

LEGISLATIVE DIGEST

A proposal to submit to the qualified voters of the City and County of San Francisco (the "City"), for an election to be held on November 5, 2013, a measure amending provisions in the City's Charter to limit Retiree Health Care Trust Fund payments to defray participating employer retiree health care costs until employer sub-trusts are fully funded; allow for payments from an individual employer's sub-trust if that employer's retiree health care costs are greater than ten percent (10%) of the employer's total payroll costs even if the sub-trust is not fully funded; permit modifications to these funding guidelines if recommended by the Controller and the City's Governmental Accounting Standards Board actuary, and approved by the Mayor, two-thirds of the Board of Supervisors, and the Retiree Health Care Trust Fund Board; and 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 Retiree Health Care Trust Fund (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 payments to a participating employer to defray retiree health care costs until that employer's sub-trust is fully funded. The proposal, however, permits the Trust Fund Board to make payments from an employer's sub-trust if that employer's retiree health care costs are greater than ten percent (10%) of that employer's total payroll costs.

The proposal permits modifications to these payment guidelines if they are 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 also allows the Controller, the City Treasurer and the SFERS Executive Director to serve as Trust Fund Board members, instead of their respective appointees.