



CIVIL SERVICE COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

Date: January 4, 2016

To: Civil Service Commission

Through: Michael Brown
Executive Officer

From: Sandra Eng *SE*
Assistant Executive Officer

Subject: **Fiscal Years 2016-17 and 2017-18 Mayor's Budget Instructions and Department Budget Preparation Schedule**

I. Schedule of Commission Budget Review

The Civil Service Commission (Commission) approved its Department Budget Planning Calendar at its meeting on December 21, 2015 as follows:

TARGET DATE	DESCRIPTION
December 1, 2015 - January 3, 2016	Preliminary Work: Preparation of Draft Budget Request
January 4, 2016	Civil Service Commission reviews and comments on Draft Budget Request
January 4, 2016 – January 27, 2016	Budget Preparation for February 1, 2016 Civil Service Commission meeting
February 1, 2016	Civil Service Commission review and approval of Budget Request
February 2, 2016 until Budget Submission Deadline	Changes made by Civil Service Commission incorporated and final Budget Request prepared
February 22, 2016	Civil Service Commission Budget Request submission due to Controller's Office
February 22, 2016	Civil Service Commission Budget Request submission due to Mayor's Office

II. Mayor's Budget Instructions and Outlook for Fiscal Years 2016-17 and 2017-18

The Mayor's Office is projecting a \$99.8 million General Fund shortfall for Fiscal Year 2016-17 and a \$240.2 million short fall for Fiscal Year 2017-18, based on current operations, staffing levels, and estimated revenues. The result of a strong year-over-year local tax revenue growth is offset by increased expenditures related to change in employer retirement contribution rates, fiscal impacts of voter-adopted baselines and set-asides, and projected increases in citywide operating costs. As stated in the previous staff report, the unexpected increase in retirement contributions were due in part to lower than expected investment returns in the pension system for FY 2014-15, updated mortality assumptions representing that employees are living longer and therefore collecting pensions longer, and the loss of a legal challenge to a portion of Prop C related to supplemental Cost of Living Adjustment payments.

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

1. Submit ongoing reductions of 1.5% or \$12,487 for Fiscal Year 2016-17 and an additional ongoing reduction of 1.5% or \$24,975 for Fiscal Year 2017-18.
2. Prioritize initiatives that support the development of a modern, responsive and engaged government.
3. Reflect the priorities and programmatic goals identified in the department's proposed five year strategic plan.
4. Identify opportunities of cross-departmental collaboration.
5. Participate in the City's talent development program (i.e. 1249 Personnel Analyst Training Program).
6. Review current position classifications and recommend changes.
7. Foster community engagement in the budget development process.
8. Consider independent reviews and audits in developing budget submissions (i.e. Civil Grand Jury reports).

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

The Fiscal Years 2016-18 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 2016-2017 and 2017-2018 to work to update and revise as appropriate the Civil Service Commission's Rules, policies and procedures. In calendar year 2015, the Commission approved Rule Amendments to Examinations, Eligible Lists, Leave of Absences, and Veterans Preference; conducted 94 Inspection Service Requests; resolved 52 appeals; and received 121 public record requests. Such efforts require not only a significant amount of staff time and resources to meet with Commission stakeholders to review current issues and the effectiveness of the City's merit system procedures, but also to research Commission history, applicable laws and best practices and determining applicability in responding to public requests.

As such, the Department will be requesting a budget allotment that will not only support its existing staff but to substitute a 1241 Personnel Analyst position for the vacant 1840 Junior

VI. Summary of Fiscal Years 2016-18 Request

As indicated, the Executive Officer will be requesting that the Commission not be required to reduce its budget by 1.5% in Fiscal Year 2016-17 and 3% in Fiscal Year 2017-18 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 Budget Total is \$1,202,488, with the department requesting General Fund Support in the amount of \$841,649. The Commission's Fiscal Year 2017-18 Budget Total is \$1,232,405, with the department requesting General Fund Support in the amount of \$871,566. 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 2016-18 Budget Request; incorporate changes made by the Commission and submit the Fiscal Years 2016-18 Budget Request to the Controller and the Mayor by February 22, 2016.

Attachment: CSC Proposed Fiscal Years 2016-18 Budget Request Comparison

Management Assistant position. 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. Previously, the Civil Grand Jury Report highly recommended that the Commission hire another 1244 Senior Personnel Analyst. The Department plans to utilize the vacant position to participate in the 1249 Personnel Analyst Training Program (City's talent development program). The 1249 Personnel Analyst Training Program in combination with training conducted by Commission staff will help develop an employee who will be equipped to respond to inspection service and public record requests.

IV. Gap between Budget Request and Baseline Target

Although the Department has reduced professional services by \$25,195 for both fiscal years, the increase in fringe benefits and the 3.25% increase in salaries (Collective Bargaining Agreements) have made it a challenge to meet the Mayor's Target of 1.5% reduction in Fiscal Year 2016-17 and 3% reduction in Fiscal Year 2017-18. With the reduction in professional services and increases in salary and fringe benefits, the Department was able to reduce General Fund Support by \$7098 or .8% in Fiscal Year 2016-17 and \$6,736 or .8% in Fiscal Year 2017-18.

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 Commission has worked with a very lean staff to keep expenditures to a minimum but with the increase in demand for Inspection Service Requests and public record requests, and maintaining efficient public service, 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 \$841,649 for Fiscal Year 2016-17 and \$871,566 for Fiscal Year 2017-18

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. With the planned substitution of a 1241 Personnel Analyst for the 1840 Junior Management Assistant vacancy, the staff resource of 6.0 FTE positions is incorporated in carrying out the duties of the Commission.

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 provided by the Civil Service Commission as mandated by the Charter; as such, the Executive Officer will ardently advocate for sufficient funding to support the Commission's full complement of staff.

CSC FY 2016-18 PROPOSED BUDGET REQUEST

**Comparison
General Fund Support**

	2015-16 Base Base GF Support	2016-17 Budget Request	Difference (BR & GFS)	2017-18 Budget Request	Difference (BR & GFS)
001 - PERSONAL SERVICES					
001 Permanent*	621,511	663,171	41,660	677,240	14,069
005 Temporary	1,500	1,500	-	1,500	-
009 Premium	0	-	-	-	-
Sub-Total	623,011	664,671	41,660	678,740	14,069
013 - FRINGE BENEFITS					
013 Fringes**	248,157	260,779	12,622	276,627	15,848
TOTAL	871,168	925,450	54,282	955,367	29,917
027 - PROFESSIONAL SERVICES					
Hearing Officer Services/ALJ	1,000		(1,000)		
Court Reporters/Transcripts	1,000	1,000	-	1,000	-
Copier/Printer/Fax (Ricoh)	5,000	5,000	-	5,000	-
Document Management System (Ricoh)	3,600	3,600	-	3,600	-
Translator/Interpreter	1,000	1,000	-	1,000	-
Other Miscellaneous	24,195		(24,195)		
Sub-Total	35,795	10,600	(25,195)	10,600	(25,195)
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	74,322	74,322	-	74,322	-
081 TIS-Telephone 081ET	2,559	2,559	-	2,559	-
081 DT Enterprise Allocation CI	10,144	10,144	-	10,144	-
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	55,816	55,816	-	55,816	-
081 City Attorney's Office 081CT	90,000	90,000	-	90,000	-
Sub-Total	263,043	263,043	-	263,043	-
TOTAL BUDGET	1,173,401	1,202,488	29,087	1,232,405	4,722
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		848,747		878,302	
GENERAL FUND SUPPORT REQUEST		841,649		871,566	
MAYOR'S GFS TARGET FOR FY 2016-18		836,260	1.5% Reduction	853,327	3% Reduction
GF Request-Original Base General Fund Support)		(7,098)		(6,736)	
Reduction in %		-0.8%		-0.8%	

*3.25% increase in salaries due to MOU and additional \$18,550 for the 1241 Personal Analyst substitution; please note that the amount is automatically estimated at the highest step but the department plans to offer the position at a lower step.

