

**Ballot Simplification Committee  
DRAFT for Consideration  
Wednesday, July 30, 2008**

**Policy Regarding Budget Set-Asides**

**THE WAY IT IS NOW:**

Various voter-approved Charter provisions require the City to set aside portions of the annual budget for particular purposes or programs, such as the Children's Fund, the Library Preservation Fund and the Open Space Acquisition Fund. A "set-aside" requires that a specific amount of revenue be spent for a specific purpose. Only the voters have the power to change these set-asides. Various voter-approved ordinances also require the City to set aside funds, but these ordinances act only as policy measures and are not binding after the first fiscal year.

State and federal laws require that most money received or collected by the City be used for particular spending programs. Remaining revenue goes to the General Fund, which may be spent for any City purpose. For the 2007-2008 fiscal year, the City's total revenue was approximately \$6.07 billion, and \$2.83 billion of that revenue went to the General Fund. After subtracting set-asides required by the Charter, and set-asides

urged by ordinances and spending mandates, \$1.1 billion remained available for the Mayor and Board of Supervisors to spend for any City purpose.

### **THE PROPOSAL:**

Proposition \_\_\_\_ is an ordinance that would make it City policy that the voters will not approve new set-asides or spending mandates that would remove money from the City's General Fund without identifying replacement funds.

Proposition \_\_\_\_ would also make it City policy that the voters will not approve:

- A new set-aside with a cost-of-living adjustment or other annual increase of more than 2%;
- Any new or extended set-aside that does not automatically expire 10 years after its effective date.

When a proposed set-aside appears on the ballot, the Voter Information Pamphlet would include a statement from the Controller that informs voters of Proposition \_\_\_'s set-aside policy and states whether the proposed set-aside identifies replacement funds to compensate for any decrease in discretionary General Fund money.

**A “YES” VOTE MEANS:** If you vote "yes," you want to adopt an ordinance to make it City policy that the voters will not approve new set-asides without identifying a funding source.

**A “NO” VOTE MEANS:** If you vote “no,” you do not want to adopt this ordinance.

word count: 347    [suggested word limit: 300]