



# CIVIL SERVICE COMMISSION CITY AND COUNTY OF SAN FRANCISCO

Date: December 17, 2018

To: Civil Service Commission

Through: Michael Brown *MB*  
Executive Director

From: Sandra Eng *SE*  
Deputy Director

Subject: **Fiscal Years 2019-20 and 2020-21 Mayor's Budget Instructions and Department Budget Preparation Schedule**

Departments are required to submit a Fixed Two-Year Budget Plan for Fiscal Years 2019-20 and 2020-21. 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 2019-20 and 2020-21 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, 2019.

TARGET DATE	DESCRIPTION
December , 2017 – January 4,, 2019	Preliminary Work: Preparation of Draft Budget Request
January 4, 2019	Civil Service Commission reviews and comments on Draft Budget Request
January 4, 2019 – February 1, 2019	Budget Preparation for February 6, 2017 Civil Service Commission meeting
February 4, 2019	Civil Service Commission review and approval of Budget Request
February 4, 2019 until Budget Submission Deadline	Changes made by Civil Service Commission incorporated and final Budget Request prepared
February 21, 2019	Civil Service Commission Budget Request submission due to Controller's Office
February 21, 2019	Civil Service Commission Budget Request submission due to Mayor's Office

## II. Budget Outlook for Fiscal Years 2019-20 and 2020-2021

The Mayor's Office projection includes the following:

- Continued revenue growth but the long-term deficit is higher than post-recession recovery levels;
- Employee Pension Cost Growth due to past poor market performance, changes in retiree longevity, and supplemental COLAS;
- Rising employee costs and upcoming labor negotiations;
- Baselines and set-aside spending (i.e. Children's Services, Library, Municipal Transportation Agency, and Street Tree Maintenance);

- Cost shift from the State on In-Home Support Services program will add over \$100 M to the annual budget by FY 2023-2024, over and above previous projections;
- Inflation increase on personnel and non-personnel (including grants for nonprofits);
- San Francisco Housing Authority financial needs; and
- Continued uncertainty from state and federal government

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. Personnel costs per FTE have grown more than twice the rate of inflation during the past decade

The Mayor's Office projects a deficit of approximately \$270 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 an ongoing reduction of 2% for Fiscal Year 2019-20 and additional ongoing reduction of 2% for Fiscal Year 2020-21.

### III. Fiscal Year 2018-19 Overview

#### A. Summary of Current Fiscal Year 2018-19

Below is a final Fiscal Year 2018-19 (current) Civil Service Commission Budget. The total budget allocation was \$1,262,072 of which \$901,233 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 2018-19 Adopted Budget	Total
<b>Salary and Fringe Benefits</b>		
Permanent Salaries	703,536	
Temporary Salaries	1,538	
Mandatory Fringe Benefits	287,618	
	Sub-total	992,692
Professional Services	35,795	
Material and Supplies	3,395	
Services of Other Departments	230,190	
	Sub-total	269,380
<b>General Fund Support</b>		<b>901,233</b>
<b>Interdepartmental Recovery</b>		<b>360,839</b>
<b>Total Budget Appropriation</b>		<b>1,262,072</b>

### **B. Fiscal Year 2018-19 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 2019-20 and Fiscal Year 2020-21 Budget Request**

As indicated, the current Fiscal Year 2018-19 budget allocation for the Civil Service Commission is \$1,262, 072 of which \$901,233 is General Fund Support. Benefit cost growth and salaries will not be known until 2019.

The Budget Request for Fiscal Years 2019-20 and 2020-21 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 continues to work extensively with the Department of Human Resources on hiring modernization. The Mayor's Office has instructed departments to consider accountability and equitable outcomes when developing the budget by the following:

- Demonstrate effective use of existing City funding;
- Set meaningful and measurable metrics;
- Achieve outcomes and goals as outlined in performance measures and projects;
- Provide City services that reflect the value that each person deserves an opportunity to thrive in a diverse and inclusive city; and
- Prioritize funding initiatives that serve residents with the highest need.

COPAR continues to review 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. The Executive Director plans to conduct further training on the merit system and reaching out to employee organizations and community agencies.

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 2019-21 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 4, 2019; incorporate changes made by the Commission up to the Budget Request submission deadline; and approve to submit the Fiscal Years 2019-21 Budget Request to the Controller and the Office of the Mayor by February 21, 2019.