Putting It All Together: The San Francisco Approach to Understanding Costs and Reforming Finance Using a QRIS

National QRIS Meeting, July 2016
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• September Jarrett, San Francisco Office of Early Care and Education Citizens’ Advisory Committee and newly appointed Director of the Office
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San Francisco Goals for the CFA

Why did San Francisco engage in this effort, at this time?

- **Challenge** –
  Newly formed city department responsible for multiple funding streams, including robust local contributions with varied eligibility and quality criteria.

- **Desired Result** –
  A cross sector, aligned, high quality local ECE system for 0-5 year olds maintaining universality for preschool children and presenting some degree of opportunity for continuous eligibility for 0-3 year olds.
In 2015, San Francisco was home to 51,134 young children - 26,375 0-2 year olds and 24,759 3-5 year olds.

In FY 15 - 16, $182,940,344 in total funding supported the City’s early care and education system.

- Direct Service Funding = $161,070,372
- ECE System Supports = $21,869,972
Hybrid model with 5 levels of quality
  • Tier 1 is a block: sites must be licensed and in good standing with CA Community Care Licensing
  • Tiers 2 – 5 are points based

State-regional model allowing regions to make local adaptations to Tiers 2 – 5

Content is organized into 7 elements of quality
  • All 7 elements apply to centers
  • 5 of 7 elements apply to family child care homes
  • Centers can earn 35 maximum points; FCC homes 25 points
What is a Comprehensive Fiscal Analysis?
A system that:

- Works for all children and ensures positive impact on the most vulnerable
- Is fair to providers and supports their developing capacity for quality implementation
- Uses public resources wisely and efficiently
CFA Activities

• Research and Investigation
• Financing Profiles
• Analysis and Recommendations
- Robust local funding exists to leverage and supplement state and federal funding

- Local initiatives and funding approaches have been added over time - made the current financing system complex.

- San Francisco has a strong commitment to meeting the needs of children, families, and providers including agreement around outcomes for early childhood and measures to track progress.
Key Findings

- Overly complex system
- Lack of alignment
- Not maximizing local control
Most Restrictive – little control of the administration of the funding or the target population of children, families and providers the funding can be utilized for.

Least Restrictive – full control of the administration of this funding and the ability to change the characteristics of the target population of children, families and providers the funding is utilized for.

Control of Funding – Direct Service Supports

Source: Federal
- Early Head Start
- Head Start

Source: State
- Contracted *(administered by CA Dept of Education)*
  - Child Care and Development Program, CCTR
  - CA State Preschool Program, CSPP
  - Family Child Care Home
  - Educational Network, FCCHEN
  - Handicapped Program, CHAN
- Voucherized
  - Cal WORKS 1 (DSS)
  - Cal WORKS 2 (CDE)
  - Cal WORKS 3 (CDE)
  - Alternative Payment Program, CAPP (CDE)

*All state contractors participate in SF Pilot, goal of Pilot is to more efficiently utilize Title V Funding and for county to have more discretion over state funding.*

Source: Local/Federal
- Family and Children’s Services
  (follow federal restrictions on all funding in this program)

Source: Local (Children’s Fund, General Fund, PEEP)
- ACCESS
- City Child Care
- PFA – Enrollment
- PFA – Enhancement
- PFA Bridge
- Preschool Plus
- SFCCSS Backfill
- SFCCSS Operating Grants
- CWAGES

Funding Sources

- Federal 11%
- State 49%
- Local 40%
Key Findings

- Duplication of effort
- Need stronger systemic approach to quality
- Lack of a link between funding and quality
Comprehensive Fiscal Analysis Recommendations
Restructure the local financing system.

**Goal:** Ensure a seamless system for children, families and providers that effectively uses all funding.
Essential Elements of a Restructured System:

- Funding organized in two categories – direct service and system supports.

- Direct service funding has two parts:
  - base level of quality expected of all providers
  - quality enhancement.

- Base level of quality sets the expectation that every program operates at a Tier 3 level of quality on the BA-QRIS.
Implement system-wide accountability for access to quality for young children and families.

**Goal:** A system-wide approach to accountability addressing service quality, quality supports and funding.
System-wide Accountability will:

- Use the QRIS as the quality framework for all programs

- Award funding based on sustaining a given level of quality

- Implement unified reporting that includes fiscal accountability and quality assurance, encompasses reporting on outcomes related to city-wide child, family and provider metrics and uses a common budget form for consistency
Strengthen system supports, such as quality improvement and system-level coordination.

**Goal:** A set of system supports linked to the locally modified QRIS to ensure that these supports are fully utilized, achieve expected outcomes and use feedback on their impact.
Strengthening system supports for quality improvement includes:

- Broadening the range of supports and coordinating the delivery of system supports to early childhood settings

- Developing a comprehensive system support model with:
  - clear targets for participation in quality improvement supports
  - sufficient funding of the supports based on expected outcomes
  - an investment plan to achieve the goals.
Implementation and Next Steps
Impact of CFA

- CFA recommendations were vetted through and endorsed by:
  - SF OECE Citizens’ Advisory Committee
  - SF Mayor’s Budget Office
  - SFUSD Superintendent and SF City Agency Partners
  - SF Board of Supervisors (legislative body)
Implementation and Next Steps

Drive to implement system changes in 1 year

- Absorb $6.9 million in new local investment
- Implement micro-pilots to test approach
  - Family child care
  - Equity factors
- **Enhance QRIS** locally to forge strong links to quality and respond to local priorities
  - Family engagement
  - Wages and career ladders
- **External evaluation of our quality system** to identify improvements, targets, and needed investment
- RFP funding, **reforms in place July 1, 2017**
Questions

Report available at: