

Department of Early Childhood: FY26 & FY27 Expenditure Plan

February 12, 2025



San Francisco Department of
Early Childhood





Budget Timeline

January 17	Technology project proposals due
January 22	Public Presentation: Budget Priorities
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

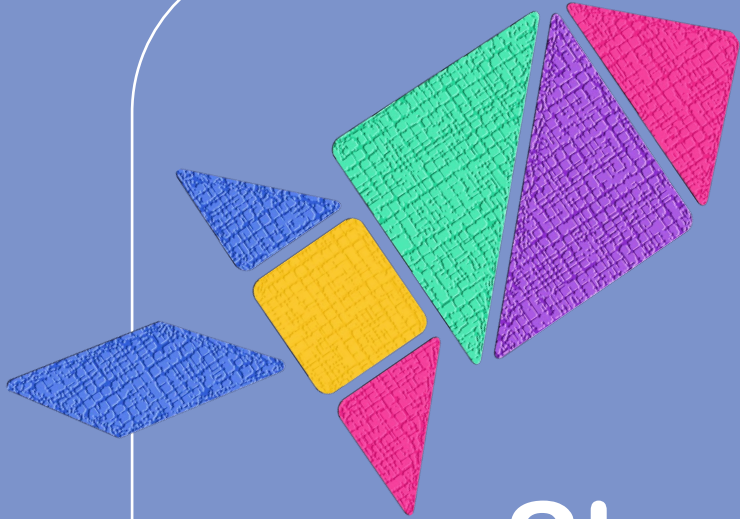


Agenda

- Progress, Challenges, and Shaping the Future of Access (Quick Review)
- DEC FY25-26 & FY26-27 Budget Priorities
- DEC FY 25-26 & FY26-27 Expenditure Plan



Strengthening our Early Childhood System



Progress,
Challenges, and
Shaping the Future of Access

(Highlights)

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!

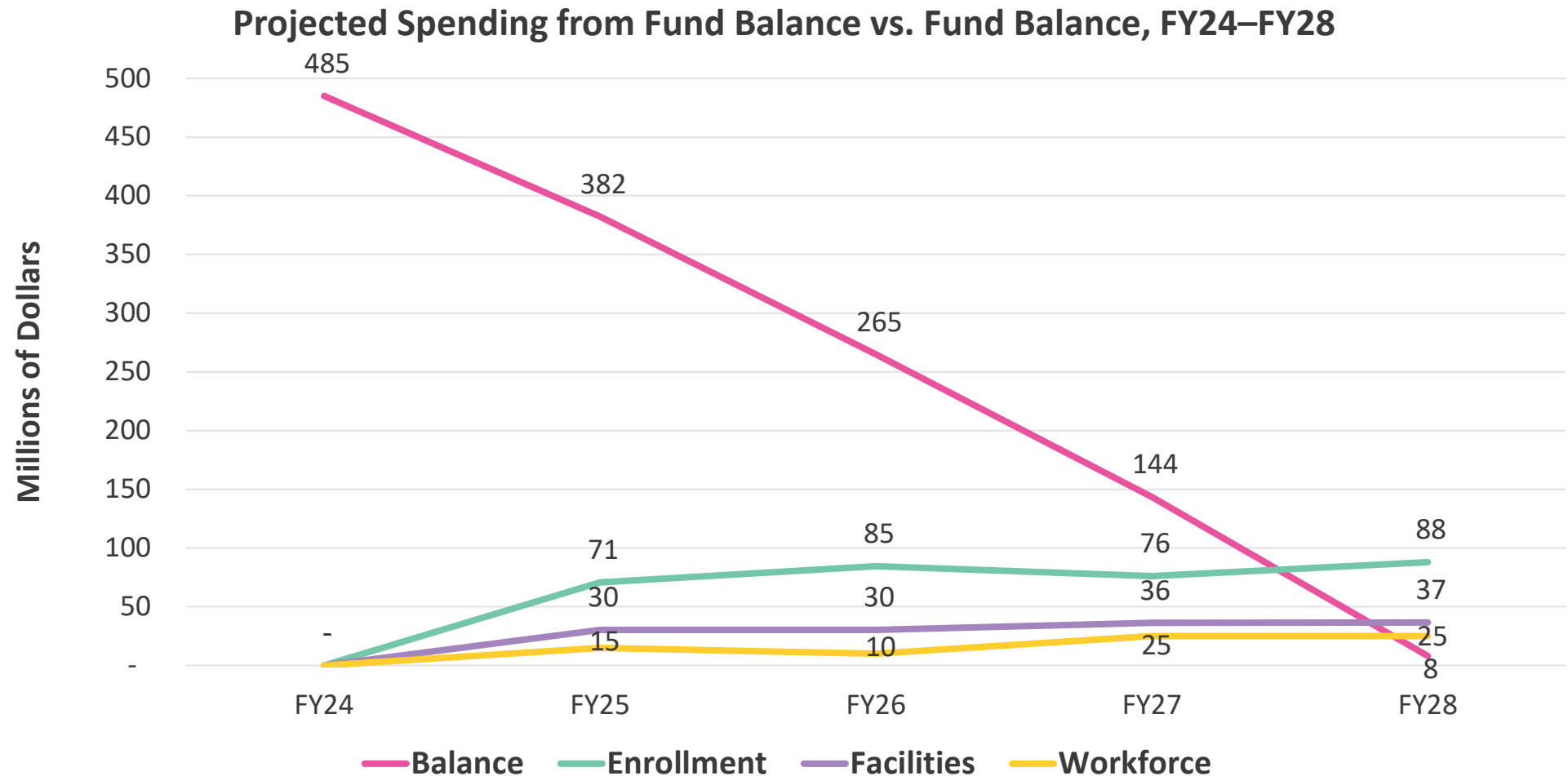


Revisiting the ECE Roadmap

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



Spend down of Fund Balance – Current Initiatives





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.





Agenda

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

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, no 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

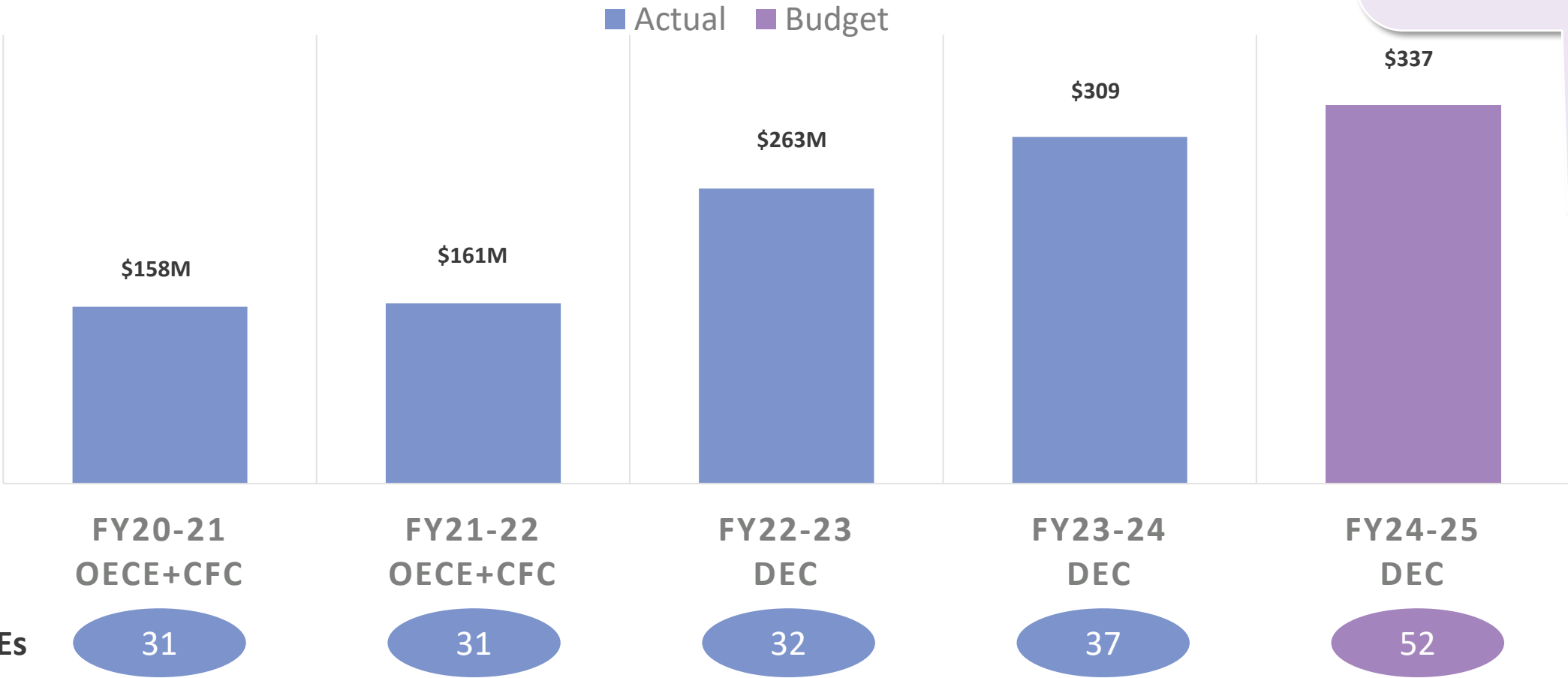
Impact to DEC yet to be determined:

- 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

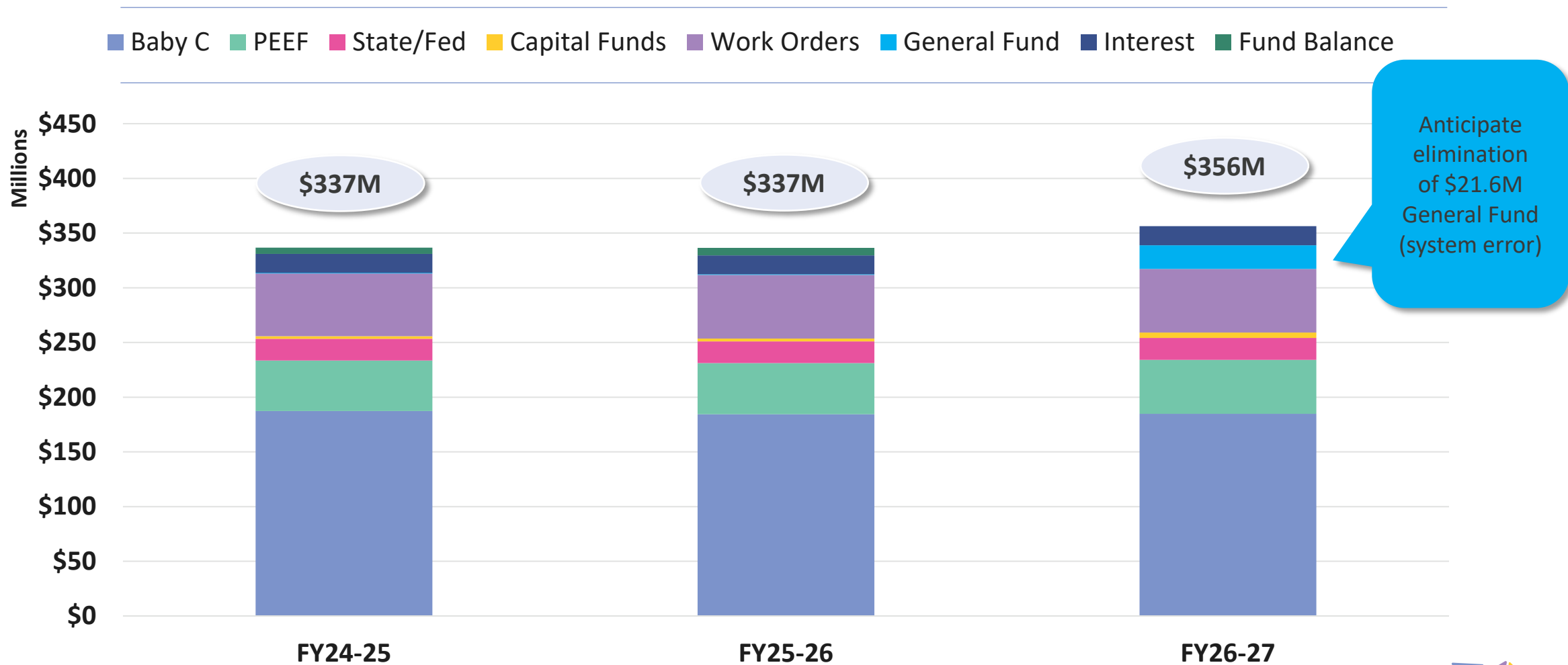


Filled FTEs



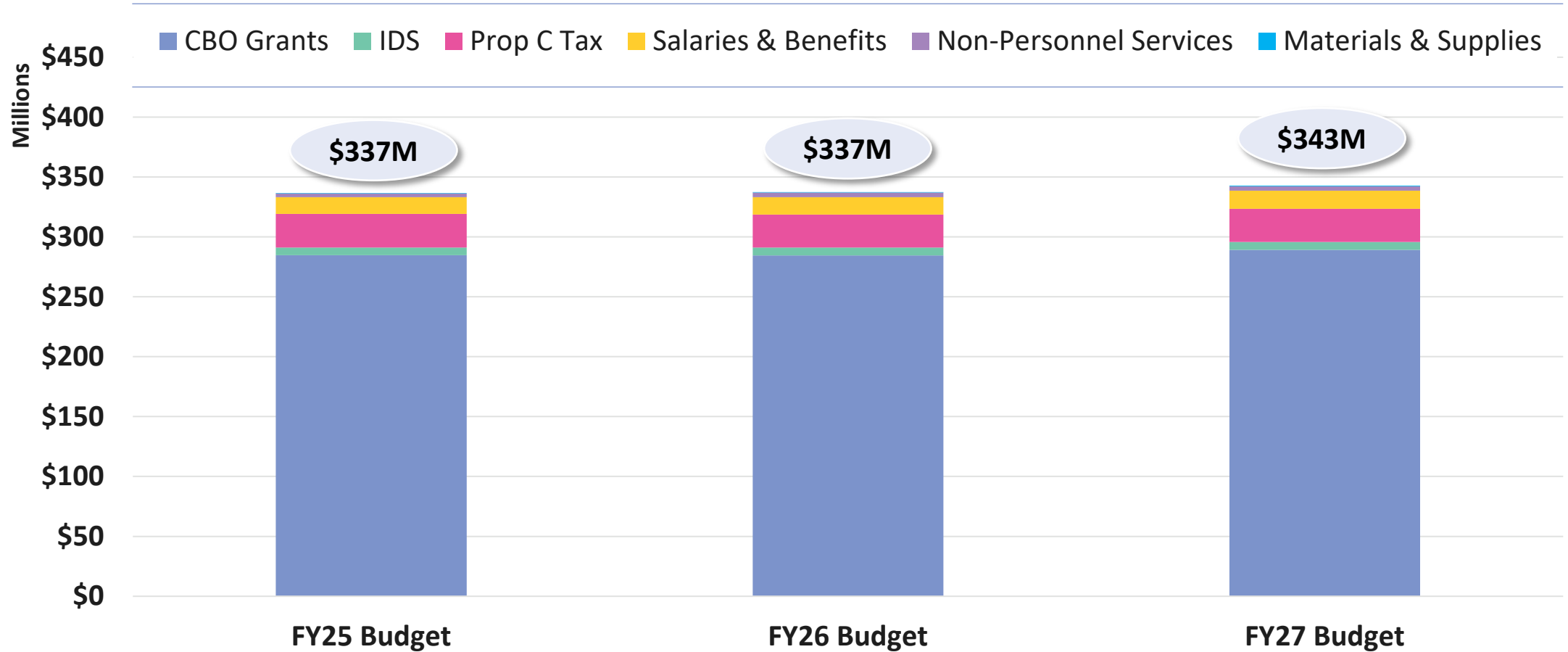
DEC Budget – Sources (Base)

DEC Budget Trends FY24 – FY27



DEC Budget - Expenditures (Base)

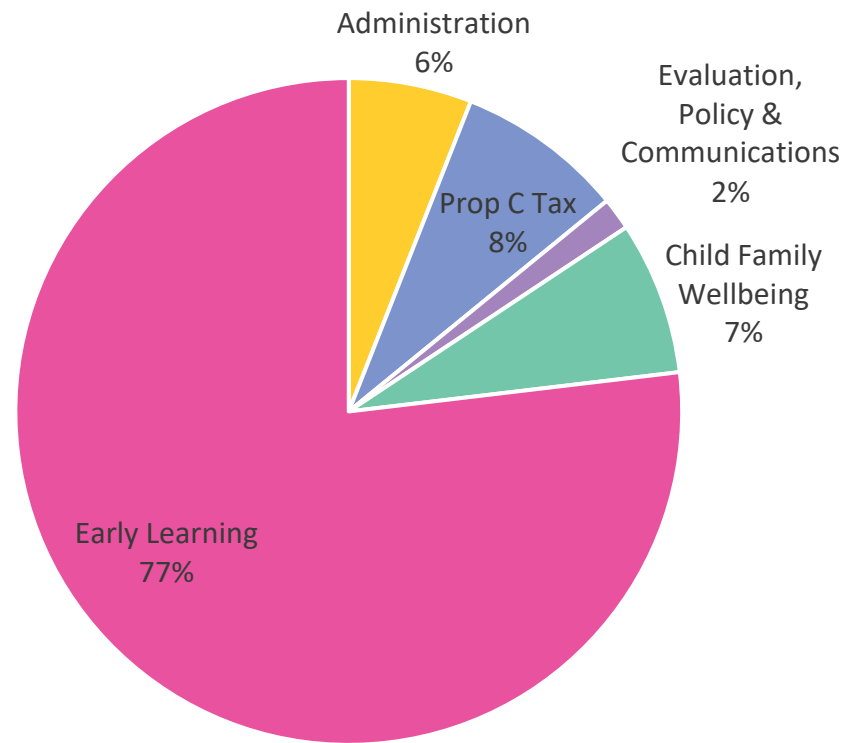
DEC Budget FY24 – FY27



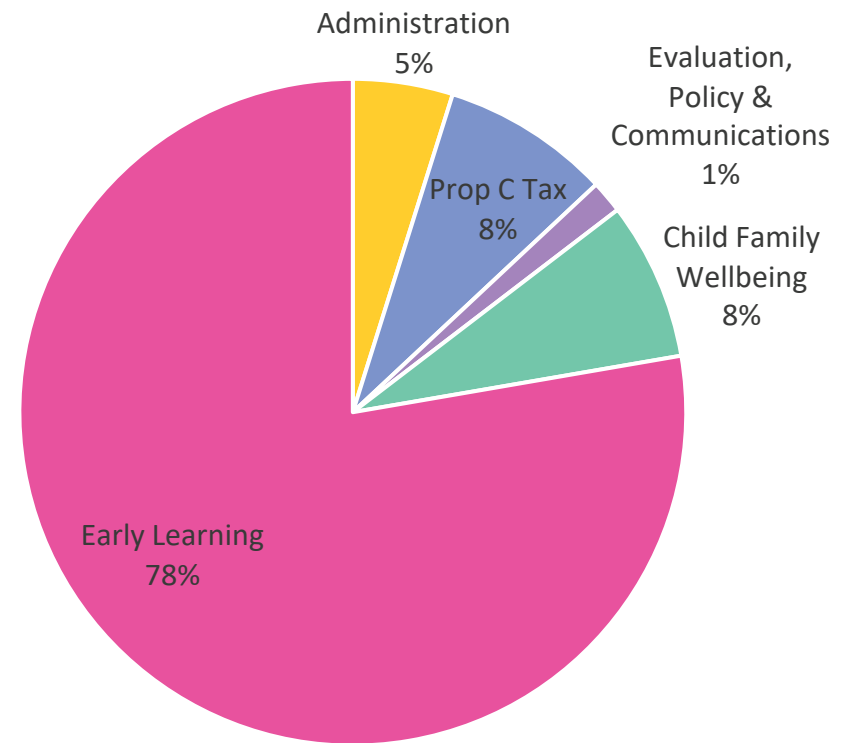
DRAFT (Proposed)

Expenditure Breakdown

FY26 AAO Expenditure Breakdown



FY27 AAO Expenditure Breakdown





Division Details: Child Family Wellbeing

- Child Health
- Family Support
- Planning & Cross-Sector

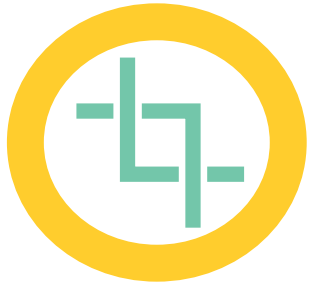


Strengthening our Early Childhood System



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.



DRAFT (Proposed)

Child Family Wellbeing Budget

	Program	Budget (\$M)		
		FY26	FY27	Balance
Child Health	• Early Intervention FRC and Community Services	3.2	3.2	---
	• Early Intervention – Systems of Care	2.2	2.2	---
	• Sparkler Data System	0.5	0.5	---
	• DPH Work Orders (Family Pregnancy Village, Screening)	0.3	0.9	0.5
Family Support	• Family Resource Center (FRC) Initiative	15.7	15.9	7.3 ²
	• Family First Prevention Services Act pilot	2.2	2.2	---
	• County-based Medi-Cal Administrative Activities	1.0	1.0	---
	• SF Family Support Network (training)	0.1	0.1	---
	• Triple P Parenting Class	0.2	0.2	---
Cross-Sector	• Connecting families with community resources	0.0	0.0	8.2
SUBTOTAL³ – Child Family Wellbeing		25.3	26.0	16.0
<i>Share of AAO Budget</i>		7%	8%	

1 DPH workorder funding not confirmed

2 Use of Prop 10 fund balance + Prop C BOS FY25 and FY26 supplement

3 Use of rounding may result in a difference in subtotal versus the sum of initiatives listed

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



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.

DRAFT (Proposed)

Early Learning (1/2)

Workforce Development

- Workforce Compensation (CARES, EESSG)
- Workforce Pathways
- Tuition Support (SEEPD)
- Working Conditions

Childcare Capital/Facilities

- Site Expansion, Renovation & Repair
- *SF owned buildings in F&O budget

Program	Budget (\$M)		
	FY26	FY27	Balance
• Workforce Compensation (CARES, EESSG)	49.0	49.6	---
• Workforce Pathways	---	---	27.7 ¹
• Tuition Support (SEEPD)	1.0	1.0	8.1 ¹
• Working Conditions	22.0	21.4	---
• Site Expansion, Renovation & Repair	3.2	3.2	55.5 ¹
• *SF owned buildings in F&O budget			

¹ Use of Prop C balance (OTO funds)

DEC Proposed Budget - DRAFT

Early Learning (2/2)

NEED TO UPDATE

	Program	Budget (\$M)		
		FY26	FY27	Balance
Training & Technically Assistance	• QRIS Block Grant	0.8	0.8	---
	• Training & Technical Assistance + Assessments	10.1	10.1	---
	• Early Learning Mental Health (ECMHCI)	5.0	5.0	---
Access & Enrollment	• Enrollment - Local	129.9	132.9	64.2
	• Enrollment – State/Fed	34.0	34.2	---
	• Tuition Credit - Out of Network	---	---	47.6
	• Access (e.g., Help Desk, R&R, Homeless Case Management, Emergency Backup Childcare)	6.4	7.4	9.1 ¹
	SUBTOTAL² – Early Learning <i>Share of AAO Budget</i>	261.4 77%	265.9 78%	212.2

1 Use of Prop C balance (OTO funds)

2 Use of rounding may result in a difference in subtotal versus the sum of initiatives listed

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



Division Details: Evaluation, Policy and Communications

- Policy, Communications & Strategic Partnerships
- Data & Evaluation



DRAFT (Proposed)

Evaluation, Policy and Communications Priorities

- In the second half of FY25, DEC will engage external consultants to enhance data and evaluation capacity. Implementation will begin in FY26, focusing on program evaluations, new data systems, best-practice standards for data governance, and improved tracking of kindergarten readiness and family outcomes.
- DEC will also initiate its first data warehousing effort, integrating child, family, and program participation data from three early care and education (ECE) subsidy systems for more timely, unified reporting. By FY26, this integration will automate previously manual processes, enabling real-time program insights.
- Additionally, DEC will launch a next-generation grants management system to handle increased grant and contract volumes. The initial phase in FY25 will cover grant budgets, invoicing, and performance measures, focusing on improving the grantee experience and expanding system capabilities for greater efficiency and reporting.



DRAFT (Proposed)

Evaluation, Policy and Communications Priorities

- Improve DEC's website, parent-friendly, child development, and available services.
- Continue marketing DEC programs through place-based and digital advertising.
- Strengthen information resources to enhance grantee program implementation.
- Advance DEC's policy platform to influence state and federal early childhood policies.
- Develop internal communications for improved staff collaboration.
- Promote DEC's growth and expanded programs through media outreach.
- Document DEC's impact by collecting field stories and sharing research.



DRAFT (Proposed)

Evaluation, Policy & Communications

	Program	Budget (\$M)		
		FY26	FY27	Balance
Communications & Public Engagement	• Interpreters	0.03	0.03	---
	• Communications	0.4	0.4	0.3
	• ECE Community Building	0.4	0.4	0.6
	• Economic Empowerment	1.6	1.6	---
	• CPAC	0.1	0.1	---
Data & Evaluation	• Comprehensive Evaluation Services	2.0	2.0	---
	• Data warehouses/systems	0.4	0.4	0.8
	• Contract Management	0.3	0.4	0.4 ¹
SUBTOTAL – Evaluation, Policy & Communications		5.3	5.4	2.0
<i>Share of AAO Budget</i>		2%	1%	.

¹ Use of previously appropriated funds for new contract management system.



Division Details: Finance & Operations

- Finance
- Operations



DRAFT (Proposed)

Finance & Operations Priorities

- Finalize hiring of financial support staff, then implement cross-training for budgeting, procurement, contracting, and accounting.
- Standardize fiscal and operational policies to streamline workflows and support program management.
- Establish transparent workflows for contract management, fiscal compliance, and reporting.
- Develop a long-term sustainability plan.
- Implement internal policies to ensure a safe, fair, and equitable workplace.



DRAFT (Proposed)

DEC Finance & Operations

	Program	Budget (\$M)		
		FY26	FY27	Balance
Employee Related Costs	• Staff salaries/benefits	14.4	15.0	---
	• Travel, training & field expenses	0.3	0.3	---
Office Costs	• Materials & supplies (e.g., postage, copying)	0.4	0.4	---
	• Non-personnel Services	0.4	0.4	---
	• Interdepartmental Services (Admin)	4.4	4.4	---
Facilities	• Childcare sites - Management of 3 buildings	0.6	0.6	---
	• DEC office development	---	---	2.0
SUBTOTAL - Administration		20.2	20.8	2.0
<i>Share of AAO Budget</i>		6%	5%	

1 Prop C Tax to GF (\$27,660,000 and 27,720,000) not included in Admin.



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