



## HOW PHILLY WORKS

### *CITY COUNCIL AND THE LABOR CONTRACTS*

Today City Council turned up the heat on Mayor Nutter another notch.

In a unanimously approved resolution passed this morning, Council delivered a severe message to the mayor: “End the contract negotiations stalemate and demands for contract concessions and instead enter into negotiations with the AFSCME municipal workers unions to reach a settlement for a Fair Contract that reflects the significant fiscal support that these two City employee unions have already rendered.”

It’s been pretty quiet on the municipal labor front for the past four years. So quiet that it wasn’t clear whether negotiations were even happening.

But, with recession fears subsiding, the unions now seem to be upping the ante. And willing to use their influence with City Council to box the mayor into a corner. Council President Darrell Clarke acknowledged their clout by reminding union members heckling Mayor Nutter during the mayor’s budget address: “I have been a strong supporter of the municipal unions... and I’m trying to help you all.”

The mayor says his “no concessions – no contract” pledge is firm. And with no reelection facing him, he has less to fear from the unions. But, at the same time, the mayor’s proposed budget is now in Council’s hands, and Council’s ability to thwart the mayor’s agenda (think two years of killing his soda tax proposals) could impact his legacy.

This edition of [HOW PHILLY WORKS](#) gives you a brief overview of what’s happening – or not happening – with the two unresolved municipal union contracts. And whether City Council’s reproach to the mayor is political theater or the beginning of the end of the deadlock.

- March 22, 2012

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#### **Remind me which municipal union contracts are up in the air.**

Around 15,000 of the city’s 22,000 employees are represented by unions with unresolved contracts:

- American Federation of State, County and Municipal Employees (AFSCME), District Council 33 represents around 10,000 active city workers who have manual labor or “blue collar” jobs, including sanitation workers, clerical employees and prison officers.
- AFSCME District Council 47 represents around 5,000 active city workers who have non-manual labor or “white collar” jobs, such as accountants and engineers.



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### When did their contracts expire?

In June 2008. Newly elected mayor Michael Nutter got the unions to agree to one-year contracts so his administration could study how to deal with rising health care and pension costs. The two unions are still operating under the terms of the one-year contracts that expired in June 2009.

### What does City Council have to do with the union contracts?

Council has no official role in the contract negotiations. But it's a strong statement that all 17 members of City Council approved the resolution calling on the mayor to give the unions the fair contract they deserve. It's not just Council's way of thanking the unions for their strong support during last year's election. (Some Council members were actually opposed by the unions.) Instead it's a direct challenge to the mayor – at a time when the mayor needs Council's support to pass his budget and to advance his agenda on other issues.

### Doesn't Nutter want to make nice to the unions too?

No mayor likes to be at war with his own workforce. But this mayor has never been particularly close to the municipal unions. In the 2011 Democratic mayoral primary, District Council 33 supported Milton Street (who served time in jail for income tax evasion) over the incumbent Nutter. Although District Council 47 didn't issue an official endorsement, the union's statement said it was "favorable to Mr. Street's comments, proposals, and commitment to the city and its residents and workers."

### Why have the contracts been unresolved for so long?

During the economic collapse, when many people saw their own private sector benefit plans change dramatically, the public sentiment seemed to tilt towards the mayor: the unions should abandon their self-interest and face reality. Now that the recession has lifted, the unions may be gambling that public sentiment is swinging their way.

### Shouldn't the mayor have taken advantage of the public's support?

In a sense, he did. Since he was getting nowhere with forcing the unions to make wage and benefit concessions, the mayor seemed to believe that his best option was to stick with the contracts he negotiated almost four years ago. In other words, no wage hikes and no increases in city contributions to the employees' health benefits.

### If public sentiment really has changed, has the mayor blown his chance for support?

If anything, the mayor is trying to turn up the heat too. He keeps reminding taxpayers that the recession may have subsided, but the city's overall financial crisis has not. He says that unless the unions make concessions, the city won't be able to continue delivering basic services like trash collection or snow removal.

### Why is the mayor pinning the city's future on concessions from the unions?

Because, according to the city's fiscal overseer – the Pennsylvania Intergovernmental Cooperation Authority (PICA) – employee wages and benefits make up 62.7% of the city's budget this fiscal year.



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### What about the pensions everyone talks about?

Pensions are an even bigger nut to crack. The mayor reports that the city's annual pension costs have grown from \$200 million to \$500 million – and the pension fund (which is what the city needs to pay retired workers and has promised to pay employees who are still working but will retire some day) is only 50% funded.

### Why aren't the unions more willing to make at least some sacrifices?

The unions contend they have made more than their share of sacrifices. According to City Council's resolution, over the last four years, union members have given the city at least \$415 million in financial support by, among other things, not getting raises, helping the city defer payments to the pension fund and working with the mayor to reassign 200 jobs and restructure the workforce.

### Can the unions just strike and force the mayor's hand?

The unions are permitted to strike – some of us remember three weeks of uncollected trash during District Council 33's strike in the blistering hot summer of 1986. But if they do, the city can implement its last, best offer on wages and benefits without the unions' agreement.

### So the unions are in a box too, right?

Their strategy at the moment seems to be to punch their way out of the box by putting more and more pressure on the mayor. Enlisting Council's help is one tactic. Holding rallies and heckling the mayor is another. And, this being politics, it's probably no accident that District Council 33's 16-year President, Pete Matthews, faces a reelection challenge this May. This is not a time Matthews wants to alienate his membership.

### Why can't an independent party be called in to settle this?

Unlike the city's police officers and firefighters, whose contracts are usually negotiated through a binding arbitration process, the city negotiates directly with District Councils 33 and 47.

### Where will this end?

It's hard to predict. But now that the unions are acting more aggressively, and their friends in City Council (some of whom are already eyeing a run for mayor in 2015) are willing to help press their cause, it's hard to imagine the impasse lasting four more years.

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*This is just the tip of the iceberg when it comes to understanding the complex issues surrounding the municipal union contracts. Tell us if you want to hear more by e-mailing:*

*[futureofthecity@seventy.org](mailto:futureofthecity@seventy.org).*

*And, as always, if you know others who want to follow what's happening in City Council (or elsewhere in city or state government) by getting copies of our [HOW PHILLY WORKS](#) series, they can join our e-mail list by clicking here: [http://www.seventy.org/News\\_NewsFlash\\_Signup.aspx](http://www.seventy.org/News_NewsFlash_Signup.aspx).*