

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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