

[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 16.123-10, to extend the automatic expiration of the Public Education Enrichment Fund from June 30, 2015 to June 30, 2016; amending Sections 16.123-2 and 16.123-8, to make conforming changes; amending Section 16.123-3, to use any surplus returned from the Library Preservation Fund Baseline to fund part of the City's required disbursements under the Public Education Enrichment Fund for, among other things, library programs; amending Section 16.123-5, to allow the City to use monies in the Fund to pay college tuition and fees for students attending City College or San Francisco State; amending Section 16.123-6, to authorize the Youth Commission to review expenditure plans submitted by the School District and the First Five Commission; amending Section 16.123-8, to require the City to recommend a Rainy Day Reserve policy for the San Francisco Unified School District covering local revenues and authorize the City to suspend disbursements from the Fund to the School District unless the District certifies that it has adopted and followed the policy; and, repealing Section 16.123-7 as obsolete.

The Board of Supervisors hereby submits to the qualified voters of the City and County, at an election to be held on November 8, 2011, a proposal to amend the Charter of the City and County by repealing Section 16.123-7 in its entirety, and by amending Sections 16.123-2, 16.123-3, 16.132-5, 16.123-6, 16.123-8, and 16.132-10, to read as follows:

NOTE: Additions are *single-underline italics Times New Roman*;  
deletions are ~~*strike-through 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 ~~year 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 and thereafter through FY 2014-15.** For Fiscal Years 2010-11 and thereafter 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 Requirements.** 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.

**SEC. 16.123-3. ARTS, MUSIC, SPORTS, AND LIBRARY PROGRAMS.**

(a) Each year during the term of this measure, the City shall appropriate one-third of the money in the Public Education Enrichment Fund to the San Francisco Unified School District for arts, music, sports, and library programs in the schools.

(b) If any portion of the Library Preservation Fund Baseline is returned to the City under Charter Section 16.109(c), the funds shall be counted against the City's contribution to the Public Education Enrichment Fund under Section 16.123-2(d) for that year and included as a distribution for library services under this Section.

**SEC. 16.123-5. OTHER CITY SUPPORT FOR THE SAN FRANCISCO UNIFIED SCHOOL DISTRICT.**

(a) **In-Kind Support.** Not later than one year after the effective date of this measure, the City and the School District shall identify areas of potential in-kind support that the City could provide to the School District free of charge or at substantially reduced rates. In-kind support, for these purposes, may include, but is not limited to:

Learning support services, including health, counseling, social work, and nutrition services;

Financial support services;

Telecommunication and information services;

Construction management services;

Utility services;

Transportation services;

Legal services; and

Public safety services.

(b) **Planning Process.** No later than six months after the effective date of this measure, the School District shall submit to the Board of Supervisors proposals for in-kind services that

could be provided by the City to the District to further the educational goals and operations of the District. The Board shall distribute those proposals to all City departments having expertise in providing or capability to provide such in-kind services, and no later than nine months after the effective date of this measure, the departments will respond to the Board with proposals to provide such in-kind services to the District. The School District may use any direct financial support provided under this Section to hire consultants to help identify possible in-kind services. The Board of Supervisors may, by ordinance, provide for continuation of this planning process during the subsequent term of the measure.

(c) **Annual Disbursements.** *(1)* Each year during the term of this measure, the City shall provide direct financial assistance from the Public Education Enrichment Fund to the San Francisco Unified School District, in an amount equal to one-third of the money in the Fund, or in-kind support services of equal value.

*(2) In lieu of disbursements to the San Francisco Unified School District under this Section, the City may, in its discretion, itself use the funds to pay, in whole or in part, tuition or fees for graduates of the School District attending City College or San Francisco State University.*

(d) **Permissible Uses.** The San Francisco Unified School District may expend funds provided as direct financial support under this Section for any educational or support purpose provided under law, including, but not limited to, gifted and talented programs, magnet programs, literacy programs, dual-language immersion programs, special education, employee compensation, career and college centers at high schools, teacher mentoring or master teacher programs, or other instructional purposes. The City recognizes that in providing such programs and services, a well-run school district requires both certificated and classified staff, and urges the San Francisco Unified School District to hire both certificated and classified staff to carry out the purposes of this measure.

(e) Within one year of the effective date of this measure, the School District, with the assistance of the City's Department of Public Health, Department of Human Services, and Department of Children, Youth, and Their Families, shall conduct an assessment of health, counseling, social work, and nutritional needs of pupils in the District, including problems related to asthma and other chronic diseases. The City may appropriate a specific portion of the disbursement under this Section through its annual appropriation process for these purposes, pursuant to recommendations from the School District.

**SEC. 16.123-6. EXPENDITURE PLANS.**

(a) No later than February 1 of each year during the term of this measure, the San Francisco Unified School District and the First Five Commission shall each submit an expenditure plan for funding to be received from the Public Education Enrichment Fund for the upcoming fiscal year. The proposed expenditure plans must include prior year total budgeted and expended appropriations and Fund budgeted and expended appropriations by category, as well as average daily attendance information for the prior year and anticipated average daily attendance information for the plan year, to facilitate multi-year comparison.

(b) The Controller shall review the plans and transmit them, with his or her comments, to the Mayor, *and* the Board of Supervisors *and the Youth Commission* for their review and comment.

(c) The plans shall include a budget for the expenditures, performance goals, target populations, hiring and recruitment plans for personnel, plans for matching or other additional funding, operating reserves, and any other matters that the District and Commission deem appropriate or the Mayor or the Board requests.

(d) The Mayor and the Board of Supervisors may request further explanation of items included in the plans, and the District and the Commission shall respond in a timely manner to

such inquiries. The Board may place appropriations provided for under this measure on reserve until it has received adequate responses to its inquiries.

**SEC. 16.123-7. [Reserved] ~~STRUCTURAL SAVINGS TO THE CITY'S BUDGET.~~**

~~(a) **Controller's and Budget Analyst's Recommendations.** Not later than October 1 of each fiscal year from Fiscal Year 2005-06 through 2009-10, the Controller and the Board of Supervisors' Budget Analyst shall prepare and submit recommended cuts or other structural changes to reduce, on an ongoing basis, spending on City departmental operations, or identify new revenues, in an amount sufficient to meet each year's required funding for the Public Education Enrichment Fund.~~

~~(b) **Board of Supervisors' Proposals.** Not later than December 15 of each fiscal year from Fiscal Year 2005-06 through Fiscal Year 2009-10, the Board of Supervisors shall hold hearings on the recommendations made by the Controller and the Budget Analyst and shall forward its proposals to the Mayor.~~

~~(c) **Budget Requirements.** In his/her annual budget submission to the Board of Supervisors for each fiscal year from Fiscal Year 2005-06 through Fiscal Year 2009-10, the Mayor shall incorporate the Board of Supervisors' proposals, or identify alternative revenue or expenditure savings sufficient to appropriate funds to the Public Education Enrichment Fund according to the schedule set forth in Section 16.123-2 of this measure.~~

**SEC. 16.123-8. ADJUSTMENTS.**

(a) In any year of this measure, if the joint budget report as prepared by the Controller, the Mayor's Budget Director and the Board of Supervisors' Budget Analyst projects a budgetary shortfall of \$100 million dollars or more, the Mayor and the Board of Supervisors may reduce the City's contribution to the Public Education Enrichment Fund under Section 16.123-2, and its disbursements under Sections 16.123-3, 16.123-4, or 16.123-5, by up to 25 percent; provided,

however, that the City must pay back the amount deferred within the period from June 30, 2016 ~~2015~~, the last day of the term of this measure, and June 30, 2019 ~~2018~~, a date three years later, unless the voters extend this measure beyond July 1, 2016 ~~2015~~ or authorize a substantially similar measure at that time.

(b) **Audit Recommendations.** The Mayor and the Board of Supervisors may suspend the City's disbursements from the baseline appropriations or the Public Education Enrichment Fund under Sections 16.123-3, 16.123-4, or 16.123-5 in whole or in part for any year where the Controller certifies that the San Francisco Unified School District or the First Five Commission has failed to adopt audit recommendations made by the Controller.

As part of the audit function, the Controller shall review performance and cost benchmarks developed by the School District and the First Five Commission in consultation with the Controller for programs funded under this measure. The Commission's performance and cost benchmarks shall be based on the same performance and cost benchmarks as are required for other City departments, and on comparisons with other cities, counties, and public agencies performing similar functions. The School District's performance and cost benchmarks shall be based on similar standards.

In particular, the Controller shall assess:

- (1) Measures of workload addressing the level of service being provided or providing an assessment of need for a service;
- (2) Measures of efficiency including cost per unit of service provided, cost per unit of output, or the units of service provided per full time equivalent position; and
- (3) Measures of effectiveness including the quality of service provided, citizen perceptions of quality, and the extent a service meets the needs for which it was created.

The Controller's audits may address the extent to which the School District and the First Five Commission have met their respective performance and cost benchmarks.

(c) **Reserve Policies.** *(1)* The Mayor and the Board of Supervisors may suspend the City's disbursements from the baseline appropriations or the Public Education Enrichment Fund under Sections 16.123-2, 16.123-4, or 16.123-5 in whole or in part for any year where the Controller certifies that the San Francisco Unified School District or the First Five Commission has failed to adopt reserve policies recommended by the Controller.

*(2) No later than November 1, 2011, the Controller shall submit to the Board of Supervisors a proposed Rainy Day Reserve policy for the San Francisco Unified School District covering locally-generated revenues to the School District. If the Board approves the policy by resolution, adoption and compliance with the policy shall become conditions for further appropriations to the School District under this measure: the City shall not disburse any funds from the baseline appropriations or the Public Education Enrichment Fund under Sections 16.123-2, 16.123-4, or 16.123-5 in whole or in part for any year until the School District certifies and the Controller confirms that the School District has adopted and implemented the Rainy Day Reserve policy recommended by the Controller and approved by the Board.*

(d) **Transfer and Use of Suspended Distributions.** If the Mayor and the Board of Supervisors suspend City distributions from the baseline appropriations or the Public Education Enrichment Fund under subsections (b) or (c), the City shall transfer the amount that would otherwise be distributed from the baseline appropriations or the Public Education Enrichment Fund for that year to the Children's Fund established in Charter Section 16.108, for the provision of substantially equivalent services and programs.

(e) **New Local Revenues.** The Board of Supervisors may, by ordinance, proportionally reduce the contribution to the Public Education Enrichment Fund and the disbursements to the San Francisco Unified School District and the First Five Commission required by this measure if the voters of San Francisco adopt new, dedicated revenue sources for the School District or the

Commission, and the offsetting reduction in disbursements is specifically authorized by the local revenue measure.

(f) **New State Revenues.** The Board of Supervisors may, by ordinance, proportionally reduce the contribution to the Public Education Enrichment Fund and the disbursements to the San Francisco Unified School District required by this measure if the percentage increase in per-pupil Revenue Limit funding provided by the State of California to the San Francisco Unified School District in any fiscal year exceeds the percentage increase in the City's cost of living during the previous fiscal year.

The Board of Supervisors may, by ordinance, proportionally reduce the contribution to the Public Education Enrichment Fund and the disbursements to the First Five Commission if the State of California provides funding to the City for universal preschool, provided that such disbursements are not required to match state and/or other funding.

(g) *Beginning in Fiscal Year 2011-12 and every fifth year thereafter, Eighteen months prior to the expiration of this measure,* the Controller shall conduct a complete analysis of the outcomes of the programs funded through the Public Education Enrichment Fund. The Controller's study shall also address changes in the levels of state and federal funding for local schools, per-pupil spending in the San Francisco Unified School District compared to urban school districts of similar size. The Controller shall present the results of this analysis to the Mayor and the Board of Supervisors *no later than nine months prior to the expiration of the measure.*

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**SEC. 16.123-10. SUNSET.**

The provisions of this measure shall expire ~~in eleven years~~, at the end of Fiscal Year ~~2014-15~~ 2015-16, unless extended by the voters.

The extension of this measure, and of the mandated contributions and disbursements under this measure, for an additional year shall be in lieu of repayment of amounts previously deferred or to be deferred under Section 16.123-8(a). If the voters extend this measure through Fiscal Year 2015-16, the City shall not be required to pay back any amounts deferred under Section 16.123-8(a); provided, however, that the City shall not be authorized to defer any portion of its contributions to or distributions from the Fund for Fiscal Year 2015-16. By accepting any distributions from the Fund for Fiscal Year 2015-16, the School District and the First Five Commission shall waive any claim to repayment of any amounts deferred under Section 16.123-8(a).

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