



THE CITY OF SAN DIEGO

MEMORANDUM

DATE: April 8, 2026

TO: Honorable Council President Joe LaCava and Members of the City Council

FROM: Rolando Charvel, Chief Financial Officer

SUBJECT: Analysis of the Unclassified Service in the General Fund

The purpose of this memorandum is to provide the City Council with factual context about the composition and fiscal scale of the City's unclassified service. Unclassified positions have become a focal point of public commentary and political debate, unfairly characterized as administrative bloat or excessive management layers. The data provided in this memorandum lays out a more precise analysis of the state of our unclassified service.

Understanding what the unclassified service is, why it grew, and what it costs is essential context for the important budget discussions ahead.

BACKGROUND

The City of San Diego's workforce is divided into two broad categories: classified and unclassified positions. Classified positions are covered by civil service rules and subject to the formal merit system. Unclassified positions are at-will employees that serve a range of functions: elected officials, independent department heads, policy and executive staff within the Mayor's Office, sworn safety personnel in specialized roles, and Council staff, among others.

The unclassified service is not synonymous with management or "middle managers." It encompasses a wide range of roles at varying levels of seniority and function, many of which are directly tied to programs approved by the Council, grant-funded initiatives, state and federal mandates, and operational needs that require flexibility and include responsibilities for formulating and administering department policies that appropriately fall under the unclassified employee classification.

The analysis contained in this memorandum focuses mostly on Program Managers and Program Coordinators, which are the two classifications often characterized as "middle management."

GROWTH OF UNCLASSIFIED POSITIONS

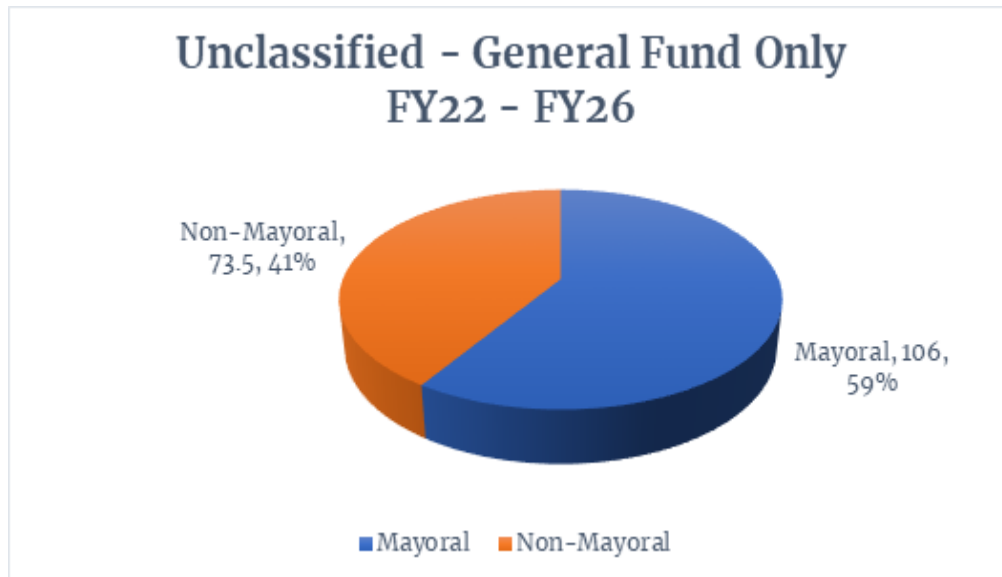
Over the past five fiscal years, the City added 242.5 unclassified full-time equivalent (FTE) positions, of which 169 were added in Mayoral Departments and 73.5 were added by Independent Departments. The year-by-year breakdown is as follows:

Fiscal Year	Independent	Mayoral	Total
FY2022	9.0	25.0	34.0
FY2023	57.0	70.0	127.0
FY2024	3.5	60.0	63.5
FY2025	3.0	10.0	13.0
FY2026	1.0	4.0	5.0
Total	73.5	169.0	242.5

The spike in FY2023 accounted for 127.0 of the 242.5 additions, or 52% of total growth. In Mayoral departments, the addition of 70 positions reflected the operational demands of that period, including the standing-up of new programs, the expansion of homelessness-related services, and grant-driven staffing needs mostly resourced by additional federal COVID relief funds. Growth slowed materially in subsequent years: 63.5 FTEs added in FY2024, 13.0 in FY2025, and just 5.0 in FY2026.

GENERAL FUND CONTEXT

Of the 242.5 unclassified FTEs added over this period, 179.5 (74%) were General Fund-supported. The remaining 63 (26%) are funded through other sources, including grants, enterprise funds, and reimbursable agreements. Of the 179.5 General Fund additions, 106 (59%) were added by Mayoral departments. The remaining 73.5 (41%) were added by non-Mayoral entities, which includes independent departments and the Council.



MAYORAL UNCLASSIFIED ADDITIONS IN CONTEXT

A closer look at the 106 General Fund unclassified positions added by Mayoral departments reveals a nuanced picture that the headline number obscures:

- **40% (42 positions)** were subsequently reduced, meaning nearly half of the positions added were also eliminated over this same period as programs wound down or funding changed.
- **11% (12 positions)** are reimbursable and do not carry any net General Fund cost.
- **8% (9 positions)** were reclassifications from existing classified positions and do not represent new headcount.

FISCAL YEAR 2027 DRAFT BUDGET REDUCTIONS

The FY2027 Draft Budget will include the reduction of 48 unclassified positions. Of these, 37 are in the General Fund or in funds that impact the General Fund, resulting in approximately \$9.3 million in savings to the General Fund. Overall, the FY2027 Draft Budget reflects a net decrease of 106 positions, including both additions and reductions, with 40 unclassified positions accounting for 38% of that net reduction. This is significant given that unclassified employees comprise only 7% of the City's total workforce of 13,062 employees.

With the additional reductions included in the FY2027 Draft Budget, only 15 of the original 106 unclassified positions added over the last five fiscal years will remain. This figure refers to the count of original additions and should not be interpreted as a one-for-one elimination of the same individual positions over time. During this period, Mayoral departments have adjusted the unclassified organizational structure to respond to changing conditions, evolving priorities, and operational needs. The 15 remaining positions exclude reimbursable positions supported by non-General Fund sources, as well as positions that were reclassifications rather than true additions to headcount. These remaining positions support new programs, compliance requirements, and other critical organizational needs. Put differently, after accounting for these factors and the FY2027 reductions, only a small number of the original additions continue to remain in the budget as ongoing, non-reimbursable positions.

PROGRAM-DRIVEN GROWTH

Of all the Program Managers, Program Coordinators and other unclassified positions analyzed, at least 47 are directly tied to new programs — the vast majority approved by the Council, mandated by the state or federal government, or driven by settlement agreements and grant requirements. These are not administrative positions layered onto existing structures. They are operational positions created to implement specific programs.

Programs driving these additions include:

- Community Planning Group Reform
- Short-Term Residential Occupancy
- Citywide Translation & Interpretation Services
- Surveillance Ordinance Implementation
- Project Labor Agreement
- Labor Compliance
- Digital Literacy, Navigator Services & Broadband Master Plan
- Sidewalk Vending Ordinance
- Cannabis Social Equity Program
- Civic Center Revitalization Project

- SB 1383 Organics Recycling
- Enterprise Asset Management Program
- Homelessness Response
- Employ and Empower Grant
- Immigrant Affairs
- Child & Youth Success Initiative
- Parks for All of Us Initiative
- Resilient SD
- Get It Done — Parks and Recreation
- Stormwater Education and Outreach
- Building Decarbonization Roadmap
- Air Pollution Control District Settlement

FISCAL SCALE OF THE UNCLASSIFIED SERVICE

When assessed as a share of the total General Fund budget, the Mayoral non-safety unclassified service — the category most often cited in “middle management” critiques — represents 3.8% of the total General Fund personnel budget. The table below provides a full breakdown of the General Fund personnel budget by employee group, showing the relationship between classified and unclassified positions in each category.

Employee Group	# FTE Classified	Total Budget Classified	# FTE Unclassified	% FTE Unclassified	Total Budget Unclassified
Elected Officials	—	—	11	100%	\$3,662,026
Independent Departments	319	\$42,000,527	302	48%	\$86,103,129
Mayoral Non-Safety	3,078	\$378,036,103	333	10%	\$86,085,108
Safety	4,026	\$831,419,586	55	1%	\$17,627,726
Council	—	—	137	100%	\$19,750,104
Grand Total*	7,423	\$1,251,456,216	839	10%	\$213,228,093

* Excludes budget adjustments to specific commitment items not directly tied to any given position, including overtime, estimated vacation pay-in-lieu, and termination pay. Also excludes hourly positions.

It is important to note that, when combined with the 42 position reductions implemented in Fiscal Year 2026, the reductions included in the FY2027 Draft Budget produce total General Fund savings of approximately \$18 million. In total, these reductions represent a 21% decrease in the total budget allocation for unclassified positions in Mayoral non-safety departments, underscoring the significant steps already taken to reduce costs in this area.

CONCLUSION

The data presented in this memo is intended to give the Council an accurate, granular understanding of the unclassified service before budget season begins in earnest. Several points bear emphasis:

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- **Growth has slowed significantly.** The majority of unclassified FTE additions occurred in FY2023, driven by specific programmatic and operational needs. Additions have tapered sharply since — from 127 FTEs in FY2023 to just 5 in FY2026.
- **Much of the growth is not what it appears.** When positions subsequently reduced are accounted for, reimbursable positions, and reclassifications, the net new non-reimbursable General Fund footprint from Mayoral departments over five years is 15 positions — not 242.5.
- **The fiscal footprint is modest.** Mayoral non-safety unclassified positions represent 3.8% of the General Fund personnel budget. Broad characterizations of the unclassified service as a driver of the City's structural budget challenges are not supported by the data.
- **New programs, not management preferences, drove most growth.** At least 47 of the positions added are tied directly to new programs, many of which were Council-approved or externally required.
- **The City has taken significant action to reduce costs in this area.** When combined with the reductions implemented in FY2026, the reductions included in the FY2027 Draft Budget generate approximately \$18 million in General Fund savings or 21% of the total budget allocation for unclassified positions in Mayoral non-safety departments.

The administration will continue to share data and analysis with the Council as the FY2027 budget process advances. I welcome the opportunity to discuss these findings further. Thank you.



Rolando Charvel
Chief Financial Officer

RC/cb

cc: Honorable Mayor Todd Gloria
Honorable City Attorney Heather Ferbert
Paola Avila, Chief of Staff, Office of the Mayor
Charles Modica, Independent Budget Analyst
Nick Serrano, Deputy Chief of Staff, Office of the Mayor
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Robert Logan II, Chief, San Diego Fire-Rescue Department
Rania Amen, Chief Community Services Officer and City Engineer, Office of the Mayor
Bethany Bezak, Chief Performance and Logistics Officer, Office of the Mayor
Kris McFadden, Chief Infrastructure Officer, Office of the Mayor
Casey Smith, Chief Housing and Community Development Officer, Office of the Mayor
Matt Yagyagan, Director of Policy, Office of the Mayor
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