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City Still Negotiating New Contracts with Its Unions

Balancing affordability with reform will be test for Mayor

The Walsh Administration continues to be in negotiations with 38 of its 40 bargaining units whose contracts expired in either June or August of 2016. The contracts for the firefighters and EMTs will expire on June 30, 2017. The final outcome of the 38 contract negotiations will have a direct impact on the growth of the FY18 budget and subsequent year budgets. Spending for employee salaries and benefits represents 68% of the total FY17 operating budget. The Walsh Administration will need to negotiate contracts that are financially sustainable and include management provisions to improve service delivery in return.

This round of negotiations is the first time the Walsh Administration has been responsible for negotiating all union contracts. When Mayor Walsh assumed office on January 6, 2014, all contracts except for the firefighters, Police Superior Officers, Superior Detectives, Detectives and EMTs had been settled by the Menino Administration. The Boston Patrolmen's Association contract was decided through binding arbitration in 2013. This contract was overly generous and basically set the parameters for the Superior Officers and Superior Detectives contracts negotiated with the Walsh Administration in 2014. The [Detectives](#) successfully sought binding arbitration and in December 2015 received a salary increase of 28.7% over six years, higher than the other three police unions for the same period. This award will influence

the City's negotiations with the four police unions in this current round of talks.

Budget Impact

The City's total operating salary cost is currently \$1.4B. A 2% salary increase for FY17 and the next two years would increase spending by approximately \$165-\$175M. That cost would be increased further by other related factors such as overtime, any increase in employee levels, or new initiatives. Later these higher salaries will lead to more expensive pensions. The financial impact of the higher salaries is why provisions to improve the efficiency and cost effectiveness of service delivery are important for the new contracts.

Teachers' Contract

The most expensive contract and the one most in need of significant reform is the contract being negotiated between the School Committee/City and Boston Teachers Union (BTU). The Research Bureau issued a [Special Report](#) in August that explained the urgency for bold reform in the contract and recommended seven reform measures to improve teacher quality and student achievement. An annual 2% salary increase over three years would increase BTU salary costs by approximately \$58-\$68M over three years. Other contract measures like expanding extended learning time to 60 more schools and step increases would add to that cost. This year the BPS operating budget supports 8,668 employees of which 4,546 or 52% are teachers.