

**Performance Audit**

**of**

**San Francisco's Early Care and Education  
Programs**

**Prepared for the**

**Board of Supervisors**  
**of the City and County of San Francisco**

**by the**

**San Francisco Budget and Legislative Analyst**

**November 17, 2010**

**CITY AND COUNTY OF SAN FRANCISCO  
BOARD OF SUPERVISORS**

**BUDGET AND LEGISLATIVE ANALYST**

1390 Market Street, Suite 1150, San Francisco, CA 94102

(415) 552-9292 FAX (415) 252-0461

November 17, 2010

Honorable Michela Alioto-Pier,  
and Members of the Board of Supervisors  
City and County of San Francisco  
Room 244, City Hall  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102-4689

Dear Supervisor Alioto-Pier and Members of the Board of Supervisors:

The Budget and Legislative Analyst is pleased to submit this *Performance Audit of San Francisco's Early Care and Education Programs*. In response to a motion adopted by the Board of Supervisors on August 3, 2010 (Motion No. 10-125), the Budget and Legislative Analyst conducted this performance audit, pursuant to the Board of Supervisors powers of inquiry as defined in Charter Section 16.114, and in accordance with U.S. Government Accountability Office (GAO) standards, as detailed in the Introduction to the report.

The purpose of the audit was to evaluate the City's system of early care and education under the administration of the Human Services Agency, the Department of Children, Youth and Their Families, and First 5 San Francisco. The audit scope included the governance of the system of early care and education, management of funding and program performance, and associated health and mental health services.

The Executive Director of the Human Services Agency, the Director of the Department of Children, Youth and Their Families, and the Director of First 5 San Francisco have provided a written response to the performance audit report which is attached to this report beginning on page 81.

Based on the performance audit findings, the Budget and Legislative Analyst has recommended that the Board of Supervisors:

(1) Designate the Children and Families Commission as having primary responsibility for policy development and oversight of child care and early childhood education programs, consistent with State law and the City Charter;

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**Budget and Legislative Analyst**

(2) Develop additional detailed policy rationales, in the Administrative Code or elsewhere, for the composition of the Children and Families Commission, including designating the stakeholder groups to be represented by the five non-City department seats on the Commission and indicating why those groups are receiving designated representation; and

(3) Direct the newly-constituted Children and Families Commission to review the administrative structure for child care and early childhood education programs, and report back recommendations to the Board of Supervisors for shifting staffing and funding among the three departments currently responsible for this service area.

The Human Services Agency's written response states: "HSA strongly agrees that the time has come to consolidate the administration of Early Care and Education into a single office...the Department *strongly disagrees* (italics in the original) with the Budget Analyst's analysis of the next steps to consolidate the administration of Early Care and Education under the Children and Families Commission..."

The Director of the Department of Children, Youth and Their Families' written response states: "We support the consolidated administration of San Francisco's ECE investments and services in a City department with strong expertise in child care for children birth to 12 years old...DCYF agrees with having a single, coordinated governance structure that will allow for streamlined and efficient policy development and administration of City funds in the ECE system and have a single point of accountability; however, the redefined Commission must be reflective of the balance of power and authority between the Mayor's Office and the Board of Supervisors, and be based on the premise that the City must have ultimate comprehensive policy, administration, and budgetary oversight of the City's ECE investments and services."

The Director of First 5 San Francisco states: "We acknowledge the three governance recommendations in Section 1 of the Report and First 5 Commission will act accordingly within its governance structure, state statute and city sanctioned authority to provide comprehensive policy, administrative and budgetary oversight of the City's ECE investments and services".

The Budget and Legislative Analyst met with the Director of the Department of Children, Youth and Their Families and her staff in an exit conference on November 5, 2010; the Director of First 5 San Francisco and her staff in an exit conference on November 8, 2010; and the Executive Director of the Human Services Agency and his staff in an exit conference on November 8, 2010. After careful consideration of the information provided in these respective exit conferences, the Budget and Legislative Analyst revised some elements of the report where we believed such changes were warranted.

After review of responses from the Human Services Agency, the Department of Children, Youth and Their Families, and First 5 San Francisco pertaining to our recommendations

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and Members of the Board of Supervisors  
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on governance, the Budget and Legislative Analyst continues to recommend that the City should formalize the coordination of early care and education programs, and that the Board of Supervisors should redefine the existing Children and Families Commission as the entity to develop policy for the City's early care and education programs as a whole. The San Francisco Children and Families Commission is voter mandated and the only City entity specifically designated to develop policy for children from birth to five years of age. For the Children and Families Commission to serve as an effective policy making entity for the City's early care and education system, the Board of Supervisors should reevaluate the membership and mission of the Children and Families Commission to ensure a broad perspective on early care and education programs.

We would like to thank the Executive Director of the Human Services Agency, the Human Services Agency Child Care Policy and Planning Manager, the Director and Deputy Director of the Department of Children, Youth and Their Families, the Citywide Child Care Administrator of the Department of Children, Youth and Their Families, the Director and Deputy Director of First 5 San Francisco, and their staff for their assistance in preparing this report. We would also like to acknowledge the participation of community representatives, including the Children's Council, the San Francisco Child Care Providers' Association, and other community representatives, during the performance audit.

Respectfully submitted,



Harvey M. Rose  
Budget and Legislative Analyst

cc: President Chiu	Clerk of the Board
Supervisor Avalos	Cheryl Adams
Supervisor Campos	Greg Wagner
Supervisor Chu	Controller
Supervisor Daly	Director, First 5 San Francisco
Supervisor Dufty	Director, Children, Youth and Their Families
Supervisor Elsbernd	Executive Director, Human Services Agency
Supervisor Mar	Director, Child, Youth & Family System of Care
Supervisor Maxwell	DPH Community Behavioral Health Services
Supervisor Mirkarimi	Nurse Manager, Child Care Health Project

**Board of Supervisors**  
**Budget and Legislative Analyst**

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San Francisco’s Early Care and Education Programs**

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# Executive Summary

In San Francisco, subsidized child care programs to low income families are provided by the City and County of San Francisco, the California Department of Education, and the federal Head Start program. While Head Start and California Department of Education programs are part of the overall system of subsidized child care in the City, program oversight, funding, and operation is separate from the City and County of San Francisco.

## San Francisco's Early Care and Education Programs

The City and County of San Francisco's early care and education programs provide subsidized child care and related services, such as wage augmentation or technical assistance to child care providers. Three City departments are primarily responsible for providing early care and education programs. The Human Services Agency and the Department of Children, Youth and Their Families provide early care and education programs for school age children as well as children from birth to five years. First 5 San Francisco provides early care and education programs to children from birth to five years.

These programs are funded by federal, State, and local funds as follows:

**First Five San Francisco** administers programs funded by (1) Proposition 10, the State Tobacco Tax approved by California voters in 1998 to provide for children through five years of age, and (2) Proposition H (Public Education Enrichment Fund), approved by San Francisco voters in March 2004 to set aside General Fund monies for universal preschool for San Francisco four-year olds.

**The Department of Children, Youth, and Their Families** receives State and local funds, including the Children's Fund, which was approved by the San Francisco voters in November 2000, and the General Fund, to provide grants to community based organizations for early care and education programs.

**The Human Services Agency** receives federal, State and City General Fund monies for early care and education programs, primarily for CalWorks<sup>1</sup> recipients, children in the child welfare system (Family and Children Services), and children in families who are homeless.

The FY 2010-11 budget for early childhood care and education programs is \$66.2 million, as shown in the Table below.

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<sup>1</sup> CalWorks is the California implementation of the federal cash aid program for families, Temporary Assistance for Needy Families (or TANF). State law establishing the CalWorks program in 1997 included the requirement that CalWorks recipients receive access to subsidized child care.

**Table**  
**Early Care and Education Programs**  
**By Department and Source of Funds**  
**FY 2010-11**

<b>Source of Funds</b>	<b>Human Services Agency</b>	<b>Children, Youth and Their Families</b>	<b>First 5 San Francisco</b>	<b>Total</b>
<b>Local</b>				
General Fund	\$13,685,220	\$6,917,345	\$0	\$20,602,565
Children's Fund	0	3,560,904	0	3,560,904
Proposition H	0	0	14,071,494	14,071,494
Subtotal, Local	13,685,220	10,478,249	14,071,494	38,234,963
<b>State and Federal</b>				
Proposition 10	0	0	2,626,775	2,626,775
Other Federal and State Funds	24,578,875	799,308	0	25,378,183
Subtotal, Federal and State	24,578,875	799,308	2,626,775	28,004,958
<b>Total</b>	<b>\$38,264,095</b>	<b>\$11,277,557</b>	<b>\$16,698,269</b>	<b>\$66,239,921</b>

Source: Human Services Agency, Department of Children, Youth and Their Families, and First 5 San Francisco

The Human Services Agency, Department of Children, Youth and Their Families, and First 5 San Francisco fund a variety of early care and education programs that include:

- \$43.2 million for child care subsidies, either through direct subsidies to child care providers or vouchers to families to pay for child care;
- \$8.5 million to augment the wages or child care providers;
- \$4.7 million for health and mental health programs;
- \$1.7 million for capital repairs and facilities maintenance projects; and
- \$8.1 million for various support services, such as technical assistance to child care providers, infant and toddler programs, programs for children with special needs, and other services.

The Budget and Legislative Analyst identified at least \$995,000 in General Fund, Children's Fund, and Public Education Enrichment Fund (Proposition H) under spending because early care and education programs that were not fully utilized in FY 2009-10. This represents an estimated 100 subsidized child care slots.

While underutilization occurred for a variety of reasons, better program coordination and performance monitoring by the Human Services Agency, the Department of Children, Youth and Their Families, and First 5 San Francisco would have resulted in the \$995,000 being fully expended.

## **Governance of Early Care and Education Programs**

The City and County of San Francisco has invested \$38.2 million in General Fund Children's Fund, and Public Education Enrichment Fund (or Proposition H) monies for early care and education in FY 2010-11. These local funds are in addition to \$28.0 million in federal and State funds.

### **City Departments' Different Mandates, Procedures, and Governance**

Funds and programs for early care and education are divided among three different City departments with different mandates, procedures, and governance structures.

The **Human Services Agency** serves as the county welfare department under the direction of the Human Services Commission. The Human Services Agency administers the CalWorks program as well as the County's child welfare program (Family and Children Services), and must comply with State mandates for providing child care to CalWorks participants and children within the child welfare system.

The **Department of Children, Youth and Their Families** was originally an office of the Mayor and was established as a separate department in 2000. The Department of Children, Youth and Their Families reports to the Mayor, and administers the Children's Fund, with responsibility for developing the Children Services Plan and Community Needs Assessments.

**First 5 San Francisco** administers programs for children from birth to five years of age that are funded by the State Tobacco Tax (Proposition 10), and Preschool for All, which is funded by the Public Education Enrichment Fund (Proposition H) to provide school readiness programs to San Francisco's four year olds. First 5 San Francisco is overseen by a nine-member commission, the Children and Families Commission, established by Proposition 10. Proposition H assigned oversight of Preschool for all funding to the Children and Families Commission.

### **Uncertainty of Funding and Impact on Joint Collaboration**

The Human Services Agency, Department of Children, Youth and Their Families, and First 5 San Francisco have collaborated on joint funding of early care and education programs and developed interdepartmental committees to plan for and monitor these programs. While this collaboration has allowed the three departments to leverage funding and provide a broader array of early care and education programs, the joint funding and interdepartmental committees are voluntary and do not ensure ongoing collaboration.

Ongoing collaboration on joint funding has been made more difficult by the following uncertainty of some funding.

- Decline in the City’s General Fund revenues has resulted in less funding for the Children’s Fund and the Public Education Enrichment Fund, which are based on General Fund revenues.
- Also, State Tobacco Tax revenues, which are allocated to each county based on the birth rate, have declined due to San Francisco’s declining birth rate as well as reduced tobacco use statewide.

While the Human Services Agency, the Department of Children, Youth and Their Families, and First 5 San Francisco jointly solicited community based organizations to provide early care and education programs in 2010, they extended the contracts with the community based organizations through 2011 rather than competitively solicit new contractors because future funding is uncertain. Additionally, the Public Education Enrichment Fund sunsets after FY 2014-15 and the Children’s Fund sunsets after FY 2015-16 unless future voter approval is obtained.

## **Limitations to the Current System of Early Care and Education**

The current system of early care and education, administered by the Human Services Agency, the Department of Children, Youth and Their Families, and First 5 San Francisco reporting to three different governance entities, has limitations.

### Limitations to Joint Monitoring of Child Care Providers

From the early care and education program providers’ perspective, the different requirements for City-funded programs are often confusing to early care and education program providers, especially those who are involved in multiple programs funded by the different departments. Furthermore, according to interviews and a focus group with early care and program providers, the program staff at each of the departments do not always understand the programs provided by their fellow departments, so when early care and education program providers talk to the funding departments, they may receive inconsistent or conflicting information.

As noted in Section 3 of this report, the Department of Children, Youth and Their Families and First 5 San Francisco, both of which fund child care services, jointly fund 11 child care providers but have different standards or criteria for measuring program performance. In at least one instance, First 5 San Francisco cited a child care provider for inadequate performance, placing the child care provider in conditional status, while the Department of Children, Youth and Their Families considered the child care provider to have adequate performance.

### Limitations to Increasing Child Care Capacity in Underserved Neighborhoods

Also, while the Human Services Agency, Department of Children, Youth and Their Families, and First 5 San Francisco have worked together to increase child care capacity in low income neighborhoods, they have not fully addressed the problem of insufficient capacity in some neighborhoods.

#### *Lower Performing Child Care Providers*

As discussed in Section 5 of this report, in FY 2009-10 family child care providers or child care centers in the Bayview/Hunters Point and Visitacion Valley, and in the Civic Center, Western Addition, and Haight neighborhoods were cited more frequently for performance problems than child care providers in other neighborhoods. While the Human Services Agency, Department of Children, Youth and Their Families, and First 5 San Francisco work with lower performing child care providers to meet performance expectations, child care providers may continue to receive funding, even if their performance does not improve, in order to provide child care capacity in neighborhoods with high need.

#### *Insufficient Tracking of Technical Assistance*

Also, the Human Services Agency, the Department of Children, Youth and Their Families, and First 5 San Francisco have not ensured that technical assistance is targeted effectively to child care providers needing assistance. The Contract Management System (CMS) does not contain data on provider performance, making it difficult to track technical assistance provided to child care providers with demonstrated performance issues. Consequently, the departments cannot evaluate if the technical assistance contributes to performance improvement. Also, technical assistance services are not fully utilized, with \$290,000 in unspent technical assistance funds in FY 2009-10, equivalent to approximately 30 child care slots.

#### *Fewer Services for Neighborhoods Relying on Family Child Care Providers*

Some low income neighborhoods rely more on family child care providers compared to child care centers to provide child care services and as a result, receive fewer support services. While the Child Center Health Project<sup>2</sup>, Early Childhood Mental Health Consultation Initiative<sup>3</sup>, and Preschool for All provide programs to family child care providers, the programs are less present in the family child care setting and therefore, the

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<sup>2</sup> The Department of Public Health was selected as a contractor by through the 2007 joint solicitation process for the Child Care Center Health Project, which provides health screening, consultation, and training to child care programs.

<sup>3</sup> The Human Services Agency, Department of Children, Youth and Their Families, and First 5 San Francisco jointly fund the Department of Public Health through a work order to manage the Early Childhood Mental Health Consultation Initiative, which provides consultation and training to child care providers on children's behavior and screening and referrals to families.

neighborhoods relying on family child care providers receive fewer services, as discussed in Sections 5, 7 and 8 of this report.

Also, Child Care Health Project criteria for selecting sites does not include neighborhoods with high concentrations of children under the age of five. As a result, the Sunset and Richmond, which have a large number of children under the age of five, may be underserved.

## **Children and Families Commission**

Decentralized funding and governance make it difficult for the Human Services Agency, Department of Children, Youth and Their Families, and First 5 San Francisco to fully coordinate early care and education programs. The FY 2010-11 budget proposal by the Human Services Agency and the Department of Children, Youth and Their Families to create an Office of Child Care and Early Learning was an attempt to align and coordinate early care and education programs, but was rejected by the Board of Supervisors, who were concerned about the need for more planning and community input.

While each of the three City departments' has some form of governance or reporting responsibility mandated by the Administrative Code, the Children and Families Commission is the only City body specifically delegated to develop policy for children from birth to five years of age. Other child care entities exist, such as the Child Care Planning and Advisory Council, but these entities are advisory and planning rather than policy making. The Department of Children, Youth and Their Families does not have a commission but reports directly to the Mayor. The Human Services Agency has the Human Services Commission, which has responsibility for broad oversight over social service programs.

Within the existing City structure, the Children and Families Commission is the most appropriate entity to serve as the policy making body for early care and education. The Board of Supervisors would need to redefine the Children and Families Commission's membership and purpose for the Commission to represent the early care and education system as a whole. While the Human Services Agency, Department of Children, Youth and Their Families, and First 5 San Francisco would retain administrative oversight over funding and programs in which they are currently vested by the Administrative Code or State law, a central policy making entity would be better positioned to align funding and coordinate programs than currently exists. The Children and Families Commission, once redefined, would be able to address administrative consolidation of early care and education programs, such as was previously proposed for the Office of Child Care and Early Learning.

## **Complex System of Funding and Contracting**

The Human Services Agency, the Department of Children, Youth and Their Families, and First 5 San Francisco have set up a complex network of funding and contract or grant

agreements with community based organizations for early care and education programs. Not only do the three departments jointly solicit and fund community based organizations to provide technical assistance, health consultation, and other services through the joint solicitation process, the three departments have overlapping contract and grant agreements and funding with the same community based organizations or child care providers.

For example, the Human Services Agency, the Department of Children, Youth and Their Families, and First 5 San Francisco fund separate contracts or grants with the Children's Council to provide various early care and education programs. One contract is between the Children's Council and the Human Services Agency with the Department of Children, Youth and Their Families and First 5 San Francisco providing funds to the Human Services Agency through work orders to pay for the contract. In addition, the Department of Children, Youth and Their Families has awarded the Children's Council grants for three programs, with the Human Services Agency and First 5 San Francisco providing funds through work orders to the Department of Children, Youth and Their Families for two of the programs, and First 5 San Francisco providing funds through a work order to the Department of Children, Youth and Their Families for the third program. The three departments should use the proposed new governance structure recommended by the Budget and Legislative Analyst to streamline funding and agreements with community based organizations and child care providers.

## **City Departments' Contracts with the Children's Council**

### **The Centralized Eligibility List**

The State mandates that each county establish a Centralized Eligibility List to prioritize children's eligibility for and assist with access to subsidized childcare. The Centralized Eligibility List determines families' eligibility for subsidized childcare and ranks families access to available child care slots. In San Francisco, the Children's Council, a community based organization, administers the Centralized Eligibility List through a contract with the Department of Children, Youth and Their Families.

Enrollment into child care from the Centralized Eligibility List is constrained by limited funding for child care. Data provided by Children's Council indicates that a large number of children are not enrolled into child care during the year in which they apply to the Centralized Eligibility List. Of the 3,720 children who applied to the Centralized Eligibility List in FY 2009-10, only 753 or 20 percent were enrolled into child care in FY 2009-10. While a total of 2,767 children were enrolled into child care in FY 2009-10 through the Centralized Eligibility List, most of those children had applied in prior years.

Funding limitations mean that some children remain on the list until they reach the age of five without ever enrolling in childcare. Of 825 children who applied to the Centralized Eligibility List in calendar years 2007 and 2008 and reached five years of age during

those two calendar years, the Children’s Council data shows that 150 or 18.2 percent never enrolled in child care before starting kindergarten.<sup>4</sup>

In order to improve the access of the most eligible families to child care as quickly as possible, the Department of Children, Youth and Their Families and Children’s Council have formed a Working Group to collaborate on a pilot project to enhance the referral process, facilitate enrollment into child care, and educate parents on the role and functioning of the Centralized Eligibility List. Identifying the families most eligible for subsidized child care and facilitating the speedy enrollment of their children in childcare would result in more effective utilization of child care subsidies and child care slots. For example, in FY 2009-10, \$200,000 in General Fund and Children’s Fund child care subsidies were not expended, equivalent to an estimated 20 child care slots.

### **The Children’s Council as Fiscal Agent**

In addition to administering the Centralized Eligibility List, the Children’s Council has a contract with the Human Services Agency to serve as the fiscal agent or administrator of almost all CalWorks and other subsidy payments to eligible families to pay for child care. The Children’s Council was awarded a sole source contract by the Human Services Agency in 2006 that extends through 2012, administering approximately \$34 million annually in federal, State, and local child care subsidy payments. The Children’s Council also has a contract with the California Department of Education to administer subsidy payments that are not under the jurisdiction of the City and County of San Francisco or the Human Services Agency.

The Human Services Agency has selected the Children’s Council as a sole source contractor so that families that move from City and County programs to California Department of Education programs are served by the same contractor. Therefore, only one contractor is determining eligibility and administering subsidy payments for eligible families, no matter for which subsidy program the family is eligible, resulting in families maintaining consistent child care even when funding for their child care changes.

However, the Human Services Agency has not ensured optimal financial performance by the Children’s Council. For example, the Children’s Council did not fully spend all subsidy payments in FY 2009-10. City-funded subsidy programs, including programs for homeless families, children under Child Protective Services who remain in their own homes, and other General Fund subsidy payments were under spent by approximately \$500,000, equivalent to an estimated 50 child care slots. The Human Services Agency should require the Children’s Council to produce an annual report detailing the amount of unspent subsidies and an explanation of why the funding was unspent in each subsidy category.

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<sup>4</sup> As discussed in Section 4, because child care providers are not obliged to submit a timely monthly tally of enrollments and because the Centralized Eligibility List is not meant as an enrollment tool, monthly enrollment numbers do not always reflect the number of enrollments that occurred.

### Wages Plus

The Children’s Council also administers the Wage Plus program under the contract with the Human Services Agency, providing wage augmentation to child care providers. Because this portion of the contract does not impact families’ child care eligibility determination, the Human Services Agency should competitively bid the Wages Plus program.

## **Acknowledgement**

We would like to thank the Executive Director of the Human Services Agency and his staff, the Human Services Agency Child Care Policy and Planning Manager, the Director and Deputy Director of the Department of Children, Youth and Their Families and their staff, the Citywide Child Care Administrator of the Department of Children, Youth and Their Families, and the Director and Deputy Director of First 5 San Francisco and their staff for their assistance in preparing this report. We would also like to acknowledge the participation of community representatives, including the Children’s Council, the San Francisco Child Care Providers’ Association, and other community representatives, during the performance audit.

# Introduction

## Purpose and Scope of the Performance Audit

The purpose of this performance audit was to evaluate the Department of Children, Youth, and Their Families in their oversight of early care and education programs. The scope of the performance audit included:

- The Department of Children, Youth, and Their Families' oversight of early care and education programs, and coordination with the Human Services Agency Child Care Policy and Planning division and the First Five Preschool for All program;
- Evaluation of best practices for early care and education programs, duplication or gaps in programs provided by City departments, underserved communities or underutilized programs, and City departments' oversight of child care and other program providers; and
- Identification of opportunities for improved interdepartmental coordination of the City's early care and education programs, including health and mental health programs.

## Audit Methodology

The performance audit was conducted in accordance with *Government Auditing Standards, 2007 Revision*, issued by the Comptroller General of the United States, U.S. Government Accountability Office. In accordance with these requirements and standard performance audit practices, we performed the following performance audit procedures:

- Conducted initial meetings with representatives from the Department of Children, Youth and Their Families, the Human Services Agency, and First Five San Francisco to discuss the audit process.
- Conducted interviews with Department of Children, Youth and Their Families, Human Services Agency, and First Five San Francisco staff responsible for early childhood care and education programs.
- Conducted interviews and a focus group with community childcare providers and representatives from community based organizations.
- Reviewed State and local statutes, strategic plans, needs assessments, evaluation reports, and other documents pertaining to early childhood care and education programs in San Francisco.
- Conducted field work, including detailed review of provider contract files, provider and service data, and summary reports.
- Prepared a draft report based on analysis of the information and data collected, containing our initial findings, conclusions and recommendations, and submitted the draft report on to the Human Services Agency, Department of Children, Youth and

Their Families, First 5 San Francisco, and Department of Public Health Representatives on October 30, 2010.

- Conducted exit conferences with the Human Services Agency, Department of Children, Youth and Their Families, and First 5 San Francisco on November 5, and November 8, 2010, to discuss report findings and recommendations. We revised the draft report based on exit conference discussions and new information, and submitted the final draft report on November 9, 2010. The final report was submitted to the Board of Supervisors on November 17, 2010.

## Early Care and Education Programs in San Francisco

Early care and education programs in San Francisco are funded by federal, State, and local funds. Three City departments are primarily responsible for administering these funds and providing early care and education programs.

**First Five San Francisco** administers programs funded by (1) Proposition 10, the State Tobacco Tax allocated to programs for children through five years of age and approved by California voters in 1998, and (2) Proposition H (Public Education Enrichment Fund), the General Fund allocation to provide universal preschool to all San Francisco four-year olds and approved by the San Francisco voters in March 2004.

**The Department of Children, Youth and Their Families** receives State and local funds, including the Children's Fund, which was approved by the San Francisco voters in November 2000, and General Fund. The Department of Children, Youth and Their Families provides grants to community based organizations for early care and education programs.

**The Human Services Agency** receives federal, State and City General Fund monies for early care and education programs, primarily for CalWorks<sup>1</sup> recipients, children in the child welfare system (Family and Children Services), and children in families who are homeless.

The FY 2010-11 budget for early childhood care and education programs is \$66.2 million, as shown in Table 1 below.

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<sup>1</sup> CalWorks is the California implementation of the federal cash aid program for families, Temporary Assistance for Needy Families (or TANF). State law establishing the CalWorks program in 1997 included the requirement that CalWorks recipients receive access to subsidized child care.

**Table 1**  
**Early Care and Education Programs by Department**  
**FY 2008-09 to FY 2010-11**

	<b>FY 2008-09 Actual Expenditures</b>	<b>FY 2009-10 Actual Expenditures</b>	<b>FY 2010-11 Budget</b>	<b>Increase/ (Decrease) FY 2010-11 Budget Compared to FY 2008-09 Expenditures</b>	<b>Percent Increase/ (Decrease)</b>
Children, Youth and Their Families	13,834,585	12,884,516	11,277,557	(2,557,028)	(18.5%)
First 5 San Francisco	9,984,343	15,145,606	16,698,269	6,713,926	67.2%
Human Services Agency	36,543,331	35,269,701	38,264,095	1,720,764	4.7%
<b>Total</b>	<b>\$60,362,260</b>	<b>\$63,299,822</b>	<b>\$66,239,921</b>	<b>5,877,661</b>	<b>9.7%</b>

Source: Department of Children, Youth and Their Families, Human Services Agency, and First Five San Francisco

<sup>1</sup> In FY 2009-10 the Human Services Agency budget included \$2,000,000 for the federally-funded Jobs Now program, which is not reflected in Table 1.

The Human Services Agency, Department of Children, Youth and Their Families, and First 5 San Francisco fund a variety of early care and education programs, of which programs for CalWorks recipients are the largest share, as shown in Table 2.

**Table 2**  
**Early Care and Education Programs by Program Type**  
**FY 2008-09 to FY 2010-11**

	<b>FY 2008-09 Actual Expenditures</b>	<b>FY 2009-10 Actual Expenditures</b>	<b>FY 2010-11 Budget</b>	<b>Increase/ (Decrease) FY 2010-11 Budget Compared to FY 2008-09 Expenditures</b>	<b>Percent Increase/ (Decrease)</b>
<b>Subsidies for Child Care</b>					
Reimbursement to Child Care Providers for Preschool for All (Proposition H)	\$0	\$7,079,745	\$8,826,540	\$8,826,540	n/a
General Fund and Children's Fund Child Care Subsidies	9,700,298	8,559,992	8,814,919	(885,379)	(9.1%)
CalWorks, Workforce Investment Act (WIA), California Alternative Payment Program (CAPP)	19,729,309	21,154,872	22,075,656	2,346,347	11.9%
Human Services Agency Family and Children's Services (Child Welfare)	3,534,172	2,598,472	3,459,552	(74,620)	(2.1%)
<b>Subtotal, Subsidies for Child Care</b>	<b>32,963,779</b>	<b>39,393,081</b>	<b>43,176,667</b>	<b>10,212,888</b>	<b>31.0%</b>
<b>Other Support Services</b>					
Other Preschool for All Services (Proposition H)	390,193	897,252	1,200,000	809,807	207.5%
Wage Augmentation	10,909,226	8,666,573	8,486,345	(2,422,881)	(22.2%)
Mental Health and Health Consultation	4,607,892	4,890,061	4,703,422	95,530	2.1%
Infant/Toddler Sustaining Grants Program (ITSGP)	2,337,026	2,325,182	2,377,196	40,170	1.7%
Child Care Capital and Facilities Maintenance Projects	3,055,798	2,259,796	1,702,570	(1,353,228)	(44.3%)
Technical Assistance and Quality Improvement	3,091,087	2,033,826	1,460,791	(1,630,296)	(52.7%)
Services for Children with Special Needs	486,472	449,217	442,750	(43,722)	(9.0%)
Other Services	2,520,787	2,384,833	2,690,180	169,393	6.7%
<b>Subtotal, Support Services</b>	<b>27,398,481</b>	<b>23,906,741</b>	<b>23,063,254</b>	<b>(4,335,227)</b>	<b>(15.8%)</b>
<b>Total</b>	<b>\$60,362,260</b>	<b>\$63,299,822</b>	<b>\$66,239,921</b>	<b>\$5,877,661</b>	<b>9.7%</b>

Source: Department of Children, Youth and Their Families, Human Services Agency, and First Five San Francisco

<sup>1</sup> In FY 2009-10 the Human Services Agency budget included \$2,000,000 for the federally-funded Jobs Now program, which is not reflected in Table 2.

Of the \$66.2 million in FY 2010-11 early care and education programs:

- \$43.2 million pays for direct child care services, including programs funded by CalWorks, Family and Children Services, Proposition H (Preschool for All), and General Fund or Children’s Fund subsidies.
- \$23.0 million pays for health and mental health consultation, wage augmentation for child care providers, programs for infants and toddlers or children with special needs, capital repair and maintenance of child care facilities, technical assistance to child care providers or quality improvement initiatives, and other services.

Funding for early care and education programs is discussed in more detail in Section 2.

## **Publicly-Funded Child Care Programs**

Funding for subsidized child care in San Francisco comes from federal, State and local sources.

### CalWorks Stage 1

Under CalWorks Stage 1, cash aid recipients may receive child care for children up to 13 years of age if they are participating in education, job training or work programs or meet other special requirements. Families receive vouchers to pay for child care, which may be provided by State-licensed child care centers or family child care providers, or by license-exempt providers.<sup>2</sup>

The California Department of Social Services funds child care for families participating in CalWorks through the Human Services Agency. The Human Services Agency contracts with the Children’s Council, a community based organization, to administer CalWorks Stage 1.

### CalWorks Stage 2 and Stage 3

Once a family no longer receives cash aid, they transition to CalWorks Stage 2 for up to two years. After two years the family may transition to CalWorks Stage 3 if they are low-income and show a need for services. The California Department of Education funds subsidies to child care programs and vouchers to families participating in CalWorks Stage 2 and Stage 3. The California Department of Education contracts with the Human Services Agency to administer CalWorks Stage 2 in San Francisco. The Human Services Agency subcontracts with the Children’s Council to administer the CalWorks Stage 3 program.

The California Department of Education directly administers CalWorks Stage 3 in San Francisco through contracts with the San Francisco Unified School District, Children’s Council, and other community based organizations.

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<sup>2</sup> State licensed child care centers and family child care providers must meet state requirements for staffing, training and education, and health and safety. Licensed-exempt providers are family members, provide care in the child’s home, or provide care for one child other than their own in their home.

## Preschool for All

San Francisco voters approved Proposition H in March 2004, setting aside General Fund monies to pay for preschool for all four-year old children with full implementation by September 2009. The Children and Families Commission approved a goal of providing Preschool for All for 70 percent of San Francisco four-year olds based on available funding. The initial allocation was \$3.3 million in FY 2005-06, with an annual increase. Although the expected allocation was \$20 million per year in FY 2009-10 through FY 2014-15, the actual FY 2009-10 allocation was approximately \$12 million and the FY 2010-11 allocation is approximately \$14 million, due to reduced General Fund revenues. Proposition H funding sunsets after FY 2014-15 without further voter approval.

First 5 San Francisco administers Preschool for All, providing funding to eligible licensed family child care providers and licensed day care centers for up to one-half day of enhanced child care services. While First 5 San Francisco targets low-income families, Proposition H does not limit access to preschool programs to low-income families.

## General Fund and Children's Fund Child Care Subsidies

The Department of Children, Youth and Their Families directly funds child care programs that serve low-income families, with a priority focus on infants and toddlers. The Human Services Agency administers vouchers funded by the General Fund and allocated to low-income families not eligible for other programs.

## **Other Public Child Care Programs**

The federal Head Start Program subsidizes child care to low income families. While Head Start programs are part of the overall system of subsidized child care in the City, they are separate from the City and County of San Francisco. The California Department of Education also contracts directly with 32 child care providers, of which the San Francisco Unified School District is the largest contractor.

Other City departments also offer limited child care programs.

- The Office of Economic and Workforce Development subsidizes child care for participants in federally funded Workforce Investment Act programs. The Office of Economic and Workforce Development contracts with Wu Yee Children's Services to administer the subsidized child care program.
- The Recreation and Park Department offers the Tiny Tots Program, funded by the Children's Baseline, for children 9 months to 5 years of age. The Tiny Tots Program provides supervised, recreational activities for children from 9 months to 5 years of age.

The accomplishments of the Human Services Agency, Department of Children, Youth and Their Families, and First 5 San Francisco are attached to this report, beginning on page 82.

# 1. Optimizing Early Care and Education Governance

- The Human Services Agency, Department of Children, Youth and Their Families, and First 5 San Francisco fund and administer early care and education programs. The three departments have collaborated on joint funding of early care and education programs and developed interdepartmental committees to plan for and monitor these programs.
- The joint funding and interdepartmental committees are voluntary and do not ensure ongoing collaboration. No one policy making body oversees coordination of early care and education programs. Differences in funding, administrative procedures, policy focus and perspectives have prevented more comprehensive coordination of programs, leading to practical difficulties such as burdensome reporting requirements and inadequate communication between departments, child care and service providers.
- The City needs to formalize the coordination of early care and education programs. The FY 2010-11 budget proposal to create an Office of Child Care and Early Learning was an attempt to align and coordinate early care and education programs, but was inadequately planned to gain Board of Supervisors approval. The San Francisco Children and Families Commission is the only City body specifically delegated to develop policy for children from birth to five years of age. Other child care advisory groups exist, such as the Child Care Planning and Advisory Council, but these bodies serve planning rather than policy making purposes. The Department of Children, Youth and Their Families does not have a commission. The Department of Human Services, within the Human Services Agency, has the Human Services Commission, which has a broad oversight over social service programs.
- The Board of Supervisors should redefine the Children and Families Commission's membership and purpose such that the Commission serves as the City's policy-making body with oversight of early care and education programs. In conformance with State law, the Administrative Code specifically designates a member of the Board of Supervisors and three City department directors or their designee as members of the Commission: the Director of Public Health; Executive Director of the Human Services Agency; and Director of the Department of Children, Youth and Their Families. The Administrative Code lists five additional members, appointed by the Board of Supervisors, who may represent one of several categories that include public health, social services, education, child care resource and referral, community based organizations, and other categories. Currently, the five non-City department members of the Children and Families Commission include three members representing health or mental health and two members with ties to the school district.

## **Three City Departments Overseeing Early Care and Education Programs**

The Human Services Agency, Department of Children, Youth and Their Families, and First 5 San Francisco fund and administer the City's early care and education programs. The Human Services Agency and Department of Children, Youth and Their Families provide programs for school age children as well as children five years and younger. First 5 San Francisco provides programs for children from birth to five years of age. Each department has different mandates, funding, and systems for overseeing policy development.

### **Human Services Agency**

The Human Services Agency was created in 2004 by the merger of the Department of Human Services and the Department of Aging and Adult Services. The former department, per Section 20.1 of the Administrative Code, is the City's designated department to administer public social services, including the CalWorks program that provides job training and other services to recipients of Temporary Assistance for Needy Families benefits. State law establishing the CalWorks program in 1997 included the requirement that CalWorks recipients receive access to subsidized child care in order to be able to participate in job training programs or part-time work, and that child care would be provided for a period of time after they no longer receive CalWorks benefits, but receive a wage that is less than 75 percent of State median income. In FY 2009-10, the Human Services Agency spent \$35.3 million in federal, State and local monies for early care and education programs. Primary uses of these funds were vouchers to pay for child care for CalWorks recipients, children in the child welfare system (Family and Children Services), homeless families, and other low income families; subsidies to child care providers; and wage augmentation and other programs to support early care and education.

#### Human Services Commission

The Department of Human Services is overseen by the five member Human Services Commission. The Human Services Commission sets policy for the Department of Human Services and approves the annual budget.

### **Department of Children, Youth and Their Families**

The Department of Children, Youth and Their Families was originally an office of the Mayor and was established as a separate department in 2000 under Section 2A.232 of the Administrative Code, reports to the Mayor, and "shall be responsible for promoting the development of comprehensive programs, policies, and planning strategies to enhance services for children, youth and their families." It also is responsible for developing the Children Services Plan and Community Needs Assessments required for expenditure of the Children's Fund, which was created by voter approval of Proposition D in November 2000. That measure, which set aside a specific share of the City's property tax levy for

children's programs, stated that among the purposes for which monies could be spent were "affordable child care and early education." In FY 2009-10 the Department of Children, Youth and Their Families spent approximately \$12.9 million on early care and education programs, including subsidies for child care for low income families, wage augmentation for child care providers, grants for infant and toddler child care, mental health consultation, and other services.

The Department of Children, Youth and Their Families provides staff support to the San Francisco Child Care Planning and Advisory Council and information technology support to the San Francisco Children and Families Commission. The Administrative Code does not provide for a commission for the Department of Children, Youth and Their Families.

## **First 5 San Francisco**

First 5 San Francisco administers programs for children from birth to five years of age that are funded by the State Tobacco Tax (Proposition 10). First 5 San Francisco also administers Preschool for All, funded by the Public Education Enrichment Fund (Proposition H) to provide school readiness programs to 70 percent of San Francisco's four year olds. In FY 2009-10, First 5 San Francisco spent \$15.1 million on Preschool for All, wage augmentation for child care providers, and other early care and education programs.

### San Francisco Children and Families Commission

First 5 San Francisco is overseen by a nine-member commission, established in 1998 under Section 86.1 of the Administrative Code, to meet the requirements of Proposition 10, approved by California voters in 1998, for creation of such commissions in each County, funded by an increase in the State Tobacco Tax, "for the purposes of promoting, supporting, and improving the early development of children from the prenatal stage to five years of age". The Commission has adopted a Strategic Plan, as required by the State law that includes "enhanced child development" as one of its goals, and specifically identifies multiple strategies to meet this goal.

In addition, San Francisco voters, by passing Proposition H in March 2004, specifically assigned to the Commission oversight of a universal preschool program, which is now operating as Preschool for All. The Children and Families Commission established a goal of providing preschool services to 70 percent of all San Francisco four year olds based on available funding.

## **Coordination of Early Care and Education Programs**

The three departments have made efforts to coordinate their early child care and education work. For example, in 2007 the three departments issued a joint solicitation for contractors to provide various child care and early childhood education services funded by the three departments. Also, the three departments are members of an interagency facilities committee that makes decisions on grant requests by child care and early

childhood education providers that are attempting to increase the availability of care and/or enhance the quality of care facilities in the City by developing new facilities or refurbishing existing ones in order to maintain State-required licensure. Also, two seats on the Children and Families Commission are designated for the Program Manager for Child Care Policy and Planning for the Human Services Agency and the Director of the Department of Children, Youth and Their Families. In June 2010 the Department of Children, Youth and Their Families and the Human Services Agency proposed a transfer of three positions from Department of Children, Youth and Their Families to the Human Services Agency, in order to create an Office of Child Care and Early Learning. This transfer was not approved by the Board of Supervisors, which cited the fact that a public input process on this change had not taken place.

## **Practical Difficulties in Coordinating Programs**

Despite these efforts at coordination, practical difficulties exist, as discussed throughout this report.

### Joint Monitoring of Programs

The Human Services Agency, Department of Children, Youth and Their Families, and First 5 San Francisco came together in 2007 to jointly solicit community based organizations to provide services. When the grant agreement expired in June 2010, the three departments did not engage a second joint solicitation effort. Rather the three departments extended the existing contracts with the community based organizations through June 2011, largely because of funding uncertainty. Whether the three departments will move forward with the joint solicitation process in the future for all or part of the programs currently solicited jointly is unclear.

The departments also have different procedures for monitoring program performance, as discussed in Section 3 of this report. Notably, the Department of Children, Youth and Their Families, and First 5 San Francisco both fund child care providers but have different criteria for evaluating child care providers. Even when both departments fund the same child care provider, each department can reach different conclusions on the provider's performance.

### Relationships with Community Based Organizations

In interviews and a focus group, providers reported that the different requirements for City-funded programs are often confusing to providers, especially those who are involved in multiple programs funded by the different departments. Furthermore, the program staff at each department do not always understand the programs provided by their fellow departments, so when providers talk to funders, they may receive inconsistent or conflicting information.

Maria Su, Director of the Department of Children, Youth and Their Families, confirmed this concern in a June 21, 2010 hearing before the Board of Supervisors Budget and Finance Committee regarding the proposed Office of Child Care and Early Learning. She

said having separate departments “caused confusion on our community-based partners’ side, because sometimes if they have questions about certain things, they have to figure out which department to go to. So now by all of us, primarily the Human Services Agency and Department of Children, Youth and Their Families, sitting together in one space, primarily at Department of Children, Youth and Their Families, there’s just one point of accountability, one office that the people can go to for support or questions.”

Providers also reported concerns over the need to report data from programs funded by the different departments into different data systems. The three departments have separate systems. The San Francisco Children and Families Commission, for example, has spent approximately \$530,000 since FY 2008-09 to develop COCOA, its data reporting system for providers in the Preschool for All Initiative, according to minutes from a January 20, 2010 meeting of the Commission’s Fiscal Committee. While minutes of that meeting and other meetings in FY 2009-09 and FY 2009-10 indicate efforts are being made to make that system easier for providers to use, the minutes do not indicate efforts to align that system with reporting requirements for providers in the Department of Children, Youth and Their Families, or the Human Services Agency.

Department of Children, Youth and Their Families Director Su alluded to the systems issue as well in the June 21, 2010 Finance Committee testimony, stating: “I think it is good public policy to try to streamline the work so that we have one conversation, we have one data management system, we have one line of accountability . . .”

Finally, some providers said granting decisions are sometimes not aligned between the three departments, making it very difficult for programs to know where their funding will come from. For example, one program that receives funding from all three departments might find that funding has been completely cut by one of the three, but is continuing from the other two, without coordination between the three.

It should be noted that while the Department of Children, Youth and Their Families and the Human Services Agency proposed the creation of the Office of Child Care and Early Learning, the Children and Families Commission opposed consolidation of functions among the three departments. According to minutes of the Commission’s Preschool for All Advisory Committee meeting on March 23, 2010, it was stated that the Commission “responded with a position in support of efforts to strengthen the coordination and collaboration between departments; however, it did not support the consolidation.”

## **Voluntary Coordination of Programs**

While the Human Services Agency, Department of Children, Youth and Their Families, and First 5 San Francisco have collaborated to better coordinate early care and education programs and leverage resources, this collaboration is largely voluntary. No one policy making body oversees coordination of early care programs. Differences in funding, administrative procedures, and policy focus have prevented more comprehensive coordination of programs.

Each of the three departments responsible for child care and early childhood education funding, policy development and policy implementation have slightly different policy perspectives on these subjects. First 5 San Francisco funds preschool programs for four year olds of all income levels, although the large majority of participating children are low income. Most of these programs are provided by licensed child care centers although First 5 San Francisco funds some licensed family-based child care. The FY 2010-11 list of Preschool for All participants lists 121 providers, of which only 12, or 10 percent, are identified as family child care providers.

The Department of Children, Youth and Their Families, and Human Services Agency have a different policy focus, with funding targeted more explicitly to low-income families and services provided to children ranging from birth to five years of age.

Representatives of the Department of Children, Youth and Their Families and the Human Services Agency are members of the Children and Families Commission. In a review of Children and Families Commission minutes, policy differences among the three departments emerge. For example:

- On May 27, 2008, the Children and Families Commission’s Preschool for All Advisory Committee met to discuss areas of focus for program strategic planning. According to the meeting minutes, Commissioner Michele Rutherford, Program Manager for Child Care Policy and Planning in the Human Services Agency “emphasized the importance of serving all eligible children, including those not in any formal care arrangement; those in PFA-ineligible environments (centers and Family Child Care Homes that do not PFA Baseline Criteria); and those in facilities that are not ‘opting into’ the PFA system.” In the same meeting, Mardi Lucich, the Department of Children, Youth and Their Families Citywide Child Care Administrator, was reported as having “acknowledged successes of PFA as it has been implemented, but also noted that this is a good time to take the feedback from the field (such as the Local Planning Council (Childcare Planning and Advisory Council) and use it in these discussions to improve the program, and better meet the needs of families in San Francisco.”
- On February 18, 2009, a joint meeting of the Children and Families Commission’s Fiscal Committee and Program Committee reviewed the FY 2009-10 Preschool for All Budget. Commissioner Rutherford abstained from the budget vote. According to the meeting minutes, she expressed “that by providing some funding for upper-income children that it would take resources away from low-income children.” In response, Commission Executive Director Laurel Kloomok, according to the minutes “stressed that this was a universal Pre-K program passed by the voters. However, PFA (Preschool for All) is committed to serving low income children first. If Commissioners would like to revisit the policy and legislation, then it should be brought before the Commission and possibly the City.”

## **Strengthening Early Care and Education Governance**

The City needs to formalize the coordination of early care and education programs. The FY 2010-11 budget proposal to create an Office of Child Care and Early Learning was an attempt to better align and coordinate investments and policy making in the area of early care and education programs, but was inadequately planned to gain Board of Supervisors approval.

The Board of Supervisors should redefine the existing Children and Families Commission as a body to develop policy for the City's early care and education programs as a whole. The Children and Families Commission is voter mandated and is now part of the California Health and Safety Code, which specifically states its goal as "the establishment, institution and coordination of appropriate standards, resources and integrated and comprehensive programs emphasizing community awareness, education, nurturing, child care, social services, health care, and research," and that there should be "an integrated, comprehensive, and collaborative system of information and services to enhance optimal early childhood development and to ensure that children are ready to enter school."

The San Francisco Children and Families Commission is the only City body specifically delegated to develop policy for children from birth to five years of age. Other child care bodies exist, such as the Child Care Planning and Advisory Council, but these bodies are advisory and planning rather than policy making. The Department of Children, Youth and Their Families does not have a commission. The Department of Human Services, within the Human Services Agency, has the Human Services Commission, which has a broad oversight over social service programs.

## **Broadening the Children and Families Commission**

The Board of Supervisors should reevaluate the membership and mission of the Children and Families Commission to ensure a broad perspective on early care and education programs.

As permitted by State law, the Children and Families Commission is a nine-member body, appointed by the Board of Supervisors. State law provides guidance, but also flexibility in the appointments. Two members must include the county health officer, and another county official responsible for any of children's services, public health services, behavioral health services, social services and/or tobacco and other substance abuse prevention and treatment services. A county supervisor also must be appointed to the Commission.

In conformance with State law, the Administrative Code specifically designates four members as follows:

- The Director of Public Health or his or her designee;
- The Executive Director of the Human Services Agency or his or her designee;

- The Director of the Department of Children, Youth and Their Families; and
- A member of the Board of Supervisors.

The Administrative Code lists five additional members who may represent one of several categories that include public health, social services, education, child care resource and referral, community based organizations, and other categories. These categories mirror the State law. These five members are appointed by the Board of Supervisors.

The current Commission has the following composition:

- A member of the Board of Supervisors, and three other City representatives, from the Department of Public Health, the Human Services Agency, and the Department of Children, Youth and Their Families. These three positions are mandated under the Administrative Code section establishing the commission. The Program Manager for Child Care Policy and Planning in the Human Services Agency, and the Director of the Department of Children, Youth and Their Families, are commissioners.
- Three representatives come from the medical field: the psychologist clinical director of the Kalmanovitz Child Development Center at California Pacific Medical Center, a member of the University of California, San Francisco Department of Pediatrics, and a psychiatric social worker who is program director for the Chinatown Child Development Center.
- Two representatives with close ties to the San Francisco Unified School District. One is the assistant superintendent for elementary schools. The other is a teacher in the Burnett Child Development Center in the San Francisco Unified School District, and is a teachers' union leader, chairing the United Educators of San Francisco Child Development Committee.

To broaden the mission of the Children and Families Commission, the Board of Supervisors could more explicitly describe how the five non-City-government slots to the Commission would be utilized, and what interests they would represent. This is a step that has been taken by the Santa Clara County Board of Supervisors. That County's ordinance establishing its commission requires it include a member of, or a person nominated by, the Local Child Care Planning Council. The parallel organization in San Francisco, the Child Care Planning and Advisory Council, which serves as an advisory body to the State Department of Education on child care issues, receives its staffing from the Department of Children, Youth and Their Families.

In addition, the Santa Clara County Board established a four-page policy of specific criteria to make appointments to its commission. That policy addresses the five slots other than the representative of the child care council, and three slots that are county staff. The policy describes the interests the five slots should represent, and why. If the San Francisco Board of Supervisors were to adopt a similar detailed policy, as part of the Administrative Code or in another manner, the policy rationale for appointments to the

Children and Families Commission would be clarified to all stakeholders, and open for debate as to who should be represented.

## **Developing an Office of Early Child Care and Learning**

Should the Board of Supervisors adopt our recommendation to centralize child care and early childhood education policy development and oversight in the Children and Families Commission, the next step, once the composition of the Commission is addressed, would be for the Commission to determine what steps should be taken to further centralize administration of child care and early childhood education programs, including potential transfers of staff and funding among the existing three departments that now have responsibility for them. The Commission should then make recommendations to the Board of Supervisors regarding such changes.

## **Conclusion**

Currently three departments share responsibility for child care and early child education programs: the Children and Families Commission, the Department of Children, Youth and Their Families, and the Human Services Agency. While the three departments collaborate on funding early care and education programs, each department has different funding and policy priorities and systems for overseeing early care and education programs. The future of the funding collaboration, exemplified by the 2007-2010 joint solicitation agreements for child care programming, is uncertain.

Due to its permanent, voter-approved status under State law, and its existing involvement in early childhood education through the universal preschool program, the Children and Families Commission is best able to assume primary responsibility for policy development and alignment and coordination of funding for early care and education programs. However, the composition of the Commission should be broadened, by having the Board of Supervisors adopt additional detailed policies establishing the stakeholder roles that should be represented on the Commission. The newly reconstituted Commission should then review and make recommendations to the Board of Supervisors to consolidate administration of child care and early childhood education programs, including transfers of funding and staff among the three departments now responsible for this policy area.

## **Recommendations**

The Board of Supervisors should:

- 1.1 Designate the Children and Families Commission as having primary responsibility for policy development and oversight of child care and early childhood education programs, consistent with State law and the City Charter.
- 1.2 Develop additional detailed policy rationales, in the Administrative Code or elsewhere, for the composition of the Children and Families Commission,

following the example of the Santa Clara County Board of Supervisors. These additional policy statements would designate the stakeholder groups to be represented by the five non-City-department seats on the Commission, and include rationale for why those groups are receiving designated representation.

- 1.3 Direct the newly-constituted Children and Families Commission to review the administrative structure for child care and early childhood education programs, and report back recommendations to the Board of Supervisors for shifting staffing and funding among the three departments currently responsible for this service area.

## **Costs and Benefits**

Centralizing policy development and oversight of child care and early childhood education programs in one agency would address the difficulties reported by child care and early childhood education providers in working with three separate departments. Revising the composition of the Children and Families Commission would address concerns by stakeholders that the current Commission, because of its key involvement in a universal preschool program, does not adequately represent other aspects of the child care and early childhood education community.

## 2. Financial Performance of Early Care and Education Programs

- In FY 2010-11 the budget for early care and education programs is \$66.2 million, which is generally allocated to community based organizations to provide services. The Human Services Agency, Department of Children, Youth and Their Families, and First 5 San Francisco jointly fund many of the community based organizations.
- The future of funding for early care and education programs is uncertain. State CalWorks and Tobacco Tax funding has decreased in the past year. The City's Children's Fund sunsets after FY 2015-16 and Public Education Enrichment Fund (Proposition H) sunsets after FY 2014-15 without further voter approval.
- The Human Services Agency, the Department of Children, Youth and Their Families, and First 5 San Francisco have set up a complex network of contracts and funding for early care and education programs in addition to the joint solicitation process, with multiple contracts, programs and funding sources overlapping among departments. For example, the three departments fund separate contracts or grants with the Children's Council to provide various services. One contract is between the Children's Council and the Human Services Agency with the other two departments providing funds to the Human Services Agency for the contract. The Department of Children, Youth and Their Families has awarded the Children's Council grants for three programs, with the Human Services Agency and First 5 San Francisco providing funds to the Department of Children, Youth and Their Families for two of the programs, and First 5 San Francisco providing funds to the Department of Children, Youth and Their Families for the third program.

Three City departments administer five major funding sources for early care and education programs as shown in Table 2.1.

- The Human Services Agency administers early care and education programs funded by CalWorks, the State's implementation of the federal Temporary Assistance to Needy Families (TANF). CalWorks participants are generally receiving cash aid and are in school, training programs, or paid employment.
- The Human Services Agency also administers early care and education programs funded by federal, State, and local funds and targeted to low income families who are not eligible for CalWorks, including families who are homeless, and children in the child welfare system (Family and Children Services). The Human Services Agency is

able to leverage CalWorks and other funds to fund capital repair and improvement projects for child care facilities.

- The Department of Children, Youth and Their Families invests in early care and education programs targeted to low income families and funded by the Children’s Fund, the General Fund, and State funds, awarding grants to community based organizations to provide services.
- First 5 San Francisco administers the Preschool for All Program, established by Proposition H in 2004 and funded by a General Fund set aside, that aims to provide preschool and school readiness for San Francisco four-year-olds. The Families and Children’s Commission established a goal of reaching 70 percent of San Francisco four-year-olds based on expected Preschool for All funding.
- First 5 San Francisco also administers early care and education programs funded by the State Tobacco Tax established by Proposition 10 in 1998.

FY 2010-11 funding for early care and education programs is approximately \$66.2 million, as shown in Table 2.1.

**Table 2.1**  
**Expenditures for Early Care and Education Programs**  
**FY 2009-10 to FY 2010-11**

	<b>FY 2008-09 Expenditures</b>	<b>FY 2009-10 Expenditures</b>	<b>FY 2010-11 Budget</b>	<b>Increase/ (Decrease) FY 2009-10 to FY 2010-11</b>	<b>Percent</b>
<b>Human Services Agency</b>					
CalWorks and Other State and Federal Funds	\$23,995,334	\$24,778,424	\$24,578,875	(\$199,549)	(0.8%)
General Fund	<u>12,547,997</u>	<u>10,491,277</u>	<u>13,685,220</u>	<u>\$3,193,943</u>	25.5%
Subtotal, Human Services Agency	36,543,331	35,269,701	38,264,095	\$2,994,394	8.2%
<b>Children, Youth and Their Families</b>					
Children's Fund	3,219,141	2,246,429	3,560,904	\$1,314,475	40.8%
General Fund	8,912,167	8,417,184	6,917,345	(\$1,499,839)	(16.8%)
Other Funds	<u>1,703,277</u>	<u>2,220,902</u>	<u>799,308</u>	<u>(\$1,421,594)</u>	(83.5%)
Subtotal, Children, Youth and Their Families	13,834,585	12,884,516	11,277,557	(\$1,606,959)	(11.6%)
<b>First 5 San Francisco</b>					
State Tobacco Tax (Proposition 10)	4,462,359	3,153,856	2,626,775	(\$527,081)	(11.8%)
Public Education Enrichment Fund (Proposition H)	<u>5,521,984</u>	<u>11,991,750</u>	<u>14,071,494</u>	<u>\$2,079,744</u>	37.7%
Subtotal, First 5 San Francisco	9,984,343	15,145,606	16,698,269	\$1,552,663	15.6%
<b>Total</b>	<b>\$60,362,260</b>	<b>\$63,299,822</b>	<b>\$66,239,921</b>	<b>\$2,940,099</b>	<b>4.9%</b>

Source: Human Services Agency, Department of Children, Youth and Their Families, and First 5 San Francisco

<sup>1</sup> The FY 2009-10 Human Services Agency budget included \$2 million for the Federal Jobs Now program that is not included in Table 2.1 because the Human Services Agency had not yet compiled information on actual expenditures. The FY 2010-11 Human Services Agency budget includes \$250,000 for the Federal Jobs Now program that is included in Table 2.1.

## **Funding for Early Care and Education in Future Years**

While the FY 2010-11 budget for early care and education programs has increased by 4.9 percent compared to FY 2009-10 expenditures, certain funding sources have decreased, as shown in Table 2.1

The Controller reported in June 2010 that decreased General Fund support to the Department of Children, Youth and Their Families resulted in funding cuts across all service areas with particular impact on children ages 0 to 5 and youth ages 18 to 24. According to the report, 16 percent fewer children will be served by early care and education programs in FY 2010-11 compared to FY 2009-10. While some of these services may have been restored through the FY 2010-11 budget process, fewer resources mean fewer services to children.

Over the next few years, several funding sources for early childhood education and care programs are expected to decline further.

- State Tobacco Tax revenues are allocated to San Francisco based on the birth rate. A decline in births in San Francisco coupled with a decline in smoking statewide has resulted in decreased revenues to San Francisco. First 5 San Francisco expects to receive \$6.0 million in Tobacco Tax funds in FY 2010-11, of which a portion is allocated to early care and education programs. Tobacco tax funds are expected to decline further, as well as the reserves established by these funds.
- Proposition H funds sunset after FY 2014-15 without further voter approval.
- The Children's Fund sunsets after FY 2015-16 without further voter approval.

CalWorks funds three stages of child care programs, of which Stage 1 and Stage 2 are administered by the Human Services Agency and Stage 3 is administered by the California Department of Education. CalWorks Stage 3 provides early care and education programs to families that previously received but are no longer eligible to receive cash aid. The State's FY 2010-11 budget eliminated funding for CalWorks Stage 3, although funding for CalWorks Stage 3 is still under discussion. Although the State's budget reduction does not directly impact the Human Services Agency or City funding, it does reduce subsidized child care for low income San Francisco families.

## **The Complex System for Funding and Contracting for Early Care and Education Programs**

While the Human Services Agency, Department of Children, Youth and Their Families, and First 5 San Francisco have collaborated on the spending of funds for early care and education programs, the current system of three departments administering programs and five funding sources paying for programs is complex and should be streamlined.

### The Joint Solicitation Process

In 2007, the three departments jointly issued Requests for Qualifications (RFQ) and Requests for Proposals (RFP) for community based organizations to provide a variety of quality assessment, technical assistance, and health services, allocating \$11.7 million annually for these programs. The joint solicitation resulted in contracts with community based organizations for nine programs:

1. **Gateway to Quality** assesses the quality of child care programs;
2. **Infant/Toddler Sustaining Grants** provide stipends to infant and toddler caregivers;
3. The **Child Care Facilities Fund** administers capital, facility maintenance, and quality improvement grants to licensed child care providers;
4. **Inclusion Services for Families in Need of Child Care** provide services to child care providers and families of children with special needs or special health needs;
5. The **Emergency Back-Up and Mildly Ill Child Care** program provides short term care for eligible families;
6. The **ACCESS** program provides child care subsidies and support services to homeless families;
7. The **Child Care Health Project** provides health consultation and other services to children in child care programs;
8. The **Citywide Technical Assistance System** provides professional development, training, and assistance to child care providers; and
9. The **Field Building Supportive Services** program provides a variety of services to family child care providers and child care centers.

The contracts awarded as a result of the joint solicitation process were for a term of three years, from July 2007 through June 2010. However, the Human Services Agency, the Department of Children, Youth and Their Families, and First 5 San Francisco agreed to extend these contracts through June 2011 due to the uncertainty in available funding. These three departments have not prepared a plan for issuing a new RFP in 2011 with the possibility that the departments will extend at least some of the existing contracts for one more year through June 2012. The future of the joint solicitation process is uncertain.

Multiple City Department Contracts with Early Childhood Care and Education Providers

The Human Services Agency, the Department of Children, Youth and Their Families, and First 5 San Francisco have set up a complex network of contracts and funding for early care and education programs in addition to the joint solicitation process, with multiple contracts, programs and funding sources overlapping among departments.

For example, the Human Services Agency awarded a three-year sole source contract to the Children's Council in July 2006 and extended the contract for three years through June 2012. Under this contract, the Children's Council administers (1) childcare vouchers to eligible families receiving cash aid or participating in education and work programs through CalWorks, and (2) wage augmentation to childcare providers through the Wages Plus program. The contract amount is \$39.1 million per year. The Human Services Agency funds this contract with federal, State and local revenues. The Department of Children, Youth and Their Families provides General Fund monies to the Human Services Agency to pay for a portion of the Wages Plus Program, and First 5 San Francisco provide State Tobacco Tax (Proposition 10) funds to the Human Services Agency to pay for childcare subsidies to families not eligible for CalWorks vouchers.

In addition, the Department of Children, Youth and Their Families coordinates with the California Department of Education contract with the Children's Council to administer the Centralized Eligibility List to place children of eligible families on a wait list for subsidized child care. The Human Services Agency provides CalWorks funds and First 5 San Francisco provides Proposition H funds to the Department of Children, Youth and Their Families for this contract.

The Department of Children, Youth and Their Families also has one grant with the Children's Council that was awarded through the joint solicitation process, funding the Infant/Toddler Sustaining Grants, Inclusion Services for Families in Need of Child Care, and Centralized Eligibility List. The Human Services Agency provides CalWorks funds and First 5 San Francisco provides Proposition H funds to the Department of Children, Youth and Their Families for the Inclusion Services for Families in Need of Child Care contract. First 5 San Francisco provides Proposition 10 funds to the Department of Children, Youth and Their Families for the Infant/Toddler Sustaining Grants contract.

In evaluating the governance structure for early care and education programs (see Section 1), the Human Services Agency, Department of Children, Youth and Their Families, and First 5 San Francisco need to streamline the process of funding and contracting with community based organizations. While the current system allows the departments to leverage funds to provide services, the uncertainty of the joint solicitation process and reduction of funds in future years requires a new look at how the three departments manage resources cooperatively.

## **Monitoring Fiscal Performance**

### **The Human Services Agency and the Department of Children, Youth and Their Families**

The Human Services Agency and the Department of Children, Youth and Their Families monitor the fiscal performance of early care and education programs through the Citywide process established for contractors providing social or health services. The Citywide Fiscal and Compliance Nonprofit Monitoring Guidelines detail the procedures for City departments to monitor the fiscal performance of community based organizations that receive funding from more than one City department. Based on the 2003 report issued by the Nonprofit Contracting Task Force<sup>1</sup>, the City created the Fiscal and Compliance Nonprofit Monitoring review process in order to (a) standardize the fiscal and compliance monitoring of nonprofits, and (b) decrease the administrative burden and eliminate duplication of efforts for both contractors and City departments. Under the Citywide Fiscal and Compliance Nonprofit Monitoring Guidelines, the City department designated as the lead department oversees fiscal monitoring of the community based organization, reporting findings and recommendations.

The Human Services Agency has three contracts with community based organizations to provide fiscal agent or support services. The Children's Council contract is for a six-year term from July 2006 through June 2012 to serve as the fiscal agent for CalWorks programs distributing vouchers to eligible families, and to administer the Wages Plus program, providing income support to child care providers. The Family Support Services of the Bay Area (Family Support Services) and the Low Income Investment Fund contracts provide technical or financial support to child care programs. These three community based organizations also have contracts and funding awarded as part of the joint solicitation process. The Human Services Agency serves as the lead department for monitoring the three contractors' fiscal performance, whether contracted directly by the Human Services Agency or selected through the joint solicitation process.

The Human Services Agency considers these three contractors to be low risk financially, and therefore did not conduct fiscal monitoring site visits in FY 2009-10. The Human Services Agency allowed the Children's Council and the Low Income Investment Fund to perform a self-assessment of their fiscal performance in FY 2009-10, consistent with the Citywide Fiscal and Compliance Nonprofit Monitoring Guidelines. The Human Services Agency waived the fiscal assessment of Family Support Services because Family Support Services had no fiscal findings in the prior two years, as allowed by the Citywide Fiscal and Compliance Nonprofit Monitoring Guidelines.

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<sup>1</sup> The Board of Supervisors established the Nonprofit Contracting Task Force in 2001, consisting of City department and community representatives, to review and make recommendations to the Board of Supervisors on improving how the City contracts with non-profit agencies for professional services (Resolution 806-01).

The Department of Children, Youth, and Their Families has 21 contracts with child care centers and 11 contracts with community based organizations providing support services, or “capacity building”, to child care providers. The Department maintains a spreadsheet that summarizes the monitoring score that each contractor received for fiscal, administrative and program performance. The scores are listed as “1” for acceptable performance, “2” for minor findings, and “3” for major findings. The spreadsheet is updated annually based on each year’s site visits to monitor program performance, though detailed information is maintained in the community based organization’s file. In FY 2009-10 the Department identified deficiencies in fiscal performance in six contracts, with funding totaling \$345,000. For five contractors the Department was able to resolve the fiscal findings through meetings between Department and contractor staff. The sixth contractor had significant fiscal findings, requiring more intensive and longer term assistance from the Controller’s Office and through a technical assistance contract.

### **First 5 San Francisco**

First 5 San Francisco’s procedures for fiscal monitoring of Preschool for All grantees differ from the Human Services Agency and the Department of Children, Youth and Their Families. In the spring of each year, each Preschool for All grantee signs a new funding agreement, which details each grantee’s funding formula including performance criteria. This funding agreement serves as the basis for all Preschool for All fiscal and program performance monitoring. First 5 San Francisco’s fiscal monitoring procedures include an annual site visit, financial document review, and onsite review of fiscal procedures. Generally, First 5 San Francisco resolves findings of fiscal deficiencies when the grantee provides documentation correcting the deficiency.

First 5 San Francisco does not maintain central documentation on fiscal findings, problem resolution, or assistance provided to Preschool for All grantees. Currently, the only quick way to understand whether a fiscal problem was resolved is to contact program managers at individual agencies or review monitoring reports over several years to identify if a specific issue has persisted for more than one year. Tracking findings, resolution, and the assistance provided in a central database, or even on a single spreadsheet would help First 5 San Francisco quickly identify fiscal compliance problem trends across Preschool for All grantees, as well as check on the status of problem resolution.

Both First 5 San Francisco and the Department of Children, Youth and Their Families would benefit from central documentation of financial and program performance (discussed in Section 3).

## **Conclusion**

Because future funding for early care and education programs is uncertain, the Human Services Agency, Department of Children, Youth and Their Families, and First 5 San Francisco need to build more formal processes for allocating and monitoring expenditures. In evaluating the governance structure for early care and education

programs, the Human Services Agency, Department of Children, Youth and Their Families, and First 5 San Francisco need to streamline the process of funding and contracting with community based organizations. While the current system allows the departments to leverage funds to provide services, the uncertainty of the joint solicitation process and reduction of funds in future years requires a new look at how the three departments manage resources cooperatively.

## **Recommendations**

The Executive Director of the Human Services Agency, the Director of the Department of Children, Youth and Their Families, and the Director of First 5 San Francisco should:

- 2.1 Streamline funding and contracting for early care and education services, including reducing the number of separate contracts with one community based organization and simplifying interdepartmental funding of programs. Procedures to streamline funding and contracting could be developed through the proposed reconstitution of the early care and education governance structure, noted in Section 1.

The Director of the Department of Children, Youth and Their Families, and the Director of First 5 San Francisco should:

- 2.2 Develop centralized department systems for tracking contractor and Preschool for All grantee performance.

## **Costs and Benefits**

Streamlining the funding and contracting procedures would reduce the administrative time and cost of contracting and monitoring contractors.

### 3. Ensuring Quality Child Care and Early Education

- **The Human Services Agency, Department of Children, Youth and Their Family, and First 5 San Francisco aim to provide high quality child care. The Department of Children, Youth and Their Families and First 5 San Francisco directly fund child care providers and evaluate their performance annually.**
- **The Department of Children, Youth and Their Families and First 5 San Francisco jointly fund 11 child care centers but have different performance criteria for evaluating these centers. As a result, one center received a low performance evaluation by First 5 San Francisco but an acceptable performance evaluation by the Department of Children, Youth and Their Families. The two departments do not routinely collaborate on child care provider performance.**
- **The Human Services Agency, Department of Children, Youth and Their Families, and First 5 San Francisco fund several programs to improve child care quality, including providing wage augmentation to recruit and retain qualified child care providers and technical assistance to child care providers to improve performance. These departments do not systematically track technical assistance to ensure that it is targeted to programs and providers most in need of assistance and that expected outcomes are achieved. Because funding for technical assistance is declining, these departments need to ensure that providing technical assistance is targeted and effective.**
- **The Human Services Agency, the Department of Children, Youth and Their Families, and First 5 San Francisco use different procedures to track jointly funded community based organizations that provide technical assistance and other support services. This has resulted in an unnecessarily complex evaluation process for City departments and reporting burden for community based organizations.**

The Human Services Agency, the Department of Children Youth and Their Families, and First 5 San Francisco state that their goal is to provide high quality child care. According to the 2007 Joint Solicitation for Early Care and Education, the Human Services Agency, Department of Children, Youth and Their Families, and First 5 San Francisco are “jointly committed to ensuring that all children ages birth to five have access to affordable, high quality early care and education (ECE)/child care”. To achieve this goal, the three departments give subsidies to child care centers and family child care providers, provide vouchers to eligible families to pay for child care, and fund support services.

In FY 2009-10, expenditures for early care and education programs funded by the Human Services Agency, Department of Children, Youth and Their Families, and First 5 San Francisco included:

- \$39.4 million in subsidies or vouchers for child care services; and
- \$23.9 million for various support services, including wage subsidies, health and mental health services, technical assistance and quality improvement services to child care providers, homeless services, and other services, as shown in the table below.

**Table 3.1**  
**FY 2009-10 Expenditures for Early Care and Education**

<b>FY 2009-10 Expenditures</b>	<b>Children, Youth and Their Families</b>	<b>First 5 San Francisco</b>	<b>Human Services Agency</b>	<b>Total Expenditures</b>
<b>Subsidies for Child Care</b>				
Reimbursement to Child Care Providers for Preschool for All (Proposition H)	\$0	\$7,079,745	\$0	\$7,079,745
General Fund and Children's Fund Child Care Subsidies	5,057,363	292,837	3,209,792	8,559,992
CalWorks, Workforce Investment Act (WIA), California Alternative Payment Program (CAPP), Family and Children's Services (Child Welfare)	0	0	23,753,344	23,753,344
<b>Subtotal, Subsidies for Child Care</b>	<b>5,057,363</b>	<b>7,372,582</b>	<b>26,963,135</b>	<b>39,393,081</b>
<b>Other Support Services</b>				
Other Preschool for All Services (Proposition H)	0	897,252	0	897,252
Wages Augmentation	2,205,031	2,638,823	3,822,720	8,666,573
Mental Health and Health Consultation	1,297,344	1,685,350	1,907,367	4,890,061
Infant/Toddler Sustaining Grants Program (ITSGP)	2,049,883	275,299	0	2,325,182
Child Care Capital and Facilities Maintenance Projects	1,110,000	330,000	819,796	2,259,796
Technical Assistance and Quality Improvement	450,375	1,498,615	84,836	2,033,826
Services for Children with Special Needs	85,850	24,956	338,410	449,217
Other Services	628,669	422,728	1,333,436	2,384,833
<b>Subtotal, Support Services</b>	<b>7,827,152</b>	<b>7,773,023</b>	<b>8,306,565</b>	<b>23,906,741</b>
<b>Total</b>	<b>\$12,884,516</b>	<b>\$15,145,606</b>	<b>\$35,269,701</b>	<b>\$63,299,822</b>

Source: Human Services Agency, Department of Children, Youth and Their Families, and First 5 San Francisco

## **Monitoring the Performance of Child Care Providers**

The Department of Children, Youth and Their Families and First 5 San Francisco both fund direct child care services. The Department of Children, Youth and Their Families provided approximately \$1.8 million to 21 child care centers in FY 2009-10. First 5 San Francisco provided \$7.0 million to 119 child care centers and family child care homes in FY 2009-10 to provide Preschool for All programs. Of the 21 child care programs funded by the Department of Children, Youth and Their Families, 11 centers also received funding from First 5 San Francisco for Preschool for All programs.

### **Criteria for Evaluating Child Care Providers' Performance**

The Department of Children, Youth and Their Families and First 5 San Francisco have different criteria for monitoring the performance of child care providers. While the Human Services Agency does not directly contract with child care providers, the Agency is indirectly responsible for performance through its other early care and education programs.

#### The Department of Children, Youth and Their Families

The Department of Children, Youth and Their Families evaluates child care program quality based on nine minimum standards that include meeting State licensing requirements, participating in required training, and participating in mental health, quality improvement, and central eligibility programs. The Department conducts an annual performance review of each child care center, using a standardized Program Site Visit Form. The child care center receives scores (a) on how many of the nine standards that it meets, (b) whether it has no findings, minor findings, or major findings in fiscal, administrative, and program performance, and (c) whether it meets two performance goals (average daily attendance, and participation in case management activities).

The Department of Children, Youth and Their Families creates a Performance Improvement Plan for child care providers that have findings requiring moderate or extensive corrective action and sets a completion date for achieving the performance improvement goal. The Department provides assistance to child care providers, including support services provided by community based organizations selected through the joint solicitation or other processes. For child care providers that do not meet the performance improvement goal by the completion date, the Department can terminate funding but will likely continue to work with the provider to meet the goals.

#### First 5 San Francisco

First 5 San Francisco monitors the environment of each Preschool for All program and rates child care centers and family child care providers based on the Early Childhood Environment Rating Scale (ECERS). Providers must score 4.5 out of 7.0 before they become eligible for the Preschool for All program. First 5 San Francisco conducts a second ECERS evaluation for all Preschool for All providers after three years. Also, First

5 San Francisco conducts annual visits for all providers to assess compliance with licensing and environmental requirements.

Providers that score less than 4.5 on the ECERS are placed in conditional status, undergoing close monitoring and receiving technical assistance for a minimum of one year.

### **Different Standards and Performance Outcomes**

In FY 2009-10, two child care centers funded by the Department of Children, Youth and Their Families received major findings in program performance and three received minor findings in program performance, totaling five programs out of 21 or 23.8 percent. In FY 2009-10, 15 of 119 Preschool for All programs funded by First 5 San Francisco received ECERS scores of less than 4.5, or 12.6 percent.

Two child care providers funded by both the Department of Children, Youth and Their Families received low performance scores from both departments.

- For one site, the Department of Children, Youth and Their Families identified deficiencies in management and governance support and oversight in the FY 2007-08 and FY 2008-09 evaluations. The Department of Children, Youth and Their Families worked with the child care provider to recruit new members to the board of directors, develop a strategic plan and more focused mission, and recommended training programs for the executive director and staff. The Department of Children, Youth and Their Families noted that the child care center “is moving forward but director needs management and governance support and oversight. Needs support in this area”.

First 5 San Francisco evaluated and documented very different performance problems for this site. The child care center received an ECERS score 4.1 in January 2010, based on deficiencies in the indoor space, play equipment, toileting, meals, health and safety practices, and other deficiencies, and was placed in conditional status. First 5 San Francisco created an Action Plan and conducted two site visits, and recommended technical assistance services from a community based organization.

First 5 San Francisco and the Department of Children, Youth and Their Families did not work together on providing technical assistance to the child care center. First 5 San Francisco removed the child care center from conditional status in June 2010, while the Department of Children, Youth and Their Families gave the child care center an adequate performance rating in FY 2009-10.

- For the second site, the Department of Children, Youth and Their Families identified significant problems in management oversight of the program, high staff turnover, and inadequate teacher/child interaction in FY 2007-08 through FY 2009-10. First 5 San Francisco documented performance problems in September 2008 resulting in an ECERS score of 4.3, including inadequate room arrangement for play, problems in toileting and health and safety practices, and other environmental issues.

In this instance, the Department of Children, Youth and Their Families and First 5 San Francisco worked together more closely to provide support to the child care center to address the deficiencies, although the departments considered this to be an exception. First 5 removed the child care center from conditional status in April 2009 although the Department of Children, Youth and Their Families continued to document deficiencies in FY 2009-10.

One child care provider funded by both the Department of Children, Youth and Their Families and First 5 San Francisco received a low ECERS score in June 2009 and was placed in conditional status by First 5 San Francisco but was considered to have adequate performance by the Department of Children, Youth and Their Families during their site visit in FY 2009-10. First 5 San Francisco created an action plan, recommending that the child care provider seek technical assistance from community based organizations providing assistance in curriculum and teaching, and conducted two site visits to the child care provider. First 5 San Francisco removed the child care provider from conditional status in June 2010.

While each department has developed valid criteria to assess program performance, the Department of Children, Youth and Their Families and First 5 San Francisco need to collaborate on how to assess jointly-funded child care providers.

### **Technical Assistance for Child Care Providers**

The Human Services Agency, the Department of Children, Youth and Their Families, and First 5 San Francisco have contracted with community based organizations to provide technical assistance and support to child care providers, both individually and through the joint solicitation process. When the Department of Children, Youth and Their Families or First 5 San Francisco identify performance problems with child care providers, they may recommend technical assistance, ranging from meeting between department and provider staff to more formal assistance from community based organizations.

The Department of Children, Youth and Their Families and First 5 San Francisco do not consistently document in the provider's contract file if the provider received the technical assistance that was recommended. Community based organizations providing technical assistance record information on providing technical assistance, including service location and volume, in the Contract Management System (CMS). However, the CMS system does not contain data on provider performance, making it difficult to track technical assistance provided to providers with demonstrated performance issues. Consequently, the departments cannot evaluate if the technical assistance contributes to performance improvement.

In FY 2009-10, the Human Services Agency, the Department of Children, Youth and Their Families, and First 5 San Francisco under spent the budget for community based organizations providing technical assistance, as shown in Table 3.2 below, indicating that more resources were available than were used.

**Table 3.2**  
**FY 2009-10 Budget and Expenditures for Technical Assistance and Quality Improvement Services**

	<b>Total Budget</b>	<b>Total Expenditures</b>	<b>Under/ (Over) Expenditures Compared to Budget</b>	<b>Percent</b>
Quality Improvement Grants	\$373,531	\$259,816	\$113,715	30.4%
Citywide Technical Assistance System (CTAS)	1,219,000	1,078,201	140,799	11.6%
Gateway to Quality (GTQ) Initiative	470,531	435,374	35,157	7.5%
Field building –Provider organizations/associations /networks	260,713	260,436	277	0.1%
<b>Total</b>	<b>\$2,323,775</b>	<b>\$2,033,826</b>	<b>\$289,949</b>	<b>12.5%</b>

Source: Human Services Agency, Department of Children, Youth and Their Families, and First 5 San Francisco

The FY 2010-11 budget reduced funding for community based organizations providing technical assistance by \$1.2 million, to \$1,538,081, creating the need to prioritize who receives technical assistance.

#### The Citywide Technical Assistance System

The Citywide Technical Assistance System program was designed to deliver and maintain technical assistance to address the professional development needs of the early childhood workforce in San Francisco. First 5 San Francisco is the lead agency overseeing the administration and implementation of the Citywide Technical Assistance System. In 2007 when the community based organizations were awarded contracts to provide technical assistance services, First 5 San Francisco asked the community based organizations to develop quantifiable performance metrics that would be the basis for evaluating them.

Based on the Budget and Legislative Analyst’s review of files, all Citywide Technical Assistance System contract files contained the performance metrics and reporting forms through FY 2009-10. First 5 San Francisco confirmed that all current Citywide Technical Assistance System contractors track and report performance measure progress in the CMS system, which can be viewed by staff at First 5 San Francisco and the Department of Children, Youth, and Their Families.

The process to develop performance metrics lasted more than one year, and according to discussions with some community based organizations, the process was time consuming and confusing, leading to misinterpretation between First 5 San Francisco and the community based organizations. The Citywide Technical Assistance System evaluation

method appears to be more elaborate than is necessary, especially given that some of the community based organizations have other contracts awarded through the joint solicitation process and must comply with a different set of evaluation methods.

While program performance measures include useful data such as the location where services were provided (e.g. the name and address of childcare providers) and the volume of professional support provided, CMS does not contain data on how contractors selected the childcare programs that received technical assistance (e.g. if childcare locations demonstrated performance problems or requested technical assistance). Performance reports are maintained in separate First 5 San Francisco and Department of Children, Youth and Their Families databases. This lack of service selection information precludes an accurate, comprehensive understanding of technical assistance distribution and impact.

The Citywide Technical Assistance System evaluation procedures should be streamlined, with new emphasis on assessing which child care sites receiving services, thereby allowing First 5 San Francisco and the Department of Children, Youth and Their Families to better target technical assistance.

### Patterns in Average Daily Attendance

The Department of Children, Youth and Their Families has two performance measures for each of the child care centers funded by the department: (1) average daily attendance, and (2) units of service for child in individual, group, or case management activities. As shown in the table below, nearly one-half of the child care centers did not meet their average daily attendance goals.

**Table 3.3**  
**Child Care Centers Funded by the Department of Children, Youth and Their Families that Met Average Daily Attendance Goals**  
**FY 2008-09 and FY 2009-10**

	FY 2008-09		FY 2009-10	
	Number of Centers	Percent of All Centers	Number of Centers	Percent of All Centers
Met average daily attendance goals	8	44.4%	10	47.6%
Did <u>not</u> meet average daily attendance goals	10	55.6%	10	47.6%
Not known	0	0.0%	1	4.8%
Total	18	100.0%	21	100.0%

Source: Department of Children, Youth and Their Families

According to the Department of Children, Youth and Their Families' staff, they know of and work with the child care providers that did not meet their average daily attendance goals in FY 2009-10. The department gave a variety of reasons for the child care

providers failing to meet their average daily attendance goals, including inaccurate attendance reporting, lack of qualified staff, infants and toddlers with lower attendance, and other reasons. The department suggests that the failure to meet average daily attendance requirements is more a problem of reporting (such as inaccurate attendance records or over estimation of enrollment) than underutilized services. Nonetheless, the department should either refine the measure to ensure that it accurately reflects the child care center's performance or address the underlying performance problem.

## **Monitoring the Performance of Community Based Organizations**

The Human Services Agency, the Department of Children, Youth and Their Families, and First 5 San Francisco spent \$23.9 million for support services provided by community based organizations in FY 2009-10. The departments fund these community based organizations singly or jointly, including community based organizations selected through the joint solicitation process. When more than one department funds a specific contract with a community based organization, one department is designated as the lead for monitoring performance.

Several departments may have different contracts with the same community based organization. For example, the Human Services Agency has a contract with the Children's Council to serve to administer the CalWorks voucher program and the Wages Plus program to provide wage augmentation to child care workers. First 5 San Francisco also has a contract with Children's Council to provide technical assistance to child care providers. Each department is responsible for monitoring the performance of their respective contracts.

- The Human Services Agency has a contract with the Children's Council to administer the CalWorks voucher and Wages Plus programs. Additionally, the Human Services Agency serves as the lead agency in monitoring two programs provided by community based organizations selected through the joint solicitation process.
- The Department of Children, Youth and Their Families monitors the performance of child care centers, as noted above, as well as 11 programs provided by community based organizations. Three programs - the Child Care Food Program, Family Child Care Health Benefits, and Direct Child Care Grants - are funded solely by the Department of Children, Youth and Their Families. The other programs are also funded by the Human Services Agency and/or First 5 San Francisco.
- First 5 San Francisco monitors the performance of the Preschool for All program as well as the community based organizations providing services to the Citywide Technical Assistance System, as discussed above.

## **Different Procedures for Evaluating Jointly Funded Organizations**

Although the Human Services Agency, Department of Children, Youth and Their Families, and First 5 San Francisco fund many of the same community based organizations to provide early childhood care and education programs, each department has different procedures for evaluating the programs. This has resulted in an unnecessarily complex evaluation process for City departments and reporting burden for community based organizations.

### First 5 San Francisco

First 5 San Francisco developed performance metrics and reporting procedures jointly with the community based organizations in the Citywide Technical Assistance System, as noted above.

Additionally, First 5 San Francisco developed a new web-based data base, Cocoa, for Preschool for All providers to enter program information. The goal of creating Cocoa was to streamline joint reporting requirements to local, State and Federal agencies. According to First 5 San Francisco, First 5 San Francisco and their consultant, WestEd, solicited input from the Department of Children, Youth and Their Families and community based organizations during the development process. Cocoa was introduced in March 2009, and First 5 San Francisco offered training and technical assistance to the community based organizations on working with Cocoa.

While the Department of Children, Youth and Their Families and community based organizations participated in meetings and training during the development of Cocoa, First 5 San Francisco has not documented how their input was incorporated into Cocoa. The community based organizations have reported that data entry is not always simple, and that the report generation function had not yet been finalized. As Cocoa is further developed, First 5 San Francisco should survey users to assess their reaction to changes in the database functions and interface.

### The Human Services Agency

In monitoring the performance of community based organizations, the Human Services Agency (1) reviews the monthly, quarterly or annual reports, (2) meets with the community based organization on a monthly or quarterly basis, (3) conducts annual site visits, and (4) generates a monitoring summary.

The content of the monthly, quarterly and annual reports varies by community based organization. Generally, the monthly reports count the units of service delivered (such as the number of vouchers or subsidies provided). The quarterly and annual reports (1) counted the service units, and (2) stated whether the community based organization met its service and outcome objectives. The annual reports surveyed families receiving child care.

The purpose of monthly or quarterly meetings also varies by community based organization. According to the Human Services Agency, these meetings may (1) discuss implementation of new State requirements or program changes, (2) troubleshoot performance problems, or (3) review the progress of the program (such as enrollment or case management).

The Human Services Agency conducts annual site visits to the community based organization but does not have a site visit form or criteria for the site visit. The Human Services Agency relies on the annual or quarterly meetings and the monthly, quarterly, and annual reports to determine if a community based organization is meeting their performance goals. The Human Services Agency develops a monitoring summary for each community based organization, summarizing the site visit and reports provided by the community based organization.

According to the Human Services Agency, they are working with the CBO and City Accountability Workgroup, made up of representatives for City departments and community based organizations, to finalize and adopt a reference guide that would set standards for community based organizations working with the City. The Human Services Agency is also planning to create guidelines for monitoring early childhood care and education programs by March 2011. The Human Services Agency needs to ensure that these monitoring standards and guidelines incorporate criteria for site visits and the Human Services Agency's evaluation of community based organizations.

#### The Department of Children, Youth and Their Families

The Department of Children, Youth and Their Families conducts an annual performance review of each of the 11 early childhood care and education support programs provided by community based organizations. This review consists of a site visit, completion of the program site visit form, addressing any findings with the community based organization, and if necessary, creating a performance improvement plan. The department reviews the community based organization as a whole during the site visit as well as the specific program funded by the department. If the community based organization receives funding for more than one program, the department conducts one performance review for all the programs.

The Human Services Agency, the Department of Children, Youth and Their Families, and First 5 San Francisco should develop common standards and processes for evaluating the performance of jointly funded programs provided by community based organizations. The departments need to streamline the performance monitoring process, with uniform requirements for monthly, quarterly or annual reporting and a standard site visit form and procedure. The joint performance monitoring process should incorporate the procedures established by the CBO and City Accountability Workgroup's reference guide once it is completed.

## Conclusion

The Human Services Agency, Department of Children, Youth and Their Families, and First 5 San Francisco assess community based organizations' program performance differently. Because these community based organizations are often jointly funded and provide services as part of the Citywide system of early childhood care and education, these departments should standardize their practices.

## Recommendations

The Human Services Agency Child Care Policy and Planning Manager, the Director of the Department of Children, Youth and Their Families and Director of First 5 San Francisco should:

- 3.1 Develop uniform performance monitoring procedures for community based organizations providing support services, consistent with the CBO and City Accountability Workgroup's reference guide once it is finalized.

The Director of the Department of Children, Youth and Their Families and Director of First 5 San Francisco should:

- 3.2 Develop protocols to assess jointly funded child care providers in order to ensure consistent performance monitoring and follow up with underperforming providers.
- 3.3 Develop centralized departmental record keeping and tracking of who receives technical assistance.

The Director of First 5 San Francisco should:

- 3.4 Streamline the Citywide Technical Assistance System performance measures with new attention to the service selection process to ensure that child care sites with demonstrated performance problems are receiving technical assistance.
- 3.5 Survey end users on Cocoa data base functions and interfaces and incorporate survey results into future Cocoa data base development.

The Director of the Department of Children, Youth and Their Families should:

- 3.6 Evaluate child care providers' ability to meet average daily attendance goals and address the reasons the providers do not meet this goal.

## **Costs and Benefits**

Standardizing and streamlining performance evaluations of community based organizations should be incorporated into the core activities of the Human Services Agency, Department of Children, Youth and Their Families, and First 5 San Francisco.

The current practices for monitoring community based organizations providing technical assistance can not assess if technical assistance is cost effective. Potentially, the departments could achieve better results at the same or lower cost. Minimally, technical assistance services were underutilized in FY 2009-10, with \$290,000 left unspent.

## **4. Access to Child Care through the Centralized Eligibility List**

- **The State mandates that each county establish a Centralized Eligibility List to prioritize children’s eligibility for and assist with access to subsidized childcare. The Centralized Eligibility List determines families’ eligibility for subsidized childcare and ranks families access to available child care slots.**
- **In San Francisco, the Children’s Council administers the Centralized Eligibility List through a contract with the Department of Children, Youth and Their Families.**
- **Children’s Council’s monthly Centralized Eligibility List report includes the number of children enrolled each month as reported by contractors. But because contractors are not obliged to submit a timely monthly tally of enrollments and because the Centralized Eligibility List is not meant as an enrollment tool, monthly enrollment numbers do not always reflect the number of enrollments that occurred in that month.**
- **Enrollment into child care from the Centralized Eligibility List is constrained by limited funding for child care. Data provided by Children’s Council indicates that a large number of children are not enrolled into child care during the year in which they apply to the Centralized Eligibility List. Of the 3,720 children who applied to the Centralized Eligibility List in FY 2009-10, only 753 or 20 percent were enrolled into child care during the fiscal year in which they applied. While a total of 2,767 children were enrolled into child care in FY 2009-10 through the Centralized Eligibility List, most of these children had applied in prior years.**
- **Funding limitations mean that some children remain on the list until they reach the age of five without ever enrolling in childcare. Of 825 children who applied to the Centralized Eligibility List in calendar years 2007 and 2008 and reached five years of age during those two calendar years, the Children’s Council data suggests that 150 or 18.2 percent never enrolled in child care before starting kindergarten.**
- **In order to improve the access of the most qualified families to child care as rapidly as possible, the Department and Children’s Council have formed a Working Group to collaborate on a pilot project to enhance the referral process, facilitate enrollment and educate parents on the role and functioning of the Centralized Eligibility List.**

## **The Centralized Eligibility List**

The Centralized Eligibility List determines families' eligibility for subsidized child care and places children in a queue for available child care slots. While families who receive cash assistance through CalWorks and who are participating in an education or work program receive vouchers to pay for child care, other low income families may be eligible for State or locally-funded programs. The Centralized Eligibility List is a State-mandated program.<sup>1</sup> Previously, families seeking subsidized child care had to apply directly to the child care centers. While the Centralized Eligibility List was established for families receiving State child care subsidies, the City includes families receiving local (General Fund or Children's Fund) subsidies.

San Francisco County received funding from the California Department of Education as one of the pilot counties to begin the Centralized Eligibility List project in 2000. An online database became operational in 2003. Beginning in 2005 California Department of Education/Child Development Division required contractors to use the Centralized Eligibility List to find eligible children. By 2006 all Child Development Division contractors in San Francisco were using the Centralized Eligibility List for this purpose.

### **Obtaining Child Care through the Centralized Eligibility List**

In order not to discourage potentially eligible families from seeking subsidized child care, the Children's Council does not check income eligibility at the time a family applies to the Centralized Eligibility List. Moreover, Children's Council staff do not discourage families who appear to exceed the income limit from applying to the Centralized Eligibility List because for many applicants family income fluctuates. The family must prove income eligibility at the time of enrollment in a child care program.

Priority for families on the Centralized Eligibility List is established by the State Education Code as follows:

- (1) Child Protective Services: Families whose children are receiving child protective services or families whose children are at risk of being neglected, abused, or exploited. Children who are certified as receiving protective services are admitted first within this priority.
- (2) Family Income. Children in the lowest income ranking are admitted first. If two are more families have the same income ranking, special needs children receive priority.
- (3) Length of time on the list. If two or more families have the same income rank and there are no special needs children or children at risk, priority is given to the family that has been waiting longest.

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<sup>1</sup> The State Department of Education has child care subsidy programs for low income families who are not receiving cash assistance through the State Department of Social Services CalWorks program.

When families apply to the Centralized Eligibility List, they can select up to three neighborhoods where they would like to enroll their child in care. When providers draw children from the Centralized Eligibility List to screen them for an available slot, they are able to view only families who have selected their service areas, which is not necessarily where the family lives. A contractor can choose a maximum of five families at one time to screen for each available slot. When families are selected for screening, the Centralized Eligibility List database indicates that they have been “reserved” and they cannot be selected for screening by other contractors.

For privacy reasons, family child care associations or networks draw from the list on behalf of individual family child care providers in their network.

#### Vouchers vs. Subsidized Slots

A family that is offered a California Department of Education subsidized child care center slot can only accept or decline the offer to enroll at a contracted center. These offers of child care are not portable.

Families that receive State vouchers may use them for any licensed or unlicensed facility in San Francisco, and are thus not limited to California Department of Education subsidized centers. The Children's Council staff assists families that receive vouchers in locating a facility through its Resource and Referral database but ultimately, if the family qualifies for a voucher, the family must find an available space.

If choosing license-exempt care, parents can use a voucher to pay a friend or relative to care for the child. Thus, a family who qualifies for a voucher can use it for all three types of child care: licensed child care center, licensed family child care home, and license-exempt (friend or relative). Families receiving subsidized child care through either a contracted slot or voucher (either City or State) who make more than 40 percent of the state median income, are required to pay a family fee according to a sliding scale.

#### Family Fees

Families who are between 0 percent and 40 percent of the State Median Income are exempt from family fees. Families from 41 percent to 85 percent of the State Median Income pay a fee based on their family income and family size.

### **The Centralized Eligibility List and Enrollment**

The Centralized Eligibility List monthly report collects and reports a variety of important data including:

- (1) The need status of children on the list, i.e. Child Protective Services, at risk referrals, homelessness, etc.;
- (2) Enrollment by State Median Income percentage over a rolling 12 month period;
- (3) Number of children on the list by State Median Income percentage;

(4) Number of children actively awaiting child care by age and zip code of their preferred neighborhood for child care; and

(5) Age and zip code of residence of children on the list.

The Centralized Eligibility List monthly report also includes a tally of children moving into a different status from the previous month (active or inactive status). For example, it counts children who are being actively screened for a potential slot temporarily and children who have been enrolled in the past month. Nonetheless, this particular table does not measure the rate of enrollment, which in part reflects its function as a priority ranking instrument and not an enrollment tool.

#### Children on the Centralized Eligibility List Who Do Not Enroll in Care

The obvious reason that children on the waiting list do not enroll in child care is that there is not enough California Department of Education or City funding to accommodate all children whose families are eligible for subsidized care according to the income requirements. Other important reasons a child who qualifies for care might not enroll in care are:

(1) The family is at the higher end of the income range which consequently lowers their chance of being selected.

(2) Families sometimes fail to update their Centralized Eligibility List record when they move or change phone numbers.

(3) Families do not respond to possible child care openings. (Children's Council staff reports that this trend is often the case with homeless families.)

(4) Families want to enroll children in a specific child care center and are not interested in any other offers. Thus parental choice, while protected by statute, can negatively impact the child's chance of enrollment.

(5) Because families sometimes do not understand the Centralized Eligibility List process or forms, they may not respond to periodic requests that they reconfirm their interest in and need for subsidized child care and their records are inactivated without their knowledge.

#### Scope of Children's Council Reporting Requirements

Although some children who qualify for subsidized child care are never enrolled, it is a shortcoming of the current data gathering and reporting practices that the number and characteristics of this population are not known.

The current scope of Children's Council's contracts with Human Services Agency and Department of Children, Youth and Their Families do not require the Children's Council to investigate, monitor or report on the possible causes that children are not enrolled off

the Centralized Eligibility List or on the numbers and demographic profile of families who are eligible for but not receiving subsidized child care.

*Estimates of Children on the Centralized Eligibility List who do not enroll in child care prior to kindergarten*

One of the primary rationales stated by management in all three of San Francisco's child care funding agencies (Department of Children, Youth and Their Families, Human Services Agency and First 5 San Francisco) for increasing access to high quality child care and preschool is that children who attend high quality preschool have better outcomes in kindergarten and later grades. In FY 2009-10, the Human Services Agency, the Department of Children, Youth and Their Families, and First 5 San Francisco funded \$39.4 million in subsidized child care, of which \$7.1 million was for Preschool for All and \$32.3 million for vouchers and child care subsidies. It is therefore an important program and quality management tool to be able to estimate the number of children on the Centralized Eligibility List who are not able to access child care or preschool.

At the request of Budget and Legislative Analyst, the Centralized Eligibility List staff ran a report that found that there were 825 children who applied to the Centralized Eligibility List in calendar years 2007 and 2008 who turned 5 during that period. Of these, there were 150 children who the Centralized Eligibility List database indicates were still "active" (looking for child care) at the end of 2008 but did not enroll in child care.

However, because the Centralized Eligibility List database is not structured as an enrollment monitoring tool and because not all child care sites that enroll from the Centralized Eligibility List report enrollments accurately or regularly, it can not be determined for certain that these 150 children never enrolled in child care before starting kindergarten.

Conversely of the remaining 675 children, it can only be said that they appear to have enrolled at least once during the 2007-2008 period because it is also possible that they were removed from the list for other reasons.

*Estimates of children who are able to enroll within the same year of their application*

Funding is the primary determinant of how quickly children are enrolled off the Centralized Eligibility List. The Department of Children, Youth and Their Families staff report that they are unable to penetrate beyond the first 100 eligible applicants before funding is exhausted. At the request of this audit, Centralized Eligibility List staff ran a report which indicated that of the 3,720 applicants to the Centralized Eligibility List in FY 2009-10, 753 or 20% were marked as enrolled at least once at some point during the same period.

As is the case for enrollments into subsidized child care slots and Centralized Eligibility List applications generally, most of these children were from the southeast part of the city, with nearly two thirds residing in the Outer Mission including Ingleside and the Excelsior, Bayview/Hunters Point, the Inner Mission, and Visitacion Valley.

### Problems with Reliability of Centralized Eligibility List Data

Although Children's Council produces a monthly summary report that includes the number of children enrolled in the last three months, the Centralized Eligibility List project manager reports that these monthly enrollment numbers are not exact because contractors do not always report enrollments in a timely manner.

Children's Council requests monthly enrollment lists from contractors in order to remove enrolled children from the Centralized Eligibility List, but contractors often report enrollment in batches accumulated over several months which means enrollment numbers reported on the monthly report fluctuate dramatically and misstate the rate of movement off the list.

## **San Francisco Centralized Eligibility List Pilot Working Group**

The Department of Children, Youth and Their Families has organized a San Francisco Centralized Eligibility List Working Group comprising representatives from Department of Children, Youth and Their Families, Children's Council, Human Services Agency staff and childcare providers. The group has two goals: (1) to educate parents on the functioning of the Centralized Eligibility List and their role in the enrollment process and (2) to enhance the referral process and facilitate the rapid enrollment of the most qualified families off the Centralized Eligibility List.

### **A more uniform enrollment process**

One of the project's objectives is to promulgate understanding among parents that the Centralized Eligibility List is an eligibility ranking, not a waiting list. The Working Group plans for a more uniform parental education, marketing, and communication process to increase understanding such that families keep their income and contact information current. The goal is a more formal relationship with families.

### **Targeting the Most Eligible Families**

In order to facilitate speedy enrollment, the Working Group is working to develop a means to target the most eligible families on the list at any time (most likely to be pulled for a child care voucher or slot) and to simultaneously analyze enrollment trends and subsidized slot/voucher availability. These families would receive enhanced assistance in completing documentation of their eligibility so that their children could be enrolled without delay once a slot became available. One strategy under consideration is the development of an algorithm that could be used by Centralized Eligibility Lists in other counties.

The Department of Children, Youth and Their Families staff reports that the Working Group's plan for a Centralized Eligibility List pilot will be presented to the California Department of Education for approval.

## Conclusion

The Department of Children, Youth and Their Families need to use the Centralized Eligibility List to enable families who are most eligible for state and local subsidies to access child care without delay. Children whose families meet State and City requirements for subsidized childcare should be enrolled in child care as quickly as funding allows. This requires an understanding on the part of parents of the function of the Centralized Eligibility List and their responsibilities in demonstrating eligibility and preparing for enrollment. The Centralized Eligibility List is a database and not an enrollment software. A San Francisco Centralized Eligibility List Working Group is exploring ways to target the most eligible families as soon as possible through education and marketing and facilitating their enrollment.

## Recommendations

The Director, Department of Children, Youth and Their Families, should:

- 4.1 Direct the Centralized Eligibility List administration staff at Children’s Council to work with the San Francisco Centralized Eligibility List Working Group to develop an algorithm to identify the most qualified families on the Centralized Eligibility List at any given time and to develop a parent education (“SFCEL 101”) program to be deployed by childcare contractor enrollment staff as suggested by the San Francisco Centralized Eligibility List Working Group.
- 4.2 Direct the relevant Department of Children, Youth and Their Families staff to develop milestones and establish a timeline for completion within one year of an San Francisco Centralized Eligibility List Pilot that (1) addresses barriers to enrollment and (2) is suitable for dissemination statewide for presentation to the Child Development Division of the California Department of Education.

## Costs and Benefits

Identifying the families most eligible for subsidized child care and facilitating the speedy enrollment of their children in child care would better ensure that State and General Fund subsidies are well used. For example, in FY 2009-10, the Human Services Agency, Department of Children, Youth and Their Families, and First 5 San Francisco allocated \$7.2 million in Children’s Fund, General Fund, and State Tobacco Tax (Proposition 10) funds to subsidized child care, of which \$7.0 million were spent, resulting in approximately \$200,000 in available and unspent funds for subsidized child care.

Although some of these funds were unspent due to a lack of referrals of eligible families for specific subsidy programs, the Department of Children, Youth and Their Families has correctly identified parental education and enrollment facilitation as key factors in maximizing use of available child care subsidy funds.

## 5. Ensuring Access to Quality Child Care

- Although both the State and the City subsidize child care for low income families, the need for child care exceeds the available slots. During FY 2009-10, the Centralized Eligibility List had approximately 4,500 children in need of child care, a number largely unchanged from the 2007 Child Care Needs Assessment prepared by the Child Care Planning and Advisory Council. The majority of children requiring subsidized child care live in lower income neighborhoods.
- The Human Services Agency, Department of Children, Youth and Their Families, and First 5 San Francisco's funding for child care and services to improve child care quality are largely targeted to the lower income neighborhoods. Nonetheless, total available child care slots in two lower income neighborhoods - the Outer Mission, and the Mission and Potrero Hill - are lower than the Citywide average.
- In FY 2009-10, family child care providers or child care centers in the Bayview/Hunters Point and Visitacion Valley, and in the Civic Center, Western Addition, and Haight were cited more frequently for performance problems than child care providers in other neighborhoods. The Department of Children, Youth and Their Families or First 5 San Francisco work with lower performing child care providers to meet performance expectations. However, City departments will continue to fund lower performing child care providers from year-to-year in order to provide child care capacity in neighborhoods with high need. While the Human Services Agency, Department of Children, Youth and Their Families, and First 5 San Francisco spend significant funding to provide technical support, wage augmentation, and other programs to improve child care provider performance and quality, the three departments have not yet fully addressed the issue of increasing the availability of child care in neighborhoods with fewer resources.
- First 5 San Francisco funds more Preschool for All programs in low income neighborhoods than the Citywide average. However, the Outer Mission, and Bayview/Hunters Point and Visitacion Valley have less Preschool for All capacity than their concentration of children from birth to five years of age. In both neighborhoods, child care is more likely provided by family child care providers rather than licensed child care centers. While Preschool for All funds both family child care providers and licensed child care centers, family child care providers make up a small percentage of Preschool for All programs

The system of subsidized child care in San Francisco consists of federal, State, and local programs. These programs include federally-funded Head Start programs and centers

contracted directly by the California Department of Education, of which the San Francisco Unified School District is the largest contractor, as well as programs under the jurisdiction of the City and County of San Francisco.

The Human Services Agency, Department of Children, Youth and Their Families, and First 5 San Francisco jointly or singly fund City and County of San Francisco child care programs. The Human Services Agency and Department of Children, Youth and Their Families fund programs for school-age children as well as children from birth to five years of age. First 5 San Francisco funds programs for children from birth to five years of age. The Human Services Agency, the Department of Children, Youth and Their Families, and First 5 San Francisco have jointly stated that their goal is to ensure that all children ages birth to five have access to affordable, high quality child care.

## Centralized Eligibility List Applications

The need for subsidized child care exceeds the available slots. As seen in Table 5.1, more than one-half of children from birth to five years in San Francisco are in families with incomes equal to or less than 85 percent of the State Median Income, based on 2000 census data.

**Table 5.1**  
**Children From Birth to Five Years with Family Incomes Equal to or Less than 85 Percent of the State Median Income**

	Children Birth to Five Years		
	All Children	Children with Family Incomes Less than 85% of the State Median Income	
		Number	Number
Sunset, Richmond, and Parkside	8,128	2,910	35.8%
Bayview/Hunters Point and Visitacion Valley	4,667	3,795	81.3%
Mission and Potrero	4,436	3,215	72.5%
Outer Mission and Ingleside	4,082	2,590	63.4%
Civic Center, Western Addition, Haight	2,750	1,775	64.5%
Chinatown and North Beach	2,442	1,930	79.0%
South of Market	695	640	92.1%
Upper Market and Portola	2,933	565	19.3%
Embarcadero and Waterfront	950	220	23.2%
<b>Total</b>	<b>31,083</b>	<b>17,640</b>	<b>56.8%</b>

Source: 2000 Census, 2007 Child Care Needs Assessment

As shown in Table 5.1, six San Francisco neighborhoods have high concentrations of children from birth to five years with family incomes equal to or less than 85 percent of the State Median Income, based on the 2000 census.

1. South of Market
2. Chinatown and North Beach
3. Bayview/Hunters Point and Visitacion Valley
4. Mission and Potrero Hill
5. Outer Mission and Ingleside
6. Civic Center, Western Addition and the Haight

Generally, children living in families with incomes equal to or less than 85 percent of the State Median Income are eligible for subsidized child care. However, the need for subsidized child care exceeds the availability. In FY 2009-10, the Children's Council reported a total count of approximately 4,500 children on the Centralized Eligibility List, which includes children who applied in FY 2009-10 and children who applied in prior years. This represents children waiting for but not enrolled into child care. This number of children on the Centralized Eligibility List is comparable to the Child Care Planning and Advisory Council's<sup>1</sup> 2007 Child Care Needs Assessment of 4,300 child care slots required to meet demand.

### **Rates of Applications to the Centralized Eligibility List and Enrollment**

The total applications for the Centralized Eligibility List is essentially an approximation of demand for subsidized child care among the city's low income working families because to qualify for subsidized child care, Centralized Eligibility List applicants must meet income limit requirements, which vary by funding source, but their income is not low enough to qualify for CalWorks and its child care entitlement.

Unmet need for subsidized child care persists because the State of California and City funding for subsidized care is insufficient to meet demand.<sup>2</sup> As shown in the Table 5.2, the percentage of children applying to the Centralized Eligibility List exceeded the number of children on the Centralized Eligibility List who enrolled in child care by 24.7 percent Citywide. Three lower income neighborhoods - Chinatown/Downtown/North Beach, Bayview/Hunters Point/Visitacion Valley, and Hayes Valley/Western Addition/Haight - had a higher enrollment rate than the Citywide average. However, the number of applications in a fiscal year does not correspond fully to the number of enrollments since a child may apply to the Centralized Eligibility List in one fiscal year and enroll in child care in the next fiscal year.

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<sup>1</sup> The Child Care Planning and Advisory Council consists of community and City department representatives, and is mandated by the State to conduct a child care needs assessment every five years.

<sup>2</sup> This analysis of the geographic distribution of child care capacity and preschool capacity relies on data from the 2000 census and must be revisited upon release of the 2010 census.

**Table 5.2**  
**Comparison of Centralized Eligibility List Applications to Enrollments**  
**FY 2009-10**

<b>Neighborhood</b>	<b>Applications</b>	<b>Enrollments</b>	<b>Applications Exceeding Enrollments</b>	<b>Percent</b>
Sunset, Richmond, and Parkside	487	284	203	41.7%
Bayview/Hunters Point and Visitacion Valley	880	744	136	15.5%
Mission and Potrero	525	374	151	28.8%
Outer Mission and Ingleside	690	492	198	28.7%
Civic Center, Western Addition, Haight	345	285	60	17.4%
Chinatown and North Beach	291	265	26	8.9%
South of Market	182	126	56	30.8%
Upper Market and Portola	79	23	56	70.9%
Embarcadero and Waterfront <sup>1</sup>	53	66	(13)	(24.5%)
<b>Subtotal, San Francisco</b>	<b>3,532</b>	<b>2,659</b>	<b>873</b>	<b>24.7%</b>

Source: Centralized Eligibility List, Children's Council

<sup>1</sup> The number of applications in a fiscal year does not correspond fully to the number of enrollments since a child may apply to the Centralized Eligibility List in one fiscal year and enroll in child care in the next fiscal year.

Several factors that effect the rate of enrollment in child care including parental choice and relative poverty levels (lower income families rank higher on the Centralized Eligibility List than relatively higher income families), and length of time on the list. Additionally, individual enrollments do not necessarily occur in the same year as applications, and although Children's Council tracks the number of applicants who become "inactive," (either enrolled in child care or removed from the list for other reasons) it does not routinely monitor the *rate* of enrollment or percentage of total enrollment by neighborhood or other demographic indicator.

Centralized Eligibility List enrollment is affected by poverty rates because in most subsidy programs the poorest families on the waiting list receive priority in enrollment in subsidized care. As expected, Bayview/Hunters Point and Visitacion Valley have a high percentage of families under the federal poverty level and enrollments off the Centralized Eligibility List that greatly exceed the neighborhood's percentage of the city's population of children under age five. However, while the Outer Mission has a lower poverty rate than the Citywide average (5 percent poverty rate in the Outer Mission compared to 8.1 percent Citywide), the Outer Mission had an above average application to and enrollment from the Centralized Eligibility List.

## Distribution of Child Care Capacity

While child care capacity (or the number of child care slots) is distributed throughout the City, the Outer Mission and Mission and Potrero Hill have less child care capacity compared to the total number of children from birth to five years<sup>3</sup> based on 2000 census data, as shown in Table 5.3. The Upper Market and Portola neighborhoods also have less capacity but are high income neighborhoods.

**Table 5.3**  
**Total Child Care Capacity**  
**Compared to Children From Birth to Five Years**

	<b>Children Birth to Five Years</b>	<b>Child Care Capacity</b>	<b>Percent Capacity to Children Birth to Five Years</b>
Sunset, Richmond, and Parkside	8,128	4,766	58.6%
Bayview/Hunters Point and Visitacion Valley	4,667	2,687	57.6%
Mission and Potrero	4,436	2,020	45.5%
Outer Mission and Ingleside	4,082	1,507	36.9%
Civic Center, Western Addition, Haight	2,750	2,566	93.3%
Chinatown and North Beach	2,442	1,335	54.7%
South of Market	695	588	84.6%
Upper Market and Portola	2,933	1,067	36.4%
Embarcadero and Waterfront <sup>1</sup>	950	620	65.3%
<b>Total, San Francisco</b>	<b>31,083</b>	<b>17,156</b>	<b>55.2%</b>

Source: Children's Council, City Departments

## Licensed Family Child Care and Licensed Child Care Centers

Child care capacity is the total number of child care slots provided by licensed child care centers and licensed family day care. Citywide, licensed child care centers make up 73.7 percent and licensed family child care makes up 26.3 percent of all licensed child care capacity. However, in the Outer Mission and Ingleside licensed family child care makes up more than 55 percent of all licensed child care. In the Bayview/Hunters Point and Visitacion Valley, licensed family child care makes up more than 36 percent of all licensed child care.

<sup>3</sup> The data on children from birth to five years is derived from the 2000 census. Child care capacity data is from City departments.

## Distribution of Preschool for All Capacity

The percentage of children enrolled in Preschool for All is generally higher in lower income neighborhoods, as shown in Table 5.4.

**Table 5.4**  
**Enrollment of Children in Preschool for All Compared to Total Children by Neighborhood <sup>1</sup>**

	<b>Children Ages 3 to 5</b>	<b>Preschool for All Enrollment</b>	<b>Percent</b>
Sunset, Richmond, and Parkside	3,298	457	13.9%
Bayview/Hunters Point and Visitacion Valley	1,882	402	21.4%
Mission and Potrero	1,732	551	31.8%
Outer Mission and Ingleside	1,678	207	12.3%
Civic Center, Western Addition, Haight	1,096	431	39.3%
Chinatown and North Beach	875	331	37.8%
South of Market	338	252	74.6%
Upper Market and Portola	1,031	108	10.5%
Embarcadero and Waterfront <sup>1</sup>	269	72	26.8%
<b>Subtotal, San Francisco</b>	<b>12,199</b>	<b>2,811</b>	<b>23.0%</b>

Source: First 5 San Francisco

<sup>1</sup> Total number of children from three to five years is based on the 2000 census. A more accurate assessment of Preschool for All enrollment and enrollment must await the release of data from the 2010 census.

However, the Outer Mission and Bayview/Hunters Point and Visitacion Valley have lower enrollment of children in Preschool for All compared to other lower income neighborhoods. In both neighborhoods, child care is more often provided by family child care providers rather than licensed child care centers. While Preschool for All funds both family child care providers and licensed child care centers, licensed family child care providers make up a small percentage of Preschool for All programs.

## Underperforming Child Care Providers

In FY 2009-10, family child care homes or child care centers in the Bayview/Hunters Point and Visitacion Valley, and in the Civic Center, Western Addition, and Haight were cited more frequently for performance problems than in other neighborhoods, as shown in Table 5.5.

**Table 5.5**  
**Providers on Conditional Status or**  
**Less than Satisfactory Performance Scores**  
**by Neighborhood**  
**FY 2009-10**

Neighborhood	Funded by First 5 San Francisco			Funded by Department of Children, Youth and Families		
	Total Sites	Conditional Status		Total Sites	Less than Satisfactory Performance	
		Number	Percent		Number	Percent
Sunset, Richmond, and Parkside	19	1	5.3%	0	0	n/a
Bayview/Hunters Point and Visitacion Valley	17	5	29.4%	5	4	80.0%
Mission and Potrero	23	4	17.4%	3	0	0.0%
Outer Mission and Ingleside	11	1	9.1%	0	0	n/a
Civic Center, Western Addition, Haight	19	3	15.8%	7	1	14.3%
Chinatown and North Beach	11	0	0.0%	1	0	0.0%
South of Market	9	1	11.1%	2	0	0.0%
Upper Market and Portola	5	0	0.0%	1	0	0.0%
Embarcadero and Waterfront	5	0	0.0%	0	0	n/a
<b>Total</b>	<b>119</b>	<b>15</b>	<b>12.6%</b>	<b>19</b>	<b>5</b>	<b>26.3%</b>

Source: Department of Children, Youth and Their Families and First 5 San Francisco

The Human Services Agency, First 5 San Francisco and the Department of Children, Youth and Their Families work with lower performing child care providers to meet performance expectations, as discussed in Section 3 of this report. In FY 2009-10, these departments spent \$1.1 million for community based organizations to assist child care providers with their performance. Additionally, the Human Services Agency selected a consultant to assume management of nine State-funded child care centers with long term performance problems.

Child care sites that receive low performance scores in one year may receive satisfactory scores in subsequent years after working with City departments to improve their performance. For example, six child care centers funded by the Department of Children, Youth and Their Families with low performance scores in FY 2008-09 had satisfactory scores in FY 2009-10.

However, the five child care centers funded by the Department of Children, Youth and Their Families that received low performance scores in FY 2009-10 also had low performance scores in FY 2008-09 and FY 2007-08. According to interviews, City departments will continue to fund and work with lower performing child care providers

from year-to-year in order to provide child care capacity in neighborhoods with high need.

The Human Services Agency, Department of Children, Youth and Their Families, and First 5 San Francisco invest in low income neighborhoods to increase child care resources and improve the performance of child care centers. In FY 2009-10, the Human Services Agency, Department of Children, Youth and Their Families, and First 5 San Francisco spent \$12.9 million to maintain or improve child care facilities, provide technical assistance or quality improvement programs, and augment wages of child care providers. Yet, as discussed in Section 3, these departments have not adequately targeted technical assistance programs, based on the type and amount of services to be provided and the child care sites receiving services. Part of the planning process for future child care funding should include a discussion of neighborhoods with persistent problems in providing sufficient high quality child care.

## Conclusion

State and City subsidies to child care providers have targeted low income neighborhoods, resulting in more equal distribution of child care resources than might exist otherwise. However, City departments continue to fund lower performing child care providers to meet the need for child care slots in lower income neighborhoods. While the Human Services Agency, the Department of Children, Youth and Their Families, and First 5 San Francisco spend significant resources on technical assistance, wage augmentation, and other support to child care providers to increase the quality of care, these departments have not fully addressed the issue of increasing the availability child care in neighborhoods with fewer resources.

First 5 San Francisco funds more Preschool for All programs in low income neighborhoods than the Citywide average. However, because child care in the Bayview/Hunters Point and Visitacion Valley, and Outer Mission and Ingleside neighborhoods is often provided by family child care providers, which have less participation in Preschool for All, these two neighborhoods have fewer Preschool for All programs. First 5 San Francisco needs to increase Preschool for All participation among family child care providers in order to provide more access to Preschool for All in neighborhoods that rely largely on family child care providers to meet child care needs.

## Recommendations

The Human Services Agency Child Care Policy and Planning Manager, the Director of the Department of Children, Youth and Their Families and Director of First 5 San Francisco should:

- 5.1 Develop specific strategies and implementation plans to increase the number of qualified and high-quality child care providers in neighborhoods with insufficient numbers and quality of child care providers. Collaboration on strategies and

implementation plans would be part of the new governance structure discussed in Recommendation 1.1.

The Director of First 5 San Francisco should:

- 5.2 Increase the number of licensed family child care participating in the pre-Preschool for All program, in order that more licensed family child care providers can meet the qualifications for Preschool for All program funding.

## **Costs and Benefits**

These recommendations do not result in specific costs. In FY 2010-11, First 5 San Francisco has allocated \$8.6 million to reimburse child care providers for the Preschool for All program. The recommendation to increase the number of family child care providers participating in the pre-Preschool for All programs is intended to increase the share of licensed family child care providers who qualify as a Preschool for All program.

The Human Services Agency, Department of Children, Youth and Their Families, and First 5 San Francisco have not sufficiently tracked how technical assistance to child care providers improves performance. If these departments implement recommendations contained in Section 3 of this report, they could better prioritize how to allocate reduced resources to pay for technical assistance and other quality improvement programs. These departments should target a portion of the \$12.9 million annual investment in child care support services to improve the availability of quality child care in specific neighborhoods.

## **6. Administration of Child Care Subsidy Payments**

- **Children’s Council of San Francisco is the fiscal agent or administrator of almost all subsidized child care payments and child care workforce augmentation funding in San Francisco County.**
- **The current contract between Children’s Council and the Human Service Agency under which Children’s Council provides child care case management services and administers all state and local child care subsidy payments and vouchers is a sole source contract. Combined State and local voucher and subsidy contract payments to Children’s Council through this contract totaled approximately \$34,000,000 in FY 2009-10.**
- **Typically, sole source contracts are permitted when no other reliable provider of the service is available, or when compelled by cost effectiveness that results from greater efficiency, and improved service delivery.**
- **Although there are other Alternative Payment Providers in the Bay Area, consolidation of child care subsidy administration with a single experienced agency has provided for administrative efficiencies that also benefit families receiving subsidized child care by offering seamless access to an immensely complex child care subsidy system.**
- **The State of California Department of Education has contracted administration of the county’s Central Eligibility List and administration of child care subsidies for CalWorks Stage 3 to Children’s Council. Therefore contracting the other two main sources of state child care subsidies - Stages 1 and 2 - to another agency would likely require families to move between two or more subsidy administrators as they move between the three CalWorks stages and would eliminate the administrative benefits of consolidation of child care subsidy streams.**
- **Nonetheless, the Human Services Agency should assess the potential for cost savings and administrative efficiency of opening the services not related to child care subsidies, such as fiscal agency for the county’s child care wage augmentation program, to a competitive bid process. Additionally, the Human Services Agency should require the Children’s Council to produce a report detailing the amount of unspent subsidies and an explanation of why the funding was unspent in each subsidy category.**

## **Administration of CalWorks Child Care Subsidies**

The State of California subsidizes child care for low income families mainly through four programs: CalWorks Stage 1 is administered by the California Department of Social Services and provides child care subsidies to parents engaged in welfare to work activities who are receiving cash assistance (Temporary Assistance to Needy Families or TANF).

Locally, county welfare departments administer Stage 1, although many county welfare departments subcontract administration of these subsidies with one of the state's 86 Alternative Payment Providers. In San Francisco, the Human Services Agency has contracted child care case management and subsidy administration for Stage 1 to the Children's Council of San Francisco since 1998.

The California Department of Education administers CalWorks Stage 2 and Stage 3. Stage 2 provides child care subsidies for up to two years to families who have transitioned off cash aid but still demonstrate need and eligibility for subsidized child care. CalWorks Stage 3 subsidies are available to families who have "timed out" of Stage 2 benefits at the end of the two-year Stage 2 period. Under the contract between the Human Services Agency and the Children's Council, the Children's Council provides child care case management and subsidy administration for CalWorks Stage 2, as discussed below.

CalWorks Stage 3 child care subsidies are administered by Children's Council under a contract with the California Department of Education. Stage 3 funds do not flow through the Human Services Agency.

The California Department of Education also administers the California Alternative Payment Program (CAPP) that provides child care subsidies and vouchers to low income families who are not eligible for CalWorks.

### **Alternative Payment Providers**

The California Department of Education requires CalWorks Stage 2 funds to be administered by an Alternative Payment Provider. Children's Council is one of three Alternative Payment Providers in San Francisco County. The other Alternative Payment Providers are the San Francisco Department of Human Services (a department within the Human Services Agency), and the Professional Association for Childhood Education Alternative Payment Program (PACEAPP). PACEAPP has offices in San Francisco, El Cerrito, Fresno, Sonoma County, Santa Clara and Sacramento County.

The California Alternative Payment Program (CAPP) subsidies are provided and administered locally by Alternative Payment Providers in each county. Human Services Agency subcontracts payment administration of its California Alternative Payment Program funding to Children's Council.

## **Resource and Referral**

In addition to providing subsidies, the state contracts with agencies in each county to provide information and referrals to families on the availability of child care in their areas. Known as R&Rs, these agencies are usually private nonprofits. Several counties have more than one R&R agency.

Children's Council subcontracts case management and resource and referral services for Asian language speaking families with children up to three years of age to Wu Yee Children's Services. However, Children's Council provides case management and resource and referral services for all CalWorks Stage 3 clients in San Francisco and retains responsibility for all subsidy payment administration.

## **Administration of City Funded Child Care Subsidies**

In addition to assigning administration of all state subsidy funding of child care to Children's Council, the current contract between Human Services Agency and Children's Council subcontracts administration of all city funded child care subsidies to Children's Council including: subsidies for homeless children provided through the ACCESS program, City Child Care subsidies, the Human Services Agency's Family and Children Services child care subsidies, and City funded child care subsidies for Workforce Investment Act (WIA) participants.

Subsidy contract amounts and expenditures (exclusive of administration and support costs) for all state and County of San Francisco and State of California child care subsidies for FY 2009-10 are shown in Table 6.1. Of the total contract subsidy amount for these programs of \$34 million dollars, Wu Yee Children's Services received payments of approximately \$1.6 million dollars through its subcontract with Children's Council.<sup>1</sup>

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<sup>1</sup> The subsidy amount of \$34 million includes State-administered funds, which are not included in other tables in this report that show funds administered by City departments.

**Table 6.1**  
**Child Care Contract Subsidy Amounts and Expenditures in Fiscal Year 2009-10**

<b>Program</b>	<b>Contract Subsidy Amount</b>	<b>Expenditures</b>	<b>Amount (over)/ under contract</b>	<b>Percent (over)/ under contract amount</b>
CalWorks Stage One	\$8,403,375	\$9,591,312	(\$1,187,937)	(12%)
CalWorks Stage Two	6,744,461	7,029,370	(284,909)	(4%)
CalWorks Stage Three	10,785,360	9,414,766	(1,370,594)	(15%)
City Child Care	1,830,344	1,805,808	24,536	1%
California Department of Education Alternative Payment (CAPP)	1,492,898	2,217,129	(724,231)	(33%)
DHS Alternative Payment CAPP	173,493	161,834	11,659	7%
California Department of Education Family Child CARE	804,463	761,132	43,331	6%
Family and Children Fed In County (foster care)	1,515,169	1,178,213	336,956	29%
Family and Children City and County (foster care)	1,280,308	936,954	343,354	37%
ACCESS	1,117,729	977,382	140,347	14%
WIA Work Force Initiatives Act	199,335	56,524	142,811	253%
<b>Total</b>	<b>\$34,346,935</b>	<b>\$34,073,899</b>	<b>\$273,036</b>	<b>0.8%</b>

Additionally, Wu Yee received a total of \$2.4 million dollars in contract with the Human Services Agency to administer City Child Care and Vendor Voucher subsidies for Asian language speaking families and families in zip codes with large Asian language speaking populations.

### **Estimating Payment Projections and Maximizing Child Care Enrollment**

An important measure of subsidy administration program efficiency is the ability of an Alternative Payment Provider to maximize use of available funds in order to provide child care support to as many qualified families as funding will allow in all funding sources and programs including Stages 1 through three and locally funded child care subsidies. As seen in Table 6.1, the Children's Council either over or under spent several funding sources in fiscal year 2009-2010.

Because families in CalWorks Stages 1 through 3 are required to work or engage in welfare to work activities such as education or job training, they are categorically entitled to state subsidized child care. This entitlement makes an accurate projection of expenditures over the course of a fiscal year for Stages 1 through 3 child care subsidies difficult since the eligible population fluctuates and the number of families that will move

from Stage 1 to 2 and 2 to 3 in a given time frame is difficult to predict. These uncertainties may account for the overspending of the state's contract subsidy payment in CalWorks Stages 1 and 3.

Similarly, children in foster care (Family and Children City and County and Family and Children Fed In County) are entitled to subsidized child care if child care is part of the family's Child Protective Services (CPS) plan. Family and Children Fed represents children in out-of-home placements for whom the Department of Human Services is able to claim a federal funding match. Family and Children City and County is a child care subsidy for children with a CPS plan who remain in their homes. Funding for this program comes entirely from the General Fund.

The Human Services Agency and Children's Council have reported that under spending in the ACCESS program for homeless children occurred as a result of a personnel transition that temporarily reduced the amount of outreach that is crucial to reaching and enrolling homeless families in this program. They report that the personnel transition is complete.

The Work Force Initiative Act is a referral program that was substantially under enrolled in 2009-10. This is due to a limited number of referrals. Children's Council serves families in this program as they are referred, and has no control over the number of referrals.

### **Findings of the Alternative Payment Monitoring Unit Review of Children's Council**

The California Department of Education's Alternative Payment Monitoring Unit conducted reviews of Children's Council's administration of CalWorks Stage 2 and California Alternative Payment Program contracts in FY 2006-07 and FY 2007-08. The Alternative Payment Monitoring Unit assessed error rates for (1) eligibility, (2) need, (3) calculation of family fee and (4) provider reimbursement and found an overall error rate of 87 percent in both reviews.

The review noted that large error rates such as this were usually attributable to systemic errors in which agencies make errors repeatedly in the same situations reflecting policy or procedural mistakes. The reviewers noted that these errors were easily correctable through standard procedural changes in agency operations.

Children's Council and Human Services Agency have disputed the validity of the Alternative Payment Monitoring Unit error rate. The Human Services Agency Program Manager has written that "...many findings by California Department of Education proved not to be errors when reviewed and followed up on by the Human Services Agency audit team. In addition California Department of Education had not yet provided regulatory guidance nor training on many of the changes in regulation."

Nonetheless, the current Children's Council internal auditing template used to audit payment and family files during Children's Council's internal audit procedures includes

items form the Alternative Payment Monitoring Unit review. The findings of Children’s Council’s internal audits are shared with Human Services Agency staff during site monitoring visits.

### **Rational for Sole Source Bid**

The consolidation of the administration of all state and local child care subsidy payment contracts with one agency and its subcontractor means that Human Services Agency relies on Children’s Council to administer over 90 percent of all child care subsidy payments in San Francisco. In addition to the subsidy administration, Children’s Council acts as the fiscal agent for the Infant and Toddlers Sustaining Grant program and the Wages Plus program and conducts program monitoring of both these programs.

The Human Services Agency contends that the consolidation of program management and subsidy administration avoids fragmentation of funding streams known as “seams”. One of the primary goals of the alternative payment process and the Centralized Eligibility List is to provide a seamless and uncomplicated enrollment process for families seeking subsidized child care in order to enroll as many eligible families as possible.

Stage 3 CalWorks child care subsidies serve families who meet need and income eligibility criteria and who have “timed out” of Stage 2 after two years. Children’s Council administers Stage 3 subsidies under a contract with the California Department of Education. California Department of Education does not intend to rebid administration of Stage 3. Therefore, if subsidized child care is to be offered seamlessly, administration of all three CalWorks subsidies must be consolidated with one entity.

### **Conclusions**

Children’s Council of San Francisco has provided child care subsidy administration for the City and County of San Francisco since 1998 without having to bid competitively for the renewal of the contract, which was renewed most recently for \$269,624,515 in May 2006 for a six year period ending June 30, 2012. The Board adopted the resolution approving the contract on the recommendation of the Budget Analyst noting that the other Alternative Payment Association that could legally provide subsidy administration services did not have a significant presence in San Francisco and that consolidation of child care subsidies allowed families to transfer seamlessly between funding sources depending on changes in their income and eligibility.

This seamlessness which includes a single point of contact for families and standardized enrollment procedures, enables families to retain child care without having to negotiate the enormously complex child care subsidy system or moving themselves from one funding stream to another as their eligibility and personal circumstances change.

Additionally, using one Alternative Payment agency for all subsidy administration avoids duplication of effort and associated costs, facilitates use of local funding to assist families ineligible for state funding, and enables standardized reporting and economies of scale.

However, the Wages Plus component of the contract between the Human Services Agency and the Children's Council could be competitively bid without impacting subsidy administration.

Most of the under expenditures of child care subsidies under contract to Children's Council is due to factors beyond Children's Council's control. However, the absence of a competitive procurement process reduces the incentive to create and achieve performance objectives and measures that require maximizing the use of available subsidies and thereby maximizing enrollment in child care for the county's low income families. Additionally, full and open competitive solicitations promote fairness and transparency and the potential for higher productivity and efficiency..

Failure to expend the entire subsidy contract amount for a funding source or program is unavoidable for some funding sources. However, given that Children's Council has held a sole source contract of a substantial amount for many years, and although the reasons for under expending various contracts is known to both the Human Services Agency and Children's Council staff, Children's Council should be required at the close of each fiscal year to explain the reasons for under use or over expending of subsidy contracts. The Human Services Agency should in turn reach a determination that the inability to recruit and subsidize child care during the fiscal year within a given funding source is not attributable to insufficient or poorly conceived outreach and recruitment activities or other administrative shortcomings.

## **Recommendations**

The Executive Director of the Human Services Agency should:

- 6.1 Instruct the Program Manager and Director of Contracts in the Human Services Agency to develop a competitive solicitation for administration of the Wages Plus program, in time for the renewal of the contract in June 2012.

The Program Manager and Director of Contracts in the Human Services Agency and contract staff at the Department of Children, Youth and Their Families should:

- 6.2 Include in their contract monitoring procedures a requirement that Children's Council produce a summary report at least once a year on the reasons for under expenditures or over expenditures (if any) in each child care funding stream.

## **Costs and Benefits**

There would be no new costs associated with a competitive solicitation for fiscal agency of the Wages Plus program or to produce an annual monitoring report that describes the amount and reasons for "unearned" or over expended child care subsidy administration contracts.

Competition between service providers to provide fiscal agency services for the Wages Plus program will allow funders to ensure that they are receiving the lowest cost service provision.

General Fund programs, such as ACCESS and City child care subsidies, were underutilized and under spent by approximately \$160,000 in FY 2009-10. Similarly, the General Fund program for foster children, (Family and Children City and County) was under spent by \$340,000. Closer monitoring by the Human Services Agency of the Children's Council's program administration could result in increased utilization of child care services, equal to \$500,000 in General Fund monies.

## **7. Early Childhood Health Consultation and Screening Program**

- **The Child Care Health Project provides health screening, consultation, and training at child care programs with the goals of increasing the number of children within vulnerable populations who receive health screenings and referrals, and ensuring families and child care professionals know how to locate and access health services by assisting with appointment scheduling and follow-up. The Project began with a commitment from the Human Services Agency and First 5 San Francisco to fund the program from FY 2007-08 through 2009-10. The agreement has been extended through FY 2010-11. The decision not to enter a new contract was based on questions regarding the sustainability of funding.**
- **While First 5 San Francisco, the Human Services Agency and Department of Public Health worked together to choose which child care providers should receive Child Care Health Project services, agencies have not formally documented selection criteria or processes. Rather agencies have informally agreed to serve sites that (1) enroll children using CalWorks or other voucher subsidies, (2) are State-licensed and receive subsidies for low-income children (3) receive child care subsidies for homeless children, and (4) receive Preschool For All funding. While these criteria appear reasonable, the list does not include a review of neighborhoods with concentrations of children under five. As a result, certain areas, specifically the Sunset and Richmond, may be underserved.**
- **Further, the Child Care Health Project could expand efforts to serve Family Resource Centers in six targeted neighborhoods as well as other areas with high concentrations of children in family-based care facilities. For example, the Outer Mission is a target neighborhood with only one center that receives Child Care Health Project services, and the Child Care Health Project does not serve any centers in Visitation Valley. Both the Outer Mission and Visitation Valley are characterized by high numbers of low income families with children in family-based care. The Child Care Health Project service selection criteria should be formalized to include the considerations already in use, as well as (1) locations of child care programs, and (2) type of child care facilities.**
- **Child Care programs receive bimonthly, quarterly, or annual Child Care Health Project visits. Agencies did not provide evidence that service volume is tracked or evaluated on a site-level basis. The Child Care Health Project should implement a monitoring tool with metrics assessing need at each child care site in order to make precise determinations about the number of annual visits appropriate for individual programs.**

## Child Care Health Project

The Human Services Agency and First 5 San Francisco fund the Department of Public Health to provide medical and health screenings and consultation for children attending child care centers in San Francisco.

**Table 7.1**  
**Child Health Program Expenditures**  
**FY 2008-09 to FY 2010-11**

	<b>FY 2008-09 Expenditures</b>	<b>FY 2009-10 Expenditures</b>	<b>FY 2010-11 Budget</b>	<b>Increase/ (Decrease) FY 2008-09 to FY 2010-11</b>	<b>Percent</b>
Child Care Health Project (CCHP)	721,325	861,243	835,810	114,485	15.9%

Source: Human Services Agency, and First 5 San Francisco

The Department of Public Health began providing these services in 1998, when Public Health nurses began visiting child care centers with a high number of CalWorks children in attendance. The Department of Public Health was selected to provide child health services to early care and education programs funded by the Human Services Agency and First 5 San Francisco through the 2007 joint solicitation process. The program, now referred to as the Child Care Health Project, is intended to serve as a coordinated program of health screening, consultation, and training. The program's goals are to increase the number of children within vulnerable populations who receive health screenings and who have a regular medical and dental provider, and ensure families and child care professionals know how to locate and access health care services.

The Child Care Health Project aims to serve the children attending child care programs in low-income neighborhoods or high risk environments, including licensed child care centers, Preschool for All sites, homeless and domestic shelters, and Family Resource Centers.<sup>1</sup>

## Allocating Child Health Resources

The Child Care Health Project does not formally document the selection of child care programs to receive Child Care Health Project services. The current Memorandum of Understanding revised in April 2010 does not include a description of the selection process. According to the Human Services Agency, the program funds informally

<sup>1</sup> Family Resource Centers are neighborhood-based resource centers providing services to families, including parent education and support, information and referral, parent-child play groups, early literacy programming, and community social events.

agreed upon a set of site selection considerations listed in the draft MOU written at the start of the joint solicitation in 2007. The considerations were as follows:

- Sites that enroll families using CalWorks and other voucher subsidies, including Family and Children's Services (child protective services);
- Licensed child care providers serving concentrations of subsidized children;
- Sites serving high concentrations of homeless children;
- Preschool For All sites.

The Department of Public Health, Human Services Agency, and First 5 San Francisco selected 92 sites to receive services in 2007 after a detailed review process. According to data provided by the Human Service Agency, the Child Care Health Project currently serves 135 child care sites. Many of the sites were included on the original 2007 list. New sites have been added at the recommendation of First 5 San Francisco and, to a lesser degree, the Human Service Agency. Since 2007, First 5 San Francisco has added a between six and ten Preschool for All sites every year. Other modifications to the original list have resulted from preschool closures, programs declining services, and preschools that public health nurses assessed to need more or less service.

As shown in Table 7.2 below, the Child Care Health Project is meeting its goal of conducting screenings in neighborhoods with the most sites participating in Preschool for All, subsidized licensed child care, and serving families participating in CalWorks programs and homeless families. The majority of the sites participating in the Child Care Health Project are located in lower income neighborhoods: Bayview/Hunters Point and Visitacion Valley; Inner Mission and Potrero Hill; Hayes Valley, Western Addition and Haight; and South of Market. A large percentage of the participating sites in these neighborhoods provide Preschool for All programs and serve families participating in CalWorks Stages 1 and 2, and families who are homeless.

**Table 7.2**  
**Programs Receiving Child Care Health Project Services, July 2009**

Neighborhood	Child Care Health Project Sites		Percent of Child Care Health Project Sites with Enrollment			
	Number	Percent	Preschool for All	Homeless	Cal Works 1	Cal Works 2
Sunset Richmond, Parkside	22	16%	14%	0%	23%	32%
Bayview Hunters Point, Visitacion Valley	25	19%	52%	0%	16%	20%
Mission & Potrero	20	15%	75%	5%	5%	0%
Outer Mission and Ingleside	14	10%	71%	0%	14%	21%
Civic Center, Western Addition, Haight	20	15%	55%	0%	20%	10%
Upper Market and Portola	7	5%	43%	0%	14%	0%
China Town and North Beach	18	13%	44%	0%	6%	11%
Embarcadero and Waterfront	2	1%	50%	0%	0%	50%
South of Market	7	5%	71%	29%	57%	57%
<b>Total</b>	<b>135</b>	<b>100%</b>				

Source: First 5 San Francisco, Human Services Agency

The Child Care Health Project is serving neighborhoods with high percentages of families below the federal poverty level, several of which have high concentrations of children under five. However, the Project may not meet the needs of families in neighborhoods with high numbers of children under five but lower numbers of families with incomes above the federal poverty level. The Sunset, Richmond, and Parkside neighborhoods have approximately 30 percent of the City's population of children under the age of five. However, the Child Care Health Project serves comparatively few child care sites in these neighborhoods: 22 of 135 child care sites, or 16.3 percent. The Child Care Health Project should incorporate an evaluation of demand among all neighborhoods when selecting which sites to serve. Many families above the poverty level do not have health insurance or may not be ensuring regular healthcare for their children.

### Family Resource Centers

As shown in Table 7.3, the Child Care Health Project currently serves eight Family Resource Centers and three homeless shelters. Because Family Resource Center functions vary and may range from serving a limited administrative function to offering child care, the Child Care Health Project provides different services depending on each Center's needs. According to the Department of Public Health, Child Care Health Project services provided to Family Resource Centers and shelters tend to be more impromptu than the regular health screening services provided at child care centers, and often involve parent and family education.

**Table 7.3**  
**Child Care Health Project Service to Family Resource Centers and**  
**Homeless Shelters by Neighborhood**  
**FY 2009-10**

Target Neighborhood	Number Receiving Child Care Health Project Services	
	Family Resource Centers	Homeless Shelters
Mission	2	2
Potrero	1	0
South of Market	1	0
Bayview/ Hunters Point	2	0
Western Addition	1	0
Outer Mission	1	0
Treasure Island	0	1
<b>Total</b>	<b>8</b>	<b>3</b>

Source: First 5 San Francisco, Human Services Agency

Based on the data provided by the Human Service Agency and shown in the table above, the Child Care Health Project could re-distribute resources and improve efforts to serve Family Resource Centers in the six target neighborhoods that the program identified as in need of health consultations and screening: Mission, South of Market, Potrero Hill, Bayview/ Hunters Point, Western Addition, Excelsior. The Mission is the only neighborhood with more than one Family Resource Center. Notably, only one of the Family Resource Centers receiving Child Care Health Project services is located in the Outer Mission neighborhood, a gap in services in light of the fact that the Outer Mission has a high concentration of home-based child care facilities that are significantly underserved by Child Care Health Project, and Family Resource Centers are an important resource for families with children enrolled in child care programs that do not participate in the Child Care Health Project. Additionally, none of the Family Resource Centers receiving Child Care Health Project services are located in Visitation Valley, a neighborhood with a high concentration of family-based child care facilities.

## Tracking and Reporting Service Results

Sites participating in the Child Care Health Project program may receive one of three levels of services:

*Bi-Monthly:* Staff visit the site on a bi-monthly basis to conduct screenings, chart reviews, safety and health assessments, and disaster preparedness.

*Quarterly:* Staff visit the site on a quarterly basis to conduct screenings, chart reviews, safety and health assessments, and disaster preparedness.

*Annually:* staff visit the site once each year and provide as-needed consulting services over the phone.

Age-eligible children at child care sites receiving bimonthly and quarterly Child Care Health Project visits may undergo dental, medical/health and vision screenings with parental permission. Sites receiving annual visits do not receive screenings. Children must be at least three years old to participate in vision screens and four years old to participate in hearing screens.

According to the Human Service Agency, criteria for site visit frequency was developed during initial planning meetings between First 5 San Francisco, the Human Service Agency, and the Department of Public Health in 2007. Initial service levels at each site were based on the number of low income children eligible for subsidized child care as well as low ECERS scores.<sup>2</sup>

Since FY 2007-08, the Department of Public Health has been given the flexibility to increase or decrease visitation/ intensity of service based upon assessment of need after working with the sites. According to Human Services Agency, the service volume that was initially determined has remained stable.

While criteria selection described by the Human Service Agency and by First 5 San Francisco appears reasonable, the departments did not provide formal evidence that Child Care Health Project staff were evaluating service volume determinations. Without conducting an evaluation of need at each child care site, the Child Care Health Project lacks the data necessary to determine the approximate number of children that require screenings and consultations at each site. If the Child Care Health Project implemented a monitoring and evaluation tool with metrics assessing need at each site, the Child Care Health Project could make more precise determinations about the number of visits appropriate for individual sites.

The Memorandum of Understanding between the Department of Public Health and Human Service Agency and First 5 San Francisco established performance measures for FY 2009-10.

The first performance measure states that Child Care Health Project services will be provided to 104 sites including (a) 80 licensed child care centers of which 46 are Preschool For All sites, (b) three residential Treatment Programs/shelters, and (c) 21 Family Resource Centers of which 12 will receive additional services. While the Child Care Health Project met its target for serving licensed child care centers and Preschool for All sites, the Project did not meet its Family Resource Center targets, as shown in Table 7.3.

FY 2009-10 performance measures included detailed measures for (a) on-site consultation at licensed child care centers and family resource centers, (b) various health screenings at licensed family child care centers and certain family resource centers, and

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<sup>2</sup> The ECERS score is a determined through a structured evaluation of the child care site and is an accepted assessment of the quality of the child care experience of children at a site (see Section 3).

(c) training to licensed child care center and family resource center staff. Data provided by First 5 San Francisco indicate that the Child Care Health Project met the detailed performance measures.

Table 7.4 below shows the number of hearing, vision, nutrition and dental screenings completed in FY 2009-10. While this data shows the Child Care Health Project is meeting its Citywide benchmarks, the lack of site-level information in this report prevents an understanding of service distribution. Specifically, the data does not indicate whether individual sites are meeting targets, or whether services are being evenly distributed among the target population of low-income children throughout San Francisco.

**Table 7.4**  
**Child Care Health Project Health Screenings Completed in FY 2009-10**

<b>Screenings at Child Care Centers</b>	<b>FY 2009-10 TARGETS</b>	<b>TOTAL</b>	<b>Actual Compared to Target</b>
Hearing	900	1,273	373
Vision	900	1,991	1,091
Nutrition	900	1,481	581
Dental	1,500	1,876	376
Other/Special Needs	n/a	108	n/a
<b>Total</b>	<b>4,200</b>	<b>6,729</b>	<b>2,529</b>

Source: Department of Public Health

One of the Child Care Health Project goals for FY 2009-10 was to increased access to oral health care for children. Through collaboration with First 5 San Francisco, Dental Society, Dental Hygienist Society, University of California San Francisco and University Of the Pacific School of Dentistry, the Child Care Health Project was able to conduct a pilot program that included educating, referrals, screening and applying dental varnish to the teeth of 684 preschool children. The preventive care was provided free of charge in winter quarter 2009-10. Children from 18 child care sites participated in the free dental varnish opportunity. According to the Department of Public Health, selecting participating sites involved considering the need for dental services (e.g. whether sites had received free dental services earlier in the year), the site director’s willingness to participate, parental consent, and availability of the dental instructor and dental students.

Health, Vision, Hearing, and Dental Referrals

Child Care Health Project staff also collect and report the number of children and families that receive referrals, and the Nurse Manager in turn submits data to the Director of the Maternal, Child and Adolescent Health program at the Department of Public Health. This referral data informs the Maternal, Child and Adolescent Health annual report that is submitted to the State that is required to obtain matching funding. The key data for state Maternal, Child and Adolescent Health reporting is the number of successful health appointment referral appointments. The target is a 50 percent success

rate. Table 7.5 below details the number of referrals completed by the Child Care Health Project and the percentage of families that made and attended referral appointments.

**Table 7.5**  
**Child Care Health Project Health Screenings Referred for Follow-Up in**  
**FY 2009-10**

Type of Referral	Total Referrals	Follow Up Appointment Completed	Target	Actual
Hearing	62	50	50%	81%
Vision	92	83	50%	90%
Nutrition	235	222	50%	94%
Dental	702	497	50%	71%
Other/Special Needs	108	108	50%	100%
<b>Total</b>	<b>1,199</b>	<b>960</b>	50%	80%

Source: Department of Public Health

Public nurses have successfully connected families to services to ensure that families follow through on the referrals, as is evident in the table above. As with the screening reports, however, while the Child Care Health Project is meeting the Citywide screening benchmarks, the lack of site-level information prevents an understanding of service distribution. Also the Child Care Health Project does not follow individual children from one school year to the next. As a result, the Child Care Health Project does not have longitudinal data on health screening or referral rates.

Child Care Health Project Education and Training

Child Care Health Project staff conduct trainings for teachers at child care sites and for families at Family Resource Centers. In FY 2009-10 the Child Care Health Project focused on increasing awareness of disaster preparedness and collected data which showed that the Child Care Health Project provided Disaster Preparedness training and free supplies to 319 parents, child care providers and children.

**Table 7.6**  
**Child Care Health Project Disaster Preparedness Trainings Conducted**  
**in FY 2009-10**

Name of Child Care Site	Number of Providers/Parents Participants
UCSF Child Care Centers	12
Children's Council-Spanish Family Child Care	16
Children's Council- Child Care Providers	29
Sojourner Truth Preschool	4
Portola Family Connections Preschool/FRC	8
Parkside Preschool	18
Portola Family Connections Preschool/FRC	7
Stonestown YMCA Healthy Kids Day	69
Telegraph Hill Preschool	8
Florence Crittenden Preschool	6
Mio Preschool	2
<b>Subtotal</b>	<b>179</b>
Free Disaster Supply Distributed to 48 Sites	140
<b>Total</b>	<b>319</b>

Source: Department of Public Health 2009-10 Annual Report –Maternal Child and Adolescent Health

Expanding the information collection to include a description of the site selection process and to cover all educational and training exercise, not just select efforts such as the Disaster Preparedness Program would increase transparency and help ensure distribution of services to meet the Child Care Health Project targets and Citywide need.

### **Future of the Child Care Health Project**

Current funding for the Child Care Health Project is not secure. Under the 2007-2010 Joint Competitive Solicitation grant agreement, the Child Care Health Project program began with a three-year commitment from the Human Service Agency and First 5 San Francisco, from FY 2007-08 through FY 2009-10. The project was then extended for one more year, through FY 2010-11. The decision not to enter a new contract was based on questions regarding the sustainability of future program funding. When Child Care Health Project funding was reduced from \$928,000 in FY 2009-10 to \$835,000 in FY 2010-11, the Department of Public Health leveraged Maternal Child and Adolescent Health federal matching funds to make up the difference, by transferring First 5 San Francisco nurses to Maternal Child and Adolescent Health. While the Department of Public Health has been able to increase federal funding in the past few fiscal years, the Department may not be able to continue to leverage additional federal funding in future years.

The table below details the other the Department of Public Health programs that provide health services that may include screenings for children ages 0-5. The majority of these programs are located within the Maternal Child and Adolescent Health program.

**Table 7.7**  
**Department of Public Health Programs Offering Services to Children**  
**Ages 0-5**

Department of Public Health Program Name	Program Description
Black Infant Health Program	Education, health care and social services to pregnant black mothers and their babies.
Health Care for Foster Children	Education, health care and social services to foster care children ages 0-12.
Family Mosaic	Health care and diagnosis to emotionally disturbed children.
Jelani House	Residential treatment for women with drug additions includes access to infant and toddler medical care.
California Children Services Medical Therapy Program	Health evaluations and assessments, physical therapy services, general health services, neurology services and occupational therapy services to children (ages 0-5) with neuromuscular diseases.
CA Children's Services (CCS)	Serves 2,000 children in San Francisco with special medical needs. Many of the children served are 0-5 and were identified in the natal wards of SF hospitals due to premature birth, brain disorders or symptoms related to parental substance-abuse.
Pediatric Hospice Pilot Program	Social support and medical treatment to the families with children who are dying.
Home Visitation Program	Home visitations for first-time mothers include education, health care and social services to ensure health and safety for children ages 0-5.

Source: Department of Public Health

While the menu of services provided by these Department of Public Health programs may include health screening for young children, most target younger children ages 0 to 3 or specific groups such as severely ill and emotionally disturbed children, and none of the other programs provide direct services to child care programs. Participation in other programs has no impact on Child Care Health Project staff decisions to conduct screenings and consultations.

## Conclusions

The Child Care Health Project currently plays an important role in providing health screening, consultation, and training to children and families within vulnerable populations. While other Department of Public Health initiatives include screenings for young children, no other health service initiatives provide direct services to early child care programs. The funding agencies and Department of Public Health worked together

to select which sites would receive Child Care Health Project services, but agencies did not provide current, formal documentation of the selection criteria or process. Rather, agencies have agreed to serve sites that (1) enroll children using CalWorks and other voucher subsidies, (2) receive Title 5 funding (State funding for child care programs meeting specific licensing requirements), (3) have low environmental assessment scores, (4) serve homeless children, and (5) receive Preschool for All funding. While these criteria appear reasonable, they do not include a review of neighborhoods with concentrations of children under five. As a result, certain neighborhoods, specifically the Sunset and Richmond, may be underserved. Further, the Child Care Health Project should also consider re-distributing funding in order to better serve Family Resource Centers in six targeted neighborhoods. For example, only one of the Centers receiving Child Care Health Project services is located in the Outer Mission neighborhood, which has a high concentration of home-based child care facilities and thus a high need for Family Resource Center services that offer screenings and referrals. The Child Care Health Project should also expand the target neighborhoods to include areas such as Visitation Valley, which is characterized by a high number of low income families and home-based child care facilities. In terms of service volume, child care programs receive bimonthly, quarterly, or annual Child Care Health Project visits. Departments did not provide evidence that site-level service volume is formally evaluated. Without conducting an evaluation of need at each child care site, the Child Care Health Project lacks the data to know the approximate number of children that require screenings and consultations at each site. Establishing formal criteria and processes to make site selection and service volume determinations will maximize the use of resources and help ensure equitable distribution of services.

## Recommendations

The Human Services Agency Child Care Policy and Planning Manager and the Director of First 5 San Francisco and the Human Services Agency should:

- 7.1 Work with the Child Care Health Project to formalize Child Care Health Project selection criteria to include the considerations already in use, e.g. sites that (a) enroll children using CalWorks and other voucher subsidies, (b) receive Title 5 funding, (c) have low environmental assessment scores, (d) serve concentrations of homeless, and (e) receive Preschool For All funding), as well additional criteria that includes (f) geographic locations of child care programs, and (g) type of child care facilities.
- 7.2 Implement a monitoring and evaluation tool with metrics assessing need at each child care program in order to make precise determinations about the number of annual visits appropriate for individual programs.
- 7.3 Evaluate service distribution across all sites to determine if resources could be re-distributed to increase Child Care Health Project presence in Family Resource Centers in the neighborhoods that are characterized by a high number of low income families and home-based child care facilities.

## **Costs and Benefits**

Implementation of recommendations should be accomplished using existing resources. The benefits include maximizing the use of limited resources and helping ensure equitable distribution of health screening and consulting services across publicly funded child care programs in San Francisco.

## 8. Early Childhood Mental Health Consultation Initiative

- **The Human Services Agency, Department of Children, Youth and Their Families, and First 5 San Francisco jointly fund the Department of Public Health to manage the Early Childhood Mental Health Consultation Initiative. The Department of Public Health contracts with mental health consultants to provide mental health programs to child care centers and family child care homes. FY 2009-10 Early Childhood Mental Health Consultation Initiative expenditures were \$4,028,818.**
- **Participation in the Early Childhood Mental Health Consultation Initiative is voluntary. The community based organizations providing mental health consultation services offer mental health services to eligible programs, including child care centers, family child care homes, and sites providing services to families, including family resource centers and homeless or domestic violence shelters. The Early Childhood Mental Health Consultation Initiative steering committee reviews site selection to ensure that priority sites receive services.**
- **Some neighborhoods have comparatively more sites that receive early childhood mental health consultation services. The Outer Mission and Ingleside, and Bayview/Hunters Point and Visitacion Valley have a lower percentage of sites receiving early childhood mental health consultation services in relation to child care capacity compared to other low income neighborhoods. Both of these neighborhoods have more child care provided by family child care providers than the Citywide average.**
- **Monitoring of the mental health consultants consists of demographic and narrative reports completed by the consultants, which vary in the level of detail. The weakest section of the narrative report was the number of referrals that were made to other services. The range of what constitutes a referral is broad, with consultants' reporting no referrals to more than 300 referrals. For example, one consultant reported that they "distributed donated holiday gifts to 150 children" as a referral. The narrative reports did not consistently document whether the families followed through on the referral. Whether families actually accessed the services would be an important indicator of the effectiveness of the referral.**

The Human Services Agency, Department of Children, Youth and Their Families, and First 5 San Francisco jointly fund the Department of Public Health to provide mental health consultation to child care centers and family child care providers. First 5 San Francisco also funds the Department of Public Health to provide mental health programs

to Family Resource Centers,<sup>1</sup> and homeless and domestic violence shelters. Mental health program expenditures have been relatively constant from FY 2008-09 through FY 2010-11, as shown in Table 8.1.

**Table 8.1**  
**Child Health and Mental Health Program Expenditures**  
**FY 2008-09 to FY 2010-11**

	<b>FY 2008-09 Expenditures</b>	<b>FY 2009-10 Expenditures</b>	<b>FY 2010-11 Budget</b>	<b>Increase/ (Decrease) FY 2008-09 to FY 2010-11</b>	<b>Percent</b>
Early Childhood Mental Health Consultation Initiative (ECMHCI)	\$3,886,568	\$4,028,818	\$3,867,612	(\$18,956)	(0.4%)

Source: Human Services Agency, Department of Children, Youth and Their Families, and First 5 San Francisco San Francisco

## Early Childhood Mental Health Consultation Initiative

The Early Childhood Mental Health Consultation Initiative supports child care center and family child care staff in understanding and responding to children's behavior and help families with children's behavioral or developmental problems. The program targets child care centers, family child care providers, homeless or domestic violence shelters, and other settings that provide services to low-income families or families that are high risk for behavioral and developmental problems.

The Early Childhood Mental Health Consultation Initiative was first implemented in 1995 with private foundation money. The program is based on a model developed by the University of California Infant/Parent Care program in which mental health consultants work with child care providers to develop an environment that fosters the emotional and social development of children. Services provided by the Early Childhood Mental Health Consultation Initiative include:

- Consultation with child care site administrators and program staff to improve the child care environment, including evaluation of daily routines and transition between child care activities;
- Classroom observation to identify children who may need further evaluation or services;

<sup>1</sup> Family Resource Centers are neighborhood-based resource centers providing services to families, including parent education and support, information and referral, parent-child play groups, early literacy programming, and community social events.

- Case consultation or case management of individual children and families with special behavioral or developmental needs;
- Group or one-on-one interventions with children and parents, ranging from skills building to therapeutic interventions; and
- Training and work shops for families and child care providers on child development or parenting skills.

## **Allocating Mental Health Resources**

Participation in the Early Childhood Mental Health Consultation Initiative is voluntary. The community based organizations selected by the Department of Public Health to provide mental health consultation services offer mental health services to eligible programs. The sites include child care centers, family child care providers, and sites providing services to families, including family resource centers and homeless or domestic violence shelters. The Early Childhood Mental Health Consultation Initiative steering committee maintains a master list of subsidized child care providers and reviews site selection to ensure that priority sites<sup>2</sup> receive services.

Currently, 208 sites receive Early Childhood Mental Health Consultation Services:

- 137 child care centers;
- 35 family child care homes; and
- 36 Family Resource Centers, homeless shelters, and domestic violence shelters.

Early childhood mental health consultation services are provided to child care centers, family child care providers, and service sites in all of the City's lower income neighborhoods. However, some neighborhoods have comparatively more sites that receive early childhood mental health consultation services. As shown in Table 8.2, the Outer Mission and Ingleside, and Bayview/Hunters Point and Visitacion Valley have a lower percentage of sites receiving early childhood mental health consultation services in relation to child care capacity compared to other low income neighborhoods. Both of these neighborhoods have more child care provided by family child care providers than the Citywide average, as discussed in Section 5.

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<sup>2</sup> Priority sites include child care providers with subsidized child care slots or CalWorks families, homeless and domestic violence shelters, Family Resource Centers, Head Start programs, and San Francisco Unified School District child development sites.

**Table 8.2**  
**Comparison of Sites Receiving Early Childhood Mental Health**  
**Consultation Services to Child Care Capacity**  
**FY 2009-10**

Neighborhood	Percent of Child Care Capacity	Percent of All Sites
Sunset, Richmond, and Parkside	27.8%	11.5%
Bayview/Hunters Point and Visitacion Valley	15.7%	12.5%
Mission and Potrero	11.8%	19.2%
Outer Mission and Ingleside	8.8%	7.2%
Civic Center, Western Addition, Haight	15.0%	16.8%
Upper Market and Portola	7.8%	5.3%
Chinatown and North Beach	3.4%	12.5%
Embarcadero and Waterfront	6.2%	1.4%
South of Market	3.6%	9.6%
Unknown	n/a	3.8%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Early Childhood Mental Health Consultation Initiative Demographic Reports and 2000 Census Data

In April 2010 the Department of Public Health issued a Request for Proposals for mental health consultation services for three years, FY 2010-11 through FY 2012-13. The Department selected nine community based organizations to provide mental health consultation services to early childhood care and education programs, reduced from the 14 community based organizations who provided services in FY 2009-10. These nine community based organizations had previously contracted with the Department of Public Health to provide these services.

According to First 5 San Francisco, which serves as the lead agency in monitoring the Early Childhood Mental Health Consultation Initiative, the 2010 Request for Proposals was intended to be “more prescriptive” than the prior contracts with the community based organizations. The goal is to consolidate services so that more than one mental health consultant would not serve child care agencies that administer more than one child care site. Also, new sites entering the program are to apply to the Department of Public Health program manager rather than applying directly to the mental health consultant.

## Tracking and Reporting Service Results

The Early Childhood Mental Health Consultation Initiative does not have fully developed performance measures for each of the mental health consultants.

## **Evaluation of the Early Childhood Mental Health Consultation Initiative**

Two formal studies have been conducted to measure the outcomes of the program as a whole.

**2006 to 2008 Evaluation Report.** The Department of Public Health conducted a longitudinal study of the program for calendar years 2006 through 2008. The study found that:

1. Children receiving Early Childhood Mental Health Consultation services had fewer behavioral problems and were better able to adapt to their environment;
2. The effectiveness of the Early Childhood Mental Health Consultation Initiative was sustained after children entered kindergarten; and
3. Children who attended child care programs participating in the Early Childhood Mental Health Consultation Initiative had improved social and emotional skills after entering kindergarten, even if they did not receive direct mental health services.

**Consultation Activities in Family Resource Centers.** First 5 San Francisco contracted with the University of California to evaluate the impact of the Early Childhood Mental Health Consultation services provided to family resource centers. The goal of this study was to identify the components of the mental health consultation services provided to two family resource centers and how these activities could be expanded to other family resource centers.

## **FY 2010-11 Early Childhood Mental Health Consultation Initiative Objectives and Performance Measures**

The Department of Public Health developed eight program objectives that the mental health consultants must meet in FY 2010-11. These objectives focus on improved understanding or responses to children's behavior after receiving mental health consultation services and the effectiveness of the mental health consultant in working with child care providers and families. The objectives are measured by surveying child care providers and families on the effectiveness of services.

Specific FY 2010-11 Early Childhood Mental Health Consultation Initiative performance measures focus on the number of sites, child care providers, and children and families served by the initiative. Each mental health consultant is required to provide (a) demographic and program reports detailing who is served and what services are provided, and (b) annual narrative reports detailing the programmatic successes, challenges, and learning opportunities. The format of the annual narrative reports is subject to change each year.

## **Results of FY 2009-10 Mental Health Consultant Demographic and Narrative Reports**

In FY 2009-10, each mental health consultant completed demographic and narrative reports. The demographic reports compiled information on the number of child care providers, children, and families receiving services, including information on the age of the children and the gender, ethnicity and language of the child care providers, children, and families that received services.

The narrative reports were self-reported information conforming to a format designed by the Department of Public Health. Each mental health consultant was to report on (1) vignettes of children or families receiving services, (2) as assessment of how consultant services were to be improved in the coming fiscal year, (3) referrals made to other services, (4) whether children were at risk for expulsion from the program and steps taken to prevent the expulsion, and (5) whether service requirements or units were met.

Each mental health consultant reported separately on services provided to child care providers, family resource centers, or homeless and domestic violence shelters. Because the information provided was qualitative, conclusions about the mental health consultant's performance can not be easily drawn. The reports varied in the level of detail provided for each of the five topics.

The weakest section of the narrative report was the number of referrals that were made to other services. The range of what constitutes a referral was very broad, with consultants' reporting no referrals to more than 300 referrals. For example, one consultant reported that they "distributed donated holiday gifts to 150 children" as a referral. Another consultant only reported referrals to other physical or mental health providers. The narrative reports did not consistently document whether the families followed through on the referral. Whether families actually accessed the services would be an important indicator of the effectiveness of the referral.

## **Conclusions**

While Early Childhood Mental Health Consultation services are targeted to lower income neighborhoods, two neighborhoods - Bayview/Hunters Point and Visitacion Valley, and Outer Mission and Ingleside - have fewer services. Both of these neighborhoods have more child care provided by family child care providers than the Citywide average.

The mental health consultants self-report on the services that they provide in the annual narrative report. These reports vary in the level of detail. The consultants list a range of services as referrals, and many of the consultants did not report on families' follow through of referrals.

## **Recommendations**

The Human Services Agency Child Care Planning and Policy Manager, the Director of the Department of Children, Youth and Their Families, and the Director of First 5 San Francisco should:

- 8.1 Work with the Director of Child, Youth and Family System of Care (Department of Public Health) to conduct outreach and recruit child care providers and families to receive mental health consultation services.
- 8.2 Work with the Director of Child, Youth and Family System of Care (Department of Public Health) to develop (a) criteria for reporting referrals, and (b) protocols for addressing patterns of problems in referrals.

## **Costs and Benefits**

Implementation of recommendations should be accomplished using existing resources with the goal of maximizing the use of limited resources and helping ensure equitable distribution of mental health consultation services.

**Written Responses to the Performance Audit of San Francisco's Early Care and Education Programs by:**

- **The Human Services Agency**
- **The Department of Children, Youth and Their Families**
- **First 5 San Francisco**

# City and County of San Francisco



*Gavin Newsom, Mayor*

# Human Services Agency

Department of Human Services  
Department of Aging and Adult Services

*Trent Rhorer, Executive Director*

November 15, 2010

Severin Campbell  
Budget Analyst's Office  
San Francisco Board of Supervisors  
(via email)

## **Subject: HSA Response to the Performance Audit of Early Care and Education Programs**

The Human Services Agency appreciates the opportunity to participate in the Budget and Legislative Analyst's Office Performance Audit of San Francisco's Early Care and Education (ECE) programs. HSA is in agreement with recommendations contained in Sections 2 through 7. In addition, we conceptually agree with Section 8, though we respectfully disagree with the recommendation to expand outreach for Mental Health consultation given the limitations of the current funding.

Over the last two years HSA has heard the child care community's expressed desire to have ECE contracting and oversight streamlined. More recently the San Francisco Providers Association and the San Francisco Family Child Care Provider Association and other key stakeholders have expressed support for a single administration and governance.

Community desire and improved administration of the ECE system are the basis for HSA's agreement with the recommendation that the city create a consolidated office of Early Care and Education for the single administration of the City's early care and education programs. **However, HSA strongly disagrees with the recommendation that planning and decision making for the new office be delegated to the First 5 San Francisco Commission.** HSA is concerned that First 5 SF lacks the administrative resources and capacity to effectively oversee this office. In addition, First 5 SF is not a City department and does not report to either the Mayor or the Board of Supervisors. Rather, First 5 SF reports to an independent Commission as dictated by State Law. Furthermore, the First 5 Commission and staff have already taken a position against the consolidation of Early Care and Education into a single office bringing into question the department's and Commission's commitment to the development of a single office.

HSA welcomes the opportunity to engage in discussions with the Board of Supervisors regarding options and considerations for the future of a consolidated office of education and early learning, including a City process for planning and executing the transition from the current system to a consolidated administration. In considering a planning and implementation process, the Board of Supervisors should recognize the legislated authority and expertise of the Child Care Planning and Advisory Council (CPAC) in overseeing child care planning in San Francisco. The planning process must also recognize the legal and technical limitations when consolidating programs into a single office.

Attached is HSA's response to the Budget and Legislative Analyst's recommendations. We look forward to implementing the recommendations and continuing to improve services for San Francisco's families and children.

Sincerely,

- via email -

Trent Rhorer  
Executive Director

**Budget Analyst Performance Audit of San Francisco's  
Early Childhood Care and Education Programs:  
Human Services Agency Response  
*Submitted November 15, 2010***

The Human Services Agency (HSA) welcomes the opportunity to comment on the Budget Analyst's Performance Audit of San Francisco's Early Childhood Care and Education Programs. This response is divided into three sections:

- Section I places the Budget Analyst's report in context by providing a system overview of the early care and education funding and history of local investments and partnership.
- Section II comments generally on broad issues raised in the Budget Analyst's report.
- Section III responds specifically to the Budget Analyst's recommendations.

## **I. Context for the Budget Analyst's Report**

### ***HSA's Role in Developing the Early Care and Education System***

The Human Services Agency has over 25 years of history of administering child care subsidies for low income families and children in protective services. In 1997, in response to federal and state welfare reform, which for the first time guaranteed child care for all families engaged in welfare-to-work activities through the State's CalWORKs Program, HSA lead the development of a child care subsidy program guided by the belief that child care was a family support – a support beyond simply helping families move from welfare to work. Driven by research and the community vision, HSA partnered with the child care community to assess need and design the new subsidy program and identified strategies to address the demands welfare reform was about to place on families and on the child care system.

In 1998 the challenges of successfully planning and implementing CalWORKs provided a rich opportunity to build upon the existing strengths of San Francisco's child care system and for HSA to partner with the child care community to address gaps and implement improvements. The strength of the system at that time included:

- A long history of the provision of child care and child care serving agencies, going back to World War II.
- Strong leadership of the licensed provider community, child care resource and referral agencies, City College of San Francisco, the Mayor's Child Care Council (the local child care planning body), and private funders.
- The creation of newly state mandated local child care planning council, the San Francisco Child Care Planning and Advisory Council (CPAC), which was smoothly transitioned from San Francisco's preexisting local planning body, the Mayor's Child Care Council. The long history of the San Francisco child care planning body, together with the strong leadership from the community which participated in that body, has made SF CPAC one of the strongest Local Child Care Planning Councils in the state.
- The Children's Fund, administered through the Department of Children, Youth and their Families, which provided operating gap funding for many provider organizations unable to exist on the state standardized reimbursement rates. DCYF also held a Child Care

Coordinator position, now the “Child Care City Administrator”, which embedded expertise within that office.

Despite these and other strengths, the system was under resourced and challenged with an undersupply of licensed care and lacked a coordinated public investment in child care.

In FY 97-98 HSA appointed a Program Manager to coordinate planning and implementation for CalWORKs child care and to coordinate the various child care program within the department with child care programs external to the department.

The State and Federally funded CalWORKs program provided funding for subsidies and for system capacity building to ensure that a system was in place for the thousands of children newly needing care. Using a collaborative planning model, HSA partnered with CPAC, the provider associations, neighborhood provider networks, and city departments, to design and successfully implement numerous initiatives to increase capacity for children, address affordability, and improve quality. While the priority was low income families the strategy was to leverage resources to more broadly serve a system which was under resourced for families at all income levels.

Over the last twelve years HSA has lead numerous planning initiatives and has chaired the CPAC Needs Assessment planning process to support the collaborative decision making of the field in understanding the unmet needs and possibilities for change based on research, data and shared vision of the field. HSA has used CalWORKs dollars (the city’s largest single source of funding for child care subsidies) and public funding opportunities to partner with the field to design and modify programs to meet the needs of providers and children and families. Examples of the key role HSA has played in building the current system include the successful design and implementation of:

- The San Francisco Child Care Facilities Fund and the Section 108 subsidized loan program of subsidized loans for new centers.
- Revolving grants for Title 5 providers to bridge operating funding until the state budget is approved.
- Infant Toddler start-up grants
- The WAGES+ program augmenting wages of child care teachers and staff, rationalizing wages and improving recruitment and retention.
- Ombudsperson for providers’ voucher payments
- The Centralized Eligibility List (CEL) to streamline subsidized care application for families and to make data available for planning
- The Child Care Inclusion Challenge Project for families and providers to link families with children with special needs to child care options
- The Partners in Quality environmental quality assessment at SFSU and unit bearing coursework and pre-assessment technical assistance to providers, now Gateway to Quality Child Care
- Kidcare Emergency Back-up and Mildly Ill care program
- Unit bearing training programs for entry level ECE and after school staff
- Health and Mental Health Consultation

- ACCESS child care for homeless families in shelter or with recent shelter stays
- License Exempt provider training through the Child Care Resource and Referral Agencies

Most recently, the Mayor’s Office assigned HSA responsibility for four southeast child care facilities and provided direct support in making capital improvements and repairs to these neglected city properties.

In addition to designing and implementing these local programs HSA has been a leader in state child care policy related to priority enrollment, rates and reimbursement, family fees, eligibility and need, licensing, and workforce.

Since 1998, HSA has collaborated with DCYF to administer local programs and investments and to leverage state funding where possible in order to maximize the local investment. Beginning in 2004 First 5’s role in child care administration expanded as a result of the passage of Prop H, and that year HSA proposed the first ECE Joint Solicitation process, conducted together with DCYF, and First 5 SF. The Joint Solicitation allowed the Departments to blend funding, leverage federal dollars and state funds, jointly implement systems improvements, and avoid duplication in contracting administration and monitoring. The success of the effort led to the 2007 ECE Joint Solicitation and, more recently, to the joint solicitation by DCYF, First 5 and HSA for the Family Resource Supports Programs and Resource Centers.

As identified in “What are the Benefits and Challenges of the Emerging Models for Governance of Early Care and Education Services/Systems in the States?”, by the Alliance for Early Childhood Finance *Issue Brief: Governance (2007)*, “...demand for more efficient governance and management has increased because the industry [child care] is growing and now represents a sizeable public and private investment, and the scope of early learning is broad and occurs in several places.”

Other efforts to consolidate administration of ECE have been fueled by increasing acceptance of evidence from childhood brain development research showing long-term impact of high-quality early education and the return on investment. This together with the sizable increase of public investment in what some policy makers may have viewed unimportant arena. That fragmented and undervalued variety of programs is now being viewed as an area of increased public and policy maker attention.

### **Local Efforts and Challenges**

A review of the local ECE investments must consider the funding trends in the field. Most significantly, the recent State rate suppression for Title 5 contracted subsidized care providers and all child care vouchers. This rate suppression renders strategies for expanding and funding care the worked in 2004 no longer effective as funding to improve quality, support workforce compensation and support expansion are now for the most part offsetting the lack of state support for the ongoing costs. Additional threats of funding reductions demand a more coordinated system of singly administered strategic investments and accountability.

Despite robust local investments in ECE, state and local budget reductions highlight differing strategies and philosophies, and sometimes fail to recognize the changing context for the local investments. Examples of this have been highlighted in the CPAC Citywide Planning Process. Data also demonstrates that ECE is losing ground in licensed capacity for the first time in over a decade. A desire to maintain the integrity of existing programs with decreased resources is, not surprisingly, a tension among funders who are not always in agreement regarding competing needs and priorities.

These local efforts are in context of a national movement to build more comprehensive oversight and coordination of fragmented public child care funding, in order to improve the effectiveness of child care as a support where San Francisco has what many others in the state envy as a model early care and learning system. However, we all agree that there are areas that need improvement.

San Francisco needs a single vision of “children learning while parents are earning”. That vision must take the big picture view that access to child care is crucial and that it is equally important for the care to be of high quality. Further, the system analysis requires a comprehensive reexamination of the landscape of ECE and a review of what is working and not working. The Joint Funders have several areas we agree need to be rethought and evaluated for efficiencies and effectiveness. Some of the recommendations in this report have already been agreed to as areas that need particular attention. There are additional strategies the Departments have agreed to examine that are not included in this report, including technology solutions and analyzing options for master grant agreements with providers currently participating in multiple city investments (i.e., WAGES+, Infant Toddler Sustaining Grants, PFA.) Lack of adequate state rates will continue to erode the benefits of local investments and availability of care – not just for subsidized families but for all San Francisco families seeking licensed care options.

It is not surprising that San Francisco is now challenged with governance and auspice issues, as these same issues have recently been a challenge throughout the country.

## **II. General Comments on the Budget Analyst Audit San Francisco’s Early Childhood Care and Education System**

### ***Section 1. Optimizing Governance of Early Care and Education***

HSA strongly agrees that the time has come to consolidate the administration of Early Care and Education into a single office. The Department has participated in numerous public and interdepartmental meetings to discuss the need and feasibility of a single office. In the absence of agreement by First 5 to participate in consolidation, DCYF and HSA agreed to move forward to realize the significant, though not complete, efficiencies of a single Office of Child Care and Early Learning proposed in the FY 10-11 budget.

A single office of Office of Child Care and Early Learning would provide community agencies and their boards, providers and other stakeholders a single entity to work with. A single office

would also reduce some of the redundancies of administration and complex demands for coordination and priority setting.

The current First 5 SF Commission composition criteria allow the Board to select future appointment with the lens that the Commission is responsible for the oversight of \$15 million in Prop H City General Funds. The Board of Supervisors appointment authority, through the Rules Committee, allows the Board to use current guidelines in order to increase the composition of Early Care and Education expertise on the Commission.

The Department *strongly disagrees* with the Budget Analyst's analysis of the next steps to consolidate the administration of Early Care and Education under the Children and Families Commission due to the following:

- The analysis fails to acknowledge that First 5 San Francisco is not a city department, and while an agency of the county has independent authority under state law (CA Health and Safety Code Sect.130140.1). Therefore, the Board of Supervisors does not have free reign to redefine the purpose and membership of the First 5 Commission as proposed. If the consolidation were to move forward as proposed, the city would be ceding authority to direct the activities of other city departments to an independent entity.
- The recommendation to have the First 5 San Francisco Commission plan the centralized administration of child care is illogical given that the Commission has already voted, at the urging of the Director, against consolidation. A forced marriage headed by an unwilling partner is unlikely to achieve the goals of consolidation given that ongoing collaboration across departments will still be required.
- No one department/agency should be solely delegated the responsibility for planning and policy decisions regarding the centralized administration of ECE. To the extent that program funding and operations are shared, the planning process must also be shared.
- While the First 5 Commission is charged with administering Prop 10 funding and the city's Preschool for All program, the Commission is not charged with the larger Advisory oversight of the ECE system. The San Francisco Child Care Planning and Advisory Council (CPAC) is charged, by statute, with creating a citywide plan for ECE, a process which is currently underway. CPAC is the Local Planning Council (LPC) created in 1991 through AB 2141, according to state and local law, charged with advising the city and state regarding ECE policy and needs. CPAC membership is half appointed by the Board of Supervisors and half appointed by the Board of Education. Appointees include representatives from DCYF, HSA and First 5 SF as well as SFUSD, City College, DPH, Head Start, Community Care Licensing, SF Provider Association, SF Family Child Care Association, Parent Voices, Child Care Resource and Referral Agencies, and various other providers and stakeholders.
- A decision-making process must include a cost benefit analysis of administrative costs and administrative strengths, organizational history and capacity, governance options including research of other state and city ECE consolidation approaches, and legal limitations and possibilities for redirecting the administration of particular funding

streams. Moreover, the decision-making process must be held by knowledgeable experts, including the involved departments, and the community stakeholders in order to improve what *is not* working well, while not breaking what *is* working well. Thoughtful decision-making about how to improve ECE administration will also require careful consideration of school age care, workforce needs, and quality.

- The Budget Analyst Audit failed to examine alternative options and to provide a cost analysis of the efficiencies and possibilities under those options. One such example is the consolidation of Aging Services into DAAS under the Human Services Agency with its own Commission. There are many commonalities between Early Care and Education and Aging in considering the need for single governance and the complexities of public and private financing.

Finally, HSA strongly urges the Board of Supervisors to consider alternative governance models and to involve CPAC in the process of finalizing recommendations for next steps in forming a single office.

## ***Section 2. Financial Performance of Early Care and Education Programs***

While HSA supports the recommendations of this section, there are several aspects of the report that merit comment.

Table 2.1 compares FY – 09-10 expenditures to FY 10-11 Budgets. This comparison is not entirely useful as a year-to-year comparison of investment in ECE. Comparing budgets to budgets or expenditures to expenditures would provide a more meaningful comparison. Alternatively, a comparison of budgets to expenditures within the *same* fiscal year may provide a more meaningful fiscal analysis.

The Budget Analyst report correctly identified that the state FY 10-11 budget had eliminated CalWORKs Stage 3. However, the report failed to point out that the elimination was a blue pencil elimination by the Governor. A court action has suspended the elimination until at least November 27<sup>th</sup>. The legislative leadership has committed to restoring Stage 3 when it returns to session in December. In the meantime HSA has been working with First 5 SF and DCYF to bridge care until the legislature can restore funding in January. In the absence of a continued stay by the court, this local stopgap will allow families more adequate notice and allow the city and the Stage 3 contractor to help transfer eligible families to other programs for which they may qualify.

The report references five funding sources managed through the interdepartmental collaboration. There are actually over 11 funding streams that the funders must coordinate and track. This complexity increases the need to carefully define the scope of planning oversight that a single office of child care and early learning could provide and underscores the importance of the recommendations in Section 2 – with or without the creation of a new office.

The funders have been in discussion regarding future competitive solicitation and the challenge of the current system's declining revenues and complicated reporting. For instance, there is an overlap of 66% of family child care providers who participate in both WAGES Plus and Infant Toddler Sustaining Grants (ITSG). Many center providers participate in multiple initiatives and hold a direct operating contract with DCYF. An examination of these overlaps and an increased understanding of the breadth and depth of reach in the field will allow the departments to approach the budget and future competitive solicitation process with our sight on efficiencies for the system and the provider contracting and reporting. The three funders are also working to ensure that the results of their own planning processes are shared and that future solicitations are strategically timed to take advantage of the planning results.

### ***Section 3. Ensuring Quality Child Care and Education***

The Human Services Agency agrees with the six recommendations in Section 3. The funders will incorporate these and additional strategies which are currently under review in order to create efficiencies in improve data and monitoring related to performance monitoring and investments in quality improvement, in particular the recommendation regarding tracking technical assistance.

The Budget Analyst correctly recommends changes to the administration of provider technical assistance through Citywide Technical Assistance System (CTAS). While HSA does not fund CTAS, the department has a shared interest in the coordination of professional development and workforce supports and a considerable workforce information in the WAGES Plus database. Human Services Agency staff is participating in an ECE Workforce Registry Workgroup at the CA Department of Education to plan for state and local implementation of a web-based data system with multiple entry points for a variety of stakeholders. The Human Services Agency is in a pre-planning phase of developing the web-based child care and early education workforce database to track formal education, professional development, and technical assistance of individuals and to licensed centers and family child care homes, as a means of reducing administrative burden to licensed programs and workforce members receiving state and local investments. Workforce registries are used elsewhere in the country to track inputs, professional development progression, and support analysis of public investments in improving quality through the teaching staff. A workforce registry should address coordination of technical assistance being provided and aid funders in evaluating effectiveness of technical assistance and other workforce investments such as the BA bonus, CARES and WAGES Plus. Through the state collaboration HSA is positioning San Francisco to be a pilot county for the state ECE Workforce Registry.

The Budget Analyst Table 3.2 in this section displays under expenditures by the joint funders, HSA, First 5 SF, and DCYF. However, because the dollars are blended in the chart, HSA wishes to clarify that of the unspent funds displayed only \$7,337 dollars, or 0.3%, were attributable to HSA.

HSA's contract monitoring has extensive criteria for monitoring and auditing, including case reviews, sampling data, and reviewing contractor and provider records. The department will incorporate HSA specific recommendations into contracting practices. Further, the department embraces the system recommendations included throughout section 3.

#### ***Section 4, Access to Child Care Through the Centralized Eligibility List***

The purpose of the Centralized Eligibility List (CEL) is to provide a single point of application for families. It was not, as the audit report claims, created by the state because funding for California non-CalWORKs child care subsidy programs was insufficient to provide benefits for all eligible families. Rather, prior to CEL, families had to apply to over 30 contractors in various geographic locations throughout the city. The California Department of Education insisted that the waiting lists were duplicative and duplication of the enrollees on the various waiting lists were over-inflating the demand for unmet need cited by advocates. After the state Title 5 contractor “waiting lists” were scrubbed and merged, only 5% of the lists were proven to be duplications. The majority of families enrolled on one list. Despite this evidence CDE resisted CEL as a strategy to get good data on the families waiting for subsidy assistance.

SF proceeded to develop a centralized eligibility process without state support and ultimately SF’s CEL was incorporated and grandfathered into the state pilot. While not perfect, CEL well serves its centralized application process and provides useful data to planners regarding unmet need.

The Budget Analyst report attempts to link CEL to enrollment, but the enrollment process is beyond the scope of CEL and is administered by California Department of Education, the primary funder. While there are statewide challenges with CEL related to the identification and timely enrollment of waiting families, CEL is an extremely useful data system and tool. CEL administrators and the city do not have authority over the Title 5 providers to ensure they accurately update enrollment status from the CEL pulls.

The goal to improve enrollment and maximize resources is actually under the auspices of the SF pilot, which was recently extended for two more years. Coordination of the pilot by DCYF in partnership with CPAC is where the true potential to respond to the underutilization of CEL enrollment lies. Staff from HSA is working enthusiastically with CPAC, DCYF and CDE to pilot a pre-eligibility screening of the next most eligible families. Setting up consistent eligibility standards and confirmation by knowledgeable eligibility staff, clearing the eligibility and need documentation prior to providers doing the “pulls” from CEL is an exciting opportunity to support Title 5 contractors with the eligibility process while improving timeliness of enrollment and maximizing contract earnings and services for children and families. Moreover, this approach has been part getting pilot extension support from CDE. The pilot implementation of initial eligibility determination should, by the nature of the goals of the effort, track enrollments, and the reasons families fail to follow through on a subsidy offer.

The audit report reflects a minor misstatement under the Vouchers vs. Subsidized Slots paragraphs in Section 4. The report indicated that a family that is offered a California

Department of Education funded slot can only accept or decline the offer to enroll at a contracted center or family child care subsidy network home and that the offer is not portable. State contracted voucher programs, which offer portable subsidies also draw eligible families from CEL. Ultimately, it is the luck of the draw and family choice of subsidy need options as to whether the family is offered a voucher or a contracted slot in a center or FCC subsidized network.

CEL is an important tool for recruiting eligible waiting families to be served by PFA. While many families require full-day care, which is not offered by PFA as a standalone program, many PFA approved sites also have State Preschool funding, Head Start funding or other resources to meet families' needs for full-day care.

Finally, a challenge with contractors enrolling from CEL and fully earning their contract is a problem statewide for California. CDE has been criticized for “dollars left on the table” when the need is so great. But there must be an understanding of the interplay between licensed capacity, fluctuations in projected earnings and the ability to “make up” for any period of under earning. In a center fully subsidized through a CDE contract, the options for increasing enrollment to “make up” for periods of under enrollment are quite limited due to licensed capacity and state required staffing ratios. This is one reason why CDE is supportive of SF extending the pilot and exploring preliminary determination of eligibility as a means of improving contract earning amongst Title 5 contractors. Vouchers, family child care subsidy networks, and large contractors with multiple sites have slightly more flexibility, but even for these contractors, accurate projections and early detection of contract earning problems are the only solution for maximizing the contract and pilot success.

The Budget Analyst Audit references the SF Pilot as part of the system. However, it should be noted that the pilot is a laudable achievement shared by CPAC and DCYF. And in the absence of the pilot and the adjusted rate it provides participating contractors the other local investments seem quite meaningless.

### ***Section 5. Ensuring Access to Quality Child Care***

The Budget Analyst's Audit analysis of access and quality in Section 5 repeatedly toggles back and forth from licensed capacity issues to access to subsidies. While the two are interrelated, they are not the same.

You cannot ensure quality child care if licensed capacity does not exist. Also, capacity is best tracked at the neighborhood level, at least by discreet zip codes. Capacity by neighborhood matters, but it must be recognized that many families leave their neighborhoods to have their children near work or school, relatives, etc. The CPAC 2007 Needs Assessment tracked where families live and use care. The Needs Assessment also reported the unmet need for licensed care, which is greatest for children less than three years of age.

SF licensed capacity for infants and toddlers is 2763 and licensed capacity for preschoolers is 14,623. The unmet need is much greater for infants and toddlers than for preschoolers. Folding infant toddler needs into 3-5 year old numbers blurs the disparity of licensed capacity and available subsidies for the younger group. This disparity exists citywide, but is more prevalent in certain neighborhoods. The Interagency Facilities group studies these and other gaps in care when reviewing strategies for retaining or building new centers or supporting new family child care.

The analyst report repeatedly confuses licensed slots with children waiting for subsidies. Not all children waiting for subsidies need a licensed slot and traditional care hours, though those waiting for a center slot indirectly have indicated that such a slot would meet their needs. But the need for increased licensed care capacity applies to all income groups. Many moderate to upper income families also have an unmet need for care – particularly quality care.

Early success in expanding licensed care has been dwindling due to shrinking local resources, declining reimbursement rates, and attrition of programs in a challenging economy. Discouragingly, the supply of licensed child care slots in the city is declining for the first time in 10 years. Not every neighborhood fares the same in the supply of licensed care or in the new trend of losing licensed slots.

The 2007 CPAC Needs Assessment also analyzed the numbers of subsidy eligible children, by neighborhood zip, and the unmet need for subsidized care for families under 75% State Median Income (SMI). Again, infants and toddlers were identified as having the greatest unmet need for subsidized care.

It should be noted that subsidy programs strengthen the supply of care and access to quality for all families. This supports an argument to maintain a close systems linkage between the subsidy system and the other system supports. Reaching low income children who research shows benefit most from quality child care experience requires a subsidy system that is sensitive to the needs of low income families with rates that ensure access to the market the upper income families are able to access. Local child care initiatives must also take into account changes in the subsidy system and policies that connect resources to where subsidized children receive care.

Regarding the recommendation that PFA increase participation of family child care, it should be noted that when developing and implementing programs, program design must incorporate the special features of family child care. What makes sense for centers does not necessarily make sense for family child care. First 5 SF staff is currently grappling with subsidized children not currently accessing formalized care. Incorporating family child care strategies into this approach could address the lack of PFA linkage in family child care settings.

### ***Section 6. Administration of Child Care Subsidy Payments***

HSA agrees with most of the findings in Section 6 of the Budget Analyst's report. In particular HSA concurs with the Budget Analyst findings regarding the value of the consolidation of child care subsidies into a single source contract in order to facilitate "administrative efficiencies," allow families "seamless access to an immensely complex child care subsidy system," and the enrollment of as many eligible families as possible. HSA has streamlined the child care voucher subsidy system to the benefit of families and providers, minimizing seams and maximizing local

dollars. The consolidated subsidy contract provides the city and HSA with a single picture of voucher enrollment and a projection, assisted with fraud prevention and detection, and provides routine reports and nimble voucher subsidy ad hoc reports to support advocacy and policy decisions at the state level.

The Budget Analyst analysis that the absence of a “competitive procurement process” would reduce the “incentive to create and achieve performance objectives” fails to recognize that the federal/state/local voucher programs are constructed with a built-in incentive for the Children’s Council of San Francisco (CCSF) to maximize subsidy enrollments; CCSF earns administration and support funding based on those funds being administered. CCSF is solely compensated through administrative fees earned and maximized via the timely and full enrollment of children into available subsidized slots. Further, HSA has administrative oversight of only the programs which are under contract with HSA. And while the Department receives reports on all programs administered by the contractor, the scope of oversight and authority are limited to those programs contracted or subcontracted by HSA, not those directly contracted with Children’s Council by the California Department of Education.

HSA respectfully disagrees with The Budget Analyst suggestion that closer monitoring of Children’s Council’s program administration would provide “increased utilization of child care services, equal to \$505,000 in general fund monies.” The Budget Analyst fails to realize that \$340,000 of that general fund money is to provide subsidized child care to Family and Children’s Services (FCS) clients. FCS contract enrollment and expenditures are caseload driven and contingent upon HSA case worker referral, much the same as CalWORKs Stage 1 child care.

HSA is in agreement with the Budget Analyst recommendation to develop a competitive solicitation for the Wages Plus contract. Yet, HSA would point out that the solicitation would not be for the “administration of the Wages Plus program,” since HSA itself administers the Wages Plus Program and the contractor, Children’s Council, serves simply as a fiscal intermediary, processing provider payments as computed and authorized by the HSA WAGES Plus Analyst. While there are efficiencies with the current fiscal intermediary role being consolidated into the subsidy contract, HSA agrees that CCSF is not the only entity which could perform the fiscal intermediary role for WAGES Plus. Therefore the scope of work will be subject to competitive solicitation by June 2012 per the Budget Analyst recommendation.

Additionally, HSA receives monthly and annual summary reports detailing all subsidy contract expenditures and enrollments. While, over and under expenditures are formally managed throughout year, during monthly joint management meetings and routine contract meeting and quarterly subsidy update meetings. Nonetheless, HSA will include in its monitoring procedures requirements regarding the reporting of over/under expenditures per the Budget Analyst recommendation.

### ***Section 7. Early Childhood Consultation and Screening Program***

The Early Childhood Consultation and Screening Program has provided excellent services on behalf of HSA and First 5 SF. DPH leadership has implemented continuous efficiencies and improvements to the program. HSA will continue to work with First 5 SF and DPH to implement the audit recommendations and to ensure maximum coverage for providers given the limited

resources with a particular focus on unmet need and strategies for efficiently reach family child care providers.

### ***Section 8. Early Childhood Health Consultation and Screening Program***

HSA Program Manager is working with First 5 SF and the CPCA Inclusion Committee to lead the design and success of the Inclusion Roundtable Task Force that includes staff from DCYF, DPH, SFUSD, GGRC, CPAC and other community based organizations. The Task Force is working to improve the provision of inclusive services to children with disabilities 0-5 (greater access to inclusive services throughout the city; more sites that are inclusive of children with and without disabilities.) The task force is also working closely with SFUSD Special Education Department to address issues of access and to improve the response to referral. SFUSD recently concluded an audit of Special Education Services that outlined specific goals, objectives and activities which will support the Task Force's goals.

### **III. Response to Specific Recommendations in the Budget Analyst's Report**

HSA is in agreement with all of the Budget Analyst recommendations with the exception of those discussed below.

#### **The Board of Supervisors should:**

- 1.1 Designate the First Five Commission as having primary responsibility for policy development and oversight of child care and early childhood education programs, consistent with State Law and City charter requirements.**
  
- 1.2 Develop additional detailed policy rationales, in the Administrative Code or elsewhere, for the composition of the Children and Families Commission, following the example of the Santa Clara County Board of Supervisors. These additional policy statements would designate the stakeholder groups to be represented by the five non-City-department seats on the Commission, and why those groups are receiving designated representation.**
  
- 1.2 Direct the newly-constituted Children and Families Commission to review the administrative structure for childcare and early childhood education programs, and report back recommendations to the Board of Supervisors for shifting staffing and funding among the three departments currently responsible for this service area**

As discussed in Section 2, HSA strongly opposes delegating the planning and oversight of a consolidated office to the First 5 SF Commission. HSA urges the Board to recognize the mandated role of CPAC in advising the City and County regarding Early Care and Education. CPAC membership consists of the very stakeholders who should have input on the formation of a single office of child care and early learning. Ensuring one seated CPAC member on the First 5 SF Commission does not bring coherence to the overarching role CPAC is charged with for guiding the City and County toward a coherent and coordinated child care system.

**The Director of First Five should:**

**5.2 Increase the number of licensed family child care participating in the pre-Preschool for All program, in order that more licensed family child care providers can meet the qualifications for Preschool for All program funding.**

Increasing the number of licensed family child care providers participating in PFA should not be at the cost of the delivery of infant toddler care or mixed age group care that many families choose. At the same time, HSA agrees that the original plan for PFA addressed the importance of building upon the existing mixed use system of providers. Family child care is indeed underrepresented with less than 1% of family child care providers participating in PFA.

**The Human Services Agency Child Care Planning and Policy Manager, the Director of the Department of Children, Youth and Their Families, and the Director of First 5 San Francisco should:**

**8.1 Work with the Director of Child, Youth and Family System of Care (Department of Public Health) to conduct outreach and recruit child care providers and families to receive mental health consultation services.**

HSA, First 5 and DCYF have been working with DPH to equitably and strategically distribute the current coverage and resources to get the broadest reach and the proper depth of service where it is needed most. This breadth of coverage relies on continued funding amidst shrinking resources. The current focus is on prioritizing sites with the greatest need and providing a depth of services where the need is greatest. Outreach is contraindicated in a program that is struggling to maintain the current level of coverage.

**Recommendation Priority Ranking**

Based on the management audit findings, the Budget Analyst has made 24 recommendations which are ranked based on priority for implementation. The definitions of priority are as follows:

- Priority 1: Priority 1 recommendations should be implemented immediately.
- Priority 2: Priority 2 recommendations should be completed, have achieved significant progress, or have a schedule for completion prior to June 30, 2011.
- Priority 3: Priority 3 recommendations are longer term and should be completed, have achieved significant progress, or have a schedule for completion prior to December 15, 2011.

***Recommendation Priority Ranking***

	<b>Recommendation</b>	<b>Priority</b>	<b>Department Response</b>	<b>Implementation Status/ Comments</b>
	<b>The Board of Supervisors should:</b>			
1.1	Designate the Children and Families Commission as having primary responsibility for policy development and oversight of childcare and early childhood education programs consistent with State law and the City Charter.	3	Strongly Disagree	HSA agrees with the creation of a single Office of Care and Early Learning. However, the Office should be governed within the auspices of the city governance structure, not outside city government through First 5.
1.2	Develop additional detailed policy rationales, in the Administrative Code or elsewhere, for the composition of the Children and Families Commission, following the example of the Santa Clara County Board of Supervisors. These additional policy statements would designate the stakeholder groups to be represented by the five non-City-department seats on the Commission, and why those groups are receiving designated representation.	3	Agree	Strengthening the composition of the First Five Commission in relation to oversight of Early Care and Education programming and administration is advisable given annual level of Prop H general fund which is administered by First 5 together with a third of the Prop 10 tobacco tax directed to ECE.
1.3	Direct the newly-constituted Children and Families Commission to review the administrative structure for childcare and early childhood education programs, and report back recommendations to the Board of Supervisors for shifting staffing and funding among the three departments currently responsible for this service area.	3	Strongly Disagree	HSA disagrees that a planning process for a new administrative structure for ECE be moved outside city governance. We also disagree that the planning should go to any particular department within or outside the auspices of the city. Assignment of the planning for the office should not be delegated to any one of the three Departments. Rather, CPAC, as the Child Care Policy and Advisory body for child care for the city and county, should be central to any such planning process, and should be engaged to make recommendations regarding administrative structure and governance.

*Recommendation Priority Ranking*

	<b>Recommendation</b>	<b>Priority</b>	<b>Department Response</b>	<b>Implementation Status/ Comments</b>
	<b>The Executive Director of the Department of Human Services, the Director of the Department of Children, Youth and Their Families, and the Director of First 5 San Francisco should:</b>			
2.1	Streamline funding and contracting for early childhood care and education services, including reducing the number of separate contracts with one community based organization and simplifying interdepartmental funding of programs. Procedures to streamline funding and contracting could be developed through the proposed reconstitution of the early childhood care and education governance structure, noted in Section 1.	3	Agree	The Departments are currently revising opportunities for simplifying funding and contracting, even prior to the development of the development of a single office or modified governance structure.
	<b>The Director of the Department of Children, Youth and Their Families, and the Director of First 5 San Francisco should:</b>			
2.2	Develop centralized department systems for tracking contractor and Preschool for All grantee performance.	1		HSA was not included in this recommendation; however we agree with the recommendation and would like to participate in the development of the shared centralized tracking system for providers and contractors/grantees, thereby formalizing information sharing which currently takes place amongst DCYF, First 5 and HSA regarding contractors and providers.

*Recommendation Priority Ranking*

	<b>Recommendation</b>	<b>Priority</b>	<b>Department Response</b>	<b>Implementation Status/ Comments</b>
	<b>The Human Services Agency Child Care Policy and Planning Manager, the Director of the Department of Children, Youth and Their Families and Director of First 5 San Francisco should:</b>			
3.1	Develop uniform performance monitoring procedures for community based organizations providing support services, consistent with the CBO and City Accountability Workgroup's reference guide once it is finalized.	2	Agree	Timeline for development and implementation contingent upon the CBO and City Accountability Workgroup's reference guide finalization.
	<b>The Director of the Department of Children, Youth and Their Families and Director of First 5 San Francisco should:</b>			
3.2	Develop protocols to assess jointly funded child care providers in order to ensure consistent performance monitoring and follow up with underperforming providers.	2		HSA was not included in this recommendation; however we are key stakeholders in the review of contractor and provider performance either directly through our contracts or indirectly through funding and initiatives.
3.3	Develop centralized departmental record keeping and tracking of who receives technical assistance.	1		HSA was not included in this recommendation, however, HSA recommends the development of a workforce registry built upon current HAS WAGES+ database, including CARES, and other existing data on workforce members receiving technical assistance as well as sites/classrooms receiving technical assistance and/or benefit from a compensation initiative.
	<b>The Director of First 5 San Francisco should:</b>			
3.4	Streamline the Citywide Technical Assistance System	2		

*Recommendation Priority Ranking*

	performance measures with new emphasis on the type and amount of services to be provided and the child care sites receiving services.			
3.5	Survey end users on Cocoa data base functions and interfaces and incorporate survey results into future Cocoa data base development.	1		In order to better understand Cocoa as a potential data system solution for subsidy reporting and local provider investments, end users should be consulted.

	<b>Recommendation</b>	<b>Priority</b>	<b>Department Response</b>	<b>Implementation Status/ Comments</b>
	<b>The Director of the Department of Children, Youth and Their Families should:</b>			
3.6	Evaluate child care providers’ ability to meet average daily attendance goals and address the reasons the providers do not meet this goal.	2		
	<b>The Executive Director, Human Services Agency, and Director, Department of Children, Youth and Their Families, should:</b>			
4.1	Direct the Centralized Eligibility List administration staff at Children’s Council to work with the San Francisco Centralized Eligibility List Working Group to develop an algorithm to identify the most qualified families on the Centralized Eligibility List at any given time and to develop a parent education (“SFCEL 101”) program to be deployed by childcare contractor enrollment staff as suggested by the San Francisco Centralized Eligibility List Working Group.	2		Notably, HSA does not contract for CEL. HSA concurs with the recommendation and will use our subsidy contract relationship with CCSF to support the implementation of the SFCEL (“SFCEL 101”). HSA and CCSF CEL staff is part of the CEL workgroup.
4.2	Direct the relevant Department of Children, Youth and Their Families staff to develop milestones and establish a timeline for completion within one year of an San Francisco Centralized Eligibility List Pilot that (1) addresses barriers to enrollment and (2) is suitable for dissemination statewide for presentation to the Child Development Division of the California Department of Education.	2		The development of the CEL Pilot to address barriers were staff driven and have been developed jointly with Child Development Division of the California Department of Education. HSA staff eagerly volunteered to participate in this process; the completion was included in staff work plans for FY 10-11.

	<b>Recommendation</b>	<b>Priority</b>	<b>Department Response</b>	<b>Implementation Status/ Comments</b>
	<b>The Human Services Agency Child Care Policy and Planning Manager, the Director of the Department of Children, Youth and Their Families and Director of First 5 San Francisco should:</b>			
5.1	Develop specific strategies and implementation plans to increase the number of qualified and high-quality child care providers in neighborhoods with insufficient numbers and quality of child care providers. Collaboration on strategies and implementation plans would be part of the new governance structure discussed in Recommendation 1.1.	2	Strongly Agree	HSA agrees that shared comprehensive strategies with articulated priorities for citywide capacity and quality are what is needed for effective administration of the public investment of dollars.
	<b>The Director of First 5 San Francisco should:</b>			
5.2	Increase the number of licensed family child care participating in the pre-Preschool for All program, in order that more licensed family child care providers can meet the qualifications for Preschool for All program funding.	3		First Five should review its approach to working with family child care in PFA to increase the reach of supporting quality improvement for family child care, but not limited to PFA approved sites. Care must be taken in meeting the goal of increasing PFA participation in family child care to have that gain not be at the cost of decreasing access for infants, toddlers and three year olds. Also family child care as an option for families wanting a family setting and/or wanting all their children with one provider, must also be considered in the development of PFA family child care options.
	<b>The Executive Director of the Human Services Agency should:</b>			
6.1	Instruct the Program Manager and Director of Contracts in the Human Services Agency to develop a competitive solicitation	1		WAGES Plus is internally administered by HSA. However, HSA agrees to conduct a

***Recommendation Priority Ranking***

	for administration of the Wages Plus program, in time for the renewal of the contract in June 2012.		Agree	competitive solicitation of the current scope of work of the fiscal intermediary and Family Child Care coordination responsibilities currently contracted through the consolidated subsidy contract prior to the renewal of the contract in June of 2012.
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*Recommendation Priority Ranking*

	<b>Recommendation</b>	<b>Priority</b>	<b>Department Response</b>	<b>Implementation Status/ Comments</b>
	<b>The Program Manager and Director of Contracts in the Human Services Agency and contract staff at the Department of Children, Youth and Their Families should:</b>			
6.2	Include in their contract monitoring procedures a requirement that Children’s Council produce a summary report at least once a year on the reasons for under expenditures or over expenditures (if any) in each child care funding stream.	3	Agree.	This information is shared routinely on a monthly basis between the contractor and the Department. HSA will formalize the reporting per the contract monitoring procedures a requirement of an annual summary report.
	<b>The Human Services Agency Child Care Policy and Planning Manager and the Director of First 5 San Francisco and the Human Services Agency should:</b>			
7.1	Work with the Child Care Health Project to formalize Child Care Health Project selection criteria to include the considerations already in use (e.g. sites that (a) enroll children using CalWORKs and other voucher subsidies, (b) receive Title 5 funding, (c) have low environmental assessment scores, (d) serve concentrations of homeless, and (e) receive Preschool For All funding), as well additional criteria that includes (f) geographic locations of child care programs, and (g) type of child care facilities.	2	Agree	HSA and First 5 will review the current sites served and sites unserved by consultation, according to the existing criteria “a-e” and adding “f” and “g” explicitly to the review criteria. Full review to be completed by March 31, 2010.
7.2	Implement a monitoring tool with metrics assessing need at each child care program in order to make precise determinations about the number of annual visits appropriate for individual programs.	2	Agree	HSA and First Five will work together with DPH to develop a monitoring tool with metrics assessing need at each child care program. Such assessment must be revisited annually based on linkage of funding (i.e., CalWORKs penetration), and strategies for efficiently reaching children in family child care subsidy networks.

***Recommendation Priority Ranking***

	<b>Recommendation</b>	<b>Priority</b>	<b>Department Response</b>	<b>Implementation Status/ Comments</b>
7.3	Evaluate service distribution across all sites to determine if resources could be re-distributed to increase Child Care Health Project presence in Family Resource Centers in the neighborhoods that are characterized by a high number of low income families and home-based child care facilities.	2		This recommendation is specific to First 5 and is not an ECE recommendation. However, HSA is a stakeholder in the success of FRC's and agrees that using FRC's for reaching low income neighborhoods, including being a place that Family Child Care may more effectively be reached, is a reasonable strategy.
	<b>The Human Services Agency Child Care Planning and Policy Manager, the Director of the Department of Children, Youth and Their Families, and the Director of First 5 San Francisco should:</b>			
8.1	Work with the Director of Child, Youth and Family System of Care (Department of Public Health) to conduct outreach and recruit child care providers and families to receive mental health consultation services.	2	Disagree	There are limitations to the current system. Some providers are on a waiting list. HSA, First 5 and DCYF have been working with DPH to equitably and strategically distribute the current coverage and resources to get the broadest reach and the proper depth of service where it is needed most. This breadth of coverage relies on continued funding amidst shrinking resources. The current focus is on prioritizing sites with the greatest need and providing a depth of services where the need is greatest. Outreach is contraindicated in a program that is struggling to maintain the current level of coverage.
8.2	Work with the Director of Child, Youth and Family System of Care (Department of Public Health) to develop (a) criteria for	2		

***Recommendation Priority Ranking***

	reporting referrals, and (b) protocols for addressing patterns of problems in referrals.		Agree, in part	HSA, First 5 and DCYF will work with DPH to continue to improve Mental Health consultation contractor reporting and service delivery and billing. Increased standardization for reporting is critical to tracking impact and evaluating site and system needs.
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**Maria Su, Psy.D.**  
DIRECTOR



**Gavin Newsom**  
MAYOR

Date: November 15, 2010

**To:** Severin Campbell  
San Francisco Board of Supervisors  
Budget Analyst's Office

**From:** Maria Su  
Director

**Subject: Comment on Performance Audit Report of Early Care and Education Programs**

The Department of Children, Youth and Their Families (DCYF) appreciates the Budget and Legislative Analyst Office's effort in conducting the Performance Audit of San Francisco's Early Care and Education (ECE) programs.

DCYF has repeatedly heard from our grantees and community stakeholders about the benefit of having a fully aligned governance structure for ECE. We support the consolidated administration of San Francisco's ECE investments and services in a City department with strong expertise in child care for children birth to 12 years old. Having extensive experience in joint departmental efforts, as evidenced by our Violence Prevention and Intervention and Family Resource Center work, which emphasizes strong policy coordination and aligned funding practices, DCYF agrees with the recommendation of having a streamlined ECE system.

DCYF agrees with all of the Report's recommendations charged for our department to accomplish. We will thoroughly review and attempt to fully implement the recommendations within what limited administrative resources we have available.

We strongly encourage the Board of Supervisors and the Mayor's Office to work collaboratively with the three departments, Child care Planning and Advisory Council (CPAC) and other key stakeholders to create an Office of Child Care and Early Learning that falls in line with the City's governmental structure. Furthermore, we recommend that this new Office will have ultimate comprehensive policy, administrative and budgetary oversight of the City's ECE investments and services. As it currently stands, the three governance recommendations in Section 1 of the Report could jeopardize the Board of Supervisors' and the Mayor's Office authority and approval of use of local dollars for the ECE system.

Enclosed is DCYF's complete responses to the Budget and Legislative Analyst's recommendations directed to our department. We look forward to further the work with First 5 San Francisco, the Human Services Agency, community stakeholders, and our service providers.

Respectfully,

**Department of Children, Youth & Their Families**

1390 Market Street Suite 900 • San Francisco, CA 94102 • 415 554-8990 • [www.DCYF.org](http://www.DCYF.org)

**Recommendation Priority Ranking**

Based on the management audit findings, the Budget Analyst has made 24 recommendations which are ranked based on priority for implementation. The definitions of priority are as follows:

- Priority 1: Priority 1 recommendations should be implemented immediately.
- Priority 2: Priority 2 recommendations should be completed, have achieved significant progress, or have a schedule for completion prior to June 30, 2011.
- Priority 3: Priority 3 recommendations are longer term and should be completed, have achieved significant progress, or have a schedule for completion prior to December 15, 2011.

	<b>Recommendation</b>	<b>Prio rity</b>	<b>Department Response</b>	<b>Implementation Status/ Comments</b>
	<b>The Board of Supervisors should:</b>			
1.1	Designate the Children and Families Commission as having primary responsibility for policy development and oversight of child care and early childhood education programs consistent with State law and the City Charter.	3	DCYF agrees with the intent of the recommendation (see comments and department's cover letter)	DCYF agrees with having a single, coordinated governance structure that will allow for streamlined and efficient policy development and administration of City funds in the ECE system, and have a single point of accountability; however, the redefined Commission must be reflective of the balance of power and authority between the Mayor's Office and the Board of Supervisors, and be based on the premise that the City must have ultimate comprehensive policy, administration and budgetary oversight of the City's ECE investments and services.
1.2	Develop additional detailed policy rationales, in the Administrative Code or elsewhere, for the composition of the Children and Families Commission, following the example of the Santa Clara County Board of Supervisors. These additional policy statements would designate the stakeholder groups to be represented by the five non-City-department seats on the Commission, and why those groups are receiving designated representation.	3	See response to 1.1	

*Recommendation Priority Ranking*

	<b>Recommendation</b>	<b>Priority</b>	<b>Department Response</b>	<b>Implementation Status/ Comments</b>
1.3	Direct the newly-constituted Children and Families Commission to review the administrative structure for child care and early childhood education programs, and report back recommendations to the Board of Supervisors for shifting staffing and funding among the three departments currently responsible for this service area.	3	See response to 1.1	

	<b>Recommendation</b>	<b>Priority</b>	<b>Department Response</b>	<b>Implementation Status/ Comments</b>
	<b>The Executive Director of the Department of Human Services, the Director of the Department of Children, Youth and Their Families, and the Director of First 5 San Francisco should:</b>			
2.1	Streamline funding and contracting for early care and education services, including reducing the number of separate contracts with one community based organization and simplifying interdepartmental funding of programs. Procedures to streamline funding and contracting could be developed through the proposed reconstitution of the early care and education governance structure, noted in Section 1.	3	Agree	See DCYF’s response to Section 1 about the reconstitution of the ECE governance structure.
	<b>The Director of the Department of Children, Youth and Their Families, and the Director of First 5 San Francisco should:</b>			
2.2	Develop centralized department systems for tracking contractor and Preschool for All grantee performance.	1	Agree	DCYF proposes the use of our Contract Monitoring System (CMS), a robust database in-place that was uniquely built to track and monitor contractor’s/grantee’s outputs and performances. Additional resources may be needed to further refine and augment the CMS to adequately capture all necessary data points within the entire ECE system.

*Recommendation Priority Ranking*

	<b>Recommendation</b>	<b>Priority</b>	<b>Department Response</b>	<b>Implementation Status/ Comments</b>
	<b>The Human Services Agency Child Care Policy and Planning Manager, the Director of the Department of Children, Youth and Their Families and Director of First 5 San Francisco should:</b>			
3.1	Develop uniform performance monitoring procedures for community based organizations providing support services, consistent with the CBO and City Accountability Workgroup's reference guide once it is finalized.	2	Agree	
	<b>The Human Services Agency Child Care Policy and Planning Manager, the Director of the Department of Children, Youth and Their Families and Director of First 5 San Francisco should:</b>			
3.2	Develop protocols to assess jointly funded child care providers in order to ensure consistent performance monitoring and follow up with underperforming grantees/contractors.	2	Agree	DCYF currently is engaged in an ongoing partnership with HSA and First 5 on performance monitoring and follow-up with underperforming grantees/contractors.
3.3	Develop centralized departmental record keeping and tracking of who receives technical assistance.	1	Agree	DCYF will work with HSA and First 5 to further coordinate or record keeping and tracking of technical assistance services offered to service providers.
	<b>The Director of First 5 San Francisco should:</b>			
3.4	Streamline the Citywide Technical Assistance System performance measures with new emphasis on the type and amount of services to be provided and the child care sites receiving services.	2		

*Recommendation Priority Ranking*

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3.5	Survey end users on Cocoa database functions and interfaces and incorporate survey results into future Cocoa database development.	1		
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*Recommendation Priority Ranking*

	<b>Recommendation</b>	<b>Priority</b>	<b>Department Response</b>	<b>Implementation Status/ Comments</b>
	<b>The Director of the Department of Children, Youth and Their Families should:</b>			
3.6	Evaluate grantee’s ability to meet average daily attendance goals and address the reasons grantees do not meet this goal.	2	Agree	DCYF currently assesses and evaluates our grantees performances. The Department will refine its performance expectations with grantees.
	<b>The Executive Director, Human Services Agency, and Director, Department of Children, Youth and Their Families, should:</b>			
4.1	Direct the Centralized Eligibility List administration staff at Children’s Council to work with the San Francisco Centralized Eligibility List Working Group to develop an algorithm to identify the most qualified families on the Centralized Eligibility List at any given time and to develop a parent education (“SFCEL 101”) program to be deployed by child care contractor enrollment staff as suggested by the San Francisco Centralized Eligibility List Working Group.	2	Agree	DCYF initiated the CEL Working Group in partnership with CPAC, HSA, CEL staff, Children’s Council and Title 5 contractors that is currently developing and refining strategies that will better facilitate enrollment of eligible children through the use of multiple low/no costs solutions as part of the new plan for the SF Individualized Subsidy Pilot.
4.2	Direct the relevant Department of Children, Youth and Their Families staff to develop milestones and establish a timeline for completion within one year of an San Francisco Centralized Eligibility List Pilot that (1) addresses barriers to enrollment and (2) is suitable for dissemination statewide for presentation to the Child Development Division of the California Department of Education.	2	Agree	

*Recommendation Priority Ranking*

	<b>Recommendation</b>	<b>Priority</b>	<b>Department Response</b>	<b>Implementation Status/ Comments</b>
	<b>The Human Services Agency Child Care Policy and Planning Manager, the Director of the Department of Children, Youth and Their Families and Director of First 5 San Francisco should:</b>			
5.1	Develop specific strategies and implementation plans to increase the number of qualified and high-quality child care providers in neighborhoods with insufficient numbers and quality of child care providers. Collaboration on strategies and implementation plans would be part of the new governance structure discussed in Recommendation 1.1.	2	Agree	
	<b>The Director of First 5 San Francisco should:</b>			
5.2	Increase the number of licensed family child care participating in the pre-Preschool for All program, in order that more licensed family child care providers can meet the qualifications for Preschool for All program funding.	3		
	<b>The Executive Director of the Human Services Agency should:</b>			
6.1	Instruct the Program Manager and Director of Contracts in the Human Services Agency to develop a competitive solicitation for administration of the Wages Plus program, in time for the renewal of the contract in June 2012.	1		

*Recommendation Priority Ranking*

	<b>Recommendation</b>	<b>Priority</b>	<b>Department Response</b>	<b>Implementation Status/ Comments</b>
	<b>The Program Manager and Director of Contracts in the Human Services Agency and contract staff at the Department of Children, Youth and Their Families should:</b>			
6.2	Include in their contract monitoring procedures a requirement that Children’s Council produce a summary report at least once a year on the reasons for under expenditures or over expenditures (if any) in each child care funding stream.	3	Agree	
	<b>The Human Services Agency Child Care Policy and Planning Manager and the Director of First 5 San Francisco and the Human Services Agency should:</b>			
7.1	Work with the Child Care Health Project to formalize Child Care Health Project selection criteria to include the considerations already in use (e.g. sites that (a) enroll children using CalWorks and other voucher subsidies, (b) receive Title 5 funding, (c) have low environmental assessment scores, (d) serve concentrations of homeless, and (e) receive Preschool For All funding), as well additional criteria that includes (f) geographic locations of child care programs, and (g) type of child care facilities.	2		
7.2	Implement a monitoring tool with metrics assessing need at each child care program in order to make precise determinations about the number of annual visits appropriate for individual programs.	2		

*Recommendation Priority Ranking*

	<b>Recommendation</b>	<b>Priority</b>	<b>Department Response</b>	<b>Implementation Status/ Comments</b>
7.3	Evaluate service distribution across all sites to determine if resources could be re-distributed to increase Child Care Health Project presence in Family Resource Centers in the neighborhoods that are characterized by a high number of low income families and home-based child care facilities.	2		
	<b>The Human Services Agency Child Care Planning and Policy Manager, the Director of the Department of Children, Youth and Their Families, and the Director of First 5 San Francisco should:</b>			
8.1	Work with the Director of Child, Youth and Family System of Care (Department of Public Health) to conduct outreach and recruit child care providers and families to receive mental health consultation services.	2	Disagree	There are limitations to the current system. Some providers are on a waiting list. DCYF, HSA and First 5 have been working with DPH to equitably distribute the current coverage and resources to get the broadest reach and the proper depth of services where it is needed most. The breadth of coverage relies on continued funding amidst shrinking resources. The current focus is on prioritizing sites with the greatest need and providing a depth of services where the need is greatest. Outreach is contraindicated in a program that is struggling to maintain the current level of coverage.
8.2	Work with the Director of Child, Youth and Family System of Care (Department of Public Health) to develop (a) criteria for reporting referrals, and (b) protocols for addressing patterns of problems in referrals.	2	Agree	DCYF, HSA and First 5 will work with DPH to continue to improve mental health consultation, the referral process, contractor reporting, and service delivery

*Recommendation Priority Ranking*

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				and billing. Increased standardization for reporting is key to tracking impact and evaluating site and system needs.
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**Suzanne Giraud**, Commission Chair  
Psychologist Clinical Director  
California Pacific Medical Center

**Shannon Thyne**, Commission Vice Chair  
Pediatrician, Medical Educator  
UCSF Department of Pediatrics

**Laurel Kloomok**, Executive Director



**COMMISSIONERS:**

**Twila Brown**, Director  
Maternal, Child and Adolescent Health  
Department of Public Health, Community Programs

**Veronica Chavez**, Assistant Superintendent  
Elementary Schools  
San Francisco Unified School District

**Eric Mar**, Supervisor, District 1  
San Francisco Board of Supervisors

**Betty Robinson-Harris**, Chair  
Child Development Committee  
School Improvement Committee/ER&D

**Michele Rutherford**, Program Manager  
Child Care Policy & Planning  
Department of Human Services

**Maria Su**, Director  
Department of Children, Youth and Their Families

**Nancy Lim Yee**, Psychiatric Social Worker, Program Director  
SF City & County Chinatown CDC

November 16, 2010

To: Severin Campbell  
San Francisco Board of Supervisors  
Budget Analyst's Office

From: Laurel Kloomok  
Executive Director  
First 5 San Francisco Children and Families Commission

RE: Comments of Performance Audit Report of Early Care and Education Programs

First 5 San Francisco Children and Families Commission (First 5 Commission) has reviewed and accepted the recommendations of the Performance Audit of San Francisco's Early Care and Education (ECE) programs made by the Budget and Legislative Analyst Office.

The Budget and Analyst's recommendations are consistent with our mission to create effective and seamless systems of support for children, families and service providers. We agree with recommendations of the Audit which work toward streamlining the child care system, simplifying data collection and performance measurement, and alignment of grant monitoring and funding practices. As such, the First 5 Commission will begin immediate efforts to work with other city departments to implement the recommendations pertaining to our department and other joint-funded initiatives.

We acknowledge the three governance recommendations in Section 1 of the Report and the First 5 Commission will act accordingly within its governance structure, state statute and city sanctioned authority to provide comprehensive policy, administrative and budgetary oversight of the City's ECE investments and services.

First 5 Commission's current governance structure recognizes that collaboration among city departments and the community is essential to successfully carrying out its mission. Our state law already guarantees representation on the Commission from the Health and Human Services Agency (HSA), the Department of Children Youth and Their Families (DCYF), the Department of Public Health (DPH), the Board of Supervisors as well as five positions on the commission for community members that are recognized as experts and representing various aspects of child development.

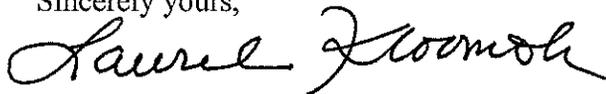
For over a decade, this city and county structure has served its residents well. Board of Supervisors and Mayor appointed Commissioners have effectively made policy and administrative decisions and have launched San Francisco's nationally recognized universal preschool program, and seized the opportunity to take a leadership role in the streamlining and consolidation the city's Family Resource System. In these austere budget times, our Commission has demonstrated its ability to bring additional state revenue to San Francisco and has drawn over \$10 million of new state funds in the past five years to support the early care and education system.

Our Commission has increased public health services to young children and their families; strengthened the early care and education infrastructure by investing in child care facilities, and has increased teacher salaries. We have a solid and consistent track record of supporting the city's Child care Planning and Advisory Council (CPAC) recommendations and invested \$400,000 from our sustainability plan's reserve to shore-up the early childhood mental health supports this year.

The First 5 Commission members have worked together to realize every objective on its five-year strategic plan. The strategic plan is a representation of our Commissioners collaboration across multiple disciplines and perspectives. In fact, it is the expertise of its members and the diversity of their viewpoints that make it possible for the Commission to function effectively on behalf of San Francisco's children and families. Recent actions by our Commission further demonstrate its capacity to consider broad early care and education issues, such as providing \$1.4 million in emergency funds for state-funded child care centers during the budget crisis and providing a safety net to families in jeopardy of losing their CalWorks Stage 3 child care subsidy.

The First 5 San Francisco Children and Families Commission looks forward to implementing the Performance Audit recommendations to strengthen and streamline the early care and education system in strong partnership with DCYF, the Human Services Agency, CPAC, community stakeholders and service providers.

Sincerely yours,



Laurel Kloomok

First 5 San Francisco Children and Families Commission  
November 2010

**Recommendation Priority Ranking**

Based on the management audit findings, the Budget Analyst has made 24 recommendations which are ranked based on priority for implementation. The definitions of priority are as follows:

- Priority 1: Priority 1 recommendations should be implemented immediately.
- Priority 2: Priority 2 recommendations should be completed, have achieved significant progress, or have a schedule for completion prior to June 30, 2011.
- Priority 3: Priority 3 recommendations are longer term and should be completed, have achieved significant progress, or have a schedule for completion prior to December 15, 2011.

First 5 San Francisco Children and Families Commission  
November 2010

	<b>Recommendation</b>	<b>Priority</b>	<b>Department Response</b>	<b>Implementation Status/ Comments</b>
	<b>The Board of Supervisors should:</b>			
1.1	Designate the Children and Families Commission as having primary responsibility for policy development and oversight of childcare and early childhood education programs consistent with State law and the City Charter.	3	Agree	The policy and oversight role envisioned for the Commission is consistent with the Commission’s current mandate to comprehensively support children ages 0-5 and their families. The Commission, given its structure and governance, could expand its purpose to serve as a body to develop policy for the City’s early care and education program. The Commission would still be required to maintain a comprehensive focus on the “whole” child and family including health, mental health, and family support.
1.2	Develop additional detailed policy rationales, in the Administrative Code or elsewhere, for the composition of the Children and Families Commission, following the example of the Santa Clara County Board of Supervisors. These additional policy statements would designate the stakeholder groups to be represented by the five non-City-department seats on the Commission, and why those groups are receiving designated representation.	3	Agree See Comment Policy Rationale already exists in Administrative Code	Section 86.3(a)(5) of the Administrative Code currently includes policy rationales for the five Board-appointed members of the Commission. Members must be drawn from certain categories to represent a range of expertise and different constituencies. Over the years, the Board of Supervisors has successfully appointed members from a diversity of perspectives, including child care and ECE, to serve on the Commission, and this diversity is essential to carrying out First 5’s comprehensive mission and strategies.

*Recommendation Priority Ranking*

First 5 San Francisco Children and Families Commission  
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	<b>Recommendation</b>	<b>Priority</b>	<b>Department Response</b>	<b>Implementation Status/ Comments</b>
1.3	Direct the newly redefined Children and Families Commission to review the administrative structure for childcare and early childhood education programs, and report back recommendations to the Board of Supervisors for shifting staffing and funding among the three departments currently responsible for this service area.	3	Agree	The Commission could assume primary responsibility for policy development and serve as the lead department for a public planning process for reviewing and making recommendations to the Board of Supervisors to improve the ECE administrative structure within the recommended time frame. The Commission would engage the Mayor's office, DCYF and HSA, CPAC, SFUSD and Head Start to play key roles in this process and incorporate recommendations from CPAC's childcare plan and other city wide planning recommendations.

First 5 San Francisco Children and Families Commission  
November 2010

	<b>Recommendation</b>	<b>Priority</b>	<b>Department Response</b>	<b>Implementation Status/ Comments</b>
	<b>The Executive Director of the Department of Human Services, the Director of the Department of Children, Youth and Their Families, and the Director of First 5 San Francisco should:</b>			
2.1	Streamline funding and contracting for early childhood care and education services, including reducing the number of separate contracts with one community based organization and simplifying interdepartmental funding of programs. Procedures to streamline funding and contracting could be developed through the proposed redefining of the early childhood care and education governance structure, noted in Section 1.	3	Agree	Good examples of streamlining contracts exist and could be expanded. For example multiple grant agreements were consolidated into a single master contract for community-based agencies funded through the Joint Competitive Solicitation.
	<b>The Director of the Department of Children, Youth and Their Families, and the Director of First 5 San Francisco should:</b>			

	<b>Recommendation</b>	<b>Priority</b>	<b>Department Response</b>	<b>Implementation Status/ Comments</b>
2.2	Develop centralized department systems for tracking ECE grantee performance.	1	Agree	<p>First 5 San Francisco will convene an interdepartmental team to analyze performance requirements and develop an action plan, budget, and timeline to utilize common systems, such as CMS and COCOA for tracking ECE grantee performance.</p> <p>Cocoa currently tracks PFA performance requirements and could be expanded to track other City performance requirements with appropriate interdepartmental funding. In addition, the system currently reduces overall reporting burden on providers by leveraging database information for reporting to both PFA and the California Department of Education. In addition, the system will soon be able to import data from other sources, such as the federal Head Start reporting system.</p> <p>The city already invested in Gateway to Quality's centralized data system that tracks Environmental Rating Scale (ERS) assessments for all city-funded centers and family child care homes.. First 5, HSA and DCYF have access to this database through quarterly reports submitted and reviewed jointly.</p>

First 5 San Francisco Children and Families Commission  
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	<b>Recommendation</b>	<b>Priority</b>	<b>Department Response</b>	<b>Implementation Status/ Comments</b>
	<b>The Human Services Agency Child Care Policy and Planning Manager, the Director of the Department of Children, Youth and Their Families and Director of First 5 San Francisco should:</b>			
3.1	Develop uniform performance monitoring procedures for community based organizations providing support services, consistent with the CBO and City Accountability Workgroup’s reference guide once it is finalized.	2	Agree	First 5 will work with HSA and DCYF to develop appropriate procedures.
	<b>The Director of the Department of Children, Youth and Their Families and Director of First 5 San Francisco should:</b>			
3.2	Develop protocols to assess jointly funded child care providers in order to ensure consistent performance monitoring and follow up with underperforming providers.	2	Agree	First 5, HSA and DCYF will continue ongoing discussions to ensure consistent performances of contractors/grantees. Protocols will be refined and revised to align with the finalized CBO and City Accountability workgroup reference guide.
3.3	Develop centralized departmental record keeping and tracking of who receives technical assistance.	1	Agree	Staff from DCYF and First 5 will meet to identify and implement steps to centralize departmental record keeping and tracking of who receives technical assistance. The current CMS system has the capacity to provide such reports.  Some services, such as coaching is provided to entities and can be tracked via the CMS system; however, other technical assistance services, such as mentoring,

First 5 San Francisco Children and Families Commission  
November 2010

				<p>leadership development and training are provided to individuals and could only be tracked through the creation of a Workforce Registry when funding becomes available.</p> <p>As funding becomes available, this system could also be expanded to additional technical assistance providers in the city. .</p>
	<b>The Director of First 5 San Francisco should:</b>			
3.4	Streamline the Citywide Technical Assistance System performance measures with new emphasis on the type and amount of services to be provided and the child care sites receiving services.	2	Agree	
3.5	Survey end users on Cocoa data base functions and interfaces and incorporate survey results into future Cocoa data base development.	1	Partially Agree	<p>Cocoa’s development has been subject to end user input since its inception. Throughout the development cycle, First 5 convened groups of providers to inform its features, improve the user interface, and troubleshoot problems. First 5 has organized a Cocoa Advisory Group of end users as an ongoing feedback mechanism to improve the system. First 5 believes that using an Advisory Group of users who have more in-depth knowledge of the system’s capabilities and shortcomings is preferable to trying to administer a general survey to all users, many of whom only work with subsets of the system or have only used it for a brief time.</p>

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	<b>Recommendation</b>	<b>Priority</b>	<b>Department Response</b>	<b>Implementation Status/ Comments</b>
	<b>The Director of the Department of Children, Youth and Their Families should:</b>			
3.6	Evaluate child care providers' ability to meet average daily attendance goals and address the reasons the providers do not meet this goal.	2		
	<b>The Executive Director, Human Services Agency, and Director, Department of Children, Youth and Their Families, should:</b>			
4.1	Direct the Centralized Eligibility List administration staff at Children's Council to work with the San Francisco Centralized Eligibility List Working Group to develop an algorithm to identify the most qualified families on the Centralized Eligibility List at any given time and to develop a parent education ("SFCEL 101") program to be deployed by childcare contractor enrollment staff as suggested by the San Francisco Centralized Eligibility List Working Group.	2		
4.2	Direct the relevant Department of Children, Youth and Their Families staff to develop milestones and establish a timeline for completion within one year of an San Francisco Centralized Eligibility List Pilot that (1) addresses barriers to enrollment and (2) is suitable for dissemination statewide for presentation to the Child Development Division of the California Department of Education.	2		

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	<b>Recommendation</b>	<b>Priority</b>	<b>Department Response</b>	<b>Implementation Status/ Comments</b>
	<b>The Human Services Agency Child Care Policy and Planning Manager, the Director of the Department of Children, Youth and Their Families and Director of First 5 San Francisco should:</b>			
5.1	Develop specific strategies and implementation plans to increase the number of qualified and high-quality child care providers in neighborhoods with insufficient numbers and quality of child care providers. Collaboration on strategies and implementation plans would be part of the new governance structure discussed in Recommendation 1.1.	2	Agree	
	<b>The Director of First 5 San Francisco should:</b>			
5.2	Increase the number of licensed family child care participating in the pre-Preschool for All program, in order that more licensed family child care providers can meet the qualifications for Preschool for All program funding.	3	Agree	First 5 encourages family child care providers to apply to PFA and supports them with pre-PFA technical assistance, which is essential to helping providers meet the PFA's teacher education requirements and quality standards.
	<b>The Executive Director of the Human Services Agency should:</b>			
6.1	Instruct the Program Manager and Director of Contracts in the Human Services Agency to develop a competitive solicitation for administration of the Wages Plus program, in time for the renewal of the contract in June 2012.	1		

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	<b>Recommendation</b>	<b>Priority</b>	<b>Department Response</b>	<b>Implementation Status/ Comments</b>
	<b>The Program Manager and Director of Contracts in the Human Services Agency and contract staff at the Department of Children, Youth and Their Families should:</b>			
6.2	Include in their contract monitoring procedures a requirement that Children’s Council produce a summary report at least once a year on the reasons for under expenditures or over expenditures (if any) in each child care funding stream.	3		
	<b>The Human Services Agency Child Care Policy and Planning Manager and the Director of First 5 San Francisco and the Human Services Agency should:</b>			
7.1	Work with the Child Care Health Project to formalize Child Care Health Project selection criteria to include the considerations already in use (e.g. sites that (a) enroll children using CalWorks and other voucher subsidies, (b) receive Title 5 funding, (c) have low environmental assessment scores, (d) serve concentrations of homeless, and (e) receive Preschool For All funding), as well additional criteria that includes (f) geographic locations of child care programs, and (g) type of child care facilities.	2	Agree	HSA and First 5 will review the current sites served and sites un-served, according to the existing criteria “a-e” and add “f” and “g” explicitly to the review criteria. Full review to be completed within 60 days.  Because participation of sites in the Childcare Health Project is voluntary and due to diminishing funding, expansion to additional sites will be limited.
7.2	Implement a monitoring tool with metrics assessing need at each child care program in order to make precise determinations about the number of annual visits appropriate for individual programs.	2	Agree	Building on the tracking metrics already in place, HSA and First 5 will continue to work together with DPH to refine the monitoring tool metrics assessing need at each child care program. We will continue to revisit these assessment annually based on linkage of funding (i.e., CalWORKs

*Recommendation Priority Ranking*

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				penetration), and strategies for efficiently reaching children in subsidized early learning and family child care networks.
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***Recommendation Priority Ranking***

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	<b>Recommendation</b>	<b>Priority</b>	<b>Department Response</b>	<b>Implementation Status/ Comments</b>
7.3	Evaluate service distribution across all sites to determine if resources could be re-distributed to increase Child Care Health Project presence in Family Resource Centers in the neighborhoods that are characterized by a high number of low income families and home-based child care facilities.	2	Disagree Already accomplished.	First 5 in partnership with DCYF and H.SA aligned funding to support 23 family resource centers (FRC) located throughout SF. First 5 Commission allocated additional Prop 10 funding to the Child Health Project so that they could provide health consultation and screening to children and families who participate in targeted FRCs. The Child Health Project in Family Resource Centers (FRC) is not part of the ECE system. With limited Prop 10 funding, the Child Health Project serves two FRC in Bayview Hunters Point (Bay View Y and Parent University). In addition the Child Health project expanded to the following neighborhoods: OMI, Visitacion Valley, Chinatown, Excelsior, Portola, Potrero Hill, SOMA, Sunset, Tenderloin, Western Addition and the Richmond
	<b>The Human Services Agency Child Care Planning and Policy Manager, the Director of the Department of Children, Youth and Their Families, and the Director of First 5 San Francisco should:</b>			
8.1	Work with the Director of Child, Youth and Family System of Care (Department of Public Health) to conduct outreach and recruit child care providers and families to receive mental health consultation services.	2	Disagree	DCYF, HSA and First 5 have been working with DPH to equitably distribute the current coverage and resources to get the broadest reach and the proper depth of services where it is needed most. The

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				breadth of coverage relies on continued funding amidst shrinking resources. The current focus is on prioritizing sites with the greatest need and providing a depth of services where the need is greatest. Outreach is contraindicated in a program that is struggling to maintain the current level of coverage.
8.2	Work with the Director of Child, Youth and Family System of Care (Department of Public Health) to develop (a) criteria for reporting referrals, and (b) protocols for addressing patterns of problems in referrals.	2	Agree	First 5 will continue to work with DCYC, HS.A and DPH to refine criteria for reporting referrals and well as developing protocols for addressing patterns of problems. First 5 SF and the CPCA Inclusion Committee will continue to sponsor the Inclusion Roundtable Task Force that includes staff from DCYF, HSA, DPH, SFUSD, GGRC, CPAC and other community based organizations to improve greater access to inclusive services throughout the city for children with and without disabilities. The task force will continue to work closely with SFUSD Special Education Department to address issues of access and to improve the response to referral.

**List of Accomplishments Provided by:**

- **The Department of Children, Youth and Their Families**
- **First 5 San Francisco**
- **The Human Services Agency**
- **The Department of Public Health Child Care Health Project**
- **Early Childhood Mental Health Consultation Initiative**

The audit team invited the Department of Children, Youth and Their Families (DCYF), First 5 San Francisco, the Human Services Agency (HSA) and the Department of Public Health (DPH) to submit written statements describing their accomplishments in early childcare and education programming and services in San Francisco. Below are responses submitted by each department.

### **Department of Children, Youth and Their Families Accomplishments**

- The Department of Children, Youth and Their Families' (DCYF) Citywide Child Care Administrator was instrumental in the passage of California Senate Bill 701 (SB701) on September 8, 2005, authorizing the *San Francisco Child Care Individualized County Subsidy Pilot*, as well as the two-year extension of the Pilot included in the 2010-2011 Budget Trailer bill. These five basic goals of the Pilot are to:
  - Increase the retention at Title 5 center-based child care programs and among development services contractors.
  - Increase enrollment in subsidized care.
  - Increase the ability of low-income families to move toward self-sufficiency through higher earnings.
  - Increase the stability of child care placements for children whose families would otherwise be income-ineligible for child care subsidies.
  - Maximize utilization of child care and child development subsidy allocations.
- DCYF's Citywide Child Care Administrator was instrumental in the 2008 design, development and implementation of the voluntary temporary transfer policy that allows funds to be temporarily transferred between Title 5 contractors in order to maximize the efficient use of subsidy funds within the county. In 2009, this policy and process was adopted by the California Department of Education Child Development Division to be replicated among all contractors statewide.
- DCYF funded the Children's Collabrium to deliver technical assistance, training, and support services to Title 5 contractors with the aim of fully earning contracts and serving as many subsidized children as possible. The Children's Collabrium provided over 300 hours of technical assistance to child care providers; worked with Subsidy Pilot administrators to identify funds that might be transferred between contractors; delivered approximately 60 hours of technical support to Subsidy Pilot administrators.
- In 2009, DCYF's Citywide Child Care Administrator developed a cost modeling report that estimated the overall true cost of providing a high quality licensed early care and education/child care in a center-based program in San Francisco. Developing this model (and the estimated gap in revenue) was intended to inform City funding strategies and system investments, and to help the early child care and education community better communicate about the cost of quality with the businesses/ private sector, private funders, and families. The report highlighted that the State reimbursement rates are too low to sustain high quality programming for the children who need it the most, that state investments in San Francisco's licensed centers serving low-income children and their families need to increase substantially in order to cover the true cost of meeting Title 5

programmatic standards and to improve the quality of programs via lower staff to child ratios, smaller groups sizes and higher teaching staff compensation.

- In Fiscal Year 2009-10, DCYF ensured access to quality child care programs for 1,255 low-income children between three months and five years old by providing direct child care grants to programs to support ongoing operations because the State reimbursement rate was not adequately covering the cost of care.
- In Fiscal Year 2009-10, DCYF's Early Literacy Initiative (ELI) provided the Jumpstart program to all eligible preschools in the Bayview and Visitation Valley, working with 621 preschool-age children in these two neighborhoods to develop and enhance language, literacy and social skills. Through the ELI, Jumpstart facilitated or participated in 30 community events in Bayview and Visitation Valley that engaged a total of 511 parents and caregivers, and held 90 total family workshops focused on kindergarten readiness and basic child development principles that engaged 425 families.
- DCYF's Citywide Child Care Administrator worked in partnership with staff at the San Francisco Public Utilities Commission and Department of Public Works and Supervisor Duffy to ensure a state of the art child care center will be included in the new SFPUC headquarters currently under construction.
- DCYF's Citywide Child Care Administrator worked with the Department of Planning to ensure the inclusion of child care language in the 2009 Housing Element in the City's General Plan.
- DCYF's Citywide Child Care Administrator is working with the Transbay Joint Powers Authority, San Francisco Redevelopment Agency, San Francisco Municipal Transportation Agency, and Supervisor Duffy to ensure the inclusion of high quality child care centers as part of the Transbay Terminal developments.
- In Fiscal Year 2009-10, Gateway to Quality, which is jointly funded by DCYF, performed 170 ECERS assessments at 53 centers and 56 family child care providers, evaluating strengths and needs of early childhood programs and educators and then developing Quality Improvement Plans.
- In Fiscal Year 2009-10, DCYF-funded Infant/Toddler Sustaining Grants program distributed grants for an average of 420 children per month at 25 child care centers, and 810 children per month cared for by 182 family child care providers. Annually, the average family child care provider received \$7,150 in grants.
- In Fiscal Year 2009-10, DCYF's support of early childhood workforce professional associations supported 500 teachers who received training and/or participated in professional development workshops in an effort to promote and sustain improved practices in the field.

- In Fiscal Year 2009-10, the Child Care Inclusion Challenge Project, which receives funding from DCYF, trained 516 teachers and other early childhood professionals on the law and best practices to appropriately support and include children with disabilities and special health care needs in child care programs. Child Care Inclusion Challenge Project staff visited 39 child care programs, conducting 135 individual visits to support ongoing inclusive practices, and provided technical assistance and support to 124 families with children with disabilities and special health care needs.

### **First 5 San Francisco Accomplishments**

According to McKinsey and Company, the strength of an organization's capacity is defined by seven essential elements: aspirations, strategy, organizational skills, systems and infrastructure, human resources, organizational structure and culture. First 5 San Francisco possess all seven of these elements to a high degree as outlined below.

#### Aspiration

First 5 San Francisco has a clear sense of purpose and direction articulated in its mission, vision and overarching goals.

- Since its inception First 5 San Francisco has held a vision that all San Francisco children will thrive in supportive, nurturing, and loving families and communities. This vision is supported by a written mission statement and four overarching goals: Improve Child Health; Enhance Child Development; Improve Family Functioning; and Improve Systems of Care.
- The vision, mission, and goals are documented in the First 5 San Francisco Strategic Plan and revisited a minimum of twice per year through an annual Local Evaluation Report and annual reaffirmation of the Strategic Plan.

#### Strategy

First 5 San Francisco has a coherent set of actions and programs developed to fulfill its overarching goals.

- First 5 San Francisco's immediate priority, once established in 1998 with the passage of Proposition 10, was to engage in a comprehensive, community-driven strategic planning process that would result in a concrete, detailed, and realistic plan for effectively allocating public funds.
- Since the first plan, First 5 San Francisco has reaffirmed the Strategic Plan annually, undergone two major revisions based on in-depth community input - one in Fiscal Year 2004-05 and another in 2006-07 - and is preparing to embark on its third major strategic planning process this fiscal year.
- The First 5 San Francisco Strategic Plan outlines specific strategies, outcomes, and indicators in each of the four overarching goal areas in order to guide both implementation and performance reviews. The plan also sets a priority for serving the following target populations: new immigrant families; families of children with special needs; and low-income, isolated, and under-served families.

- All fifteen strategies outlined in the current 2007-2012 Strategic Plan were fully implemented by the close of the 2008-09 Fiscal Year. Core strategies implemented include: investments in infant/toddler and preschool programs; oversight of a Family Resource Center Initiative comprised of 23 grants jointly funded with HSA and DCYF; investments in prenatal care, health and mental health consultation, and special needs inclusion strategies that link to early care, preschool, and family resource centers; and funding to professional development, quality enhancement, and technical assistance initiatives that help build the capacity of all funded programs.

### Organizational Skills

First 5 San Francisco supports its Strategic Plan with quality implementation, sound fiscal management, and ongoing performance evaluation for continuous organizational improvement.

- **Quality Implementation:** First 5 San Francisco ensures quality implementation by drawing on the expertise of our local community partners in program design and implementation. All new initiatives included in the 2007-2012 Strategic Plan were developed in partnership with thinking groups comprised of community partners and professionals with expertise in our four Strategic Plan goal areas.

First 5 San Francisco further ensures quality implementation by promoting the use of evidence-based practice and field-tested standards of quality within funded programs. 100 percent of funded Preschool for All sites and Family Resource Centers receive a regular assessment of quality through the Early Childhood Environmental Rating Scale and the San Francisco Family Support Network Quality Standards Assessment; 80 percent are utilizing a funder-approved evidence-based curriculum in their educational work with children and parents/caregivers.

- **Sound Fiscal Management:** To ensure overall fiscal oversight, on an annual basis First 5 San Francisco completes a financial statement audit, an expanded audit, and an annual fiscal report to First 5 California. Annual audits consistently reveal no material weaknesses and indicate that First 5 San Francisco is in compliance with laws and regulations of First 5 California. First 5 San Francisco is also compliant with internal policy to keep administrative costs below 15 percent of total expenditures so that a majority of revenue can be spent directly serving the community.

Additionally, First 5 San Francisco has the ability to leverage matching funds from First 5 California in several areas including school readiness, infant/toddler and preschool care, and incentive programs for early childhood providers (CARES). This contributes to diversification and greater stability of funds.

Finally, a Sustainability Plan was developed in conjunction with the 2007-2012 Strategic Plan. A formal review of the Sustainability Plan happens every two years and consists of focused long-range financial planning discussions amongst the Commissioners and First 5 San Francisco staff.

- **Performance Monitoring and Evaluation:** First 5 San Francisco has a rigorous grant monitoring system to ensure that funds are used as intended. The system requires grantees to develop a program Logic Model demonstrating expected services and outcomes. Logic

Models are then translated to a set of performance measures with concrete targets that are assessed on a quarterly basis.

Performance measurement feeds into a comprehensive Evaluation Framework that allows our organization to respond on an annual basis to two fundamental questions: what was invested (i.e. fund distribution and strategies) and what was achieved with investments (i.e. participant engagement, quality, and outcomes). Investments and achievements are analyzed at both the Program Level and the Commission Level.

Evaluation findings are documented in the following public reports produced on a regular schedule: (1) Annual Local Evaluation Report; (2) Annual Evaluation of Preschool for All service platform; (3) Annual Evaluation of Family Resource Center service platform; (4) Biennial Assessment of Grantee and Stakeholder Perceptions; (5) Biennial Assessment of Kindergarten Readiness; and (6) Biennial Assessment of Community Indicators surrounding child and family well-being. First 5 San Francisco also publishes and distributes several evaluations specific to particular initiatives.

### Organizational Structure and Human Resources

First 5 San Francisco is governed by a Commission representative of our community partners and four overarching goal areas and staffed by a highly competent and qualified team of professionals.

- In accordance with the legislative mandate, current Commission members include representatives from the Department of Public Health, the Department of Human Services, the Mayor's Office of Children, Youth, and their Families, and the Board of Supervisors. Five additional members have been appointed from the fields of early childhood and elementary education, mental health, and pediatrics in order to offer a breadth of expertise in all four Strategic Plan goal areas.
- First 5 San Francisco staff bring a wealth of expertise in the areas of early childhood education, health, mental health, policy, business administration, and evaluation. Currently all staff positions are filled and there has been no staff turn-over in the past three years. All staff receive an annual performance review that includes the creation and review of professional development goals.

### Systems and Infrastructure

First 5 San Francisco not only has basic office infrastructure in place, but also utilizes information technology and data management systems to realize additional operational efficiencies.

- First 5 San Francisco utilizes the City-wide FAMIS system for tracking revenues and expenditures. FAMIS is supported by an internal Master Tracking system of all grants, contracts and work orders. This internal system provides a system of checks and balances for information entered into FAMIS, offers ease of communication and access to fiscal information for multiple staff, tracks all stages of contract negotiation and monitoring, and generates information for various formal and informal fiscal reporting requirements.
- A web-based Contract Management System (CMS) allows staff and grantees to manage every aspect of their contract, including: scope of work set-up, performance measure development, invoicing, quarterly performance measure, and tracking of participant and

service data. CMS is then able to generate data for our state annual report and local evaluation report. Importantly CMS is used by our partner agency DCYF.

The Preschool for All COCOA data system performs an identical function for funded sites. It provides real-time enrollment information and helps First 5 San Francisco manage provider reimbursements through monthly enrollment certifications. The system generates detailed reports about participating children, families, and teachers and has been updated to enable programs to satisfy California State Preschool Program (CSPP) and General Child Care reporting requirements.

### Culture and Values

First 5 San Francisco work is grounded in a set of core values that tie all other organizational elements together.

- First 5 San Francisco holds the following core values: knowledge and expertise, respect, stewardship, and compassion. These values came about as a result of in-depth staff and Commissioner discussion. They are assessed every two years through a Grantee Survey. Results of the survey are presented to staff and Commissioners for reflection and are made available to the public through a summary report.
- First 5 San Francisco believes in conducting its work within an environment of transparency. Commission meetings, Commission Program Committee meetings, and Commission Fiscal meetings are open to the public and documented through publicly available minutes. Stakeholders have regular opportunities for informing the work through the Preschool for All Advisory Committee, the Strategic Planning Advisory Committee, and the Family Resource Center Evaluation Workgroup. Approximately 50 meetings, events, and trainings are held each year for grantees allowing for open communication and a mutual exchange of ideas with First 5 San Francisco staff and other colleagues.

### Human Services Agency Accomplishments

The Human Services Agency (HSA) successfully provides leadership to support CPAC and partner with the child care community, to plan, design, and implement model programs including WAGES+, SF Facilities Fund, Title 5 Revolving Grant, Child Care Inclusion Challenge Project, Emergency Back-up and Mildly Ill Kidcare, Access to Child Care for expedited for the Shelter System (ACCESS) and others, most of which are unique to San Francisco or successful adaptations of programs that exist outside California.

The Human Services Agency's achievements include:

- Consolidation of fragmented subsidy voucher programs under single administration, providing improved monitoring and accountability of subsidy administration that has (1) minimized transfer disruptions for families, (2) promoted standardized reporting and practices for thousands of providers, (3) maximized local subsidy resources, and (4) redirected city subsidies to infants and toddlers.
- Since 2000, HSA has leveraged over \$39 million in State and federal dollars to support an infrastructure of provider supports that includes (1) health and mental health consultation, (2) staffing for the Childcare Provider Advisory Council (CPAC) Needs Assessment and

Planning, (3) technical assistance for capital improvements and program start-up, (4) provider field building, (5) inclusion supports to families with children with special needs, and (6) emergency back-up care/mildly ill care.

- In Fiscal Year 2009-10 HSA convened the Workforce Think Tank, which supported the City's planning and strategic modification of workforce compensation and reward investments.
- Designed and piloted, in partnership with DCYF and the Mimi and Peter Hass Jr. Foundation, the ECERS Environmental Rating process implemented through the San Francisco State University formerly called Partners in Quality Child Care, currently called Gateway to Quality.
- In partnership with DCYF and the Mimi and Peter Hass Jr. Foundation, developed and the San Francisco Child Care Facilities Fund, which has supported the creation of 20 new centers, created over 1,000 licensed child care slots, and supported the renovation and repair, improvement of existing child care facilities.
- Developed and implemented national models for compensation and business supports to licensed child care centers and family-based child care programs. The WAGES+ program is primarily administered in-house and provides wage and business supports to nearly 30 percent of the City's child care center workforce and 26 percent of the family-based child care workforce. WAGES+ has professionalized business practices at approximately one third of family-based child care programs that now pay payroll taxes, have worker's compensation insurance, and offer paid sick leave for staff.
- In partnership with homeless and domestic violence shelters, designed and successfully implemented the city's model homeless child care program, Access to Child Care Expedited for the Shelter System (ACCESS) which offers child care case management, mental health and health consultation for all providers.

### **Department of Public Health Child Care Health Project Accomplishments**

Oral

Health

The San Francisco Dental Society and the San Francisco Department of Public Health 2000-2006 collaborative oral health status report, *Oral Health Status of San Francisco Public School Kindergarteners 2000-2006*, indicated that tooth decay was a significant problem for San Francisco's public school children. By kindergarten at least 49 percent of children have demonstrated tooth decay and 29 percent of children have untreated dental cavities. The problem is greatest among low-income and racial-ethnic minority children.

The Child Care Health Project (CCHP) continues its commitment to prioritize access to comprehensive dental screening for young children age birth to five years old in San Francisco.

Oral Health achievements include:

- Initiated, developed and continue ongoing relationship with the University of California (UCSF) School of Dental Public Health. Through the Child Care Health Project, the UCSF student curriculum now includes providing free screening and education to underserved children.
- Initiated the application of fluoride varnish to preschool children onsite at child care center locations.

- Established a Legacy Site offering dental screening and fluoride varnish application to over 200 children in the Mission district.
- Developed a new relationship with University of the Pacific Dental School/Pediatric Dental Clinic to offer dental services at child care centers.
- Nurtured and expanded a relationship with the Native American Health Center to support free dental screening activities at child care centers.
- Developed interdepartmental relationship with the Department of Public Health dental hygienist/oral health consultant to enhance outreach, screening and professional linkages.
- Facilitated the initiation of first time tooth brushing programs at child care centers.
- Established a focus on oral health promotion in the Chinatown community.
- Developed first time, multilingual materials for distribution to child care community providers and parents including: Benefits of Midday Tooth Brushing in the Classroom, First Birthday- First Dental Appointment by Age One, Oral Health During and After Pregnancy, and Every Child Needs a Dental Home.
- Established and implemented a Train the Trainer model for oral health promotion in Family Resource Center settings.

#### Health Screening

- Initiated first time height and weight (BMI) screenings in the child care center setting to promote parent, child and provider education and awareness of nutritional choices, active living, child growth/development and overall health.
- Identified children at risk via vision, hearing and dental, early detection health screenings and then assisted to link these children to medical and dental homes to begin treatment as early as possible prior to kindergarten.

#### Disaster Preparedness

- Over the past three years the Child Care Health Project has increased awareness and provided a collection of disaster preparedness supply kits to providers at targeted at risk child care centers, Family Resource Centers, and shelters. Multilingual trainings have also been held at Children's Council for the broader childcare and family childcare community throughout the year, including distribution of supply buckets from the Red Cross.
- Facilitated delivery of vaccines to targeted high risk populations including pregnant women, children ages 6 months to 24 years old, caregivers of children less than 6 months old, and health care workers with direct client contact.
- Assisted with the delivery of over 9,000 vaccinations to at risk populations during Mass Vaccination Day at Bill Graham Auditorium.

#### Department of Public Health Collaboration

- Linking child care sites to Environmental Health services to enforce no smoking regulations at child care sites.
- Working directly with Children's Environmental Health to initiate, develop, and implement a first-time plan to establish bleach-free cleaning alternatives for childcare sites
- Serving as a conduit with 101 Grove Street Disease Control for child care sites with communicable disease outbreaks to link with the Maternal Child Adolescent Health Go

Folic program to provide free multivitamins for women of child bearing age served by the South of Market Family Resource Center.

### Consultation Services

- Linking sites with community resource experts for training and screening opportunities.
- Expanding beyond the child care center arena to serve family child care sites, shelter and Family Resource Centers which had previously never been served.
- Providing technical assistance linkages through the Children's Council, Childcare Licensing and the SF Immunization Coalition.
- Supporting childcare staff in health related decision making regarding inclusion/exclusion of children, medical requirements and communicating with medical homes, illness outbreaks, and public health concerns.
- Identifying children with incomplete medical assessments or medication plans that require follow-up services.

### **Early Childhood Mental Health Consultation Initiative Accomplishments**

#### Funding

In Fiscal Year 2008-09, the Early Childhood Mental Health Consultation Initiative (ECMHCI) was awarded funding from the Mental Health Services Act Prevention and Early Intervention funding to expand the reach of the Initiative, as well as to design and implement a training program for the early childhood mental health consultants. As result of the funding, ECMHCI was able to expand service beyond center-based child care programs to alternative settings in which young children spend much of their time, including family resource centers, family child care networks, and substance abuse day treatment programs.

The training program that will be designed will be a one-of-kind, comprehensive learning opportunity for mental health clinicians doing the work of early childhood mental health consultation. The program will seek to build and support the expertise of the consultants and promote their ability to address the social and emotional needs of young children by supporting and building the capacity of primary caregivers in those children's' lives.

#### Didactic Trainings

Since January 2009, ECMHCI has provided didactic trainings for the early childhood mental health consultants on topics that include sensory integration, children's play and adult anxiety, and developmental screenings. The half-day trainings occurred bimonthly and consisted of both didactic and small group discussion sections. The small group discussions were facilitated by the Program Directors/Supervisors of the ECMHCI contracting agencies and served the purpose of creating space in which the consultants could apply the didactic lessons to their own work, as well as provided an opportunity for the consultants to network, share, and support one another.

#### Request for Proposals and Infrastructure Improvements

In FY 2009-10, a Request for Proposals was issued to solicit bids for the ECMHCI funding. This year, ECMHCI used the process to streamline contracting process and create greater efficiencies in service provision to large child care organizations that manage multiple sites like the San Francisco Unified School District (SFUSD). ECMHCI also instituted additional performance

measures and service protocols in order to better define the services being rendered, as well as to improve assessment of the value added by those services.

### Public Awareness

ECMHCI contractors and consultants have also been increasingly involved in promoting public awareness of issues pertaining to early childhood mental health. This is done in a variety of ways from publishing books on the subject, presenting at conferences, and conducting community presentations. Specifically, the Therapeutic Nursery in San Francisco presented a paper at the Zero to Three conferences that occurred in December 2008. The classroom teachers, clinical supervisor, and the mental health consultant will traveled to Los Angeles to present the ways in which they work together to address the complex needs of the children and families receiving care at the Therapeutic Nursery School.

### Systems Coordination

Over the past three to four years, the ECMHCI Coordinator and the ECMHCI contractors have worked closely with SFUSD and Head Start to strengthen their mutual partnership. The Head Start Mental Health and Disabilities Manager has attended a number of the monthly ECMHCI contractor meetings to discuss strategies for streamlining Head Start's 90-day developmental review requirement, specifically ways in which the ECMH consultants can help them meet that requirement without taking time away from the consultants' primary duties. A result of these joint conversations, an agreed upon protocol for meeting the 90 day review requirement was found. Head Start and the ECMHCI continue to work together on various other systems improvements.

Much progress has also been made with the SFUSD. The SFSUD Child Development Program's Director of Oversight and Evaluation, attended a Network meeting with the two Social Workers that are assigned to handle the needs of children in all SFUSD Child Development Center (CDC) programs. At this meeting, discussions were had regarding how to improve general communication between SFSUD and the Initiative, and what types of structural improvements can be put into place at the site level to improve the ability of the CDC staff to receive and use ECMH consultation services. Further, a few of the ECMHCI contractors formed a small workgroup to continue the conversations with SFUSD about a partnership.

### Evaluation Studies

In Fiscal Year 2007-08, an important evaluation study was conducted of the ECMHCI termed the Longitudinal Study. The Longitudinal Study included an examination of children who received consultation services while in preschool to assess whether the social and emotional benefits they experienced in child care as a result of ECMH consultation stayed with them as they entered kindergarten. The study results were quite remarkable:

The general findings of the study included the following:

- Children showed increased socio-emotional resiliency and decreased behavioral concerns after ECMHC services while in preschool.
- The effectiveness of ECMHC services was sustained into kindergarten. Children who received ECMHC services in preschool showed a comparable level of kindergarten performance as their peers.

- Children who attended a childcare center with access to ECMHC services developed the social and emotional competence needed in kindergarten.

To assess the effectiveness of the Early Childhood Mental Health Consultation Initiative, each year satisfaction questionnaires are distributed to staff and parents who received consultation services over the previous year. The survey is based on performance objectives that each contract must meet in a given fiscal year. The results of the most recent client survey are as follows:

**Staff/Provider Responses to Performance Satisfaction Survey**

	Percentage of providers who "agree" or "strongly agree" with statement
The mental health consultant helped increase my understanding of children’s emotional needs.	<b>92 percent</b>
The mental health consultant helped add to my understanding of children’s development.	<b>84 percent</b>
Working with the mental health consultant helped me respond more effectively to children’s behavior.	<b>86 percent</b>
The mental health consultant helped me communicate more effectively with parents of children who have challenging behaviors.	<b>85 percent</b>

The survey data shows how the support of the mental health consultants has contributed to the enhanced understanding of the complexities of a child’s social and emotional development. It is the Initiative’s goal to receive at least a 75 percent affirmative response rate to the above statements. As previously mentioned, each statement corresponds to a specific Initiative objective. It is apparent from the information presented in Table 1 that the Initiative is far exceeding its’ stated objectives, with no less than 84 percent of staff agreeing with each of the above statements.