

10% Salary Reduction for City Employees

10% Salary Reduction for City Employees: A 10% reduction in all salaries - both union and non-union - would reduce local fund expenses by nearly \$300 million.

Background

Salaries and wages (not including other personnel-related expenses such as healthcare and workers' compensation) have accounted for an average of 59% of City local fund expenses each year over the past 10 years. Historically, this proportion has been even higher in the corporate fund.

The City has steadily decreased its workforce across all funds from 38,366 positions (40,318 full-time equivalents, or FTEs) in 2005 to 32,959 positions (34,129 FTEs) in 2015, a decrease of approximately 14%, or 5,407 positions (6,189 FTEs). However, despite this reduction in the workforce, the City's local fund personnel costs increased by 20% between 2005 and 2014, with salary and wage expenses increasing by 17% and healthcare costs by 29%.

The increase in personnel expenses over the past decade has been due primarily to salary increases resulting from contractual obligations under collective bargaining agreements with the unions that represent the vast majority of City employees.

Additional information on the City's workforce and associated costs can be found on pages 41-44 of the 2015 Annual Financial Analysis.

Cost Impact

Attached please find a summary that provides the 2015 budgeted salaries and wages by department for all local funds, and what a 10% reduction in those salaries and wages would yield. This summary is divided into union and non-union employees.

Legal Authority

Approximately 91% of employees are covered by collective bargaining agreements (CBAs) with unions. These CBAs would need to be renegotiated to effect any salary reduction for covered employees.