

BOARD of SUPERVISORS



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MEMORANDUM

TO: Vincent C. Matthews, Ed.D., Superintendent, San Francisco Unified School District

FROM: Erica Major, Assistant Clerk, Youth, Young Adult, and Families Committee

DATE: December 17, 2021

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Youth, Young Adult, and Families Committee has received the following hearing matter, introduced by Mayor Breed on December 14, 2021.

File No. 211293

Ordinance waiving the condition in Ordinance Nos. 33-19 and 169-19 that required the San Francisco Unified School District to repay the City a total amount of \$26,600,000 using revenues from the voter-approved parcel tax in June 2018's Proposition G; and rescinding the direction in those Ordinances to the Controller to transfer funds from accumulated balances of Proposition G revenues to repay the General Fund advances.

If you have comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102 or by email at: Erica.Major@sfgov.org.

c: Viva Mogi, San Francisco Unified School District
Esther Casco, San Francisco Unified School District
Mele Lau Smith, San Francisco Unified School District

1 [Forgiveness of Appropriation Advances for San Francisco Unified School District -
2 \$26,600,000]

3 **Ordinance waiving the condition in Ordinance Nos. 33-19 and 169-19 that required the**
4 **San Francisco Unified School District to repay the City a total amount of \$26,600,000**
5 **using revenues from the voter-approved parcel tax in June 2018's Proposition G; and**
6 **rescinding the direction in those Ordinances to the Controller to transfer funds from**
7 **accumulated balances of Proposition G revenues to repay the General Fund advances.**

8 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
9 **Additions to Codes** are in *single-underline italics Times New Roman font*.
10 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.
11 **Board amendment additions** are in double-underlined Arial font.
12 **Board amendment deletions** are in ~~strikethrough Arial font~~.
13 **Asterisks (* * * *)** indicate the omission of unchanged Code
14 subsections or parts of tables.

15 Be it ordained by the People of the City and County of San Francisco:

16 Section 1. Background. In Ordinance No. 33-19, enacted March 7, 2019, the City
17 appropriated \$220,551,322 of excess Educational Revenue Augmentation Fund property tax
18 and \$52,000,000 of Rainy Day One-Time Reserve funds for a variety of uses by various City
19 departments. The ordinance also established a Teacher and Early Care Educator
20 Unappropriated Emergency Reserve (the "Reserve") to sustain wages for early care
21 educators and San Francisco Unified School District ("SFUSD") teachers and staff in Fiscal
22 Year 2020-2021 if other City revenues, SFUSD revenues, and legally available reserves were
23 not sufficient to do so. The ordinance appropriated \$13,500,000 from the General Fund to the
24 Reserve. In the Annual Appropriation Ordinance for Fiscal Years 2019-2020, Ordinance No.
25 169-19, the City appropriated an additional \$13,100,000 from the General Fund to the
Reserve. The two ordinances appropriated these funds as General Fund advances to
SFUSD under the condition that SFUSD would later make the City whole using revenues from

1 the parcel tax adopted in June 2018's Proposition G. Proposition G authorized the City to
2 collect an annual parcel tax, with all revenues from the tax to be transferred to SFUSD and
3 placed in a fund for restricted uses, including paying teacher salaries and funding staff at high-
4 needs schools. Because Proposition G was the subject of litigation when the Board enacted
5 Ordinance Nos. 33-19 and 169-19, the City was not able to release the parcel tax revenues
6 for appropriation to SFUSD. Ordinance Nos. 33-19 and 169-19 required that the money
7 appropriated to the Reserve be spent consistent with the provisions of Proposition G. The
8 ordinances provided that after the resolution of the litigation, when Proposition G revenues
9 become available for appropriation, the Controller would repay the General Fund advances
10 using the accumulated balances of Proposition G revenues. The Annual Appropriation
11 Ordinance enacted in 2020 (Ord. No. 165-20) included similar language regarding the
12 repayment of funds. The litigation is now fully resolved, and the Proposition G revenues are
13 available for appropriation. Accordingly, under the terms of Ordinance Nos. 33-19 and 169-
14 19, the Controller would be required to repay the General Fund advances from Proposition G
15 revenues.

16
17 Section 2. Forgiveness of General Fund Advances. Subject to the requirements of this
18 Section 2, the City hereby rescinds the direction in Ordinance Nos. 33-19 and 169-19 that the
19 Controller repay to the City the amount of the General Fund advances using the accumulated
20 balances of Proposition G revenues. And subject to the same restrictions, the City
21 correspondingly waives the condition in Ordinance Nos. 33-19 and 169-19 requiring
22 repayment by SFUSD of the appropriated \$26,600,000.

23 The rescission and waiver in this Section 2 are subject to the following conditions:
24 SFUSD must utilize the \$26,600,000 to reduce its long-term structural deficit, and may not use
25 the funds for short-term budget relief. This planned use must be documented in an annual

1 budget or official interim budget report submitted to the California Department of Education
2 (CDE). CDE, or fiscal experts assigned by CDE to monitor SFUSD's fiscal condition, must
3 certify that this condition has been met by September 30, 2022.
4

5 Section 3. Effective Date. This ordinance shall become effective 30 days after
6 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
7 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
8 of Supervisors overrides the Mayor's veto of the ordinance.
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10 APPROVED AS TO FORM:
11 DAVID CHIU, City Attorney

12 By: /s/ _____
13 JON GIVNER
14 Deputy City Attorney

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LEGISLATIVE DIGEST

[Forgiveness of Appropriation Advances for San Francisco Unified School District - \$26,600,000]

Ordinance waiving the condition in Ordinance Nos. 33-19 and 169-19 that required the San Francisco Unified School District to repay the City a total amount of \$26,600,000 using revenues from the voter-approved parcel tax in June 2018's Proposition G; and rescinding the direction in those Ordinances to the Controller to transfer funds from accumulated balances of Proposition G revenues to repay the General Fund advances.

Existing Law

In Ordinance Nos. 33-19 and 169-19, the City appropriated a total of \$26.6 million to the San Francisco Unified School District (SFUSD) to sustain wages for teachers and staff. The two ordinances appropriated these funds as General Fund advances to SFUSD under the condition that SFUSD would later make the City whole using revenues from the parcel tax adopted in June 2018's Proposition G. Proposition G authorized the City to collect an annual parcel tax, with all revenues from the tax to be transferred to SFUSD and placed in a fund for restricted uses, including paying teacher salaries and funding staff at high-needs schools. Because Proposition G was the subject of litigation when the Board enacted Ordinance Nos. 33-19 and 169-19, the City was not able to release the parcel tax revenues for appropriation to SFUSD. The ordinances provided that after the resolution of the litigation, when Proposition G revenues become available for appropriation, the Controller would repay the General Fund advances using the accumulated balances of Proposition G revenues. The Annual Appropriation Ordinance enacted in 2020 (Ord. No. 165-20) included similar language regarding the repayment of funds. The litigation is now fully resolved, and the Proposition G revenues are available for appropriation. Under the terms of the ordinances, the Controller would be required to repay the General Fund advances from Proposition G revenues.

Amendments to Current Law

This ordinance would effectively forgive the City's loan to SFUSD in Ordinance Nos. 33-19 and 169-19, rescinding the requirement that the Controller repay the City using the Proposition G revenues. But the loan forgiveness is subject to conditions: SFUSD must utilize the \$26.6 million to reduce its long-term structural deficit, and may not use the funds for short-term budget relief. This planned use must be documented in an annual budget or official interim budget report submitted to the California Department of Education (CDE). And CDE, or fiscal experts assigned by CDE to monitor SFUSD's fiscal condition, must certify that this condition has been met by September 30, 2022.

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