

DEC Prop C Plan Overview

Board of Supervisors Budget & Finance Committee

February 4, 2026



San Francisco Department of
Early Childhood

Baby Prop C

DEC's Values in Spending Prop C Balance

- **Moderation:** Draw down the balance in a measured way, fully aligned with the Baby Prop C legislation, that avoids fiscal cliffs or relies on wishful thinking on future revenue
- **Consistency:** Invest in solutions that build on the foundational work of the last three years and have proven effective:
 - Expanding child care subsidy eligibility and support while maintaining quality standards
 - Maintaining and strengthening the workforce through competitive wages and professional development
 - Growing capacity where demand is highest (infants and toddlers)
 - Improving services and support for children with developmental concerns.
- **Responsibility:** Provide viable off-ramps that can moderate future spending without undermining progress and expectations



Prop C Legislation Defines Eligible Spending...



- A. Support for quality early care and education for children under the age of six in San Francisco families at 85% or less of State Median Income (SMI);
- B. Support for quality early care and education for children under the age of four in San Francisco families earning up to 200% of the Area Median Income (AMI);
- C. Investment in comprehensive early care and education services that support the physical, emotional, and cognitive development of children under the age of six; and
- D. Increasing compensation (including but not limited to wages, benefits, and training) of care professionals and staff to improve the quality and availability of early care and education for children under the age of six.



Proposal for use of Fund Balance— Expand Landmark Programs

	FY26-35 ¹ (\$Millions)
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Uses-One-time Only Programs/Projects (\$347.3M)	
 Quality Spaces: Fund improvements, and new construction of early learning family childcare homes and centers	162.2
 Workforce Development: Fund education enhancement and professional development for teachers, including certifications for inclusion and infant & toddler.	122.7
 Cross-Sector, Quality and Administration: Build connections between programs to improve access and impact of programs, bring children to nature, DEC startup	62.4
NEW-Uses-Expand Ongoing Programs (\$346.6M)	
 Subsidies: Enhance affordability with full tuition for families up to 150% (\$234k ²) AMI and 50% tuition credit for families up to 200% AMI (\$312k ²)	346.6
 Workforce: Raise teacher wages in DEC’s historic and first-of-its-kind investment in ECE Workforce Compensation and launch working conditions	
 Reserves³: Salary Support reserve \$60M, Rainy-day reserve \$15M	
 Revenues: Monitor Prop C collections (projected to decline by \$30M per year by FY30), changes in other sources of revenue and use of interest to backfill general fund.	
	<hr/> <hr/> 693.9⁴

1. Cumulative “balance” spending FY26-35, by category (balance defined as expenditure in excess of annual revenues)
 2. Source : Area Median Income as per San Francisco Mayor’s Office of Housing and Community Development 2025 [2025_AMI-IncomeLimits-HMFA_08Rw8dU.pdf](#)
 3. DEC will set aside \$150M of Prop C Balance for use over 10 years, since facility development cannot be accelerated but will remain necessary to ensure access
 4. Total 10-yr balance use exceeds available funds. DEC will need to evaluate options to moderate spending as the economic situation continues to evolve.

Mayor's Priorities

Mayor advances Family Opportunity Agenda

Safe and Clean Streets

Keep Our City Safe

Keep all San Franciscans safe through coordinated and proactive public safety efforts

Transform Our Health and Homelessness Systems

Ensure positive long term health outcomes for San Franciscans, including those in crisis on our streets or vulnerable in our communities

Maintain Clean, Safe, and Welcoming Public Spaces

Provide clean streets, inviting parks, and reliable mobility options so people feel comfortable being out in the city

Economic Revitalization

Revitalize Downtown San Francisco

Rebuild a vibrant, mixed-use downtown by bringing people, jobs, housing, and cultural activity back to the city's core

Make the City More Affordable and Livable for Families

Improve quality of life and access to opportunities so children and families can thrive

Strengthen the City's Economy, Arts & Culture

Grow San Francisco's broader economy by supporting key industries, creating good jobs, expanding tourism and cultural activity, and increasing economic opportunity citywide

Effective Common-Sense Government

Modernize the systems and structures that shape how we work, and build the data, technology, and talent capabilities we need to innovate, improve services, and deliver results within our financial means

Mayor's Priorities

Childcare is central to Affordability

Affordability Starts at Birth

- **Starting NOW:** families earning 111-150% AMI¹ (\$234k) will qualify for free² childcare at 500+ ELFA programs
- **Fall 2026:** Families earning 151-200% AMI (\$312k) will receive a 50% tuition credit²
- **Continued Support:** Families earning below 110% AMI (up to \$171,450 for a family of four) will continue to be eligible for free childcare at ELFA programs

Our San Francisco Approach



Starts now: We have moved beyond vision setting – over the past four years, we've built the infrastructure that make this expansion possible and have a plan in place to further strengthen the system



Quality driven: San Francisco prioritizes early learning – not just childcare – with quality standards, which resulted in 11% increase in kindergarten readiness since 2021



Educator-focused: First-in-the-nation wage augmentation helps recruit and retain essential talent for learner success, ensuring teachers with a BA earn at least \$76,000³



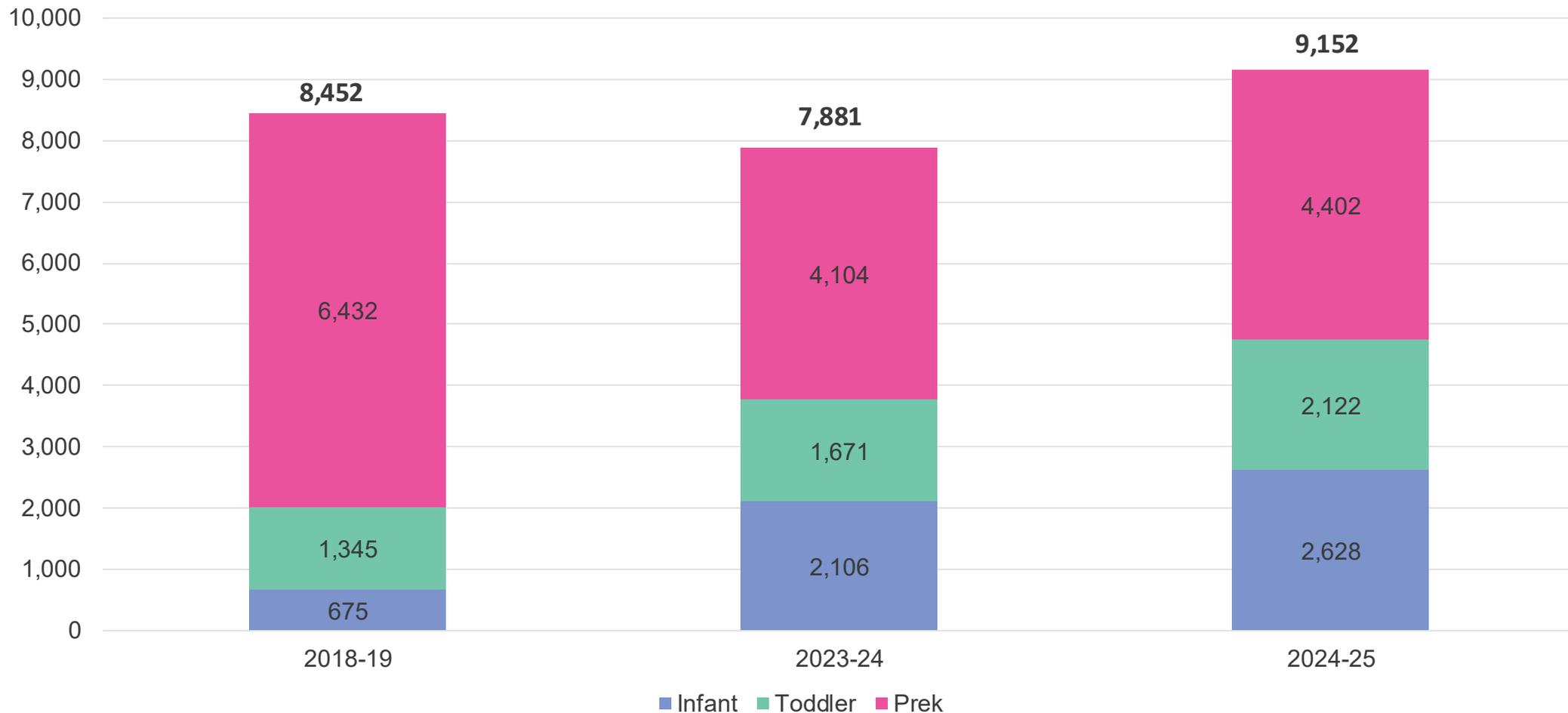
Early eligibility: All ages are eligible, and we're increasing capacity for our infant and toddlers



Locally led: City dollars power this expansion. We will look to partner with the State to maintain and expand our efforts

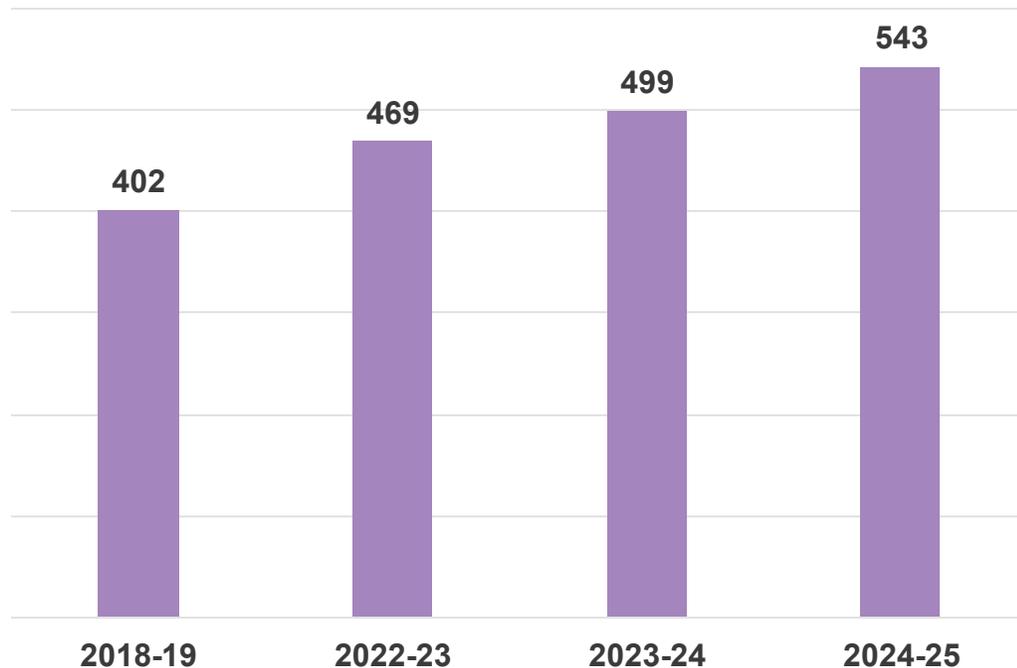
Early Learning for All enrollment reached record highs in 2024-25, led by infants and toddlers

Enrollment in ELFA, 2018-19 vs. 2022-23 and 2023-24



The ELFA network has grown and will continue to grow

Number of Sites in Early Learning for All (FY18 to FY25)



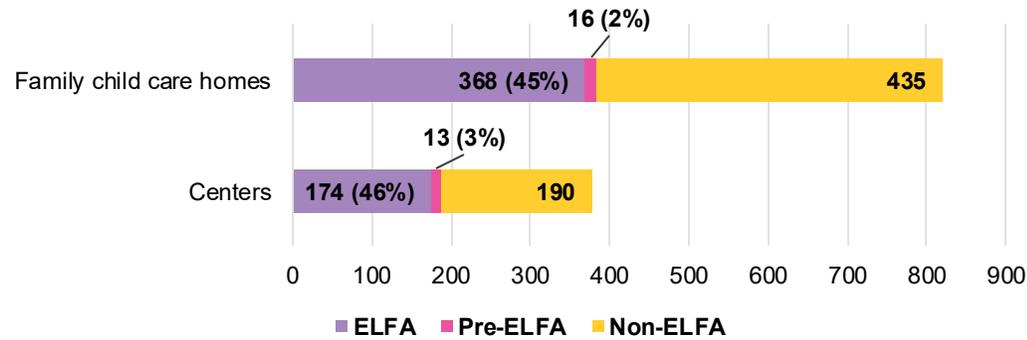
Pre-ELFA Programs: Focused on Infant & Toddler Care (Coming online FY26)	Number of Sites	New Licensed Capacity
Centers	13	472
Family child care homes	16	134
Total	29	606

Infant/Toddler Expansion Facilities Projects (Coming online from FY26-FY29)	Number of Sites	New Licensed Capacity
Capital New Development grants	22	670
Family child care expansion grants		18
Total	22	688

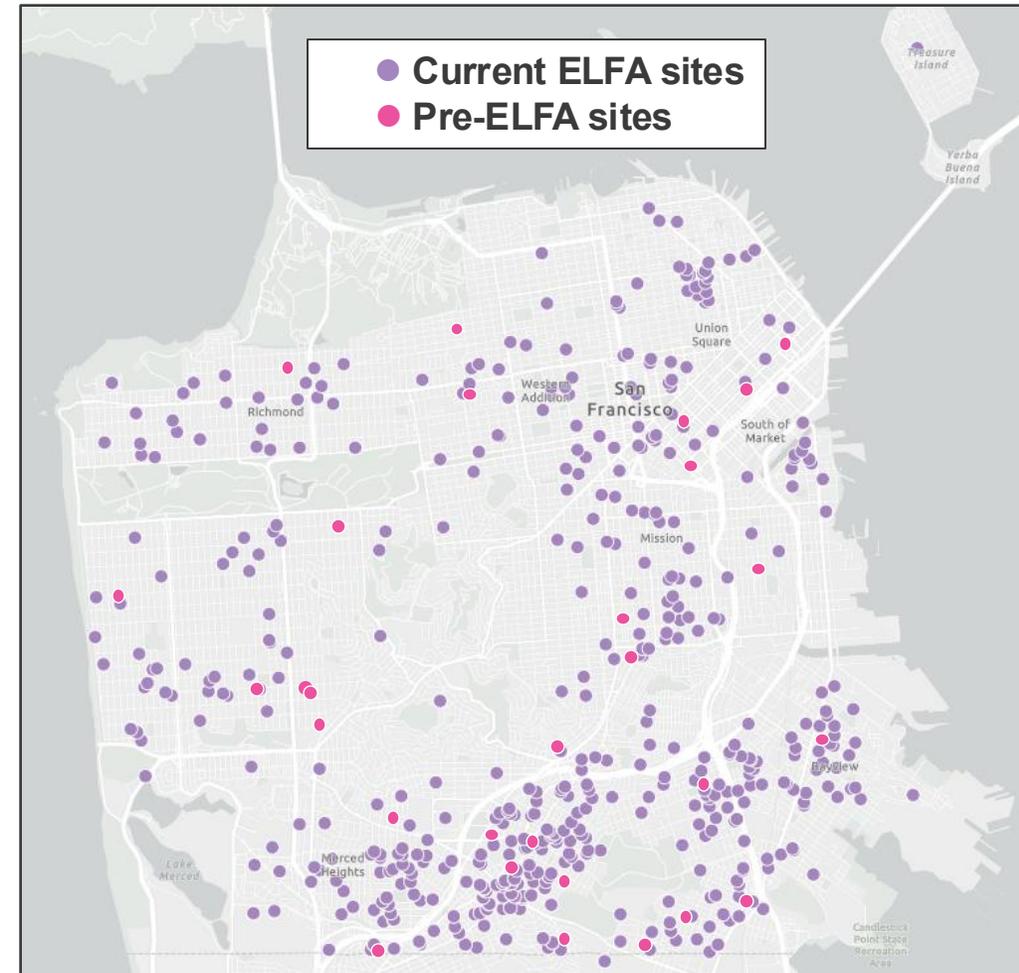
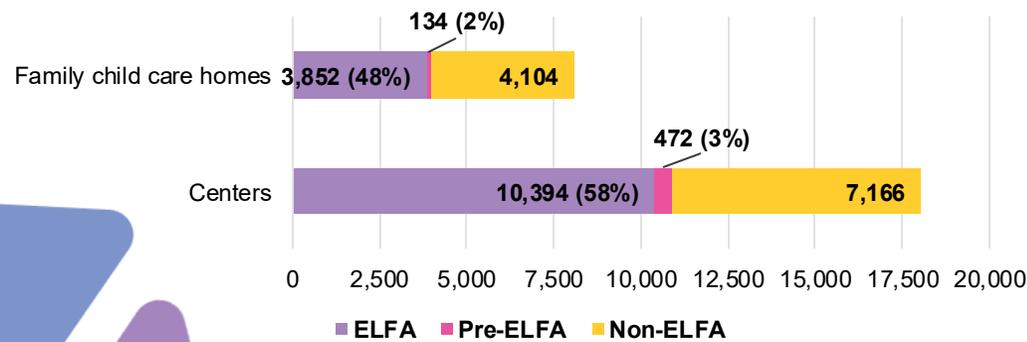


The majority of child care spaces in San Francisco are already part of ELFA

Number of Licensed Child Care Sites in San Francisco, 2025-26



Number of Licensed Child Care Spaces in San Francisco, 2025-26



DEC boosted compensation for 3,175 early educators in 2024-25

1,445 educators saw their wages increase as a result of EESSG:

- +53% average increase for Assistant Teachers/Floaters (\$30.88/hour)
- +42% for Teachers/Co-Teachers (\$34.89/hour)
- +45% for Lead/Co-Lead Teachers (\$40.10/hour)

1,730 educators received at least one CARES 3.0 stipend:

- \$12,537 average annualized* stipend for Assistant Teachers/Floaters
- \$11,298 for Teachers/Co-Teachers
- \$12,770 for Lead/Co-Lead Teachers
- \$16,609 for FCC Owners

** Annualized amounts assume award of two semiannual stipends*



DEC is also growing and advancing the ECE workforce



456

early educators advanced or began their ECE careers through Workforce Pathways, which provides free or discounted degree programs, paid apprenticeships, career and educational counseling, and other wrap-around supports



971

educators were awarded stipends for completing educational and professional milestones through the Stipend for Early Educator Professional Development (SEEPD)



DEC Budget Priorities – Infant & Toddler Wellbeing



Expand High Quality Care & Support for 0-3yrs

Infant & Toddler Wellbeing

Every family has access to high-quality, culturally responsive infant & toddler early care and education (“ECE”) that is close by and affordable



Imagination Library – Expand a new program that delivers a free, high-quality, age-appropriate book each month to San Francisco children ages 0-5. The program is jointly funded by DEC, SFPL, and the State. DEC projects 30,000 children will be receiving free books each month by FY2029-30.



Best Start – Support SF Pregnancy Family Village and collaborative perinatal care models to improve experience and outcomes for Black pregnant residents and families in San Francisco. Fund training and technical assistance for Healthy Steps and Dyadic Care Initiative bringing child development and behavioral health promotion and prevention expertise into SF Health Network Primary Care Clinics.



Specialized Capacity – Convert Pre-K slots to infant & toddler spots, to increase available capacity. Prioritize building of infant & toddler spaces. Train and certificate teachers to specialize in infant & toddler care.

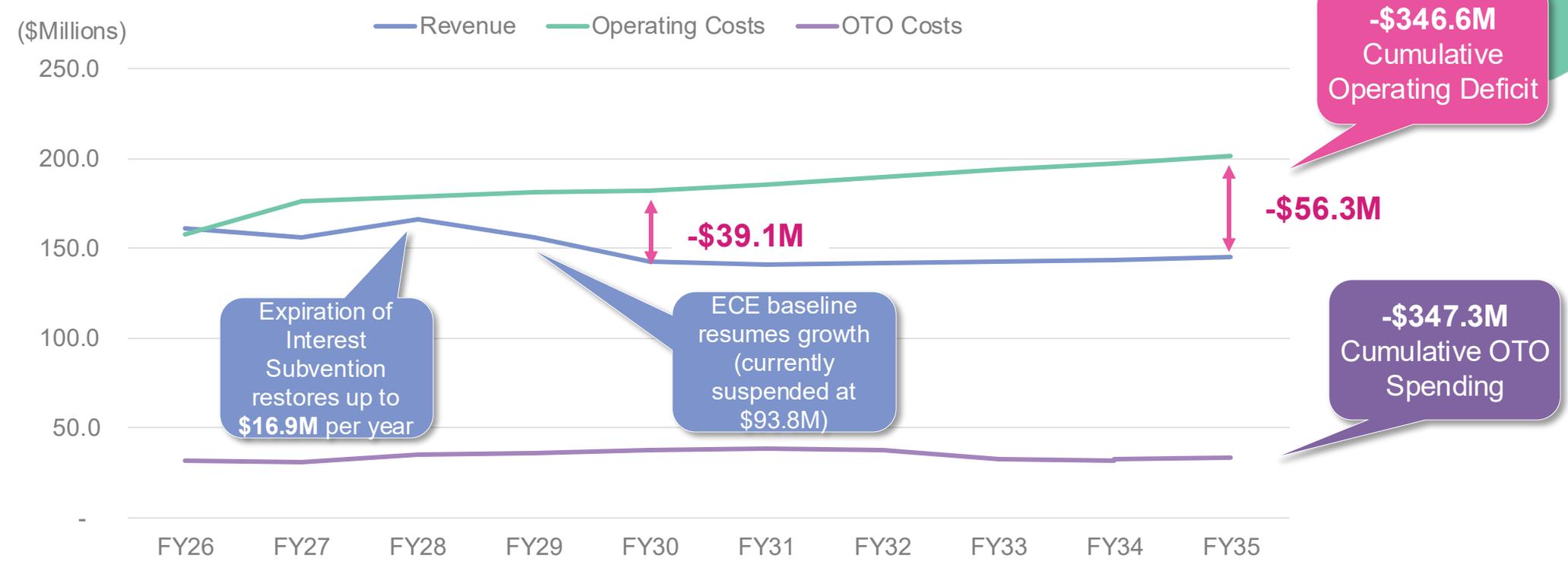


Connecting fragmented resources & systems so that caregivers feel informed, engaged, and empowered to support their young children through the most formative years



Baby Prop C Using Balance for OpEx Accelerates Spend

Prop C Annual Revenue and Annual Operating Costs



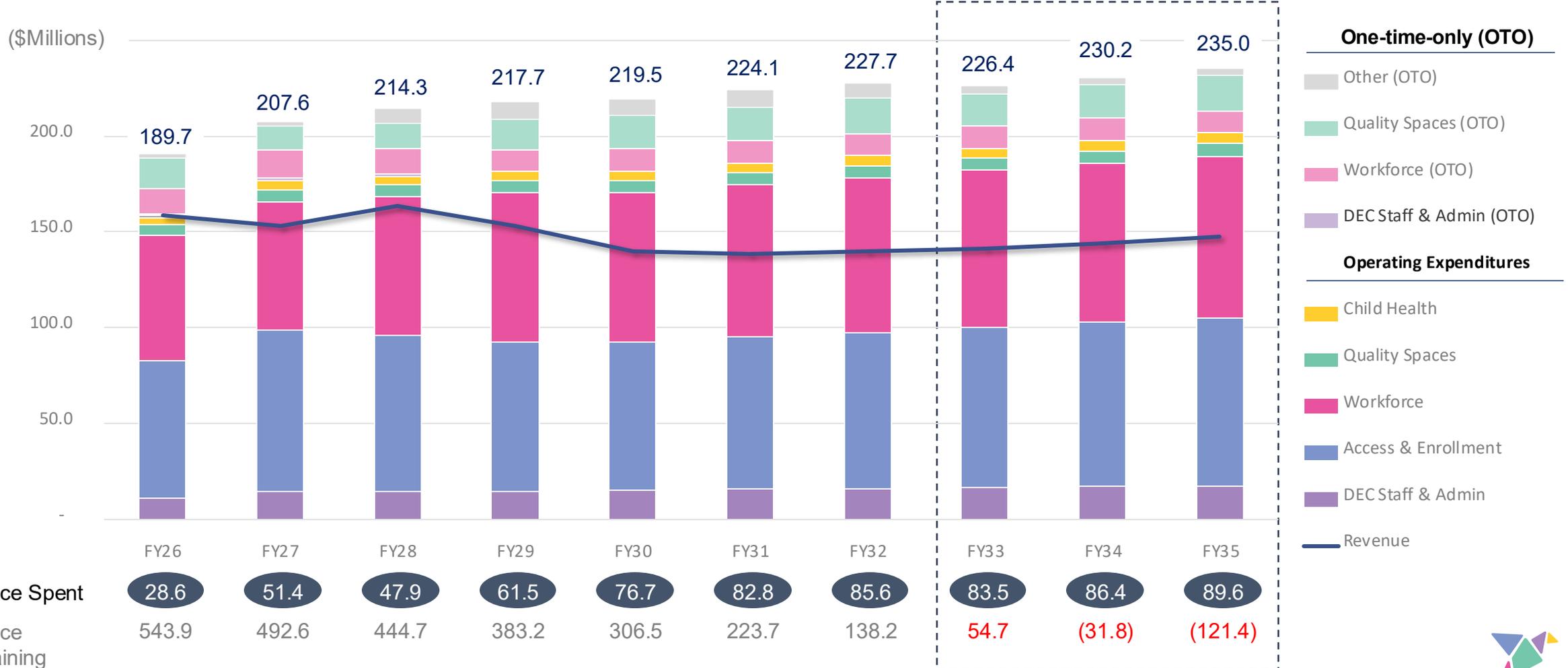
Balance Remaining

FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35
543.9	492.6	444.7	383.2	306.5	223.7	138.2	54.7	(31.8)	(121.4)

Fund balance falls below desired reserves¹

Baby Prop C Projected Annual Revenue & Expenditure

Prop C 10-year Spending Summary



- One-time-only (OTO)**
 - Other (OTO)
 - Quality Spaces (OTO)
 - Workforce (OTO)
 - DEC Staff & Admin (OTO)
- Operating Expenditures**
 - Child Health
 - Quality Spaces
 - Workforce
 - Access & Enrollment
 - DEC Staff & Admin
- Revenue

Balance Spent (\$M)
Balance Remaining

(1) Includes Salary reserve (EESSG) of \$60M and rainy-day reserve of \$15M

Baby Prop C

Options to Slow/Reduce Spending

The fund balance dips below the threshold in all scenarios between FY31-33. Key levers to slow or reduce spending are below:

- **Tuition support:** Reduce the amount of tuition support for families making over 110% AMI
- **Workforce development:** Reduce the number of slots available for workforce pathways and other professional development programs
- **Capital new development:** Emphasize conversion and enhancement of existing spaces and limit funding for building new child care facilities
- **New Initiatives:** Delay new/expanded initiatives until deficit spending is resolved