



OFFICE OF THE CONTROLLER
CITY AND COUNTY OF SAN FRANCISCO

Greg Wagner
Controller
ChiaYu Ma
Deputy Controller

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 H – Retirement Benefits for Firefighters

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. Based on the Retirement System's current actuarial assumptions and policies, the amendment would increase costs to the City starting at approximately \$3.7 million in fiscal year 2025-26 and increasing every year through fiscal year 2040-2041.

The proposed Charter amendment would align the retirement benefits calculations for those becoming firefighters after January 7, 2012 with those who became firefighters before that date. The amendment specifies that those hired before January 7, 2012 will qualify for higher retirement benefits at younger ages than under current rules. The amendment lowers the age of retirement at which firefighters would receive the highest potential pension from 58 to 55 for this cohort of firefighters. For context, of the firefighters hired after January 7, 2012, currently approximately 4% (approximately 50 firefighters) are older than 50 years of age.

The estimated cost in the first year is approximately \$3.7 million, with costs increasing through year 16 due to higher employer retirement contributions paid by the City. This cost does not include the potential need to hire more new firefighters as older firefighters are newly incentivized to retire earlier. For context, the current cost to hire and train a new firefighter is approximately \$115,000, including the costs for the academy, background and medical checks, personal protective equipment, and uniforms.

This Charter amendment amends voter-approved Charter amendments from June 2010 and November 2011 on pension reform.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Wagner".

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.