



**CITY AND COUNTY OF SAN FRANCISCO**  
**OFFICE OF THE CONTROLLER**

**Ben Rosenfield**  
**Controller**

**Monique Zmuda**  
**Deputy Controller**

June 18, 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 140555 – Charter amendment modifying the City’s Rainy Day Reserve Fund

Dear Ms. Calvillo,

Should the proposed charter amendment be approved by the voters, in my opinion, there would be no direct net impact on the cost of government. However, the amendment would change the allocation of funds in the City’s Rainy Day Reserve going forward and on a one-time basis. Funds that the Mayor and Board of Supervisors currently may allocate to the San Francisco Unified School District (SFUSD) at their discretion would be formally transferred to the direct authority of the School Board.

Currently, the City has a Rainy Day Reserve into which deposits are made in any budget year when General Fund revenues are projected to grow more than five percent. Withdrawals from the Reserve can be made for the City in any budget year when revenues are projected to decrease from the prior year, subject to certain limits. Withdrawals can also be made for the School District in any year when per pupil revenues are projected to decrease from the prior year, subject to certain limits and with the approval of the Mayor and Board of Supervisors.

The proposed amendment would create a new School Reserve separate from the City Reserve. The aggregate amounts required to be deposited in revenue growth years would not change however going forward 25% of those amounts would be allocated to the new School Reserve and 75% of those amounts would be allocated to the City Reserve. In addition, 50% of the existing balance in the Rainy Day Reserve as of January 1, 2015 would be allocated to the School Reserve on a one-time basis, an amount estimated to be approximately \$16.6 million. The limits and conditions under which withdrawals can be made from either reserve would not be materially changed, however the authority for withdrawals from the School Reserve would be transferred to the School Board and be within the SFUSD’s budget process.

Sincerely,

*for Ben Rosenfield*  
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.