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Testimony of the Boston Municipal Research Bureau

Before the

City Council's Committee on Government Operations

September 29, 2014

Regarding: Docket #1471. Ordinance amending the City of Boston Code, Ordinances, Chapter 2-8.1, Salary of City Councilors

Mr. Chairman, I am Benjamin Stuart, a Research Associate at the Boston Municipal Research Bureau, and I am submitting our testimony in opposition to Docket #1471. The Research Bureau opposes the proposal to increase the salary of only the members of the Boston City Council and not address this matter as part of a comprehensive approach to all senior positions whose salary or salary ranges are set by ordinance. We oppose Docket #1471 for the following reasons:

- The Bureau supports the work prepared by the Compensation Advisory Board and believes its recommendations should be the basis for any salary increase. While the Board failed to produce reports in even numbered years since 2006, its May 2013 recommendations should be used to design and implement a comprehensive plan for salary increases for all positions set by ordinance. While the Mayor does not support an increase in his salary at this time, the tradition of the City Councilor's salary being 50% of the Mayor's salary as recommended by the CAB could be an option.
- Putting legal arguments aside, for the City Council to vote on a pay increase that goes into affect before the next election raises questions of a conflict of interest. Any pay raise for City Councilors should not go into affect before January of 2016. The Council should use this time to work with the Walsh Administration to develop a comprehensive salary package.
- The proposed 29% increase not only outpaces growth in civilian unions since 2007, it also ignores the history of salary increases for the City Council since 1994. Between 1994 and 2007 the City Council received a 94.4% pay raise, far higher than both civilian and uniformed unions during this time period.

Current Proposal

The current proposal before the City Council is to increase each Councilor's salary by \$25,000 or 29%. From 2007 until 2014, the average civilian increase for the City's unions was 2.3% annually, significantly less than the 3.6% annual increase under the current Council proposal. It should be noted that this 2.3% annual increase outpaces both the annual growth in the Consumer Price Index (1.9%) and the Employment Cost Index (2.1%) over the same period.

This salary proposal for the City Councilors should be evaluated based on previous salary increases for the City Councilors since 1994 to provide proper perspective in comparisons with increases for union employees. During the period from 1994 until 2007, the salary of City Councilors was increased four times, growing from \$45,000 to \$87,500, a growth of 94.4% in a 13-year period. This growth greatly outpaces the growth in pay for both civilian and public safety unions over the same time period, which ranged between 40% and 60%. It should be noted that the proposal would increase the salary for City Councilors nearly three times the recommended increase for the City's top senior officials. Further, in its study of comparable cities, the CAB found that the current salary of Boston Councilors was in line with those with a similar form of government and population.

Compensation Advisory Board/ Past History

The City of Boston does have a formal structure for reviewing the salary ranges for senior administrative officials and the salaries of elected officials, all of which are set by ordinance, which requires periodic recommendations for adjustments. The Compensation Advisory Board (CAB) was established to evaluate these positions and make recommendations on every even numbered year. For years this system worked, with the CAB submitting reports every two years until 2006. When this system was functioning properly, these statutorily-set salaries were addressed every three to four years, allowing for incremental change. From 1994 to 2007 there were four salary increases for the City Councilors totaling \$42,500. The last time the City Council acted on a recommendation from the CAB was in 2007, when it increased the salary ranges of all positions set by ordinance and the salaries of the Mayor and City Councilors.

Between adopting this recommendation and 2013, the CAB failed to fulfill its mission required by ordinance of producing a salary recommendation every two years. No doubt the worst recession in decades starting in 2008 contributed to a sentiment that it was not a proper time for salary increases. However, in 2013 a recommendation was submitted to the Mayor and City Council suggesting increases to salary ranges for senior officials and an increase in the Mayor's salary but no action was taken.

2013 CAB Recommendation

As the Research Bureau testified when the salary ranges were increased for Category 1A positions in June of 2014, we believe that the City Council should act on the recommendation of the CAB as a package, and not implement salary increases on a piecemeal basis. The CAB recommendation included increasing the top end of all salary ranges for cabinet officers, department heads and other senior officials set by Ordinance by 10%, closely matching the salary increases of 11% awarded to non-uniformed union employees between 2006 and 2013. The report also recommended increasing the Mayor's salary from \$175,000 to \$190,000, an increase of \$15,000 or 8.6%.

It should be noted that increasing the salary ranges does not automatically increase the salary of senior officials, but rather gives the Mayor the discretion to determine the salary and frequency of increases within the salary ranges of each position. This discretion allows the Mayor to attract more talented individuals to senior leadership positions, reward senior officials for exemplary performance and ensure that, except for the public safety department heads, department heads are not placed in situations in which they are paid less than the employees they supervise. The Bureau has recommended that salary increases for senior officials should be based on merit as determined by a comprehensive employee evaluation system.

Conflict of Interest

The conflict of interest regulations (MGL Ch. 268A) appear to be in conflict with state law (MGL. Ch. 39, s.6A.), which states that the Mayor and City Council salaries must be set by the Council. Legal arguments aside, it is clear that any conflict of interest would be greatly reduced by having any salary increases take effect in January of 2016, after the next election. This is one reason why the Bureau feels the City Council should take additional time to work with the Administration to pass a comprehensive salary reform package.

Recommendation

The City Council should work with the Walsh Administration to create a plan using the 2013 CAB report as a foundation that provides a comprehensive salary adjustment package. That plan should recognize that the Mayor is not willing to recommend an increase in his own salary at this point, but that providing a salary increase for each City Councilor based on the practice of it being 50% of the Mayor's salary as recommended by the CAB is an option that should be considered. Additionally, the CAB should fulfill its legal obligation of producing reports with recommendations on every even year starting in March 2016 so that incremental adjustments can be made to these positions in future years depending on the City's economic position.