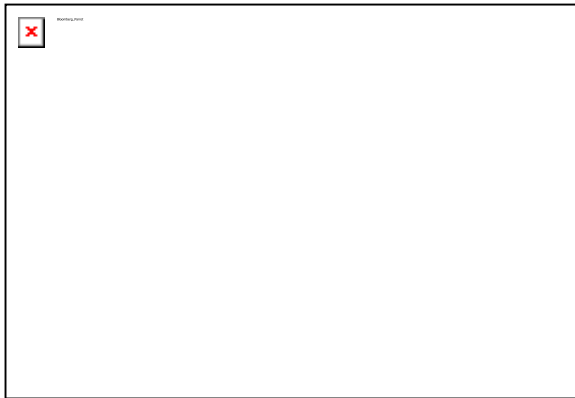


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The Chief

Razzle Dazzle **As Mayor Loses Cool, Unions Look to Future**



The Chief-Leader/Michel Friang

THE VALUE OF COOPERATION: While Mayor Bloomberg's high-handed approach to labor issues in recent years has left union leaders willing to await a new Mayor to negotiate wage pacts to replace long-expired deals, James Parrott (right) says the city's economy will continue to limit what the unions can obtain unless they figure out productivity initiatives that save the city money through more-efficient operations in areas including employee health care.

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As Mayor Loses Cool, Unions Look to Future By RICHARD STEIER | 0 comments

Mayor Bloomberg's apparent unwillingness to engage in meaningful negotiations with union leaders has had the effect of rendering him, from a labor standpoint, forgotten but not gone with 11 months remaining in his term.

When some union officials a year ago said that they had given up on the prospect of reaching contract deals with the Mayor and were content to wait for his successor even though their members were already working for well over a year under expired pacts, it seemed like posturing that could change instantly if the right offer suddenly beckoned.

But by the time MIT Professor Thomas Kochan drafted a paper six weeks ago titled "Elements of a Labor Policy for the Next Mayor of New York," it didn't seem premature, particularly because the heart of his thesis pivoted on labor/management collaboration of the sort that has not been

seen in city government since the Koch administration and depends on a Mayor acknowledging that his workers sometimes know more about solving an agency's problems than he does.

Souring the Debate

Mr. Bloomberg has increasingly acted as if whatever problems exist have been caused by those workers, or at least their union leaders. Over his first two terms in office, his most-harmonious relationship with a union involved the United Federation of Teachers; in his third term he has verbally savaged both the union and its members, at one point telling an audience at MIT that given his druthers, he'd fire half the teaching cadre and pay those who remained twice as much.

Remarks like this are why most elected officials dislike hypothetical questions: what's the point of saying something antagonistic when all you can accomplish is to get yourself into trouble? The Mayor delivered his zinger and alienated the union and its president, Mike Mulgrew, and relations seem to have gone downhill from there.

What has been particularly damaging is that Mr. Bloomberg seems either unaware of or indifferent to the spatter effect. When he denounced Mr. Mulgrew's push for a two-year sunset on a proposed Teacher evaluation system by suggesting that it was a fraud and that the 90 percent of other state school districts with sunsets—in most cases after just a year—were similarly tainted, he was implying that Governor Cuomo was either a chump or a party to an exercise in spin. This was pretty cheeky given that the Mayor's wing man in the verbal brawling was Deputy Mayor Howard Wolfson, aka Wolfman Flack.

Even normally reliable Bloomberg boosters in his wars with the UFT weren't rallying to his side. Bob McManus, the recently retired editorial-page editor of the Post, penned a column in the paper Jan. 23 that spoke of "the now-pervasive sense that Bloomberg no longer much gives a damn about the city's 1,400 schools."

'Exploded' Over Terms

Mr. McManus was especially aggrieved about the fact that the Mayor's key negotiator in the evaluation talks with the UFT was Deputy Chancellor Shael Polakow-Suransky, whom he described as "no fan of standardized testing," a position that led him to de-emphasize its importance in the tentative deal reached with Mr. Mulgrew. Mr. McManus quoted one person involved in the talks as saying that when Mr. Bloomberg learned of this development, "he exploded."

This says more about the Mayor and his ideas about education than it does about Mr. Polakow-Suransky. Most education experts don't put much stock in standardized test scores as indicators of student development and Teacher prowess. They are the equivalent of comfort food rich in trans-fats that offers a surface satisfaction but lacks nourishment. But a businessman used to being able to assess success or failure based on "metrics" considers such high-blown ideas an

affectation. It now seems increasingly clear that his first Chancellor, Joel Klein, was playing the bad cop in dealings with the UFT so that Mr. Bloomberg could seem like the voice of reason; with Mr. Klein gone, his not-for-attribution tone lives on in the Mayor's public truculence.

No Patience for Dissent

Where the appointment of Cathie Black left people baffled that he would pluck an educational dilettante from his social circle and entrust her with the transformation Mr. Klein had failed to deliver, there are now questions as to whether Mr. Bloomberg himself is the dabbler who doesn't know much but knows what he wants, and that was why he chose Mr. Klein, a skilled lawyer whose lack of an academic background made him unlikely to fundamentally disagree with his opinions as to what students needed and how to provide it.

That mindset can also be seen in a collective-bargaining strategy that has veered wildly off the tracks during his third term as he has brushed off the concept of contract patterns that has been relied on by Mayors for the past half-century. That concept is certain to be upheld once unions which, unlike the UFT, are guaranteed binding arbitration of their wage disputes, finally seek third-party intervention to replace their expired pacts.

A half-dozen years ago, Mr. Bloomberg, having been bruised a bit in an arbitration with the Patrolmen's Benevolent Association, decided the best way to avoid a repeat was to hem in the largest police union by making an unusually long 74-month deal with the Sergeants Benevolent Association whose back end featured a stream of 4-percent pay hikes. It worked in the short term: the PBA after another arbitration reached a quick deal for annual raises matching those for the SBA, but as the economy headed south, those terms suddenly seemed overly generous to the Mayor and the tabloid editorial boards. And so after granting two 4-percent hikes to District Council 37 and Teamsters Local 237, he abruptly balked when his most willing negotiating partner to that point, the UFT, came seeking the same terms.

Stalemate Bought Time

It didn't matter to him that as the largest and most-influential of the municipal unions, the UFT could hardly be expected to settle for inferior terms, and almost certainly wouldn't have to if it waited him out. A stalemate at the very least bought the Mayor time for the city to rebound financially from the earthquake that had leveled Wall Street in the fall of 2008. But as the fiscal climate improved, helped along by the Federal bailout of the financial industry, Mr. Bloomberg stuck to his insistence that the city couldn't afford to honor the pattern. As the potential liability in retroactive raises grew to disturbing levels—the Independent Budget Office has estimated that extending the now-old pattern to Teachers and school supervisors and granting raises of 2 percent for other employees whose union contracts expired over the past couple of years would carry a retro price tag of \$5.4 billion by this June—he upped the ante by declaring last May that he would not grant retroactivity for any raises he negotiated. He might as well have hung out a sign at the Office of Labor Relations saying, "Closed for Business."

In his paper outlining a different kind of bargaining approach for the next Mayor, Professor Kochan said two government bargaining modes had developed in response to the impact of the national economic crisis on state and local governments. One, which he dubbed the “Wisconsin model,” is “to attack public-service workers and their unions, making them the scapegoats for all budgetary problems regardless of the facts...”

A Need for Collaboration

The alternative, he said, “has been for administrations to work collaboratively with their workers and unions to address problems together in new ways.”

Mr. Kochan emphasized that he was not suggesting that the next Mayor merely open the vault and let the sun shine in, writing, “No elected official, no matter how much he or she supports the principles of worker rights and collective bargaining, can maintain the status quo or rely on traditional approaches. The public is demanding faster, more-responsive and more equitable processes and short- and long-run solutions...”

That does not mean, however, that the public, however reluctant it may be to accept tax hikes in order to maintain union benefit packages and provide pay raises, has bought the right-wing rhetoric about government workers having it too good because of their greedy unions. Such nonsense doesn’t square with reality in any case, Professor Kochan noted, writing, “The evidence indicates that public-sector workers nationwide earn 11.5 percent less on average than their private-sector counterparts in wages and salaries,” although more-generous fringe benefits for government employees reduce that gap to just 3.7 percent. For state and local government workers in New York, he continued, there is virtually no difference in compensation compared to their private-sector counterparts once fringe benefits are considered.

One significant difference is that public employees “pay a smaller percentage of their health-care premiums than most private-sector employees,” something that Mr. Cuomo successfully targeted in his contract talks with the two largest state-employee unions in 2011 and that Mr. Bloomberg has been unable to address in his talks with municipal unions.

A Total-Health Approach?

Mr. Kochan argued that the Municipal Labor Committee should heed the trend nationwide of “shifting from fee-for-service to total health—preventive, integrated insurance and delivery models, and information-technology-evidence-based care-management systems.” He said of the MLC, which represents roughly 300,000 workers, “Using its bargaining leverage, it could contract with a single insurer and provider paid on a capitation fee per month rather than on a fee-for-service basis.”

James Parrott, the deputy director and chief economist of the Fiscal Policy Institute—the progressive think-tank for which Professor Kochan prepared his proposal—said the MLC should

use as a model the program operated by Local 6 of the Hotel Workers Union, with health centers that “provide comprehensive coverage, unlimited access to primary care, and full dental and optical care, with no deductibles or co-pays.”

Making that kind of transition would require dissolving the bureaucratic fiefdoms some unions have created with health-and-welfare funds that provide dental, optical and prescription-drug benefits, but Professor Kochan and Mr. Parrott both say the unions would be wise to make those kind of sacrifices, given the likelihood that the local economy is not going to suddenly take off over the next four years.

Koch’s Labor Overtures

The success of the Sanitation Department’s two-worker truck program during his second term in office led then-Mayor Ed Koch in the mid-1980s to explore other labor-management collaborations focused on both greater productivity and improved on-the-job quality of life. Those initiatives largely faded after he left office at the end of 1989, but Professor Kochan argued that it is time to re-examine “engaging front-line employees in problem-solving and continuous improvement activities [and] having broad-ranging information sharing and consultation among high-level executives and labor representatives.” He cited the American Federation of Teachers as a national leader in this area.

Yet its president, former UFT head Randi Weingarten, has said that some of the changes she has pushed for in areas like evaluations and assuring Teacher quality have been resisted by Mr. Mulgrew precisely because Mr. Bloomberg has seemed more intent on headlines than results, particularly if he has to share the credit with the union.

Without mentioning DC 37 by name, Professor Kochan cited several money-saving proposals it has brought to the Bloomberg administration in areas ranging from shifting work in-house to more carefully auditing services provided by private contractors. Mr. Parrott said the Mayor’s unwillingness to take many of those suggestions seriously is just one of the things that raises doubts about his reputation as a managerial genius.

‘Mismanaged IT Pacts’

“He would like people to believe he is the epitome of fiscal soundness and good management, but look at the record,” he said, sitting in his office a half-block from City Hall. “Look at the management of some of the [information-technology] contracts. This is the place where the Mayor made his mark in the business world, and so you’d figure it’s the last place his administration would stumble. But you look at CityTime and the 911 system and some of the other payroll contracts, and it’s almost a pattern of mismanagement.”

Mr. Bloomberg has done better managing the city’s fiscal affairs, Mr. Parrott said, especially in light of significant losses in state and Federal aid over the past decade. In 2002, he noted, 53.2

percent of the city's spending was covered by local taxes; by 2016, that number will have risen to 66 percent. Large jumps in required pension contributions to about \$8 billion due to the stock-market slump have also hurt, although Mr. Parrott said they are likely to level off in the next few years.

But he also said that the property-tax and sales-tax increases imposed by the Mayor to deal with budget problems are "very regressive taxes" and questioned why he had "given away a large chunk of the city's tax base" to encourage development on the west side of Manhattan while financing the expansion of the No. 7 IRT line.

That said, he continued, if labor hopes to build public support for maintaining benefits at existing levels while obtaining pay hikes for their members, "it behooves the unions to be explicit about how to improve the quality of services."

Urges Focus on Poverty

Part of that work, he said, will involve going beyond making the case for bread-and-butter items like wages and benefits to tackle larger issues, from the minimum wage to the negative impact poverty has on education.

"We've made no progress in bringing down poverty in New York in the last 30 years," Mr. Parrott said. "We have a lot of crappy jobs in New York City that we haven't changed. I think municipal labor needs to insist that we address poverty as part of city policy."

The next Mayor, he said, should "rethink the tax structure and make it more progressive. You're more likely to get the cooperation of labor if they see they're not being singled out [for sacrifice]. And we certainly haven't seen any of that from the current administration. But I don't think we're going to see a sustained economic recovery until we see a reversal of the economic polarization" that has squeezed the middle class and the poor while making Manhattan in particular the domain of the wealthy.

No matter who succeeds Mr. Bloomberg, he cautioned, "The city budget is not going to make it easy to get labor settlements." And he decried the "budget dance" that during the Bloomberg administration has seen social-service programs, libraries and fire companies placed on the chopping block each year, only to have the City Council intervene and rescue many of the threatened jobs and services in the final budget negotiations in June.

A Corrosive Effect

It may serve the political purposes of giving the Council something to claim credit for without threatening mayoral prerogatives on bigger-ticket items, Mr. Parrott said, but it has a corrosive effect by suggesting that certain key services—some of which actually do take hits—can be lived without. That has been seen over the years in the cutbacks in music, art and athletic programs

during the school day, as well as programs offering those same activities after school. Take them away and the consequence in poorer neighborhoods, he said, is “young kids hanging out on the street. Bad things sometimes happen, and the city accepting that, that’s a real puzzle.”

He mused, “With new leadership, there’ll hopefully be an openness to talking things through with labor, and if things don’t immediately work out, hopefully they’ll keep working at it.”

Mr. Bloomberg’s loss of patience with the unions in recent years serves as the other side of his argument that people like himself who have succeeded at running an enterprise have more to offer the city than the typical Democratic mayoral candidate who has come up the political ladder more by looking to please constituent groups than by concrete accomplishments. The essence of being a good politician—in the sense of being able to get things done as well as to ingratiate yourself with those who can help you—is understanding the need to compromise and work collaboratively.

Not His Style

Mr. Bloomberg has used his money to try to build the alliances that others cultivate using those skills. His resistance to bending on issues where he insists he is right—even when experience raises questions about such assessments—has limited what he has been able to accomplish when a gentler hand is needed at the throttle.

It’s why union leaders have come to regard him as someone who has to be endured for a dwindling period of time before they can once again engage in productive discussions on behalf of the people who work for the city.
