

**LEGISLATIVE DIGEST**

A proposal to submit to the qualified voters of the City and County of San Francisco (City), for an election to be held on November 5, 2013, a measure amending provisions in the City's Charter to: (1) limit Retiree Health Care Trust Fund (Trust Fund) disbursements to defray participating employer retiree health care costs until employer sub-trusts are fully funded; (2) allow for disbursements from the City's sub-trust if the City's retiree health care costs are greater than ten percent (10%) of its total payroll costs even if the City's sub-trust is not fully funded; (3) permit modifications to these disbursement guidelines if recommended by the Controller in consultation with the City's Governmental Accounting Standards Board (GASB) actuary, and approved by the Mayor, two-thirds of the Board of Supervisors, and the Retiree Health Care Trust Fund Board; (4) permit a participating employer in the Trust Fund to adopt disbursement guidelines if approved by a two-thirds vote of that participating employer's governing board; and (5) make the Controller, the City Treasurer and the Executive Director of the San Francisco Employees' Retirement System (SFERS), or their designees, members of the Trust Fund Board.

[Retiree Health Care Trust Fund]

**Existing Law**

In January 2009, the City established the Trust Fund to pay for the City's, and other participating employers', retiree health care costs. The San Francisco Unified School District, San Francisco Superior Court, and the San Francisco Community College District are eligible to participate in the Trust Fund upon resolution by their governing boards. Currently, only the City and the San Francisco Community College District participate. Participating employer contributions are segregated into separate sub-trusts.

The Trust Fund Board administers the Trust Fund and is governed by five trustees – one appointed by the City Controller, one by the City Treasurer, one by the SFERS Executive Director, and two elected from among active employee and retired members of the City's Health Service System.

Both the City and its employees make contributions into the Trust Fund calculated as a percentage of total payroll costs. The Trust Fund Board cannot make any payments from the Trust Fund to defray participating employer retiree health care costs until January 1, 2020.

The provisions and operation of the Trust Fund, including employee contributions required by Charter, are not subject to collective bargaining dispute resolution procedures.

Amendments to Current Law

The proposed Charter amendment would limit the Trust Fund Board from making disbursements to the City to defray the City's retiree health care costs until the City's sub-trust is fully funded. The proposal, however, permits the Trust Fund Board to make disbursements from the City's sub-trust if the City's retiree health care costs are greater than ten percent (10%) of the City's total payroll costs.

The proposal permits modifications to these disbursement guidelines for the City's sub-trust if approved by the Controller, the City's GASB actuary, the Mayor, two-thirds of the Board of Supervisors and the Trust Fund Board.

The proposal permits other participating employers in the Trust Fund to adopt disbursement guidelines if approved by a two-thirds vote of that participating employer's governing board

The proposal also allows the Controller, the City Treasurer and the SFERS Executive Director to serve as Trust Fund Board members, instead of their respective appointees.