

**REVISED LEGISLATIVE DIGEST**  
(1/24/2018, Amended in Committee)

[Charter Amendment - Budget Set-Asides and Baselines]

**Describing and setting forth a proposal to the voters at an election to be held on November 6, 2018, to amend the Charter of the City and County of San Francisco to provide that whenever the City's projected budget deficit for the upcoming fiscal year exceeds \$200 million, the City is not required to increase funding for the Municipal Transportation Fund, the Park, Recreation and Open Space Fund, the Children and Youth Fund, the Library Preservation Fund, the Housing Trust Fund, the Public Education Enrichment Fund, the Dignity Fund, the Street Tree Maintenance Fund, the Controller's Audit Fund, or additional funds set aside for the Library, and the Recreation and Park Commission; to provide that money in these funds in future years that remain unspent or uncommitted at the end of the fiscal year will be returned to the City's General Fund; and to eliminate the requirement that the City provide funding to maintain a symphony orchestra.**

Existing Law

The Charter provides for guaranteed annual funding in a number of special funds, including: the Municipal Transportation Fund, the Park, Recreation and Open Space Fund, the Children and Youth Fund, the Library Preservation Fund, the Housing Trust Fund, the Public Education Enrichment Fund, the Dignity Fund, the Street Tree Maintenance Fund, and the Controller's Audit Fund. The Charter also requires funding to support the Library, the Recreation and Park Commission, and the symphony. These funding requirements are commonly known as "baselines" (where the Charter sets a base amount of funding for a particular purpose) and "set-asides" (where the Charter requires that a certain level of funding be set aside and appropriated each year). In adopting the annual budget, the Board of Supervisors and the Mayor have no discretion to provide lower amounts of funding than the Charter-mandated baselines and set-asides require.

These funding requirements in the Charter include different but often overlapping provisions. Some of these sections provide that money in a fund that remains unspent or uncommitted at the end of the fiscal year carries over in the fund for the next fiscal year; others require that the remaining funds revert back to the City's General Fund. Some of these sections allow the City to suspend mandatory funding increases in years during which there is a deficit of \$200 million or more; others do not include such a suspension trigger.

Amendments to Current Law

The proposed Charter amendment would provide that mandatory increases to all existing set-asides and baselines may be suspended in years during which there is a deficit of \$200 million or more, annually adjusted for inflation. For all set-asides and baselines other than set-asides calculated as a percentage of City revenues, such a suspension would result in a decrease in the City's contributions to the fund in future years.

The proposed measure would also provide that in future years, any funds appropriated under a Charter-mandated baseline or set-aside that are not spent or committed by the end of the fiscal year and that are not dedicated to active capital or other one-time projects will return the General Fund or to any other fund required by law.

The proposed measure would also eliminate the set-aside to support the symphony orchestra.

Finally, the proposed measure would provide that if the voters approve both this measure and a measure allocating previously authorized hotel tax revenues at the November 6, 2018 election, and this measure receives more votes, then the other measure will not become operative in any respect.

Background Information

This Legislative Digest reflects amendments adopted by the Rules Committee on January 17 and 24, 2018. At the January 24 meeting, the Rules Committee amended the measure to appear on the November 2018 ballot instead of the June 2018 ballot.

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