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[Union Contracts to Increase Personnel Costs, Partially Offset by Low Headcount](#)

In its analysis of the Mayor's Preliminary Budget published in February, IBO noted that the greatest unknown was the cost of the city's unsettled labor contracts. With two municipal unions reaching agreements since the release of that analysis, the magnitude of those costs is clearer, although far from certain.

In this brief, IBO estimates the total cost of the city's labor contracts under two scenarios that explore differences in contract terms and the timing of their ratification, as well as the impact of changes in the size of the city's labor force.

IBO's baseline forecast of the total budget increase of the new contracts for all employees is \$18.2 billion over the course of the financial plan from 2023 through 2027. This estimate reflects the cost above the amount already set aside in the city's labor reserve. Under the other potential scenarios, IBO projects project similar or higher labor settlement costs. IBO has identified potential savings stemming from lower-than-budgeted headcount that may be used to partially offset these costs, however, IBO now forecasts that the new round of collective bargaining will lead to greater-than-budgeted city spending on personal services over the financial plan period in several of the likely scenarios.

Read more [here](#).

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