

[Policy regarding budget set-asides.]

CHARTER AMENDMENT

PROPOSITION ____

Describing and setting forth a proposal to the qualified voters of the City and County of San Francisco to amend the Charter of the City and County of San Francisco by adding Section 9.119 to: (1) establish as official City policy that the voters will not approve new set-asides or other mandated levels of spending without identifying a new funding source for the program, and that the duration and any annual growth in the set-aside or mandated level of spending be limited; and (2) require that the voter information pamphlet include a specific Controller's analysis of the fiscal impact of a proposed new set-aside

The Board of Supervisors submits to the qualified voters of the City and County, at an election to be held on November 4, 2008, a proposal to amend the Charter of the City and County by adding Section 9.119 to read as follows:

Note: Additions are *single-underline italics Times New Roman*.
Deletions are ~~*strikethrough italics Times New Roman*~~.

SEC. 9.119. BUDGET SET-ASIDES AND MANDATORY EXPENDITURES.

(a) Findings.

1. Various voter-approved provisions of the Charter require the City to set aside portions of the property tax levy or the General Fund for particular purposes or otherwise mandate continuing annual appropriations for specific programs. In addition, voter approved ordinances, although not fiscally binding, also have the same practical effect. This Charter amendment refers to all these measures, including increases to existing mandates, as "Set-Asides". Only the voters at another election have the authority to change the provisions of these Set-Asides.

2. The City's total revenue for fiscal year 2007-08 was approximately \$6.07 billion. But only \$2.83 billion of that revenue was General Fund money. And of the General Fund portion of the budget, only approximately \$1.11 billion or 18% of the total revenue remained available for discretionary spending for any lawful governmental purpose.

3. While these Set-Asides often individually promote laudable public purposes, collectively they impair the capacity of the Mayor and the Board of Supervisors to carry out one of the most important functions they are elected to perform under the Charter: allocating the City's limited resources to best serve the public interest. The impact of these Set-Asides also has limited the ability of the Mayor and Board of Supervisors to effectively respond to recurring budget deficits, and has led to reductions in important public services due to the declining portion of the budget available for discretionary spending.

(b) **Policy Regarding New Set-Asides and Mandatory Expenditures.** The voters adopt the following as official policy of the City and County of San Francisco:

1. The voters will not approve the addition to the City Charter of any Set-Aside or other measures that has the effect of limiting the spending discretion of the Mayor and the Board of Supervisors unless the measure adding the new Set-Aside also provides a specific, adequate new source of funds so that the implementation of the Set-Aside will not cause a net decrease in General Fund revenues that the Mayor and Board would otherwise have the discretion to allocate through the budget process. Growth in revenues from existing funding sources shall not be considered a new source of funding for the purpose of this measure.

2. The voters will not approve any annual cost-of-living adjustment or other escalation in the dollar amount of any new Set-Aside that exceeds the amount of the prior year's Set-Aside by more than 2%; and,

3. The voters will not approve any new Set-Aside or proposed extension of an existing Set-Aside unless it expires automatically no later than 10 years after the effective date of its adoption.

(c) **Controller's Statement.** Whenever a proposal before the San Francisco voters that includes a Set-Aside will appear on the ballot, the Controller shall prepare and the Director of Elections shall caused to be printed in the voter information pamphlet a statement analyzing the impact of the measure on the City's budget and finances during the term of the measure, considered alone and in combination with existing Set-Asides. The Controller's statement shall inform the voters of both the policy that this section of the Charter adopts and whether the proposal identifies a specific, adequate new funding source for the proposed Set Aside so that the implementation of the Set-Aside will not cause any anticipated reduction in discretionary funding that the Mayor and Board of Supervisors may allocate in the budgetary process. The Controller may include any other material in the statement that he or she deems useful and appropriate.

APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By: _____
THOMAS J. OWEN
Deputy City Attorney