

Police, fire medical plans targeted



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City Manager Sheryl Sculley has called medical coverage for uniform personnel “excessive” and said it is no longer affordable or sustainable.

By Josh Baugh

December 31, 2027 | Updated: February 18, 2014 12:09pm

SAN ANTONIO — Since they signed a lucrative 1988 collective bargaining agreement, San Antonio's police officers and firefighters haven't had to pay monthly medical insurance premiums for themselves, their spouses or their children, and they have some of the lowest deductibles and out-of-pocket maximums in the state.

But over the past decade, the city's medical cost for uniformed personnel and their families has grown by more than 140 percent, increasing to nearly \$52 million in fiscal 2013.

Now those rich medical benefits are under fire.

City Manager Sheryl Sculley said the public safety budget is growing faster than general fund revenues and is pushing out other necessary city services, such as road maintenance, libraries and parks and recreation.

She points to medical coverage as a major cost increase in the public safety budget and wants to shift uniformed personnel to a medical plan that's more in line with both the public and private sectors.

Union leaders representing rank-and-file police officers and firefighters have balked at her intentions and counter that the public safety budget is rife with cost overruns and failed projects.

As collective bargaining agreements are set to expire Sept. 30, city and union officials are bracing for what's expected to be a protracted, bloody war over fire and police benefits.

Representatives from those unions are lobbying City Hall and council members. They're working to garner support from the 11 elected leaders who ultimately have to approve the contracts that are negotiated between the city and the unions.

So far, elected leaders are open for a review of the police and fire health care packages.





Courtesy

Photo of City Manager Sheryl Sculley.

“Our firefighters and police officers do a tremendous job keeping us safe, and they deserve excellent benefits,” Mayor Julián Castro said. “It’s also true that we’ve had to find ways within the city organization to control costs these last few years.” Castro said the city needs to look at the rising costs in the fire and police departments.

City officials say there's no single element driving up the cost of health care. Rather, it's a combination of the plan's structure, usage, large claims and higher number of dependents than civilians.

In the past several budget cycles, even as public safety expenses continued to grow, the city made cuts in the civilian workforce and other areas, such as literary centers, senior nutrition, parks and recreation and libraries.

Sculley said the city isn't in danger of bankruptcy during her tenure but that she has a fiduciary responsibility to ensure the city's future fiscal health.

She has called medical coverage for uniformed personnel "excessive" and said it is no longer affordable or sustainable.

Though Sculley and others for years have worried aloud about increasing health care costs and overall benefits packages for fire and police, it wasn't until last summer that concerns resonated loudly and in a sustained and very public way.





A task force led by former Councilman Reed Williams will present its recommendations on police and fire benefits to the City Council on Wednesday.

Last August, during a budget presentation for fiscal 2014, which began Oct. 1, Sculley said public safety costs would consume the entire general fund by 2031. Front and center in that discussion were health care benefits, the police and fire pensions and pre-funded retiree health care. Soon after, Castro called for the creation of a task force to study the issue.

Rise in medical costs

Documents provided to the task force show medical costs have risen significantly in the past decade.

In fiscal 2003, the city spent \$21.46 million on health care for active-duty public-safety personnel and their dependents. A decade later, that cost had risen to \$51.71 million — a 141 percent increase over 10 years. During that same period of time, revenues coming into the general fund grew by 48 percent.

Civilian employees cost the city \$15.74 million in health care in 2003 and \$20.75 million in 2013. That's a 31.8 percent increase over the decade.

Those workers, not covered by union agreements, have seen their health plans adjusted annually to control costs. They pay 30 percent of their health costs, Sculley said, while police and fire pay about 9 percent.

In fiscal 2013, the per capita cost to the city for medical coverage for uniformed personnel and their families was \$12,959 per uniform, while the per capita expense for civilians was \$6,194.

Under the current contracts, police and fire personnel don't pay monthly premiums, and their annual deductibles are \$250 for individuals and \$500 for families. Annual out-of-pocket maximums for police are \$600 for individuals and \$1,500 for families. Firefighters' maximum deductions are \$500 for individuals and \$1,500 for families.

Such low costs are “unheard of” in civilian ranks and in the police and fire departments in other large Texas cities, Sculley said.

In Austin, Dallas, Houston and Fort Worth, uniformed personnel and civilians share the same medical plans, Sculley said. In Austin, for example, employees pay 36 percent of their health care costs, and the national average for employees of both public and private employers is 43 percent, she said.

Union leaders are irked that the discussion is focused solely on health care costs, and they insist they are good stewards for the community.

Mike Helle, president of the San Antonio Police Officers Association, and Chris Steele, president of the San Antonio Professional Firefighters Association, don't dispute that the cost of public safety is about two-thirds of the general fund, which currently sits just below \$1 billion. What's lost in the debate, they say, is that their health care costs don't consume the full public safety budget. They say they want to address the full budget at the negotiating table.

“It does us no good to drive the cost of public safety to bankrupt the city,” Helle said.

Terse rhetoric

The task force, led by former Councilman Reed Williams, will present its recommendations to the City Council on Wednesday. Its analysis could provide direction to city leaders before bargaining begins.

But the unions are working hard to convince the council that the task force didn't fully consider all the

requisite issues, such as cost overruns in areas outside the unions' control, and that the financial models it considered improperly inflated the growth of the departments over the next few decades.

Bartel Associates, a consultant firm hired by the task force, created several models to predict future costs. The models include several variables, including varied growth in both the uniformed and civilian workforce, payroll and medical care, population growth and revenue growth.

According to the models, which the unions dispute, the public safety budget could overtake the general fund as early as 2020 if the city faces another recession. Other models predict the costs could overtake the general fund in numerous years from 2025 to 2047.

But Williams said it's unlikely that future costs would put the city budget in the red.

“We'll make changes before that happens,” he said.

The focus needs to be managing the growth of the entire public safety budget, Williams said. The task force, however, was charged only with analyzing legacy costs and benefits.

Helle said the assumptions used in predicting future growth included an unreasonable number of new public safety personnel, which balloons salaries, contributions to the pension and pre-funded retiree health care funds, active-duty health care and other benefits. Compounded each year, he said, “it's a \$6 billion error.”

Helle and Steele say they don't trust the figures that Sculley and her staff — or outside consultants hired by the task force — have presented.

Helle said they're using “smoke and mirrors.”

“There's a distrust of what they're bringing forward,” Helle said.

Sculley and Deputy City Manager Erik Walsh counter that the unions' assertions are patently false — that the city's data are completely transparent.

“Our books are open,” Sculley said. “The numbers are accurate.”

Union leaders say Sculley has a myopic view on their health care and that they want to discuss

inefficiencies in the entire public safety budget — from building new public safety facilities to administering information technology.

Sculley said she welcomes suggestions on how to add more efficiency and cost-cutting measures to city business but asserts that union bosses are well-versed in “diversionary tactics” to send the public tilting at windmills.

“I understand that they don't want any change.”

But times have changed since the police and fire departments won such rich benefits in their 1988 contracts, she said.

“Today, it's not affordable,” Sculley said. “And it's certainly not sustainable.”

Helle bristles at that assertion. He says he's known for being a “problem-solver” and wants to ensure the city's financial health. Meanwhile, Castro said he's confident that the two sides can come to the negotiating table with open minds and all data they deem necessary for the conversation.

“It's not in anybody's interest for each side to shout over the other,” he said.

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