



OFFICE OF THE CONTROLLER
CITY AND COUNTY OF SAN FRANCISCO

Ben Rosenfield
Controller

Todd Rydstrom
Deputy Controller

Ms. Angela Calvillo
Clerk of the Board of Supervisors
1 Dr. Carlton B. Goodlett Place Room 244
San Francisco, CA 94102-4689

October 25, 2019

RE: File 190945 – Charter amendment regarding retiree health benefits for former employees of the Housing Authority

Dear Ms. Calvillo,

Should the proposed Charter amendment be approved by the voters, in my opinion, it would have a minimal impact on the cost of government. The proposed Charter amendment would increase the City's costs to fund retiree health benefits for certain employees and future retirees of the former Housing Authority (HA) if they become City employees. The total cost would range widely depending on the number of people affected, their ages, years of service, length of continued employment, individual choices regarding medical plan enrollment, and decisions by the City regarding the hiring of affected employees.

The proposed amendment treats former HA employees as having begun City employment from the date of their earlier employment with HA, provided they were employed by the City on or after March 7, 2019, for purposes of determining retiree health benefits. Approximately 25 former HA employees are now employed by the City.

City employees hired after 2009 receive City funding for health benefits when they retire at levels from 50 to 100 percent of premium costs based on their years of service and they must retire from the City to receive this funding. Employees hired before 2009 generally receive fully paid health benefits when they retire after only five years of working for the City and receive these benefits regardless of whether they continue to work, and eventually retire from, City employment.

In general, the amendment would treat any HA employees hired by the City between March 7, 2019 and March 1, 2021 as having begun City employment from the date of their earlier employment with HA. In effect, should these HA employees become City employees, their payroll contributions to the retiree health care trust fund will be less than they would have been without the amendment, and a greater share of their health care premium cost after retirement will be paid by the City. For a typical employee who works an additional 20 years and retires from the City the increased cost to the City under the proposed Charter amendment would be in the range of \$80,000 in today's dollars and this cost would be spread over many years.

Sincerely,

for 
Ben Rosenfield
Controller

Note: This analysis reflects our understanding of the proposal as of the date shown. At times further information is provided to us which may result in revisions being made to this analysis before the final Controller's statement appears in the Voter Information Pamphlet.