

Meeting Date: 1/26/2016

Report Type: Staff/Discussion

Report ID: 2016-00156

Title: Proposed Ordinance for Sacramento Children's Fund Ballot Initiative

Location: Citywide

Recommendation: Pass a Motion directing an Ordinance to be drafted and forwarded to City Council to place the Sacramento Children's Fund Initiative on the June 2016 Ballot.

Contact: Councilmember Jay Schenirer, District 5, (916) 808-7005

Presenter: Councilmember Jay Schenirer, District 5, (916) 808-7005

Department: Mayor/Council

Division: Council District 5

Dept ID: 01001151

Attachments:

1-Description/Analysis

City Attorney Review

Approved as to Form

Michael W. Voss

1/21/2016 12:34:33 PM

Approvals/Acknowledgements

Department Director or Designee: Shirley Concolino - 1/20/2016 6:50:33 PM

Description/Analysis

Issue Detail: The City of Sacramento has an at-risk youth population and current City resources are inadequate to meet the needs of its children and youth. The poverty rate for children under 18 in the City is 29% compared to 24% for the County of Sacramento. In FY 2014 the City spent less than 1% of General Fund resources on efforts to address the challenges faced by at-risk children and youth.

Policy Considerations: In order to address these unmet needs, the City Council could place a measure on the ballot to establish the Sacramento Children's Fund (Fund) to provide additional funding for children and youth services. This measure would increase the Business Operations Tax (BOT) on medical marijuana businesses from four percent to ten percent. Additionally, the measure would add an additional two and one half percent BOT on businesses engaged in marijuana cultivation. The additional revenue generated by these changes would be dedicated solely to the Fund for children and youth programs. Pursuant to state election law, this is considered a special tax in that it is dedicated to a particular program/service, and as such will require two-thirds voter approval. The next election for which the ballot measure is eligible is June 2016.

As proposed, the City could only use monies from the Fund for the following purposes:

- a. Services for children and youth that promote the positive development of the whole child using a youth development framework.
- b. Up to 10% of the Fund can be used for administration of the Fund and up to an additional 5% of the Fund can be used for evaluation of Fund goals and services.
- c. Funding will be used for technical assistance and capacity-building for service providers and community-based partners.
- d. Non-profits shall receive at least 70% of the portion of the Fund that is used for children and youth services. Such agencies shall be IRS-certified non-profit community-based organizations and City departments which serve children and youth in the City of Sacramento.

The proposed language for the ballot measure is as follows:

City of Sacramento Children's Fund. To create a funding source dedicated to children and youth services, shall the business operations tax on gross receipts of medical marijuana businesses be increased from 4% to 10% and a 2.5% business operations tax on gross receipts of marijuana cultivation businesses be imposed, generating increased revenues of approximately \$5 million annually, to be used exclusively for children and youth services in the City of Sacramento?

Environmental Considerations: Not applicable.

Rationale for Recommendation: Creating a dedicated funding source for child and youth programming in the City of Sacramento is in the long-term interests of Sacramento's youth and residents at-large. Increased funding for youth programming can reduce crime and truancy and improve student academic success. Improved academic success increases earnings potential over an individual's lifetime and can be a key to breaking the cycle of poverty

Financial Considerations: It is estimated that the proposed increases could generate approximately \$5 million annually for children and youth programming. Adoption of this measure as a special tax and requiring the maintenance of a base level of funding in the General Fund for these types of programs/services will limit Council's flexibility to provide funding for other citywide program needs and/or respond to changing economic conditions should General Fund program reductions become necessary to balance the City's budget.

Local Business Enterprise (LBE): Not applicable.