



## City Council Staff Report

**From: City Manager**

**Report Type: CONSENT CALENDAR**

**Lead Department: Community Services**

**Meeting Date: December 9, 2024**

Report #:2411-3742

### **TITLE**

Approval of Budget Amendments in the Child Care Trust Fund and General Fund in Support of Expenditures to Support Early Education Providers; CEQA status - Not a Project.

### **RECOMMENDATION**

Staff recommends that the City Council approve an amendment to the Fiscal Year 2025 Budget Appropriation (requires 2/3 approval), for:

1. The Child Care Trust Fund by:
  - a. Increasing the expense appropriation for transfers to the General Fund by \$30,000; and
  - b. Decreasing the ending fund balance by \$30,000;
2. The General Fund by:
  - a. Increasing the revenue estimate for transfers from the Child Care Trust Fund by \$30,000; and
  - b. Increasing the Community Services Department expenditure appropriation by \$30,000 to address the needs of Early Education Providers.

### **BACKGROUND**

A Child Care Trust Fund (CCTF) was created in 1987 to house money raised by the Child Care Task Force for the purpose of implementing the goals of the Child Care Master Plan (Master Plan) released in 1989. A \$150,000 contribution was made to the trust fund in 1991 by a local developer as part of a density bonus agreement for a proposed downtown development project. Expenses to the CCTF were incurred to implement some of the goals of the Master Plan but the funds were not fully expended. The fund has increased over the years via interest income and the current unaudited fund balance is estimated at approximately \$263,000.

Recent allocations from the CCTF have been utilized to support workplan items of the Palo Alto Advisory Committee on Early Care and Education (PAACECE), the City's current iteration of the

Child Care Task Force which serves under the direction of the Office of Human Services in the Community Services Department. The last funding request from the CCTF was made on October 4, 2021<sup>1, 2</sup>, as part of PAACECE's presentation on the results of the Assessment on the Needs of Local Families and Child Care Providers, and the follow up work that they identified and was in the amount of \$30,000. That funding was used to support professional development mini-grants for staff at 20 local Early Care and Education (ECE) sites as well as the costs associated with a specialized training program called "Community of Practice" in which a cohort of ECE providers met bi-weekly over a period of three months to enrich their teaching skills.

## **ANALYSIS**

In response to input from ECE providers and PAACECE members, PAACECE's current 2023-24 workplan<sup>3</sup> includes efforts to address impacts to local ECE sites as a result of diminishing enrollment associated with post-Covid changes in the ways in which parents and caregivers utilize child care and the impact of free Transitional Kindergarten, as well as the resulting financial challenges that this has on a ECE site's ability to survive.

To address the needs of the ECE community, staff recommends an allocation from the CCTF to support the following:

- *Professional Development Mini Grants* - Given the budget limitations that many ECE sites are facing, funding to support individual educators to attend outside professional training and continuing education is being reduced or eliminated. While PAACECE has planned some general interest workshops, this would allow educators to apply for a small grant to attend education classes of their own choosing including those provided by professional Child Care associations and local colleges.
- *Professional Services Mini Grants* - Budget limitations have also reduced the capacity of ECE administrators to seek out needed onsite assistance from professionals who provide classroom observations, as well as behavioral and mental health support. This funding would allow an ECE site to apply for a mini grant to secure professional consultations.
- *Business Support Workshops* – There are local ECE providers who are struggling to stay afloat due to a continuing decrease in enrollment due to the different post-Covid ways in which parents and caregivers seek care for children in non-congregate sites and the

---

<sup>1</sup> City Council, October 4, 2021; Agenda Item 7; Action Minutes, <https://portal.laserfiche.com/Portal/DocView.aspx?id=2566&repo=r-704298fc>

<sup>2</sup> City Council, October 4, 2021; Agenda Item 7; SR #13553, <https://portal.laserfiche.com/Portal/DocView.aspx?id=75&repo=r-704298fc>

<sup>3</sup> PAACECE Workplan 2023-24, <https://www.cityofpaloalto.org/files/assets/public/v/1/community-services/human-services/child-care/paacece-workplan-23-24.pdf>

availability of free Transitional Kindergarten in public schools. Some providers have been able to pivot to a changed operational model, but others, often smaller sites without a large administrative infrastructure for planning, cannot afford and would benefit from the advice of a professional in areas such as strategic planning, human resources, budgeting, etc. This funding would allow PAACECE to provide workshops/individual consultations on the topics listed above to ECE administrators.

An appropriation of \$30,000 from the unappropriated fund balance of the Child Care Trust Fund (CCTF) is recommended to support the efforts listed in this staff report. Staff recommends flexibility of use of the total amount requested among the three uses described above based on need.

#### **FISCAL/RESOURCE IMPACT**

The recommendation in this work is cost neutral. A transfer of \$30,000 from the Child Care Trust Fund to the General Fund is requested to execute the recommendations in this report. The CCTF fund balance of \$263,000 is sufficient to support this transfer and appropriation request.

#### **STAKEHOLDER ENGAGEMENT**

Input from ECE providers was collected via emails sent to staff, feedback provided at a workshop titled “Surviving TK” and the input of members of PAACECE who are ECE providers in the community.

#### **ENVIRONMENTAL REVIEW**

The proposed budget transfer and workplan described in this report are not a “project” under CEQA.

#### **APPROVED BY:**

Kristen O'Kane, Community Services Director