

File No. 251198

Committee Item No. 2

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee Date February 4, 2026

Board of Supervisors Meeting Date _____

Cmte Board

- Motion
- Resolution
- Ordinance
- Legislative Digest
- Budget and Legislative Analyst Report
- Youth Commission Report
- Introduction Form
- Department/Agency Cover Letter and/or Report
- MOU
- Grant Information Form
- Grant Budget
- Subcontract Budget
- Contract/Agreement
- Form 126 – Ethics Commission
- Notice of Award/Award Letter
- Application
- Public Correspondence

OTHER (Use back side if additional space is needed)

- DEC Presentation 10/8/2025
- FYI Referrals DEC/YC 12/8/2025
- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____

Completed by: Brent Jalipa Date January 29, 2026

Completed by: Brent Jalipa Date _____

Presentation to
**San Francisco Child
Care Planning &
Advisory Council**

October 8, 2025



San Francisco Department of
Early Childhood





Today's Discussion

- FY 2025-26 Budget refresher and update
- Factors Driving Budget Growth
 - Change in age mix
 - Facilities development
 - Pre-ELFA pipeline
- Other Considerations
 - Keeping up with costs
 - Breadth versus depth

Key Accomplishments and Indicators

- Children's kindergarten readiness continues to rise.
- Participation in DEC Early Learning programs has nearly returned to pre-pandemic levels despite a 20% decrease in the child population.
- Families and the ECE system have adapted to account for TK, and enrollment of infants and toddlers has increased by 300%.
- More early educators are benefiting from higher compensation, and many are receiving career supports.
- Developmental screening is accessible than ever before — reaching families earlier.



Budget Refresher and Update





Budget Timeline

January	Technology project proposals due
January 28	Public Presentation: Budget Priorities
February 11	Public Presentation: Expenditure Plan
February	Department Phase Budget Submission
May/June	Department presentations to BOS
June	Mayor proposes Citywide budget
July 31	Last day for BOS to adopt budget

From Vision to Implementation: Understanding DEC's Spending Plan

- Since the release of Baby Prop C funds, DEC enrollment has steadily grown, but the early years created a fund balance.
 - Three years of litigation through the state Supreme Court.
 - The COVID-19 pandemic, city population losses, and transitional kindergarten expansion affected DEC program participation in unpredictable ways.
 - Eligibility expansion and new initiatives took time to ramp up.
 - DEC staffing and operations were being established to account for rapid growth in enrollment and workforce development.
- Prop C Fund balance at the close of FY2024-25 was \$572.5M (including rainy day and other reserves)



Policy Drivers for use of Baby Prop C One-time-Only (OTO) Funds (April 2021)

- Build a sustainable early learning infrastructure that responsibly leverages one-time funds and prevents future fiscal cliffs that is aligned with community priorities.
- Expand licensed birth-to-three child care capacity (“gap”) based on 2017 CPAC Needs Assessment.
- Invest in the compensation and career development of early educators.



Current and Future Demands on Fund Balance

- Last year (FY25), DEC's actual expenditures for early learning financial support (subsidies) and workforce compensation nearly matched revenue, a year earlier than expected.
- Without anticipated revenue growth, future policy decisions must address:
 - Expanded eligibility and financial aid for higher-income families
 - Cost increases from serving proportionally more infants and toddlers
 - Growth in programs participating in Early Learning For All (facilities and/or pre-ELFA)
 - Inflation adjustments: enrollment/workforce compensation
- New programs and initiatives

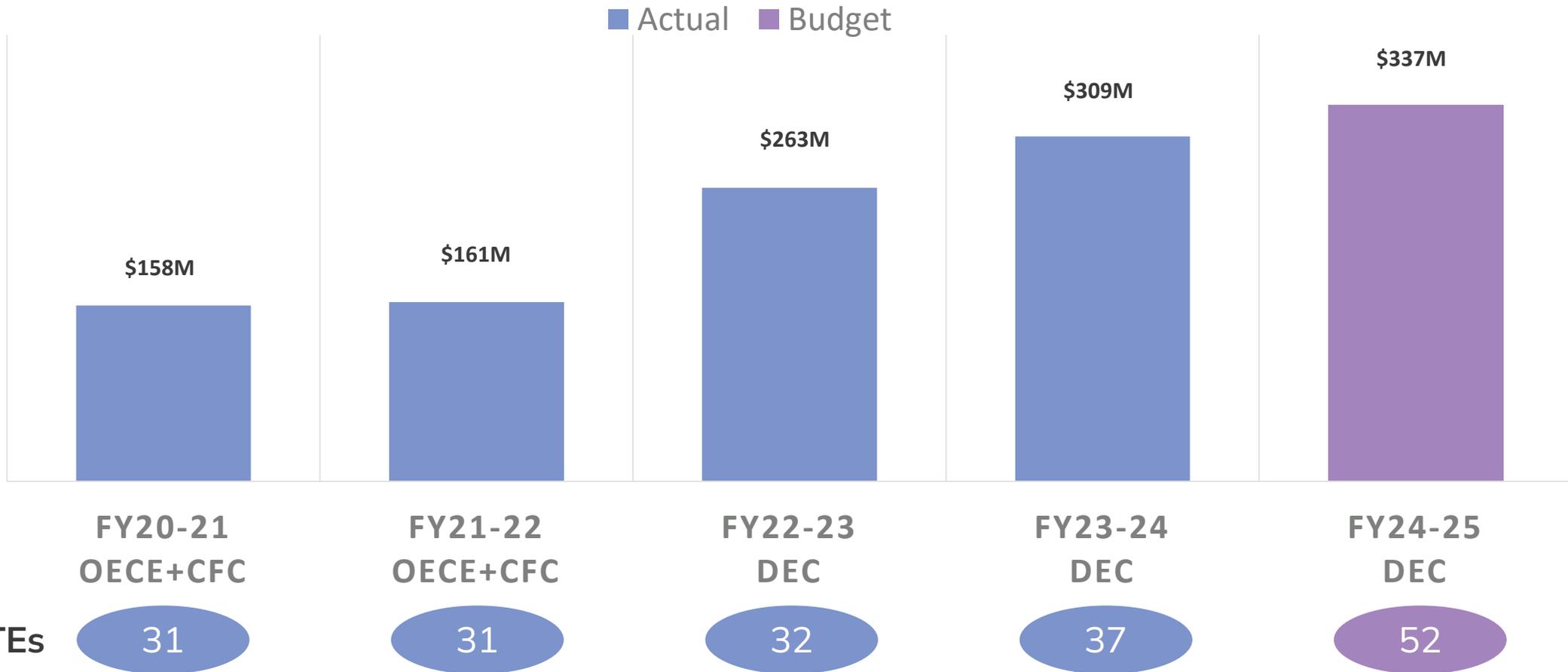
Factors Driving Budget Growth



Expenditures Rising as Capacity Expands

- Hiring freeze FY25
- New hires subject to individual MYR exceptions by role

DEC EXPENDITURE TRAJECTORY

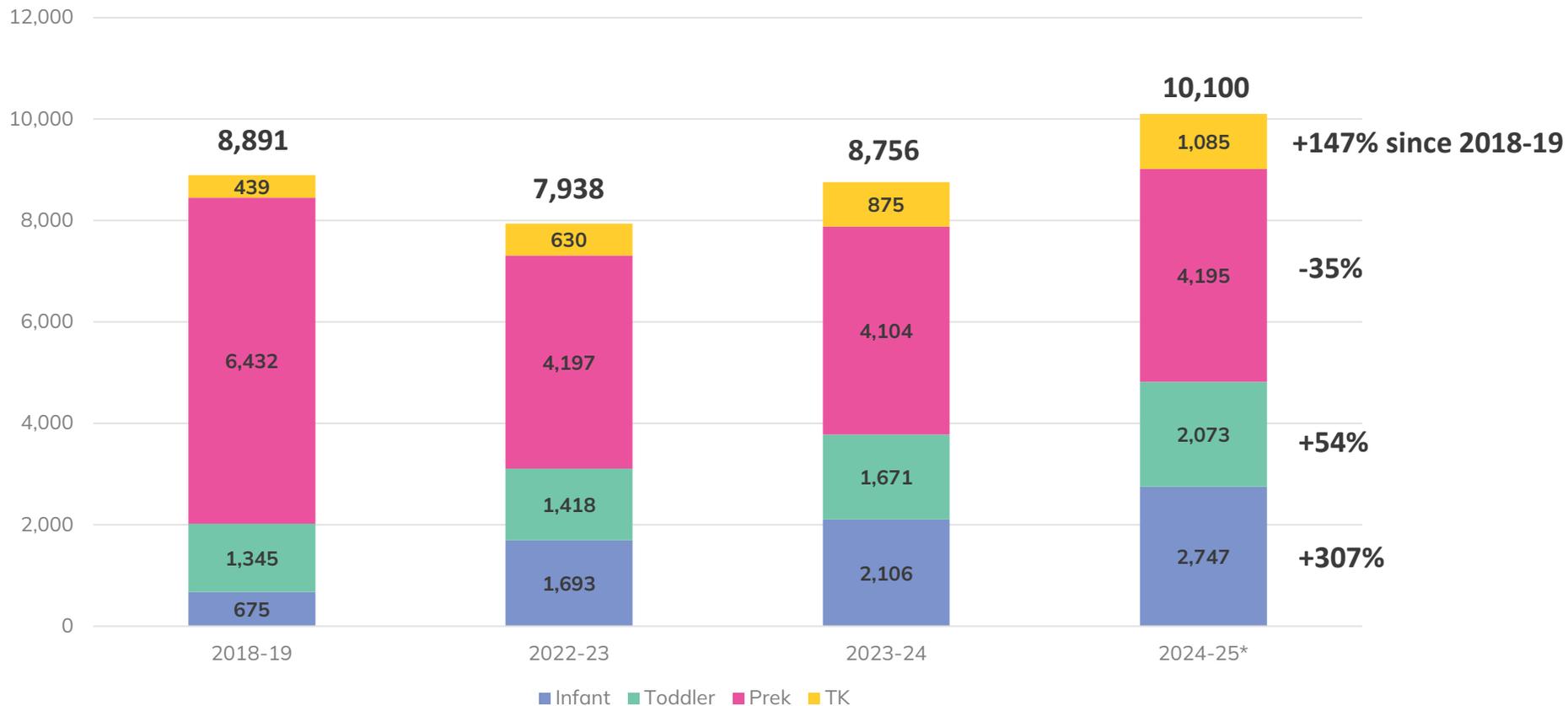


How Does Age Mix Affect Program Costs?



Infant/Toddler Enrollment Now Surpasses Preschoolers

Enrollment in ELFA and TK, 2018-19 vs. Last Three Fiscal Years
(DEC and SFUSD administrative data)



* 2024-25 data are still preliminary. Final counts available in January 2026.



What are Cost Implications of Serving More Infants and Toddlers?

- Enrollment at ELFA programs is growing rapidly year over year.
- The increased cost of infant and toddler care causes subsidy spending to grow faster than enrollment.

	FY23	FY24	FY25
ELFA enrollment*	3,465	4,157	4,788
% change from prior year	-	+16.7%	+15.2%
Local subsidy expenditure	\$79.8M	\$92.3M	\$113.7M
% change from prior year	-	+20.0%	+23.3%

* Excludes state/federally subsidized enrollments at ELFA sites, who benefit from ELFA funding in other ways, such as workforce initiatives. Also excludes PFA family child care homes from FY24/25.



Facilities
Development &
Expansion of ELFA
Network



Fiscal Impact of Facilities Development on Operating Costs*

New facilities expand access — and long-term fiscal commitment.

	2023	2024	2026
Number of facilities grants to centers	14	9	10
Funding for facilities grants to centers	\$13,140,380	\$7,220,311	\$20,400,000
Number of facilities grants to FCCHs	3	7	0
Funding for facilities grants to FCCHs	\$38,443	\$3,500,000	\$ -
New infant and toddler spaces added	323	133	210
New preschool spaces added	229	132	208
Total NEW spaces	552	265	418
New Spaces: ELFA Subsidy Costs	\$9,797,005	\$4,703,272	\$7,418,747

← One-time only

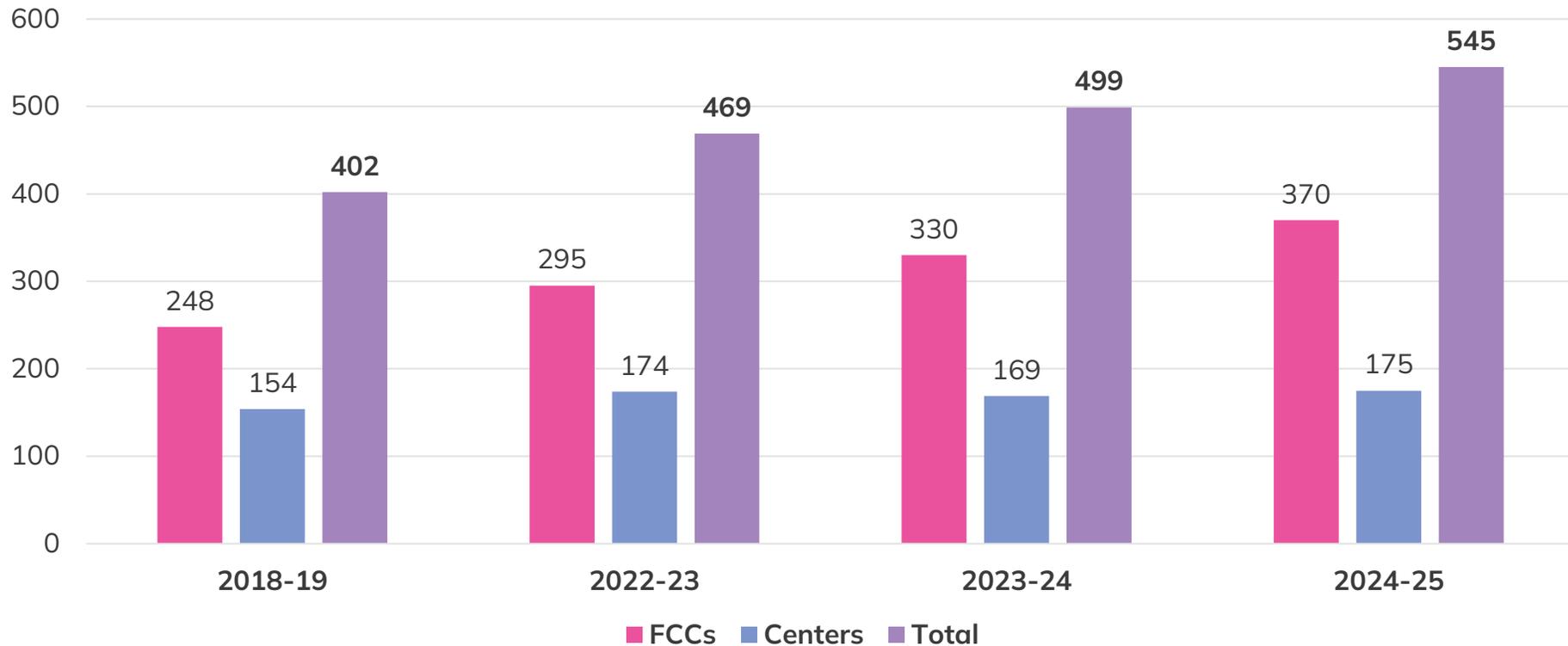
← Ongoing

* Operating cost does not include added compensation expenses from EESSG and CARES. Facilities funding does not include DEC's funds for repair and renovation, FCC downpayment assistance, and Children Connecting to Nature.



Current Growth: ELFA Network Expansion Mixed Delivery System

Number of Participating ELFA Sites



FY25 average ELFA-funded enrollment, centers

35.3

FY25 average ELFA-funded enrollment, FCCHs

7.7



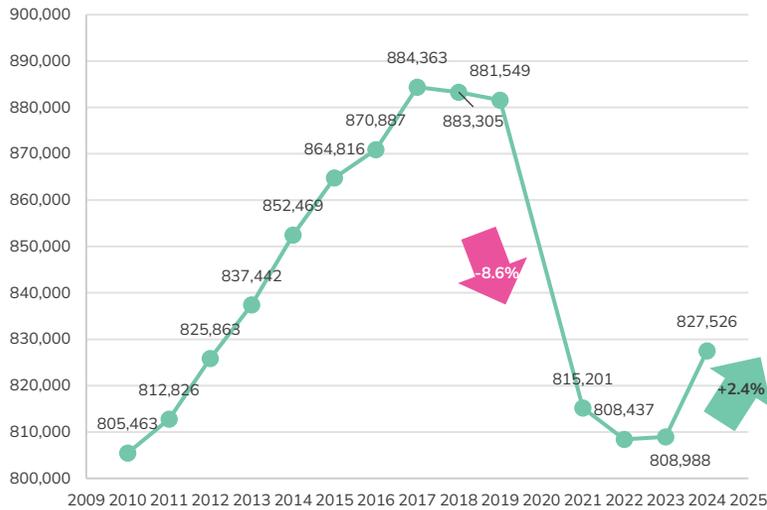
ECE Supply and Long-term Impact



- Universal access for TK + preschool in San Francisco and no appreciable population growth in any age group 0-5
- More opportunity to grow infant and toddler group care, yet parents with higher income demand less of this type of care at younger ages, especially for newborns
- Building/expanding facilities increases competition for enrollment, especially for preschool, since center-based facilities add more spaces than FCCH.
- Facilities projects continue to add preschool spaces, at a rate of 46% preschool, 54% infant and toddler
- Adding new sites from the pre-ELFA pipeline similarly increases competition for enrollment
- Expanding ELFA income eligibility might help with vacancies, yet higher-income families typically utilize private-pay care arrangements

San Francisco's Population is Rebounding - But Not Children 0-5

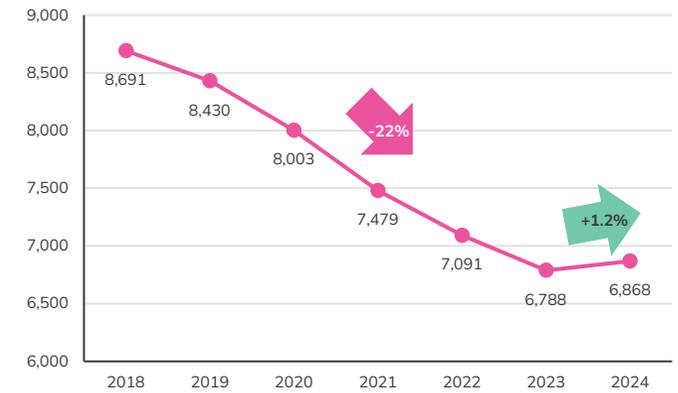
Population of San Francisco (2010-2024)
(American Community Survey 1-Year Estimates)



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



San Francisco Births by Year of Occurrence (2018-2024)
(California Department of Public Health Vital Record Business Information System)



Beyond Access: Strengthening What We've Built

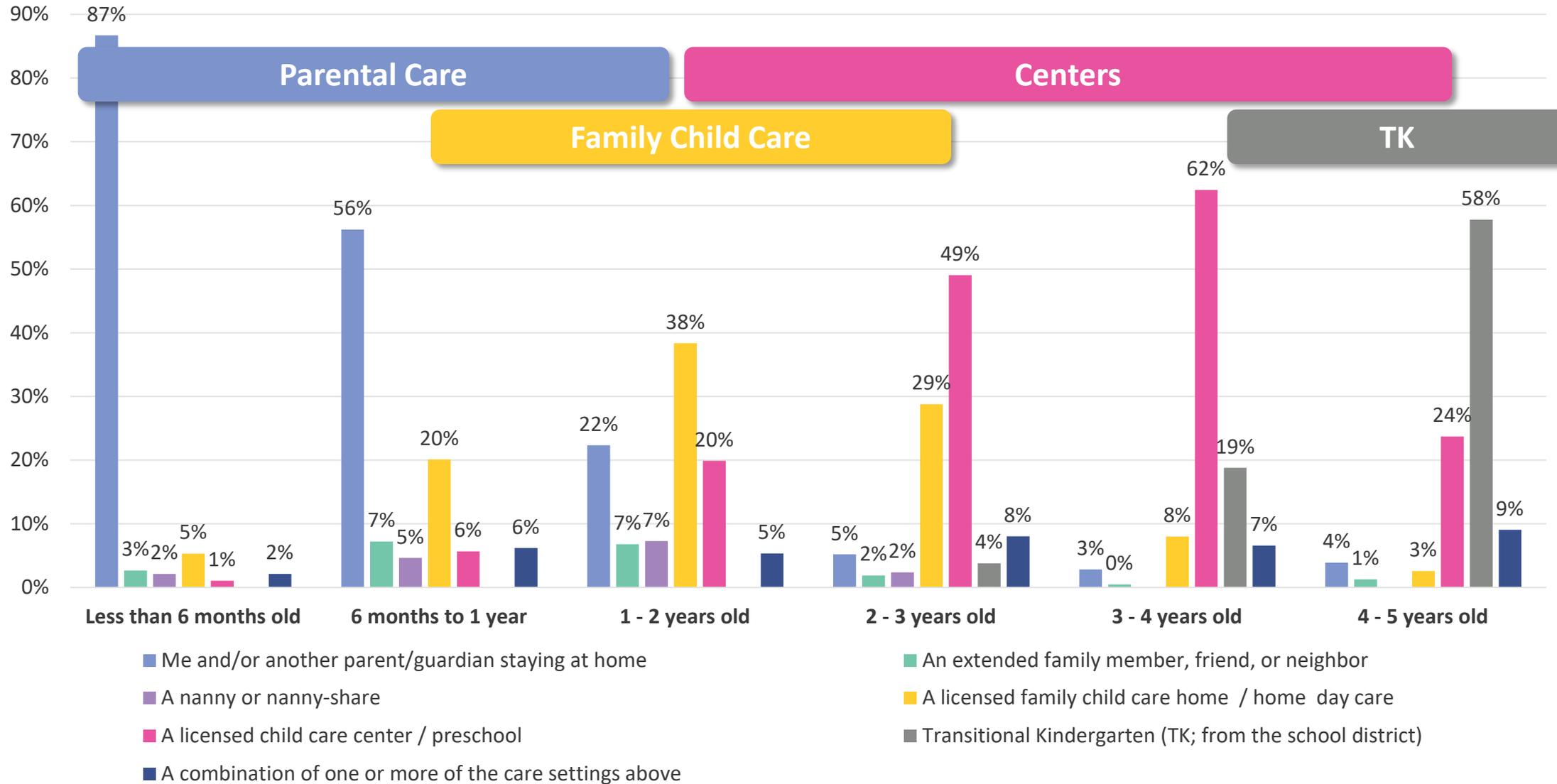


ELFA Income Eligibility in Context of Regional Household Incomes

Income Standard	Annual Income for a Family of 4	Percentile of Households in SF Metro Area
100% of FPL (Head Start)	\$32,150	12%
85% of SMI (CCTR)	\$108,240	42%
100% of SMI (CSPP)	\$127,338	48%
110% of AMI (ELFA fully funded)	\$171,450	61%
Living Wage	\$183,414	63%
150% of AMI (ELFA tuition credit)	\$233,800	73%
200% of AMI	\$311,700	83%

Sources: San Francisco Chronicle (<https://www.sfchronicle.com/projects/2025/bay-area-rich-calculator/>) and Living Wage Calculator (<https://livingwage.mit.edu/counties/06075>)

Parents' Child Care Preferences by Age of Child: Insights for Systems Planning



Source: DEC parent survey Fall 2024



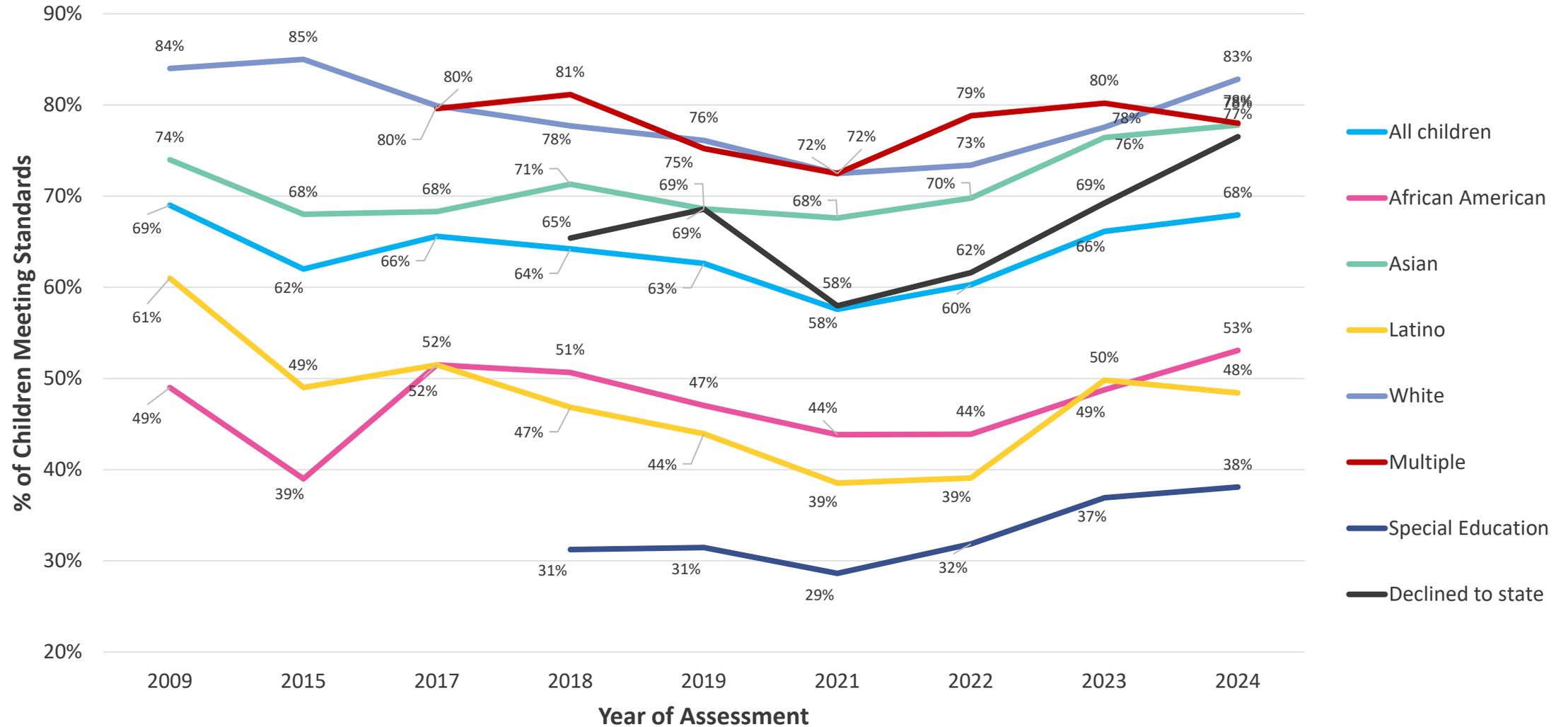
What's Next: Do More and Better



- Increase professional development on effectively serving infants and toddlers, and children with special needs.
- Enhance specialized services for children with special needs or children of concern and invest in inclusive ECE settings/facilities.
- Deepen quality improvement support for family child care educators.
- Invest in instructional support for dual-language and culturally responsive early care and education.

K readiness has risen, but large disparities remain

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)



Q&A



Appendix

Current Early Learning for All Rates

- Rates shown are for full-time care

Age Group	Fully Funded (0%-110% AMI)		Tuition Credit (111%-150% AMI)	
	Monthly	Annual	Monthly	Annual
Infants	\$3,027	\$36,324	\$1,514	\$18,168
Toddlers	\$2,306	\$27,672	\$1,153	\$13,836
Preschoolers	\$2,115	\$25,380	\$1,058	\$12,696

How would
inflation
adjustments
affect cost?

How would inflation adjustments affect annual costs?

- Hypothetical impact of annual inflation adjustments on a \$160 million ELFA subsidy budget, assuming no changes in enrollment or workforce growth—only maintaining current spending levels.

Year	Additional amount needed above current budget to cover inflation*	
	2% Fed target	3% Current CPI (FY25 CODB)
Year 1	\$ 3,200,000	\$ 4,800,000
Year 2	\$ 6,464,000	\$ 9,744,000
Year 3	\$ 9,793,280	\$ 14,836,320
Year 4	\$ 13,189,146	\$ 20,081,410
Year 5	\$ 16,652,929	\$ 25,483,852
Subtotal, 5-year cumulative	\$ 49,299,354	\$ 74,945,582
Year 6	\$ 20,185,987	\$ 31,048,367
Year 7	\$ 23,789,707	\$ 36,779,818
Year 8	\$ 27,465,501	\$ 42,683,213
Year 9	\$ 31,214,811	\$ 48,763,709
Year 10	\$ 35,039,107	\$ 55,026,621
Total, 10-year cumulative	\$ 186,994,467	\$ 289,247,311



YOUTH COMMISSION MEMORANDUM

TO: Board of Supervisors' Budget and Finance Committee

CC: Brent Jalipa, Assistant Clerk
Angela Calvillo, Clerk of the Board
Alisa Somera, Legislative Deputy Director

FROM: 2025-2026 Youth Commission

DATE: Wednesday, January 7, 2025

RE: SUBJECT: YOUTH COMMISSION LEGISLATION REFERRED 12/15/25

At its in-person meeting on Monday, December 15, 2025 the Youth Commission discussed and took action on BOS File No. 251198:

1. The Youth Commission positively recommends this piece of legislation to the full Board of Supervisors and Mayor's Office.
2. The Youth Commission also inquired about the following:
 - Are single mothers able to qualify for the program? If so, what are the requirements and process to qualify for the program?
 - How many families are currently eligible and are able to qualify for the subsidized childcare?
 - If families are selected for the program, does the family have the jurisdiction on where their child will be able to receive childcare?
 - To what extent Prop C has improved the lives of families so they can have their childcare needs met?

Please do not hesitate to contact Youth Commissioners or Youth Commission staff (415) 554-6446 with any questions. Thank you.

BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. (415) 554-5184
Fax No. (415) 554-5163
TDD/TTY No. (415) 554-5227

MEMORANDUM

TO: Alondra Esquivel-Garcia, Director, Youth Commission
FROM: Brent Jalipa, Assistant Clerk
Budget and Finance Committee
DATE: December 8, 2025
SUBJECT: HEARING MATTER INTRODUCED

The Board of Supervisors' Budget and Finance Committee has received the following hearing request, introduced by Supervisor Stephen Sherrill:

File No. 251198
Hearing on the Proposition C (June 2018) reserve fund balance, totaling \$572,500,000 at the conclusion of Fiscal Year 2024-2025 according to the Department of Early Childhood, and how the City can use this reserve balance to expand eligibility for child care subsidies to families earning up to 200% area median income; and requesting Department of Early Childhood to report.

Please return this cover sheet with the Commission's response by email to:
Brent.Jalipa@sfgov.org.

* **RESPONSE FROM YOUTH COMMISSION** Date: 01/07/2026

No Comment
 Recommendation
Attached

Gabrielle Listana

Chairperson, Youth Commission

BOARD of SUPERVISORS



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MEMORANDUM

TO: Ingrid Mezquita, Executive Director, Department of Early Childhood

FROM: Brent Jalipa, Assistant Clerk
Budget and Finance Committee

DATE: December 8, 2025

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Pursuant to the hearing request, you or a representative will be expected to attend and present on the subject when this matter is agendized.

If you have any comments or reports to be included with the file, please forward them to me by email to: brent.jalipa@sfgov.org.

c: Derek Aoki, Department of Early Childhood
Mick Del Rosario, Office of Supervisor Stephen Sherrill

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RESPONSE FROM YOUTH COMMISSION Date: _____

_____ **No Comment**

_____ **Recommendation Attached**

Chairperson, Youth Commission

Introduction Form

(by a Member of the Board of Supervisors or the Mayor)



I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee (Ordinance, Resolution, Motion or Charter Amendment)
- 2. Request for next printed agenda (For Adoption Without Committee Reference)
(Routine, non-controversial and/or commendatory matters only)
- 3. Request for Hearing on a subject matter at Committee
- 4. Request for Letter beginning with "Supervisor inquires..."
- 5. City Attorney Request
- 6. Call File No. from Committee.
- 7. Budget and Legislative Analyst Request (attached written Motion)
- 8. Substitute Legislation File No.
- 9. Reactivate File No.
- 10. Topic submitted for Mayoral Appearance before the Board on

The proposed legislation should be forwarded to the following (please check all appropriate boxes):

- Small Business Commission Youth Commission Ethics Commission
- Planning Commission Building Inspection Commission Human Resources Department

General Plan Referral sent to the Planning Department (proposed legislation subject to Charter 4.105 & Admin 2A.53):

- Yes No

(Note: For Imperative Agenda items (a Resolution not on the printed agenda), use the Imperative Agenda Form.)

Sponsor(s):

Subject:

Long Title or text listed:

Signature of Sponsoring Supervisor: