

UNIONS

City Workers Losing Patience With Slow Crawl to Union Contracts

In the second year of the Adams administration, public employees are asking when raises might be coming — but a bitter and costly fight over retiree health care isn't over.

BY [CLAUDIA IRIZARRY APONTE](#) | CIRIZARRY@THECITY.NYC | JAN 27, 2023, 5:05AM EST

DC 37 Executive Director Henry Garrido, who seeks a new contract for his union's members, attended the mayor's State of The City speech, Jan. 26, 2023. | [Ben Fractenberg/THE CITY](#)

Most city employees are now working under expired labor contracts that lapsed as far back as 2020 — frustrating rank-and-file union members whose anticipated pay raises are tied up in an escalating battle over proposed changes to retired colleagues' health coverage.

Nearly all of the city's roughly 300,000 unionized staff are working under expired collective bargaining agreements. They include members of the city's largest public sector unions, District Council 37 (DC37) and the United Federation of Teachers (UFT). Administrative workers, school crossing guards, teachers, police detectives, sanitation workers and health technicians are among those eager to bargain for raises as well as potential new benefits, such as flexibility to work remotely.

That their adversary, Mayor Eric Adams, is himself a former city worker who emphasized his background on the campaign trail and collected many union endorsements only adds to their frustration, especially for those who helped keep the city going during the worst of COVID.

“I think that he misrepresented himself to the unions,” said a delegate to DC37 who declined to give their name as they are not authorized to speak publicly about the issue. Delegates are elected to represent their locals at the 300-member Delegates Assembly and are themselves in charge of electing the union’s leadership.

Said Barbara Randolph, a nurse at Lincoln Hospital in The Bronx: “He won’t be mayor for too much longer if he won’t back the union.” The New York State Nurses Association contract with the city’s public Health+Hospitals system expires March 2.

A roadblock: Retired city workers successfully sued to derail Adams’ plan to move retiree health care to a cheaper alternative called Medicare Advantage and charge a monthly fee to those who wish to retain existing coverage. A City Council bill pushed by Adams that would allow him to roll out Medicare Advantage, which he says would save the city \$600 million a year, is “dead,” the Daily News reported last week.

That leaves Adams ^{Members and sponsors make THE CITY possible.} hundreds of millions of dollars short. The planned Medicare Advantage shift originated in deals struck by former Mayor Bill de Blasio and the unions to pay for raises by finding health care savings. As long as that money remains in limbo, new contract negotiations are going nowhere.

“Our contract is not being negotiated until this is resolved,” said the District Council 37 delegate. “That’s what we’ve all been told.” Some public sector union leaders have also said that the health care talks have stood in the way of bargaining a new contract for their members.

Medicare Mess

The executive director of DC 37, Henry Garrido, also co-chairs the Municipal Labor Committee, the consortium of public employee unions that agreed to the health savings deals. He declined to speak about the standoff or his members' frustrations.

“We don't bargain in the press,” said Garrido, who declined to comment further.

Garrido and other union leaders are getting vocal pushback from their ranks — and not just from retirees who would be immediately affected by health coverage changes.

Five chapters of DC37 Local 375 — which represents city planners, engineers and architects — wrote in a Jan. 9 letter to City Council labor committee chair Carmen de la Rosa that they did not support the Medicare Advantage switch and urged her to kill the proposal. DC37 Local 768, which represents therapists, exterminators, and other health technicians, also urged its membership to pressure their City Council members to strike down the bill.

A City Hall spokesperson said the Adams administration is “committed to offering quality and sustainable care for our retirees.

“The city and the Municipal Labor Committee worked together to take advantage of the federal funding for Medicare Advantage plans that would permit us to continue providing high-quality, premium free coverage for retirees while saving approximately \$600 million a year — savings that are especially critical as we continue to face a skyrocketing health care crisis and other fiscal challenges,” mayoral spokesperson Jonah Allon said in a statement.

Pointing to a recent Council hearing on the bill that would break the Medicare Advantage logjam, Allon added: “We presented a clear case that the city's Medicare Advantage plan would offer myriad improvements over the current SeniorCare plan, while still encouraging the Council to preserve retiree choice by amending the administrative code.”

Health Care Costs

Marianne Pizzitola, an FDNY retiree and president of the NYC Organization of Public Service retirees, the nonprofit behind the lawsuit, urged the mayor and the Municipal Labor Committee to find another way to reach health care savings.

“This is not being supported by the City Council, it’s not appreciated by our seniors. Let’s do something else. Let’s go back to the bargaining table and figure something out,” she told THE CITY.

The last mayor to let contracts lapse was Michael Bloomberg, who refused to settle with any of the city’s 152 labor unions, effectively leaving those negotiations to his successor.

That was Bill de Blasio, who worked quickly to settle expired contracts upon taking office in 2014, reaching a deal with the UFT that May and DC37 soon after. (Just one union remains at sea: the Marine Engineers Beneficial Association, which represents Staten Island Ferry captains and mates, has not had a contract for more than a decade.) The health savings pact, and that \$600 million in savings, was a critical piece of the puzzle — one Adams is now trying to solve.

Mayors traditionally settle labor agreements first with the largest unions, UFT and DC37, which represent about 60% of city employees, setting a pattern that smaller unions then follow in their own negotiations.

The Adams administration recently ^{Members and sponsors make THE CITY possible.} began preliminary talks with DC37, whose contract covering 100,000 workers expired in 2021. The loss of expected health savings means money is not flowing into a special health insurance fund that the city and unions jointly administer to help pay for member benefits.

“The unsettled nature of the Medicare Advantage program as well as the overall fiscal health of the Health Insurance Stabilization Fund is an impediment to moving forward with regular labor negotiations,” said Ana Champeny, the vice president for research at the nonprofit Citizens Budget Commission.

She added that rising health care costs need to be dealt with, somehow.

“The entirety of how the city finances, pays for and provides health insurance benefits and welfare fund benefits to the public sector — both current employees and retirees — needs a close reevaluation,” she said. Collective bargaining, she added, is where these issues will play out.

Reserves and Rainy Days

Experts at the Independent Budget Office, an official fiscal watchdog, say that the steep costs associated with past commitments to help unions pay for GHI Emblem Health, the plan most city workers have enrolled in since the 1940s, are bound to continue piling up. Since the 1980s, city union contracts have only guaranteed funding for an insurance plan that is typically cheaper, called HIP — and making up the difference has become an ongoing scramble.

“There are always trade-offs in any particular budgetary decision,” said IBO assistant director for budget review Logan Clark. “As long as GHI remains more expensive than HIP/HMO, then we’re going to be dealing with this problem sort of in perpetuity.” He called the gap between HIP and GHI premiums “a continuing hole that we will always have to be filling in.”

But there are options to fill the budget gap, at least for the short term, he said. The city could tap into its general reserves, funds set aside every fiscal year, or the Temporary Benefits Trust, a \$3.4 billion reserve.

“That’s something that they could be tapped into as part of the reserves, either by paying down or essentially making smaller payments into next year’s payments for retiree health benefits,” said Clark.

Another option would be dipping into the city’s rainy-day funds — in what would be an unprecedented move because “the promulgation of standards of what constitutes an emergency to tap into the rainy day funds haven’t really been promulgated yet, so that’s something that is certainly up for question,” Clark said.

So far, Adams budgeted enough in his preliminary budget to cover 1.25% annual raises — far below the current 6.3% inflation rate in the New York area.

Adams has used his rank-and-file bona fides to set himself apart from his predecessors, to the annoyance of retirees who sued his administration over the healthcare plan.

Previous mayors, he told an audience of labor leaders at the SOMOS convention in Puerto Rico last November, “never knew what it was like to hold their stomachs when it was time for union contract negotiations. Didn’t know what it was like to fight for their healthcare, to protect their pensions, to be on the union lines to really fight to get the raises you deserve.”

“Like the retirees,” Pizzitola, the president of the NYC Organization of Public Service Retirees, shot back [in a moment captured on video](#).

Arthur Goldstein, a high school ESL teacher who has documented the health care plan saga [on his blog](#), said that he is preparing for a long battle ahead.

“I think we could be without a contract for a very long time.”

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