

**Patrick Monette-Shaw**

975 Sutter Street, Apt. 6  
San Francisco, CA 94109

Phone: (415) 292-6969 • e-mail: pmonette-shaw@earthlink.net

June 30, 2009

**Budget and Finance Committee**

- The Honorable John Avalos, Supervisor, San Francisco Board of Supervisors, District 11
- The Honorable Ross Mirkarimi, Supervisor, San Francisco Board of Supervisors, District 5
- The Honorable Carmen Chu, Supervisor, San Francisco Board of Supervisors, District 4
- The Honorable David Campos, Supervisor, San Francisco Board of Supervisors, District 9
- The Honorable Bevan Dufty, Supervisor, San Francisco Board of Supervisors, District 8

San Francisco Board of Supervisors  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

**Re: Testimony Regarding Management Fat in  
Mayor Newsom’s Proposed Budget for FY ’09–’10**

Dear Chairman Avalos and Members of the Budget and Finance Committee,

On May 28, Supervisor Avalos and Supervisor Mar visited Laguna Honda Hospital’s SEIU Local 1021 members. During his remarks, Supervisor Mar stated that there was no further fat in the City’s budget, and that management fat had been trimmed to the bone, (or words to that effect). I was stunned hearing him say this, knowing better.

I beg to differ with Supervisor Mar. Management “fat” in the City continues to grow each year. When then Supervisor Tom Ammiano questioned the salaries of City employees earning over \$90,000 in 2003, there were 2,918 such employees, costing a total of \$314,103,053. By 2007, the number of City employees earning over \$100,000 had grown to 8,180 employees, at a cost of \$858,005,627 — an increase of \$543,902,574. Just one year later, in 2008, the number of employees earning over \$100,000 had climbed to 8,933 (an increase of 753 additional employees across a single year), to a new cost of \$1,160,119,659 — an increase of \$302,114,032 in a single year. Surely there’s some management “fat” in there.

As shown in Table 1 below, since Supervisor Ammiano first called in 2003 for reducing the number of City employees earning more than \$90,000 annually, there has been an increase of 481 managers in the 0900 job classification series at an additional cost of \$64.9 million annually.

**Table 1: Senior Managers 2003 to 2008 Earning Over \$90,000 in Base Pay**

Job Class #	Job Classification Title	2003		2008		Net Change	
		# of Employees	Total Salaries (Base Pay > \$90k)	# of Employees	Total Salaries (Base Pay > \$90k)	# of Employees	Total Salaries (Base Pay > \$90k)
0922	MANAGER I	2	\$ 187,424	82	\$ 8,373,704	80	\$ 8,186,280
0923	MANAGER II	33	\$ 3,137,584	93	\$ 10,069,290	60	\$ 6,931,706
0931	MANAGER III	37	\$ 3,765,949	113	\$ 13,251,913	76	\$ 9,485,964
0932	MANAGER IV	19	\$ 2,053,889	104	\$ 13,269,584	85	\$ 11,215,695
0933	MANAGER V	25	\$ 2,953,608	64	\$ 8,856,280	39	\$ 5,902,672
0941	MANAGER VI	16	\$ 2,012,937	56	\$ 8,435,246	40	\$ 6,422,309
0942	MANAGER VII	3	\$ 410,684	20	\$ 3,303,350	17	\$ 2,892,666
0943	MANAGER VIII	8	\$ 1,214,825	16	\$ 3,024,624	8	\$ 1,809,799
0951	DEPUTY DIRECTOR I			4	\$ 420,798	4	\$ 420,798
0952	DEPUTY DIRECTOR II	4	\$ 401,784	14	\$ 1,662,351	10	\$ 1,260,567
0953	DEPUTY DIRECTOR III	7	\$ 884,242	23	\$ 3,385,165	16	\$ 2,500,923
0954	DEPUTY DIRECTOR IV			18	\$ 3,036,562	18	\$ 3,036,562
0955	DEPUTY DIRECTOR V	8	\$ 1,242,361	17	\$ 3,020,674	9	\$ 1,778,313
0961	DEPARTMENT HEAD I	3	\$ 321,552	11	\$ 1,412,117	8	\$ 1,090,565
0962	DEPARTMENT HEAD II	2	\$ 215,234	8	\$ 1,279,048	6	\$ 1,063,814
0963	DEPARTMENT HEAD III	2	\$ 291,328	7	\$ 1,171,969	5	\$ 880,641
		<b>169</b>	<b>\$ 19,093,401</b>	<b>650</b>	<b>\$ 83,972,674</b>	<b>481</b>	<b>\$ 64,879,273</b>

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Cutting salaries shown in Table 1 by 10% would yield, at minimum, \$6.5 million in salary savings without even considering fringe benefits.

Things grew worse between 2007 and 2008. Now, an additional 83 "managers" in this single job classification series (and there are more, in other job classification code series) will cost us an additional \$10 million, which will predictably grow higher:

**Table 2: Senior Managers 2007 to 2008 Earning Over \$100,000 in Total Pay**

Job Class #	Job Classification Title	2007		2008		Net Change	
		# of Employees	Total Salaries (Total Pay > \$100K)	# of Employees	Total Salaries (Total Pay > \$100K)	# of Employees	Total Salaries (Total Pay > \$100K)
0922	MANAGER I	53	\$ 5,726,107	60	\$ 6,428,061	7	\$ 701,954
0923	MANAGER II	53	\$ 6,045,110	88	\$ 9,779,312	35	\$ 3,734,202
0931	MANAGER III	92	\$ 11,051,041	113	\$ 13,578,971	21	\$ 2,527,930
0932	MANAGER IV	99	\$ 12,876,053	105	\$ 13,699,893	6	\$ 823,840
0933	MANAGER V	60	\$ 8,520,047	64	\$ 9,070,781	4	\$ 550,734
0941	MANAGER VI	49	\$ 7,495,670	56	\$ 8,616,431	7	\$ 1,120,761
0942	MANAGER VII	21	\$ 3,606,626	20	\$ 3,477,173	(1)	\$ (129,454)
0943	MANAGER VIII	10	\$ 1,965,129	16	\$ 3,082,058	6	\$ 1,116,929
0951	DEPUTY DIRECTOR I	2	\$ 237,630	4	\$ 427,457	2	\$ 189,827
0952	DEPUTY DIRECTOR II	15	\$ 1,846,714	13	\$ 1,635,962	(2)	\$ (210,751)
0953	DEPUTY DIRECTOR III	25	\$ 3,846,257	22	\$ 3,374,335	(3)	\$ (471,922)
0954	DEPUTY DIRECTOR IV	16	\$ 2,617,930	19	\$ 3,254,919	3	\$ 636,990
0955	DEPUTY DIRECTOR V	19	\$ 3,555,248	18	\$ 3,212,037	(1)	\$ (343,211)
0961	DEPARTMENT HEAD I	11	\$ 1,448,354	10	\$ 1,341,064	(1)	\$ (107,290)
0962	DEPARTMENT HEAD II	7	\$ 1,194,658	8	\$ 1,301,490	1	\$ 106,832
0963	DEPARTMENT HEAD III	8	\$ 1,339,978	7	\$ 1,195,267	(1)	\$ (144,711)
		<b>540</b>	<b>\$ 73,372,552</b>	<b>623</b>	<b>\$ 83,475,211</b>	<b>83</b>	<b>\$ 10,102,659</b>

Trimming salaries of those earning between \$100K and over \$200K by 10% could save the City somewhere between \$4.2 million and \$116 million, if just 184 employees earning more than \$200 thousand annually (shown in Table 3 below) would forfeit 10% of their salaries, or up to \$116 million if the 8,933 employees earning more than \$100,000 would also forfeit 10%:

**Table 3: Growth in Six-Figure Salaries, 2007 to 2008**

	2007	2008	Net Change
# of Employees Earning Over \$100,000 in Total Pay	8,180	8,933	753
Total Payroll for Employees Earning > \$100,000 in Total Pay	\$ 1,038,720,395	\$ 1,160,119,660	\$ 121,399,264
# of Employees Earning Over \$150,000 in Total Pay	1,316	1,713	397
Total Payroll for Employees Earning > \$150,000 in Total Pay	\$ 226,839,370	\$ 298,202,239	\$ 71,362,869
# of Employees Earning Over \$200,000 in Total Pay	105	184	79
Total Payroll for Employees Earning > \$200,000 in Total Pay	\$ 23,745,386	\$ 41,624,963	\$ 17,879,577

Table 4 on the next page illustrates a range of potential salary savings, if the Board of Supervisors would just focus on reducing six-figure salaries.

**Table 4: Savings Cutting Six-Figure Salaries**

	<b>2008</b>	<b>5% Salary Cut</b>	<b>10% Salary Cut</b>
# of Employees Earning Over \$100,000 in Total Pay	8,933		
Total Payroll for Employees Earning > \$100,000 in Total Pay	\$ 1,160,119,660	\$ 58,005,983	\$ 116,011,966
# of Employees Earning Over \$150,000 in Total Pay	1,713		
Total Payroll for Employees Earning > \$150,000 in Total Pay	\$ 298,202,239	\$ 14,910,112	\$ 29,820,224
# of Employees Earning Over \$200,000 in Total Pay	184		
Total Payroll for Employees Earning > \$200,000 in Total Pay	\$ 41,624,963	\$ 2,081,248	\$ 4,162,496

Table 5 illustrates that public safety positions earning over \$100,000 annually have increased in just a one-year period, by almost 300 positions, 265 of them in positions earning over \$150,000 annually.

**Table 5: Growth in Public Safety Positions, 2007 to 2008**

	<b>2007</b>	<b>2008</b>	<b>Net Change</b>
Fire Department Over \$200,000	21	48	27
Police Department Over \$200,000	38	68	30
Sheriff's Department Over \$200,000	3	6	3
<b>Number Earning Over \$200K Subtotal</b>	<b>62</b>	<b>122</b>	<b>60</b>
Fire Department Over \$150,000	161	277	116
Police Department Over \$150,000	396	527	131
Sheriff's Department Over \$150,000	47	65	18
<b>Number Earning Over \$150K Subtotal</b>	<b>604</b>	<b>869</b>	<b>265</b>
Fire Department Over \$100,000	1,351	1,437	86
Police Department Over \$100,000	1,784	1,919	135
Sheriff's Department Over \$100,000	364	441	77
<b>Number Earning Over \$100K Subtotal</b>	<b>3,499</b>	<b>3,797</b>	<b>298</b>

Table 6 shows that the increase just between 2007 and 2008 for public safety personnel has climbed by at least \$58.6 million, and is now probably much higher in 2009.

**Table 6: Increases in Public Safety Salaries, 2007 to 2008**

	<b>2007</b>	<b>2008</b>	<b>Net Change</b>
Fire Department Over \$200,000	\$ 4,745,602	\$ 10,970,993	\$ 6,225,391
Police Department Over \$200,000	\$ 8,320,410	\$ 15,171,874	\$ 6,851,464
Sheriff's Department Over \$200,000	\$ 664,720	\$ 1,401,285	\$ 736,565
<b>Salaries of Those Earning Over \$200K Subtotal</b>	<b>\$ 13,730,733</b>	<b>\$ 27,544,152</b>	<b>\$ 13,813,419</b>
Fire Department Over \$150,000	\$ 28,387,922	\$ 49,232,111	\$ 20,844,189
Police Department Over \$150,000	\$ 68,336,347	\$ 92,226,508	\$ 23,890,161
Sheriff's Department Over \$150,000	\$ 8,094,563	\$ 11,253,089	\$ 3,158,525
<b>Salaries of Those Earning Over \$150K Subtotal</b>	<b>\$ 104,818,832</b>	<b>\$ 152,711,707</b>	<b>\$ 47,892,875</b>
Fire Department Over \$100,000	\$ 170,505,576	\$ 192,245,659	\$ 21,740,083
Police Department Over \$100,000	\$ 238,706,714	\$ 264,838,261	\$ 26,131,546
Sheriff's Department Over \$100,000	\$ 45,343,208	\$ 56,136,521	\$ 10,793,312
<b>Salaries of Those Earning Over \$100K Subtotal</b>	<b>\$ 454,555,499</b>	<b>\$ 513,220,440</b>	<b>\$ 58,664,941</b>

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I urge the Board to conduct a meaningful review of positions earning over \$100,000, but not just those in the public safety departments.

Supervisor Mar is wrong. There is much more fat in the City's bloated management ranks left to trim. And we're not even close to the bone.

Respectfully submitted,

Patrick Monette-Shaw  
Independent Community Observer

cc: The Honorable Eric Mar, Supervisor, San Francisco Board of Supervisors, District 1  
The Honorable David Chiu, President, San Francisco Board of Supervisors, District 3  
The Honorable Chris Daly, Supervisor, San Francisco Board of Supervisors, District 6  
The Honorable Sean Elsbernd, Supervisor, San Francisco Board of Supervisors, District 7  
The Honorable Michela Alioto-Pier, Supervisor, San Francisco Board of Supervisors, District 2  
The Honorable Sophie Maxwell, Supervisor, San Francisco Board of Supervisors, District 10  
Angela Calvillo, Clerk of the Board, San Francisco Board of Supervisors  
Mayor Gavin Newsom