



OFFICE OF THE CONTROLLER

CITY AND COUNTY OF SAN FRANCISCO

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Controller
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Mr. John Arntz
Department of Elections
City Hall 1 Dr. Carlton B. Goodlett Place Room 48
San Francisco, CA 94102-4689

August 12, 2024

RE: Proposition J – Funding Programs Serving Children, Youth, and Families

Dear Mr. Arntz,

Should the proposed Charter amendment be approved by the voters, in my opinion, it would have a significant impact on the cost of government of up to \$35 million in FY 2024-25 and increasing to up to \$83 million in FY 2037-38 in that it would reallocate funding that would otherwise be available to the General Fund. Additionally, staffing costs to support the operations of the newly created Our Children, Our Families Initiative, could range from \$140,000 to \$570,000 annually.

The amendment creates an Our Children, Our Families Initiative (the Initiative), to be staffed by officials from the City and Unified School District, to align the City's spending on children and youth with the Initiative's Outcomes Framework. The Board of Supervisors would consider the Initiative's findings when drafting and adopting the City's budget.

The amendment would restrict the City from providing certain funding to the School District if the Board of Supervisors does not approve the School District's five-year spending plan, the District's expenditures are not aligned with said spending plan and the Outcomes Framework, or the School District does not enter a data-sharing agreement with the City. For context, in FY 2023-24, the City budgeted \$91.6 million for the District through the Public Education Enrichment Fund and \$7.7 million in discretionary funding. Given the potential restrictions, the proposed amendment could generate savings for the City, but at a level that cannot be specified at this time.

Finally, the proposed Charter amendment would revise the Student Success Fund, an existing set-aside fund in the Charter, by clarifying that money in this fund may not replace any other funding requirements or baselines in the Charter for services to children and youth and the San Francisco Unified School District. Since the Student Success Fund's inception, the City has counted the entirety of Student Success Fund appropriations toward meeting the Children and Youth baseline spending requirement. Currently, the City's budget is balanced by overlapping these two baselines. The overlapping amounts equal \$11 million in Fiscal Year (FY) 2023-2024, \$35 million in FY 2024-25, and \$45 million in FY2025-26.

If the amendment is approved, the Mayor and Board of Supervisors may need to appropriate additional funds towards children and youth services of up to \$35 million starting in FY 2024-25

and at least \$35 million every year for the next 14 years through FY 2037-38, up to a maximum of \$83 million. The City would need to balance these amounts either with new revenues or reductions in other expenditures.

Should the City appropriate more money to the Children and Youth baseline than that baseline requires, the General Fund impact of this measure would be reduced by that amount. In some past years, during the normal budget process, the Mayor and Board of Supervisors have budgeted funds above the minimum legal requirements for services to children and youth, ranging from \$63.5 million in FY 2021-22 to \$1.6 million in FY 2023-24. If this were to occur in future budgets, the financial impact of the proposed Charter amendment would be reduced, since a lower level of new funding would be legally required to replace the Student Success Fund's contribution toward the Children and Youth baseline.

The Student Success Fund will expire on December 31, 2038, unless the voters renew it. Over the next 14 years when the fund would be active, total costs would range from up to \$490 million to \$930 million, depending on the financial health of the City and budgetary decisions of the Mayor and Board of Supervisors.

Additionally, the estimated annual staff costs to support the Initiative range from approximately \$140,000 to \$570,000 for one to three positions in the Department of Children, Youth, and Their Families.

This proposed amendment is not in compliance with a non-binding, voter-adopted city policy regarding set-asides. The policy seeks to limit set-asides which reduce General Fund dollars that could otherwise be allocated by the Mayor and the Board of Supervisors in the annual budget process. For context, in the FY 2023-24 budget, all baseline requirements totaled approximately \$2.1 billion, or 30.7% of the approximately \$6.8 billion General Fund budget.

Note that the proposed amendment would change the duties of the Controller's Office, which has prepared this statement.

Sincerely,



Greg Wagner
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.