



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ben Rosenfield
Controller

Monique Zmuda
Deputy Controller

June 11, 2014

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

RE: File 140441 – Charter amendment modifying the Children’s Fund and Children’s Baseline

Dear Ms. Calvillo,

Should the proposed charter amendment be approved by the voters, in my opinion, it would have a significant impact on the cost of government.

The proposed amendment would change the current Children’s Fund and Children’s Baseline requirements in the Charter by increasing the existing property tax set-aside which funds children’s services, expanding the eligible population for these services and creating a new City commission, resulting in a net increased cost of approximately \$28 million dollars.

The proposed amendment would delete the current “sunset” language in the Charter and thereby make the set-aside and the other elements of this Charter section permanent unless changed or repealed by the voters. The most recent voter reauthorization of the set-aside was for a fifteen year period from July 1, 2001 through June 30, 2016.

The current set-aside of property taxes for children’s services is three cents per hundred dollars of assessed property value, equal to \$49 million annually. The amendment proposes an increase to five cents, adding approximately \$32.7 million to the set-aside for a new total of approximately \$81.8 million annually. Property tax revenue is currently available for any public purpose and as these funds are shifted to children’s programs, other City spending would have to be reduced or new revenues identified.

The proposed increase in this property tax set-aside would decrease the City’s overall discretionary revenue and would therefore affect other City programs with Baseline budget requirements tied to that figure. Baseline budget requirements are in effect for the Municipal Transportation Agency, the Library, and the Public Education Enrichment Fund. These decreases would reduce baseline required set-asides by an aggregate \$4.8 million based on the current fiscal year.

The current Charter requires that in addition to the property tax set-aside, the City also maintain the same levels of spending on children’s services as existed before the set-aside (the Children’s Baseline) and grow that level each year at the same rate as the City’s discretionary revenue grows. This requirement would be continued in the proposed amendment. Currently, the Children’s Baseline required amount is approximately \$115 million.

The proposed amendment would expand the age limit eligible for Children's Fund funding from the current 18 and under to include some services for people 18-24, (transitional age youth), who are homeless or otherwise at risk.

The proposed amendment would create a new seven member city oversight Commission of Children, Youth and their Families and expand the planning, evaluation, reporting and other administrative costs of running the programs at an estimated cost of \$250,000, which would be paid for from the Children's Fund.

The Controller's Office will work with the Mayor, Board of Supervisors and City departments to clarify the financial effects of the proposed Charter amendment as it and other related measures are considered for the ballot.

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.