TRUE LEADERSHIP REQUIRES SPENDING LESS
By Steve Colvin

As if it has become a time-honored observance in San Francisco, the local business community is yet again about to be treated in the manner of the proverbial redheaded stepchild, with the completion of the Mayoral election signaling the commencement of the beatings.

Applying all of their wit and wisdom to offsetting a $347 million budget deficit, the “progressive” majority of the San Francisco Board of Supervisors, led by Mayoral Candidate Matt Gonzalez, currently is ballyhooing their various stratagems for finding new sources of revenue and/or reallocating existing revenue streams. Defined more accurately, without forethought and perhaps, to the cynic, with a bit of untoward malice, this means putting the additional squeeze on the local business community by increasing its share of the tax burden.

Should Mr. Gonzalez win, he has the bully pulpit from which to put into action his oft-stated (and previously attempted) desire to increase the real estate transfer tax and to impose new taxes on gross receipts and payroll expenses. If he loses, it matters not, since from his seat as Board President, he’ll continue to sway fellow Board members by touting what he views to be the benefit to the City’s bottom line. What he won’t say publicly, however, is that it frees them from making the politically unpopular decision of cutting City services and jobs.

According to a report issued this past May by the Committee on Jobs, San Francisco’s budget grew by 70 percent between 1995 and 2003 – three times faster than the rate of inflation. A key contributor to the problem is a bloated City workforce. Specifically, the City and County of San Francisco now employs than 30,000 workers, a figure 30 percent greater than just eight years ago. Moreover, San Francisco spends more on a unit basis and uses more employees on a per capita basis than comparable municipal governments (combined city and county) such as Denver.

Clearly, municipal spending must be reduced. Yet existing City employee policies continue to drive up the cost of City government. Pay raises for most City employees have outpaced inflation – even after workers agreed to pay their share of retirement costs – and some City workers make as much as 25 percent more than comparable workers in other Bay Area cities.

In its report, the Committee on Jobs promoted a number of ideas designed to curtail unnecessary spending and reduce City service redundancies. The San Francisco Board of Supervisors should act on two in particular, which will significantly curb unnecessary spending:

1. Employ a system of mandatory benchmarking and performance audits for City departments (and employees); and
2. Institute a system of competitive contracting that prompts City workers to bid against other City departments, as well as outside contractors, to provide City services.

The near- and long-term effect will be to reduce the need to increase the tax burden on those who already pay more than their fair share. Indeed, according to the San Francisco Center for Economic Development, which cites the City's Controller's Office as its source, in Fiscal Year 2002 –2003, the total, combined (gross receipts, payroll and business license) taxes paid by San Francisco businesses amounted to more than $276 million. In Fiscal Year 03-04, the revenue total from business is projected to be more than $289 million.

The Board of Supervisors and others should be looking for ways to stimulate private-sector growth rather that hinder it, which is what it will do by raising taxes on private-sector businesses and property owners – those who provide jobs, create revenue and fund City programs.

Dwight D. Eisenhower once said, "You do not lead by hitting people over the head – that's assault, not leadership." Mr. Gonzalez and other like-minded, Pollyannaish members of the Board of Supervisors should take heed and lead by enacting rational – and equitable – budgeting practices.

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