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The High Cost of San Francisco City Government

Voracious Management Salaries Rob City's Lowest-Paid

by Patrick Monette-Shaw

Warning: For taxpayers who want to know what our local City government is up too with our tax dollars, extensive salary data is presented ahead, which clearly shows City Hall's penchant for robbing from the lowest-paid in order to feed the voracious appetite of upper-management salaries. It's a story of robbing from the poorest to feed the already rich.

Even while skyrocketing salaries for upper management in San Francisco City government now costs \$1.6 billion, excluding fringe benefits, the City has proposed imposing a "reverse pay equity" (pay cut) for 45 lower-paid job classification codes for new hires, creating a two-tiered salary structure for performing the same work.

Bloated salaries for San Francisco's top City managers contribute significantly to the purported \$4.4 billion in so-called unfunded City pension contributions, since City salaries drive pensions paid out.

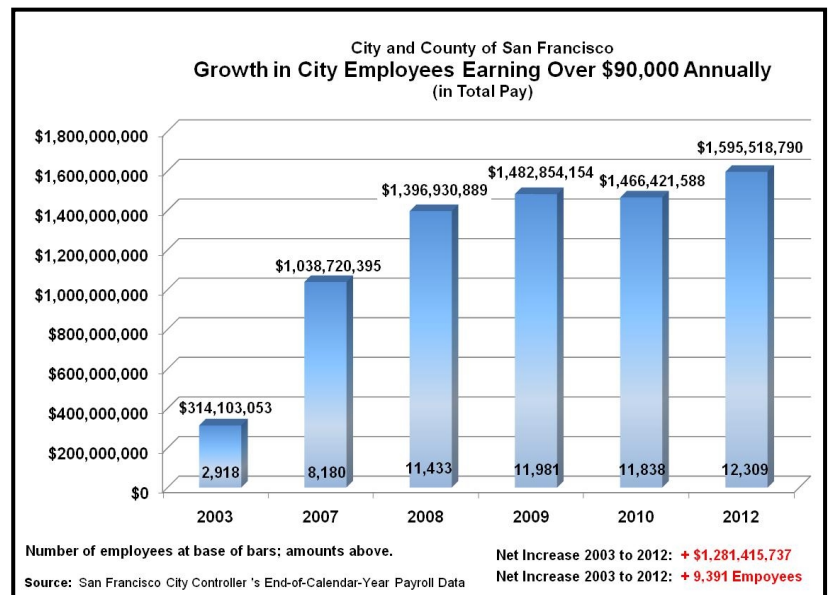
Inequities in salaries of City employees deserve a close look-see, since nearly one-quarter — 7,375 — of all City employees are half-time or less employees who averaged just \$13,451 in annual base pay in FY 11-12. Fully 32 percent — 11,783 City employees — earned less than \$50,000 in base pay in calendar year 2012, averaging just \$20,156 in base pay.

Contrast that to the glut of City staff who in calendar year 2012 earned over \$100,000 in base pay — 7,864 such employees, or 21.6 percent — who averaged \$124,715 in base pay and averaged a staggering \$143,131 in total pay. Or contrast it to the 12,309 employees — 33.5% — who earned over \$90,000 in total pay in calendar year 2012, averaging \$110,473 in regular pay and \$129,622 in total pay.

Given the salary inequities between the lowest- and highest-paid City employees, the stench of probable political patronage using taxpayer funds begins to waft through the air.

Chops to the Lowest Paid

The City has proposed trimming ten percent from new-hire salaries for payroll and personnel clerks, certified nursing assistants, and hospital eligibility workers, claiming they are overpaid compared to the Bay Area market. The City also proposes a seven-and-a-half percent pay cut for psychiatric technicians, child support officers, legal process clerks, legal secretaries, psychiatric social workers, and museum guards. The City also wants its pharmacists, custodians/porters, medical social workers, various health care workers,



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employment and training specialists, and diagnostic imaging technicians to take five percent pay cuts during attrition to new hires.

At the same time, the City is *not* proposing pay cuts from the 722 senior managers earning more than \$90,000 in base pay in the 0900-series of management job classifications, who averaged \$136,242 in base pay.

Between calendar years 2008 and 2012, the City has already eliminated 734 positions across the 45 job classifications the City now proposes to cut salaries of, pocketing \$20 million to \$30-some million in base pay from the lost 734 positions, and probably transferring the duties to higher-paid employees. Should its new pay cut proposal prevail for the 45 job classifications, the City *may* realize approximately \$13.7 million in additional “salary savings” — albeit, spread across several decades — through attrition and replacement with new hires who will be paid at the lower salaries.

At the end of June 2012 (FY 11-12), the 4,014 employees remaining in these 45 job classifications earned average base-pay salary of just \$51,625. Of the 4,014 remaining in these job classification codes, fully 19.7% — nearly one-fifth — worked less than half-time status, averaging salaries of just \$13,406. Only 52.4 percent of employees in these job codes worked full-time, at an average base salary of \$64,518. The City will likely convert many of the new hires in these job classifications to part time status, and extract pay cuts of up to ten percent from half-time employees who are already averaging just \$13,406 in base pay.

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This follows on the heels of “de-skilling” of clerical and secretarial employees in the 1400-series, who forfeited 452 positions between calendar years 2008 and 2012, allowing the City to pocket another \$13.4 million in salaries. “De-skilling” involves assigning the work of higher job classification clerical employees to lower-paid clerical staff — or alternatively, of handing the work of skilled clerical employees to highly-paid management staff, where the work is performed for much higher pay, if at all.

In FY 2011-12, the City’s 1,670 clerical employees in the 1400-series job classification codes averaged just \$43,011 in base pay, but the sad fact is that of those 1,670 clerical employees, 23.5 percent worked less than half-time and averaged just \$8,473 in base pay. Nearly one-third (501) of the 1400-series employees worked less than three-quarters time – 0.75 FTE (full-time equivalent) status, or less — averaging just \$13,450 in base salary.

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Combining the 452 clerical positions eliminated between calendar years 2008 and 2012 and the 734 positions already eliminated from the 45 job classification codes, the City has eliminated at least 1,186 lower-paid, and part-time positions, pocketing between \$33 million and \$50 million, which the City then used to increase the number of, and salaries of, highly-paid managers.

Much of the work formerly performed by clerical workers has been given to far-higher-paid managers, although the City has attempted to hire so-called “as needed” public service aides to fill the gap. Knowledgeable and experienced clerical workers are being replaced by aides.

In the four-year period between FY 08-09 and FY 11-12, the City added 770 part-time public service aides in the 9900-series job classifications to replace the 452 clerical employees eliminated in the 1400-series, bringing the total number of public service aides to 1,492, of whom 1,176 — 78.8 percent — work less than half-time (so the City doesn’t have to pay them any fringe benefits), and who averaged just \$5,766 (yes, less than \$6,000 each, on average) during FY 11-12.

Of the 1,492 public service aides, 1,384 (92.8%) worked three-quarter time (0.75 FTE) or less in FY 11-12, averaging just \$7,522 in base pay.

The City has also forced many of the higher-skilled secretaries formerly in the 1400-series into the lower-paid 1406 Senior Clerk classification. During the same time period of the public service aide hiring binge, the City added 133 additional 1406 Senior Clerks, who averaged just \$43,139 in base pay in FY 11-12; 10.5 percent of the now 228 Senior Clerks work less than half time, averaging just \$13,445 in base pay annually.

Another example, to be clear, of the part-time direction the City is headed in, is that 314 — 14.1 % — of Muni's 2,224 drivers earned average salaries in FY 11-12 of just \$12,390, having worked less than 1,040 hours, which is half-time, or 0.5 FTE ("full-time equivalent") status.

Across all job classification codes in FY 11-12, fully 21.1 percent — 7,375 City employees — were half-time (or less) employees, averaging just \$13,451 annually in base pay. They stand in stark contrast to the 7,784, or 22.3 percent, of employees who earned over \$100,000 in base pay and averaged \$142,548 in total pay.

Excesses for the Highest Paid

After former Supervisor Tom Ammiano first noted in 2003 that City managers earning over \$90,000 were a problem, for over a decade voracious management salaries have climbed steadily upward. Indeed, on February 20, Matier and Ross lamented in the *San Francisco Chronicle* that the days when news that a handful of City managers earning \$100,000-plus salaries are long gone, as if having more than just a handful of such highly compensated employees has somehow become acceptable.

While Matier and Ross reported that approximately 572 San Francisco city employees are paid more than Governor Jerry Brown's \$173,987 salary, and although they acknowledged they had excluded overtime pay, the pair of reporters didn't inform their readers they were creatively adding another category called "other pay" to the employee's base pay. But adding in "other pay" to make this point is intellectually dishonest when readers aren't informed of mixing apples and oranges.

Indeed, San Francisco does have 379 City employees who were paid more in base pay in 2012 than the governor earned; those 379 averaged an astounding \$193,415 in base pay each, sucking out a combined \$78.6 million in total pay from the City's payroll.

Similarly, Matier and Ross also reported that 195 City employees made more than \$200,000, but again, they neglected informing readers they were combining "base pay" with "other pay" to arrive at the number of 195 employees earning over \$200,000. In fact, during FY 11-12, the City had only 91 employees — not 195 — who earned more than \$200,000 in *base pay*, although each of the 91 averaged \$240,337 in total pay, and who, combined, cost the City a staggering \$21.9 million in total pay (before fringe benefits). Matier and Ross mention nothing about this total \$21.9 million expense for these 91 high-flyer employees.

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While Matier and Ross correctly report that about one quarter of City employees make more than \$100,000 without overtime, they neglected to mention that the 7,864 employees who earned over \$100,000 in just base pay during calendar year 2012 cost the City a combined \$1.126 *billion* in total pay. The days of fretting about employees earning over \$100,000 should not be considered "long gone," given the billion it is currently costing San Franciscans to have these 7,864 on the City's payroll.

Matier and Ross, disturbingly, provide not one drop of cross-year historical analyses to shed light on the on-going debate about upper-management City official's salaries.

Across the decade since 2003, the City has added another 553 managers in the 0900-series job classification codes, bringing the total to 722 of such managers in calendar year 2012. Of the 722 managers, we have 570 in the 0922 to 0943 manager series (up to Manager VII), and another 131 Deputy Directors of Departments and Department Heads (Deputy Directors I through V and Department Heads I through V) in the 0951 to 0965 series, even though the City's

core business has not changed sufficiently in the past decade to warrant the hiring of 533 more managers in these job classifications. This single increase costs taxpayers an additional \$82.4 million annually, and now costs at least \$101.5 million in total pay (excluding fringe benefits) for the 722 incumbent senior managers earning more than \$90,000 in base pay, who each averaged \$140,601 in total pay in calendar year 2012.

Why does San Francisco need at least 722 senior managers — or more, since there are many other job classification codes that include the word “manager” in their job titles — to run just (approximately) 60 City departments?

Lacking any meaningful cross-year critical analyses, Matier and Ross failed to note that in the five years between 2007 and 2012, the City felt the need to add an additional 1,461 employees earning over \$150,000 in total pay, at an increased cost of \$269.3 million. The City now has 2,777 employees earning over \$150,000 annually in total pay, at a combined cost of \$496.1 million — and who each average \$178,653 in total pay — but Matier and Ross say nothing about why the City suddenly needs nearly 3,000 employees earning such high pay.

During FY 11-12, 10,630, or one-third (30.5 percent) of City employees, earned less than \$50,000 in base pay, and earned on average just \$21,934 in total pay. In contrast, 7,784, or 22.3 percent, of employees earned over \$100,000 in base pay and averaged \$142,548 in total pay during FY 11-12, which Matier and Ross all but ignore, just as they ignored that the 91 City employees who earned over \$200,000 in base pay during FY 11-12 averaged \$240,337 in total pay.

While City Hall turns a blind eye towards the City’s \$4.4 billion in purported unfunded pension contributions, it is simultaneously turning a blind eye to the ever-escalating unfunded liability of salaries for top City managers who apparently feel an entitlement to excessive salaries. Their top salaries drive top pensions, just as night follows day.

Until taxpayers say enough is enough, expect these City managers to keep earning far more than our State governor, the president of the United States, and private sector CEO’s, while the City’s lowest-paid workers are robbed of their jobs, or face drastic pay cuts.

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