

**Doug Cutler
Town of Putnam
Before the
Labor & Public Employees Committee
March 10, 2011**

Thank you for the opportunity to comment in support of the following critical mandate relief bills:

- **SB-989 - AN ACT CONCERNING RESERVE FUND BALANCES AND CHANGES TO MUNICIPAL BINDING ARBITRATION.**
- **HB-6409 - AN ACT REQUIRING NEUTRAL MUNICIPAL ARBITRATORS BE MEMBERS OF THE AMERICAN ARBITRATION ASSOCIATION.**
- **SB-990 - AN ACT CONCERNING THE PREVAILING RATE OF WAGES.**

Binding Arbitration Reform - Support

Escalating costs, state and federal mandates, unpredictable special education needs and declining revenues are severely challenging our town's ability to maintain a quality educational system. We need more control over salary and benefit costs to ensure that we can continue to maintain academic standards of excellence.

Although we are very pleased that the budget proposed by Governor Dannel P. Malloy maintains level funding of the state's Education Cost Sharing formula and other municipal aid, the state must also begin to provide some relief to local governments whose costs are increasing significantly while state funding has remained flat for several years.

We therefore **support provisions in SB-989** which will ensure that the fund balance is not considered for purposes of municipal binding arbitration awards. The fund balance is an appropriate and prudent fiscal tool that has a tremendous bearing on a town's bond rating. Requiring towns to use fund balances to pay salaries and benefits penalizes towns in the long run through higher interest costs.

In addition, **we support provisions in HB-6409** which will ensure that arbitrators are certified by the American Arbitration Association. This simple measure will go a long way toward ensuring that arbitrators are truly neutral and have a sound understanding of the arbitration process.

Increasing the Prevailing Wage Thresholds - Support

The current prevailing wage thresholds have not kept pace with inflation. We therefore **support SB-990** which is a good compromise and applaud the committee for moving it forward in the legislative process. Adjusting the prevailing wage thresholds will help ensure that more local contractors in our communities can bid on jobs, increasing competition and lowering overall project building costs. This is a win-win for towns and the local jobs market. Reforming these laws is critical because there are very few areas left where towns can achieve savings.

There has been a lot of discussion about whether towns can achieve any real savings by raising the prevailing wage thresholds. In this economy, our budgets are very strained. Even if savings are 8% rather than then the 25 or 30% estimated by some studies, that is a big savings for a small town. We therefore urge your support for SB-990.