

# Department of Early Childhood: FY25 & FY26 Budget Priorities

January 17, 2024



Today

# Budget Timeline

- *January 17*     *Public Presentation: Budget Priorities*
- January 19     Technology project proposals due
- February TBC     Public Presentation: Expenditure Plan
- February 21     Department Phase Budget Submission
- May 31     Mayor proposes Citywide Budget
- May/June     Department presentations to BOS
- July 31     Last day for BOS to adopt budget





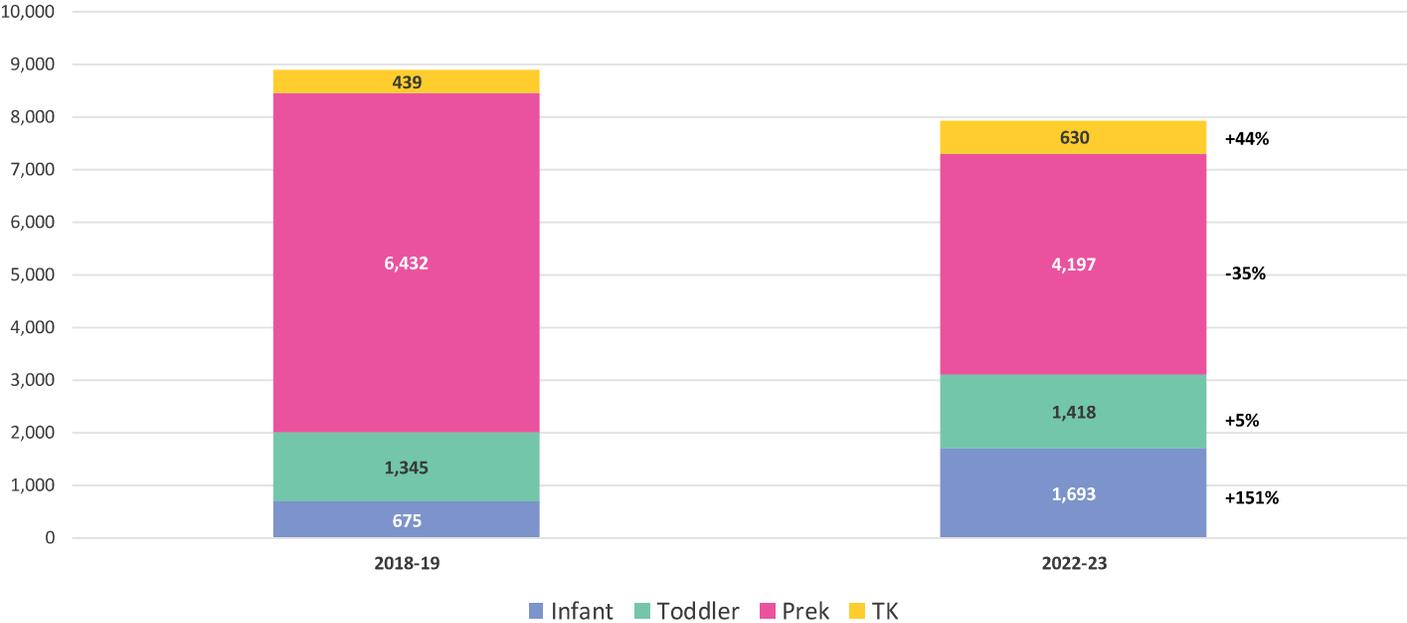
# Agenda

- **Progress, Unfinished Business, and the Path Forward**
- DEC FY24-25 & FY25-26 Budget Priorities
- DEC Budget Instructions & Outlook



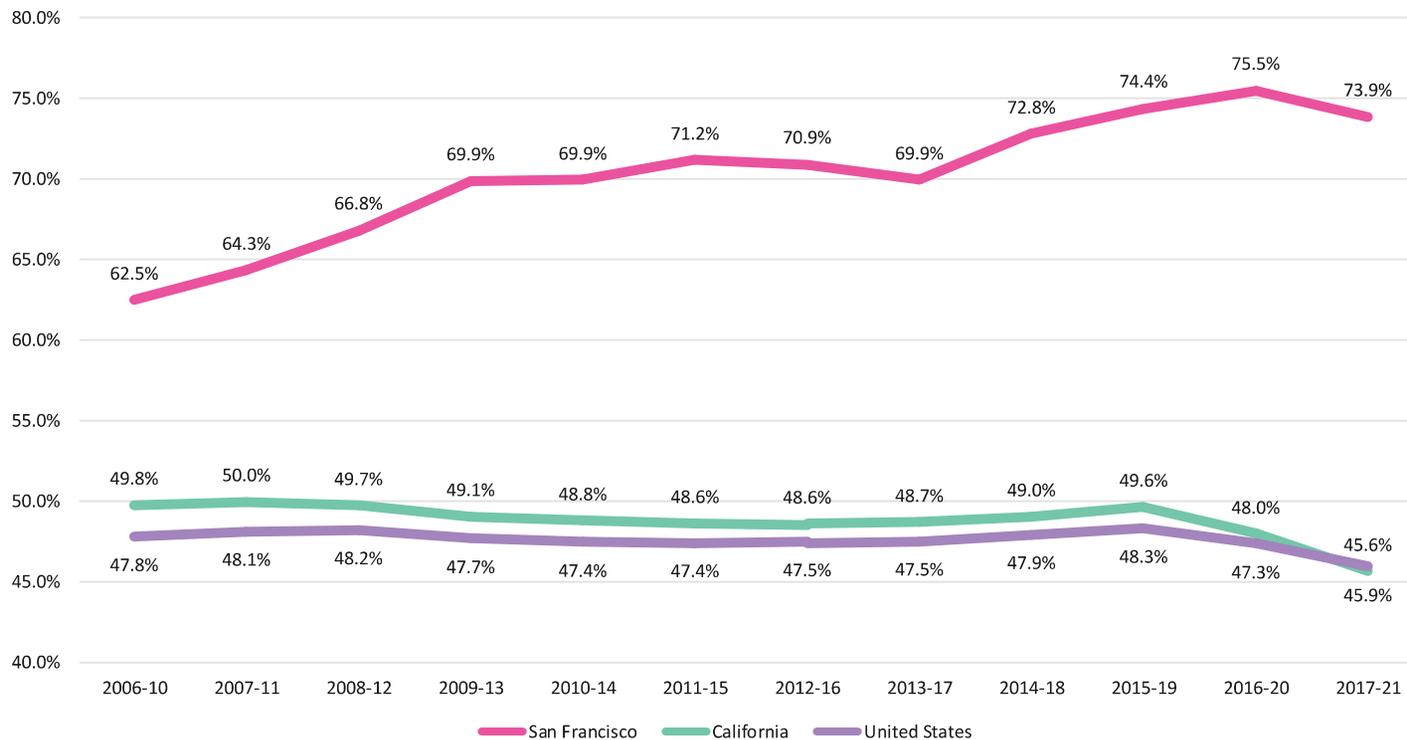
# ECE enrollment is recovering, and the age mix has shifted

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

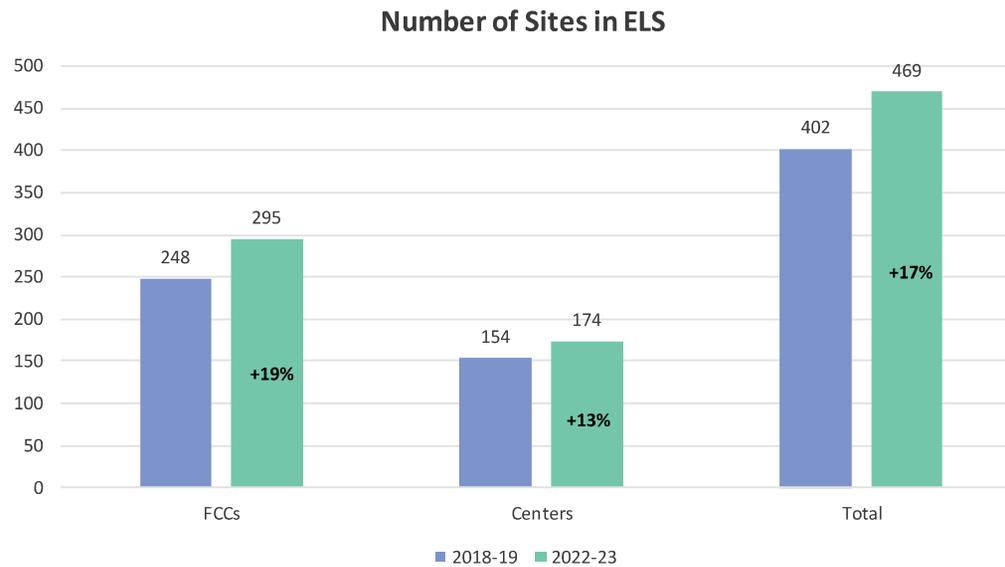


# San Francisco leads the nation in preschool enrollment

Proportion of 3- and 4-Year-Olds Enrolled in School, 2006-10 to 2017-21  
(American Community Survey 5-Year Estimates)



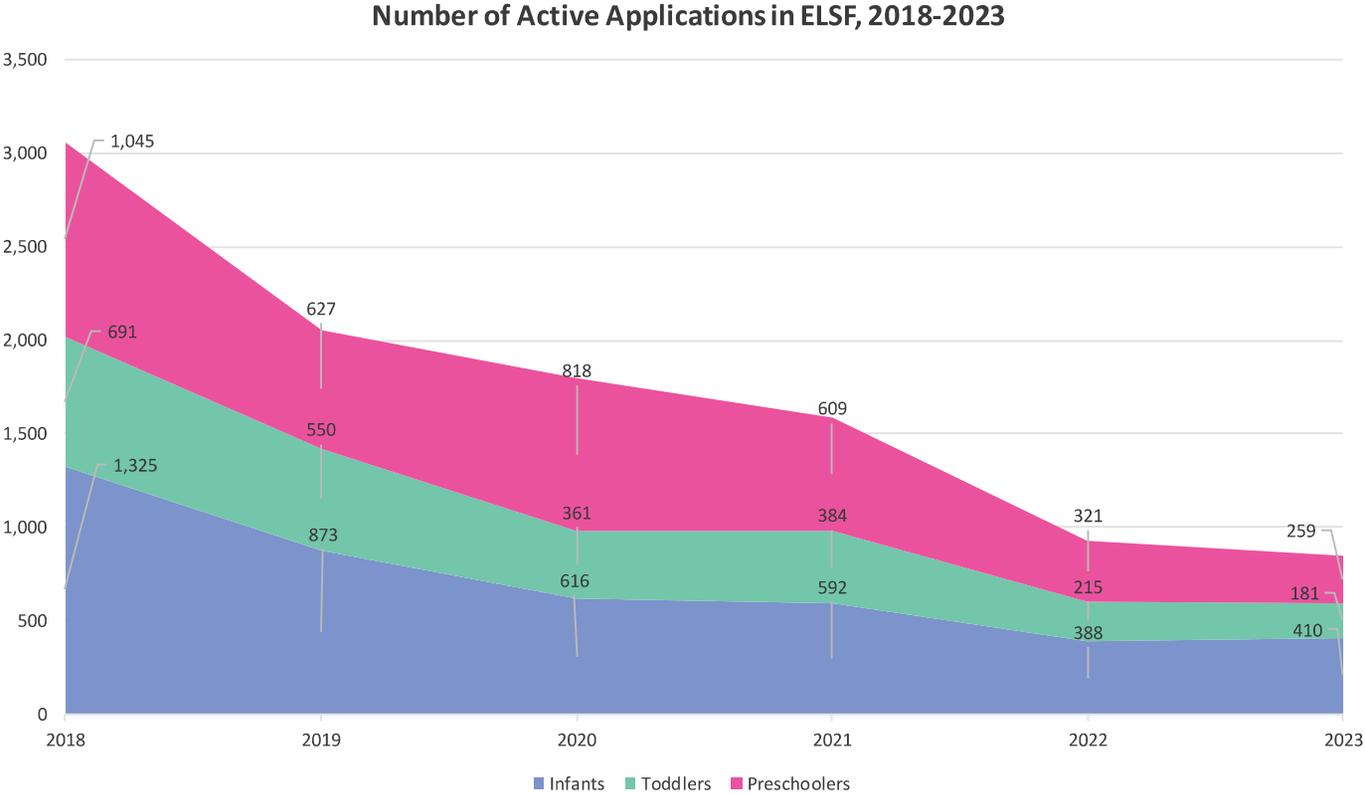
# DEC Expanded its ELS network



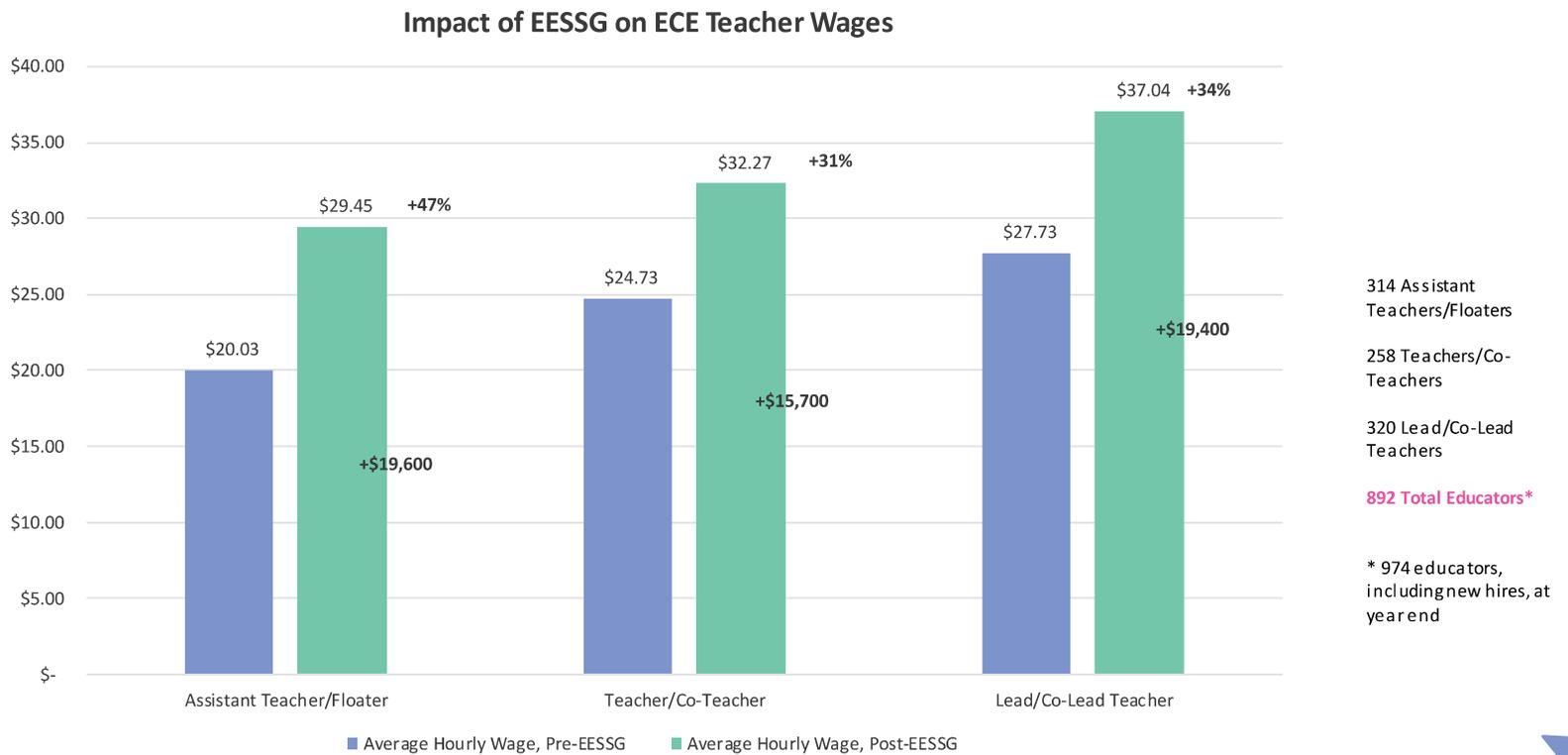
2022-23 Facilities Activity	Center-Based Grants	Family Childcare Grants	New Infant and Toddler Spaces Planned	New Preschool Spaces Planned
Number of Grants Supporting New Spaces	14	3	323	229
Total Grant Funding Awarded Supporting New Spaces	\$13,140,380	\$38,443		



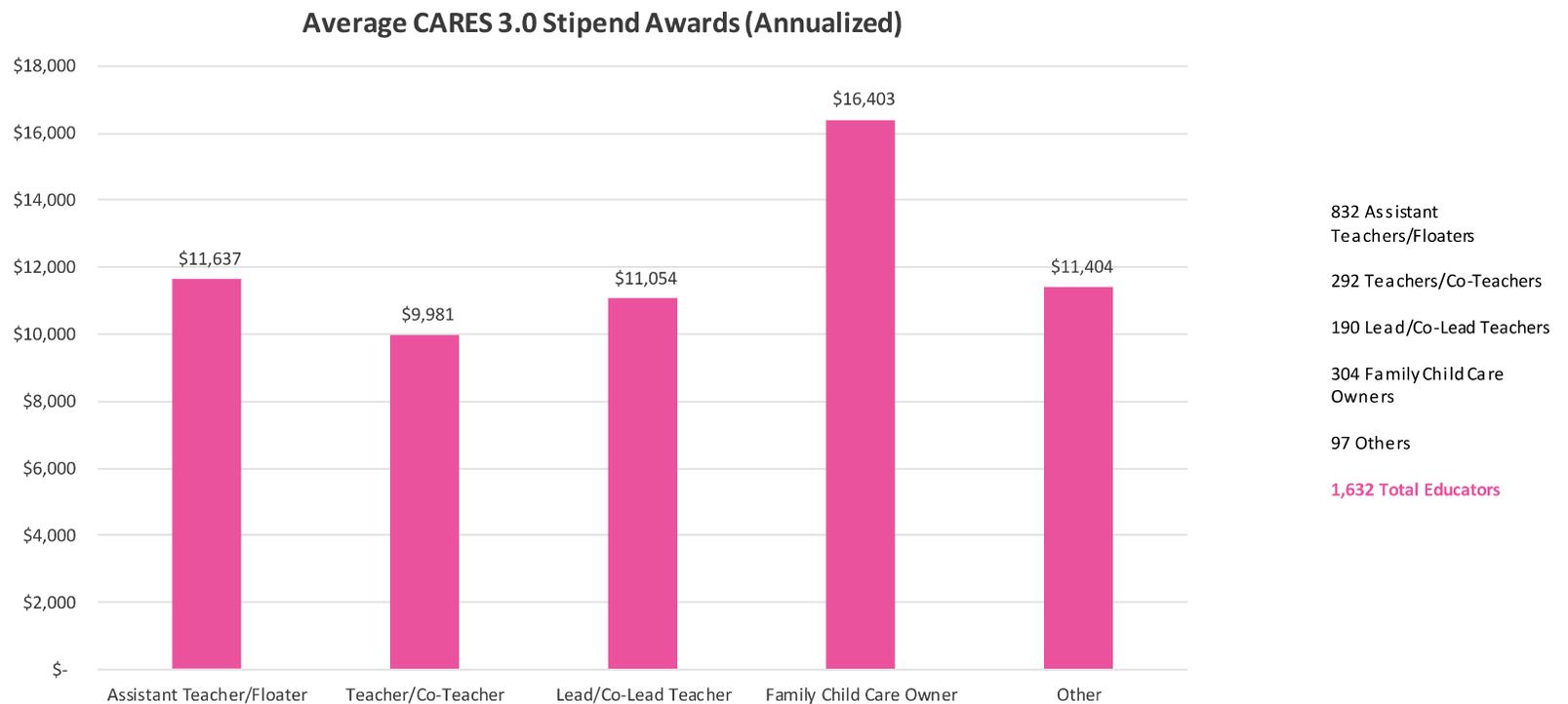
# The ECE “wait list” is much smaller



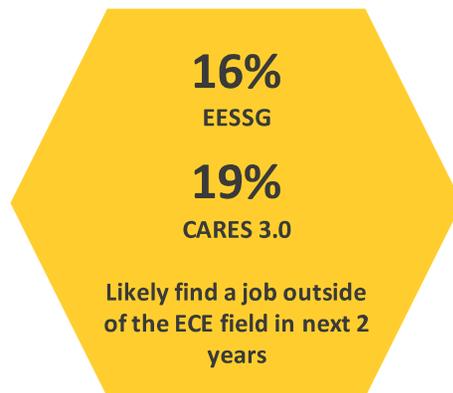
# DEC boosted early educator wages for teachers serving highest need students



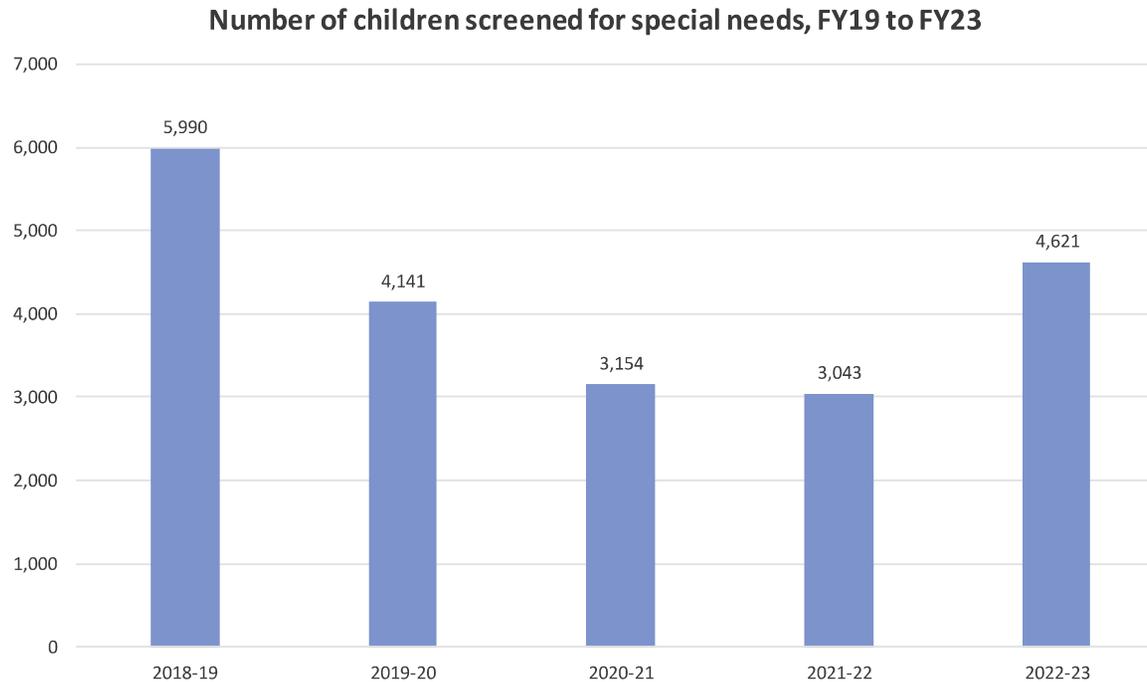
# CARES 3.0 stipends also substantially raised early educator compensation



# Compensation initiatives have stabilized the workforce, improved conditions for educators



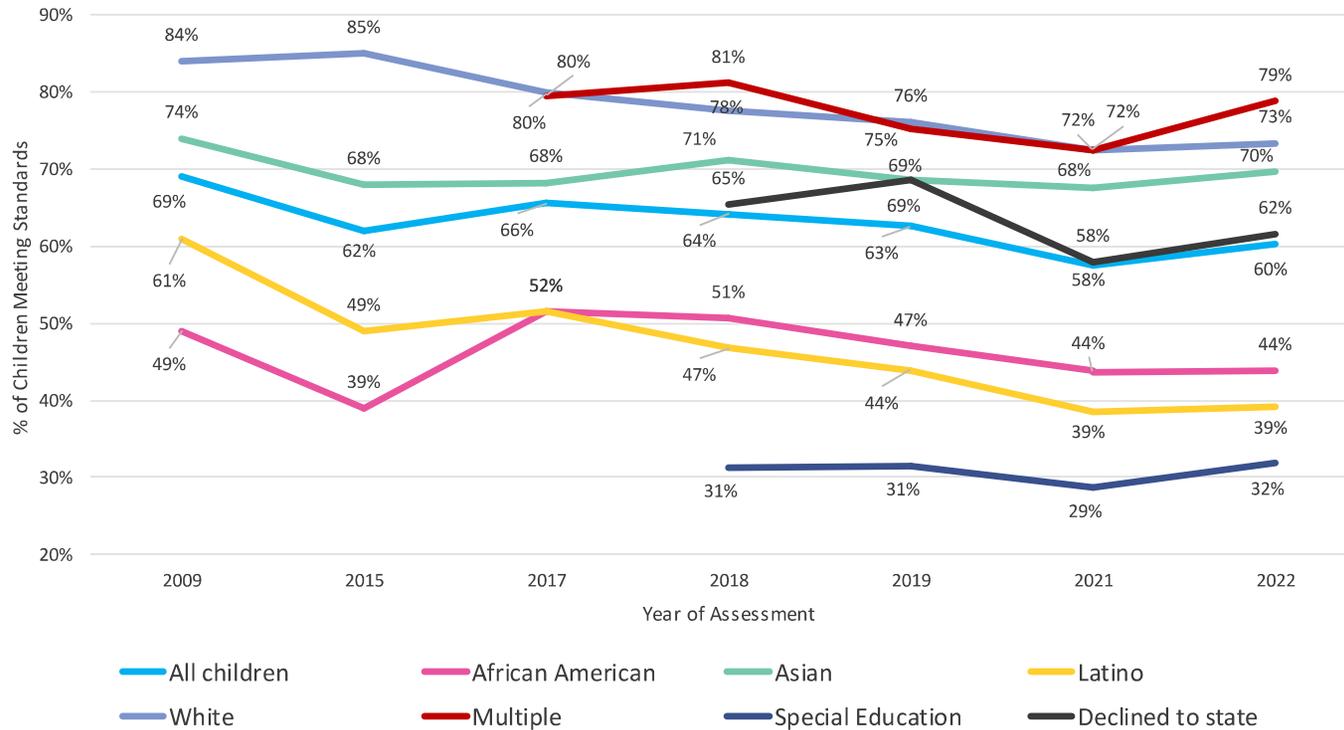
# Screening is on the rise with promising new tech



# Race and special needs are strong predictors of readiness

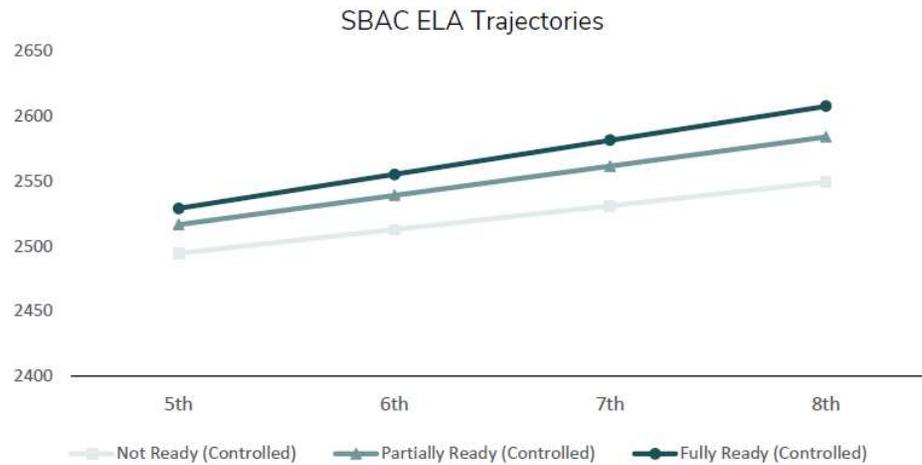
**Kindergarten Readiness of Entering SFUSD Students  
by Race/Ethnicity and Special Needs, 2009-2022**

(Kindergarten Observation Form for 2009 and 2015, Kindergarten Readiness Inventory for 2017-2022)



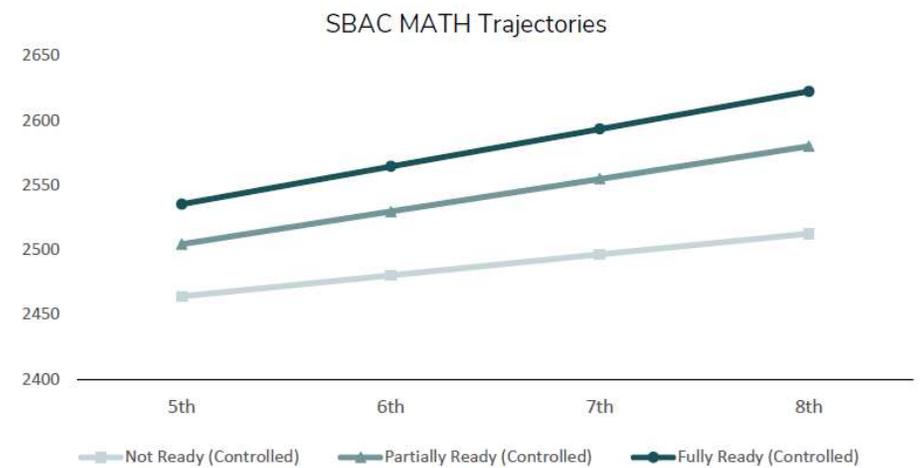
# Kindergarten readiness strongly predicts future academic outcomes

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

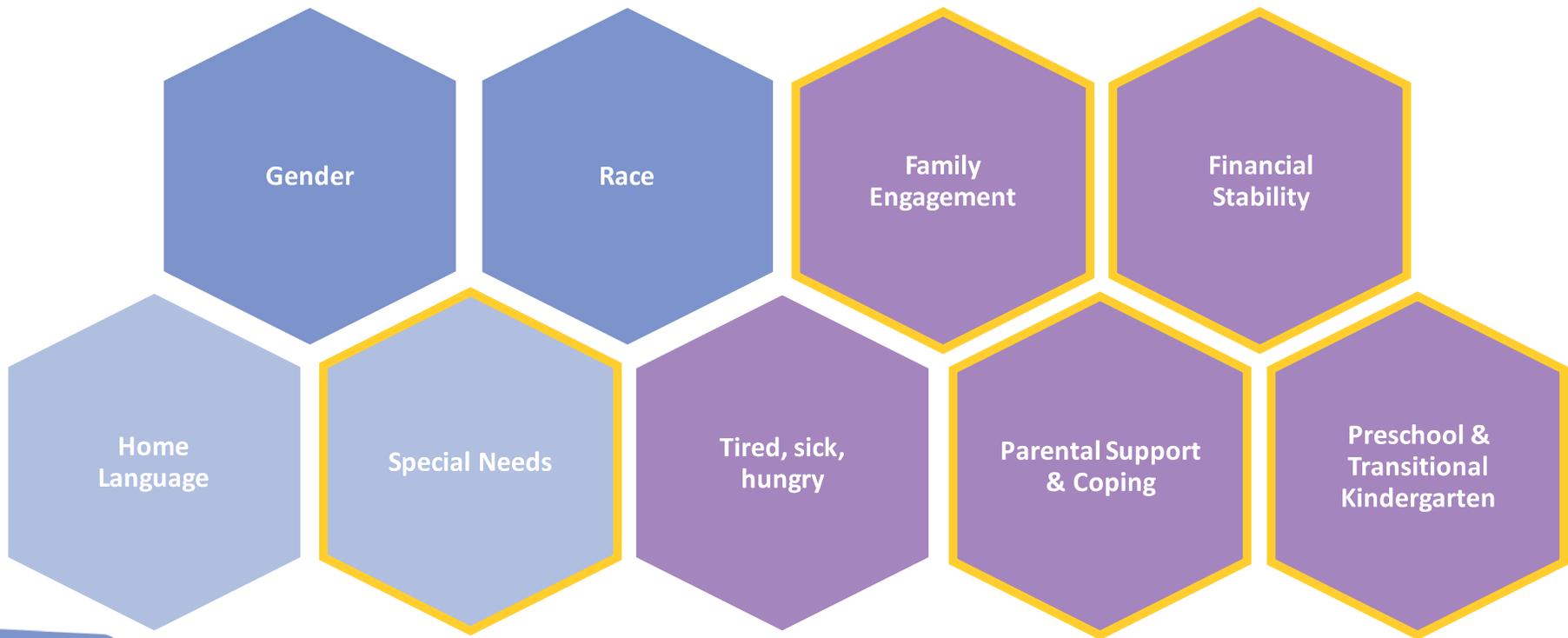


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**SBAC:** Smarter Balanced Assessment Consortium test  
**ELA:** English Language Arts



# Factors Contributing to Readiness



# The Road to Universal Access

## Early Care & Education for All

Infant & Toddler  
Expansion

Facilities  
Development &  
Conversion

Workforce  
Development

EESG and  
CARES 3.0

Middle Income Eligibility  
Expansion to 110% of  
AMI

ELS Pipeline Growth

PFA & ELS  
92% PreK Participation

Quality Improvement





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# DEC Budget Priorities

## Building a Strong Foundation



## DEC Budget Priorities

# Building a Strong Foundation

- San Francisco faces longstanding racial, ethnic, and socioeconomic disparities in kindergarten readiness despite its universally accessible preschool system.
- Prenatal to age three is a rapid and sensitive development period, setting the foundation for long-term health and well-being.
- DEC policies and funding will focus on the well-being of our infants and toddlers to ensure a healthy start, while continuing to invest in a high-quality universal ECE system from birth to five.
- Ongoing development of San Francisco's ECE System will foster the nurturing environments infants and toddlers need to reduce these longstanding disparities in access and outcomes.
- Track our impact on improving the well-being of children and families.



## DEC Budget Priorities

# Solid Start: Access, Workforce, Infrastructure



Continue DEC's historic and first-of-its-kind investment in ECE Workforce Compensation (CARES 3.0 & EESSG)



Preserve access through local Early Learning Subsidies for low-middle class families up to 110% AMI



Fund improvements, maintenance, and new construction of early learning family childcare homes and centers



Maintain investment in Family Resource Centers (entering a new funding cycle)



## DEC Budget Priorities

# Narrowing the K-Readiness Gap



### Infant & Toddler Wellbeing

High-quality, culturally and linguistically responsive infant & toddler early care and education (“ECE”) is accessible and affordable.



### Workforce Quality & Capacity

San Francisco early educators serving the most vulnerable children are highly educated and fairly paid with a workforce that reflects the community.



### Inclusion

Developmental delays and learning differences are identified early, and families are supported in accessing identified interventions in a timely way.

Connecting resources and systems so that caregivers feel informed, engaged, and empowered to support their young children through the most formative years





DEC Budget Priorities (1/3)

# Infant & Toddler Wellbeing

## Key Objectives and Initiatives

- **Childcare Spaces:** Assist providers to transition capacity from PreK to infant/toddler, expand licensed capacity and improve existing spaces
- **Workforce:** Increase the number of ECE professionals with expertise in the earliest years
- **Expertise:** Provide training & technical assistance to providers and optimize teacher support for infants & toddlers.





DEC Budget Priorities (2/3)

# Workforce Quality & Capacity

## Workforce Quality & Capacity

- Workforce Compensation: Transform provider pay, ensuring pay and parity.
- Pathways and Recruitment: Build and retain a diverse workforce, including supporting multi-lingual learners.
- Permits: Child Development Teacher permit support and tuition reimbursement to access higher education (focusing on core ECE units and infant/toddler development).





## DEC Budget Priorities (3/3)

# Inclusion

### Inclusion

- Early Intervention and Specialized Services System: Expand an integrated early intervention system of care that offers family support and resources for developmental concerns and identified disabilities, establishes a centralized access point for service linkage, and creates long-term care coordination teams for children at highest risk
- Screening: Enhance developmental screening capacity up to 5,000 children
- Systems of Support: Leverage DEC position to influence systems of care at the local, state, and national level



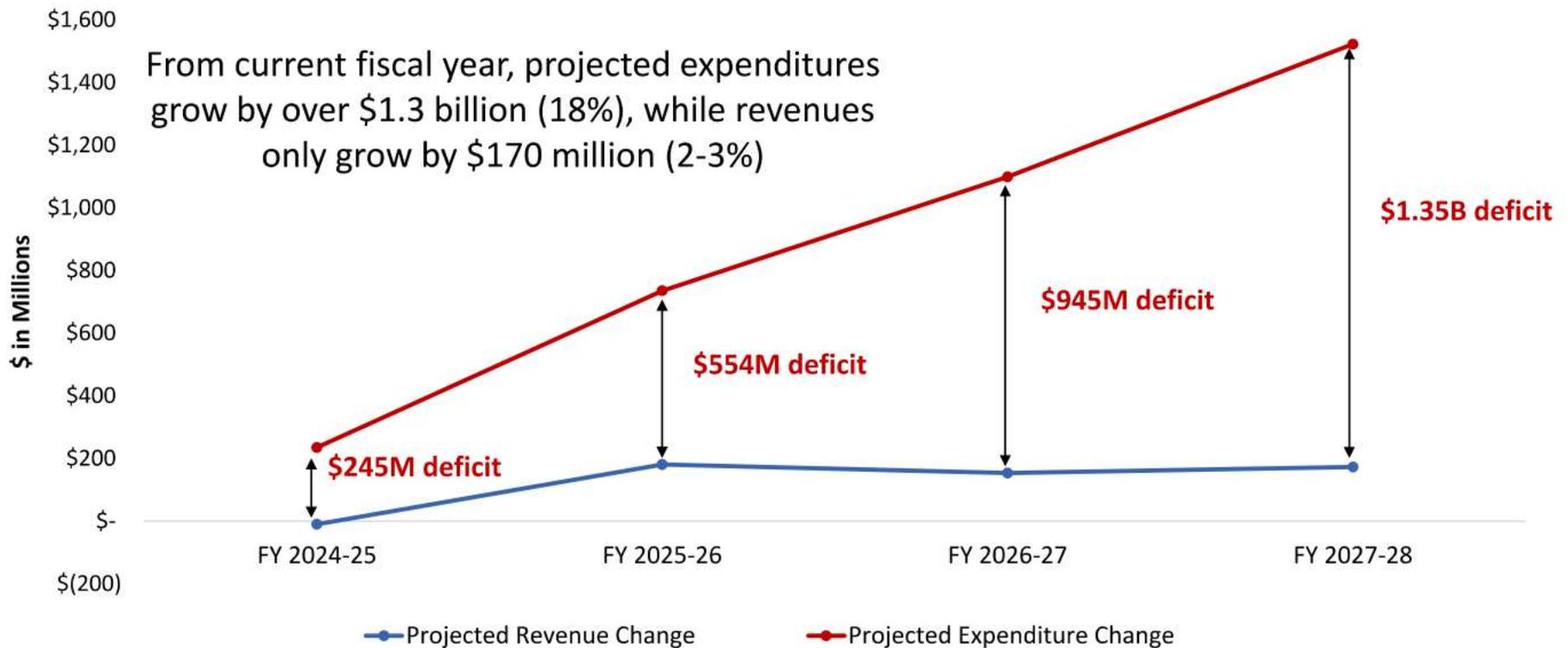


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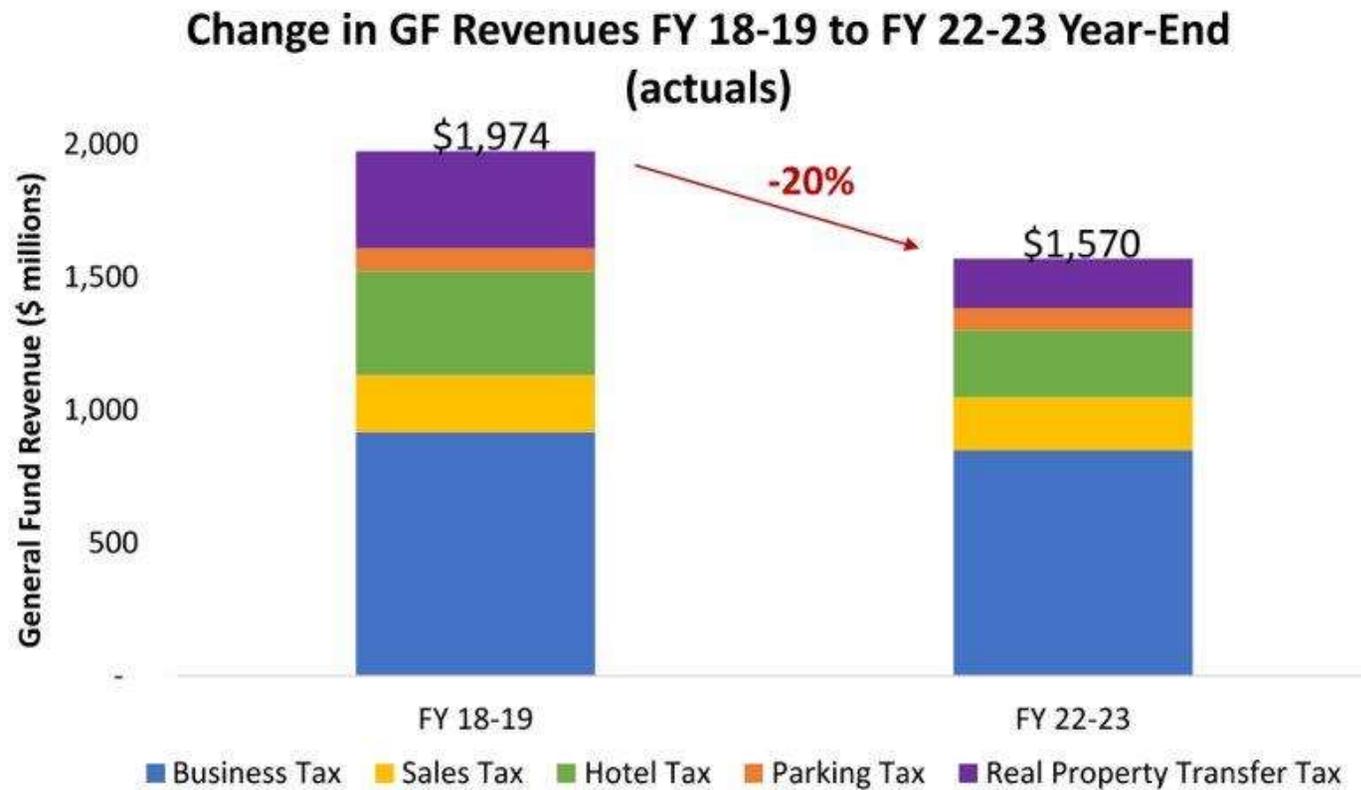
# San Francisco Fiscal Outlook



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



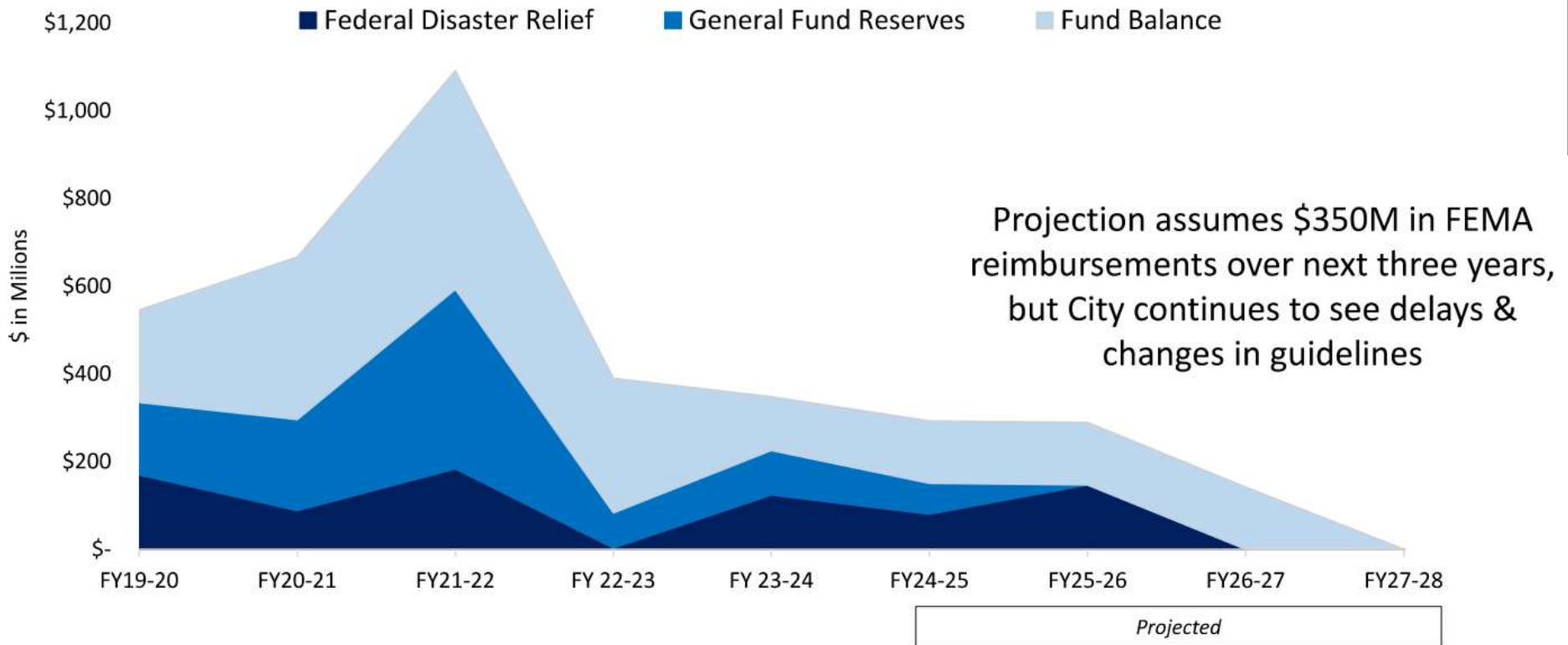
# General Fund Revenues Limited



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



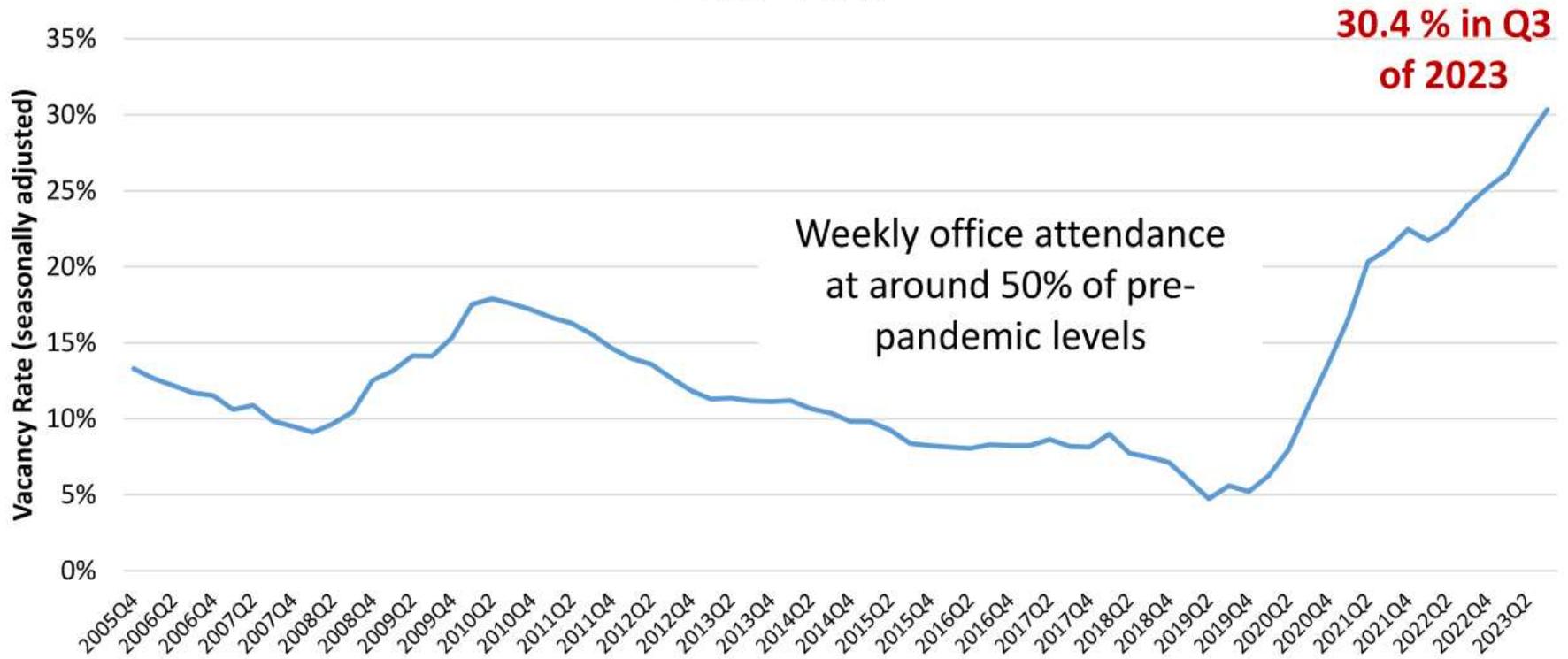
# Depletion of One-Time Sources



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

# Office Vacancy Rates Remain High

Seasonally Adjusted Office Vacancy Rates  
2005 - 2023



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



# Key Expenditures Rising

- **Salaries and benefits:** Increase by nearly \$500 million over plan period.
- **Required baselines:** Grow by around \$200 million & include newest Student Success Fund, which grows to \$35 million in FY 2024-25 and \$60 million by FY 2027-28.
- **Citywide operating costs:** Real estate, capital, debt payments, PUC rates, and implementation of multiyear inflation on all GF nonprofit grants.
- **Other major costs:** shelter costs due to expiring state grants, commitments to subsidizing housing for formerly homeless (LOSP), IHSS program growth.

# Mayor's Priorities

- Improving public safety and street conditions
- Citywide economic vitality
- Reducing homelessness and transforming mental health service delivery
- Accountability and equity in services and spending

# Mayor's Budget Instructions

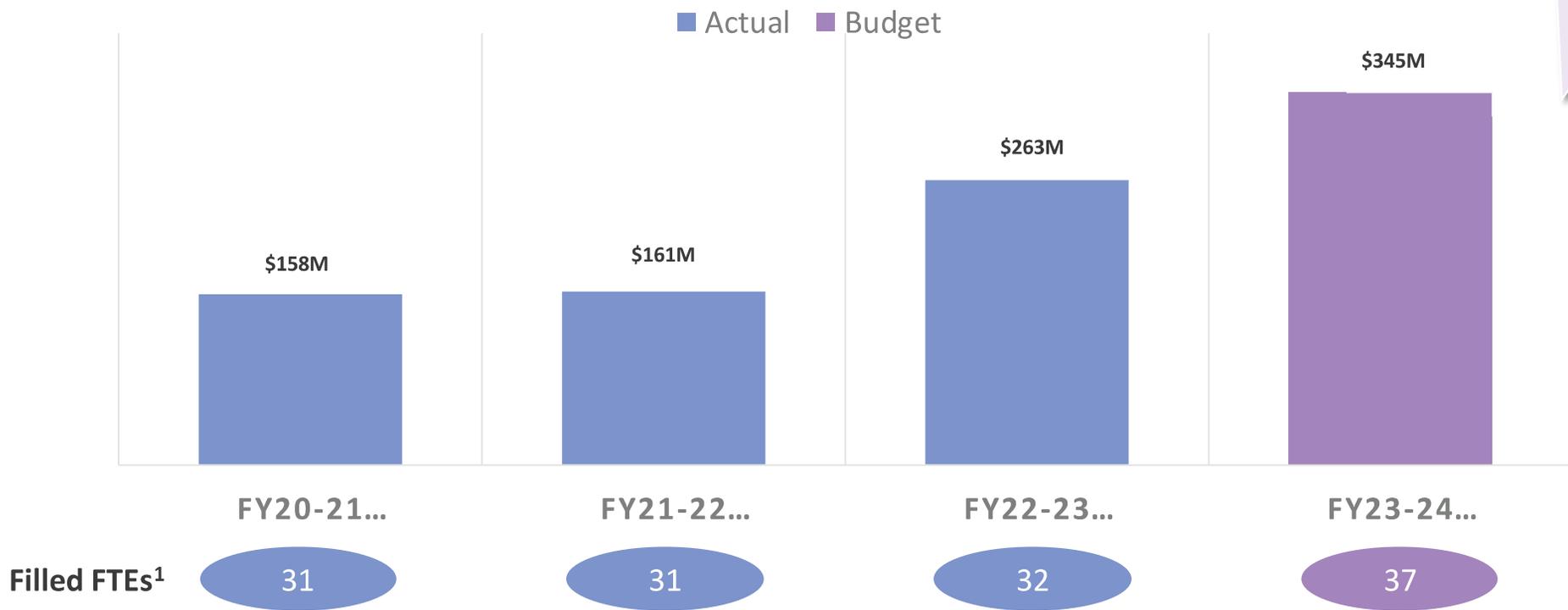
- General Fund departments requested to make 10% cuts in FY24-25 and 10% cuts in FY25-26 with an additional 5% contingency identified.
- No new FTEs (also discouraged for non-GF departments - rigorous justification required for consideration); Departments asked to hold non-essential vacancies for savings
- Impact to DEC yet to be determined:
  - MBO/DEC evaluating required GF support as it relates to Children's Baseline
  - \$1.38M cut currently loaded in BFM for BY and BY+1 \*Cuts not reflected in subsequent slides
  - Work Order budgets likely to evolve, pending decisions by other Departments



# DEC expenditure capacity is growing

- DEC currently has 43 FTEs
- In FY24, DEC has hired 6 FTEs, with over 20 more on plan for this year

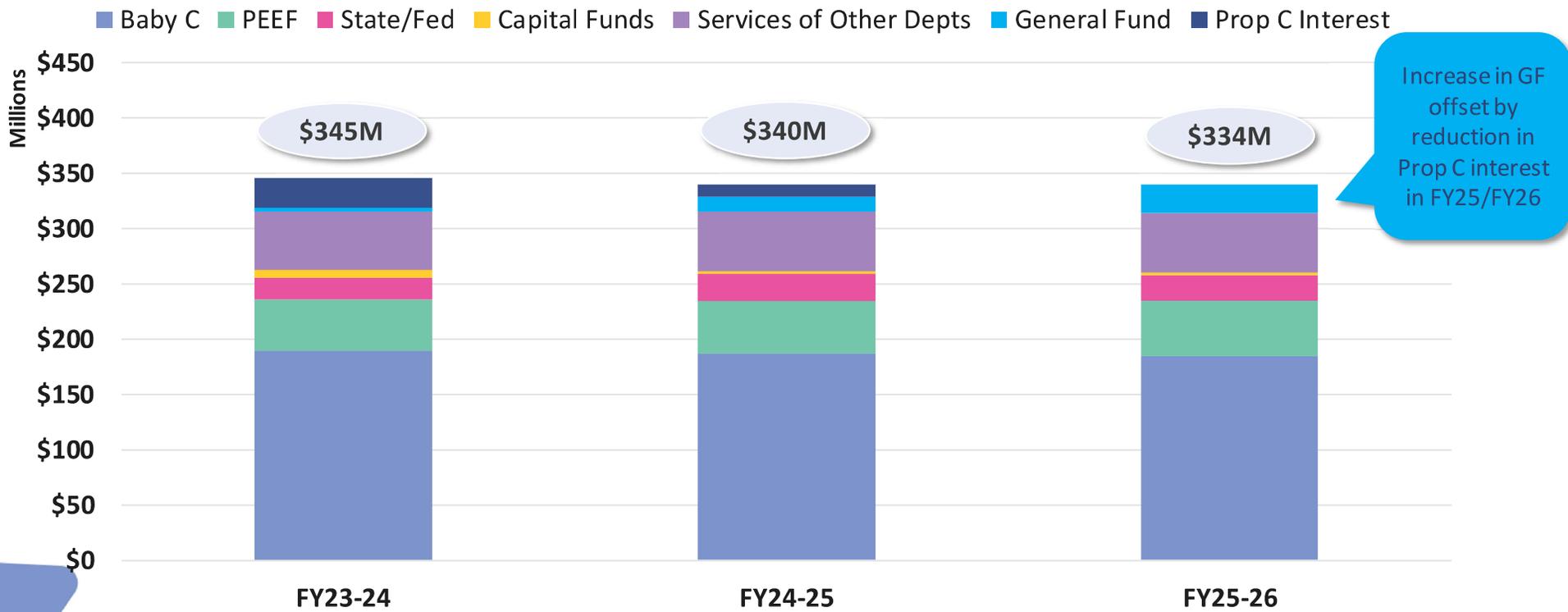
## DEC EXPENDITURE TRAJECTORY



DRAFT: FINAL AMOUNTS LIKELY TO CHANGE

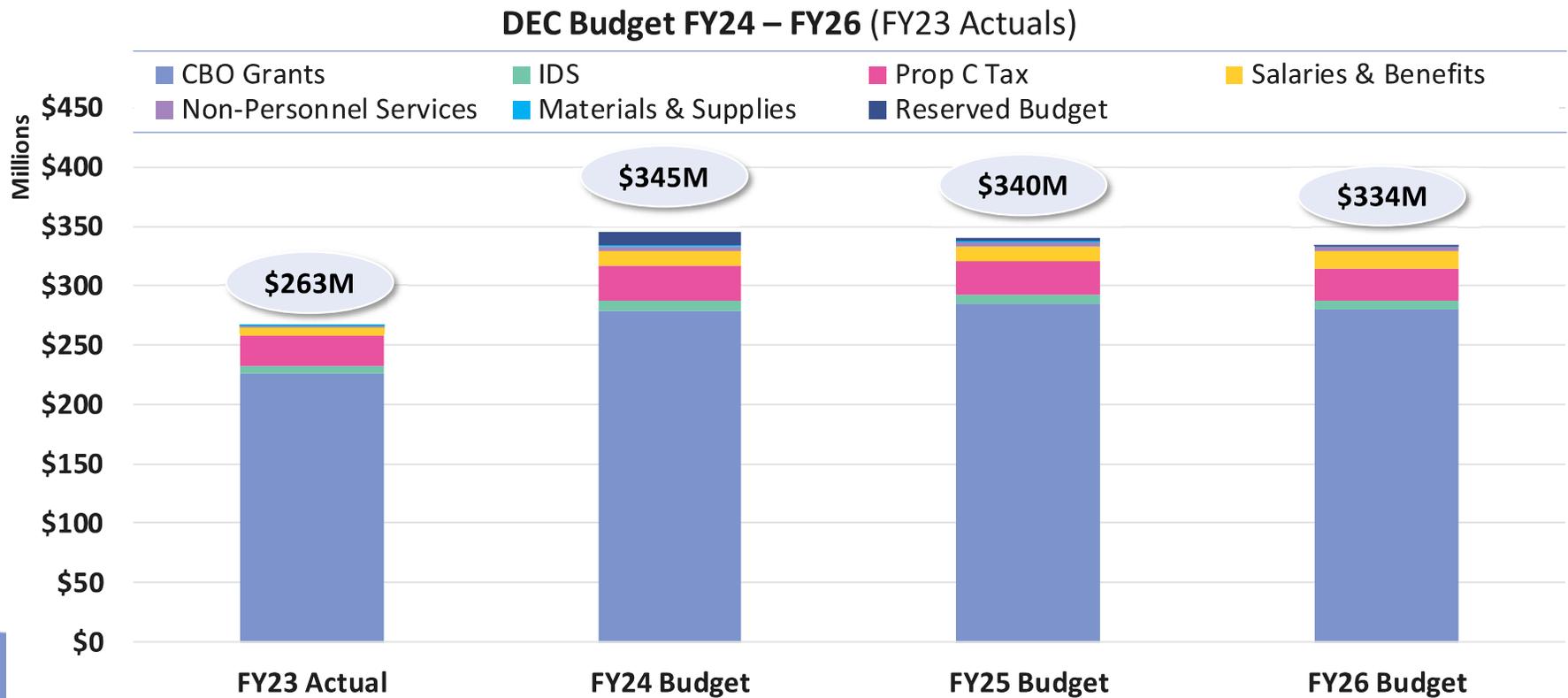
# DEC Budget - Sources

DEC Budget Trends FY23 – FY25



DRAFT: FINAL AMOUNTS LIKELY TO CHANGE

# DEC Budget - Expenditures



# Key Programmatic Investments

1. **Early Learning Subsidies/Enrollment (\$165.0M)** – Support for universal free/affordable childcare and education in San Francisco
2. **Workforce Development (\$71.0M)** – Compensation enhancement, recruiting & retention, diversity, and professional development
3. **Childcare Facilities (\$30.8M)** – Funding new ECE sites and capacity expansion, improvements, and site maintenance
4. **Family Support (\$21.5M)** – Parent education and support
5. **Child Wellbeing (\$11.8M)** – Universal screening, child health/wellness and classroom support for child wellbeing



# Next Steps

- February DEC Public Presentation: Expenditure Plan  
[EC COAC - San Francisco Department of Early Childhood \(sfdec.org\)](https://www.sfdec.org)
- February 14 Childcare Planning & Advisory Committee
- February 21 Department Phase Budget Submission
- May 31 Mayor proposes Citywide Budget
- May/June Department presentations to BOS
- July 31 Last day for BOS to adopt budget