



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ben Rosenfield
Controller

Monique Zmuda
Deputy Controller

June 11, 2014

Ms. Angela Calvillo
Clerk of the Board of Supervisors
1 Dr. Carlton B. Goodlett Place Room 244
San Francisco, CA 94102-4689

RE: File 140442 – Charter amendment modifying the Public Education Enrichment Fund

Dear Ms. Calvillo,

Should the proposed charter amendment be approved by the voters, in my opinion, it would have a significant impact on the cost of government.

The proposed amendment would change the current Public Education Enrichment Fund (PEEF) requirements in the Charter by increasing and making permanent the existing General Fund contribution to the San Francisco Unified School District (SFUSD) and to early childhood programs. As funds are shifted to the PEEF, other City spending would have to be reduced or new revenues identified.

The proposed amendment would delete the current “sunset” language in the Charter and thereby make the City contribution and the other elements of this Charter section permanent unless changed or repealed by the voters. The original voter authorization of the PEEF was for a ten year period from July 1, 2005 through June 30, 2015.

The current required City contribution for the PEEF is \$77.1 million annually, which the City provides with \$73 million in cash and \$4.4 million in “in-kind” services, such as school nurse programs provided by the Department of Public Health. The amendment would remove the authorization to provide a portion of the contribution through in-kind services and thereby add \$4.4 million to the City’s cash requirement.

The PEEF Charter section currently allows the City to temporarily hold back up to 25% of its required contribution in years when a City budget deficit of \$100 million or greater is forecast. The full amount must still be paid during the authorized period of the fund. This provision currently allows the Mayor and Board of Supervisors some flexibility for balancing the City’s budget in difficult years and this option was exercised in the most recent economic downturn. This provision would be deleted in the proposed amendment.

The current Charter requires that in addition to the required contribution, the City also maintain the same levels of spending on SFUSD and early childhood programs as existed previously (the Baseline). Currently, the Baseline required amount is approximately \$7.3 million.

Both the required contribution and the Baseline grow each year at the same rate as the City's discretionary revenue grows and these requirements would be continued in the proposed Charter amendment.

The proposed Charter amendment would transfer administration of the early childhood portion of the PEEF, which is one-third of the total, from the Children and Families Commission to a new Office of Early Care and Education (OECE). The cost of staff for the OECE, its planning process, a Citizens Advisory Council and related support and reporting which is specified in the amendment is estimated at approximately \$500,000, which would be paid for from the PEEF.

The Controller's Office will work with the Mayor, Board of Supervisors and City departments to clarify the financial effects of the proposed Charter amendment as it and other related measures are considered for the ballot.

Sincerely,

for Ben Rosenfield
Ben Rosenfield
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.