

Department Budget Presentation

Board of Supervisors, Budget and Finance

June 15, 2023



DEC Spending Plan

A young child with curly hair, wearing a white t-shirt, is sitting on a light-colored floor. The child is focused on playing with colorful stacking toys, including a red ring, a blue ring, and a yellow ring. The background is slightly blurred, showing a wooden chair and a blue wall.

A Vision, Mission, and Impact

B Key Accomplishments FY23

C Proposed Spending Priorities
FY2023-24 and 2024-25

D Funding Sources & Uses

E Department Structure
& Staffing

F General Fund Reductions

G Language & Priority Access



Vision, Mission, and Objectives

VISION

Every child in San Francisco has the best start in life and our City is a great place to raise a family.

MISSION

To weave together family, community, and system supports so that all children who grow up in San Francisco have a strong foundation of nurturing, health, and learning.

IMPACT

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





FY23 – A Landmark Year for Kids



San Francisco Department of
Early Childhood

Expanded Access

2,700 Teachers

- Established the **Department of Early Childhood**, merging the Office of Early Care and Education and First 5 San Francisco
- Completed the new Department’s **first Strategic Plan**.
- Conducted **Kindergarten readiness** survey with SFUSD
- **Increased Early Learning Subsidies** and raised eligibility from 85 % SMI to 110% AMI (~152k for family of 4)¹
- Committed \$60M to expand childcare facilities
- Programmed **\$252.3 Million in Baby Prop C**²
- Launched workforce compensation initiative providing **salary increases** for over **2,700 early care educators**.
- Committed to providing wage enhancements to teachers at the sites educating SF’s most vulnerable young children.

1 Increased ELS program enrollment by 34% year over year, as of December 2022

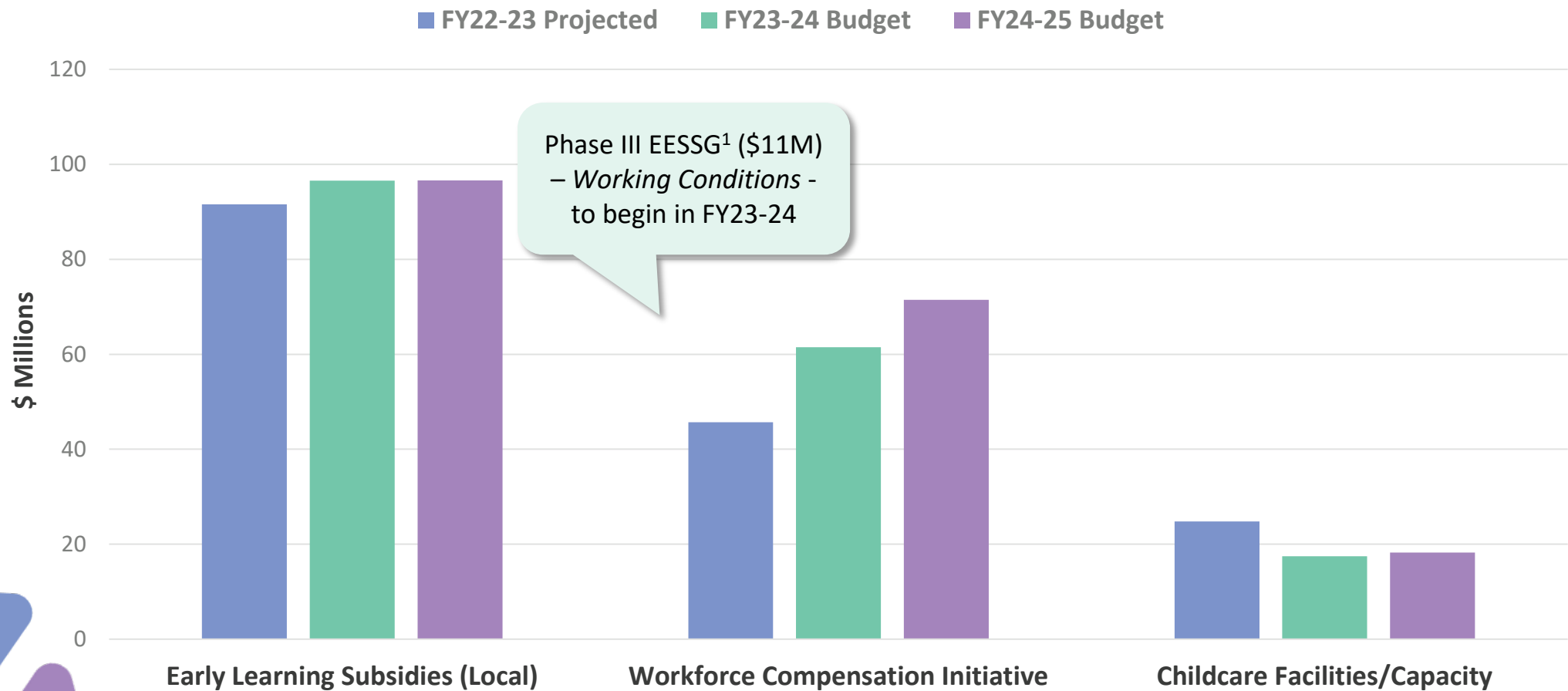
2 Committed \$26 Million in reserve and/or carryforward funding to expand programming





FY24 & FY25 Proposed Budget Maintains Investment in ECE Priorities

Major Program Expenditure and Budget Trends



¹ Early Educator Salary Support Grant (Centers serving at least 50% subsidy eligible children)





FY 23-24 & 24-25 Spending Priorities

- **Maintain Childcare Subsidy Expansion** - continue eligibility for moderate-income families up to 110% of AMI **AND** keep ECE free for the <100% SMI population by covering family fees¹.
- **Create higher education routes** for new education pathways – representing the largest investment ever in San Francisco’s ECE workforce, degree attainment, and professional development ladder for access to higher-paying jobs, elevating the status of the ECE profession and increasing program quality for children.
- **Launch Working Conditions** phase of the EESSG program to ensure teachers supporting our most vulnerable students work in a supported environment
- **Invest in the success of diverse educators**, now and in the future – Funding a pipeline and professional learning communities/networks through Dream Keepers Initiative.
- **Seed the next generation of Family Resource Centers** to support greater innovation and options for families to access family-strengthening programs.

¹ 1 AMI = Area Median Income; SMI = State Median Income

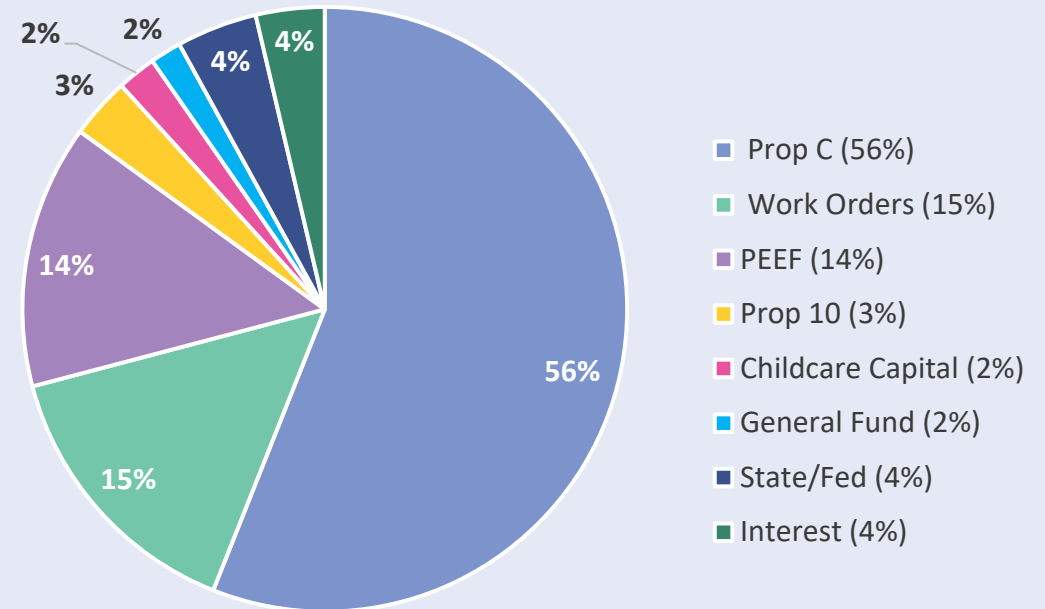




Funding Sources and Uses

SOURCES (\$)	Children & Families Commission		Early Care & Education	
	FY23-24	FY24-25	FY23-24	FY24-25
Interest	112,000	112,000	11,814,736	11,114,736
Federal Grants (pass through the state)	-	-	1,023,026	1,023,026
State Grants	-	-	10,979,359	12,547,419
State Proposition 10 (Tobacco Tax)	10,566,872	6,947,470	-	-
Medi-Cal (County Medi-Cal Admin Activities)	2,000,000	2,000,000	-	-
Work Order Recoveries	12,735,165	12,735,165	35,548,858	36,051,815
Local General Fund	-	-	5,420,584	13,882,353
Local Baby Proposition C	-	-	181,800,000	194,600,000
Local Public Education and Enrichment Fund (PEEF)	-	-	45,780,000	47,210,000
Local Childcare Capital/Facilities	-	-	6,767,822	7,551,000
Total	25,414,037	21,794,635	299,134,385	323,980,349

DEC Combined FY24 Funding Sources (\$324.5M)



Note: Budget does not reflect planned use of fund balances

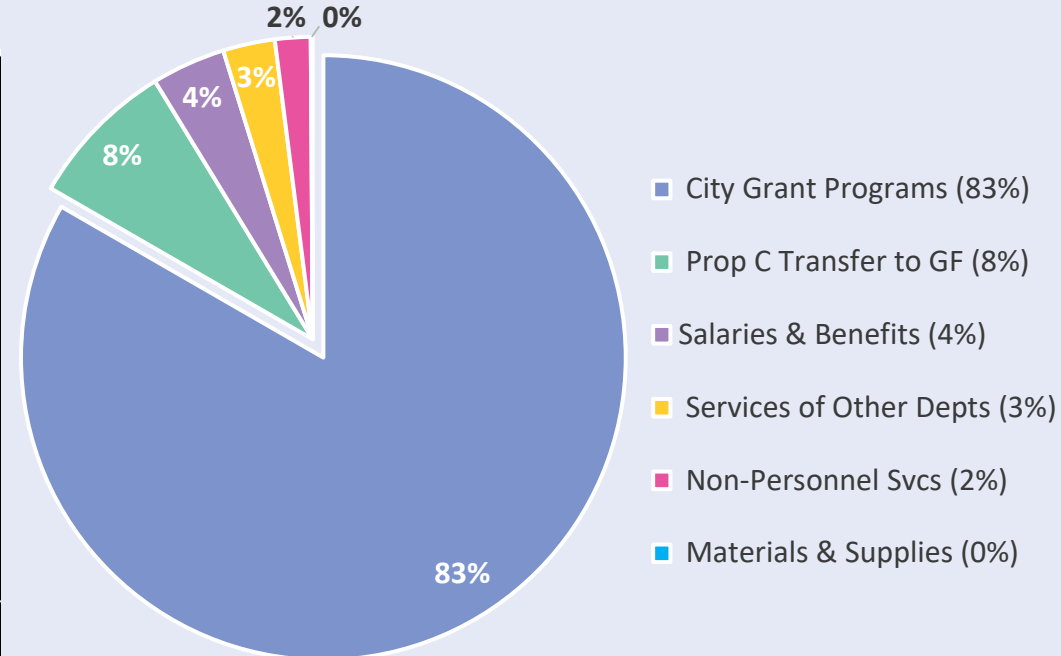




Funding Sources and Uses

USES (\$)	Children & Families Commission		Early Care & Education	
	FY23-24	FY24-25	FY23-24	FY24-25
Salaries	2,309,962	2,378,376	6,871,764	7,072,153
Fringe Benefits	990,095	1,014,232	2,643,708	2,703,672
Non-Personnel Services	1,539,774	1,339,774	4,634,326	4,934,326
City Grant Programs	20,061,516	16,549,563	250,340,413	271,293,482
Materials & Supplies	9,950	9,950	335,660	335,660
Capital Projects	-	-	-	-
Services of Other Departments	502,740	502,740	8,508,514	8,521,056
Prop C Administration (Transfer to General Fund)	-	-	25,800,000	29,120,000
Total	25,414,037	21,794,635	299,134,385	323,980,349

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Funding Sources & Uses

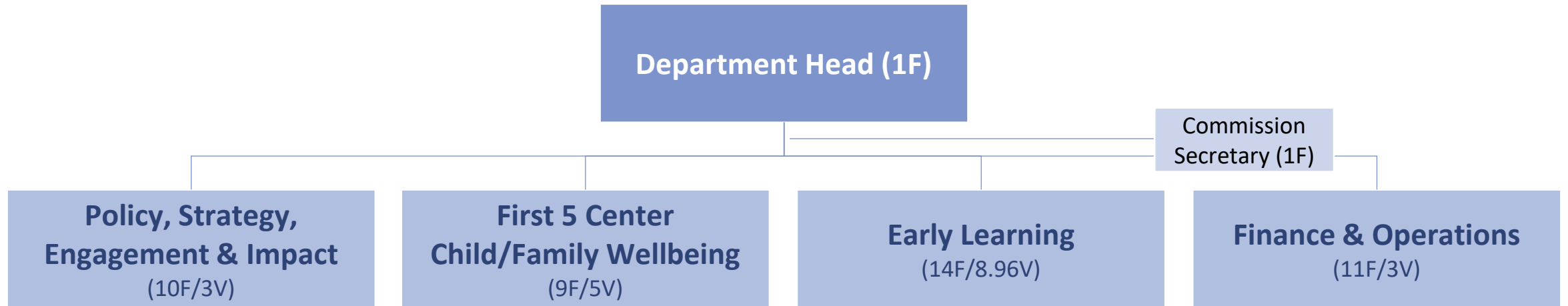
One-Time-Only
Projects from
Baby Prop C
Reserve
(FY24 and 25)

- **\$40M** – increase infant/ toddler licensed classrooms; repair and renovate existing indoor and outdoor environments.
- **\$30M** – conversion from preschool to infants/toddler classrooms, planning grants, infant/toddler-focused coursework.
- **\$30M** – increase teacher pipeline, scholarships, stipends, AA/BA cohorts, and teacher residencies with recruitment/incentives for infant/toddler teachers and a pool of diverse early educators that represent communities served.
- **\$60M** – Early Educators Salary Support Reserve





DEC Organizational Structure



New department, enacting ordinance effective 10/8/2022

- Total of 65.96 FTEs
- Start of FY23 – 32 positions filled
- Between 10/8/2023 and 6/30/2023
 - 8 new hires
 - 9 positions currently in the hiring process
- Expected to post and fill remaining vacancies in FY24



F General Fund Savings

GF Savings Area (\$)	FY23-24	FY24-25
Salaries & Benefits	(1,827,053)	(1,883,728)
City Grant Programs	(22,638,469)	(14,149,799)
Total	(24,465,522)	(16,078,527)

No service impact expected. Staff & Services retained through use of alternative funding.

DEC is also collaborating with OEWD to fund the Dream Keepers Initiatives (DKI) specific to early childhood educator support at \$1.6M per year using Prop C.



Business & Tax Regulations Code - Early Care and Education Commercial Rents Tax Baseline

- **Suspending the Proposition C baseline.** Previously, there was a local source/general fund baseline obligation of \$93 million.
- Baseline and budget would fund at \$73 million instead of \$93 million in the first year (FY 23-24). Creating a general fund (GF) savings of \$20 million.
- Second year (FY 24-25), the Mayors proposes to fund the baseline at \$83 million, which would generate a \$10 million GF savings for a total of \$30 million of general fund savings over two years.





G

Language Access and Priority Populations



FY24 - From Access to Excellence

- Increasing access to and utilization of services by improving the end-to-end experience of families, utilizing a culturally and language-responsive approach.
- Ensuring our Teacher Workforce Compensation initiative elevates the profession through educational pathways and increased opportunities for our current/future educators.
- Launching the **NEW joint departmental** funding cycle for Family Resource Centers, equity-centered and focused on DEC strategic priorities.
- Focus on impacting educational disparities of young children by maintaining key investments in quality early care and education and in the ECE workforce through strategic investments and no reductions in services.



APPENDIX





Funding Sources and Uses

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Salaries	2,309,962	2,378,376	6,871,764	7,072,153	9,181,726	9,450,529
Fringe Benefits	990,095	1,014,232	2,643,708	2,703,672	3,633,803	3,717,904
Non-Personnel Services	1,539,774	1,339,774	4,634,326	4,934,326	6,174,100	6,274,100
City Grant Programs	20,061,516	16,549,563	250,340,413	271,293,482	270,401,929	287,843,045
Materials & Supplies	9,950	9,950	335,660	335,660	345,610	345,610
Capital Projects	-	-	-	-	-	-
Services of Other Departments	502,740	502,740	8,508,514	8,521,056	9,011,254	9,023,796
Prop C Administration (Transfer to General Fund)	-	-	25,800,000	29,120,000	25,800,000	29,120,000
Total	25,414,037	21,794,635	299,134,385	323,980,349	324,548,422	345,774,984

85% of DEC's budget is City Grant Programs

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Funding Sources and Uses

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BLA RECOMMENDATIONS

File # 23-0206

- Director provides a presentation on total disbursements under the CARES 3.0 program and Early Educator Salary Support Grants program during the Department's budget presentation in June 2023

What is the ECE Workforce Compensation Initiative?

San Francisco voters approved Proposition C in June 2018. It established a gross receipts tax that would provide additional City funding to support early care and education (ECE) for 0–5-year-olds. First, of its kind, Prop C underscored the need to improve the workforce conditions for thousands of early care professionals, primarily led by women of color, with one of the most important responsibilities: providing the foundation of all our children’s futures.





Workforce Compensation Initiative

The Department of Early Childhood's compensation initiative is a tiered system for agency administrators to access funding for the ECE workforce.

Based on tiers, compensation is funded based on the percentage of children enrolled with Federal, State, or Local subsidies and teacher education level.



ECE Workforce Compensation Program Descriptions

All educator registry IDs tracked to ensure no duplication of payments

CARES 3.0

1,502 Educators - \$17.5M

40 Centers, 279 FCCs, 32 SFUSD Sites

Support Type

- Stipends granted to individual ECE teachers, with stipend amounts based on level of permit/education, teaching role, full-time or part-time status, and share of students receiving ECE subsidies.

Who Qualifies

- Staff teaching at least 20 hours per week at any city funded Family Childcare Site or at an Early Education Center serving less than 50% subsidy eligible students, or an SFUSD paraprofessional.

Early Educator Salary Support Grant

1,200 Educator Positions - \$29.6M¹

37 Childcare Centers

- Grants provided to Early Learning Centers; grants require and subsidize a minimum hourly wage paid to all teachers with amounts based on level of permit/education and teaching role.
- All staff directly educating children (including substitute teachers) at childcare centers serving at least 50% of students who are subsidy eligible

1. Number of positions and grant amounts are estimated as Centers include expected hiring during the grant period; Total grant support is reconciled end of year using payroll records for the period.






Prior to DEC's Workforce Compensation Initiative


- ECE compensation data is based on city-funded programs self-reporting during the compensation planning process.
- Average hourly wage for teaching positions was \$24.00
 - **Broken down further:**
 - Lead teachers - \$27.70 p/hour.
 - Assistant teachers - \$20.60 p/hour.
- DEC is building workforce data to better understand the wages and conditions for San Francisco's teachers in centers and family childcare (FCC) homes.


Wage Enhancement for Aides, Teachers, Lead Teachers, Directors

- Launch of the Early Care Educator Compensation (EESSG) and CARES 3.0 provides wage enhancement through employer and/or stipend.
- Through EESSG, **DEC funds 1,200 educator positions** with the **average annual wage enhancement** for teacher positions, approximately \$20,785.
- Broken down further, annual compensation increases:
 - Average Lead Teacher Wage Enhancement: \$23,750.
 - Average Teacher Wage Enhancement: \$16,300.
 - Average Assistant Teacher Wage Enhancement: \$20,675.
- Please note Executive Directors **do not qualify** for funding (if they are not teaching in the classroom).

A High Impact in First Year

 I just received my stipend. THANK YOU so much because I was so stressed that I don't get paid for Thanksgivings break and winter break. This fund will help me a lot for my late bills. – *SFUSD Paraprofessional*

 We finally have applicants for our openings! – *State Preschool Administrator*

 Our Site Supervisors want to get back on the floor and teach – *State Preschool Administrator*

“ Thank you so much for the CARES stipend. It has been a lifesaver for me and my family during these difficult times. The extra funds have allowed us to pay some bills and buy groceries without worrying about our financial situation. We are grateful for your support and for all that you do for the ECE Community. ”

-- Family Childcare Provider

“ Our teachers are reporting they can finally consider moving closer to San Francisco and saying they can actually make teaching a career choice. ” – *Center Director*