



CIVIL SERVICE COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

Date: January 22, 2018

To: Civil Service Commission

Through: Michael Brown
Executive Officer *MBrown*

From: Sandra Eng
Assistant Executive Officer

Subject: **Fiscal Years 2018-19 and 2019-20 Mayor's Budget Instructions and Department Budget Preparation**

I. Schedule of Commission Budget Review

The Civil Service Commission (Commission) approved its Department Budget Planning Calendar at its meeting on December 18, 2017 as follows:

TARGET DATE	DESCRIPTION
December 6, 2017 – January 17, 2018	Preliminary Work: Preparation of Draft Budget Request
January 22, 2018	Civil Service Commission reviews and comments on Draft Budget Request
January 22, 2018 – January 31, 2018	Budget Preparation for February 6, 2017 Civil Service Commission meeting
February 5, 2018	Civil Service Commission review and approval of Budget Request
February 5, 2018 until Budget Submission Deadline	Changes made by Civil Service Commission incorporated and final Budget Request prepared
February 21, 2018	Civil Service Commission Budget Request submission due to Controller's Office
February 21, 2018	Civil Service Commission Budget Request submission due to Mayor's Office

II. Mayor's Budget Instructions and Outlook for Fiscal Years 2018-19 and 2019-20

The Mayor's Office projects a deficit of approximately \$262 million in the next two years and instructs departments to propose on-going reductions. The Mayor's Office has instructed the Civil Service Commission to propose ongoing reductions of 2.5% or \$23,128 for Fiscal Year 2018-19 and additional ongoing reductions of 2.5% or \$24,239 for Fiscal Year 2019-20.

As stated in the previous staff report, the Mayor's Office projection includes slowing of revenue growth and signs of growth constraints, cost shift of In-Home Support Services from the state, increases in baselines and set-asides (i.e. Children's Services, Dignity Fund (Services for Seniors and Adults with

Disabilities), Library, Municipal Transportation Agency, and Police), increases in benefit (health and pension) costs, and inflation increase on personnel and non-personnel (including grants for nonprofits).

The Mayor's Office has instructed the Civil Service Commission on the following:

1. Submit a budget including ongoing savings equal to 2.5% or \$23,128 of base General Fund Support for Fiscal Year 2018-19 and an ongoing savings equal to 2.5% or \$24,239 of base General Fund Support for Fiscal Year 2019-20.
2. Departments should not increase their total FTE count in their budget submissions.
3. Consider long-term savings and cost avoidance initiatives in developing budget submissions.
4. Department submissions should be reflective of the **five vision areas set forth in the citywide strategic planning process**:
 - Resident and Families That Thrive – A strong City is one in which all residents and families thrive. San Francisco residents and families should have access to high quality education, job opportunities, and health care in order to thrive in our City.
 - Clean, Safe, and Livable Communities – San Francisco is a city that is clean, safe and livable for residents, businesses, and visitors. The City should encourage community engagement and local pride, ensuring that neighborhoods have clean air and water, healthy ecosystems, as well as well-maintained roadways and physical infrastructure.
 - A Diverse, Equitable, and Inclusive City – San Francisco remains committed to lifting up all in our diverse city and creating access and opportunity for everyone to share in the prosperity. The City must develop strategies to address the problems of poverty and homelessness while at the same time acknowledging the impact of the intersection of gender, gender identity, race, and national origin. All neighborhoods should receive high-quality benefits and services.
 - Excellent City Services – Excellent city services are central to helping us achieve our full vision. Our services must be well managed, embrace modern tools and technology, and be delivered by engaged and committed employees.
 - A City and Region Prepared for the Future – San Francisco must prepare for coming changes and challenges over multiple time horizons to ensure that the City is resilient environmentally, economically, and educationally now and for future generations.
5. Do not propose raising fees for individual San Franciscans and families without strongly considering whether the fee is fair, practical, efficient to collect, and does not disproportionately impact low income communities and communities of color.
6. Departments are encourage to apply to participate in the City's talent development programs including the San Francisco Fellow Program, the 1249 Personnel Analyst Training Program, and the Mayor's Senior Fellow Program, which serve as talent development pipelines for the City.
7. Foster community engagement in the budget development process.
8. Consider Independent Reviews and Audits in Developing Budget Submissions.

III. Budget Plan to Meet Department Programs, Services and Goals

The Fiscal Years 2018-20 Budget Request must provide sufficient funding for the Commission to operate its function of overseeing the merit system to provide qualified persons for appointment to City and County service. In accomplishing its mission, the Commission administers three (3) programs, encompassing the essential core functions of its Charter mandates: 1) Appeals and Requests for Hearings, Rules, Policies, and Administration; 2) Merit System Review, Inspection Services and Audit; and 3) Employee Relations Ordinance Administration. The appeals, requests for hearings, Rules, and policies are maintained and administered by the Commission to ensure compliance with merit system rules, policies, and procedures. Audits and Inspection Services provide oversight on the departments' application of the merit system rules, regulations, policies, and procedures and will also identify where training and the type of resources are needed. The Department also administers the Employee Relations Ordinance in requests for representation elections, decertifications, mergers, affiliations, and the administration of unfair labor practice charges involving peace officers.

To advance the Commission's objective to modernize and strengthen the operation of the City's merit system, the Department will continue in Fiscal Years 2018-2019 and 2019-2020 to work to update and revise as appropriate the Civil Service Commission's Rules, policies and procedures. In calendar year 2017, the Commission resolved 80 appeals, approved Rule Amendments to eliminate obsolete Limited Tenure and Non-Civil Service appointment types, approved the Policy on Family and Romantic Relationships at Work, and proposed amendments to the Policy and Procedures on Exempt Appointments. In calendar year 2017, Commission staff conducted 92 Inspection Service Requests, received 4 public record requests, and received 2 administrative record requests. Such efforts require not only a significant amount of staff time and resources to meet with stakeholders to review current issues that reflect the effectiveness of the City's procedures and merit system, but also the time and energy to research Commission history, applicable laws and best practices before responding to requests.

Included in the department's five year strategic plan is to create greater transparency and improve the department's efficiency in responding to stakeholders in a timely manner. The Executive Officer conducts training on the Merit System and the Appeal Process for 1249 Personnel Analyst Trainees, Accountant Internship Program, human resources staff of other departments, employee organizations, and other interested stakeholders. Commission staff continues to meet with department heads and human resources management (i.e. Ethics Commission, Municipal Transportation Agency, Human Services Agency, Department of Human Resources), about the flexibility in the Rules and policies and possible resources available to increase employment opportunities for residents of San Francisco and while still hiring qualified candidates. In 2017, with two out of six employees returning from leave of absence, the department is slowly returning to timely responses, researching and reviewing Rules and policies, maintaining historical documents, and reviewing hiring practices that may assist in reducing implicit bias.

IV. Gap between Budget Request and Baseline Target

Although the Department has previously reduced the work order for a part-time 1244 Senior Personnel Analyst from the Department of Human Resources for Fiscal Year 2018-19, the estimated increase in fringe benefits and salaries (Collective Bargaining Agreements) have made it a challenge to meet the Mayor's Target of 2.5% reduction in Fiscal Year 2018-19 and an additional 2.5% reduction in Fiscal Year 2019-20. With the increases in salary and fringe benefits and rent to Real Estate, the Department was unable to make any reductions without proposing layoffs.

Although the Department is committed to meeting the Mayor's target, the Department must also carry out its mission in overseeing the merit system to provide qualified persons for appointment to City and County service. The Mayor has instructed department heads to update their strategic plans to align with the elements of San Francisco's vision outlined earlier in Section II. Even with a very lean staff, the Department is working with other departments who have direct relationships with the San Francisco neighborhoods to develop training and educate on how to compete in an open merit based system. The Department understands the importance of creating a diverse, equitable and inclusive City staff to respond to the needs of San Francisco. As an adjudicative body, the Department reviews the merit system process for all applicants who seek to become civil service employees. The Commission is unable to make further reductions for General Fund Support. With the continuation of the Interdepartmental Recovery amount of \$360,839, the Commission will need to request General Fund Support of \$925,125 for Fiscal Year 2018-19 and \$969,557 for Fiscal Year 2019-20.

V. Impact of Budget Reduction

All of the Commission's fiscal resources are allocated to performing its Charter mandated duties and functions. The Department's resources are allocated for staff, services of other departments, materials and supplies, and professional services. Services of other departments include the Department of Human Resources, City Attorney's Office, Real Estate, Reproduction and Mail Services, and Department of Technology (DT). Professional services include lease of copier/printer, document management system, equipment maintenance and when needed, court reporter and transcribing services.

The proposed budget reduction would not only affect the department's plan in meeting its goals, it would also mean the loss of 1 FTE in this small Department of 6.0 FTE which would have a devastating impact in the vital merit system oversight mandated by the Charter and provided by the Civil Service Commission. The Executive Officer will ardently advocate for sufficient funding to support the Commission's full complement of staff.

VI. Summary of Fiscal Years 2018-20 Request

As indicated, the Executive Officer will be requesting that the Commission not be required to reduce its budget by 2.5% in Fiscal Year 2018-19 and an additional 2.5% in Fiscal Year 2019-20 as instructed by the Mayor's Office so that the Department can remain at 6.0 FTE and current

resource levels. The Commission's Fiscal Year 2018-19 Budget Total is \$1,285,964 with the department requesting General Fund Support in the amount of \$925,125. The Commission's Fiscal Year 2019-20 Budget Total is \$1,330,396 with the department requesting General Fund Support in the amount of \$969,557. The Commission will request to continue expenditure recovery through work orders with other departments.

VII. Recommendation

Direct the Executive Officer to: continue to negotiate with the Office of the Mayor and the Controller to ensure that the Commission's budget sufficiently supports anticipated service and staff to continue its Charter mandated functions; finalize the Fiscal Years 2018-20 Budget Request; incorporate changes made by the Commission and submit the Fiscal Years 2018-20 Budget Request to the Controller and the Mayor by February 21, 2018.

Attachments

CSC FY 2018-20 PROPOSED BUDGET REQUEST

**Comparison
General Fund Support**

	2017-18 Base	2018-19		2019-20	
	Base GF Support	Budget Request	Difference (BR & GFS)	Budget Request	Difference (BR & GFS)
001 - PERSONAL SERVICES					
001 Permanent*	683,225	703,536	20,311	732,302	28,766
005 Temporary	1,538	1,538	-	1,538	-
009 Premium	0	-			
Sub-Total	684,763	705,074	20,311	733,840	28,766
013 - FRINGE BENEFITS					
013 Fringes**	278,493	298,992	20,499	314,658	15,666
TOTAL	963,256	1,004,066	40,810	1,048,498	44,432
027 - PROFESSIONAL SERVICES					
Hearing Officer Services/ALJ	1,000	2,000	1,000	2,000	
Court Reporters/Transcripts	1,000	2,000	1,000	2,000	-
Copier/Printer/Fax (Ricoh)	5,000	5,000	-	5,000	-
Document Management System (Ricoh)	3,600	3,600	-	3,600	
Translator/Interpreter	1,000	3,000	2,000	3,000	
Other Miscellaneous (Software Programs)	24,195	20,195	(4,000)	20,195	
Sub-Total	35,795	35,795	-	35,795	-
040 - MATERIALS AND SUPPLIES					
040 Materials and Supplies	3,395	3,395	-	3,395	-
Sub-Total	3,395	3,395	-	3,395	-
081 - SERVICES OF OTHER DEPTS					
081 Human Resources 081H8	25,100	25,100	-	25,100	
081 Human Resources (1244) 081H4	32,267	22,267	(10,000)	22,267	-
081 TIS-Telephone 081ET	2,595	3,117	522	3,117	-
081 DT Enterprise Allocation CI	28,056	28,883	827	28,883	-
81 Enterprise Agreement 081EA	814	855	41	855	
081 Purchasing Mail Services 081PM	4,340	4,340	-	4,340	-
081 Purchasing Repro 081PR	762	762	-	762	-
081 GF Rent Paid to Real Estate	64,202	67,384	3,182	67,384	-
081 City Attorney's Office 081CT	90,000	90,000	-	90,000	
Sub-Total	248,136	242,708	(5,428)	242,708	-
TOTAL BUDGET	1,250,582	1,285,964	35,382	1,330,396	44,432
General Fund Support Approved LY	812,562				
Expenditure Recovery	-360,839	(360,839)		(360,839)	
Public Transportation	-160,839	(160,839)		(160,839)	
PUC	-200,000	(200,000)		(200,000)	
ORIGINAL BASE GENERAL FUND SUPPORT		891,877		928,214	
GENERAL FUND SUPPORT REQUEST		925,125		969,557	
MAYOR'S GFS TARGET FOR FY 2018-20		901,997	2.5% Reduction	945,318	Additional 2.5% Reduction
(Base General Fund Support-GF Request)		33,248		41,343	
reduction %		3.6%		4.5%	

✓



CIVIL SERVICE COMMISSION CITY AND COUNTY OF SAN FRANCISCO

Date: December 18, 2017

To: Civil Service Commission

Through: Michael Brown *MB*
Executive Officer

From: Sandra Eng *SE*
Assistant Executive Officer

Subject: **Fiscal Years 2018-19 and 2019-20 Mayor's Budget Instructions and Department Budget Preparation Schedule**

Departments are required to submit a Fixed Two-Year Budget Plan for Fiscal Years 2018-19 and 2019-20. This report outlines the Civil Service Commission Budget Request.

I. Planning Calendar

The Mayor's Office has not yet issued its detailed Budget Instructions for FY 2018-19 and 2019-20 but met with departments to discuss the five year financial plan goals for the City. All departments, including the Civil Service Commission, are required to submit their respective Budget Plan to the Office of the Controller and the Office of the Mayor on February 21, 2018.

TARGET DATE	DESCRIPTION
December 6, 2017 – January 17, 2018	Preliminary Work: Preparation of Draft Budget Request
January 22, 2018	Civil Service Commission reviews and comments on Draft Budget Request
January 22, 2018 – January 31, 2018	Budget Preparation for February 6, 2017 Civil Service Commission meeting
February 5, 2018	Civil Service Commission review and approval of Budget Request
February 5, 2018 until Budget Submission Deadline	Changes made by Civil Service Commission incorporated and final Budget Request prepared
February 21, 2018	Civil Service Commission Budget Request submission due to Controller's Office
February 21, 2018	Civil Service Commission Budget Request submission due to Mayor's Office

II. Budget Outlook for Fiscal Years 2018-19 and 2019-20

The Mayor's Office projection includes slowing of revenue growth and signs of growth constraints, cost shift of In-Home Support Services from the state, increases in baselines and set-asides (i.e. Children's Services, Dignity Fund (Services for Seniors and Adults with Disabilities), Library, Municipal Transportation Agency, and Police), increases in benefit (health and pension) costs, and inflation increase on personnel and non-personnel (including grants for nonprofits).

THIS DO NOT SUPPORTS
CALENDAR ITEM 6

Rising pension costs are related to the following: 1) people living longer; 2) supplemental Cost of Living Adjustment; and 3) Rate of return less than 7.5%. Employer health costs are projected to rise almost double digit each year.

The Mayor's Office projects a deficit of approximately \$262 million in the next two years and instructs departments to propose on-going reductions. The Mayor's Office has instructed the Civil Service Commission to propose ongoing reductions of 2.5% or \$23,128 for Fiscal Year 2018-19 and additional ongoing reductions of 2.5% or \$24,239 for Fiscal Year 2019-20.

III. Fiscal Year 2017-18 Overview

A. Summary of Current Fiscal Year 2017-18

Below is a final Fiscal Year 2017-18 (current) Civil Service Commission Budget. The total budget allocation was \$1,250,582 of which \$889,743 was General Fund Support. The remaining support consisted of Interdepartmental Expenditure Recovery totaling \$360,839.

This budget supports the administration of the three (3) major programs that are essential core functions of the Commission's Charter mandate: 1) Appeals and Requests for Hearings, Rules, Policies, and Administration; 2) Merit System Review, Inspection Services and Audit; and 3) Employee Relations Ordinance Administration.

Account	FY 2017-18 Adopted Budget	Total
Salary and Fringe Benefits		
Permanent Salaries	683,225	
Temporary Salaries	1,538	
Mandatory Fringe Benefits	278,493	
	Sub-total	963,256
Professional Services	35,795	
Material and Supplies	3,395	
Services of Other Departments	248,136	
	Sub-total	287,326
General Fund Support		889,743
Interdepartmental Recovery		360,839
Total Budget Appropriation		1,250,582

B. Fiscal Year 2017-18 Staffing

The Commission's Fiscal Year 2017-18 budget includes a budgeted staff of 6.0 FTE:

- Two Administrators
 - Executive Officer (Job Code 0961 Department Head I)
 - Assistant Executive Officer (Job Code 0951 Deputy Director I)

- Two Professional Staff
 - Merit System Review/Audit and Employee Relations Ordinance Administrator (Job Code 1244 Senior Human Resources Analyst)
 - Public Records/Inspection Service Request Investigator (Job Code 1241 Human Resources Analyst)
- Two Technical and Support Staff
 - Rules, Personnel & Office Coordinator (Job Code 1203 Personnel Technician)
 - Administrative Staff Assistant (Job Code 1426 Senior Clerk Typist)

IV. Fiscal Year 2018-19 and Fiscal Year 2019-20 Budget Request

As indicated, the current Fiscal Year 2017-18 budget allocation for the Civil Service Commission is \$1,250,582 of which \$889,743 is General Fund Support. Benefit cost growth will not be known until 2018.

The Budget Request for Fiscal Years 2018-19 and 2019-20 must provide sufficient funding for the Civil Service Commission to operate its function of overseeing the merit system and Rule-making authority to provide qualified persons for appointment to City and County service. Commission staff is continuously meeting with management, human resources staff, employees, union organizations, and the public on Rule and policy clarification, hiring issues, training, and improving communication. Commission staff has also been working extensively with the Department of Human Resources, human resources managers from other departments, and the City Attorney's Office on reviewing proposals for hiring modernization. These meetings involve an extensive amount of research and discussion with different departments on methods in reducing implicit bias and efficiently finding well-qualified candidates to serve public. City departments are quickly learning the amount of labor involved in proposing Rule or policy changes. COPAR is reviewing Rules, Charter Sections, San Francisco Administrative Codes, DHR Policies and Procedures, hiring practices for certain classifications (i.e. public safety, public health, trades, and transportation), and the importance of having open discussions with managers, employees, employee organizations and the public on any proposed changes.

As you can see, the loss of 1 FTE in this small Department of 6.0 FTE would have a devastating impact in the vital merit system oversight provided by the Civil Service Commission as mandated by the Charter. Commission staff will prepare the budget request without affecting the services required of the Civil Service Commission, while still seeking ways to improve the hiring process that is fair and transparent and continues to provide best qualified candidates to serve the residents of San Francisco.

V. Recommendation

Direct Commission staff to prepare Fiscal Years 2018-19 and 2019-20 Budget Request to maintain adequate staffing levels to meet current service needs; continue to negotiate amounts; present Budget Request at the Commission meeting of January 22, 2018; incorporate changes made by the Commission up to the Budget Request submission deadline; and approve to submit the Fiscal Years 2018-19 and 2019-20 Budget Request to the Controller and the Office of the Mayor by February 21, 2018.

