



State of Connecticut

HOUSE OF REPRESENTATIVES STATE CAPITOL

REPRESENTATIVE GAIL LAVIELLE
ONE HUNDRED FORTY-THIRD ASSEMBLY DISTRICT

LEGISLATIVE OFFICE BUILDING
ROOM 4200
HARTFORD, CT 06106-1591
CAPITOL: (860) 240-8700
TOLL FREE: (800) 842-1423
EMAIL: Gail.Lavielle@housegop.ct.gov

MEMBER
APPROPRIATIONS COMMITTEE
EDUCATION COMMITTEE
TRANSPORTATION COMMITTEE

Testimony

In Support of S. B. 989
An Act Concerning Reserve Fund Balances And Changes To Municipal
Binding Arbitration.
And
In Support of S. B. 990
An Act Concerning The Prevailing Rate Of Wages.

Labor And Public Employees Committee
March 10, 2011

Senator Prague, Representative Zalaski, Senator Guglielmo, Representative Rigby, and members of the committee, thank you for the opportunity to testify on SB 989, An Act Concerning Reserve Fund Balances and Changes to Municipal Binding Arbitration, and SB 990, An Act Concerning the Prevailing Rate of Wages.

While I support the provision in SB 989 regarding reserve fund balances, I don't think it goes far enough to address the effects of binding arbitration on municipalities.

My support of this provision is based on my experience as a member of the Board of Finance of the Town of Wilton. Our town government has long adhered to a policy of keeping a reserve fund balance of 10%, which, according to the rating agencies, has been an important factor in maintaining the Town's AAA bond rating and reducing its cost of debt. Wilton, like many other towns, does not therefore treat the monies in the reserve fund as available to be used for operating expenses, including salaries. This is consistent with SB 989, which requires that arbitrators exclude reserve fund balances when considering a municipality's ability to pay.

I would like to see this bill go farther, however, in limiting the use of binding arbitration in municipal contexts. Municipalities may negotiate contracts during good economic times, only to see the economy decline within six months or a year, leading to a budget deficit. Residents then cannot afford sufficient increases, and a town may need urgently to take temporary measures to avoid a combination of revenue shortfalls, service cutbacks, and layoffs. In such cases, binding arbitration may not only prove cumbersome, but also may represent more of a financial risk than town government feels it should take.

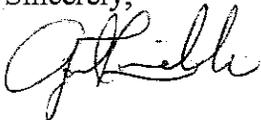
For this reason, I respectfully suggest that the committee consider removing the binding arbitration requirement during periods of economic distress.

I also support SB 990, which raises the prevailing wage threshold for the cost of public works projects. Before 1991, Connecticut adjusted its prevailing wage thresholds every six years. In the two decades since then, however, the state has made no adjustments at all. Municipalities, meanwhile, have seen the cost of every one of their budget line items increase substantially. Because the inability to request bids on the open market has made the cost of certain public works projects prohibitive, many towns have chosen to defer or cancel them, and employment suffers. When projects cannot be postponed, it is taxpayers who must suffer the consequences of higher costs.

I hope that the committee will vote to adjust the prevailing wage threshold upward now, and I would respectfully suggest that the committee consider adopting a mechanism for regular adjustments in the future.

I thank the Chairs and members of the committee for raising these two bills. Binding arbitration and prevailing wage requirements are essentially unfunded mandates that impose uniform regulations on 169 different towns that each have unique financial situations, forms of government, and priorities. Our town governments have worked hard during a very long period of economic distress to manage their finances well and to provide essential services to their residents. As a state government, we should be making every endeavor to remove obstacles from their path and to help them succeed.

Sincerely,



Gail Lavielle,
State Representative
143rd District