

[Establishing a Public Education Enrichment Fund; setting a baseline appropriation for the School District and First Five Commission; establishing a policy of universal access to preschool education; identifying offsetting cost savings in City operations; setting an expiration date.]

CHARTER AMENDMENT

PROPOSITION ____

Describing and setting forth a proposal to the qualified voters of the City and County of San Francisco to amend the Charter of the City and County of San Francisco by adding Sections 16.123-1 through 16.123-10, to establish a Public Education Enrichment Fund, with specified contributions to and disbursements from the Fund, to set a separate baseline appropriation for the San Francisco Unified School District and the City's First Five Commission, to establish a policy of providing universal access to preschool education for City children, to identify offsetting cost savings in City operations, and to set an expiration date.

The Board of Supervisors hereby submits to the qualified voters of the City and County, at an election to be held on March 2, 2004, a proposal to amend the Charter of the City and County by adding Sections 16.123-1 through 16.123-10, to read as follows:

Note: Additions are *single-underline italics Times New Roman*.
Deletions are ~~*strikethrough italics Times New Roman*~~.

SEC. 16.123-1. PREAMBLE.

(a) The people of the City and County of San Francisco find and declare that:

1. Quality public education is highly correlated with higher earnings potential, reduced crime, lower rates of teen pregnancy and substance abuse, and greater self-esteem;

2. Urban public schools have the greatest need for comprehensive educational programs – including preschool programs, arts and music programs, sports activities, and after school programs – but often have the fewest resources to provide them;

3. While California once led the nation in public school spending and performance, investments have greatly declined. Despite its high cost of living, San Francisco per pupil spending ranks 34th among 43 comparable central city U.S. public school districts of similar size. Adjusted for cost-of-living, Teacher salaries for the San Francisco Unified School District (SFUSD) rank 99th of 100 metropolitan areas;

4. SFUSD enrollment has dropped in recent years as families have left San Francisco in search of affordable neighborhoods with high-quality public schools;

5. The choices businesses make about where to locate include the quality of public services the City provides, including public safety, transportation and education;

6. Since 2000, the SFUSD has made strong improvements in achievement measures and financial management; and

7. As the economy begins to recover, now is the time to invest in our children's future, before further declines begin to erode the progress the SFUSD has made.

(b) This measure may be referred to as "The Arts, Music, Sports, and Pre-School for Every Child Amendment of 2003."

SEC. 16.123-2. PUBLIC EDUCATION ENRICHMENT FUND.

(a) **Creating the Fund.** There shall be a Public Education Enrichment Fund. The City shall each year appropriate monies to the Public Education Enrichment Fund according to subsections (b), (c), and (d), below. In determining whether the City has met its annual obligation to the Fund, the Mayor and the Board of Supervisors may consider both direct financial support and the cash value of any in-kind support services, as described in Section 16.123-5, provided by the City to the San Francisco Unified School District and the Children and Families First Commission (hereinafter the "First Five Commission") or any successor agency, provided that at least two-thirds of the City's contribution to the Fund each year shall be

comprised of direct financial support necessary to meet the requirements of Sections 16.123-3 and 16.123-4 of this measure.

(b) **Baseline Appropriations.** The Fund shall be used exclusively to increase the aggregate City appropriations to and expenditures for the San Francisco Unified School District and the First Five Commission. To this end, the City shall not reduce the amount of such City appropriations (not including appropriations from the Fund and exclusive of expenditures mandated by state or federal law) in any of the ten years during which funds are required to be set aside under this Section below the amount so appropriated for the fiscal year 2002-2003 ("the base year"). These baseline appropriations shall be separate from the City's annual contributions to the Public Education Enrichment Fund under subsection (c), and shall be appropriated by the City to the School District and the First Five Commission each year during the term of this measure for the same purposes and in the same relative proportions as in the base year, as certified by the Controller.

The amount of the City's baseline appropriations to the School District and the First Five Commission shall be adjusted for each year after the base year by the Controller based on calculations consistent from year to year by the percentage increase or decrease in City and County discretionary General Fund revenues. In determining City and County discretionary General Fund revenues, the Controller shall only include revenues received by the City and County that are unrestricted and may be used at the option of the Mayor and the Board of Supervisors for any lawful City purpose. Errors in the Controller's estimate of discretionary revenues for a fiscal year shall be corrected by an adjustment in the next year's estimate. Using audited financial results for the prior fiscal year, the Controller shall calculate and publish the actual amount of City appropriations that would have been required under this baseline for the School District and the First Five Commission.

(c) Annual Contributions to the Fund – FY 04-05 through FY 07-08. In addition to the annual baseline appropriation provided above, the City shall, for the first four years of this measure, contribute the following amounts to the Public Education Enrichment Fund:

Fiscal Year 04-05 \$15 million

Fiscal Year 05-06 \$30 million

Fiscal Year 06-07 \$45 million

Fiscal Year 07-08 \$60 million

(d) Annual Contributions to the Fund – FY 08-09 through FY 13-14. For Fiscal Years 2008-2009 through 2013-2014, the City’s annual contribution to the Public Education Enrichment Fund shall equal its total contribution for the prior year, beginning with Fiscal Year 2007-2008, adjusted for the estimated increase or decrease in discretionary General Fund revenues for the year.

(e) Audit Requirements. All disbursements from the Fund and from the baseline appropriations shall be subject to periodic audit by the Controller. The San Francisco Unified School District and the First Five Commission shall agree to such audits as a condition of receiving disbursements from the Fund.

SEC. 16.123-3. ARTS, MUSIC, SPORTS, AND LIBRARY PROGRAMS.

(a) Annual Disbursements – FY 04-05 through FY 07-08. For the first four years of this measure, the City shall appropriate the following amounts from the Public Education Enrichment Fund to the San Francisco Unified School District for arts, music, sports, and library programs in the schools:

Fiscal Year 04-05 \$5 million

Fiscal Year 05-06 \$10 million

Fiscal Year 06-07 \$15 million

Fiscal Year 07-08 \$20 million

(b) Annual Disbursements – FY 08-09 through FY 13-14. For Fiscal Years 2008-2009 through 2013-2014, the City’s annual appropriation to the School District for arts, music, sports, and library programs shall equal its appropriation for the prior year, beginning with Fiscal Year 2007-2008, adjusted for the estimated increase or decrease in discretionary General Fund revenues for the year.

SEC. 16.123-4. UNIVERSAL ACCESS TO PRESCHOOL.

(a) Universal Access to Preschool. It shall be the policy of the City and County of San Francisco to provide all four-year-old children who are City residents the opportunity to attend preschool, and it shall be the goal of the people in adopting this measure to do so no later than September 1, 2009.

(b) Planning Process. No later than September 1, 2004, the First Five Commission, in consultation with the San Francisco Childcare Planning and Advisory Council, the San Francisco Unified School District, the San Francisco Department of Children, Youth and Their Families, and community stakeholders, shall submit to the Board of Supervisors a proposal for a universal preschool program for San Francisco. The Board of Supervisors shall approve the plan by resolution.

In preparing the plan, the First Five Commission shall develop universal preschool funding guidelines consistent with the Childcare Planning and Advisory Council’s San Francisco Childcare Needs Assessment, including guidelines designed to meet neighborhood-specific needs, such as subsidies, new facility development, and provider support for both family childcare homes and childcare centers. Such funding guidelines also shall address the unmet need for universal preschool and childcare slots in specific City neighborhoods.

(c) Annual Disbursements – FY 04-05 through FY 07-08. For the first four years of this measure, the City shall appropriate the following amounts from the Public Education

Enrichment Fund to the First Five Commission for universal preschool programs administered by the Commission:

Fiscal Year 04-05 \$5 million

Fiscal Year 05-06 \$10 million

Fiscal Year 06-07 \$15 million

Fiscal Year 07-08 \$20 million

(d) Annual Disbursements – FY 08-09 through FY 13-14. For Fiscal Years 2008-2009 through 2013-2014, the City’s annual appropriation to the Commission for universal preschool programs shall equal its appropriation for the prior year, beginning with Fiscal Year 2007-2008, adjusted for the estimated increase or decrease in discretionary General Fund revenues for the year.

SEC. 16.123-5. OTHER CITY SUPPORT FOR THE SAN FRANCISCO UNIFIED SCHOOL DISTRICT.

(a) In-Kind Support. Not later than one year after the effective date of this measure, the City and the School District shall identify areas of potential in-kind support that the City could provide to the School District free of charge or at substantially reduced rates. In-kind support, for these purposes, may include, but is not limited to:

Learning support services, including health and counseling services;

Financial support services;

Telecommunication and information services;

Construction management services;

Utility services;

Transportation services;

Legal services; and

Public safety services.

(b) **Planning Process.** No later than six months after the effective date of this measure, the School District shall submit to the Board of Supervisors proposals for in-kind services that could be provided by the City to the District to further the educational goals and operations of the District. The Board shall distribute those proposals to all City departments having expertise in providing or capability to provide such in-kind services, and no later than nine months after the effective date of this measure, the departments will respond to the Board with proposals to provide such in-kind services to the District. The School District may use any direct financial support provided under this Section to hire consultants to help identify possible in-kind services. The Board of Supervisors may, by ordinance, provide for continuation of this planning process during the subsequent term of the measure.

(c) **Annual Disbursements – FY 04-05 through FY 07-08.** For the first four years of this measure, the City shall provide direct financial assistance from the Public Education Enrichment Fund to the San Francisco Unified School District, or in-kind support services of equal value, in the following amounts:

<u>Fiscal Year 04-05</u>	<u>\$5 million</u>
<u>Fiscal Year 05-06</u>	<u>\$10 million</u>
<u>Fiscal Year 06-07</u>	<u>\$15 million</u>
<u>Fiscal Year 07-08</u>	<u>\$20 million</u>

(d) **Annual Disbursements – FY 08-09 through FY 13-14.** For Fiscal Years 2008-2009 through 2013-2014, the City shall provide direct financial assistance from the Public Education Enrichment Fund to the San Francisco Unified School District, or in-kind support services of equal value, in an amount equal to its contribution under subsection (b) for the prior year, beginning with Fiscal Year 2007-2008, adjusted for the estimated increase or decrease in discretionary General Fund revenues for the year.

(e) **Permissible Uses.** The San Francisco Unified School District may expend funds provided as direct financial support under this Section for any educational purpose provided

under law, including, but not limited to, gifted and talented programs, magnet programs, literacy programs, dual-language immersion programs, special education, employee compensation, career and college centers at high schools, teacher mentoring or master teacher programs, or other instructional purposes.

SEC. 16.123-6. EXPENDITURE PLANS.

(a) No later than February 1 of each year during the term of this measure, or May 1 for 2004, the San Francisco Unified School District and the First Five Commission shall each submit an expenditure plan for funding to be received from the Public Education Enrichment Fund for the upcoming fiscal year. The proposed expenditure plans must include prior year total budgeted and expended appropriations and Fund budgeted and expended appropriations by category, as well as average daily attendance information for the prior year and anticipated average daily attendance information for the plan year, to facilitate multi-year comparison.

(b) The Controller shall review the plans and transmit them, with his or comments, to the Mayor and the Board of Supervisors for their review and comment.

(c) The plans shall include a budget for the expenditures, performance goals, target populations, hiring and recruitment plans for personnel, plans for matching or other additional funding, operating reserves, and any other matters that the District and Commission deem appropriate or the Mayor or the Board requests.

(d) The Mayor and the Board of Supervisors may request further explanation of items included in the plans, and the District and the Commission shall respond in a timely manner to such inquiries. The Board may place appropriations provided for under this measure on reserve until it has received adequate responses to its inquiries.

SEC. 16.123-7. STRUCTURAL SAVINGS TO THE CITY'S BUDGET.

*(a) **Controller's and Budget Analyst's Recommendations.** Not later than October 1 of each fiscal year from Fiscal Year 04-05 through 07-08, the Controller and the Board of Supervisors' Budget Analyst shall prepare and submit recommended cuts or other structural changes to reduce, on an ongoing basis, spending on City departmental operations, in an amount sufficient to meet each year's required funding for the Public Education Enrichment Fund.*

*(b) **Board of Supervisors' Proposals.** Not later than December 15 of each fiscal year from Fiscal Year 04-05 through Fiscal Year 07-08, the Board of Supervisors shall hold hearings on the recommendations made by the Controller and the Budget Analyst and shall forward its proposals to the Mayor.*

*(c) **Budget Requirements.** In his/her annual budget submission to the Board of Supervisors for each fiscal year from Fiscal Year 04-05 through Fiscal Year 07-08, the Mayor shall incorporate the Board of Supervisors' proposals, or identify alternative revenue or expenditure savings sufficient to appropriate funds to the Public Education Enrichment Fund according to the schedule set forth in Section 16.123-2 of this measure.*

SEC. 16.123-8. ADJUSTMENTS.

*(a) **Revenue Shortfalls.** In the first year of this measure, if the joint budget report as prepared by the Controller, the Mayor's Budget Director and the Board of Supervisors' Budget Analyst projects a budgetary shortfall of \$50 million dollars or more, the Mayor and the Board of Supervisors may reduce the City's contribution to the Public Education Enrichment Fund under Section 16.123-2, and its disbursements under Sections 16.123-3, 16.123-4, or 16.123-5, by up to 50 percent; provided, however, that the City must pay back the amount deferred within the term of the measure.*

In subsequent years of this measure, if the joint budget report as prepared by the Controller, the Mayor's Budget Director and the Board of Supervisors' Budget Analyst projects a budgetary shortfall of \$100 million dollars or more, the Mayor and the Board of Supervisors may reduce the City's contribution to the Public Education Enrichment Fund under Section 16.123-2, and its disbursements under Sections 16.123-3, 16.123-4, or 16.123-5, by up to 25 percent; provided, however, that the City must pay back the amount deferred within the term of the measure, or three years from the year of the reduction, whichever is later.

(b) **Audit Recommendations.** The Mayor and the Board of Supervisors may suspend the City's disbursements from the baseline appropriations or the Public Education Enrichment Fund under Sections 16.123-3, 16.123-4, or 16.123-5 for any year where the Controller certifies that the San Francisco Unified School District or the First Five Commission has failed to adopt audit recommendations made by the Controller.

(c) **Reserve Policies.** The Mayor and the Board of Supervisors may suspend the City's disbursements from the baseline appropriations or the Public Education Enrichment Fund under Sections 16.123-3, 16.123-4, or 16.123-5 for any year where the Controller certifies that the San Francisco Unified School District or the First Five Commission has failed to adopt reserve policies recommended by the Controller.

(d) **Transfer and Use of Suspended Distributions.** If the Mayor and the Board of Supervisors suspend City distributions from the baseline appropriations or the Public Education Enrichment Fund under subsections (b) or (c), the City shall transfer the amount that would otherwise be distributed from the baseline appropriations or the Public Education Enrichment Fund for that year to the Children's Fund established in Charter Section 16.108, for the provision of substantially equivalent services and programs.

(e) **New Revenues.** The Board of Supervisors may, by ordinance, proportionally reduce the contribution to the Public Education Enrichment Fund and the disbursements to the San Francisco Unified School District and the First Five Commission required by this measure if the

voters adopt new, dedicated revenue sources for the School District or the Commission, and the offsetting reduction in disbursements is specifically authorized by the revenue measure.

SEC. 16.123-9. STATE REDISTRIBUTION OF LOCAL EDUCATION REVENUES.

(a) The people of the City and County of San Francisco find and declare that major urban school districts, such as San Francisco, serve a ethnically and economically diverse student population that requires more resources than currently provided under state guidelines. In adopting this measure, the people of San Francisco choose to provide additional City resources to complement, and not supplant, state funding for the San Francisco Unified School District.

(b) Consistent with subsection (a), the people of the City and County of San Francisco specifically find that their contributions to and disbursements from the baseline appropriations and the Public Education Enrichment Fund are discretionary expenditures by the City for the direct benefit of the children of San Francisco, their families, and the community at large. In the event that the State attempts, directly or indirectly, to redistribute these expenditures to other jurisdictions or to offset or reduce State funding to the School District because of these expenditures, the City shall transfer said monies that would otherwise be distributed to the School District each year to the City’s Children’s Fund established in Charter Section 16.108, for the provision of substantially equivalent services and programs.

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SEC. 16.123-10. SUNSET.

The provisions of this measure shall expire in ten years, at the end of Fiscal Year 2013-2014, unless extended by the voters.

APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By: _____
THOMAS J. OWEN
Deputy City Attorney