



CIVIL SERVICE COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

Date: January 14, 2022

To: Civil Service Commission

From: Sandra Eng
Executive Officer

Subject: **Fiscal Years 2022-24 Mayor’s Budget Instructions and Department Budget Preparation**

I. Schedule of Commission Budget Review

Departments are required to submit a Fixed Two-Year Budget Plan for Fiscal Years 2022-24. This report outlines the Civil Service Commission Budget Request.

TARGET DATE	DESCRIPTION
December 15, 2021-January 2, 2022	Preliminary Work: Preparation of Draft Budget Request
January 3, 2022	Postponed to the next meeting
January 10, 2022	Civil Service Commission review and comments on Draft Budget Request
January 10, 2022 – February 6, 2022	Budget Preparation for February 7, 2022 Civil Service Commission Meeting
February 7, 2022	Civil Service Commission review and approval of Budget Request
February 7, 2022 until Budget Deadline	Changes made by the Civil Service Commission incorporated and final Budget Request prepared
February 22, 2022	Civil Service Commission Budget Request submission due to the Controller’s Office and the Mayor’s Office

II. Mayor’s Priorities, Budget Instructions and Outlook for Fiscal Years 2022-24

The Mayor’s priorities are focused on the following: 1) restoring vibrancy to San Francisco, including improved public safety and street conditions; 2) recovery of the local economy; 3) reprioritization of funding to improve core service delivery; and 4) accountability and equity in delivery of programs, services, and spending.

The City’s Joint Report Update to the Five-Year Financial Plan from the Mayor’s Office projects a \$26.2 million General Fund surplus of approximately \$108.1 million in the next two years based on overall revenue growth, record returns in the City’s pension system and constraining major new costs over the last two years. Although the Mayor’s Office is not proposing departments to propose any reductions, departments must improve core services without adding net new costs.

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

1. Departments must not increase their General Fund Support for Fiscal Year 2022-24.
2. Departments must reallocate resources within their existing budgets, and leverage current funded vacancies to improve core service delivery. After two years of uncertainty and constant adaptation, departments should evaluate what worked well, what didn't, and where current resources can be shifted to address gaps.
3. Department submissions must focus on programs that produce meaningful and equitable results.
4. Departments should seek public input in developing their proposed budget in accordance with budget transparency legislation. All presentations and public comments can be made virtually or in a hybrid format.

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

The Fiscal Years 2022-24 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.

In 2021, the Commission and staff closely reviewed its recruitment and hiring process for two executive positions in order to expand the applicant pool of qualified candidates to be inclusive and equitable. With the Commission's Racial Equity Action Plan, the Commissioners and staff understood how it is necessary not only to comply with the Charter, Rules, policies, and procedures in the hiring process but also to find the best qualified candidate to serve all stakeholders (e.g. employees, employee organizations, departments, public). Although the Commission only determined the finalists for one of the executive positions, the recruitment and hiring process was intensive and well documented to indicate how City departments do have the ability to build a diverse staff that is reflective of the public they serve.

From May 2020 through the present, a review of Personal Service Contracts has been a major focus for the Executive Officer and the Commission. Due to the pandemic, transparency and accountability, issues concerning City employment, and the Mayor's Proclamation allowing the Executive Officer to approve emergency Personal Service Contracts, the Executive Officer met with several departments and employee organizations to educate on the Commission's authority and importance of union and public notification. Departments quickly learned how union notification did not delay the approval process and the unions quickly learned to focus on Personal Services Contract notifications and how to use the Commission hearings to express concerns.

To advance the Commission's objective to modernize and strengthen the operation of the City's merit system, the department must have sufficient staffing. With a vacant Deputy Director position

and having staff on leaves of absences at different times during the pandemic, it has been a challenge to meet the demands and expectations of our role in the City. Appeals have been difficult to schedule due to department representatives or appellants' availability during the pandemic. Inspection Service requests are taking more than 60 days to complete also due to departments' ability to respond and due to the Executive Officer becoming involved because of necessary corrective action recommendations. Since 2020, the Executive Officer is spending a considerable amount of time in discussions between unions and departments or with unions and members not only regarding Rule applicability but searching for other methods of solution. The Executive Officer clearly communicates that labor relations matters are not under the jurisdiction of the Civil Service Commission, however it appears both departments and the unions prefer the Executive Officer to be present in certain matters.

With the recommendations from Dr. William Gould's report regarding the Review of City Equal Employment Opportunity (EEO) Practices, Policies, and Procedures, the Commission will also need to consider the increase costs of hiring hearing officers to hear EEO appeals and the labor involved in scheduling and processing these hearings.

IV. Gap between Budget Request and Baseline Target

It will not be possible for the Commission to meet the Mayor's Target of not increasing the General Fund due to the following: 1) estimated increase in fringe benefits and salaries (labor negotiations); 2) increase in work orders from other departments in addition to new work orders from the Department of Human Resources (e.g. Equal Employment Opportunities, Diversity Equity and Inclusion, Hiring Modernization); 3) the Commission's need to increase staffing to meet the demands for its services; and 4) the possibility of hiring hearing officers for EEO cases.

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 Departments that provide services for San Francisco City and County. The Department understands the importance of creating a diverse, equitable and inclusive City staff to respond to the needs of San Francisco, therefore, we continue to meet with all stakeholders, and proposed policy or Rules while remaining in compliance with the Charter and make recommendations for corrective action if necessary. As an adjudicative body, the Department reviews the merit system process for all including applicants who seek to become civil service employees. The Commission is unable to make further reallocations for General Fund Support.

V. Impact of Reallocating Resources

All of the Commission's fiscal resources are allocated to perform 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. Although the Executive Officer has informed the City Administrator's Office of the possibility to move into a smaller office to reduce the Real Estate work order, Real Estate has informed us that the cost of moving would likely not make a significant reduction to the Real Estate work order.

The proposed budget target in not increasing the General Fund Support would not only affect the Department and Mayor's plan in meeting the City's goals, but it would also have a devastating impact in the vital merit system oversight mandated by the San Francisco Charter. Many of the stakeholders who approach the Mayor and the Board of Supervisors regarding their concerns of equity and fairness are the same stakeholders who approach the Civil Service Commission. Remaining with the same number of staff with the increase in demand for our services would greatly impact our service to the public. The Executive Officer will ardently advocate for sufficient funding to support the Commission staff necessary to meet the demands for its services.

VI. Summary of Fiscal Years 2022-24 Request

Due to the new budget system indicating a decrease in benefits for FY 2023-24, the Controller's Office is reviewing the data in the new budget system for our department, so the attached spreadsheet shows the same amount as FY 2022-23. As indicated, the Executive Officer will be requesting that the Commission increases its budget in Fiscal Year 2022-23 and an additional increase in Fiscal Year 2023-24 due to increases in work order billings from other department and estimated increases salaries and benefits. The Executive Office will be requesting an increase in work orders with other departments and will continue to work with the Mayor's Budget Office on increasing staffing by one full-time employee in order to efficiently provide necessary services to all stakeholders. After the Controller's Office reviews the benefits amount for the department in the new budget system, the Executive Officer plans to provide the Commission with accurate amounts in the next report.

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 with a contingency for possible changes in FY 2022-24 in the hearing of appeals regarding discrimination matters and to continue its Charter mandated functions. In addition, finalize the Fiscal Years 2022-24 Budget Request; incorporate changes made by the Commission and submit the Fiscal Years 2022-24 Budget Request to the Controller and the Mayor by February 22, 2022.

Attachment

CSC FY 2022-24 PROPOSED BUDGET REQUEST

**Comparison
General Fund Support**

	2021-22 Base	2022-23		2023-24	
	Base GF Support	Budget Request	Difference (BR & GFS)	Budget Request	Difference (BR & GFS)
001 - PERSONAL SERVICES					
001 Permanent*	766,580	793,462	26,882	812,462	19,000
005 Temporary	1,538	2,818	1,280	2,818	-
009 Premium	0	-			
Sub-Total	768,118	796,280	28,162	815,280	19,000
013 - FRINGE BENEFITS					
013 Fringes**	287,618	325,516	37,898	325,516	0
TOTAL	1,055,736	1,121,796	66,060	1,140,796	19,000
027 - PROFESSIONAL SERVICES					
Hearing Officer Services/ALJ	1,000	16,000	15,000	16,000	
Court Reporters/Transcripts	1,000	1,000	-	1,000	-
Copier/Printer/Fax (Ricoh)	5,000	5,000	-	5,000	-
Document Management System	18,795	5,000	(13,795)	5,000	
Translator/Interpreter	3,000	1,000	(2,000)	1,000	
Other Miscellaneous		795	795	795	
Sub-Total	28,795	28,795	-	28,795	-
040 - MATERIALS AND SUPPLIES					
040 Materials and Supplies	3,395	3,395	-	3,395	-
Sub-Total	3,395	3,395	-	3,395	-
SERVICES OF OTHER DEPTS					
581490 Human Resources 081H8	25,100	25,100	-	25,100	
581470 Human Resources (1244) 081H4	22,267	22,267	-	22,267	-
Human Resources Modernization		333		333	
Human Resources Diversity Equity Inclusion		139		139	
Human Resources EEO		2,358		2,358	
581360 TIS-Telephone 081ET	1,374	2,712	1,338	2,712	-
581210 DT Enterprise Allocation CI	14,004	14,398	394	14,398	-
581325 Enterprise Agreement 081EA	3,528	3,750	222	3,750	
581820 IS-Purch and Reproduction 081PM	5,102	5,102	-	5,102	-
581890 GF Rent Paid to Real Estate	104,658	104,753	95	104,753	-
581270 City Attorney's Office 081CT	90,000	90,000	-	90,000	
Sub-Total	266,033	270,912	4,879	270,912	-
TOTAL BUDGET	1,353,959	1,424,898	70,939	1,443,898	19,000
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		1,040,593		1,070,896	
GENERAL FUND SUPPORT REQUEST		1,064,059		1,083,059	
		Checking amounts in the new budget system		Checking amounts in the new budget system	
MAYOR'S GFS TARGET FOR FY 2022-24					
Amount Over (Under) Mayor's Target		#VALUE!		#VALUE!	
		#VALUE!		#VALUE!	