

1 [Administrative Code - Early Education Economic Recovery Program]

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3 **Ordinance amending the Administrative Code to establish the Early Education**  
4 **Economic Recovery Program to provide grants and interest-free loans to early care and**  
5 **education providers to help cover costs associated with the COVID-19 pandemic.**

6 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.  
7 **Additions to Codes** are in *single-underline italics Times New Roman font*.  
8 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.  
9 **Board amendment additions** are in double-underlined Arial font.  
10 **Board amendment deletions** are in ~~strikethrough Arial font~~.  
11 **Asterisks (\* \* \* \*)** indicate the omission of unchanged Code  
12 subsections or parts of tables.

13 Be it ordained by the People of the City and County of San Francisco:

14 Section 1. Article XVII of Chapter 20 of the Administrative Code is hereby amended by  
15 adding Section 20.17-4, to read as follows:

16 **SEC. 20.17-4. EARLY EDUCATION ECONOMIC RECOVERY PROGRAM.**

17 *(a) Findings. Early care and education providers are essential for working families, but*  
18 *were struggling even before the COVID-19 health emergency and are now critically impacted. Due to*  
19 *new health orders issued in 2020, early care education providers had to limit the number of children*  
20 *served, increase staffing, and modify physical spaces in order to provide a safe environment. However,*  
21 *subsidies from State and Federal resources were limited and have to kept up with the rising costs of*  
22 *operation.*

23 *In July 2020, the Center for the Study of Child Care Employment conducted a survey of child*  
24 *care programs throughout California and found that 953 center-based (40%) and family child care*  
25 *(60%) programs were facing new financial challenges including decreased capacity and increased*  
*costs caused by the reopening process and meeting new COVID-19 mitigation protocols. Specifically,*

1 of the programs that have re-opened, 77% have experienced loss of income from families; 99% of re-  
2 opened child care centers and 78% of re-opened family child care programs have fewer children  
3 attending than before the pandemic.

4 Without public funding, the early care and education system is in severe financial crisis; the  
5 projected revenue loss for early care and education centers and family child care centers that are  
6 currently funded by the City were estimated to lose \$21.8 million between March and June 30, 2020.  
7 The City's Economic Recovery Task Force's October 2020 report stated that a quality, robust child  
8 care system was necessary to get San Francisco back to work and onto the road of recovery. The Task  
9 Force recommended that the City establish new methods for supporting child care providers, including  
10 financial support with flexible supplemental grant funds or forgivable loans to expand spaces, open up  
11 larger spaces, and provide adequate spacing to adhere to new health requirements.

12 While San Francisco's Office of Early Care and Education served over 7,000 children from 0-K  
13 with some form of subsidy-supported program this past quarter, there are currently 2,796 children  
14 actively on the waiting list for City-funded programs. Based on the 2018 citywide needs assessment,  
15 there are over 1,000 preschool-aged children and 19,000 infants and toddlers who we are unable to  
16 serve with our current licensed capacity.

17 Beyond the early care and education providers that receive some funding through the City,  
18 there are also hundreds of non-subsidized child care providers including co-ops, licensed nonprofit  
19 centers, licensed private child care centers, and licensed family-based child care that are at the brink  
20 of closure due to the pandemic. In order to support the entire early care and education system, there  
21 needs to be adequate support for early care and education providers across the spectrum to stabilize  
22 the workforce and sustain existing child care slots.

23 (b) **Establishment of Early Education Economic Recovery Program.** Subject to the  
24 budgetary and fiscal provisions of the Charter, the Office of Early Care and Education ("OECE")  
25 shall develop and implement the Early Education Economic Recovery Program ("Program") to

1 provide grants and no-interest loans to early care and education providers impacted by the COVID-19  
2 pandemic, as provided in this Section 20.17-4. The Program shall be funded under the Early Care and  
3 Education for All Initiative by appropriations from the Babies and Families First Fund established in  
4 Administrative Code Section 10.100-36, in addition to such other appropriations as the Board of  
5 Supervisors may direct by ordinance.

6 (c) **Providers Eligible for Funding.** The following types of early care and education  
7 providers (“Providers”) shall be eligible to receive funding under the Program, subject to additional  
8 criteria established by OECE, provided that the Providers are operating in the City at the time of the  
9 grant or loan award and throughout the period covered by the loan or grant:

10 (1) Small and Large Family Child Care Homes, as defined in 22 C.C.R. Section  
11 102352(f)(1), that (A) are licensed under California Health and Safety Code Sections 1596.60 et seq. at  
12 the time of the grant or loan award and throughout the period covered by the grant or loan, and (B)  
13 served at least four children between ages zero and six, inclusive, at any point from March 1, 2019  
14 through February 29, 2020;

15 (2) Non-profit Day Care Centers or Child Care Centers, as defined under 22 C.C.R.  
16 Section 101152(c)(7), that, at the time of grant or loan award and throughout the period covered by the  
17 grant or loan, (A) are licensed under California Health and Safety Code Sections 1596.60 et seq., and  
18 (B) care for children between ages zero and six, inclusive;

19 (3) For-profit Day Care Centers or Child Care Centers, as defined under 22 C.C.R.  
20 Section 101152(c)(7), that, at the time of grant or loan award and throughout the period covered by the  
21 grant or loan, (A) are licensed under California Health and Safety Code Sections 1596.60 et seq., (B)  
22 operate no more than two locations in the City, and (C) care for children between ages zero and six,  
23 inclusive; and

24 (4) Providers licensed and exempt from licensing under California Health and  
25 Safety Code Sections 1596.60 et seq. that, at the time of grant or loan award and throughout the period

1 covered by the grant or loan,(A) operate under a cooperative arrangement between parents for the  
2 care of their children, in which families participate on a rotating basis, serving six or more families,  
3 (B) meet the description in California Health and Safety Code Section 1596.792(e), and (C )care for  
4 children between ages zero and six, inclusive.

5 (d) **Permitted Uses of Funding.** OECE may provide funds to Providers under the Program  
6 for the following purposes:

7 (1) Costs associated with cleaning or sanitation of Providers' facilities to minimize  
8 the risk of transmission of COVID-19;

9 (2) Costs of purchasing educational materials, including computers and other  
10 electronic devices, to reduce the need for children to share materials during the COVID-19 pandemic;

11 (3) Costs associated with increasing the size of facilities, changing the arrangement  
12 of furniture in facilities, or otherwise making physical changes to facilities, to help keep children  
13 physically distanced from one another to minimize the risk of transmission of COVID-19;

14 (4) Costs of providing financial assistance to the Providers' employees to assist  
15 those employees to pay for childcare for their own dependents during working hours;

16 (5) Costs of providing childcare for free or reduced cost to children of essential  
17 healthcare workers and City employees who have been activated as Disaster Service Workers, who are  
18 unable to care for their children during the workday; and

19 (6) Other costs authorized by OECE by rule or regulation that assist Providers to  
20 address the impacts of the COVID-19 pandemic on Providers, their employees, children served by  
21 Providers, and families of those children.

22 (e) **Administration.** OECE shall administer the Program with assistance as needed from  
23 the Human Services Agency, and may promulgate rules or regulations regarding the Program. At  
24 minimum, OECE shall promulgate rules and regulations to:

1           (1) Establish an application process, a selection process, and selection criteria for  
2 the Program. In promulgating regulations establishing a selection process and criteria, OECE shall  
3 attempt to establish criteria that maximize the likelihood that the Program will be accessible to  
4 Providers that do not currently receive funding from the City.

5           (2) Establish a set of factors OECE may consider in determining the amount of  
6 funding in each grant or loan, provided that each grant or loan issued under the Program shall be at  
7 least \$5,000.

8           (f) **Outreach.** Beginning no later than 10 days after the effective date of the ordinance in  
9 Board File No. 201327 enacting this Section 20.17-4, OECE shall develop and begin to implement an  
10 outreach plan to make Providers aware of the Program. OECE shall design the outreach plan to reach  
11 all Providers in the City, including those that do not currently receive funding from the City. In  
12 designing and implementing the outreach program, OECE shall work directly with child care resource  
13 and referral organizations and family child care associations to maximize the impact of the outreach in  
14 appropriate languages.

15           (g) **Statement of Intent for Funding in FY 2020-21.** Subject to the budgetary and fiscal  
16 provisions of the Charter and availability of funds in the Babies and Families First Fund in Section  
17 10.100-36, it is the intent of the Board of Supervisors that OECE will award grants or loans in Fiscal  
18 Year 2020-21 in a total amount of at least \$20 million.

19           (h) **No-Interest Loan Program.** This Section 20.17-4 authorizes the City to provide  
20 interest-free loans under the Program. Before conducting outreach regarding interest-free loans or  
21 initiating a solicitation process for such loans, OECE shall consult with the Treasurer-Tax Collector  
22 and the Controller. Based on that consultation, OECE may determine that an interest-free loan  
23 program is infeasible or otherwise would be impractical or problematic, and may decide not to award  
24 loans under the Program.

1           (i) Sunset. This Section 20.17-4 shall sunset on December 31, 2021 unless the Board of  
2 Supervisors extends it by ordinance. After that date, OECE shall issue no additional grants or loans  
3 under the Program, but rules, restrictions, and reimbursement periods that apply to existing grants and  
4 loans shall remain in effect. After the sunset date, the City Attorney shall cause this Section to be  
5 removed from the Administrative Code.

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7           Section 2. Effective Date. This ordinance shall become effective 30 days after  
8 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the  
9 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board  
10 of Supervisors overrides the Mayor’s veto of the ordinance.

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12 APPROVED AS TO FORM:  
13 DENNIS J. HERRERA, City Attorney

14 By: /s/  
15       JON GIVNER  
16       Deputy City Attorney

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