

[Requiring the San Francisco Unified School District to either appoint a controller or agree to use the City Controller for specified fiscal oversight functions in order to continue to receive funding for the Public Education Enrichment Fund.]

## 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 amending Section 16.123-2 to require as a condition of continuing to receive funding from the Public Education Enrichment Fund that the San Francisco Unified School District agree to form a committee of School District, City, and State officials that would send the Board of Education three nominees from which the Board could either select a person to serve as School District Controller, or alternatively, enter into a contract with the City to have the City Controller perform specified fiscal oversight functions.

The Board of Supervisors hereby submits to the qualified voters of the City and County, at an election to be held on November 2, 2004, a proposal to amend the Charter of the City and County by amending Section 16.123-2 to read as follows:

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

#### **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. 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 eleven 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 each year during the term of this measure for the same purposes and in the same relative proportions among those purposes as in the base year, as certified by the Controller.

The amount of the City's baseline appropriations to the School District 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.

(c) **Annual Contributions to the Fund—FY 2005-2006 through FY 2009-2010.** In addition to the annual baseline appropriation provided above, the City shall, for years two

through six of this measure, contribute the following amounts to the Public Education Enrichment Fund:

Fiscal Year 2005-06	\$ 10 million
Fiscal Year 2006-07	\$ 20 million
Fiscal Year 2007-08	\$ 30 million
Fiscal Year 2008-09	\$ 45 million
Fiscal Year 2009-10	\$ 60 million

(d) **Annual Contributions to the Fund—FY 2010-11 through FY 2014-15.** For Fiscal Years 2010-11 through FY 2014-15, the City's annual contribution to the Public Education Enrichment Fund shall equal its total contribution for the prior year, beginning with Fiscal Year 2009-2010, adjusted for the estimated increase or decrease in discretionary General Fund revenues for the year.

(e) **Audit and Oversight Requirements.**

(1) 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.

*(2) As a further condition of receiving disbursements from the Fund, the San Francisco Unified School District shall enter into an agreement with the City in which the School District shall agree to either appoint a School District Controller in accordance with this subsection, or to contract with the City Controller to perform the duties of School District Controller. The School District shall further agree to form a Fiscal Oversight Committee consisting of the Superintendent of the District, a superintendent from another school district in California, chosen by the members of the Board of Education, the City Controller, the City's Budget Analyst, and the State Superintendent of Public Instruction, or his or her designee. If the State declines to provide a representative, the remaining members of the Committee shall choose a person to fill the remaining position on the Committee. Pursuant to the agreement between the School*

District and the City, the Fiscal Oversight Committee shall send the names of three individuals qualified to serve as School District Controller to the Board of Education. Upon receiving the names of the nominees, the Board of Education shall either select one of the nominees to serve as School District Controller in accordance with paragraph (3) of this subsection; or contract with the City Controller to serve as School District Controller. The School District Controller shall discharge the duties set forth in paragraph (4) of this subsection. The agreement shall provide that if the School District fails to appoint or contract for the services of a School District Controller, the City may withhold payments otherwise due under this Section until such time as the School District has either hired or contracted for the services of, a School District Controller.

(3) Pursuant to the agreement, where the Board of Education chooses a candidate as School District Controller, that person shall serve a ten-year term unless a shorter term is required by State law. The School District Controller may only be removed for cause, following a two-thirds vote of the Board of Education.

(4) Pursuant to the agreement, the School District Controller shall: (a) have the power to control the timely accounting, disbursement or other disposition of monies of the San Francisco Unified School District in accordance with sound financial practices and statutory standards applicable to school districts; (b) have the authority to audit the accounts and operations of the School District and its officers to evaluate their effectiveness and efficiency; (c) have access to, and authority to, examine all documents, records, books and other property of the School District or its officers; (d) exercise general supervision over the accounts of all officers and employees charged in any manner with the receipt, collection or disbursement of School District funds or other funds, in their capacity as School District officials or employees; and (e) establish accounting records, procedures and internal controls with respect to all financial transactions of the School District, which shall permit the financial statements of the School District to be prepared in conformity with generally accepted accounting principles

applicable to school districts. The School District Controller shall issue from time to time such periodic or special reports as may be requested by the Board of Education. Under the agreement no School District funds may be expended, nor may the District enter into any contractual obligations unless the School District Controller has first certified the availability of lawfully approved and unencumbered funds.

APPROVED AS TO FORM:  
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By: \_\_\_\_\_  
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