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Can de Blasio Maintain His Successful Record on Collective Bargaining?

By Wilder Fleming

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Over 60 percent of the 350,000 New York City employees that former Mayor Michael Bloomberg left to work under expired contract deals between their unions and the city have reached new agreements, thanks to successful negotiations between the de Blasio administration and seven labor unions, two of which—the United Federation of Teachers and District Council 37—account for over 200,000 of these workers. The deals have been praised by independent monitors like the city and state comptrollers' offices, the fiscally conservative [Citizens Budget Commission](#) and several bond rating agencies. According to the mayor's office, as long as the economy stays solid, the agreements should be fully funded within the city's current budget framework.

Despite this sunny outlook, the city still must come to terms with close to 100 bargaining units, including those representing uniformed workers such as the police and firefighters, which have traditionally asked for higher raises than their so-called "civilian" counterparts. Ed Mullins, president of the Sergeants Benevolent Association, Tuesday cited his union's stalled contract talks with the city as one of his reasons for opposing Mayor Bill de Blasio's plans to host the Democratic National Convention in Brooklyn in 2016.

"We still have a big question mark where the uniformed unions are concerned," said Maria Doulis, director of city studies at the CBC. "And there is a pretty big risk there. If ... [they] decide they don't like this pattern—that it's too low for their members—they'll go to arbitration. And historically when they go to arbitration, they get something much higher than what's being offered by the administration or than the pattern that already exists."

Because uniformed personnel are viewed as essential to the city's daily functioning, strikes among this group are considered unacceptable: Without their presence, it is believed chaos could ensue or a disaster could go unchecked. So while it is common in the civilian union bargaining process to seek the advice of a third-party mediator who lays out a set of recommendations only, an impasse in negotiations with the uniformed ranks often leads to an arbitrator who hands down a non-negotiable resolution.

"Relative to police officers in Nassau and Suffolk and the Port Authority, the NYPD have successfully made the case in the past that their officers are underpaid and that there is a wage differential that merits having them catch up through larger increases," Doulis said.



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In three of the last four rounds of bargaining under Bloomberg, which were negotiated between 2002 and 2008, the uniformed city employees won higher raises than their civilian peers. From 2003 to 2005, for example, the uniforms received cumulative raises of 14.5 percent, while the civilians received raises of 6 percent. In the last round, which was negotiated in 2008 and applied to 2009 and 2010, both the uniforms and the civilians received cumulative raises of 8 percent. (The teachers, which constitute a third category, did not strike a deal in the 2008-2010 round of bargaining.)

Bob Linn, de Blasio's commissioner in the Office of Labor Relations and the chief negotiator of the new contracts, would not discuss unresolved negotiations, though he did appear to differentiate between the larger uniformed unions and the other bargaining units.

"There are a number of units that we're talking about in discussing the seven-year pattern settlement that the city has reached," Linn said. "There then are the large groups of uniformed service workers in police, fire, corrections, sanitation and the officers of the supervisory ranks—those are all conversations that are going forward."

The seven-year pattern that was first negotiated as part of a larger deal agreement with the UFT and is now being used as a model for current negotiations with other civilian bargaining units has been agreed to by one uniformed union as well: Local Teamsters 237, which represents 8,204 school safety agents and other special officers. **But as Doulis pointed out, on at least one occasion during the Bloomberg administration when the police officers were granted higher raises through arbitration, the city then re-opened talks with other uniformed unions that had already settled for less and granted them increases on par with the police department's.**

Though state Comptroller Thomas DiNapoli in a June analysis of the city budget described the agreement between de Blasio and the teachers' union as lifting "a cloud that has hung over the city's finances for years," he also noted that "the union representing the city's police officers is seeking larger wage increases than those offered by the city, and has begun the process that could lead to binding arbitration."

The deal agreed to by the UFT, along with subsequent contracts reached with two healthcare unions—1199 SEIU and the New York State Nurses Association—actually cover nine years and several months each. Two of those years address the pair of 4 percent pay raises other city workers had received in the aforementioned 2008–10 bargaining round with the Bloomberg administration that the teachers and healthcare workers had missed out on. (The city still has to settle with 25,000 workers who also did not receive the previous 8 percent raises.) Although the annual raises included in the remaining seven years of the agreements increase in the latter years covered by the contract—resulting in projected budget gaps for the out-years—they are kept under 4 percent. (The increases total a little more than 10 percent over those seven years. The workers were also granted one-time, \$1,000 bonuses.) This seven-year agreement served as a pattern for the deal with DC 37,



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the city's largest municipal union. In total, the teachers' and the two healthcare unions will each enjoy 18 percent raises over the period of their contracts.

Doulis expects the overall cost of the contracts to come to more than \$13 billion once all the deals are finalized. This estimate takes into account \$3.4 billion in total healthcare cost savings for the entire city workforce over four years—a condition of the seven-year pattern—and \$1.3 billion in recurring savings every year thereafter. It is the realization of these savings that constitute the CBC's other major concern, according to Doulis.

"We're going to be looking to see what the kinds of actions are that get you to those savings, because I'm sure there is some low-hanging fruit and some one-shots that you can pursue in the beginning, and you should absolutely do that," she said. "But your focus should be on bending the cost curve and doing things that you know can provide recurring savings that make your health insurance program more efficient and more cost-effective in the future."

Nationally, public sector employees on average pay around half of what their private sector counterparts do toward their insurance premiums. In New York, state employees contribute 12 to 16 percent on average for personal coverage, while New Yorkers at private firms pay 19 to 20 percent. (State workers actually pay a higher average percentage than those in the private sector for family insurance premiums.) But in New York City, public employees enrolled in one of the city's two major plans pay nothing toward their personal or family premiums—a practice unparalleled in other U.S. cities, with only San Francisco and Los Angeles in the same ballpark, according to the CBC.

Commissioner Linn has listed a menu of options for the city and the Municipal Labor Committee—the umbrella group representing the unions—to consider in their plans to achieve cost savings in this area, including the contribution of a minimum premium on the part of the employee. Other recommendations include marketing plans to provide competitive bidding of contracts, the capping of certain rates and more effective delivery of healthcare.

In a June letter to the CBC, Linn wrote, "It is important to note that the City has not assumed that cost savings will necessarily be realized through premium cost sharing with employees. The City will first work to find real, permanent savings and fundamentally bend the curve when it comes to rapidly-increasing health care costs."

He also stressed that the city's agreement with the Municipal Labor Committee includes a dispute resolution clause "that guarantees the savings; if the parties cannot meet the specified dollar target goals for a fiscal year, the parties have agreed to meet with the Arbitrator, who has the authority to enforce the savings."

In his previous job as a private sector consultant, Linn successfully negotiated a deal with 1199 SEIU that achieved savings by way of reigning in healthcare costs, which he has pointed to as evidence that the strategy works.



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Linn said the plan is to track the healthcare savings strategy on a quarterly basis, and he envisions that the reports will be made publicly available. A spokesperson for the de Blasio administration, Amy Spitalnick, said the first report is expected sometime this fall.

Linn is hopeful that most of the agreements will be reached by the beginning of 2015, on track with the mayor's goal of resolving the issue within a year's time.

Doulis agrees.

"Is Bob Linn overly optimistic? I would say probably not. At this point the unions, most of their contracts have been expired for so long their members are probably eager to see the increases."