

Ballot Simplification Committee - DRAFT for Consideration on Monday, July 29, 2013

Retiree Health Care Trust Fund Charter Amendment *(working title only, subject to change)*

The Way It Is Now:

In January 2009, the City and County of San Francisco ("City") established the Retiree Health Care Trust Fund ("Fund") to pay for retiree health care costs. A five-member Trust Fund Board ("Trust Board") administers the Fund.

The City and its employees make contributions into the Fund. The Trust Board may not use the Fund to pay for retiree health care costs until January 1, 2020.

The San Francisco Unified School District, San Francisco Superior Court, and the San Francisco Community College District can also choose to participate in the Fund. Currently, the Community College District is the only agency, besides the City, that participates in the Fund. The Fund places contributions from each agency into separate accounts.

The Proposal:

The proposed Charter amendment would prohibit the Trust Board from making payments toward City retiree health care costs from the City's account in the Fund except in one of these circumstances:

- For any fiscal year during which the City's account is fully funded – which means that the balance in the account is large enough to pay then projected, accrued retiree health care costs as they will come due;
- For any fiscal year before the account is fully funded when the City's retiree health care costs exceed 10% of the City's total payroll costs, and the Controller, the Mayor, a majority of the Board of Supervisors, and the Trust Board all agree to allow payments from the Fund for that year, but only to the extent necessary to cover the City's retiree health care costs exceeding 10% of the City's total payroll costs; or
- If the Controller, the Mayor, two-thirds of the Board of Supervisors, and the Trust Board approve changes to the expenditure limitation.

Similarly, the proposed Charter amendment would prohibit other agencies from spending money in their Fund accounts until either:

- The agency's Fund account is fully funded; or
- Two-thirds of the agency's governing board and a majority of the Trust Board all approve the earlier payments.

A "YES" Vote Means: If you vote "yes," you want to change the Charter to prohibit payments from the Retiree Health Care Trust Fund for retiree health care costs except under specified circumstances or until the accounts in the Fund are fully funded.

A "NO" Vote Means: If you vote "no," you do not want to make these changes to the Charter.

word count: 396 [suggested word limit: 300]