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Your Dollars at Work: Measure K Spending Transparency

ISSUE

Can taxpayers have confidence that their Measure K tax dollars are being spent effectively and with full transparency?

SUMMARY

For more than a decade, a portion of San Mateo County's sales tax revenue has been dedicated to maintaining and enhancing the quality of life for its residents. To provide or augment some services, the County contracts and partners with non-profit organizations. Taxpayers should have the ability to know that these organizations are spending money allocated to them properly and effectively.

BACKGROUND

In November 2012, San Mateo County voters approved "Measure A", a ten-year, half-cent, sales tax to support general county services to help sustain and improve residents' quality of life. In 2016, voters approved "Measure K", a twenty-year extension of the tax, continuing it through March 31, 2043. Measure K, the extension, was approved by more than 70% of County voters.

For both measures, the stated intent of the tax was to provide funding to invest in:

- Public safety and emergency response
- Affordable housing for seniors, veterans, disabled people, and working families
- Public transit, libraries, parks
- Targeted services to children, youth, seniors, and veterans

Since inception in 2012 through June 30, 2024, Measure K revenues were \$1.040B with \$786.8M in expenditures. Generally, unspent funds are committed and budgeted to initiatives but not yet expended. The County Board of Supervisors approves each Measure K budget expenditure separately from the general County budget.

As required by both Measures A and K, the Board of Supervisors appoints ten community members to the Measure K Oversight Committee. The Committee is required to review the annual audit of revenues and expenditures as well as the performance report of existing Measure

K initiatives. The annual audit is conducted by the County Controller and the performance report is prepared by the County Executive's Office. Once reviewed and approved by the Committee, the reports are submitted to the Board of Supervisors.

To help set future Measure K funding priorities, the County issued a survey and held multiple community listening sessions in 2023. With over 2,600 resident responses, the following list of priority funding areas was established and approved by the Board of Supervisors:

- Children, Families, and Seniors
- Housing and Homelessness
- Emergency Preparedness

According to the Fiscal Year 2023-2024 Controller's Office Report on Measure K Sales and Use Tax Revenues, there were 245 Measure K initiatives; 10 were administered by non-County entities and the remaining 235 were administered by County departments. The County may contract with outside entities, including Community-Based Organizations (CBOs), to meet the initiatives' objectives.

A summary of recent spending of funds raised by Measure K is set forth in Appendix B. Since other counties have faced notable instances of fraud and mismanagement in CBO contracts, this report examines how San Mateo County manages these contracts and addresses the need for greater transparency to provide public assurance that funds are used effectively and responsibly.

METHODOLOGY

The Grand Jury reviewed public County reports and documents including:

- Measure K Oversight Committee Annual Report
- Measure K Controller's Report
- County Executive's Performance Report
- Measure K Oversight Committee meeting minutes

Additionally, the Grand Jury reviewed completed and draft audits conducted by the Controller's Office for several Community-Based Organizations. Interviews with County employees in various county management positions were also conducted.

DISCUSSION

County departments set objectives for and administer initiatives that receive funds from Measure K. Departments may contract with nonprofit CBOs to provide services or programs.

Departments are responsible for verifying that funds paid to CBOs are being properly spent and contract performance goals are being achieved. Regular and consistent performance audits ensure that the County receives reasonable value for the money spent. Tracking requires ensuring that those in need are actually being helped, not just reporting numbers of people served or other quantitative measures.

The annual report of Measure K to the Board of Supervisors includes some performance measures. Recommendations from the Measure K Oversight Committee for improvements to the Performance Report have been implemented. In early 2024, a comprehensive Measure K website was created to show how funds are making a difference in the County. The site also includes links to annual reports, financial statements, and audits of revenue and expenditures.

Additionally, the County Controller's Office audits Measure K-funded initiatives and CBO contracts. While the audits are considered public records, there is no indication on the website or in the annual report that these specific audits have been done. The audits may assure the public that their taxes supporting the various programs are being efficiently spent and results are as projected. The Controller's Office audits should be made available to the public if the publication does not violate confidentiality or data security standards. Other California counties, such as Santa Clara, routinely publish audit reports on their websites.

While the Measure K annual report package is comprehensive, adding the audits or a summary of audits to the package can add an additional element of transparency. It would also demonstrate to other CBOs the level of oversight the County provides and the standards it expects the CBOs to meet. When it comes to government transparency, particularly when spending taxpayer dollars, more information is better.

FINDINGS

F1. The Controller's Office auditing staff is conducting thorough audits of Community-Based Organizations contracted by the County to provide social services.

F2. Although the completed audits are public documents, they are not accessible to the public on the County Website.

F3. The Grand Jury commends the Controller's Office auditing staff for the quality and thoroughness of their audits.

RECOMMENDATIONS

R1. By December 31, 2025, the Grand Jury recommends that the County Executive's Office note on the County website which initiatives and Community-Based Organizations receiving Measure K funds have been audited in the previous fiscal year and make those audits directly available from the website.

R2. By December 31, 2025, the Grand Jury recommends that the County Executive's Office include links to audit reports completed in the prior fiscal year in the Measure K Oversight Committee Annual Report.

REQUESTS FOR RESPONSES

Pursuant to Penal Code Section 933.05, the Civil Grand Jury requests responses from the San Mateo County Board of Supervisors to all Findings and Recommendations.

The governing body indicated above should be aware that the comment or response of the governing body must be conducted subject to the notice, agenda, and open meeting requirements of the Brown Act.

RESPONSE REQUIREMENTS

California Penal Code Section 933.05 provides as follows (emphasis added):

- (a) For purposes of subdivision (b) of Section 933, as to each Grand Jury finding, the responding person or entity shall report one of the following:
 - (1) The respondent **agrees** with the finding.
 - (2) The respondent **disagrees** wholly or partially with the finding; in which case the response **shall specify the portion of the disputed finding and shall include an explanation of the reasons therefor.**
- (b) For purposes of subdivision (b) of Section 933, as to each Grand Jury recommendation, the responding person or entity shall report one of the following actions:
 - (1) The recommendation has been implemented, **with a summary regarding the implemented action.**
 - (2) The recommendation has yet to be implemented but will be implemented in the future, **with a timeframe for implementation.**
 - (3) The recommendation requires further analysis, **with an explanation and the scope and parameters of an analysis or study and a timeframe for the matter to be prepared for discussion by the officer or head of the agency or department being investigated or reviewed, including the governing body of the public agency when applicable. This time frame shall not exceed six months from the date of publication of the grand jury report.**
 - (4) The recommendation will not be implemented because it is not warranted or is not reasonable, **with an explanation therefor.**

APPENDICES

A: REFERENCES

List of Community-Based Organizations and Agencies operating in San Mateo County and the services they provide: <https://www.smcmeasurek.org/funded-programs/>

County's Request for Proposals, Contracts, and Procurement Process:
<https://www.smcgov.org/ceo/resources-community-based-organizations-cbos>

B: MEASURE K SPENDING OVERVIEW

The County Executive's Measure K Performance Report for the period ended June 30, 2024, summarizes Measure K spending since inception in Fiscal Year 2012-13 as follows:

Category	Total
Public Safety	\$ 85,348,014
Health and Mental Health	\$ 78,405,343
Youth and Education	\$116,176,897
Parks and Environment	\$ 47,120,916
Housing and Homelessness	\$150,114,977
Older Adults and Veterans Services	\$ 21,800,486
Community Services	\$131,616,904
District Discretionary	\$ 32,084,432
Total	\$662,667,969

Figure 1: Measure K Expenditures FY2012-13 through FY2023-24

For the most recent fiscal year, 2023-24, Measure K spending was approximately \$124M across eight categories.

Category	FY2023-24 Expenditure (in millions)	Percent of total
Housing and Homelessness	\$ 50.45	41%
Community Services	\$ 23.14	19%
Health and Mental Health	\$ 18.54	15%
Youth and Education	\$ 14.46	12%
Parks and Environments	\$ 6.88	6%
District Discretionary*	\$ 4.41	4%
Public Safety	\$ 3.35	3%
Older Adults and Veterans Services	\$ 2.96	2%
Total	\$124.19	

Figure 2: Measure K Expenditures FY2023-25 by Category

*District Discretionary expenditures are onetime loans and initiatives funded at the recommendation of a member of the Board of Supervisors.