

The San Diego Union-Tribune

Labor unions say low pay for San Diego city workers has created ‘vacancy crisis’

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DEC. 23, 2019

5 AM

SAN DIEGO — Relatively low salaries for San Diego city employees have created a “vacancy crisis” that labor leaders say must be quickly solved to avoid a significant deterioration of public services.

City finance officials acknowledge that there is a problem, but they say it’s been overblown and that San Diego has been taking steady, incremental steps to solve it in recent years.

Those contradictory perspectives on San Diego’s 10,000-employee workforce come as city officials are negotiating with labor unions this winter and as politicians debate a new “five-year financial outlook” that shows large projected budget deficits.

Those deficits — including \$84 million projected for the budget year that begins in July — don’t include any worker salary increases, despite a San Diego study in 2015 that showed city employees are paid on average 30 percent less than counterparts in other cities.

Labor leaders say that despite the projected deficits, the city must prioritize pay raises to close that pay gap and help fill more than 1,400 vacant jobs.

“There’s a straight line you can draw from that pay disparity to recruitment, retention and vacancy problems that can be described as a crisis,” said Mike Zucchet, leader of the city’s largest labor union, the Municipal Employees Association.

“Simply put, you are hemorrhaging employees,” Zucchet told the City Council earlier this month. “And when they leave, you can’t fill the positions because you don’t offer a competitive salary.”

He said vacant jobs and the lack of experienced employees with strong institutional knowledge slow down city approvals for construction projects and new businesses, while also increasing the city’s litigation risk.

Nicole Crosby of the Deputy City Attorneys Association, a labor union representing attorneys who work for the city, said the problem is affecting her group.

She said attorneys working for San Diego make 40 to 45 percent less than the statewide median for such positions, and that 70 percent of the 150 positions in the City Attorney's Office have turned over in the last six years.

"We can no longer recruit the high-caliber attorneys that the city needs and that every city department needs when they want solid legal advice," Crosby told the council earlier this month.

Zucchet said San Diego's job vacancy rate of 12.2 percent can't be blamed on the difficulties of hiring that every employer experiences in a strong economy, because the rate is significantly higher than every other local city.

In San Diego County, Chula Vista has the second highest vacancy rate at 8 percent, while the county government's rate is 6 percent and all other cities are lower than that.

"We're not in good company; we're all alone," Zucchet said.

City finance officials don't dispute those numbers but note that the average vacancy rate for California cities is about 9 percent.

They also stress that San Diego's vacancy rates are much lower than 12.2 percent for police officers at 7.2 percent, firefighters at 5 percent, lifeguards at 3.6 percent and deputy city attorneys at 3.1 percent.

The city's overall vacancy rate is so high because the rate for the mostly white-collar jobs represented by MEA is 13.9 percent, and the rate for the city's blue-collar jobs is 14.9 percent.

City finance officials say vacancy rates are often higher for such jobs because the city faces more direct competition from the private sector for employees.

They also note that many jobs with high vacancy rates, such as emergency dispatcher, have been targeted in recent years for "special salary adjustments" to help solve vacancy problems that affect service levels.

For example, nearly 1,600 members of the MEA, about 29 percent, are receiving such targeted pay increases during the ongoing budget year.

Police officers last year got 25.6 percent salary increases to help solve a rash of officer vacancies.

And all employees, regardless of vacancy rate, have gotten 3.3 percent pay raises each of the last two years. Those hikes are on top of automatic "step" increases that employees get for simply reaching a certain number of years on the job.

"The city has taken deliberate steps to start bringing salaries in line with equivalent positions throughout the region and investigate earning gaps that may contribute to recruitment and retention issues," Kris Michell, the city's chief operating officer, said by email.

"Every budget is a balancing act because there is only so much money to go around," she said.

“With the possibility of an economic downturn as well as ongoing belt-tightening, city leaders will continue to balance investments in both employees and the services on which our neighborhoods rely.”

City finance officials don’t dispute the 1,400 vacancies cited by Zucchet, but they said he is incorrect in asserting that the city is losing many employees that it can’t replace.

They said San Diego has increased the size of its workforce every year since 2015, a slow and steady climb from 9,262 full-time employees in fiscal year 2015 to 10,023 full-timers during the fiscal year that ended last June.

Because 70 percent of the city’s budget is devoted to employee salaries, pay raises come with a significant cost. A 1 percent across-the-board pay increase costs nearly \$6 million.

But Zucchet said that’s not the whole story. The high vacancy rate has forced the city to pay more in overtime and to hire more consultants, which ends up costing more than simply filling the vacancies.

In addition to complaining that the five-year financial outlook doesn’t include any worker raises, Zucchet said the document projects deficits that aren’t entirely real because they include discretionary spending that may not happen.

“You don’t have an \$84 million deficit — it’s absolute phony-baloney,” said Zucchet, suggesting the city should revise the document by replacing some of the discretionary spending with employee pay raises.

Among those discretionary expenditures over the next five years are \$130 million for consultants, \$40 million for information technology, \$30 million for supplies and \$28 million for a pension reserve.

“The spending spree that you’ve been on for a number of years — and you’re continuing now before we even start the new budget year — has to stop,” Zucchet said. “You have to flip the script and you have to do it this year.”

City finance officials said projecting future expenses is a responsible, appropriate approach to planning for the future.

Pay raises for employees aren’t included in those projections because the city’s negotiations with all of its labor unions are creating uncertainty about what their pay will be in the coming fiscal year.

“Over the last 10 years, the city of San Diego has become a recognized leader in financial disclosure practices,” said Rolando Chavrel, the city’s chief financial officer. “We’ve established controls and procedures that protect the city’s financial integrity, following the highest standards of ethics, transparency and accountability.”

Mayor Kevin Faulconer is scheduled to unveil a proposed budget for fiscal year 2021 in April, with the council slated to finalize the spending plan in June.