

**Testimony of  
Rudy Marconi  
First Selectman  
Town of Ridgefield  
Before the Labor Committee  
March 10, 2011**

Unfunded mandates continue to drive up local costs beyond the control of our small towns and cities. In this uncertain economy, municipalities are experiencing staggering financial difficulties. Now more than ever, we must act to reduce these mandates.

I therefore urge your *support* for **SB-989 - AN ACT CONCERNING RESERVE FUND BALANCES AND CHANGES TO MUNICIPAL BINDING ARBITRATION.**

Municipal fund balances should be completely exempt from the ability-to-pay calculation used by arbitrators. Although arbitrators are required to consider a municipality's ability to pay when determining binding arbitration awards, the fund balance has been a target for union representatives to argue that the municipality can indeed afford an award.

However, requiring towns to lower fund balance reserves to pay for increased employee benefits will adversely impact a municipality's bond rating. This can be very costly to municipalities and their taxpayers. As a result of positive bond ratings and the current bond market, many towns have been able to negotiate lower interest rates and the cost savings has been very helpful in addressing other budget shortfalls.

The current process penalizes towns for maintaining recommended fund balance levels. SB-989 addresses this inequity and I urge your support.