

# Department of Early Childhood Public Budget Hearing

January 22, 2025



San Francisco Department of  
**Early Childhood**

# Agenda

1. Call to order
2. Roll call
3. General public comment
4. Agenda items public comment
5. Joint Body Member updates
6. CPAC updates
7. Executive Director updates
8. Discussion and possible action to approve the February 13, 2024 meeting minutes (Action item) [Body members provided with the following: draft minutes]
9. Discussion of the Department of Early Childhood's Impact Report including the effectiveness of Early Care and Education for All Initiative (Discussion Item)
10. Public Hearing on the Department of Early Childhood draft spending plan for fiscal year 2025-26 and 2026-27 (Discussion only) [Body members provided with the following: draft budget]
11. Adjourn



# **1. CALL TO ORDER**



## **2. ROLL CALL**



# **3. GENERAL**

## Public Comment



# **4. AGENDA ITEM**

## Public Comment



# **5. JOINT BODY UPDATES**



# **6. CPAC UPDATES**





# **7. EXECUTIVE DIRECTOR UPDATES**



## **8. Discussion and possible action**

to approve the February 13, 2024 meeting minutes (Action item)  
[Body members provided with the following: draft minutes]



# Department of Early Childhood: FY26 & FY27 Budget Priorities

January 22, 2025





# Budget Timeline

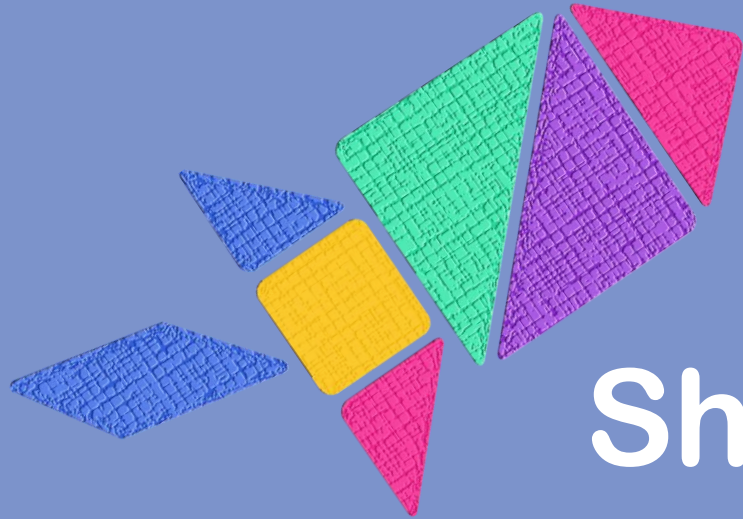
January 17	Technology project proposals due
<b><i>January 22</i></b>	<b><i>Public Presentation: Budget Priorities</i></b>
February 12	Public Presentation: Expenditure Plan
February 21	Department Phase Budget Submission
May/June	Department presentations to BOS
June 2	Mayor proposes Citywide budget
July 31	Last day for BOS to adopt budget



# Agenda

- Progress, Challenges, and Shaping the Future of Access
- DEC FY25-26 & FY26-27 Budget Priorities
- Fiscal Outlook & Budget Instructions

# Strengthening our Early Childhood System



Progress,  
Challenges, and  
Shaping the Future of  
Access

# Progress: Key Accomplishments and Indicators

- Kindergarten readiness continues to rise.
- Participation in DEC programs and services is nearly back to pre-pandemic levels despite a 20% decrease in the child population.
- Families and the ECE system have pivoted to account for TK.
- Infant and toddler enrollment has skyrocketed. Preschool appears to be oversupplied.
- More early educators are realizing the benefits of higher compensation and new support for advancement in the field.
- Developmental screening is more accessible than ever!



# Theory of Change

## ISSUE STATEMENT

Research shows that being ready for kindergarten is a key educational benchmark that leads to continued success in future years.

All children need the support of family, community, and systems to be ready for kindergarten.

Unfortunately, structural racism prevents too many San Francisco children from being ready for kindergarten and achieving their full potential. Black, Latino, Pacific Islander, and

Indigenous children, face persistent inequities in health, and social and cognitive skills that support school success.

## CORE STRATEGIES

### Early Learning

We support teacher preparation and compensation, enhance program quality, and improve affordability and access.

### Child Health

We ensure universal developmental screening and promote access to health and mental health services for children and their families.

### Family Strength

We ensure that families have opportunities for social and professional connections, linkage to resources, and information on parenting and child development.

## STRATEGIC PRIORITIES 2023–2028

Advance racial equity in policy, planning, and service delivery across the early childhood network of care.

Amplify parent voice and influence in shaping policy and programs.

Increase cultural responsiveness of all early childhood development services.

Increase transparency in communications and open access to information and services.

## OUTCOMES

Children enter kindergarten with the cognitive, social/emotional, and physical skills that support school success.

Children are in excellent physical and mental health or have reliable access to quality health providers to address concerns.

Parents have the information, resources, and connections to peers and professionals to successfully raise their children in San Francisco.

And race is not a predictor for achieving these outcomes.

## IMPACT

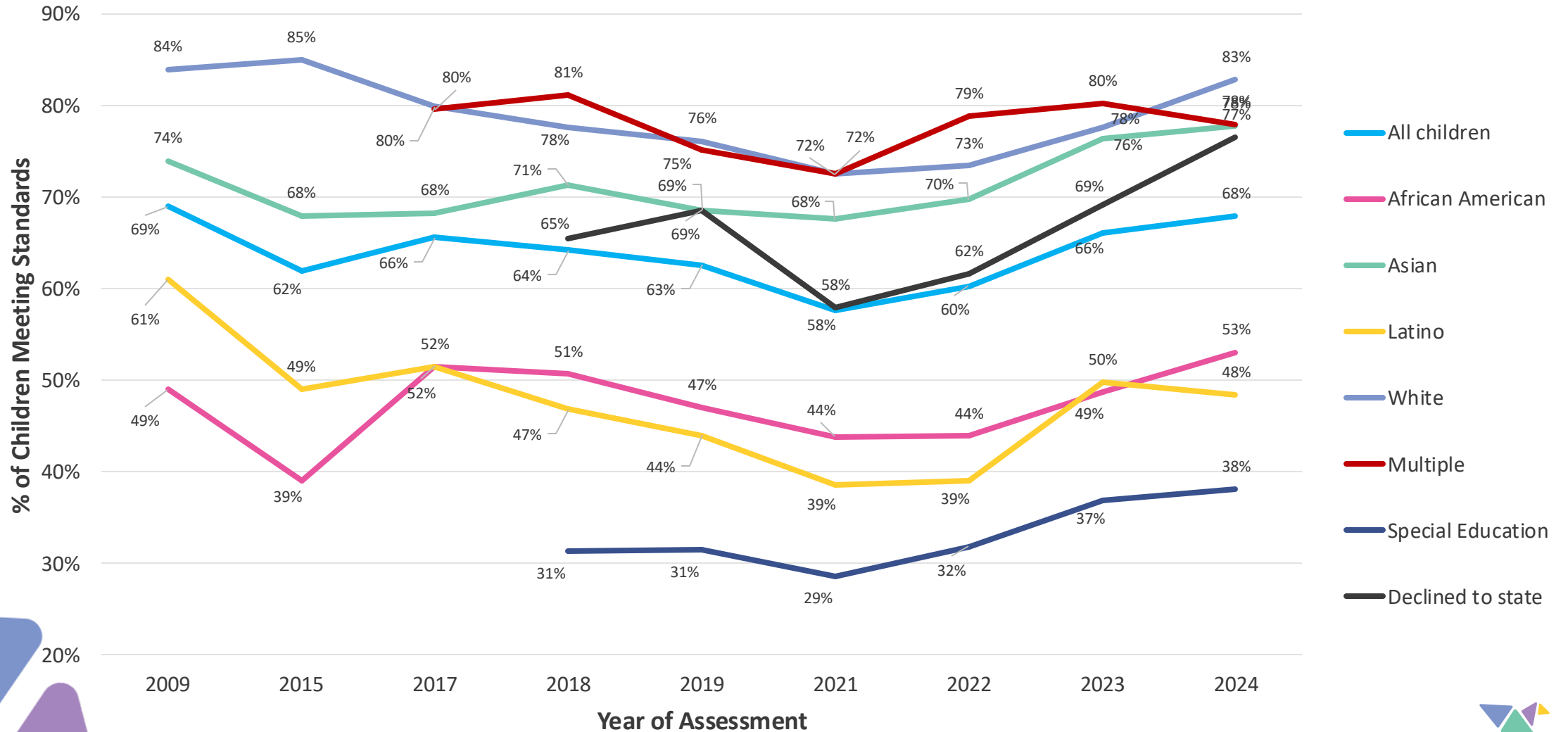
All San Francisco children enjoy a solid foundation to support future success.



# On The Rise: Kindergarten Readiness

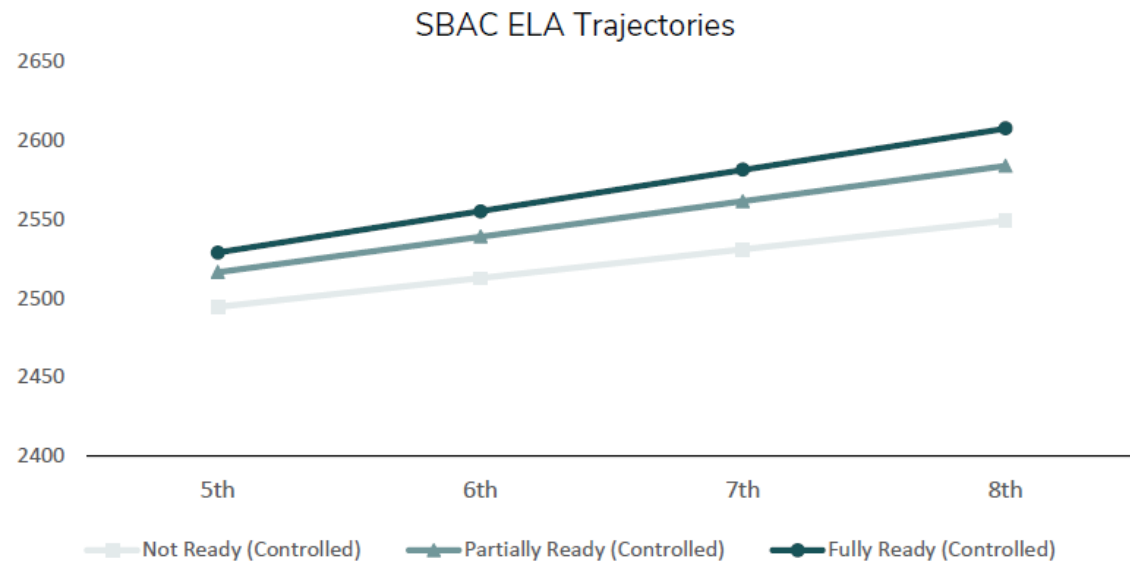
## Kindergarten Readiness of Entering SFUSD Students by Race/Ethnicity and Special Needs, 2009-2024

(Kindergarten Observation Form for 2009 and 2015, Kindergarten Readiness Inventory for 2017-2024)



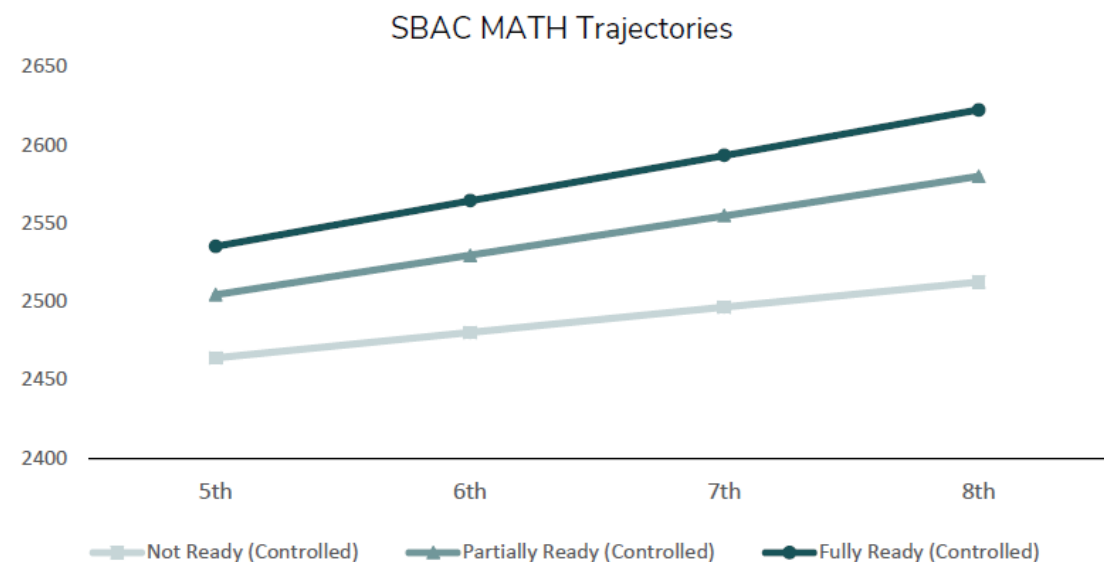
# Kindergarten readiness predicts future academic outcomes

Figure 9. SBAC ELA Scores Trajectories by Readiness Group



Note. N=272-289. The following variables were entered as controls: English Learner status and special education status (measured throughout the years from 2015 to 2018), gender, race/ethnicity, family income, single parenting, and ECE experiences (measured in 2009).

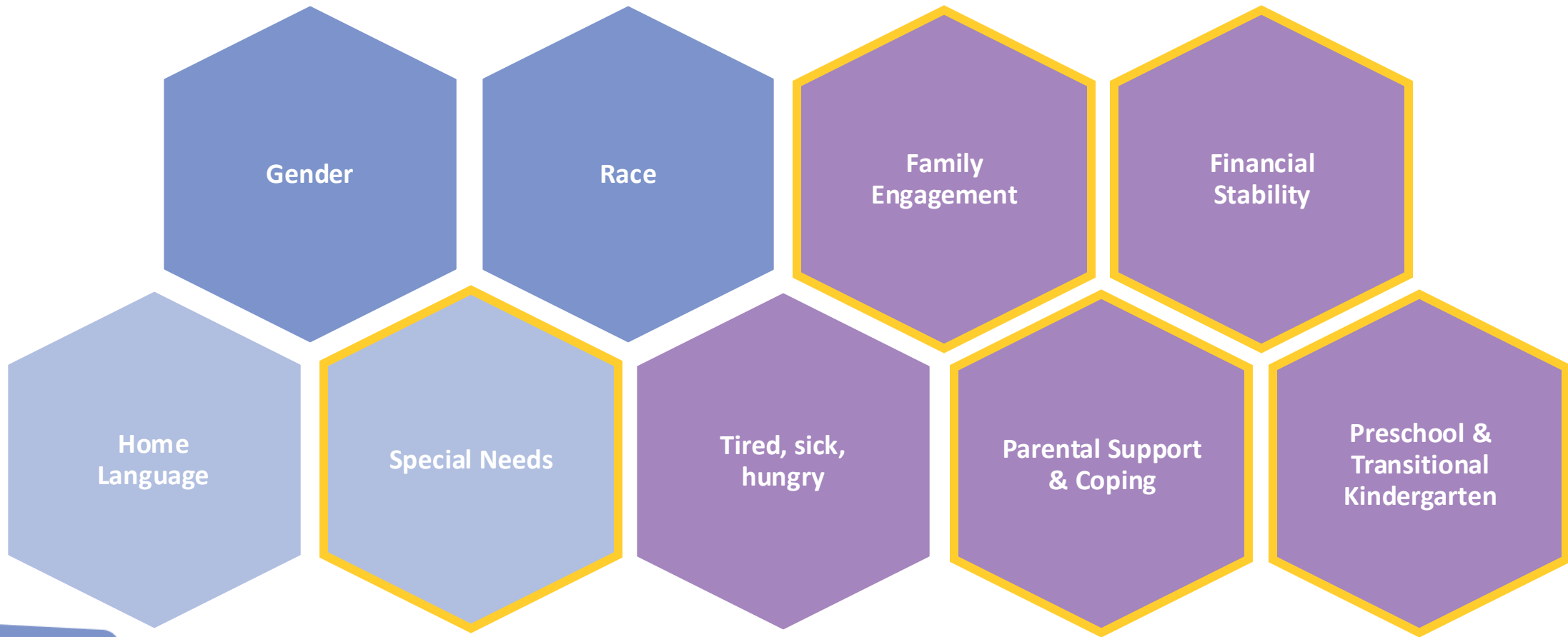
Figure 11. SBAC MATH Scores Trajectories by Readiness Group



Note. N=272-289. The following variables were entered as controls: English Learner status and special education status (measured throughout the years from 2015 to 2018), gender, race/ethnicity, family income, single parenting, and ECE experiences (measured in 2009).

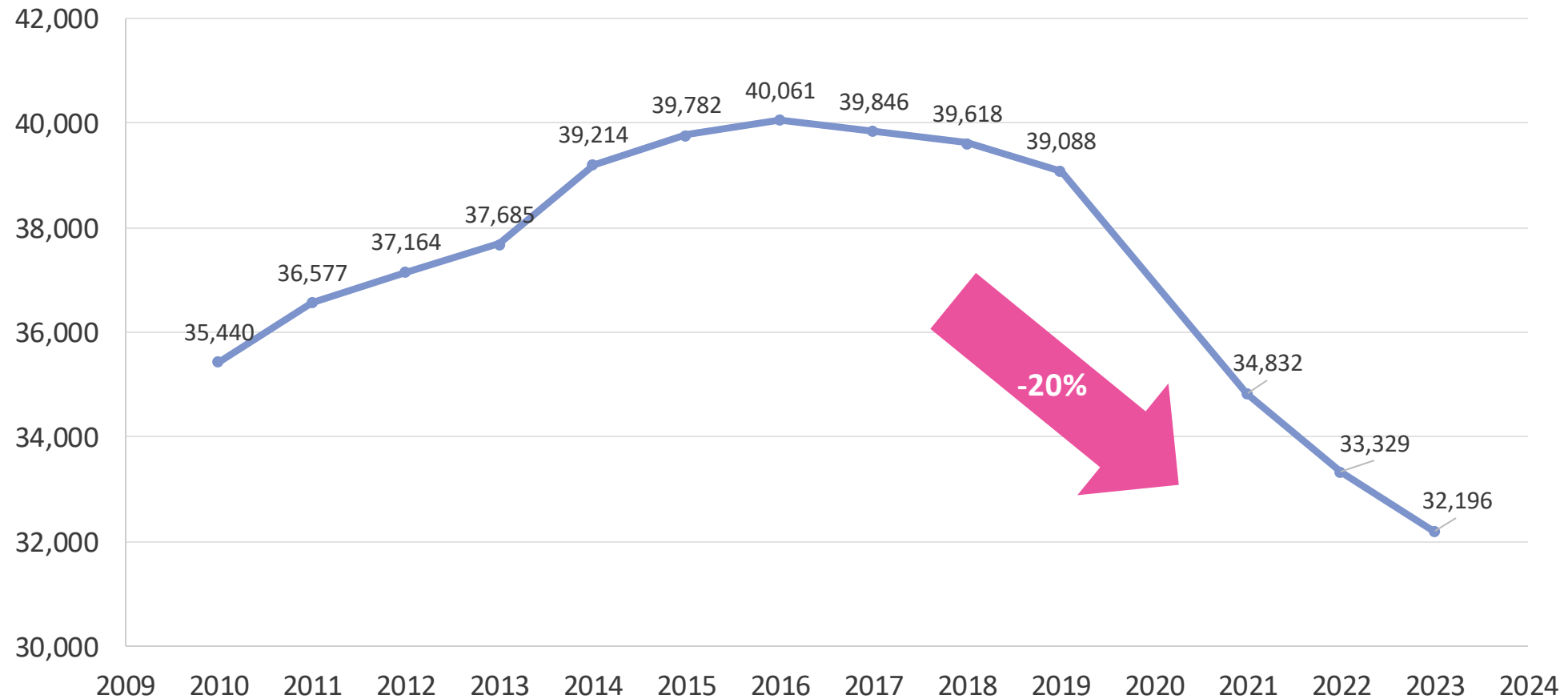


# Factors Contributing to Readiness

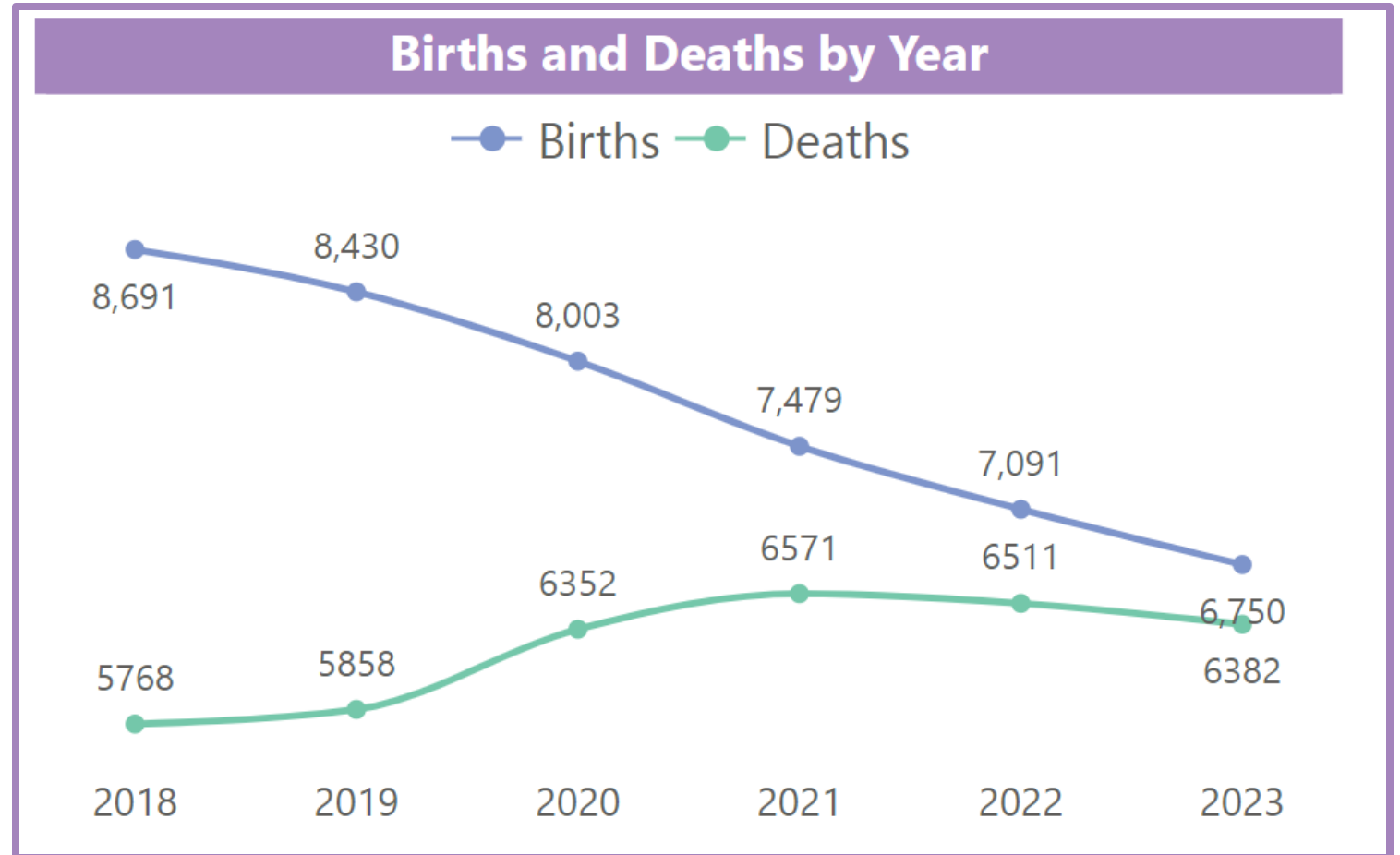


# The 0-5 population is still decreasing

Population Under 5 in San Francisco (2010-2024)  
(American Community Survey 1-Year Estimates)



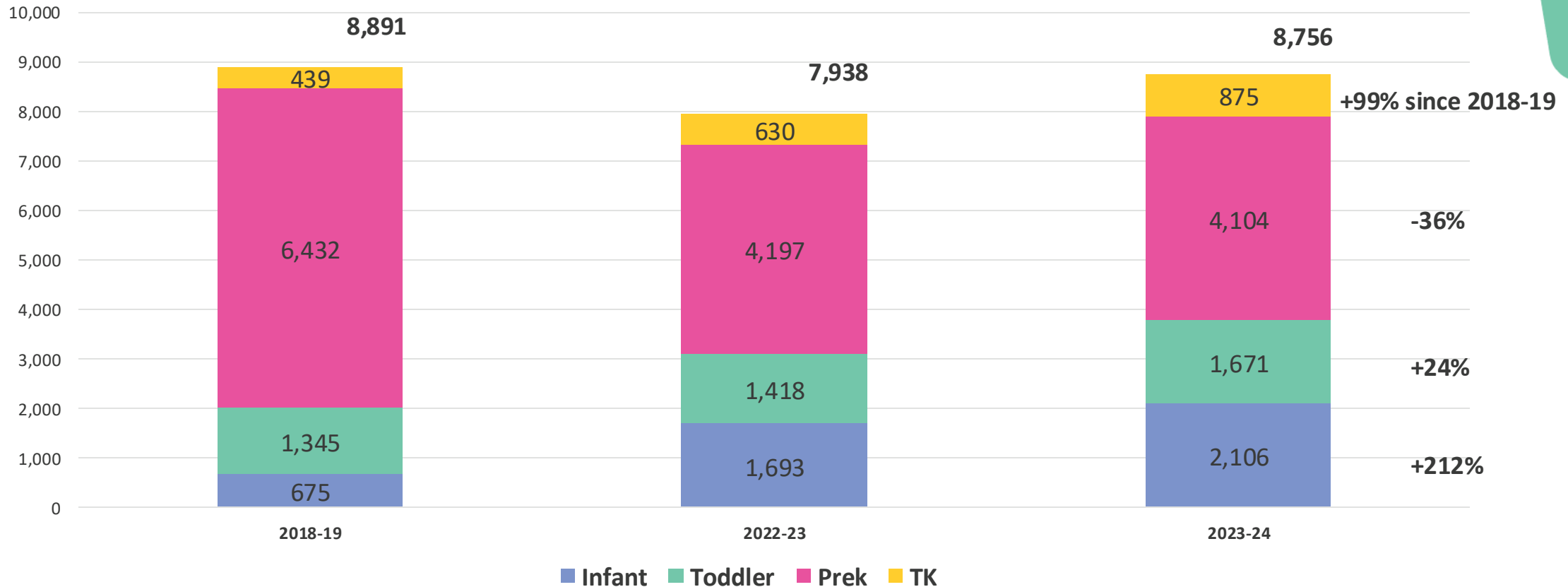
# Births in San Francisco have been in long-term decline



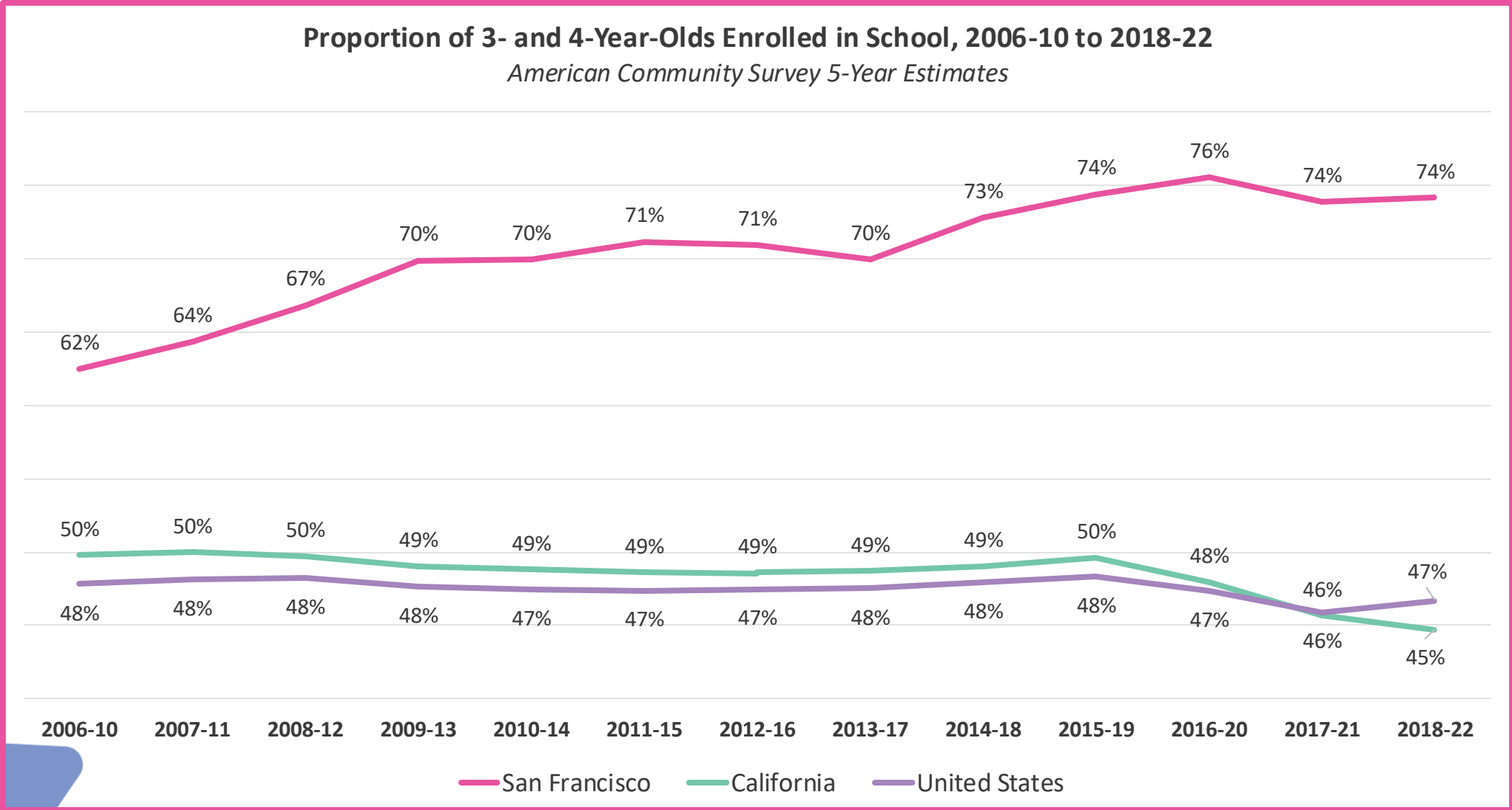
Data source: California Department of Public Health (CDPH) Vital Record Business Information System (VRBIS). VRBIS data include one birth certificate record for each, and every baby born in California. 3.10.24

# Early Learning for All enrollment has rebounded by shifting to younger children

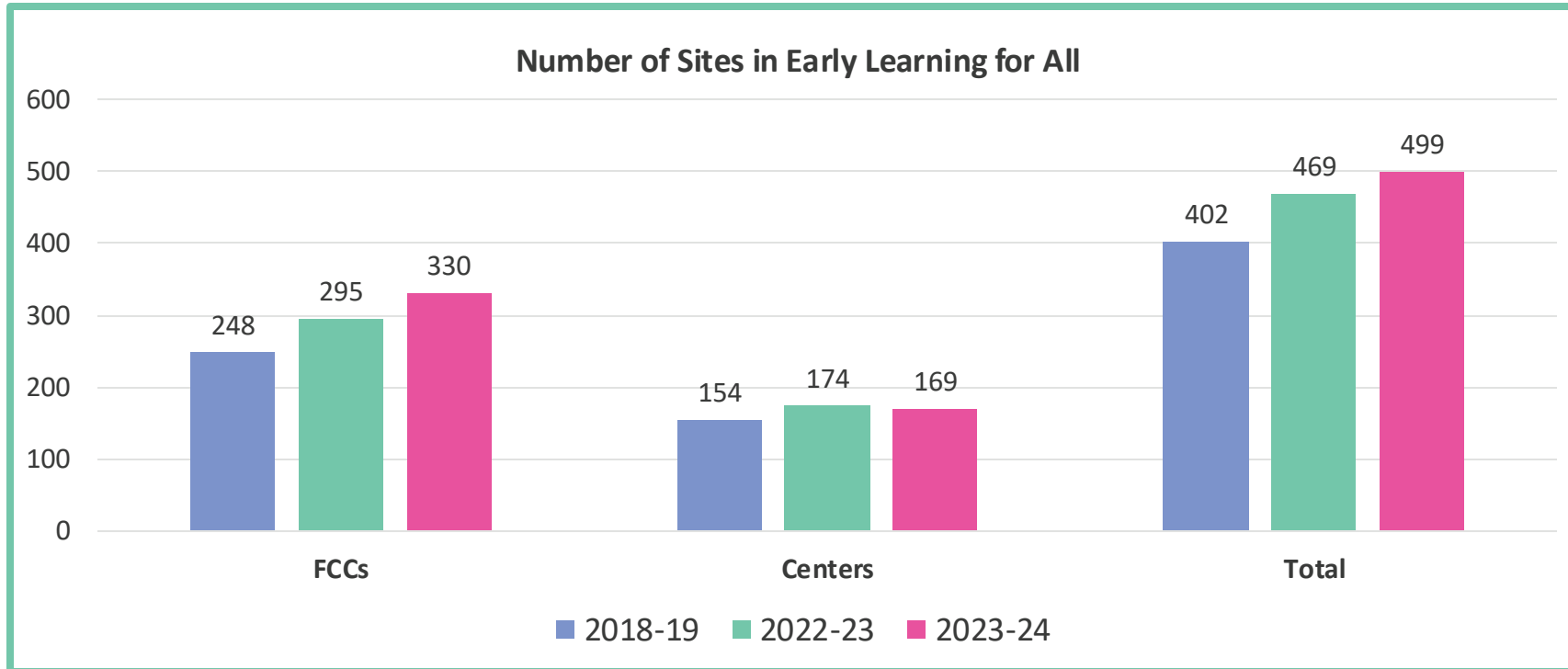
Enrollment in ELS and TK, 2018-19 vs. 2022-23 and 2023-24  
(DEC and SFUSD administrative data)



# San Francisco still leads the nation in preschool enrollment



# DEC continues to add early learning sites to its network and build new ones

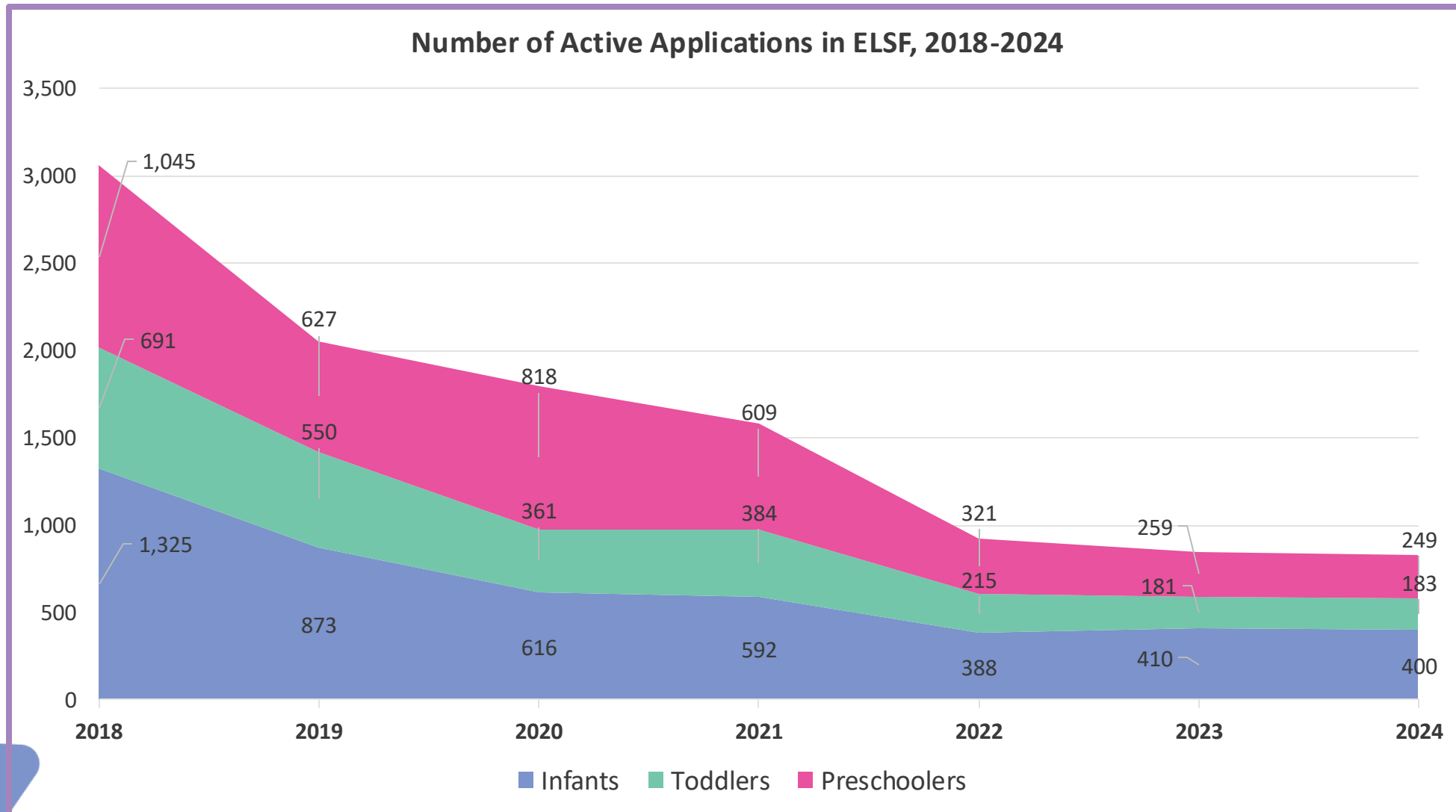


2023-24 Facilities Grant Activity	Center-Based Grants	Family Child Care Grants	New Infant and Toddler Spaces Planned	New Preschool Spaces Planned
Number of Grants Supporting New Spaces	9	7	133	132
Total Grant Funds for New Spaces	\$7,220,311	\$370,424		



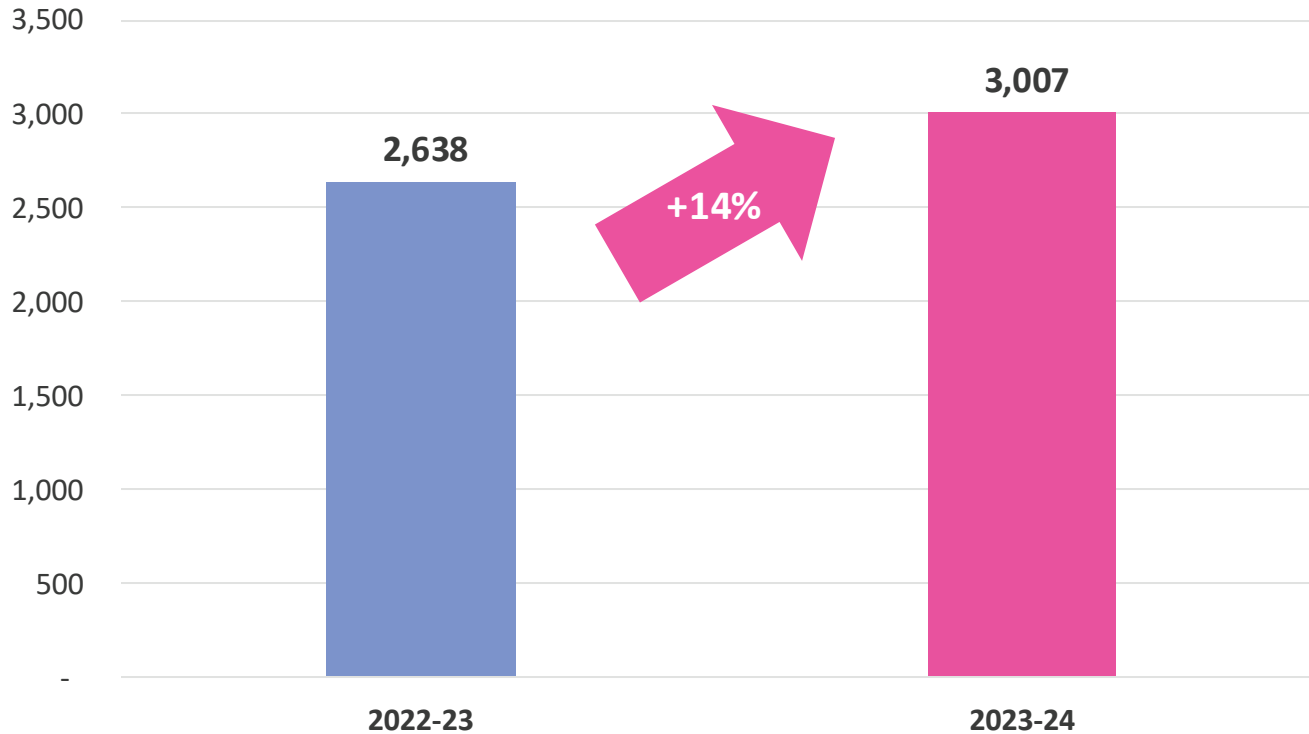


# The ECE “wait list” is down 73%



# EESSG and CARES 3.0 are boosting pay for even more teachers

Number of educators receiving compensation enhancements, FY23 vs. FY24



## EESSG pre/post change and average wage:

- +49% for Assistant Teachers/Floaters (\$30.47/hour)
- +40% for Teachers/Co-Teachers (\$34.39/hour)
- +40% for Lead/Co-Lead Teachers (\$38.68/hour)

## CARES 3.0 average stipend (annualized):

- \$12,168 for Assistant Teachers/Floaters
- \$10,126 for Teachers/Co-Teachers
- \$11,350 for Lead/Co-Lead Teachers
- \$16,576 for FCC Owners

## Stipend for Early Educator Professional Development (SEEPD)

- \$3.7 million for 849 participants

# ECE programs and educators are fully engaged in the work of quality improvement

## Professional Development, Coaching, and Trainings

**127**

sessions

**1,000+**

hours

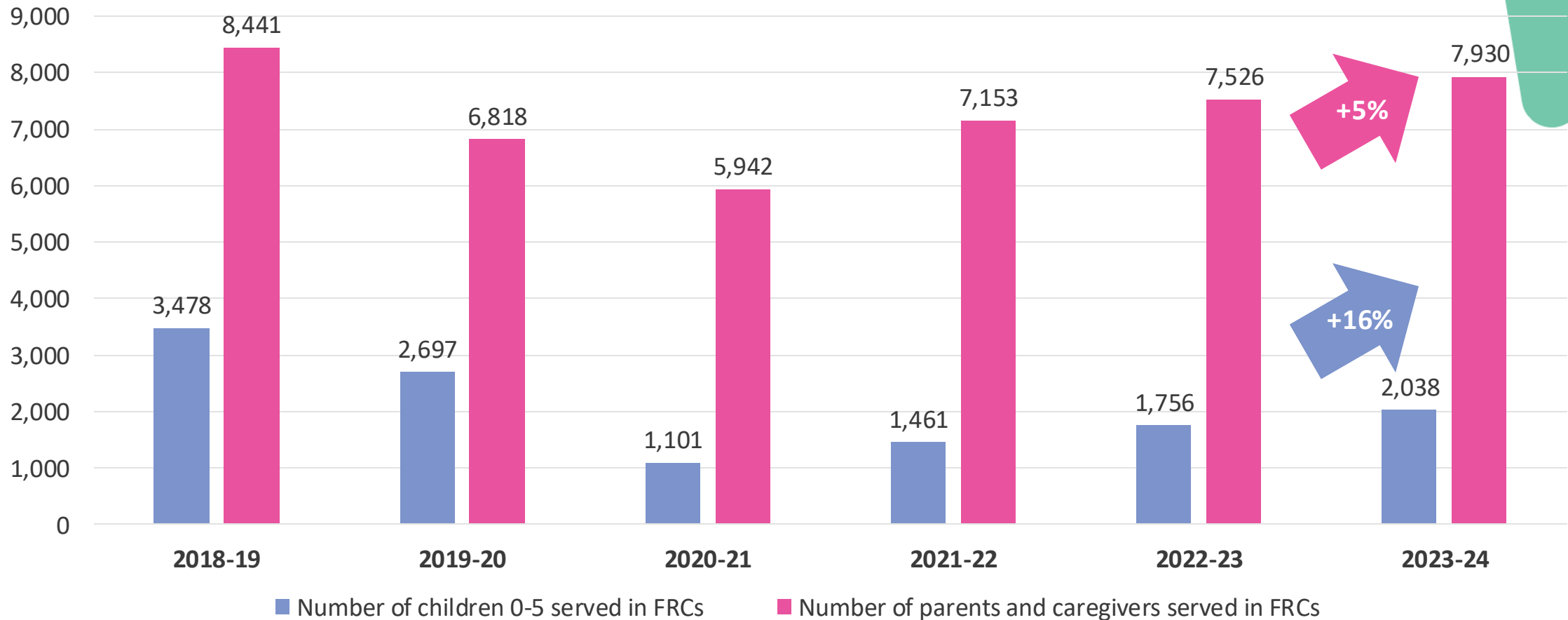
**2,270**

participants



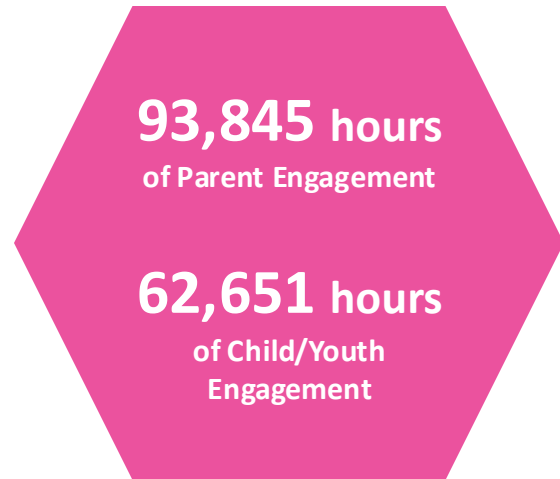
# Parent and child participation in FRCs has increased for the third year in a row

Participation in Family Resource Centers, FY19 to FY24

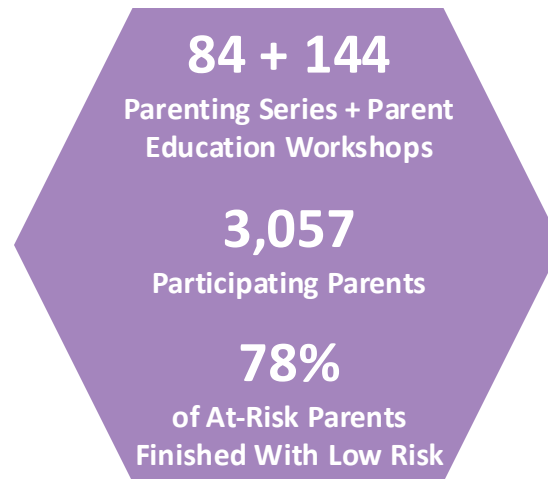


# Family Resource Centers by the Numbers

## Overall Participation



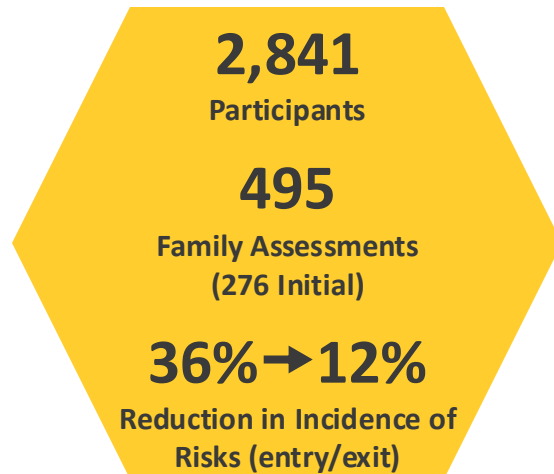
## Parent Education



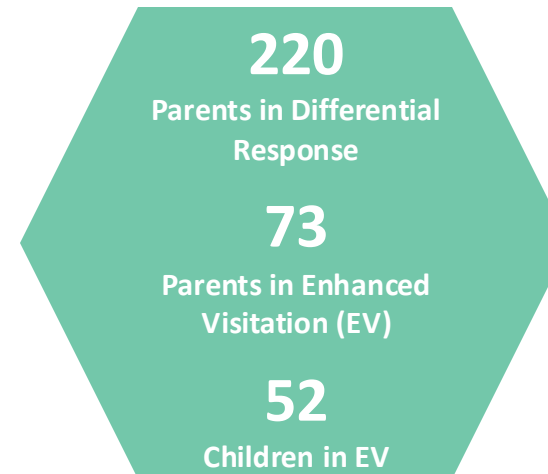
## Parent-Child Interactive Groups



## Case Management / Family Assessment

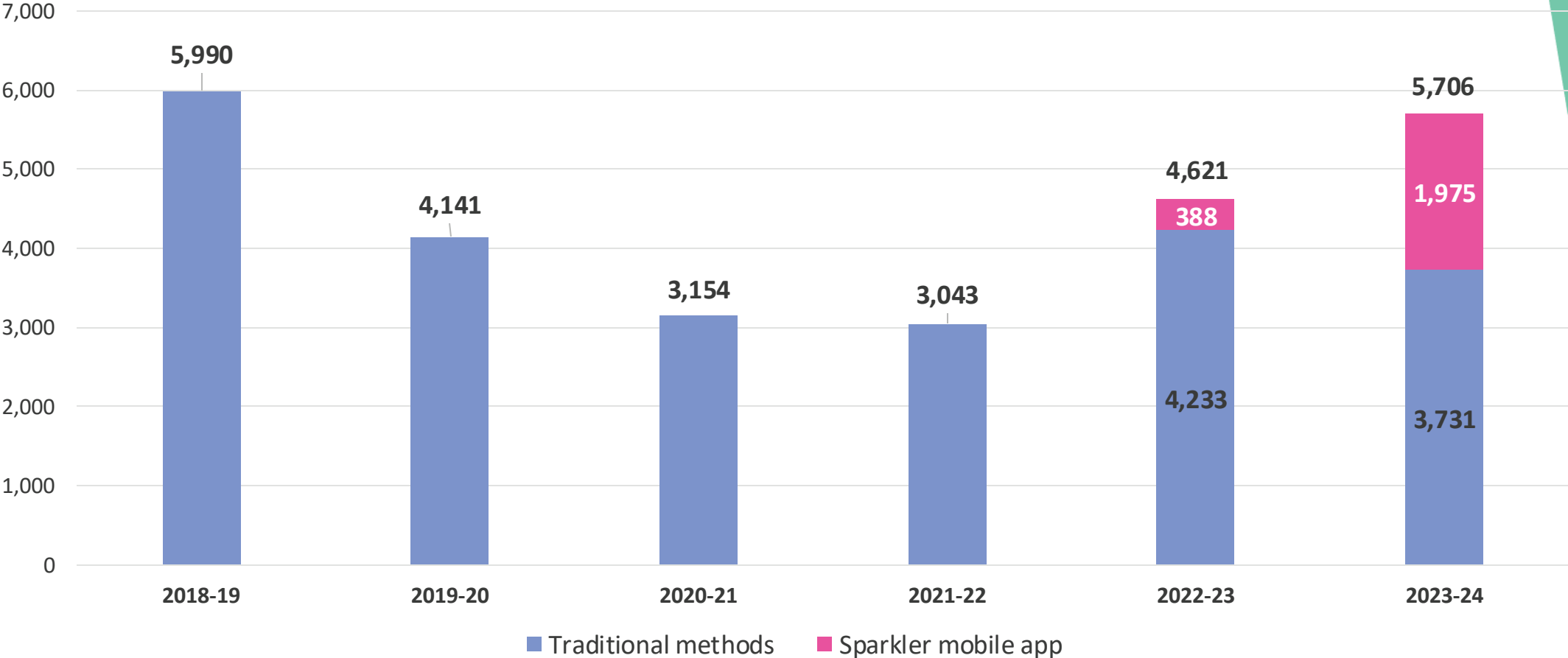


## HSA Services



# Rapid growth in developmental screening through adoption of new technologies

Number of children screened for special needs, FY19 to FY24



# Revisiting the ECE Roadmap

	FY25		FY26		FY27		FY28		FY29		5-Year Total
<b>Facilities Development</b>	271 new spaces built	➡	300 new spaces built	➡	415 new spaces built	➡	316 new spaces built	➡	332 new spaces built	➡	<b>1,634 new spaces built</b>
<b>Quality Improvement to Grow DEC Network</b>	251 existing spaces added	➡	251 existing spaces added	➡	251 existing spaces added	➡	125 existing spaces added	➡	125 existing spaces added	➡	<b>1,002 existing spaces added</b>
<b>Early Educator Workforce Development</b>	71 new educators needed	➡	78 new educators needed	➡	105 new educators needed	➡	81 new educators needed	➡	85 new educators needed	➡	<b>419 new educators needed</b>
<b>Use of Fund Balance</b>	\$103 million expended	➡	\$117 million expended	➡	\$121 million expended	➡	\$136 million expended	➡	<b>Fully expended</b>		
<b>Projected Enrollment</b>	10,000 children served	➡	10,400 children served	➡	11,000 children served	➡	12,000 children served	➡	12,500 children served		



# Understanding ECE Needs: Analysis of Supply, Demand, and Community Insights

- Analysis of San Francisco birth data vs. Census (CPAC Needs Assessment)
- Mapping licensed capacity and TK spaces
- Parent survey (304 parents)\*
- Parent focus group (8 parents)
- Center/FCC survey (186 participants)
- Center/FCC key informant interviews (5 participants)



# Childcare Capacity vs. Population

Capacity of License Facilities vs Population					
Neighborhood	Zipcode	Children 5 and Under	Capacity	Gap Including TK	Population Gap (%)
Marina	94123	1395	296	1016	72.83%
Castro/Upper Market/Noe Valley	94114	1581	403	1134	71.73%
Nob Hill/Russian Hill	94109	2069	580	1445	69.84%
West of Twin Peaks	94127	834	416	418	50.12%
Potrero Hill	94107	1856	1050	784	42.24%
Glen Park/Twin Peaks	94131	1556	925	565	36.31%
Mission/Bernal Heights	94110	3634	2497	961	26.44%
Inner Sunset/Sunset/Parkside	94122	2396	1699	609	25.42%
Haight Ashbury/Hayes Valley	94117	1619	1148	405	25.02%
Tenderloin/Hayes Valley	94102	1069	798	249	23.29%
Bayview Hunters Point	94124	2430	1947	439	18.07%
Excelsior/Oceanview/Merced/Ingleside/Outer Mission	94112	3581	3010	511	14.27%

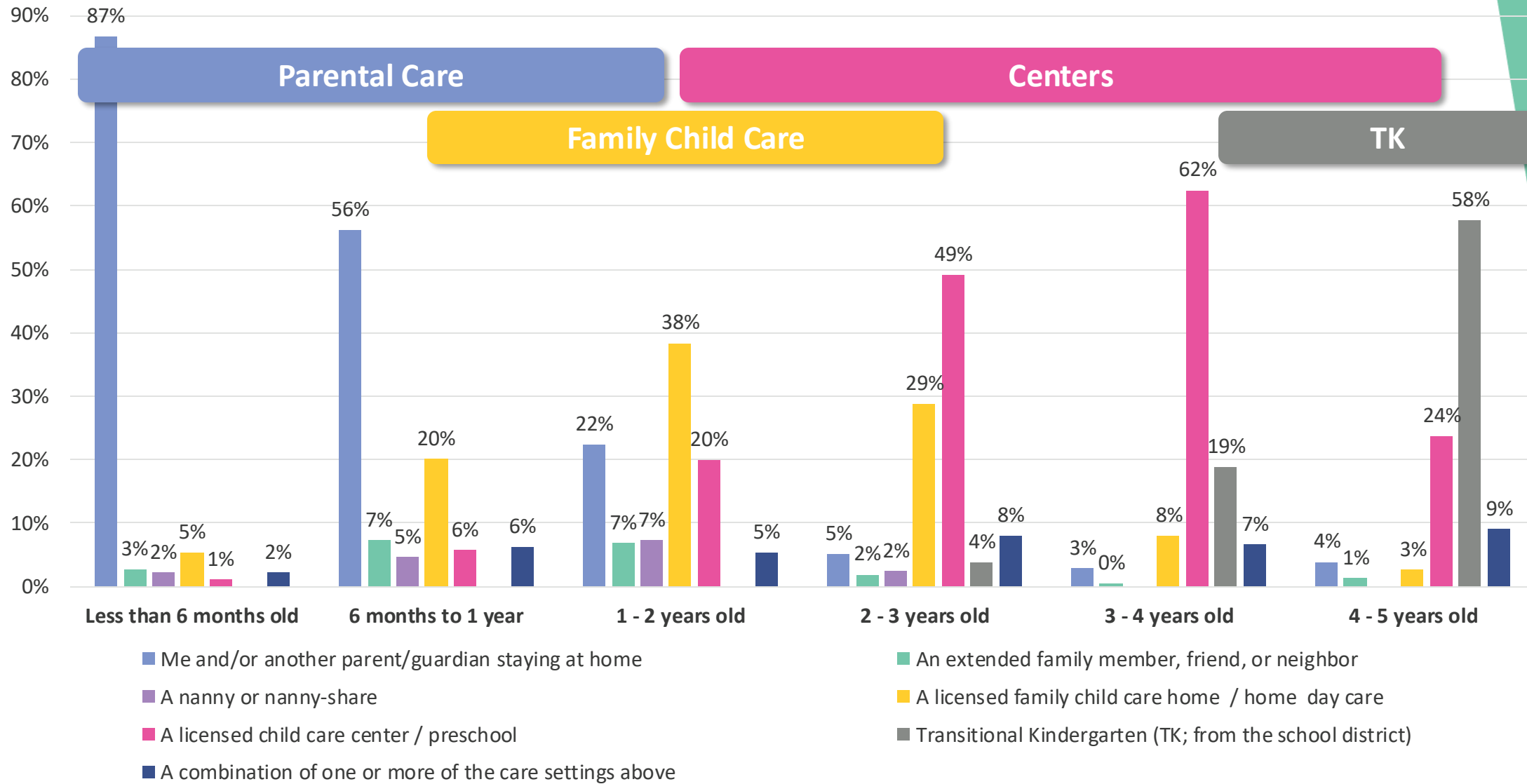
- Total gap of children born in the past 5 years and licensed spaces including TK spaces is **7,009**
- 2023 CPAC Needs Assessment showed gap of 21,617 spaces (using pre-pandemic 2016-20 Census data)

Data sources:

- San Francisco Unified School District (SFUSD) Enrollment Center.
- These are the projections for TK enrollment for 2024-2025 school year as of April 2024.
- Community Care Licensing Division (CCLD). Data obtained and updated from Children’s Council as recent as March 2024.
- California Department of Public Health (CDPH) Vital Record Business Information System (VRBIS). VRBIS data include one birth certificate record for each, and every baby born in California.



# Parents' child care preferences by age of child



# Parents' Preferred Supports for Infants

If you could pick only one of the following ways for the government to help parents with infants (children between newborn and 2 years old), which would you pick?

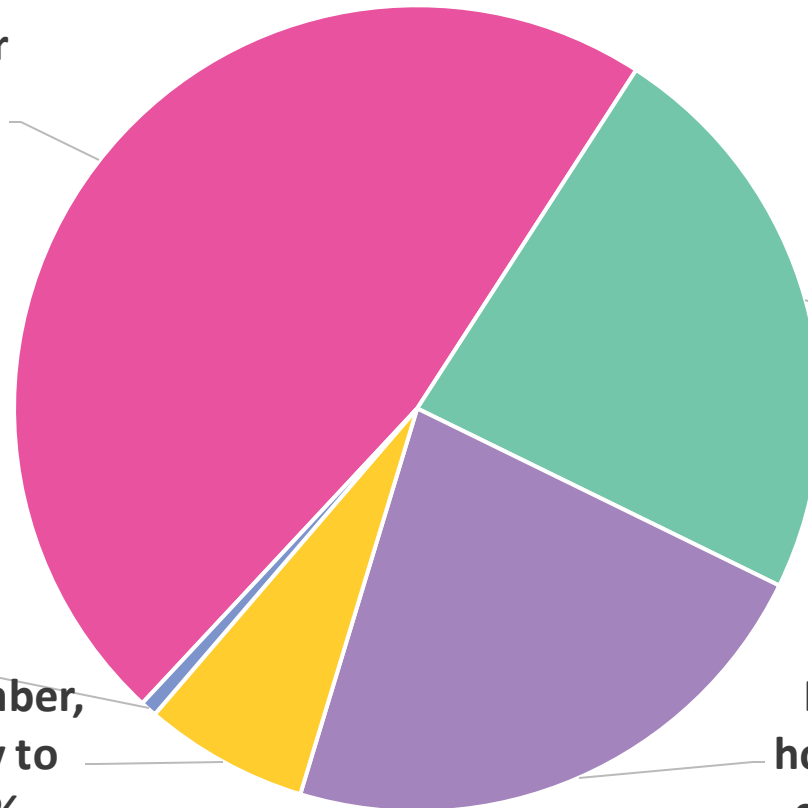
Money for parents to stay home longer to care for their infants (in other words, more paid parental leave from work), 143, 47%

Money for parents to pay for more general needs, including housing, food, and supplies, 70, 23%

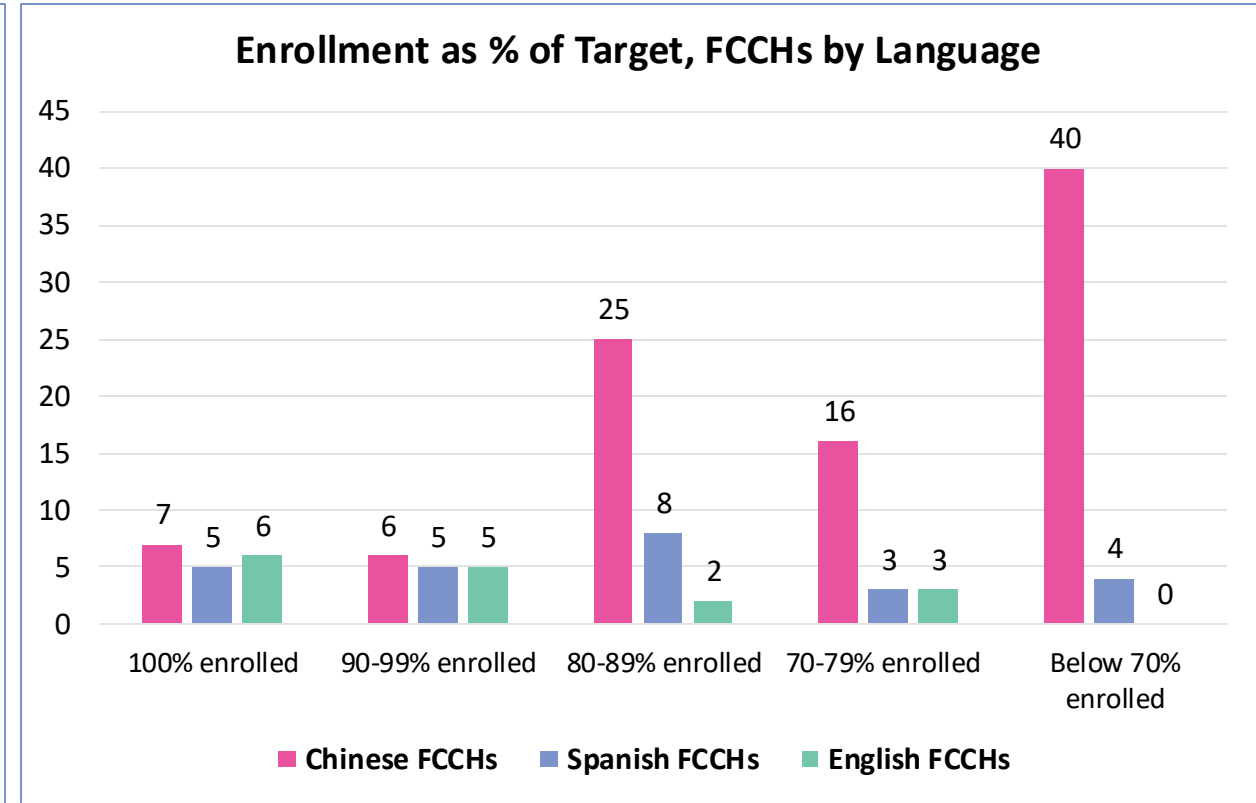
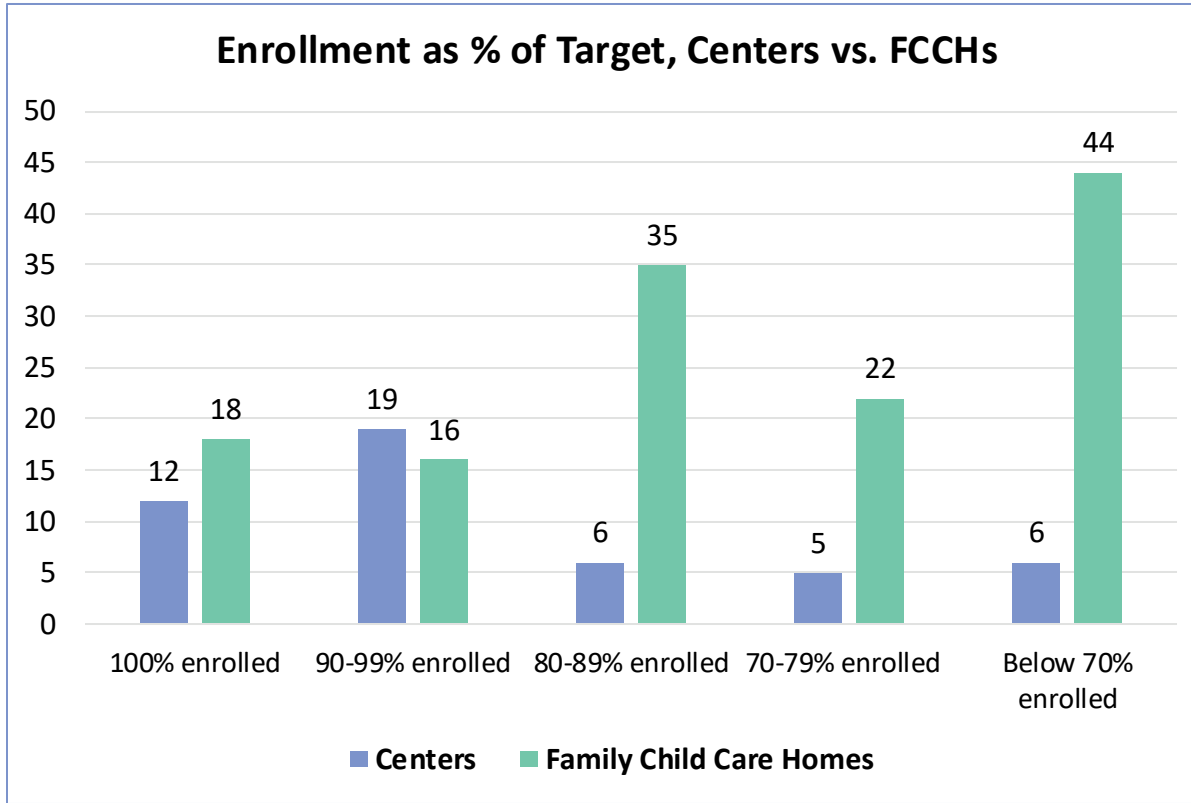
Other, 2, 1%

Paying another family member, friend, neighbor, or nanny to care for an infant, 20, 7%

Paying a family child care home or child care center to care for an infant, 68, 22%



# Enrollment has rebounded, but not for everyone



## Top challenges for centers (% citing challenge)

1. More 4-year-olds are enrolling in TK instead (89%)
2. There don't seem to be as many families looking for care as there used to be (66%)
3. We don't have enough referrals (54%)

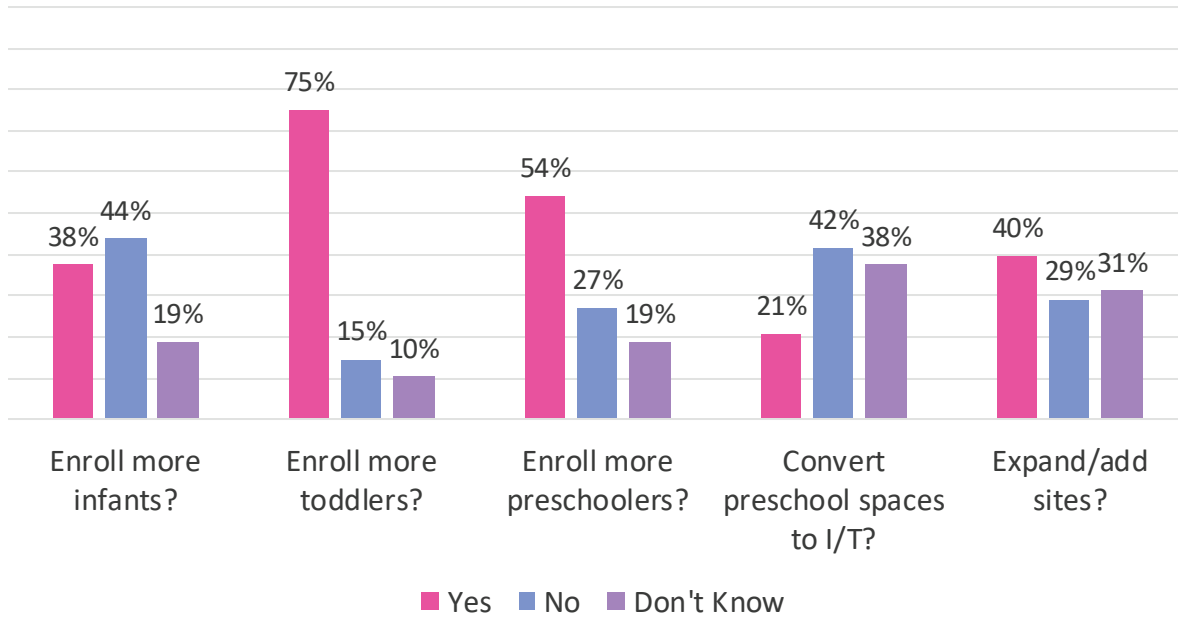
## Top challenges for FCCHs

1. There don't seem to be as many families looking for care as there used to be (92%)
2. More 4-year-olds are enrolling in TK instead (91%)
3. We don't have enough referrals (89%)

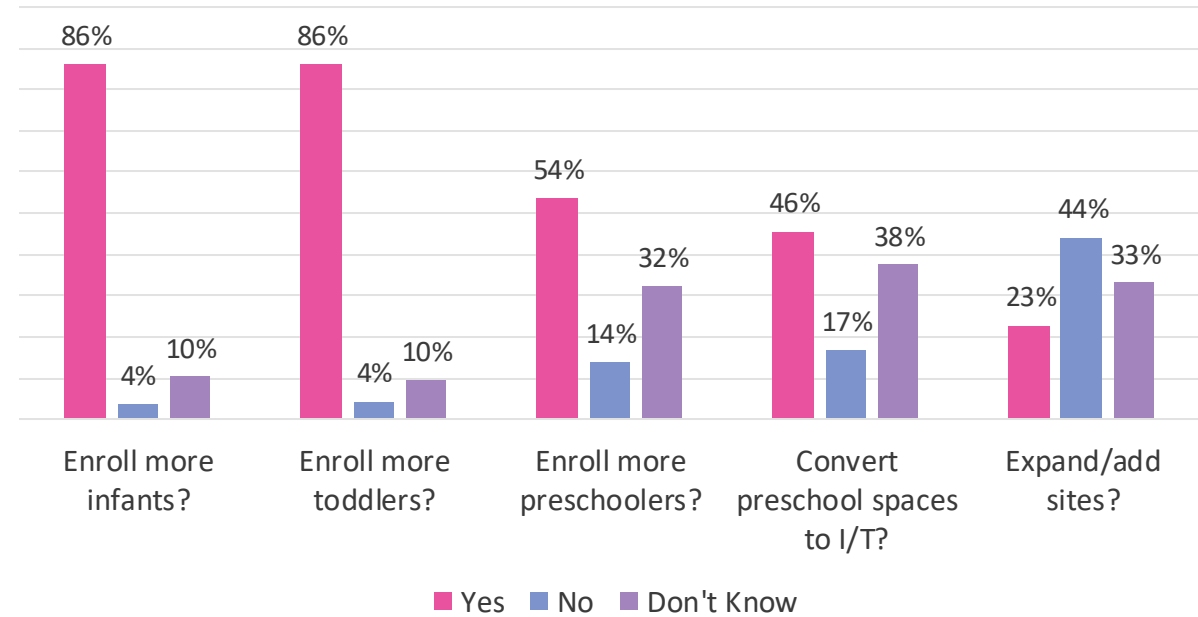


# ECE programs show an appetite for expansion

Center Enrollment/Expansion Plans in Next 2 Years



FCCH Enrollment/Expansion Plans in Next 2 Years



## Recommendations from program survey and key informant interviews:

- Increased funding for infant and toddler care
- One-time grants to equip for infants and toddlers
- Expanding income eligibility
- Messaging to families in San Francisco that ECE is more than just child care, but also child development
- Advocate to State to change age policies for FCCs

- Clearer guidance and support for logistics/process of facilities expansion, building codes/regulations
- Transparency in waitlist/enrollment needs to understand when/how to expand if needed
- One-time grants to equip for infants and toddlers
- Robust educator pathways





# Agenda

- Progress, Challenges, and Shaping the Future of Access
- **DEC FY25-26 & FY26-27 Budget Priorities**
- Fiscal Outlook & Budget Instructions

# Directions for FY26 and Beyond

- **Strengthen & Refine Initiatives:** Build on past efforts, including eligibility expansion, out-of-network support, workforce development, and facilities improvement.
- **Focus on Younger Children:** Transition the ECE system to better serve younger children with enhanced training, resources, and support.
- **Targeted Growth:** Expand spaces while addressing infant/toddler care gaps, geography, and cultural/linguistic responsiveness.
- **Support for Families:** Explore further options to support families with infants and strengthen family child care homes' role in the 0–5 UPK system.
- **Kindergarten Readiness:** Continue to grow and improve readiness outcomes for children.

# Strengthening our Early Childhood System

**Positive Early Learning Experiences:** Invest in the best and most promising practices for responsive caregiver relationships that foster healthy, place-based early childhood settings.



**Promote Cross-cutting Strategies for Child Health, Family Support, and Early Learning,** emphasizing prevention, early detection, and intervention strategies to improve interconnected services.



**Building ECE Workforce Capacity.** Sustaining and growing economic and educational pathways for educators is central to meeting the needs of children and their families.





# Strengthening our Early Childhood System



## **Positive Early Learning**

**Experiences:** Invest in the best and most promising practices for responsive caregiver relationships that foster healthy, place-based early childhood settings.



# Positive Early Learning Experiences

## Access and Enrollment

- **More Affordability for Early Learning:** providing an array of financial assistance, from free to reduced early learning costs (tuition credit), for families earning up to 150% of the Area Median Income, or \$224k for a family of 4.
- **DEC Network of Providers:** prioritizing Infant/Toddler care.
- **Targeted Universalism:** balancing access with demographic trends, supply vs. demand, and parent feedback, focusing on adaptability and responsiveness.





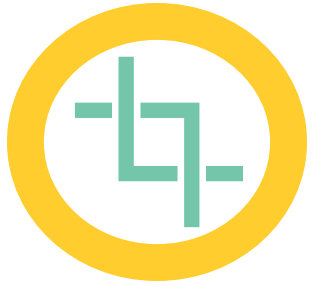
# Positive Early Learning Experiences

- **Annual Conferences:** provide immersive learning experiences on attachment theory for the ECE provider community.
- **Training Series:** for those unable to attend conferences, offering content on attachment practices in smaller group settings.
- **Coaching Pilot:** A year-long program training for coaches on strategies to support teachers in applying attachment theory in classrooms.
- **Leadership Cohort:** Developing a program for directors supervising infant/toddler staff to enhance leadership, mentorship, and accountability using attachment theory.
- **Best Practices:** Support agencies in expanding infant/toddler classrooms by training staff in best/promising practices.

# Strengthening our Early Childhood System



**Promote Cross-cutting Strategies for Child Health, Family Support, and Early Learning, emphasizing prevention, early detection, and intervention strategies to improve interconnected services.**



# Promote Cross-cutting Strategies

- **Strengthen** family engagement with Family Resource Center services through education, opportunities for learning, and peer/provider collaboration.
- **Foster** partnerships and coordination between family resource centers, early education settings, and pediatric clinics through grants, events, and professional learning.
  - **Broaden** access to critical child and family services citywide, including resource referral, developmental screening, literacy, play-based learning, prenatal/postnatal care, and early intervention.
  - **Optimize** funding streams to support inclusive early childhood services, mental health, care management, and parent-child relationships.



# Strengthening our Early Childhood System



**Building ECE Workforce Capacity.** Sustaining and growing economic and educational pathways for educators is central to meeting the needs of children and their families.



# Building ECE Workforce Capacity

- **Working Conditions & Pathways 2.0:** Refining strategies to universalize compensation and addressing the challenges faced by Family Childcare Educators and centers.
- **Recognition of Experience:** Exploring how to include years of experience alongside course and degree attainment to improve retention, building on lessons from the original CARES (1999).
- **Evolving ECE Teacher Permit Landscape:** Considering future pathways and specializations (Infant/Toddler, DLL, SPED) and their impact on compensation structures.
- **Expanding Collaboration:** Strengthening partnerships with educational institutions to enhance workforce development.

# Learning, Improving, Telling Our Story



Implementing external evaluation across all key initiatives

Assessing information needs, organizing and integrating our data, implementing more effective data systems

Establishing DEC as a trusted partner to parents for early childhood information and resources

Creating robust systems for parent input and feedback

Communicating DEC's impact to stakeholders and the public

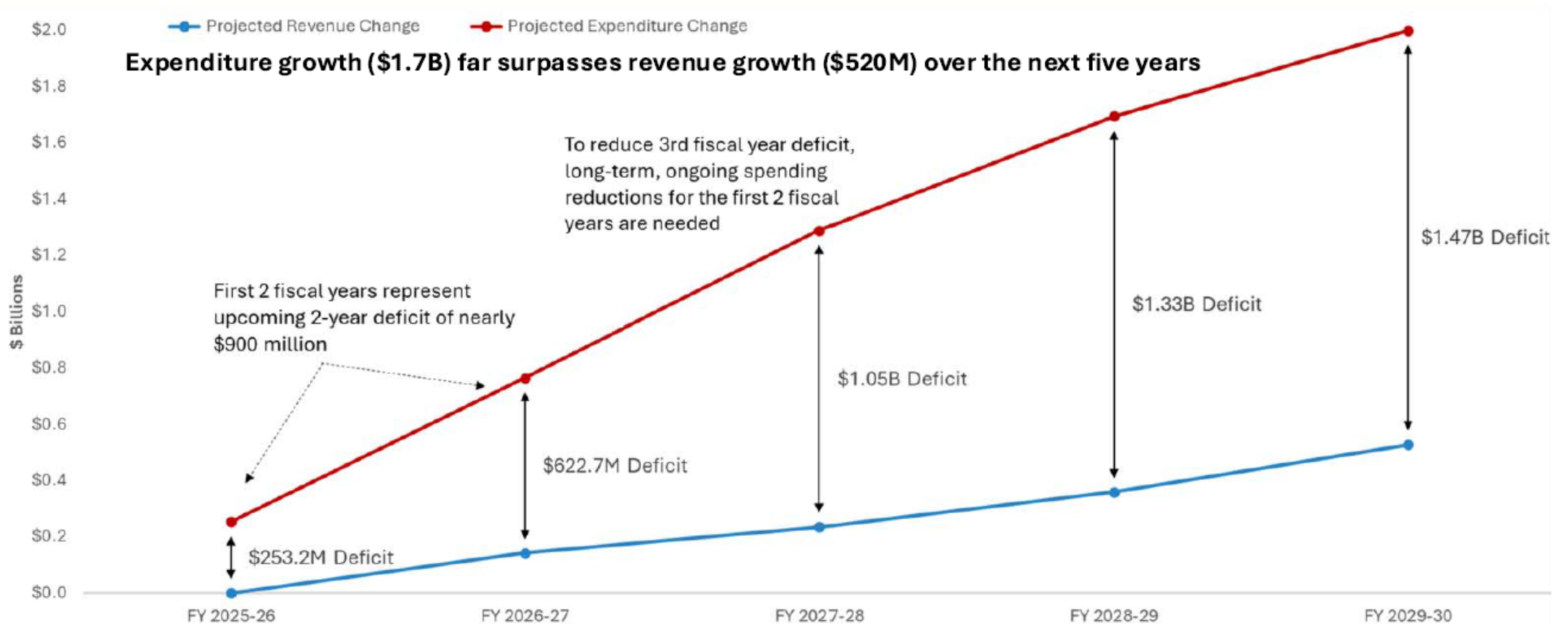




# Agenda

- Progress, Challenges, and Shaping the Future of Access
- DEC FY 25-26 & FY26-27 Budget Priorities
- **Fiscal Outlook & Budget Instructions**

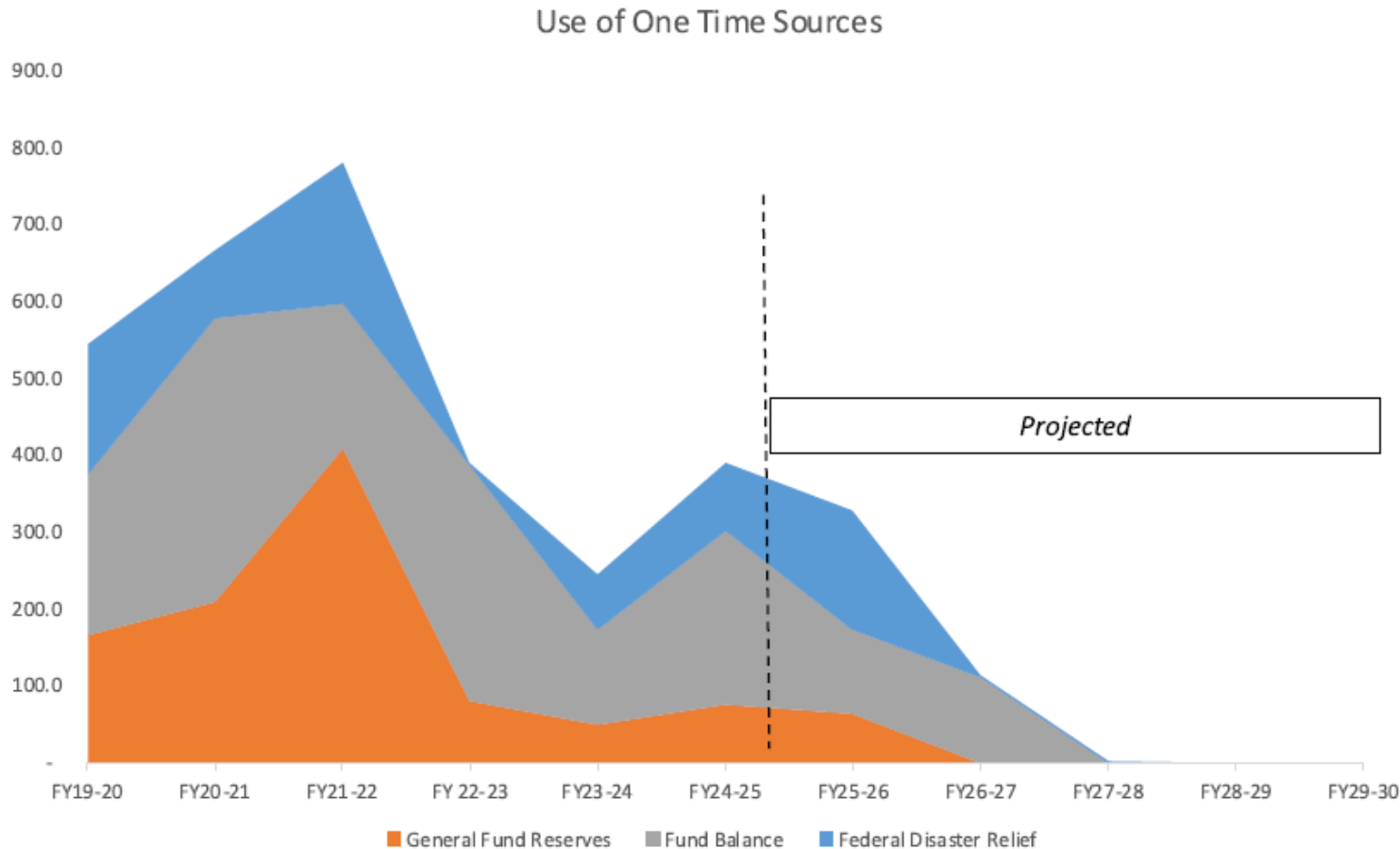
# San Francisco Fiscal Outlook



# Salaries & Benefits Focus of Mayor

(\$ millions)	Change from AAO Budget		Projection		
	2025-26	2026-27	2027-28	2028-29	2029-30
<b>SOURCES Increase / (Decrease)</b>	<b>(203.2)</b>	<b>132.9</b>	<b>225.8</b>	<b>350.4</b>	<b>518.6</b>
Uses:					
Baselines & Reserves	(1.5)	(147.1)	(232.1)	(255.8)	(254.0)
Salaries & Benefits	0.4	(350.4)	(607.0)	(795.3)	(943.1)
Citywide Operating Budget Costs	(7.0)	(125.0)	(235.4)	(316.1)	(392.5)
Departmental Costs	(41.8)	(133.1)	(204.6)	(317.8)	(400.2)
<b>USES Decrease / (Increase)</b>	<b>(50.0)</b>	<b>(755.7)</b>	<b>(1,279.1)</b>	<b>(1,684.9)</b>	<b>(1,989.8)</b>
<b>Projected Cumulative Surplus / (Shortfall)</b>	<b>(253.2)</b>	<b>(622.7)</b>	<b>(1,053.3)</b>	<b>(1,334.5)</b>	<b>(1,471.2)</b>
<b>Two-Year Deficit</b>		<b>(875.9)</b>			

# Depletion of One-Time Sources



Source: SF Mayor's Office of Public Policy & Finance

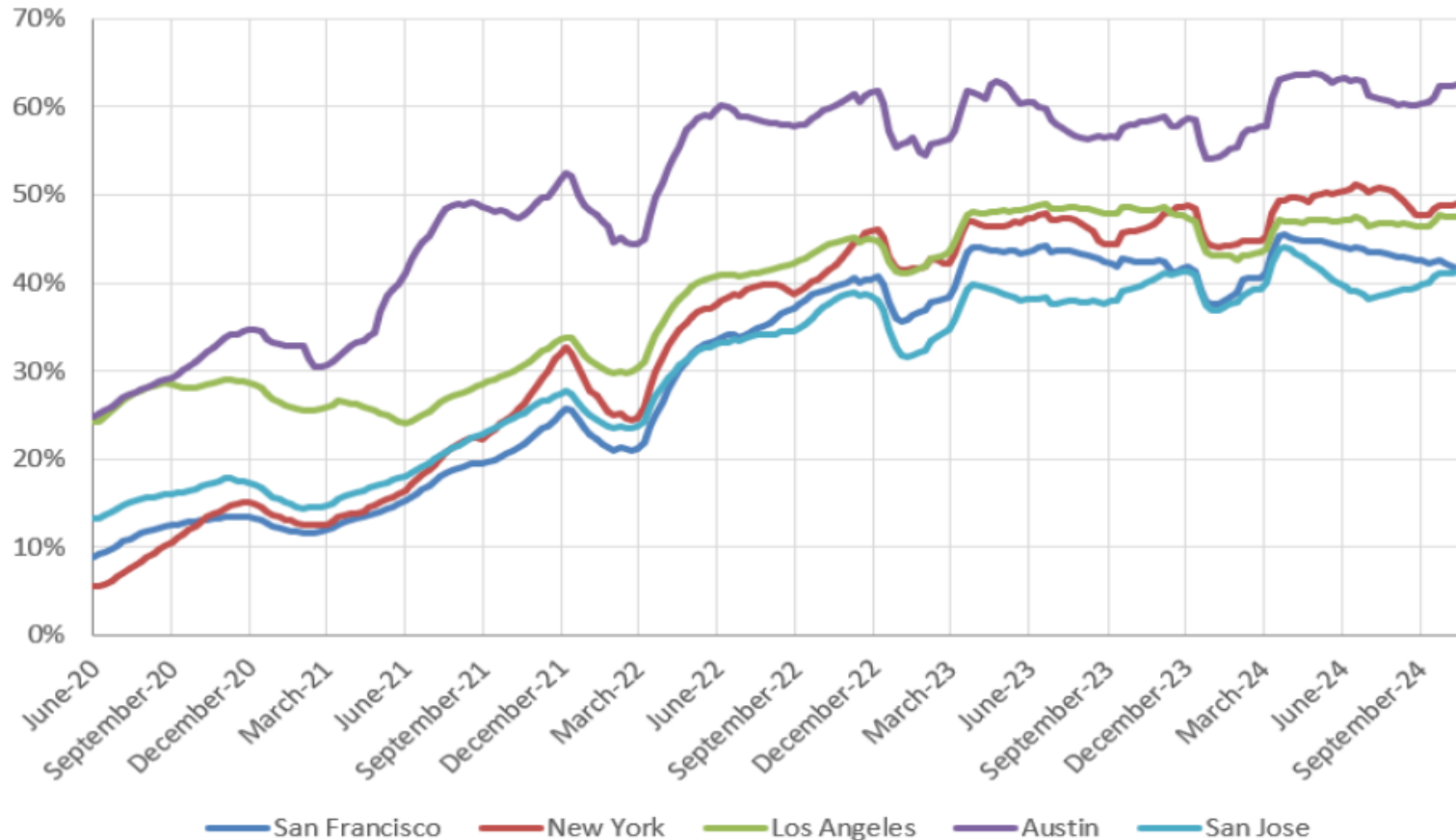
- Since the COVID public health emergency, the City has relied heavily on one-time sources to close recent budgets
- These sources include federal disaster relief, General Fund reserves and fund balance
- Great uncertainty in unrealized FEMA reimbursements



# Office Vacancy Rates Remain High

Remote work trends continue to affect the city's economy, as office vacancy rates impact sales tax revenue, hotel activity and convention activity

Physical Attendance in Offices vs. 2019: San Francisco and Comparable Metros (12-week Moving Average)



Source: SF Mayor's Office of Public Policy & Finance



# Key City Expenditures Rising

- **Salaries and benefits:** Increase by over \$900 million over next five fiscal years
- **Required baseline contributions:** Grow by over \$200 million, including SFMTA and Student Success Fund
- **Citywide operating costs:** Real estate, capital, debt payments, PUC rates, and inflation on non-personnel services and multiyear nonprofit grants
- **Other major costs:** inflation on public health operating costs, IHSS program growth, shelter costs due to expiring state grants, commitments to subsidizing housing for formerly homeless (LOSP)

# Mayor's Priorities

- Maintaining core city services, including public safety and clean streets
- Continue significant progress decreasing unsheltered homelessness; ensuring effective mental health treatment
- Propose opportunities to improve operational efficiency in service delivery and reporting across all areas of City services

# Mayor's Budget Instructions (1/2)

## Overall

- Permanently reduce General Fund spending by 15% beginning in FY25-26
- Assess CBO grant allocations for efficiency. Only fund community-based organizations that demonstrate strong outcomes and cost-effectiveness, focused on direct service to clients
- Re-examine all contractual services and non-personnel expenditures
- Eliminate vacancies, do not add new FTEs. Hire only for core department functions
- Consider hiring freezes. Layoffs are not preferred, but if necessary to meet target, please identify specifics in budget submission



# Mayor's Budget Instructions (2/2)

## Year Two Only

- Reorganize to eliminate redundancy. MBO will work with departments to identify programs for Year Two consolidation
- Update nonprofit COLA (CODB) from Base to reflect CPI (revise from 3% down to 2.4%) in Year Two \*\*Relevant for General Fund Departments only\*\*

## Other

- Prepare grant performance data. MBO may request detailed program- and grant-level performance data for all existing grants to CBOs

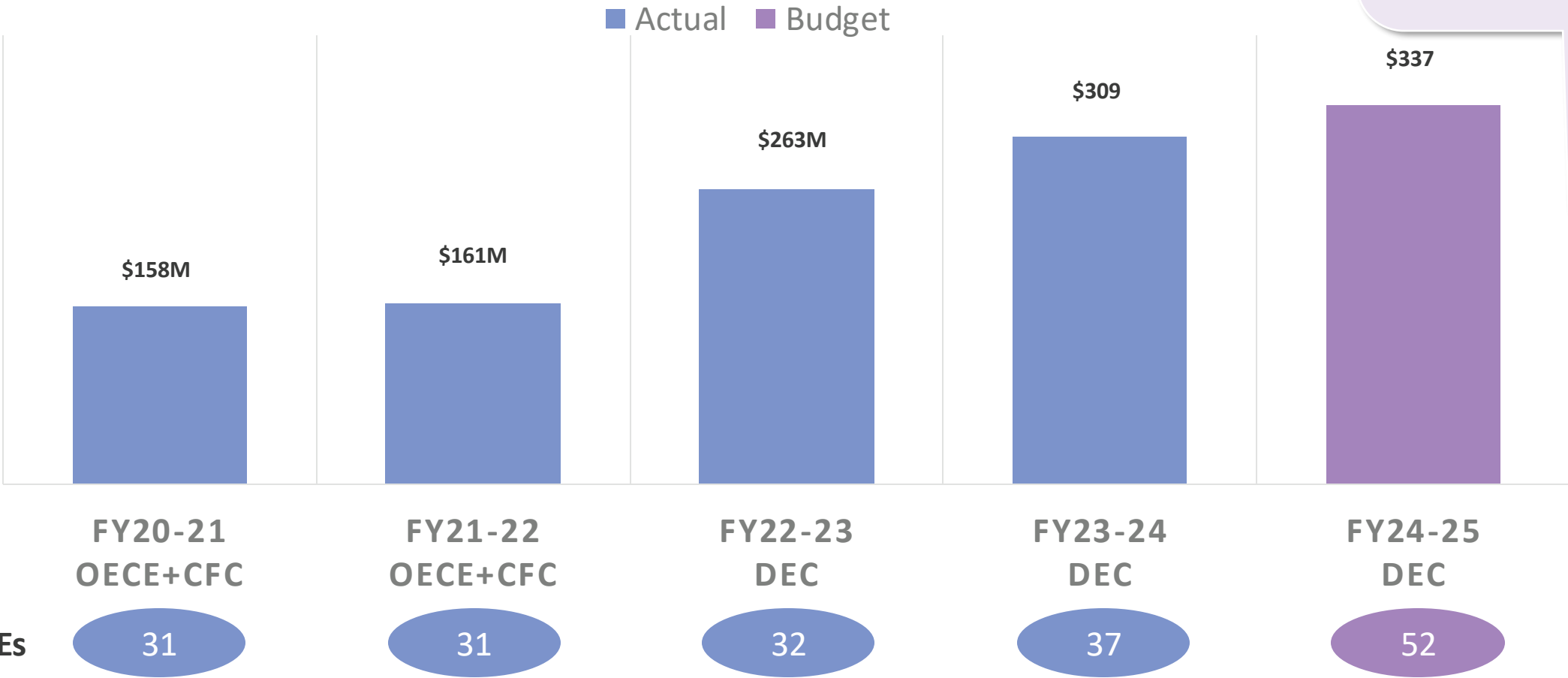
## Impact to DEC yet to be determined:

- MBO/DEC evaluating required GF support as it relates to Children's Baseline
- Work Order budgets likely to evolve, pending decisions by other Departments

# DEC expenditures approaching budget

## DEC EXPENDITURE TRAJECTORY

- DEC has 52 FTEs filled
- Hiring frozen in FY25
- Filling further vacancies pending individual MYR exceptions by role

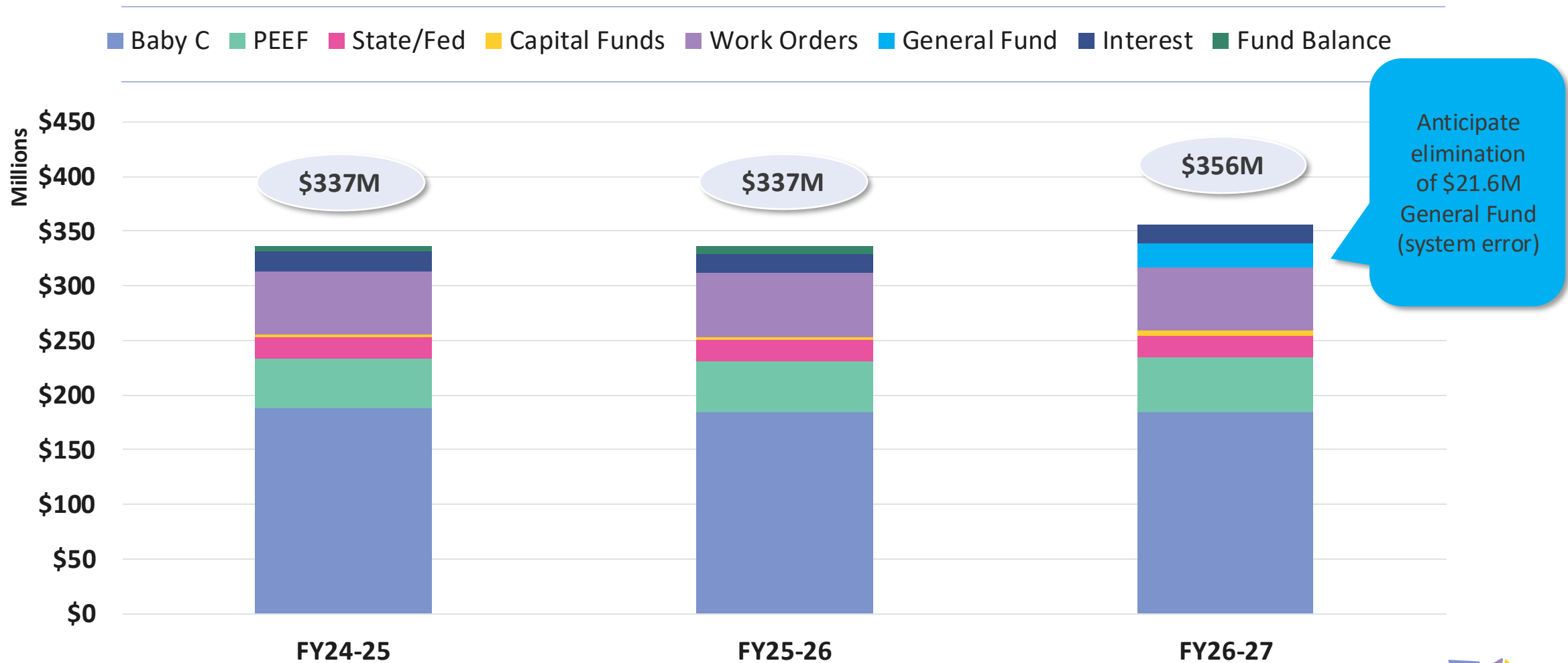


Filled FTEs



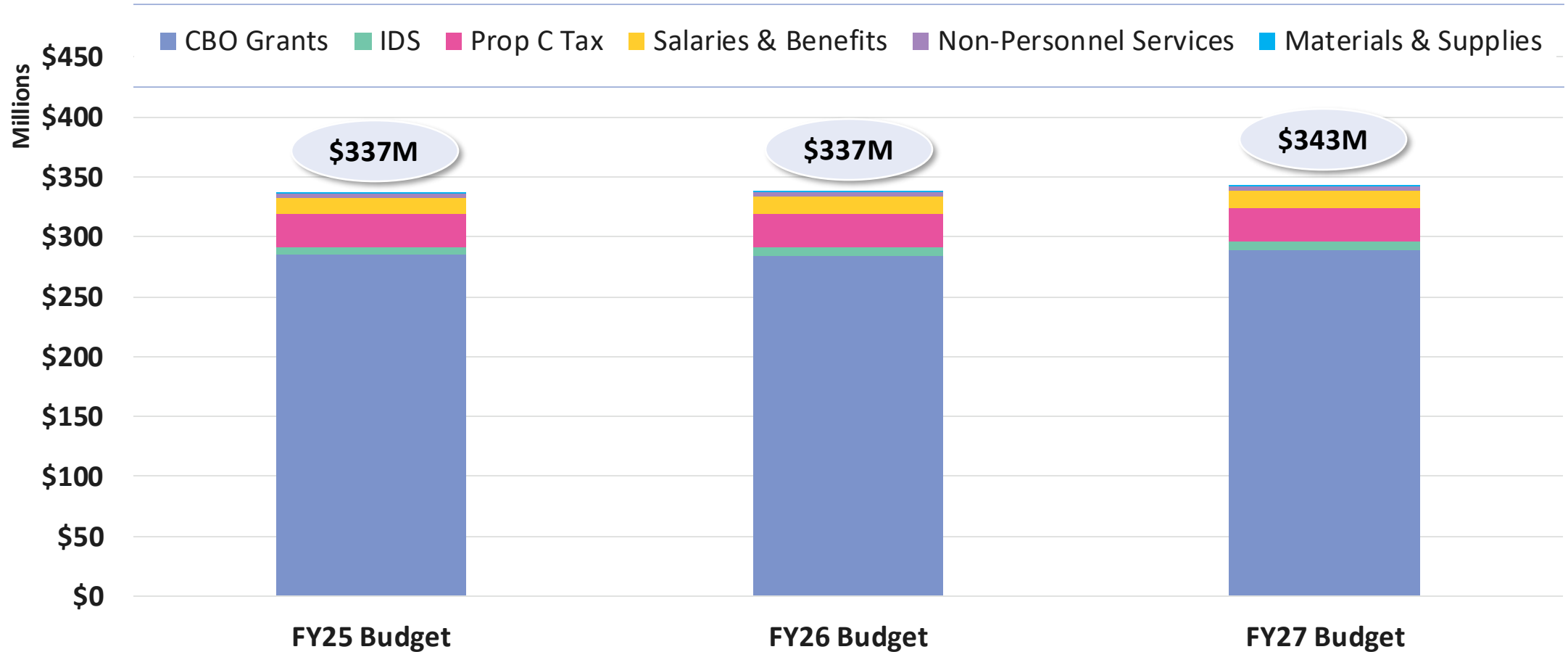
# DEC Budget – Sources (Base)

## DEC Budget Trends FY24 – FY27



# DEC Budget - Expenditures (Base)

DEC Budget FY24 – FY27





# Next Steps

February 12	Public Presentation: Expenditure Plan
February 21	Department Phase Budget Submission
May/June	Department presentations to BOS
June 2	Mayor proposes Citywide budget
July 31	Last day for BOS to adopt budget

# 11. ADJOURN

