

**CITY AND COUNTY OF SAN FRANCISCO
BOARD OF SUPERVISORS
BUDGET AND LEGISLATIVE ANALYST**

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TO: Members of the Board of Supervisors
FROM: Budget and Legislative Analyst's Office
SUBJECT: July 16, 2019 Board of Supervisors Meeting



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<p>Item 54 File 19-0735</p>	<p>Department: Department of Children, Youth, and their Families</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would approve a Memorandum of Understanding (MOU) between the San Francisco Community College District (SFCCD) and the Department of Children, Youth, and their Families (DCYF) to provide financial support to the Free City College Program for the 10-year period from July 1, 2019 to June 30, 2029, subject to the budgetary and fiscal provisions of the Charter. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • San Francisco voters approved Proposition W in November 2016 to increase the transfer tax on property sales of \$5 million or more. The increase in the transfer tax under Proposition W was for general purposes, and tax proceeds were deposited to the City’s General Fund. However, a resolution adopted by the Board of Supervisors in July 2016 provided that new revenues, in particular the transfer tax revenues, would be a source of funds for Free City College to offset enrollment fees and other costs for City College students. The Board of Supervisors established the San Francisco City College Enrollment Fee Assistance Fund in October 2016 to provide financial assistance to students attending City College to offset enrollment fees and provide other education related financial support. \$12 million was appropriated to the Fund over two years from 2017-18 through FY 2018-19. • The City and the SFCCD have a tentative agreement summarizing the provisions of the proposed MOU, including funding to be provided by the City to SFCCD for the Free City College Program, composition of the oversight committee, and annual audit requirements. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The FY 2019-20 budget pending before the Board of Supervisors appropriates \$15 million to the Fund and \$5.4 million to reimburse City College for past costs for the Free City College Program. • According to the proposed resolution, DCYF and SFCCD will enter into an MOU in which the City fill provide funding to the Free City College Program, subject to future appropriation. Funding will be at least \$15 million per year for 10 years, starting at \$15 million in FY 2019-20, increasing to \$15.7 million in FY 2020-21 and \$16.4 million in FY 2021-22, and increasing by the Consumer Price Index (CPI) in future years. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Approval is a policy matter for the Board of Supervisors. 	

MANDATE STATEMENT

City Charter Section 9.118(b) states that any contract entered into by a department, board or commission that has a term of more than ten years or requires expenditures of \$10 million or more is subject to Board of Supervisors approval.

BACKGROUND

San Francisco voters approved Proposition W in November 2016 to increase the transfer tax on property sales of \$5 million or more. The increase in the transfer tax under Proposition W was for general purposes, and tax proceeds were deposited to the City's General Fund. However, a resolution adopted by the Board of Supervisors in July 2016 provided that new revenues, in particular the transfer tax revenues, would be a source of funds for Free City College to offset enrollment fees and other costs for City College students.

The Board of Supervisors established the San Francisco City College Enrollment Fee Assistance Fund in October 2016 to provide financial assistance to students attending City College to offset enrollment fees and provide other education related financial support. \$12 million was appropriated to the Fund over two years from 2017-18 through FY 2018-19. The FY 2019-20 budget pending before the Board of Supervisors appropriates \$15 million to the Fund and \$5.4 million to reimburse City College for past costs for the Free City College Program.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve a Memorandum of Understanding (MOU) between the San Francisco Community College District (SFCCD) and the Department of Children, Youth, and their Families (DCYF) to provide financial support to the Free City College Program for the 10-year period from July 1, 2019 to June 30, 2029, subject to the budgetary and fiscal provisions of the Charter.

The City and the SFCCD have a tentative agreement summarizing the provisions of the proposed MOU, including funding to be provided by the City to SFCCD for the Free City College Program, composition of the oversight committee, and annual audit requirements.

Oversight

The tentative summary agreement for the Free City College Program provides for an oversight committee of 13 members, including City College students, a member of the Board of Supervisors or designee, the Mayor or designee, a representative from the San Francisco School District, the Controller or designee, a DCYF staff member, and City College staff, faculty, and trustees. The Controller will select an independent auditor for an annual audit report to the Oversight Committee.

FISCAL IMPACT

According to the proposed resolution, DCYF and SFCCD will enter into an MOU in which the City will provide funding to the Free City College Program, subject to future appropriation. Funding will be at least \$15 million per year for 10 years, starting at \$15 million in FY 2019-20, increasing to \$15.7 million in FY 2020-21 and \$16.4 million in FY 2021-22, and increasing by the Consumer Price Index (CPI) in future years.

Funds will be used to pay for students' enrollment fees (currently \$46 per unit). Funds that are available after all enrollment fees have been paid may be used to cover SFCCD's administrative costs for the Free City College Program. If funds are available after payment of enrollment fees and administrative costs, one-half the available balance will be transferred to the City and one-half will be deposited into a reserve.

RECOMMENDATION

Approval of the proposed resolution is a policy matter for the Board of Supervisors.