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Fitch: Work Force Evaluation Integral to U.S. Local Government Ratings.

Fitch Ratings-New York-22 October 2015: The relationship between a U.S. local government and its work force has become an important barometer into the strength of the government's credit rating, according to Fitch Ratings in a new report.

As the largest component of local U.S. government spending, labor costs have come into greater focus since the most recent economic downturn, as well as state laws that govern work forces. Multiple laws can govern different types of employees, with laws in some states changing in recent years and more proposals on the table, according to Managing Director Amy Laskey.

'The formal bargaining relationship between labor and management provides insight into the level of flexibility management has to adjust this key area of spending,' said Laskey. 'Contractual agreements are also important indicators of how quickly spending will grow and how quickly a local government will respond should a change in the broader economy require shifts in spending.'

Above all, the level of cooperation among parties and how committed they are to maintaining financial stability is Fitch's preeminent indicator of a government's ability to make adjustments necessary to maintain budget balance. As such, it is an important piece of Fitch's methodology for local governments, currently in the form of an exposure draft for comment through Nov. 20. In short, a consistently applied work force evaluation is key to assessing the flexibility of main expenditure items.

'Work Force Evaluation Key to Local Government Analysis' is available for purchase [here](#).