

Escalating City Employee Bloat: The New “\$400K+ Club”

Mayor’s Patronage Nepotism Jobs Alive and Well

by Patrick Monette-Shaw

Since 2013, I have published five articles¹ about the City’s growing problem of bloat in City employment. This is the sixth article in this series.

The problem keeps worsening, with the advent of a new “\$400,000+ Salary Club” beginning in FY 2016–2017 during Ed Lee’s tenure, and the discovery some City employees are paid bonuses.

You have to wonder if Mayor Breed is outraged what her predecessors have done increasing the bloat.

In my September 2017 [article](#) “*Mayor’s Hiring Spree Isn’t a Black Swan Event*,” I noted Wikipedia describes black swan events as a metaphor for occurrences that deviate beyond what is normally expected of a situation, are extremely difficult to predict, and come as a surprise. Black Swan events are typically random and unexpected, and considered to be outliers. They have major effects and are often inappropriately rationalized after the fact through the benefit of hindsight, as if the events *could* have been expected.

But Mayor Lee’s hiring binge and the major effects it has had on the City’s overall budget was *not* surprising or random. That binge was no Black Swan *accident* and should come as no surprise or shock to now-Mayor London Breed.

The Long View

I started monitoring salaries of San Francisco City employees a decade and a half ago, in 2003, when then-Supervisor Tom Ammiano raised a public stink while he was helping develop the City’s FY 2003–2004 budget that City managers earning over \$90,000 salaries were a problem. Ammiano proclaimed in the media that those employees should voluntarily take a 10% pay cut to help then-Mayor Willie Brown deal with a budget deficit. Few volunteered, if any. When my then-computer died in 2007 I lost my City Controller payroll database records and research on the problem for my previous articles.

Back in 2003, there were 2,918 City employees earning over \$90,000 in total pay, for a combined \$314.1 million. In the fiscal year ending June 30, 2018, the number of employees earning over \$90,000 soared to 18,322 employees (a 527.9 percent change increase) and reached \$2.5 billion in total pay (a 697.6 percent change increase).

When Ed Lee became mayor in January 2011 in mid-Fiscal Year 2010–2011, I began to focus on employees earning over \$100,000 in total pay. Lee inherited the FY 2010–2011 budget developed by former-Mayor Gavin Newsom. Lee went on to develop and submit seven City budgets of his own between FY 2011–2012 and FY 2017–2018 before he died in December 2017. His last City budget included an eighth two-year proposed budget for FY 2018–2019.

This sixth-in-a-series article focuses on the budgets Lee developed, and the patronage jobs bloat he introduced.

Table 1 shows that massive bloat in the City budget in the seven budgets Lee submitted to the Board of Supervisors.

Table 1: Total City Budgets: FY 2010–2011 to FY 2018–2019

FY 10-11		FY 11-12		First-Year Change		FY 10-11		FY 18-19		Nine-Year Change	
City Budget	City Budget	\$ Increase	%Change	City Budget	City Budget	\$ Increase	%Change	City Budget	City Budget	\$ Increase	%Change
\$ 6,562,658,343	\$ 6,828,705,831	\$ 266,047,488	4.1%	\$ 6,562,658,343	\$ 11,039,195,070	\$ 4,476,536,727	68.2%				

Source: Annual City Budget Data on City Controller’s web site. FY 10-11 data is City budget Mayor Lee inherited from former Mayor Gavin Newsom.



Illustration: Patrick Monette-Shaw
Breed Photo: “Styrofoam Monster” campaign ad.

Mayor Breed’s Shock? Following former-Mayor Ed Lee’s seven-year tenure, observers are wondering whether now Mayor Breed will express outrage over the growth in the number of excessively-paid management employees and will curtail further bloat.

Black Swan events are typically random and unexpected, and considered to be outliers. They have major effects and are often inappropriately rationalized after the fact through the benefit of hindsight, as if the events *could* have been expected.

“The City’s growing problem of bloat in City employment keeps worsening with the advent of a new ‘\$400,000+ Salary Club’ and the discovery some City employees are paid bonuses.”



Table 1 shows the first budget Lee developed in FY 2011–2012 grew by a modest 4.1 percent change increase of just \$266 million. By his seventh budget, it soared to a 68.2 percent change increase of \$4.5 *billion*.

That’s obviously not a Black Swan event. It was a deliberate, not “random,” pattern. There’s no basis to claim Lee’s hiring binge was a Black Swan event.

Table 2 illustrates the number of City staff positions. [Note: The number of employees listed in the City Controller’s payroll database includes all “requisitions” for employees paid as working in authorized job classification codes. An unknown number of employee’s moonlight in multiple job classification codes. The data in Table 2 is not the total number of city employees; the data is for the number of actual staff salary requisitions.]

“ It’s no Black Swan *accident* Mayor Lee added 8,288 full- and part-time employees since he took office, a 24.4 percent change increase in staff and a 43.7 percent change increase in the total City payroll. ”

Table 2: Mayor Lee’s Payroll and Number of City Employees: FY 2010–2011 to 2017–2018

	FY 2010–2011		FY 2017–2018		Raw Net Change # of Employees	Raw Salary Increase	%Increase of Staff	%Increase in Payroll
	# of Staff	"Total Pay"	# of Staff	"Total Pay"				
Total	33,983	\$ 2,501,451,673	42,271	\$ 3,595,707,587	8,288	\$ 1,094,255,914	24.4%	43.7%

Source: City Controller Microsoft Excell Payroll Database for each Fiscal Year, F Y 2010–2011 to FY 2017–2018.

Table 2 shows it’s no Black Swan *accident* Mayor Lee added 8,288 full- and part-time employees since he took office, a 24.4 percent change increase in staff and a 43.7 percent change increase in the total City payroll, increasing the payroll by over a *billion* dollars during his eight-year tenure between FY 2010–2011 and FY 2017–2018.

Before Lee died on December 12, 2017, he had already submitted the first version of the City’s FY 2018–2019 budget in July 2017 as part of the City’s two-year budget planning cycle, along with his final FY 2017–2018 budget.

5,112 FTE’s and Counting

As a reminder, FTE’s — “full-time equivalent” employees — are calculated by combining multiple part-time employees into an equivalent 1.0 full-time employee. A 1.0 FTE is a full-time worker, while a 0.5 is a half-time worker. Two employees each working 20 hours per week are considered the *equivalent* of one employee working a 40-hour week.

As the *Westside Observer* has previously noted, each year San Francisco sets its authorized FTE level of city employees by adopting both an AAO (Annual Appropriation Ordinance, also known as the City’s official budget), and an ASO (Annual Salary Ordinance), the latter of which typically sets the number of FTE’s much higher than the authorized and funded FTE’s in the City budget. The FTE’s set in the ASO aren’t funded positions, but they are available should the City adopt a budget supplemental to fund the additional positions.

“ The 8,288 new full- and part-time employees pushed the total number of City employees from 33,983 to 42,271. There are fully 11,436 more full- and part-time employees (at 42,271) than the authorized FTE headcount of 30,835 in the AAO authorized for FY 2017–2018. ”

Table 3 below also shows that during Lee’s tenure, the 8,288 new full- and part-time employees pushed the total number of City employees from 33,983 to 42,271 employees on the payroll he had first inherited.

The number of actual full- and part-time employees on the City’s payroll stands in sharp contrast to the headcounts in the AAO authorized for each fiscal year. There are fully 11,436 more full- and part-time employees (at 42,271) than the authorized FTE headcount of 30,835 in the AAO authorized for FY 2017–2018 (ending June 30, 2018), also shown in Table 3 below.

The AAO [adopted](#) for the two-year budget cycle FY 2017–2018 and FY 2018–2019 shows the authorized and proposed FTE’s on page 29. The AAO [adopted](#) for the two-year budget cycle FY 2018–2019 and FY 2019–2020 shows the authorized and proposed FTE’s also on page 29.

Table 3: FTE Counts Across Fiscal Years

		City Budget / AAO		End-of-Year City Controller Payroll Database (Actual)	
Mayor	FY	FTE Count ①	FTE Increase From Prior Fiscal Year	Full- and Part-Time Headcount ②	Full- and Part-Time Increase From Prior Fiscal Year ③
Willie L. Brown	1995-1996	23,428			
Gavin Newsom	2003-2004	27,375	3,947		
Gavin Newsom	2004-2005				
Gavin Newsom	2008-2009			36,154	
Gavin Newsom	2009-2010			35,116	(1,038)
Ed Lee	2010-2011	26,108	(1,267)	33,983	(1,133)
1 Ed Lee	2011-2012	26,182	74	34,882	899
2 Ed Lee	2012-2013	26,901	719	37,277	2,395
3 Ed Lee	2013-2014	27,669	768	37,997	720
4 Ed Lee	2014-2015	28,435	766	39,122	1,125
5 Ed Lee	2015-2016	29,553	1,118	40,397	1,275
6 Ed Lee	2016-2017	30,626	1,073	41,627	1,230
7 Ed Lee	2017-2018	30,835	209	42,271	644
1 Mayor Lee / Breed	2018-2019	31,220	385		
2 London /Breed (Lee)	2019-2020	31,579	359		
Net Increase FY 10-11 to FY 17-18 (Lee's Tenure)			5,112	8,288	8,288
% Increase (Lee's Tenure)			19.2%	24.4%	
Net Increase FY 10-11 to FY 19-20			5,471		
% Increase (Including Breed's FY 2019–2020 two-year budget)			20.6%		

① **Source:** Annual responses from City Controller to public records requests; based on *Annual Appropriations Ordinance* (AAO).

② **Source:** City Controller Microsoft Excel Payroll Database for each Fiscal Year, FY 2010–2011 to FY 2017–2018.

③ The blue and yellow rows were subject to change June 30, 2018 and June 30, 2019 based on *Annual Salary Ordinance*. Both rows were two-year budget cycles. The blue row was increased from a "projection" on 7/1/17 to "actually adopted" on 7/1/18. The red vertical line shows adopted budgets and the last two-year projected budget for FY 2018–2019 developed by Mayor Lee.

Note: Lee inherited Newsom's FY 10–11 budget mid-fiscal year in January 2011; Lee submitted his own first budget in FY 11–12.

Comparing the seven-year period between FY 2011–2012 and FY 2017–2018 (ending June 30 in both '12 and '18), Table 3 shows:

- During the seven budgets Lee submitted and the Board of Supervisors adopted, Lee added 8,288 authorized positions, a 24.4 percent change increase. Those 8,288 additional full- and part-time positions represent 20% of the 42,271 positions listed in the City Controller’s payroll database as of June 30, 2018; the 20% will likely drop slightly when the City Controller releases his payroll database in July 2019 showing how many more full- and part-time positions will be added by June 30, 2019 with the additional 385 Full-Time Equivalents (FTE’s) approved in the now current FY 2018–2019 budget.

“ Lee pulled off a ‘loaves and fishes’ miracle, turning 5,112 additional FTE’s in the approved AAO’s during his tenure into 8,288 additional employees.”

- Somehow, Lee pulled off a “loaves and fishes” miracle, turning 5,112 additional FTE’s in the approved AAO’s during his tenure into 8,288 additional employees he added to the City Controller’s payroll database, perhaps patronage jobs.

- Although the FY 2017–2018 Annual Appropriations Ordinance (AAO) authorized adding 209 FTE’s, the actual number of additional full- and part-time positions added to the City Controller’s payroll database increased by 644 during the same period.

“ The first second-year budget for FY 2018–2019 projected adding 103 FTE’s. But when Mayor Breed submitted the final budget for the current FY 2018–2019 she padded on an additional 282 FTE’s, resulting in adding 385 FTE’s.”

- When Ed Lee submitted his two-year budget for FY 2017–2018 and FY 2018–2019, the first second-year budget for FY 2018–2019 projected adding 103 FTE’s. But when Mayor Breed got her hands on, and submitted, the final budget for the current FY 2018–2019 she jacked it up by padding on an additional 282 FTE’s resulting in adding 385 FTE’s

shown in Table 1 above. Apparently, political patronage jobs are still alive and well under Mayor Breed. We'll have to wait until July 2019 to find out how those 385 FTE's translates into an additional number of full- part-time positions included in the City Controller's payroll database.

- In her first two-year budget for FY 18-19 and FY 19-20, Mayor Breed initially proposed adding another 359 FTE's to her second-year budget starting 7/1/2019 in addition to the extra 385 FTE's starting 7/1/2018. We'll have to wait to see how much more she increases those FTE's when the rubber hits the road in July 2019 when the final FY 2019–2020 budget is released, and how those combined at minimum 744 new FTE's translate into another *loaves and fishes* miracle into more full- and part-time patronage employees in the City Controller's payroll database.
- The additional 359 FTE's Breed is proposing be added in her initial FY 2019–2020 proposed budget will push the 5,112 FTE's Lee added to a total of 5,471 FTE's, fully 20.6% of the City's planned 31,579 authorized FTE's.
- The AAO adopted for FY 2017–2018 showed a budgeted 30,835 FTE's for the fiscal year. Table 4 below illustrates that the City Controller's payroll database for the same fiscal year shows the "calculated" FTE's for the same fiscal year was greater, by 3,525 FTE's (an 11.4% increase), totaling 34,360 FTE's when overtime and additional "regular hours" are factored in.

“ The AAO adopted for FY 2017–2018 showed a budgeted 30,835 FTE's for the fiscal year. The City Controller's payroll database for the same fiscal year shows the 'calculated' FTE's for the same fiscal year was greater, by 3,525 FTE's (an 11.4% increase), totaling 34,360 FTE's. ”

Table 4: Excess FTE's Beyond AAO Authorization: FY 2017–2018 Only

	<u># of Full- and Part-Time Employees</u>	<u>Total Regular Hours Worked</u>	<u>Total Overtime Hours Worked</u>	<u>Total Hours Worked</u>
	42,271	67,545,435	3,922,379	71,467,814
Calculated FTE Status		32,474	1,886	34,360
FTE's Authorized in AAO		30,835		30,835
FTE's in Excess of AAO		1,639		3,525
Percent Change Increase Above AAO		5.3%		11.4%

Note: Total Hours worked divided by 2,080 hours = Calculated FTE Status.

Source: City Controller Microsoft Excel Payroll Database FY 2017–2018.

A One-Year Look Back

Table 5 below shows that in the one-year period between FY 2016–2017 (ending June 30, 2017) and FY 2017–2018 (ending June 30, 2018), Mayor Lee and Mayor Breed added 644 full-and part-time employees to the payroll at an increased cost of \$197.3 million, which fully 18% of the total \$1 *billion* payroll increase since he took office in January 2011 (shown in Table 2 above).

Table 5: One-Year Increase in FTE Counts: FY 2016–2017 to FY 2017–2018

<u>FY 16-17</u>		<u>FY 17-18</u>		<u>One-Year Increase</u>	
<u># of Staff</u>	<u>"Total Pay"</u>	<u># of Staff</u>	<u>"Total Pay"</u>	<u>Raw Net Change # of Employees</u>	<u>"Total Pay"</u>
41,627	\$ 3,398,378,997	42,271	\$ 3,595,707,587	644	\$ 197,328,590

Source: City Controller Microsoft Excel Payroll Database for each Fiscal Year.

The \$100,000+ Club Keeps Growing

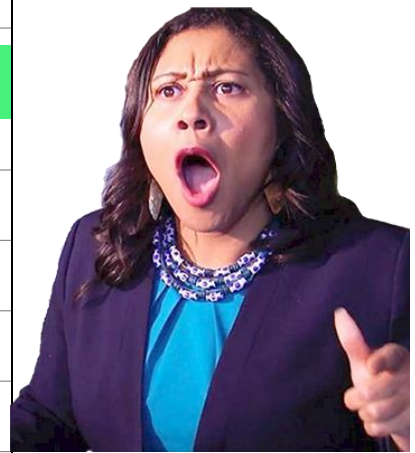
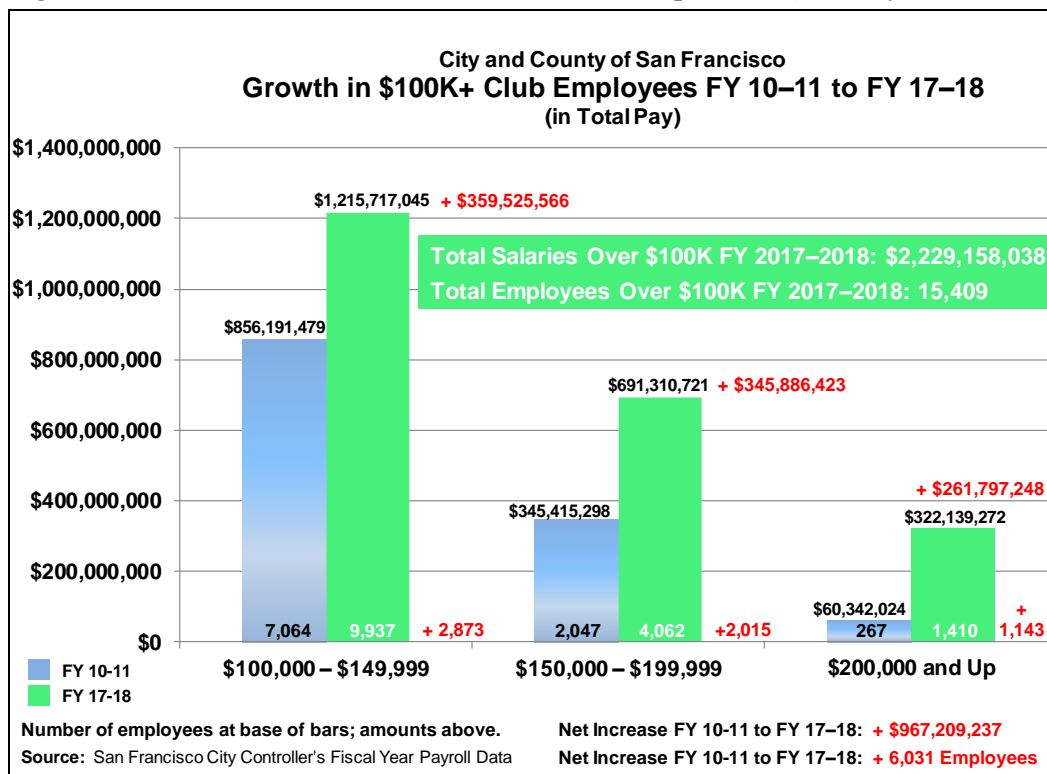
When it comes to the obscene increase in the number of City employees earning over \$100,000 annually under Mayor Lee, reasonable people may hope the famous line in Shakespeare’s play *Romeo and Juliet* “A rose by any other name would smell as sweet” might hold true for Lee’s hiring record.

Unfortunately, the increase in the number of employees earning over \$100,000 annually under Mayor Lee doesn’t smell “sweet,” it smells like stinky patronage hiring!

Figure 1 illustrates that the number of employees earning over \$100,000 annually since Lee became mayor skyrocketed to 15,409 at an annual cost of \$2.2 billion, a net increase of just shy of a *billion* dollars since he took office (\$967,209,237). The Controller’s payroll database for FY 2017-2018 totaled \$3.6 billion (more accurately \$3,595,707,587).

“The number of employees earning over \$100,000 annually since Lee became mayor skyrocketed to 15,409 at an annual cost of \$2.2 billion, a net increase of just shy of a billion dollars.”

Figure 1: The Growth in the “Over-\$100K Club” Kept Soaring in Mayor Lee’s Tenure (FY ’10–’11 to FY ’17–’18)



\$100,000+ Club Income Inequality

It’s clear there is significant income inequality between the salaries paid to City employees. Table 6 below shows that as of June 30, 2018, 63.5% of the City’s 42,271 employees earn less than \$100,000 and 36.5% earn over \$100,000.

Table 6: Income Inequality of the “\$100,000+ Salary Club,” Mayor Lee’s Tenure (FY ’10–’11 to FY ’17–’18)

Salary Ranges	FY 2010 – 2011			FY 2017 – 2018			Net Change			
	# of Employees	% of Employees	Total Salaries (Total Pay)	# of Employees	% of Employees	Total Salaries (Total Pay)	# of Employees	% of New Hires	Total City Payroll	% of Payroll Increase
Average Annual Salary	33,983		\$73,609	42,271		\$85,063	8,288		\$11,454	
Combined Total Salaries < \$100,00	24,605	72.4%	\$1,239,502,873	26,862	63.5%	\$1,366,549,549	2,257	27.2%	\$127,046,676	11.6%
Combined Total Salaries > \$100,00	9,378	27.6%	\$1,261,948,801	15,409	36.5%	\$2,229,158,038	6,031	72.8%	\$967,209,237	88.4%
Subtotal	33,983	100.0%	\$2,501,451,674	42,271	100.0%	\$3,595,707,587	8,288		\$1,094,255,913	
Average Annual Salary < \$100,000	24,605	72.4%	\$50,376	26,862	63.5%	\$50,873	2,257		\$497	
Average Annual Salary > \$100,000	9,378	27.6%	\$134,565	15,409	36.5%	\$144,666	6,031		\$10,101	
Combined Total Salaries < \$50,000	10,352		\$204,560,020	11,490		\$197,083,130	1,138		(\$7,476,890)	
Average Annual Salary < \$50,000	10,352	30.5%	\$19,760	11,490	27.2%	\$17,153	1,138		(\$2,607)	

Source: City Controller Microsoft Excel Payroll Database for each Fiscal Year.

Table 6 above shows:

- Between FY 2010–2011 and FY 2017–2018, of the 8,288 additional full- and part-time employees hired during Lee’s tenure, only 27.2% of the new hires earned less than \$100,000, while 72.8% of the new hires earned over \$100,000 and earned 88.4% of the \$1 billion payroll increase.
- As of June 30, 2018, the 26,862 employees who earned less than \$100,000 annually earned just \$50,873 on average, compared to the 15,409 employees who earned over \$100,000 and were paid average salaries of \$144,666. Between FY 2010–2011 and FY 2017–2018, those who earned less than \$100,000 saw their average salaries increase by a meager \$497, while those who earn over \$100,000 received \$8,606 more in their average salaries.

Table 7 below shows the increases by various salary ranges of the additional 6,031 employees Mayor Lee added during his tenure earning over \$100,000.

“ Of the 8,288 additional full- and part-time employees hired during Lee’s tenure, only 27.2% of the new hires earned less than \$100,000, while 72.8% of the new hires earned over \$100,000 and earned 88.4% of the \$1 billion payroll increase. ”

Table 7: “\$100,000+ Salary Club” Percent Change Increases, Mayor Lee’s Tenure (FY ’10–’11 to FY ’17–’18)

Salary Range	Change in "\$100K Club"							
	Seven-Year Change: FY 10–11 to FY 17–18				One-Year Change: FY 16–17 to FY 17–18			
	Staff Increase	Percent Increase	Dollar Increase	Percent Increase	Staff Increase	Percent Increase	Dollar Increase	Percent Increase
\$100,000 – \$149,999	2,873	40.7%	\$359,525,566	42.0%	730	7.9%	\$92,066,386	8.2%
\$150,000 – \$199,999	2,015	98.4%	\$345,886,423	100.1%	405	11.1%	\$68,952,325	11.1%
\$200,000 – \$249,999	938	413.2%	\$202,889,757	411.8%	202	21.0%	\$43,648,965	20.9%
\$250,000 – \$299,999	156	445.7%	\$41,634,299	437.2%	47	32.6%	\$12,295,791	31.6%
> \$300,000	49	980.0%	\$17,273,192	1114.0%	18	50.0%	\$6,797,929	56.5%
>\$100,000 Increase Total	6,031	64.3%	\$967,209,237	76.6%	1,402	10.0%	\$223,761,395	11.2%
> 200,000	1,143	428.1%	\$261,797,248	433.9%	267		\$62,742,685	24.2%

Source: City Controller Microsoft Excel Payroll Database for Each Fiscal Year.

Table 7 illustrates:

- During Mayor Lee’s eight-year tenure an additional 6,031 employees who earn over \$100,000 annually have been added to the City payroll at an increased cost of nearly \$1 billion.
- Of those 6,031, 1,143 earn over \$200,000 annually in total pay representing a 428.1 percent change increase. It’s totally unclear why the City needed to add 1,143 employees earning over \$200,000 annually.
- In the one-year period between FY 2016–2017 and FY 2017–2018, Lee added another 267 employees earning over \$200,000, a 24.2 percent change increase in a single year.

“ The 26,862 employees who earned less than \$100,000 annually earned just \$50,873 on average, compared to the 15,409 employees who earned over \$100,000 and were paid average salaries of \$144,666. ”

“ Lee added 1,143 people who earn over \$200,000 annually, representing a 428.1 percent change increase. It’s totally unclear why the City needed to add 1,143 employees earning over \$200,000. ”

Taking a longer two-year look back to FY 2008-2009, matters worsen. Adjusting the reporting period to two years earlier than Mayor Lee’s tenure, comparing the ten-year period between FY ’08-’09 and FY ’17-’18 (ending June 30 in both ’09 and ’18):

Table 8: “\$100,000 Salary Club” Percent Change Increases, Ten-Year Lookback (FY ’08–’09 to FY ’17–’18)

Salary Range	Ten-Year Change: FY 08–09 to FY 17–18			
	Staff Increase	Percent Increase	Dollar Increase	Percent Increase
\$100,000 – \$149,999	2,732	37.9%	\$346,715,724	39.9%
\$150,000 – \$199,999	2,329	134.4%	\$400,055,812	137.4%
\$200,000 – \$249,999	991	569.5%	\$215,043,546	579.4%
\$250,000 – \$299,999	158	478.8%	\$42,336,190	480.0%
> \$300,000	50	1250.0%	\$17,599,170	1437.2%
>\$100,000 Increase Total	6,260	68.4%	\$ 1,021,750,443	84.6%
>\$150,000	3,528	181.5%	\$961,815,083	199.5%
>\$200,000	1,199	568.2%	\$274,978,907	583.1%

Source: City Controller Microsoft Excel Payroll Databases for Each Fiscal Year.

Table 8 shows:

- The number of employees earning over \$150,000 in total pay grew by 3,528, from 1,944 to 5,472, a 181.5% change increase. Their total pay (including base + overtime + “Other Pay”) jumped from \$338.4 million to just under \$1 *billion*, a 199.5 percent change increase.
- The number of employees earning over \$200,000 in total pay grew from 211 to 1,410 — a 568.2% change increase. Their total pay (including base + overtime + “Other Pay”) jumped from \$47.2 million to \$322.1 million, a 583.1 percent change increase.

The income inequality between the various salary ranges is provided in greater detail in Table 9.

Table 9: Income Inequality of the “\$100,000+ Salary Club,” FY ’17–’18 Only

Salary Range	# of Staff	% Mix of Staff	Total Salaries	Average Salaries
< \$100,000	26,862	63.5%	\$ 1,366,549,549	\$ 50,873
\$100,000 – \$149,999	9,937	23.5%	\$ 1,215,717,045	\$122,342
\$150,000 – \$199,999	4,062	9.6%	\$ 691,301,721	\$170,188
\$200,000 – \$249,999	1,165	2.8%	\$ 252,158,609	\$216,445
\$250,000 – \$299,999	191	0.5%	\$ 51,156,943	\$267,837
> \$300,000	54	0.1%	\$ 18,823,720	\$348,587
Total	42,271	100.0%	\$ 3,595,707,587	\$ 85,063
<\$100,000	26,862	63.5%	\$ 1,366,549,549	\$ 50,873
>\$100,000	15,409	36.5%	\$ 2,229,158,038	\$144,666
>\$150,000	5,472	12.9%	\$ 1,013,440,993	\$185,205
>\$200,000	1,410	3.3%	\$ 322,139,272	\$228,468

Source: City Controller Microsoft Excel Payroll Database, FY 2017–2018.

- Table 9 shows that while the 26,682 City employees who earned less than \$100,000 in FY 2017–2018 had average salaries of just \$50,873, the 15,409 employees earning over \$100,000 annually earned significantly higher average salaries depending on their total salary ranges.

“ In a longer 10-year period lookback, the number of employees earning over \$150,000 in total pay grew by 3,528, from 1,944 to 5,472, a 181.5% change increase. ”

“ Also, in the longer 10-year lookback, the number of employees earning over \$200,000 in total pay grew from 211 to 1,410 — a 568.2% change increase. ”

- The 15,409 employees earning over \$100,000 annually each averaged \$144,666. The 5,472 employees who earned over \$150,000 annually in total pay each averaged \$185,205. In just FY 2017–2018, the 1,410 employees who earned over \$200,000 each averaged \$228,468 in salary.
- There has been no explanation why the City needs 15,409 employees earning over \$100,000, and no explanation why the City needs 5,472 employees earning over \$150,000 or the 1,410 employees earning over \$200,000. This is — pure and simple — obvious patronage jobs bloat.

“ In just FY 2017–2018, the 1,410 employees who earned over \$200,000 each averaged \$228,468 in salary. ”

Table 9 illustrates that the income inequality across salary ranges is breathtaking.

The New “\$400,000+ Club”

Back in FY 2008–2009, the City had *zero* employees listed in the City Controller’s payroll database who earned over \$400,000 in total pay. Two years later, when Lee inherited former-Mayor Newsom’s final budget for FY 2010–2011, there were also zero employees who earned over \$400,000 in total pay.

“ By FY 2017–2018, in the last City budget Lee submitted, suddenly there were nine city employees who earned over \$400,000. ”

By FY 2016–2017, Lee suddenly added three employees who earned over \$400,000 in total salaries, at a cost of slightly *under* \$1.4 million. But by FY 2017–2018, in the last City budget Lee submitted, suddenly there were nine city employees who earned over \$400,000, at a cost of slightly *over* \$4 million.

Table 10: New “\$400,000+ Salary Club” Percent Change Increases, One-Year Change (FY ’16–’17 to FY ’17–’18)

Salary Range	Change in “\$400,000+ Club”			
	Staff Increase	Percent Increase	Dollar Increase	Percent Increase
>\$400,000	6	200.0%	\$2,677,328	194.5%

Source: City Controller Microsoft Excel Payroll Databases for Each Fiscal Year.

Table 11 below shows more details about the “\$400,000+ Club.” The data was included in the City Controller’s payroll database provided on August 3, 2018.

Table 11: The Nine-Member “\$400,000+ Salary Club” (FY 2017–2018)

DEPARTMENT NAME	LAST NAME	FIRST NAME	JOB CLASS CODE	JOB TITLE	REGULAR PAY	OVERTIME PAY	BONUSES AND “OTHER PAY”	TOTAL PAY	EMPL CLASS
1 Retirement Services	Coaker, Jr.	William	1119	Chief Investment Officer	\$ 550,066			\$ 550,066	PEX
2 Retirement Services	Francl	David	1116	Managing Director	\$ 460,026			\$ 460,026	PEX
3 Retirement Services	Wang	Arthur	1116	Managing Director	\$ 460,026			\$ 460,026	PEX
4 Retirement Services	Brownell	Ellen	1116	Managing Director	\$ 413,007		\$ 304	\$ 413,311	PEX
5 Public Health	Ehrlich	Susan	1167	Physician Administrator, DPH	\$ 426,658			\$ 426,658	PEX
6 Sheriff	Santiago	Antonio	8304	Deputy Sheriff	\$ 108,221	\$ 321,523	\$ 18,172	\$ 447,916	PCS
7 Sheriff	Terry	Ronald	8310	Sheriff's Lieutenant	\$ 178,761	\$ 220,682	\$ 23,284	\$ 422,727	PCS
8 Sheriff	Bloom	Barry	8304	Deputy Sheriff	\$ 108,221	\$ 271,690	\$ 25,785	\$ 405,697	PCS
9 Fire Department	Richardson	Kirk	H040	Battalion Chief, Fire Suppression	\$ 207,433	\$ 111,595	\$ 148,520	\$ 467,547	PCS
Total					\$ 2,912,418	\$ 925,490	\$ 216,065	\$ 4,053,974	

Note: "PEX" refers to "Permanent Exempt" employees, who are essentially "at will" employees. "PCS" employees are Permanent Civil Service employees.

Source: City Controller Microsoft Excel Payroll Database, FY 2017–2018, received on August 3, 2018 at 3:10 p.m.

Table 11 shows that of the nine employees in the “\$400,000+ Club”:

- Four were public safety officers who earned both overtime pay and “other pay” towards their total pay.

- Battalion Chief Kirk Richardson’s \$148,520 “Other Pay” included a \$120,946 payout (81.4%) of his total “Other Pay” for accrued vacation pay, sick pay, and other “cash out” payments when he retired on May 5, 2018 just before the end of the fiscal year. The rest of his “Other Pay” was for additional retention pay and premium payments.
- Four were employees of the San Francisco Employees’ Retirement System (SFERS).

Table 11 is based on errors in the City Controller’s payroll database; the “\$400,000+ Club” data reported is deceptive because it lumped bonuses paid in with “Regular Pay.”

Discovery Some City Employees Earn Bonuses

In previous articles in this series, I was unaware the City awards bonuses to some city employees.

While researching and writing this article, I set out to estimate how much SFERS’ employees Bill Coaker and David Franci may have earned in base pay raises starting on July 1, 2018.

Quite accidentally and unexpectedly, I learned of the City’s bonus payments.

On September 21, I placed a records request to the Controller’s Office to obtain the gross pay paid to Coaker and Franci on the August 21, 2018 pay date for the pay period ending August 10, 2018. I assumed I would be able to calculate raises beginning July 1, 2018 to their “Regular Pay” and “Total Pay.”

However, given the gross pay data provided by the Controller’s Office on August 24, I calculated that the two men had perhaps taken pay cuts between FY 2017–2018 (ending 6/30/2018) and FY 2018–2019. I placed another records request on the same date asking whether they had taken pay cuts or had somehow earned bonuses in FY 2017–2018, and that’s when I learned unexpectedly also on August 24 from the Controllers’ Office that both men had been awarded “discretionary bonuses” in FY 2017–2018 by the Retirement system that was not considered part of their normal wages or salaries, even though the City Controller had initially reported on August 3, 2018 that their “total pay” was all “Regular Pay” (i.e., base wages).

The Controller’s Office then provided a day later on August 25 the breakout for both men for “Regular Pay” (Base Pay) and “Other Pay” for their bonuses, shown in Table 12 below, reducing the amount of “Regular Pay” by accurately reporting bonus pay as “Other Pay.”

As of October 31, the City Controller’s Office has not explained yet what the coding problems are that it has with reporting bonuses accurately as “Other Pay,” rather than wrongly lumping bonuses in with “Regular Pay” in its annual payroll database reports.

Bonuses Paid to San Francisco Employees’ Retirement System (SFERS) Employees

Table 12 shows that of the nine employees in the “\$400,000+ Club” as of June 30, 2018, four of them are employed by the San Francisco Employees’ Retirement System (SFERS):

“ Table 11 is based on errors in the City Controller’s payroll database; the ‘\$400,000+ Club’ data reported is deceptive because it lumped bonuses paid in with ‘Regular Pay’ . ”

“ Quite accidentally and unexpectedly, I learned of the City’s bonus payments. ”

“ The City Controller’s Office has not explained yet what the coding problems are that it has with reporting bonuses accurately as ‘Other Pay,’ rather than wrongly lumping bonuses in with ‘Regular Pay’ in annual payroll database reports. ”

“ Of the nine employees in the ‘\$400,000+ Club’ as of June 30, 2018, four of them are employed by the San Francisco Employees’ Retirement System (SFERS). ”

Table 12: SFERS's "\$400,000+ Salary Club" Employees (FY 2017–2018)

LAST NAME	FRST NAME	JOB CODE	JOB CLASSIFICATION TITLE	WORKING JOB TITLE	REGULAR HOURS	REGULAR PAY	OVERTIME PAY	BONUSES AND "OTHER PAY"		EMPL CLASS	Bonus as % of Base Pay
								TOTAL PAY			
Coaker, Jr.	William	1119	Chief Investment Officer	Chief Investment Officer	2,080	\$ 326,843		\$ 223,223	\$ 550,066	PEX	68.3%
Francl	David	1116	Managing Director	Managing Director, Absolute Return (Hedge Funds)	2,080	\$ 273,343		\$ 186,683	\$ 460,026	PEX	68.3%
Wang	Arthur	1116	Managing Director	Managing Director, Private Markets	2,080	\$ 273,343		\$ 186,683	\$ 460,026	PEX	68.3%
Brownell	Ellen	1116	Managing Director	Managing Director, Asset Allocation, Risk Management and Innovation	1,976	\$ 249,544		\$ 163,767	\$ 413,311	PEX	65.6%
						Total	\$1,123,073	\$ 760,355	\$ 1,883,429		
Chui	Diane	931	Manager III	Deferred Compensation Division Manager		\$ 161,666		\$ 2,551	\$ 164,217	PCS	1.6%
						Revised Total	\$1,284,739	\$ 762,906	\$ 2,047,646		

Note: "PEX" refers to "Permanent Exempt" employees, who are essentially "at will" employees. "PCS" employees are Permanent Civil Service employees.

Source: City Controller Microsoft Excel Payroll Database FY 2017–2018, and San Francisco Employees' Retirement System (SFERS).



Table 12 shows that of SFERS' four employees in the "\$400,000+ Club":

- The four were paid at least \$760,355 in bonuses, ostensibly for increasing the overall value of the pension fund. Shouldn't they be doing that, without being paid bonuses?
- It's notable that three of the four SFERS employees each received a bonus representing 68.3% of their base pay. Could that have been a mere coincidence? Or does that suggest their bonuses were formulaic, by design?
- It's not known if the four employees had self-nominated for their bonuses paid in November 2017, or whether the *MCCP Adjustment Committee* approved each of their self-nominated applications.
- Adding in the bonus paid to Diane Chui-Justen, the bonuses paid to these five SFERS employees is well over three-quarters of a million dollars in bonuses alone. [Note: The City Controller's Office reported just a \$2,551 bonus was paid to Diane Chui-Justen in FY 2017–2018, but SFERS reported separately that she's paid a bonus of \$7,254 "per year." Why the two City departments reported *different* bonus amounts paid to Chui-Justen isn't known.]
- Coaker's FY 2017–2018 \$233,233 *bonus* on top of his base pay is **30 times higher** than the \$7,500 MPCC maximum threshold discussed below. **Of note, Coaker's \$550,066 total pay in FY 2017–2018 made him the City's highest-paid employee and the only member of the "\$500,000+ Salary Club."**

"SFERS' four employees in the '\$400,000+ Club' earned at least \$760,355 in bonuses."

"Coaker's FY 2017–2018 \$233,233 bonus on top of his base pay is 30 times higher than the \$7,500 MPCC maximum threshold discussed below."

A trusted, knowledgeable observer believes that SFERS' Board of Trustees may have previously delegated bonus payment approval to SFERS' executive director and the Trustees may have set "parameters" that bonuses could range from 0% to 50% of annual salary. But SFERS responded to a records request for its written bonus policy saying in response that there were "no responsive records." It's beyond belief that SFERS has no formal, written bonus policy, and the knowledgeable observer then noted: *"I'm sure the authorization and parameters are an open-to-the-public document, but SFERS appears to have no interest in releasing such a document!"*

"SFERS responded to a records request for its written bonus policy saying in response that it had 'no responsive records.' It's beyond belief that SFERS has no formal, written bonus policy."

All five of the SFERS employees who received bonuses during FY 2017–2018 are represented by the Management Executive Association (MEA), and they will likely receive additional bonuses in mid-November 2018 for FY 2018–2019.

The Nebulous Criteria for Bonus Awards

Frustrated by the City Controller's failure to answer whether employees in *all* City departments are eligible to receive bonuses, I turned to San Francisco's Department of Human Resources (DHR). In response to a records request seeking 1) The City's discretionary bonus policy and any non-discretionary bonus policy, including the maximum percentage of base salary that can be awarded as a bonus, authored by DHR or authored by any specific City Departments, and 2) Any and all labor union Memorandum of Understanding (MOU's) describing how bonuses are awarded and how the amount of bonuses are calculated, DHR shed some additional light.

On October 25, DHR responded indicating that only three MOU's provide for bonus awards: The bargaining agreement with the Management Executive Association (MEA), the MEA-Police contract, and the Unrepresented Employees, who don't have a union, but have an MOU covering senior at-will "permanent exempt" employees. No other City employees represented by approximately 33 other unions are eligible for bonus awards.

The three MOU's who represent members eligible for bonuses include approximately 2,308 employees, 5.5% of the City's 42,217 total employees.

In addition, DHR's October 25 records response also provided DHR's July 16, 2018 [memo](#) sent to department heads and "appointing authorities" regarding the "*MCCP Post-Appointment Compensation Adjustments*" for FY 2018–2019. Since the bonus payments to SFERS employees involved FY 2017–2018, I circled back to DHR requesting the [memo](#) sent to department heads and appointing authorities in July 2017.

Both memos explicitly state that:

- Proposals for compensation adjustments and bonuses — including individual employee's self-nominations for bonuses — are evaluated and approved by the *MCCP Adjustment Committee* comprised of representatives of the City Controller's Office, DHR, and the MEA.
- The department budget allocations for compensation adjustments are "a *general* guide for the *MCCP Adjustment Committee* but will not be considered *definitively regulating*." Translation: The guidelines are not binding, offering the Adjustment Committee a loophole to do whatever it wants to do.
- Both the July 2017 and July 2018 DHR memos indicated that on-going wage increases, and one-time lump-sum bonuses must be between \$1,000 and \$7,500 per employee (e.g., \$2,500 ongoing and \$5,000 one-time).
- Although the word *pensionable* typically applies only to fixed like salaries and wages, the word typically excludes variable amounts such as commissions and bonuses, DHR's memos indicate the MCCP bonuses are pensionable. So, the bonuses paid will be the gift that keeps on compounding and giving, long after retirement.

" DHR responded indicating only three MOU's provide for bonuses: The bargaining agreement with the Management Executive Association (MEA), MEA-Police contract, and the Unrepresented Employees. "

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" DHR's memos indicate the MCCP bonuses are pensionable. So, the bonuses paid will be the gift that keeps on compounding and giving, long after retirement. "

The July 2017 memo lays out the amount each City department was allowed to award in FY 2017–2018:

Table 13: MCCP Post-Appointment Compensation Adjustments (FY17-18)

City Department	Ongoing Wage Increases (0.25%)	One-Time Lump-Sum Bonuses (0.75%)	Total MCCP Compensation Adjustments
1 Department of Public Health	\$ 75,000	\$ 225,000	\$ 300,000
2 Public Utilities Commission	\$ 61,000	\$ 183,000	\$ 244,000
3 General Services Agency	\$ 56,000	\$ 168,000	\$ 224,000
4 Airport Commission	\$ 50,000	\$ 150,000	\$ 200,000
5 Human Services Agency	\$ 31,000	\$ 93,000	\$ 124,000
6 Recreation and Park Commission	\$ 13,000	\$ 39,000	\$ 52,000
7 Retirement System (SFERS)	\$ 13,000	\$ 39,000	\$ 52,000
8 Port Authority	\$ 11,000	\$ 33,000	\$ 44,000
9 City Controller	\$ 11,000	\$ 33,000	\$ 44,000
10 Treasurer / Tax Collector	\$ 10,000	\$ 30,000	\$ 40,000
11 Department of Emergency Management	\$ 9,000	\$ 27,000	\$ 36,000
12 Economic and Workforce Development	\$ 8,000	\$ 24,000	\$ 32,000
13 Human Resources	\$ 7,000	\$ 21,000	\$ 28,000
14 Police Department	\$ 6,000	\$ 18,000	\$ 24,000
Smaller Departments	\$ 60,000	\$ 180,000	\$ 240,000
Total	\$421,000	\$1,263,000	\$ 1,684,000



Source: San Francisco Department of Human Resources Memo Dated July 11, 2017.

Table 13 shows the Retirement System’s (SFERS) MCCP employees would receive a pool of \$52,000 for the wage increases and one-time bonuses. However:

- As Table 12 above shows, bonuses paid to SFERS employees in November 2017 totaled fully \$762,906 — a 1,856.2 percent change increase over the \$52,000 DHR had allocated to SFERS shown in Table 13 for bonuses and salary increases.

How did SFERS get the authority to award bonuses that were 15 times higher than its \$52,000 pot of bonus money?

- The \$223,233 bonus paid to Coaker involved a 3,076.3% percent change increase over the \$7,500 per-person maximum allowed under DHR’s MCCP guidance.

How did SFERS get the authority to award Coaker fully \$215,733 more than the \$7,500 maximum bonus?

Responding to a follow-up records request, DHR [acknowledged](#) on October 29 that:

- Only the three MOU’s noted above provide for awarding lump-sum bonus payments. The other almost 40,000 City employees are *not* eligible for bonus payments.
- Department Heads, Appointing Authorities, City Departments, and Board and Commissions overseeing City departments are *not* allowed to increase discretionary bonuses above the \$7,500-per-employee maximum for bonuses plus on-going wage increases threshold.
- The *MCCP Post-Appointment Compensation Adjustments* policy applies to *all* City departments.

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How did SFERS get the authority to award Coaker fully \$215,733 more than the \$7,500 maximum bonus? ”

“ Department Heads, Appointing Authorities, City Departments, and Board and Commissions overseeing City departments are not allowed to increase discretionary bonuses above the \$7,500-per-employee maximum. ”

- The bonuses are available to both Permanent Civil Service (PCS) and to essentially at-will Permanent Exempt (PEX) employees.

In both memos, DHR directed each City Department Head and Appointing Authorities that they should notify their MCCP-covered MEA members “as soon as possible” of their departmental internal process and the criteria that would be applied when deciding what salary and bonus adjustments to make, including notify employees that they could self-nominate. In response to a records request placed with SFERS, SFERS [notified](#) its MCCP employees:

“While review will be primarily focused upon employee performance in Fiscal Year 2017-2018 as reflected in employee performance evaluations, additional factors such as retention, special skills, special projects, and internal equity will also be considered.”

What About Employees With Contracts?

Curious about whether there are other City employees who may be eligible for bonuses, I circled back with DHR, requesting records of any City employees who may have contracts outside of Civil Service rules that allow bonuses. DHR responded on October 30 indicating that there are just two City departments that have contracts with just two employees.

- SFMTA’s Board of Directors shall provide an incentive compensation plan for its Director of Transportation (currently Ed Reiskin), in which his compensation is based on achievement of service standards in a written contract. Reiskin is not represented by the MEA.
- The San Francisco PUC’s General Manager (currently Harlan Kelly, Jr.) is also covered by an incentive compensation bonus plan in a written contract. Kelly is also not represented by the MEA.
- The salary for Port Authority’s Port Director (currently Elaine Forbes) is set by the Port Authority’s Commission following a salary survey of comparable jurisdictions, although Forbes does *not* have a contract. It appears the City Charter provides that the Port Director’s salary is set by the Port Commission but isn’t allowed to receive a bonus in addition to base salary. Forbes is an “Unrepresented Manager,” and is also not represented by the MEA.

It appears that only these two City departments — the MTA and the PUC — are allowed under the City Charter to issue employment contracts that provide for bonus compensation. No other City departments are allowed to issue employment contracts permitting bonus payments (because they don’t have such authority granted to them by the City Charter). All other bonuses awarded to City employees are governed by the MCCP compensation plan.

It appears SFERS’ employees do *not* have contracts that permit bonuses above and beyond the MCCP plan. So just how *did* Messrs. Coaker, Wang, and Francl, and Ms. Brownell each receive bonuses of \$163,767 to \$223,223? How and when did SFERS gain the authority to use the *loaves and fishes* miracle to award bonuses above the \$7,500 per-employee maximum threshold for these four employees?

The total amount of bonuses paid during FY 2017–2018 is not yet known. The City Controller has delayed responding to that records request until November 9. Watch this space for an update of total bonuses paid.

“ Curious about whether there are other City employees who may be eligible for bonuses, I circled back with DHR, requesting records of any City employees who may have contracts outside of Civil Service rules that allow bonuses. ”

“ It appears only the MTA and the PUC are allowed under the City Charter to issue employment contracts that provide for bonus compensation. No other City departments are allowed to. All other bonuses awarded are governed by the MCCP compensation plan. ”

“ It appears SFERS’ employees do not have contracts that permit bonuses above and beyond the MCCP plan. How did Messrs. Coaker, Wang, and Francl, and Ms. Brownell each receive bonuses of \$163,767 to \$223,223? ”

How and when did SFERS gain the authority to use the *loaves and fishes* miracle to award bonuses above the \$7,500 per-employee maximum. ”

What's Nepotism Got to Do With All of This?

To understand how Mayor Lee may have managed to hire 8,288 additional employees during his tenure, one explanation may involve nepotism.

For instance, while I was a city employee I was assigned to be a “work coordinator” for a young woman who was hired as a job classification code 1426 Senior Clerk simply because her mother worked in the same City department. The young girl had no clerical experience whatsoever and would only show up for work when she couldn't land on-call day work at another City department that paid her more per hour.

“ To understand how Mayor Lee may have managed to hire 8,288 additional employees during his tenure, one explanation may involve nepotism. ”

I documented her history of cheating on her time sheet, which human resources and legal professionals refer to as “theft of time,” meaning claiming hours worked that weren't put in. I eventually submitted a memo to my own supervisor — who approved the young woman's time card — documenting how she was stealing from the City. His reaction was to scold me saying he was “disappointed” I had written him the proof he needed to get rid of her. She eventually left the department, and we began recruiting to replace her.

I also tracked for several years the theft of time by a mid-level manager, who also cheated on his time sheet by reporting days he had not worked as days he claimed he worked, and his habit of arriving late to work, and taking hour-and-a-half and two-hour lunch hours. I knew better by then to report it, knowing I would face retaliation if I did, since his boss — a Deputy Director of the Department — had evaluated him as an “outstanding manager” on his performance reviews.

Following testing exams and interviewing, my boss and I chose the most-qualified applicant to hire and were ready to extend and employment offer. Suddenly, our Department Head stepped in and awarded the job to a woman who had not applied for the posted job announcement, had not been tested or interviewed, but had worked for the Department Head previously at another City department who needed a job. The second woman's daughter — a then-recent high school graduate who also had no clerical or other work experience — was also brought on board, apparently in a nepotism two-fer. She was also not tested or interviewed. More sheer nepotism.

In addition, the same Department Head promoted a friend of her daughter's to a cushy public relations job as a 0931 Manager I, who was paid \$128,971 in FY 2017–2018, simply because she was a *friend* of the family. The manager was a complete joke, *and* totally inept. To her credit, she did know how to use social media, as if that's a qualification.

Then there's the story of another nepotism new-hire in a different City department.

Despite Civil Service rules involving testing and Civil Service Rules of the List for eligible applicants, there was another case in another department of no testing of any kind. An Assistant Department Director hired her niece — a recent college graduate with no office skills and whose only experience with the City had been as a lifeguard one summer — who was placed in an 1840 Junior Management Assistant position at \$31 an hour for a summer. When the department had a vacancy for a 1426 Senior Clerk due to retirement, the department didn't hire a replacement 1426. Instead, the summer-hire niece 1840 Management Assignment was re-assigned to support the department's staff. The same Assistant Director also slid her daughter's boyfriend into a similar position, where he may still be employed.

“ There were no tests for either the niece or the boyfriend. Nor was there a hiring interview panel. ”

Nepotism is endemic in every City department. Just ask City employees. ”

There were no tests for either the niece or the boyfriend. Nor was there a hiring interview panel. While lists containing hundreds of eligible qualified applicants waiting to be hired were allowed to expire, family members gained city employment.

Nepotism is endemic in every City department. Just ask City employees who know blatant nepotism occurs.

Mayor's Willie Brown, Gavin Newsom, and Ed Lee all knew this, and now so does Mayor Breed.

Where Are the Auditors?

As the *Westside Observer* reported in “*Who’s Auditing Mayor’s Hiring Binge*” in February 2017, it doesn’t appear either the Board of Supervisors or the City Services Auditor unit within the City Controller’s Office are interested in auditing the bloat of City employees during Ed Lee’s watch as mayor. Taxpayers deserve an such an audit.

Monette-Shaw is a columnist for San Francisco’s Westside Observer newspaper, and a member of the California First Amendment Coalition (FAC) and the ACLU. He operates stopLHHdownsize.com. Contact him at monette-shaw@westsideobserver.com.

¹ “*Voracious Management Salaries Rob City’s Lowest-Paid*” (March 2013), “*Mayor’s Hiring Binge vs. Retiree Pensions*” (March 2016), “*Mayor Ed Lee’s Five-and-a-Half Year Hiring Binge*” (September 2016), “*Who’s Auditing Mayor’s Hiring Binge?*” (February 2017), and “*Mayor’s Hiring Spree Isn’t a Black Swan Event*” (September 2017).

Postscript: When Is “Incentive Pay” Not a “Bonus”?

Writing for this article was completed on October 31, but while re-formatting it to upload and post on the Internet, the San Francisco Employees’ Retirement System (SFERS) *finally* coughed up a potentially related public record.

Since October 23, SFERS has denied it has a formal written policy to pay bonuses. But on November 2, SFERS presented its proposed [budget](#) for FY 2018–2019 to SFERS’ Board of Trustees on March 14, 2018 that shows on pages 32 and 34 that in FY 2017–2018 ending 6/30/18 SFERS had adopted a budget including \$1,785,437 million in “incentive pay,” which SFERS creatively refers to as “*incentive pay retroactive salaries*,” as if incentive pay is somehow *not* a bonus, but salary instead. That amount is being increased in FY 2018–2019 (ending 6/30/19) to a budget of \$2 million for “incentive pay.”

“When did ‘incentive pay’ awarded retroactively get redefined as *not* being a ‘bonus’?”

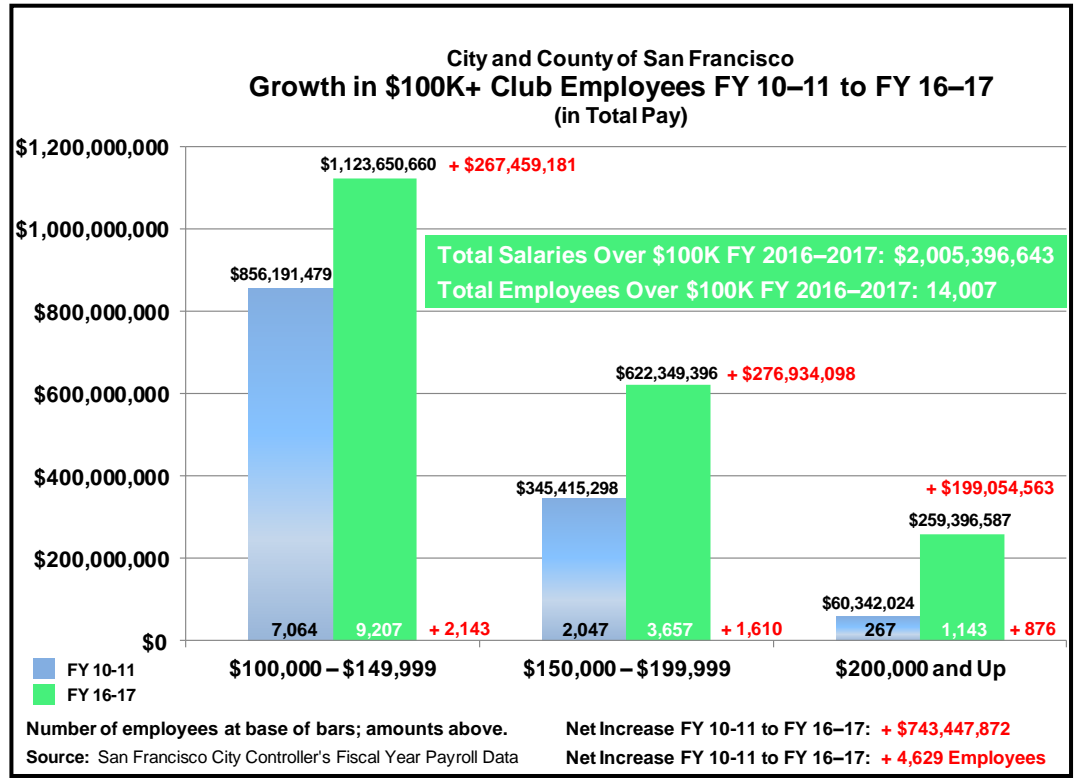
Oddly, of the \$1.78 million in incentive pay for FY 2017–2018, Table 12 above shows that bonus payments to SFERS employees reported by the City Controller’s Office totaled just \$762,906 for the same FY. So where did the additional \$1 million in “incentive pay” go?

To recap this: For FY 2017–2018, DHR had notified SFERS that it could award just \$52,000 under the MEA’s MCCP wage increase compensation and lump-sum bonuses plan. Instead, according to the City Controller, SFERS awarded at least \$762,906 in bonuses to just five SFERS’ employees. But SFERS has not indicated yet what happened to remaining \$1 million of the rest of the budgeted “incentive pay.”

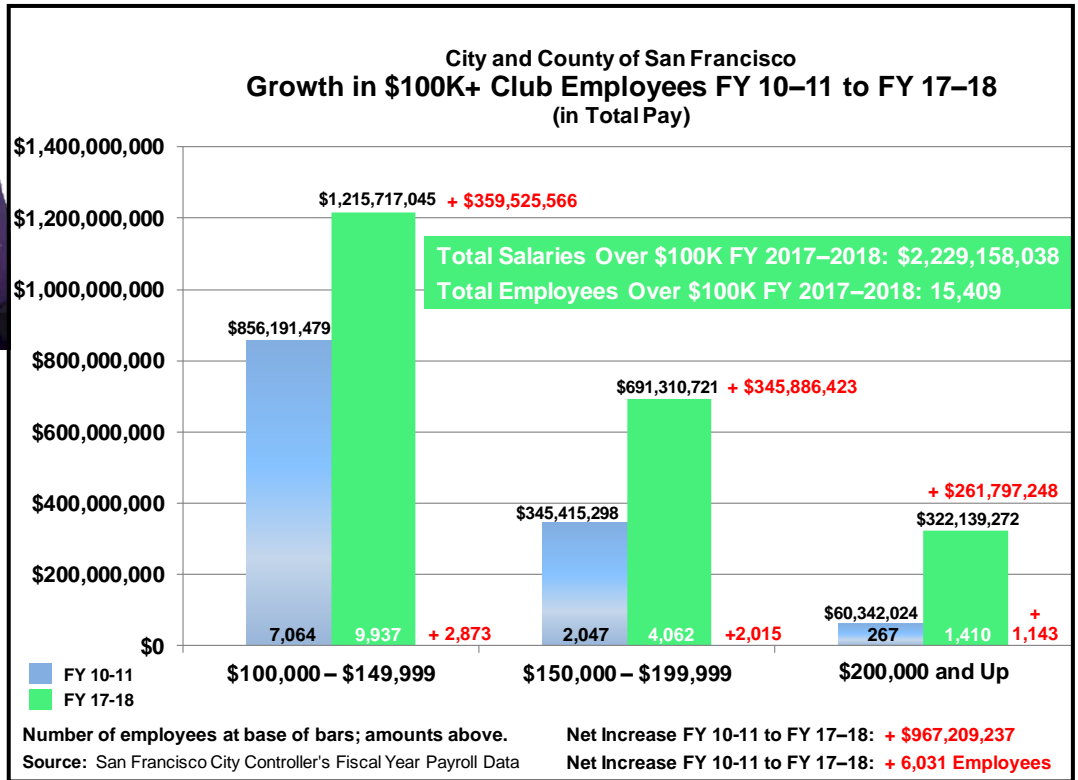
Watch this space for a potential update.

Addendum

As a point of reference, Figure 1 on page 5 of this article is repeated here, showing the same data points for the period ending June 30, 2017 contrasted to the period ending June 30, 2018. The shift in the bars in the chart are alarming.



Breed Photo: "Styrofoam Monster" campaign ad.



Bear in mind that Mayor Lee's and Mayor Breed's hiring binge won't be over until Lee's original term of office ends in January 2020. There will be another City budget (the final FY 2019-2020 Breed submits in July 2019) — and concomitant increases to FTE's and total full- and part-time employees — before his original term ends.