



City and County of San Francisco 2016-2017 Civil Grand Jury

FOR IMMEDIATE RELEASE

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***** PRESS RELEASE *****

SAN FRANCISCO CIVIL GRAND JURY: SAN FRANCISCO'S RETIREMENT SYSTEM NEEDS SUBSTANTIAL STRUCTURAL CHANGES AND MORE VOTER INVOLVEMENT AND EDUCATION

San Francisco, CA – The 2016-2017 San Francisco Civil Grand Jury (CGJ) calls upon the Mayor and Board of Supervisors to enact substantial structural changes to the City's Retirement System, which has entered its second decade of being underfunded, to include more voter involvement.

For its report, *The San Francisco Retirement System: Increasing Understanding and Adding Voter Oversight*, the CGJ reviewed the recent history of the Retirement System and reached two main conclusions:

- The principal underlying cause of the Retirement System's unfunded condition is the estimated \$3.5 billion in retroactive retirement benefit increases implemented by voter-approved propositions between 1996 and 2008.
- That when it came to retroactive retirement benefit increase propositions between 1996 and 2008, the Mayor, Board of Supervisors, Retirement Board, and Controller did not fulfill their responsibility to watch out for the interests of the City and its residents.

The CGJ's report states that the "fiscal status of San Francisco's Retirement System threatens the financial future of the City. As of June 30, 2016, the City and County of San Francisco owes its Retirement System \$5.81 billion; this is more than half of the City's entire 2016 budget (\$8.94 billion)."

In its boldest recommendation, the CGJ challenges the Board of Supervisors to "establish a permanent Retirement System Oversight Committee to develop a comprehensive, long-term solution for the Retirement System that is fair to both employees and taxpayers, and present it to the voters in a proposition by 2018."

The CGJ recommends that this new Retirement System Oversight Committee include representatives from the Mayor's office, the Board of Supervisors, the Controller's office, the Human Resources Department, and Unions, but that two-thirds of the Committee be public members who are not participants in the Retirement System and have financial expertise relevant to retirement systems.

The Superior Court selects 19 San Franciscans to serve year-long terms as Civil Grand Jurors. The Jury has the authority to investigate City and County government by reviewing documents and interviewing public officials and private individuals. At the end of its investigations, the Jury issues reports outlining findings and recommendations. County agencies identified in the report receive copies and must respond to these findings and recommendations. The Board of Supervisors conducts a public hearing on each CGJ report.

The public may view this report and others issued by the CGJ online at <http://civilgrandjury.sfgov.org/report.html>.

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