**
- 2. HB-6409 - AN ACT REQUIRING NEUTRAL MUNICIPAL ARBITRATORS BE MEMBERS OF THE AMERICAN ARBITRATION ASSOCIATION.**

Connecticut's small towns and cities are once again encountering a difficult budget year. Although we are relieved that it appears that many critical sources of municipal aid will be flat-funded, many towns are still facing shortfalls due to significant increases in costs, including healthcare, pension, benefits, salaries, energy, gas and snow removal. At the same time, we are facing pressure from local taxpayers to hold the line on local budget and property tax increases.

For small towns, one of the biggest cost drivers is negotiated union contracts with both educational and municipal employees – an area over which local government and citizens have marginal control. Binding arbitration awards often leave towns with very few options to negotiate savings.

In order to enact meaningful mandate relief, we urge the legislature to address changes in our binding arbitration laws that will ensure a more level playing field. This will help result in a process that is fairer to the community and consistent with its needs.

Towns have been advised by financial analysis to maintain a healthy reserve fund balance - a "rainy day fund" that will help minimize the cost of borrowing for needed capital projects. Allowing arbitrators to consider this fund balance creates a disincentive for towns to do what is fiscally prudent and in the town's best interest. Whether a town maintains an adequate fund balance is an important criterion in determining the town's bond rating. A good bond rating can help a town reduce its costs substantially.