SPECIAL REPORT

July 30, 2026 | No. 26-4

BOSTON MUNICIPAL RESEARCH BUREAU

Collective Bargaining Shapes Boston's Personnel Spending

Opportunities for Fiscal Planning and Cost Transparency in a Constrained Revenue Environment

How much does the City of Boston appropriate for personnel, and how has personnel spending changed relative to staffing levels over time? What do Boston's personnel costs look like across funding sources and departments? Collective bargaining agreements establish compensation, benefits, work rules, and other recurring obligations that affect both current budgets and long-term liabilities. What tools can the City use to understand how collective bargaining agreements will affect departmental costs and long-term fiscal obligations? How can Boston strengthen fiscal planning, cost transparency, and accountability for personnel spending in a constrained revenue environment?

Report Objectives

This report provides information and insights on:

- The size, funding, and composition of Boston's workforce and personnel budget
- Trends in staffing and personnel spending across wages, benefits, overtime, pensions, and other major cost categories
- Three collective bargaining agreements for the School, Fire and Police Departments
- Opportunities to strengthen multi-year cost analysis, transparency, and oversight of personnel spending and proposed labor agreements

A special thank you to the Research Bureau's Cabinet Members for their generous support.

Arlington Advisory Partners | Blue Cross Blue Shield of Massachusetts | Citizens Bank | Comcast | Fidelity Investments | Kearney, Donovan & McGee | P&G Gillette | State Street Corporation | The Drew Company |

Introduction

A city's most important asset is its people. The same is true for city government—it's the people who make the city work. However, those employees cost money, and personnel spending is far and away the largest part of the City's general operating budget. In FY27, the City anticipates employing a workforce of 20,810.7 full-time equivalents (FTEs) to provide services to its residents. The general operating budget will support 93.4% of these FTEs, and 67.1% of the general operating budget will go toward wages and benefits.[1]

Boston's personnel budget is shaped by both staffing levels and the cost of employment. For most of the City's employees, the cost of employment is determined through collective bargaining agreements. In recent years, negotiated increases in compensation have frequently outweighed any budgetary savings associated with reductions in staffing. Although the FY27 adopted budget reduces general-fund FTEs by 2.6%, total appropriations are 2.1% greater than in FY26.

In a constrained revenue environment, examining changes in personnel spending across the City's operating budget, with particular attention to how collective bargaining shapes current and long-term mandatory spending for the City, is increasingly important. Collective bargaining agreements have both immediate and long-term cost implications for the City. Once negotiated terms are finalized and incorporated into departmental budgets, they can embed recurring compensation increases and reduce the City's flexibility to address future budget pressures.

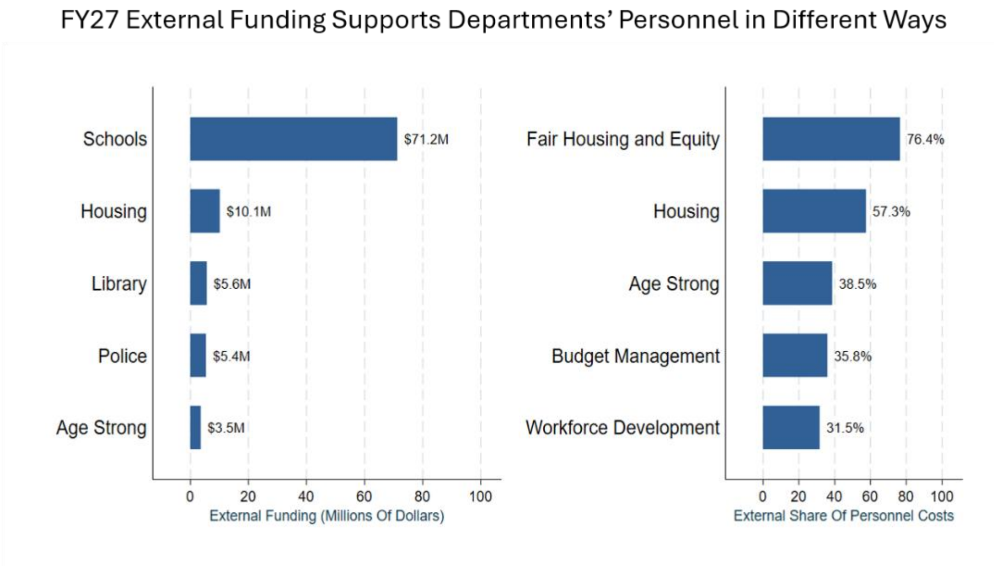
This report provides an overview of the City's staffing and personnel spending and compares staffing changes with personnel spending trends over time. Next, the report takes a closer look at how three of the largest collective bargaining agreements for employees within Boston Public Schools, the Police Department, and the Fire Department are expected to affect personnel spending for these departments.

The City of Boston's Workforce

Boston's workforce consists of a combination of personnel funded through City revenues, referred to as general-fund FTEs, and FTEs funded by federal, state, or other grant funding, known as externally funded FTEs. In FY27, the City anticipates employing 20,810.7 FTEs funded by either the City's revenues or external sources. The vast majority (19,430.4 FTEs) of City personnel are expected to be general-fund FTEs, while 6.6% (1,380.3 FTEs) will be paid through external funds. For more detail on general-fund FTEs by department, please see Appendix I.

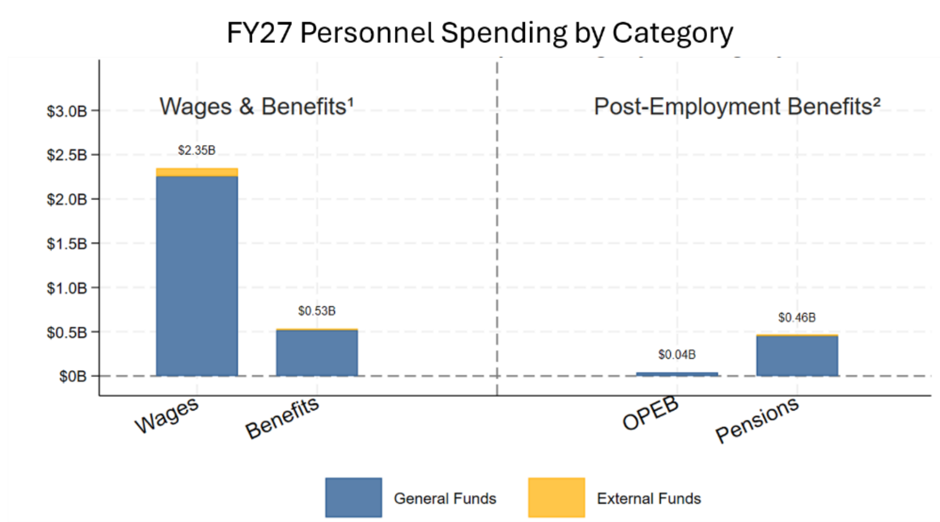
Twenty-four of Boston's departments have staff that will be supported by external funds in FY27. Boston Public Schools (BPS) will receive the largest dollar allocation from external sources. In contrast, Fair Housing and Equity will have the largest share of staff (76.4%) supported via external funds in FY27, despite receiving $740.5K in external funds for personnel. The Mayor's Office of Housing and Age Strong also receive external funding that supports significant shares of their personnel.

[1] Personnel expenses include: wages, collective bargaining reserve, Housing Trust Fund, health care benefits, unemployment compensation, workers' compensation, BRS pensions, pensions & annuities, and other post-employment benefits (OPEB)



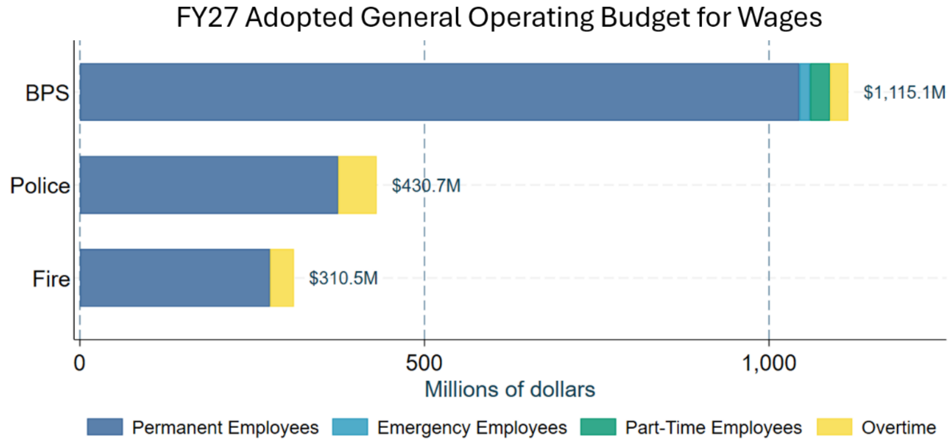
Personnel expenses from the all-funds budget, which include wages and current health care, unemployment, and workers' compensation benefits, as well as pensions and other post-employment benefits (OPEB) from both general and external funds, are expected to be $3.41B in FY27. Most personnel expenses will be paid from the City's general-fund revenues. The City's general fund is slated to pay 96.2% of wages ($2.26B), 97.2% of current health care and other benefits ($519.0M), and 98.8% of post-employment benefits, including pensions ($457.7M) and OPEB ($40.0M).

Wages drive personnel spending. The $2.26B of wage appropriations in the FY27 adopted budget are distributed among permanent, part-time, and emergency employees' wages and overtime. Permanent-employee wages account for 92.0% of budgeted wages, overtime for 5.7%, part-time employee wages for 1.2%, and emergency-employee wages for 1.1%.



1 Benefits include health care, unemployment and workers' compensation, and Housing Trust. 2 Post-Employment Benefits include BRS pensions, pensions & annuities, and OPEB

The FY27 adopted operating budget includes 10,312.8 FTEs for Boston Public Schools, 2,758.3 FTEs for the Police Department, and 1,683.0 FTEs for the Fire Department. Together, these three departments account for 75.9% of all budgeted general-fund FTEs, and 82.3% of the City's expected FY27 spending on wages is going to BPS, Police and Fire. BPS' budget for permanent, part-time and emergency employees' wages is more than Police and Fire combined. Additionally, the adopted FY27 budget includes overtime appropriations for BPS ($26.4M), Fire ($34.4M), and Police ($55.6M).



Health Care and Other Benefits – The City's payments for workers' compensation, unemployment insurance and other benefits are substantially smaller than spending on health care benefits. The City bears all financial risk for most of its employees' health plans and absorbs unexpected cost spikes on its own. The City manages health care revenues and expenses via the health trust fund. For many years, Boston used the health trust fund's surplus reserve to subsidize premiums and the City's contributions, reducing the amount that had to be appropriated annually for health insurance. Because plan design is set by a multi-year collective bargaining agreement, the City has little room to adjust healthcare claim expenses on a yearly basis. The City's FY27 adopted budget appropriates $477.4M for health insurance. As detailed in our [March 2026 *Special Report*](), the City faces a double obligation now: pay full costs of healthcare claims and begin restoring the health trust fund's catastrophic reserve. Together, these obligations drove a record 23.9% increase in the FY27 health insurance appropriation. The budgeted year-over-year increase in health insurance spending was 23.9% whereas revenues grew by 2.1% from FY26 to FY27.

Collective Bargaining Process

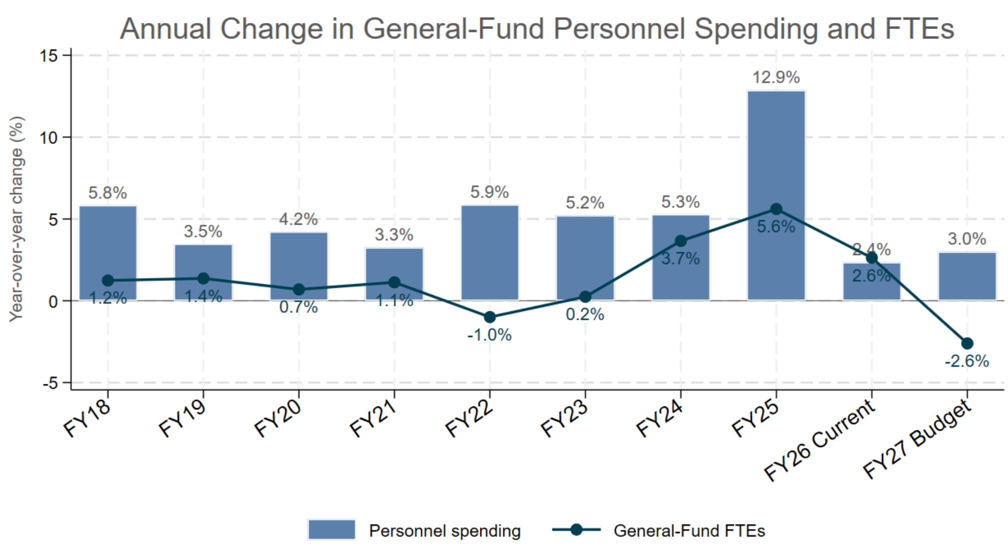
Each year, the City estimates the current-year and retroactive costs for new or renegotiated collective bargaining agreements (CBAs) and allocates money to the collective bargaining reserve in the adopted budget to cover these costs. The reserve fluctuates each year according to the number of CBAs under negotiation and their expected cost. As CBAs are finalized and approved, supplemental appropriations move money from the reserve to affected departments during the fiscal year. Because the collective bargaining reserve sits outside departmental budgets when the budget is adopted, departmental appropriations in adopted budgets may be less than actual fiscal-year spending by millions of dollars. In FY26, the adopted budget included $102.7M in the collective bargaining reserve, which went on to fund thirteen renegotiated collective bargaining agreements across seven departments. By April 2026, only $17.5M remained in the reserve. The City's FY27 adopted budget includes $21.9M in the collective bargaining reserve. For more detail on initial adopted collective bargaining reserves over time, please see Appendix II.

Pension and Other Post-Employment Benefits (OPEB) – Boston manages and funds its post-employment benefits through two separate funds.[2] Post-employment benefits constitute mandatory spending within the City's budget, but the City and the Boston Retirement Board have some discretion over funding schedules, subject to statutory deadlines and actuarial requirements. Boston is legally required to fully fund its pension liability by 2040. In following its payment schedule to meet its policy goal to fully fund its pension liability by 2028, pension expenditures have increased 89.9% ($209.7M) from FY18. In March 2026, the Retirement Board decided to moderate its payment schedule, which translated into a 5.3% decrease in the City's pension appropriation from FY26 to FY27.

Currently, there is no legal deadline for Boston to fully fund its OPEB liability. While prioritizing full funding of the pension system, Boston has contributed $40.0M for the past five years toward funding its OPEB liability. Although the City's ongoing pension obligations will be affected by benefit changes, demographic risks, and market influences, full funding of Boston's pension liability will reduce its future annual pension expense and free up funds that could be allocated to address Boston's OPEB liability.

Staffing Changes Compared to Personnel Spending Trends

The City's workforce is larger than it was ten years ago. From January 2018 to January 2027, the City added 2,095.6 general-fund FTEs, an increase of 12.1%. From FY18 to FY27, personnel spending on wages, benefits, and pensions increased by 56.6%. In most years between FY18 and FY27, personnel spending grew faster than general-fund FTEs.

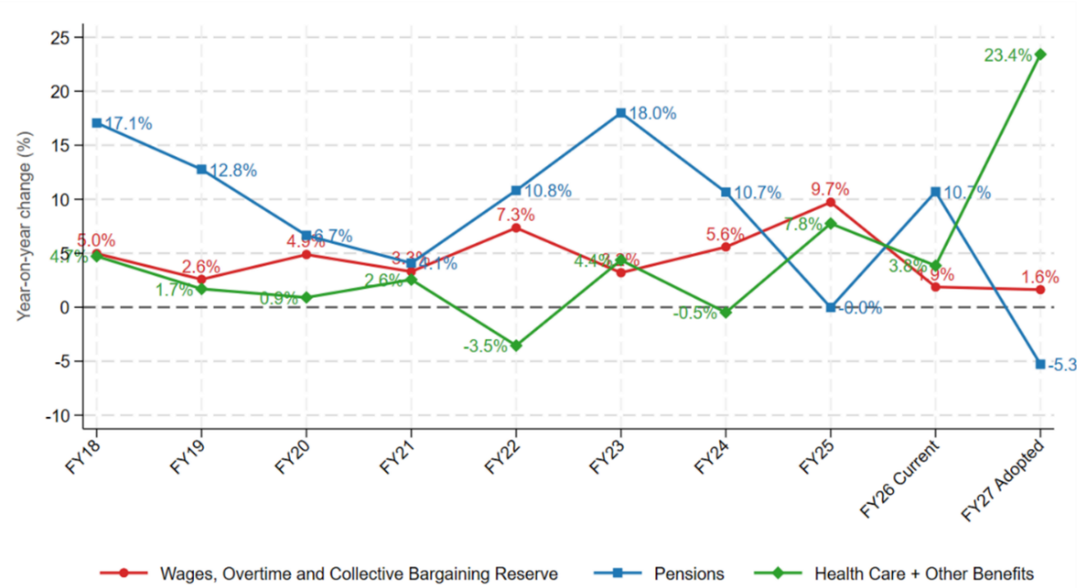


When looking at growth in different components of personnel spending year-over-year, total personnel spending changes year-to-year are less straightforward. Wages grow at varying rates depending on the year, and growth in spending on pensions and health care also varies. Notably, the City had a lower pension outlay in FY25 and a lower appropriation in FY27, which offset above-

[2] The Boston Retirement System (BRS) administers retirement benefits for City of Boston employees and employees of four autonomous agencies: the Boston Planning & Development Agency; the Boston Housing Authority; the Boston Public Health Commission; and the Boston Water and Sewer Commission.

average growth of wages in FY25 and extraordinary growth in projected healthcare spending for FY27.

Average Annual Change in Personnel Spending



Role of Collective Bargaining for Boston's Personnel Spending

Collective bargaining is a significant driver of the City of Boston's personnel spending. Under Massachusetts General Laws Chapter 150E, public employees have the right to organize and participate in labor unions. Employees can collectively bargain for increased wages, as well as changes in hours, working conditions, and other terms of employment.

As of FY26, the City has 34 active bargaining units, which represent 20,630 employees.[3] Active collective bargaining agreements influence personnel spending via wages, benefits, work schedules, and other terms and conditions of employment. First, they establish the parameters for wage growth. Second, they define the rates and eligibility for non-regular earnings, such as overtime, and specify when those payments are made. Third, they include provisions that affect pension benefits and retirement spending. Beyond compensation, collective bargaining agreements often address a broad range of employment-related matters, including working conditions, departmental policies,

BPS Health Insurance

Although BPS employees are enrolled in the same plans as all other City employees, BPS reports health insurance costs associated with its department's staff. No other department reports its staff health insurance costs individually. The FY27 BPS budget shows how the Public Employee Committee health insurance agreement can affect large personnel-heavy departments. Health insurance costs, negotiated through the PEC, account for more than half of the increase in BPS' FY27 adopted budget. In addition, the City Council subsequently approved a supplemental appropriation for BPS' cost overruns due to health insurance.

[3] There can be multiple collective bargaining units within one union. The City's Office of Labor Relations also provides support for the Boston Public Health Commission in its negotiations with an additional 8 collective bargaining units.

staffing levels, and other operational practices.

In 2011, the City and its collective bargaining units established the Public Employee Committee, which negotiates the terms of health-insurance coverage for unionized City employees. Because the PEC negotiates health insurance citywide, its collective bargaining agreement has significant implications for the City's personnel spending. The [Research Bureau's March 2026 publication]() on health insurance details the current structure for negotiating health insurance, the PEC agreement, and how it shapes personnel spending.

Three Departments: BPS, Police and Fire

The effects of collective bargaining are not distributed evenly across the City's departments. Because personnel spending is concentrated in a small number of labor-intensive departments, and because certain collective bargaining units are distinctly larger than others, changes to certain collective bargaining agreements can have a disproportionate effect on the City's overall budget. Three departments account for 94.6% of the FTE reductions in the FY27 adopted budget: Boston Public Schools (-421.4 FTEs), the Fire Department (-42.6 FTEs), and the Police Department (-27.8 FTEs).

Boston Public Schools has traditionally been the City's largest department by personnel count. BPS is budgeted to have 689.1 more FTEs than five years ago, an increase of 7.2%. From FY23 to FY27, BPS' spending on wages increased by 32.5%. The budgetary impacts of FY27 FTE reductions in BPS are at least partially offset by increases in wages negotiated in CBAs. The FY27 adopted budget reduces teacher FTEs by 5.2%, while teacher salary funding declined only 1.0%. This suggests that per-teacher pay increases are largely offsetting the effect of a smaller teaching workforce on total salary spending. As of 2026, BPS employees are represented by the Boston Teachers Union (BTU) and 11 other collective bargaining units. As the City's largest bargaining unit, BTU's CBA has the largest potential budgetary impact of any CBA.

The Boston Police Department is projected to account for 14.2% of general-fund FTEs in FY27, with budgeted BPD FTEs increasing by 3.8% from FY23 to FY27. While significantly smaller than BPS, overtime and detail costs remain concerns for policymakers. Gross detail compensation has risen over time, but current data do not permit an assessment of the net cost to the City after reimbursements. In May 2026, the City Council referred to Committee an order that called for a hearing to review funding, reimbursement, and accountability for police overtime details in the City of Boston.

Police Staffing Changes

Using the publicly available data from Analyze Boston, the changes in the Police Department's workforce were uneven in the past five years. The number of officers (defined here as probationary police officers, police officers, and patrol officers) increased by 59, or 4.6%. By contrast, the number of detectives, sergeants, and command officers declined by 45, or 6.3%. The number of cadets increased by 10, or 27.8%, while employees in other categories, including traffic and civilian positions, increased by 31 employees, or 3.1%.

The personnel-services exception allows certain public-safety expenditures to exceed the original appropriation, so the adopted overtime amount does not operate as a firm spending cap. As a result, police overtime spending has been a persistent budget pressure for the City, with actual spending regularly exceeding adopted budget amounts. In March 2026, the City included police overtime cost overruns as a contributing factor to the FY26 deficit. Overtime spending is also shaped by the City's labor agreements: Boston Police Department employees are represented by eight collective bargaining units, whose contract provisions govern overtime administration, leave, and scheduling.

The Boston Fire Department is projected to account for 8.7% of general-fund FTEs in FY27. Between FY23 and FY27, BFD FTEs increased by 3.5% (57.4 FTEs). In FY27, the Fire Department totaled 1,683.0 general-fund FTEs. The Fire Department shows how a single large bargaining agreement can affect wages, details, benefits, and long-term personnel costs. BFD has one major bargaining unit: the International Association of Fire Fighters, Local 718. IAFF Local 718 is the City's second-largest collective bargaining unit by membership, representing 1,580 employees as of 2026. Because the unit covers most Fire Department employees, changes to its contract have a direct effect on BFD personnel spending.

Boston Public Schools: The BTU Contract

The Boston Teachers Union is the largest collective bargaining unit that the City negotiates with, representing 10,342 employees as of FY26. Because BTU represents teachers, paraprofessionals, and other school-based staff, its contract has a direct and substantial effect on BPS personnel spending.

The BTU Contract Adds $181.0M Over Three Fiscal Years – The City and BTU signed their most recent collective bargaining agreement on March 21, 2025. The three-year contract runs through August 31, 2027, and is expected to cost $181.0M over three fiscal years. The calculated costs associated with the BTU CBA increase in every fiscal year, going from $33.3M additional spending in FY25 to $61.4M additional spending in FY26 to $86.3M additional spending in FY27.

Cost of BTU Contract

	FY25	FY26	FY27	Total Cost Over Contract Term
Wages	$33.3M	$55.9M	$81.4M	$170.6M
Other Financial Items	$0.0M	$5.5M	$4.9M	$10.4M
Total	**$33.3M**	**$61.4M**	**$86.3M**	**$181.0M**

Contract Raises Pay for Teachers and Paraprofessionals – The BTU agreement increases teacher pay by an estimated 9.0% to 11.5% over three years, driven by a retroactive 2.5% wage increase for SY2024–2025, followed by 2.0% increases in SY2025–2026 and SY2026–2027, plus additional base-pay increases and enhanced career awards over the three-year term. Within BPS, however, the budgetary effect of these raises varies by employee group.

The contract provides larger raises for classroom paraprofessionals, whose salary schedules increase by 23.0% to 31.0% over the life of the contract.

Wage Increases in the 2025 BTU Contract

School Employee Type	General Wage Increase Over Length of Contract
Teachers	9% - 11.5%
Classroom Paraprofessionals	23% - 31%
Security, Library, Surround Care, Coverage and 1 to 1 Paraprofessionals	15% - 18%
Community Field Coordinators, Health Paraprofessionals and Family Liaisons	11.4% - 12.5%
Sign Language Interpreters	9% - 15%
Applied Behavior Analysis Specialists	Up to 28%
Substitute Teachers	2.5% + 2% (with daily increases) + 2%

These increases are frontloaded, giving paraprofessionals their largest salary increase in the first year. Some paraprofessionals will receive more than $5,700 in additional pay in the first year alone. This approach aligns with Mayor Wu's stated goal of raising pay for the City's lowest-paid workers. Despite these raises, the FY27 adopted budget reduces aide FTEs by 8.0% from FY26, while aide salaries increase by $1.3M (1.2%), to $110.8M.

Inclusion Terms – The BTU agreement also affects BPS' inclusion policy for students with disabilities and English learners. The agreement states that, except in certain circumstances, permanent general education teachers will not be excessed for failing to obtain a Moderate Disabilities special education license. As BPS expands inclusion, this provision may limit the district's staffing flexibility, but its fiscal effect will depend on how BPS staffs inclusion classrooms in future years.

Boston Police Department: The BPPA Contract

Modeling Payroll Growth for Employees Covered by the BPPA – The BPPA, which represented 1,507 employees as of January 2026, is the largest police bargaining unit and the City's third-largest bargaining unit by membership. Because of its size, changes in BPPA compensation have a meaningful effect on police personnel spending.

To assess payroll trends associated with personnel most likely affected by the new BPPA agreement, the Research Bureau constructed a payroll proxy model for employees most likely to be covered by the BPPA agreement. The model uses the City's Employee Earnings Report and includes employees with titles corresponding as closely as possible to BPPA-covered positions per the BPPA's CBA.[4] The years in the model predate the most recently negotiated CBA. The model estimates observed payroll changes based on the Earnings Reports published in calendar year 2023 and 2025 for the employee group most likely to be affected by the BPPA contract. The model should not be interpreted as a precise official bargaining-unit payroll total, but rather as a directionally accurate estimate based on publicly available data.

From 2023 to 2025, regular earnings for the BPPA proxy group increased by $35.2M, or 35.2%, rising from $100.2M to $135.5M. Most of this increase reflected higher average regular earnings per employee rather than headcount growth. The decomposition attributes approximately $31.8M of the increase to higher average regular earnings and $3.4M to increased proxy headcount. Overtime earnings increased more slowly than regular earnings. Overtime rose by $4.1M, or 10.9%, from $37.0M in CY2023 to $41.1M in CY2025, after peaking at $44.5M in CY2024. Gross detail earnings grew much faster, increasing by $31.0M, or 172.1%, from $18.0M to $49.0M.[5]

Current BPPA Agreement's Cost-Relevant Provisions – The City Council approved a new BPPA agreement on December 3, 2025. Several provisions affect wages, details, overtime administration, leave, scheduling, and retirement-related pay.

---

[4] The proxy group includes police officer / patrol officer / probationary police officer titles only. The model excludes superior officers, detectives, civilian employees, cadets, crossing guards, dispatchers, communications personnel, traffic-related titles, and EMS personnel. Earnings Reports are a snapshot in time and do not summarize yearly earnings for a given calendar year.

[5] Gross detail amounts do not represent the City's net taxpayer cost because some details are reimbursed by outside entities.

The BPPA agreement's wage provisions will place upward pressure on current compensation. The 2.0% wage increase and higher hazardous-duty pay directly increase regular compensation. Although not explicit in the contract, the wage provisions raise hourly compensation for overtime-eligible work.

Several contract provisions regarding paid time off do not explicitly increase compensation but could potentially increase spending on personnel. It is unclear whether current Police Department staffing can accommodate the additional time off provided through the revised summer-vacation period and paid workout or meditation release time, or whether these provisions will require additional overtime coverage. To the extent that these provisions increase the number of hours of overtime worked, they will affect spending.

BPPA Contract Provisions

Category	Key Provisions
Wages and Compensation	2.0% wage increase; hazardous duty pay increased to 8.75%; FTO differential of $40 per week.
Paid Details	Type I details paid at highest applicable overtime rate; Type II details paid at $60 per hour; details assigned as four- or eight-hour shifts.
Overtime / Administration	Allows civilian staff and technology systems for paid detail and overtime distribution functions.
Leave and Scheduling	Summer vacation period revised beginning in 2026; up to two hours per week of paid workout/ meditation release time.
Retirement-related Pay	Sick-time redemption at retirement increased to 40% of accumulated unused sick days, up to 250 days.
Other Operational Items	Department gym maintenance/access funding; patrol officer nametags.

Boston Fire Department: The IAFF Contract

Modeling Payroll Growth for Employees Covered by the IAFF – The Research Bureau used the same modeling approach as it used for BPPA to assess payroll trends associated with personnel most likely affected by the IAFF Local 718 agreement. For the Fire Department, the model includes employees with titles most closely aligned with IAFF-covered fire suppression roles, including firefighters, fire lieutenants, fire captains, district fire chiefs, and related uniformed fire-suppression positions. As with the BPPA model, the IAFF model should not be interpreted as a precise official bargaining-unit payroll total, but rather as a directionally accurate estimate based on publicly available data.

Regular earnings for the IAFF proxy group increased from $153.4M in CY2023 to $164.6M in CY2025, an increase of $11.2M, or 7.3%. In contrast, the number of employees declined from CY2023 to CY2025. Regular earnings grew because people in the proxy group earned more on average, and that increase was large enough to outweigh the payroll reduction from having fewer employees in the proxy group.[6] Overtime increased faster than regular earnings in the IAFF proxy group. Overtime rose from $30.4M in CY2023 to $36.4M in CY2025, an increase of $6.0M, or 19.7%. Detail earnings also increased, rising from $9.2M to $9.8M, an increase of $0.6M, or 7.0%.

[6] Because the Earnings Reports are a snapshot in time, these figures are sensitive to timing of hiring. The model does not capture the potential impacts of the five-year milestone adjustment within the current CBA agreement.

Current Agreement's Cost-Relevant Provisions – The City and IAFF Local 718 signed their most recent agreement on December 10, 2025, and the City Council approved an $18.1M supplemental appropriation from the collective bargaining reserve on February 2, 2026, to cover FY26 spending associated with the agreement. This contract will run through the end of FY28 and includes several provisions likely to raise future personnel spending for the Fire Department.

IAFF Contract Provisions

Category	Key Provisions
Wages and Compensation	2.5% wage increase in FY25; additional 2.0% wage increase in FY26, FY27, and FY28
Adjusted Base Salaries by "Milestones"	Adjustments to base salary depending on years of service
Paid Details	Increase in Fire Detail rate by $14 in FY26, $5 in FY27, and $5 in FY28; Provision for the Fire Commissioner to accept retired firefighters for paid details
Line of Duty Death Compensation	Addition of Line of Duty Death compensation terms
Transitional Career Awards Package (TCAP)	TCAP benefits adjusted for ranks above Lieutenant to meet rates of 25 years of service
Other Operational Items	Vacation black-out periods dissolved for Officers and counterparts in Fire Alarms Division

Terms include a 2.5% wage increase beginning in July 2024 and additional 2.0% increases in each subsequent year, for a total wage increase of 8.5 percentage points by the contract's expiration. The CBA includes a longevity-based salary step tied to years of service (i.e. a "five-year milestone") provision that not only raises the percentage point adjustment at each employee's five-year milestones in FY27 compared to FY26, but also raises adjustments by 1.5-2.7 percentage points from FY27 to FY28.

IAFF Contract Salary Adjustments by Years of Service

Years of Service	1/1/25 Base Salary Adjustment	FY26 Base Salary Adjustment	FY27 Base Salary Adjustment	FY28 Base Salary Adjustment
5 Years	1.0%	1.0%	1.0%	2.5%
10 Years	1.0%	1.0%	1.3%	3.0%
15 Years	1.0%	1.3%	1.5%	4.0%
20 Years	1.0%	1.5%	3.0%	6.0%
25 Years	1.0%	2.5%	4.3%	7.0%

Although not explicit in the contract, the wage provisions raise hourly compensation for overtime-eligible work. If the department cannot absorb the additional leave flexibility through regular staffing, the provision could increase overtime coverage requirements. The contract increases detail pay by $14 starting 30 days after approval (March 6, 2026) and by an additional $5 in both January 2027 and January 2028. It also allows the Fire Commissioner to use certified retired firefighters for paid details, subject to some limitations. Without transparent data on the share of detail wages that fall to taxpayers, it is not possible to estimate the budgetary impact of the detail wage provisions.

Closing Thoughts and Recommendations

Boston's personnel budget is shaped by both staffing levels and the negotiated cost of employment. Because collective bargaining agreements affect wage scales, benefit costs, and overtime rates, departments can see personnel costs rise even when headcount is flat or declining. For example, BPS is budgeted to reduce FTEs, yet compensation costs are budgeted to rise in FY27.

Collective bargaining is central to maintaining competitive wages, pursuing pay equity, updating personnel practices, and supporting stable public services. At the same time, CBAs create spending obligations through wage increases, premium pay, overtime rules, and pension-eligible compensation. Therefore, it is crucial that CBA costs are transparent, affordable, and associated with intended outcomes. For example, within the context of ongoing cost overruns in public safety overtime, the BPPA provisions may exacerbate this budgetary issue due to adjustments in vacation and other paid time off. Historical data analysis suggests that spending increases from calendar year 2023 to 2025 were driven by higher per-employee wages as opposed to more employees. The separate wage provisions and five-year milestone adjustments in the IAFF agreement have additive increases to wages for each year of the contract that cannot be readily seen when considering each term alone.

As City revenue growth slows and with an uncertain external revenue environment, the City will need to evaluate CBAs not only by their first-year cost, but also by their effects on spending in future fiscal years. This is especially important in a low-growth environment, when negotiated cost increases can substantially limit the City's flexibility to respond to other budget pressures. At least five collective bargaining agreements are scheduled to expire by the end of FY27. Four additional collective bargaining agreements that were expiring this fiscal year were extended into FY27. Notably, the PEC agreement is due to expire on June 30, 2027. Because the City will be obligated to pay annually all healthcare claims and replenish the catastrophic reserve, it is imperative for the City to accurately estimate the expenses for plan designs during PEC negotiations.

Separately, the City Council should plan ahead for the fiscal impact of changes and ensure it understands the full cost impact (including pension implications) of prospective CBAs. The most recent juxtaposition of proposed cuts to veterans' services and youth jobs to accommodate healthcare spending is a cautionary tale. As revenue growth slows, the City Council would be well-advised to use the opportunity to review CBAs, keeping in mind that cost control for personnel spending is a key pathway to mitigating the need for cuts to services and programs in challenging budgetary years.

The City has the opportunity to be a leader in transparency and fiscal sustainability in collective bargaining. The Administration and City Councilors should:

- **Develop** a full breakdown of spending impacts of each proposed CBA, broken down by year into impacts of base compensation increases, other milestone increases, vacation/sick leave provisions and interactions between these provisions. Before approval, each proposed CBA should be accompanied by an actuarial analysis of its projected effects on pension and other post-employment benefit liabilities. This breakdown should be prepared and released publicly in advance of all hearings on the topic.
- **Develop and release** a spending impact statement for each CBA under consideration that examines future revenue growth projections for the city budget in comparison to the expected cost increases from the CBA.
- **Require** a presentation to the Council explaining all non-financial aspects of each proposed CBA to better understand their impact on City operations and employee well-being.
- **Hold** an annual hearing with the City Council and the City's Labor Relations team to review

all current collective bargaining unit employee representation, current CBAs, CBA expiration dates, and CBA negotiation status.

- **Evaluate** each CBA (including the PEC agreement) on the basis of similar bargaining units in comparable cities to determine consistency or differences with national trends and relevant comparable municipalities.

Appendix I: FTEs by Selected Departments, 2023-FY27 Projected

General Fund FTE Summary, 2023- FY27 Projected

Department	1/1/2023	1/1/2024	1/1/2025	1/1/2026	FY27 Projected	FY27 % of Total	FY26-FY27 Variance
Boston Public Schools	9,623.7	10,049.7	10,608.6	10,734.2	10,312.8	53.1%	(421.4)
Police	2,657.4	2,652.0	2,705.9	2,786.1	2,758.3	14.2%	(27.8)
Fire	1,625.6	1,672.6	1,620.6	1,725.6	1,683.0	8.7%	(42.6)
Boston Public Health Commission	824.1	862.5	935.8	959.2	959.2	4.9%	-
Library	385.9	415.1	419.0	423.9	423.9	2.2%	-
Transportation	303.0	309.0	321.0	354.0	357.0	1.8%	3.0
Boston Centers for Youth & Families	295.5	284.1	280.4	312.1	309.3	1.6%	(2.8)
Public Works	77.0	69.0	325.0	303.0	292.0	1.5%	(11.0)
Parks & Recreation	231.0	236.0	252.0	260.0	255.0	1.3%	(5.0)
Property Management and Public Facilities	212.0	233.0	250.0	247.0	247.0	1.3%	-
Inspectional Services	211.0	216.0	214.0	224.0	224.0	1.2%	-
Planning Department	-	3.0	176.8	192.0	193.0	1.0%	1.0
Dept. of Innovation and Technology	123.0	123.0	145.0	155.0	155.0	0.8%	-
City Council	80.6	74.1	83.9	88.9	91.3	0.5%	2.4
Mayor's Office of Housing	46.7	58.5	61.5	72.0	70.1	0.4%	(1.9)
Neighborhood Services	59.0	66.0	65.0	70.0	70.0	0.4%	-
Assessing	71.0	73.0	73.0	71.0	68.0	0.3%	(3.0)
Human Resources	57.0	62.0	66.0	68.0	67.0	0.3%	(1.0)
Law Department	60.6	69.0	64.0	67.0	67.0	0.3%	-
Age Strong	52.0	49.6	61.8	64.8	64.8	0.3%	-
Treasury	46.0	49.0	49.0	51.6	52.6	0.3%	1.0
All others	*523.4*	*580.3*	*661.9*	*720.8*	*710.1*	*3.7%*	*(10.7)*
Total	**17,565.5**	**18,206.4**	**19,440.2**	**19,950.2**	**19,430.4**	**100.0%**	**(519.8)**

Appendix II: Initial Collective Bargaining Reserve Amount upon Budget Adoption