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## Highlights

- Over the last 11 years the number of city-funded employees decreased by 1,038 or 5.9%
- School Department employees as of January 1, 2013, represent 51% of the total city-funded workforce and 92% of the total employee increase in 2012
- Employees funded through federal or state grants decreased slightly to 1,438 as of January 1, 2013, but more cuts in these positions are expected

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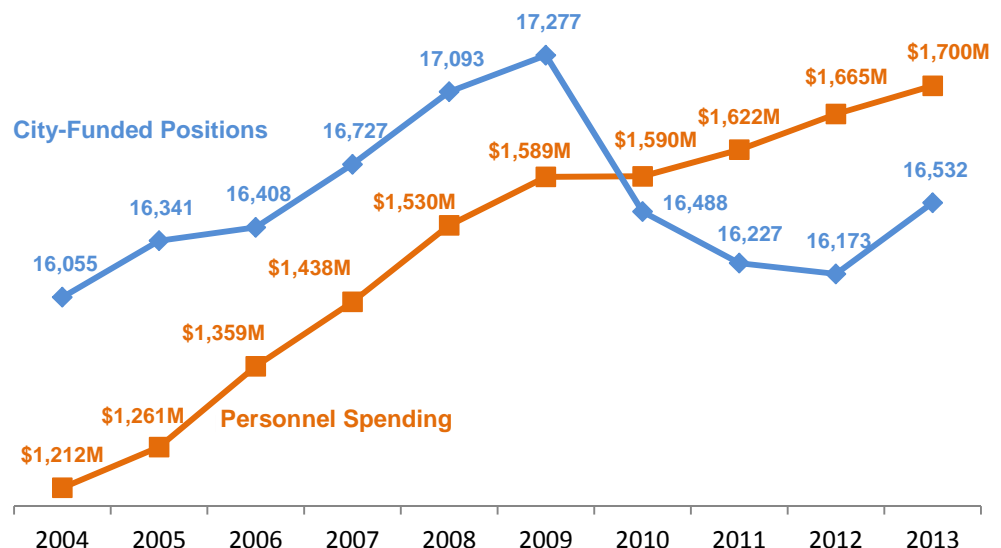
## Boston Employee Levels Increase in 2012

*Growth primarily in School Department comes after 3 years of citywide cuts*

After three consecutive years of employee reductions, the number of city-funded employees as of January 1, 2013 was 16,532, representing an increase of 359 employees or 2.2% from January 1, 2012. In the three years from January 1, 2009 to January 1, 2012, the [City's General Fund workforce](#) decreased by 1,105 or 6.4% with 68.7% of the reduction coming from the three largest city departments of School, Police and Fire. In 2012 the School Department accounted for 329 new employees or 91.5% of the total increase with no gains in the Police and Fire Departments due to a timing factor with new classes of recruits. This report focuses primarily on the changes in city-funded positions and employee spending. All employee numbers are represented in full-time equivalencies (FTEs).

- Employee salaries and benefits total \$1.7 billion or 68.8% of the \$2.5 billion fiscal 2013 operating budget. The increase for employees this year totaled \$34.2 million or 50.4% of the total operating budget increase.
- Over the past 11 years, employee levels have fluctuated in response to the economy, with sharp cuts followed by periods of growth. Most of the volatility occurred in the Departments of School, Police and Fire which sustained a cut. The other departments also produced an overall reduction.
- Overall, service delivery decisions, improved productivity measures, and greater use of technology contributed to the City of Boston maintaining services with a smaller workforce.

**Figure 1**  
Employee Levels vs. Personnel Spending: 2004-2013



**Table 1**  
**FTE Personnel Summary**

	2002	2009	2012	2013	Change	
					02-'12	'12-'13
School Department	8,509	8,572	8,052	8,381	-457	329
Police Department	2,964	3,042	2,875	2,853	-89	-22
Fire Department	1,697	1,643	1,571	1,560	-126	-11
<b>Sub-Total</b>	<b>13,171</b>	<b>13,258</b>	<b>12,499</b>	<b>12,794</b>	<b>-672</b>	<b>296</b>
All Other Total (44)	4,399	4,020	3,674	3,738	-725	64
<b>General Fund Total</b>	<b>17,570</b>	<b>17,277</b>	<b>16,173</b>	<b>16,532</b>	<b>-1,397</b>	<b>359</b>
Percent Change		1.1%	-0.3%	2.2%	-8.0%	2.2%
Grant Fund Total	1,706	1,427	1,394	1,438	-312	45
<b>All Funds Total</b>	<b>19,276</b>	<b>18,704</b>	<b>17,566</b>	<b>17,970</b>	<b>-1,709</b>	<b>404</b>

\*Some totals may not add due to rounding

### Longer Term Employee Trend

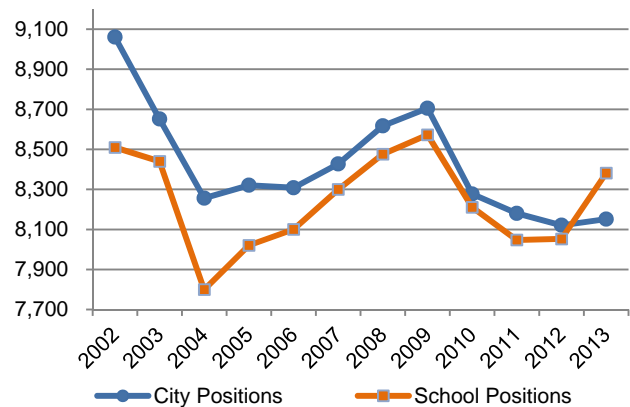
Since Boston's operating budget allocates almost 70% of its funds toward employee salaries and benefits, during times of economic downturn the City's response is to reduce its employee numbers. As the economy improves, the City then increases employee levels over the subsequent few years. Experiencing the most volatility are the largest departments: School, Police and Fire. The recession that started in late 2001 resulted in a cut of 1,514 positions or 8.6% in CY2002 and CY2003, of which 47% came from the School Department and 17.7% from the Police and Fire Departments. Over the next five years, from January 1, 2004 to January 1, 2009, city-funded positions increased by 1,222 positions or 7.6%. Increases in the School and Police Departments accounted for 84.5% of the total growth. The 2008 recession contributed to a similar result of a reduction of 1,105 employees or 6.4% of the total city-funded workforce in the three years from January 1, 2009 to January 1, 2012, with 47.1% of the loss coming from the School Department and 21.6% from the Police and Fire Departments.

The fiscal 2013 budget is more stabilizing than in the past few years, which resulted in the City adding 359 new employees to the payroll in 2012 or 2.2%. This time the increase is due primarily to the School Department, which added 329 employees or 91.5% of the total growth. Both the Police (-22) and Fire (-11) Departments experienced minimal employee

decreases last year. However, that is an issue of timing, as both departments started a class of new recruits in early 2012. Of the 44 remaining city departments, 13 showed no change in employee levels and the remaining 31 departments accounted for a net increase of 64 employees, generally to fill open budgeted positions.

Over the 11 years from January 1, 2002 to January 1 2013, city-funded employee numbers decreased by 1,038 or 5.9%. During this time, the School (-128), Police (-111) and Fire (-137) Departments accounted for a reduction of 376 employees or 2.9% and the other 44 departments accounted for a reduction of 661 employees or 15%. The greater burden experienced by the other 44 departments in the reduction of employees over 11 years is evidenced by the fact that the largest three departments represent 77.4% of the total city-funded payroll as of January 1, 2013, but were responsible for 36.3% of the employee loss. The remaining 44 departments constituted 22.6% of the employee total but produced 63.7% of the employee reduction.

**Figure 2**  
**FTE Positions Since 2002**

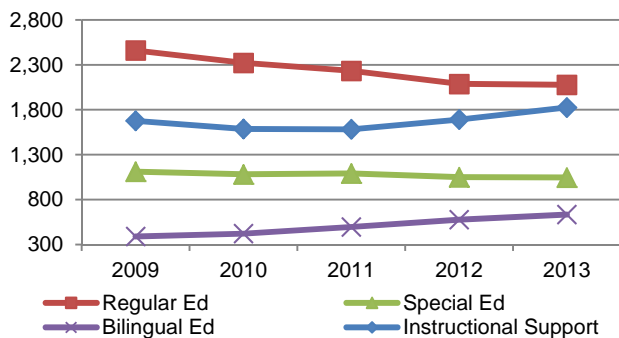


### Changes in CY2012

**The School Department** - With 8,381 employees, the School Department represents 50.7% of the city-funded workforce as of January 1, 2013. Over the past year from January 1, 2012 to January 1, 2013, 329 city-funded positions were added to the [BPS payroll](#) following a three-year net loss of 520 positions. This increase represents 91.5% of the

total city-funded employee increase of 359 in 2012. The largest school employee increase occurred in the Instructional Support category (134) with the addition of 48 new Special Education-Substantially Separate Aides, 18 Instructional Aides and 34 Community Field Coordinators. Bilingual teachers increased by 51 while Regular Education teacher positions were reduced by 21 and Special Education Resource positions were cut by 13. School positions funded by external grants increased by 37, primarily in food services, which resulted in an overall All-Funds increase of 366 in 2012.

**Figure 3**  
**Classroom Personnel 2009-2013**



**Police** - The Police Department’s city-funded staff totaled 2,853 employees, or 17.3% of the City’s total personnel as of January 2013. An additional 27 employees are funded by grants, bringing the total workforce to 2,880. In CY2012 the Department sustained an overall reduction of 22 positions, mostly due to attrition. A new class of 68 entered the Academy in January 2013 and two additional classes are expected to start in the fall of 2013 and the spring of 2014. The federal COPS grant supporting 50 uniformed officers will end in November 2013, requiring the City to fund these positions for the remainder of the year. Police retirements totaled 45 in 2012, 11 more than 2011. Police officers are required to retire at age 65, which accounted for a third of the total retirements.

**Fire** - The Fire Department supported 1,560 employees, or 9.4% of the city-funded workforce as of January 2013, a reduction of 11 positions over the past year. A class of 51 recruits entered the Fire Academy in July 2012 and graduated in November.

A class of 53 recruits started training in February and will graduate in June. A new class is planned for the fall. Similar to the Police Department, 59 firefighters retired in 2012, 17 more than the prior year and 19% of the retirements were mandatory due to age.

**Other Departments** – The number of employees in the remaining 44 departments totaled 3,738 as of January 1, 2013 or 22.6% of the total. In CY2012, these departments, in aggregate, increased employee levels by 64 after losing 346 positions in the three years from January 2009 to January 2012. The largest increases in 2012 were in the Boston Centers for Youth and Families (BCYF) with a gain of 17 employees and the Library Department, which added 15 employees. The BCYF increase came mostly from switching current employees, namely lifeguards, from part-time hours to full-time, resulting in the appearance of an increase though there was no change in headcount. The Library Department’s growth was due to filling vacancies.

**10-Year Trend Prior to 2012**

In the 10 years from January 1, 2002 to January 1, 2012, total city-funded employee levels were cut by 1,397 positions or 8.0%. The School Department experienced a net decrease of 457 positions or 5.4%, primarily due to the reduction of 452 regular education teachers and 103 administrative positions. Enrollment decreased by 5,582 or 8.9% during that time. The number of non-teaching Instructional Support positions increased by 115 during that decade. The overall cut of 457 positions represented 32.7% of the City’s loss. Employee cuts in the Police Department totaled 89 and in the Fire Department totaled 126. These three Departments represented 77.3% of the total city-funded workforce in January 2012 but represented 48.1% of the ten-year net employee reduction. The remaining 44 city departments constituted 22.7% of the City’s workforce but their collective loss of 725 employees during the 10 years represented 51.9% of the employee cut. Departments with the largest employee cuts included Library (-199), Public Works (-95), Property Construction and Management (-95), Neighborhood Development (-92), and Transportation (-86). Overall, service delivery

decisions, improved productivity measures and greater use of technology contributed to the City maintaining services with a smaller workforce.

### External Funds

Employees funded through federal or state grants totaled 1,438 as of January 2013. The change in 2012 was relatively small, with an increase of 45 employees. The largest changes came from the School Department, adding 37 employees; Public Health Commission, adding 20 employees; and Neighborhood Development, losing 20 employees. In fiscal 2010, the Commonwealth assumed responsibility for Suffolk County functions, which resulted in the transfer of 1,078 positions to the state. In the three years from January 1, 2009 to January 1, 2012, excluding Suffolk County positions, grant funded positions decreased by a net of 33, primarily in the Library Department (-57). Expected further cuts in federal and state grants will affect additional grant funded positions.

### Employee Spending

Government service is labor intensive and for the City of Boston, [spending for employee salaries and benefits](#) account for \$1.7 billion or 68.8% of the \$2.5B fiscal 2013 budget. Of the \$1.7 billion, salaries constitute the largest share at 69.6% followed by health insurance at 16.7%, pensions at 8.1% and other costs at 5.6%. The increase in employee spending in fiscal 2013 is \$34.2 million, constituting 50.4% of the total operational budget increase.

Spending for salaries has increased by 2.1% between fiscal 2012 and fiscal 2013. The growth is mostly due to the combination of higher employee numbers and salary increases contained in recently completed union contract negotiations. Salaries of \$1.2 billion in fiscal 2013 represent an increase of \$24 million or 70.1% of the total personnel budget increase.

Health Insurance spending was one of the fastest-growing segments of personnel spending, but has been moderate in the past few years and decreased this year by \$10.3 million or 3.5% to \$283.8 million. The health insurance allocation further decreases

by 0.6% to \$282.2M in the Mayor’s recommended fiscal 2014 budget. The City’s four-year agreements with its employee unions to mitigate costs along with slower premium growth have contributed to this recent trend. Not included in these figures is the \$40 million allocated to the OPEB Trust in fiscal 2013 for future retiree health insurance costs.

The pension budget in fiscal 2013 totals \$137 million, which represents an increase of \$10.6 million or 8.4%. The net pension share of total personnel spending has increased from 5.5% in fiscal 2009 to 8.1% this year. In fiscal 2010 the state assumed responsibility for the pension costs of Boston teachers. Policy changes involving mortality rate calculations, cost of living adjustments (COLA), and investment return assumptions will cause the pension budget to escalate over the next several years.

**Table 2  
Personnel Spending Summary (000’s)**

	FY09	FY11	FY12	FY13
Salaries	\$1,161	\$1,143	\$1,159	\$1,183
Health Insurance	265	285	294	284
Pensions*	94	110	126	137
Total Other**	69	85	86	96

\*Net of one-time extraordinary payment in fiscal 2011 and teacher pensions in 2009

\*\*Includes Other Post Employment Benefits, Unemployment Insurance, Workers Compensation, Medicare Pensions and Annuities and BPS Health & Welfare Fund.

### Conclusion

The overall reduction of 1,038 employees or 5.9% of the City’s workforce over the past 11 years has been an important factor in the City’s ability to manage successfully through fiscally challenging times. The City should continue to exercise careful scrutiny of the need for additional employees. The growing unfunded liabilities for pensions and retiree health insurance should also influence future decisions regarding salary increases and benefit changes. The City should not increase its pension liability by further increasing the COLA for retirees beyond the increase recently approved in 2012.