

Creating a Bigger Pie: Revenue-Generating Strategies for State Early Childhood Programs

National Issues>State Action | October 21, 2020

CHILDREN'S
FUNDING PROJECT

 **Alliance for
Early Success**
Every Child. Every State.



While we wait to get started, please put your organization in the chat — AND include the response you get when you advocate for raising revenue for early childhood programs.

Housekeeping

Welcome

Goals of Call

Please submit Q&A through the Questions function for our guests to answer during the call and with live Q&A follow-up

All materials will be shared electronically on Monday

SPEAKERS



Elizabeth Gaines
Executive Director
*Children's Funding
Project*



Bill Jaeger
Vice President, Early
Childhood & Policy
Initiatives
*Colorado Children's
Campaign*



Ruth Schmidt
Executive Director
*Wisconsin Early
Childhood Association*



Kenny Francis
Director, Policy and
Advocacy
Agenda for Children



Olivia Allen
Asst. Director, Strategy
Children's Funding Project

WHY NOW

GROWING THE PIE FOR
EARLY CHILDHOOD

SHARE IN THE CHAT:

*What messages have you
heard about why now is
NOT the time to grow the
pie?*



WHY NOT NOW?

It's just too expensive

It's not early childhood's "turn"

Don't we already pay for that?

No way people will support a tax right now

We need that money for other priorities



STOP

POLICY LEVERS IN ACTION



FIND. Does your state have a clear picture of its full set of investments in early childhood?



KENTUCKY

Built a searchable early childhood fiscal map detailing federal, state, and tobacco MSA funds



ALIGN. How do we make policy decisions that encourage the most efficient and effective use of the funding we already have?



MINNESOTA

Using their Governor's Children's Cabinet to lead on early childhood



GENERATE. We have big gaps in our federal, state, local, and private funding. How do we generate new resources?

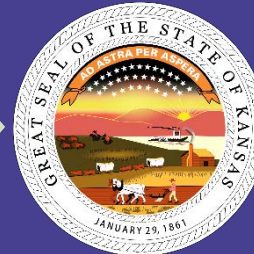


OREGON

Passed \$2B Student Success Act with significant revenue for ECE



ACTIVATE. What methods can we use to administer funds for maximum impact?



KANSAS

Children's Cabinet directs money from Tobacco Master Settlement Agreement to early childhood

PROBLEM STATEMENT: THE BOTTOM LINE

Early childhood systems are

dramatically underfunded, and

access to high quality programs

is deeply inequitable, despite

overwhelming voter support for

public funding.

EMPHASIZE URGENCY

In order to reach adequacy, the current early childhood system requires \$53 billion in additional investments (1)

NAMETHE HARM

Inadequate funding means that one-sixth of children eligible for subsidized early care and education receive it (2)

FOCUS ON EQUITY

Only 1% of Latinx children and 4% of Black children in America access high-quality state pre-K programs. (3)

NAME THE SOLUTION



By raising public revenue we can **“grow the pie”** of funding for equitable, high quality early childhood opportunities.

#GROWTHEPIE FOR AN EQUITABLE SYSTEM

The Great Recession's worst impacts on state pre-K occurred up to **four** years after the recession began

2008  2012

Without support, **two out of five** child care businesses could close permanently.

In rural areas, demand for care for infants and toddlers outweighs supply at a rate of 9 to 1.



Rapidly rising inequity requires investment in equitable recovery strategies.

During the COVID crisis, rates of food insecurity among Black households with children was nearly

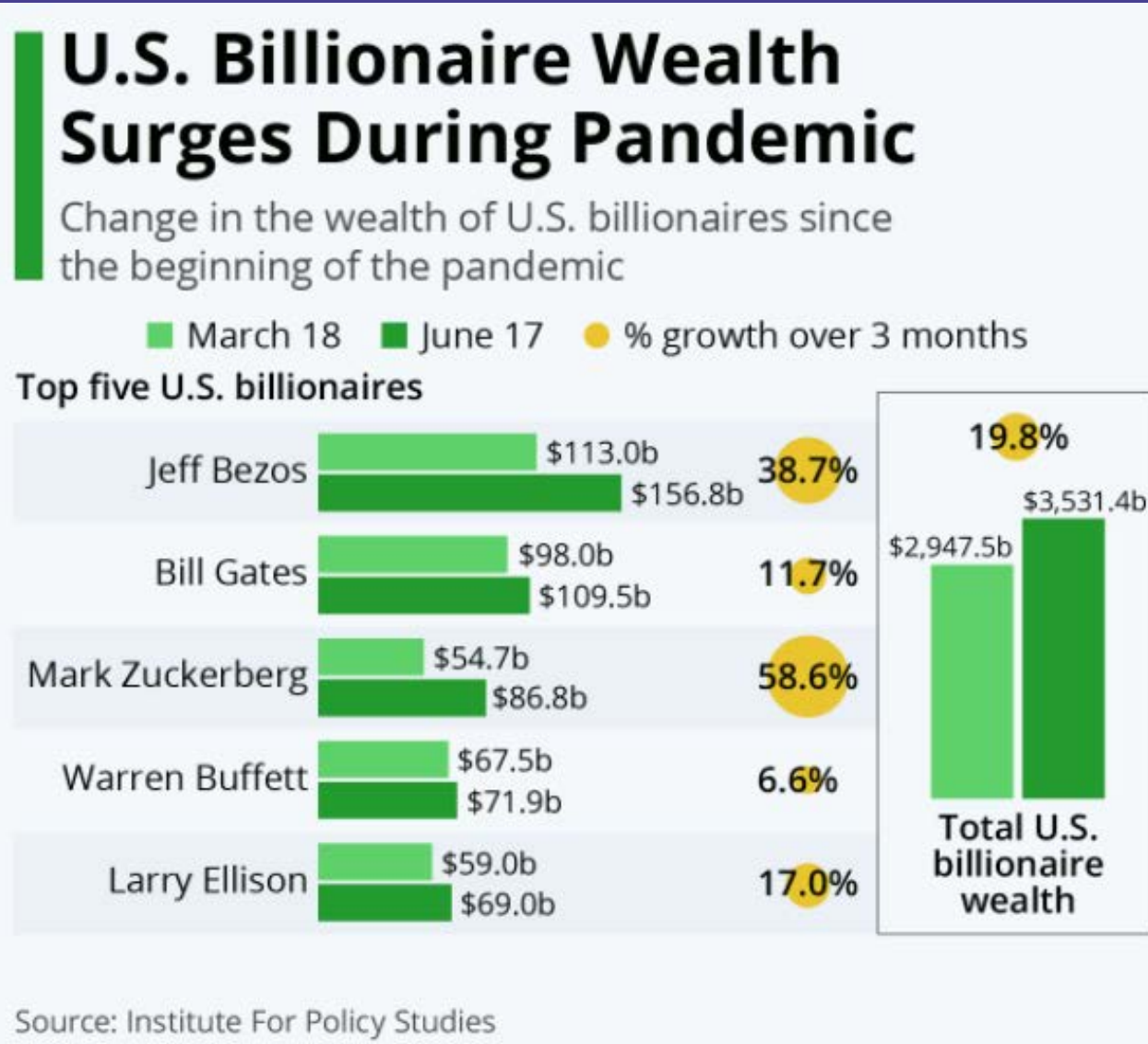
2x higher than white households

Sources: <http://nieer.org/policy-issue/special-report-how-will-the-covid-19-pandemic-impact-pre-k>

<https://www.clasp.org/publications/report/brief/pandemic-within-pandemic-how-coronavirus-and-systemic-racism-are-harming>

<https://www.childtrends.org/publications/supporting-families-child-care-providers-during-pandemic-with-focus-equity>

#GROWTHEPIE USING EXISTING ABUNDANCE



Despite our scarcity mindset, the United States has abundant wealth that could be used to combat inequity.

SAN ANTONIO

EQUITABLE RECOVERY PLEDGE

Actively listen to student and community voice to understand ongoing issues

Use power to leverage resources to minimize inequities across individual institutions

Use influence to help align resources to minimize inequities across Bexar County

Educate community on inequities perpetuated by COVID-19

Work collectively with Bexar County leaders to fulfill these commitments



Elaine Mendoza

Elaine Mendoza,
Conceptual Mindworks, Inc.

Felicia Etheridge

Felicia Etheridge,
CPS Energy

Jeanette Ball

Jeanette Ball, Ph.D.
Judson ISD

Jorge Elizondo

Jorge Elizondo,
H-E-B Grocery

Jeff Goldhorn

Jeff Goldhorn, Ph.D.
Education Services Center Region 20

Pedro Martinez

Pedro Martinez
San Antonio ISD

Kate Rogers

Kate Rogers,
Charles Butt Foundation

Roland Toscano

Roland Toscano,
East Central ISD

Charlie Amato

Charlie Amato,
SWBC

Dean Alexander

Dean Alexander,
Christus Santa Rosa Health System

Sarah Baray

Sarah Baray,
Pre-K 4 SA

Mike Flores

Mike Flores, Ph.D.
Alamo Colleges

Jenna Saucedo-Herrera

Jenna Saucedo-Herrera,
San Antonio Economic Development Foundation

Angie Mock

Angie Mock,
Boys and Girls Club

Simon G. Salas

Simon Salas,
Good Samaritan Community Services

Lloyd Verstuyft

Lloyd Verstuyft, ED.D.
Southwest ISD

Ryan Lugalía-Hollon

Ryan Lugalía-Hollon, Ph.D.
UP Partnership

Bobby Blount

Robert Blount, Jr.
MITRE Corporation

Danny J. Anderson

Danny J. Anderson, Ph.D.
Trinity University

Taylor Eighmy

Taylor Eighmy, Ph.D.
UTSA

Marjie French

Marjie French,
SAAFDN

Vanessa Lacross Hurd

Vanessa Lacross Hurd,
Community Representative

General Edward Rice, Jr.

General Edward Rice, Jr.
United Way of San Antonio and Bexar County

Nathanael Tarwasokon

Nathanael Tarwasokon,
Firstmark Credit Union

Brian Woods

Brian T. Woods, ED.D.
Northside ISD

#GROWTHEPIE WITH PUBLIC SUPPORT

“The care and education of children is publicly funded starting in kindergarten. It should be the same for younger children as well.”



77%
TOTAL AGREE

48%
TOTAL STRONGLY
AGREE

61%
REPUBLICANS

82%
INDEPENDENTS

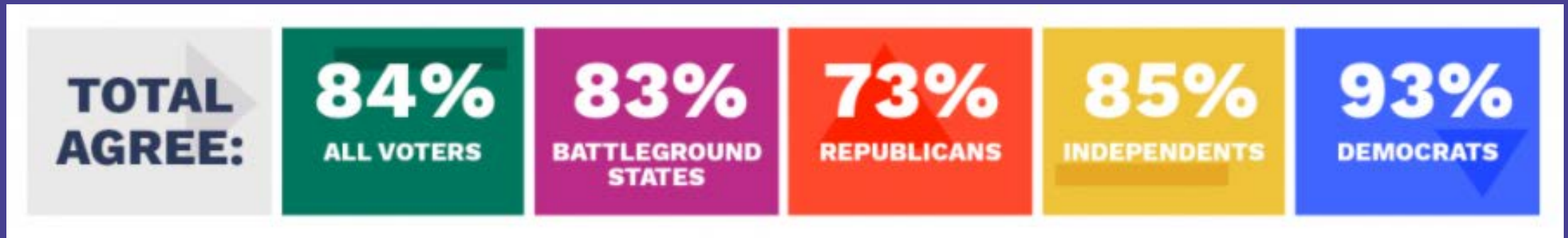
90%
DEMOCRATS

An overwhelming, bipartisan majority supports increased public investments in early childhood.

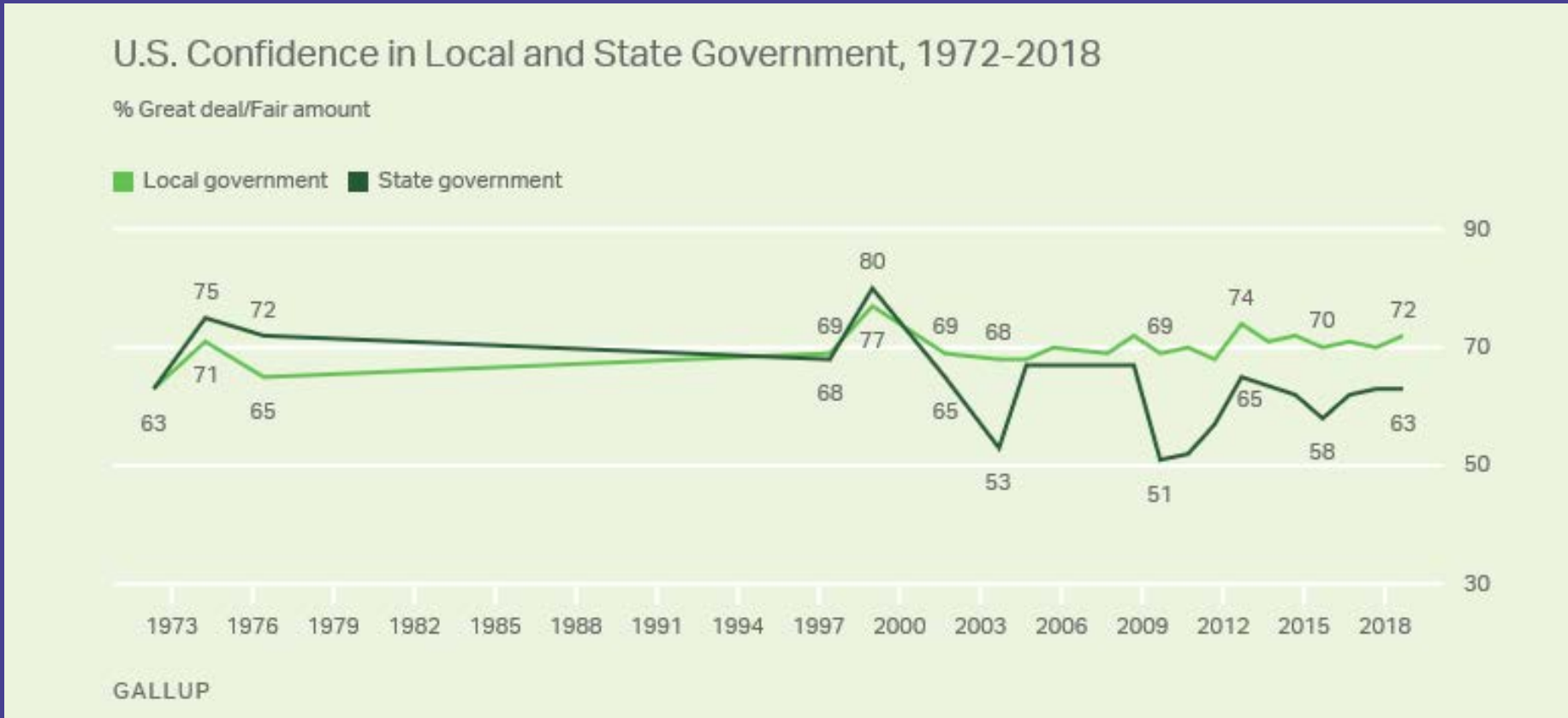
Sources: <https://www.ffyf.org/why-it-matters/political-demand/polling/2020poll/>

#GROWTHEPIE WITH PUBLIC SUPPORT

Regardless of party, voters overwhelmingly say high-quality, affordable child care for families with young children is an essential service—just like healthcare and education.



#GROWTHEPIE WITH PUBLIC SUPPORT



“New American localism:” where collaborative local solutions are the norm and voters—the same ones who vehemently disagree on the direction we should go federally—can come together and agree that the vulnerable children in their community should be safe, healthy, connected and educated.

Sources: <https://news.gallup.com/poll/243563/americans-trusting-local-state-government.aspx>

Summary

- **A majority of voters support state funding for quality child care.**
 - Four in five likely voters think the government should have at least some role in caring for children. Furthermore, a plurality feel either the State or Federal Government is primarily responsible for funding additional quality child care programs.
- **There is also support for increasing funding for quality child care.**
 - A majority favor funding child care in general and are roughly on the same page regarding the most important features, largest obstacles to accessing child care, etc.
 - The cost of childcare, lack of qualified teachers, and a lack of information about child care options in general were the main obstacles to accessing quality child care. Educating voters on the issues with current child care options may increase interest in additional funding.
- **Messaging was effective at increasing support for early child care funding.**
 - Voters responded the most strongly to messaging focused on enabling parents to work and generally the economic benefits that early child care will bring to the state.

March 2018

Increase State Funding For CC

Support	62%
Oppose	30%

Obstacles To Child Care Access

Too Expensive	33%
Not Enough Quality Teachers	20%

Most Important Feature Of CC

Staff Training & Education	43%
Affordability	29%
Low Teacher-To-Child Ratio	28%

Resp For Additional Child Care

State Government	25%
Federal Government	16%

Top Messages To Increase Support To Raise Taxes

Enable Parents To Work
Raise Child Care Providers Wages
Positive Return To The Economy
Increase Child Safety

WHY NOW

"There is no such thing as a “**good time**” or the “**right time**” to push for any of this...the “**right time**” is when you have the energy and capacity to push." – *Kenny Francis*



HOW WE #GROWTHEPIE

A fully-funded early childhood system will require an increased investment of
\$50.3 billion annually*
in addition to the \$50 billion needed this year for pandemic-related relief.



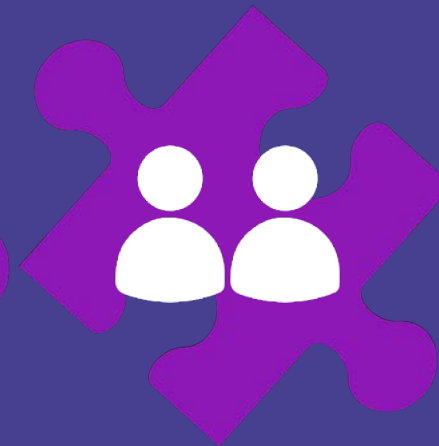
FEDERAL



STATE



CITY/COUNTY



PRIVATE



OUT-OF-POCKET

*National Academies of Sciences, Engineering, and Medicine, nap.edu/read/24984/chapter/1

GENERATE: REVENUE OPTIONS & FUNDING MECHANISMS

Common

City or County dollars

State dollars

Federal dollars

Local United Way

Local Foundation

National Foundation

Individual Donors

Corporations

Fee Based Services

Innovative

Dedicated public funds (set aside or new tax)

Community Benefit Agreements

Individual or Business Tax credits

Opioid Settlement dollars

Medicaid reimbursements

Community Reinvestment Act agreements

Profits from publicly held assets

Reforming tax exemptions

PILOT recapture

In kind facilities usage

READ: Innovative Financing to Expand Services So Children Can Thrive

REVENUE RAISING OPTIONS TO #GROWTHEPIE

Common Tax Mechanisms



Personal Income Taxes.



Sales Taxes.



Estate and Inheritance Taxes.



Corporate and Business Taxes.



Property Taxes.



Sin Taxes.



Special District Government Taxes.

For greater detail on these mechanisms, read: [Funding Our Future: Generating State and Local Tax Revenue for Quality Early Care and Education](#)

Other Taxes and Taxing Strategies:

- Eliminate tax credits and exclusions that disproportionately benefit the rich
- Enact state-enabling legislation to allow for taxation at the local level
- Dedicate tobacco and opioid settlement dollars to children
- Close nicotine/tobacco tax vaping loopholes
- Tax tech (ex. digital advertising tax)

EVALUATING THE OPTIONS FOR RAISING REVENUE



GUIDING QUESTION 1

What jurisdiction will levy the tax?



GUIDING QUESTION 2

Is the tax legally feasible?



GUIDING QUESTION 3

Can the tax be dedicated to early care and education?



GUIDING QUESTION 4

Is the tax politically feasible?



GUIDING QUESTION 5

Is the tax progressive or regressive?



GUIDING QUESTION 6

Does the tax have communication power related to early care and education?



GUIDING QUESTION 7

Who pays for the tax?
Who benefits from the tax?



GUIDING QUESTION 8

Is the tax timely?



GUIDING QUESTION 9

How does the projected generated revenue fit into the near- and long-term strategy for meeting the need for quality early care and education?

FUNDING OUR FUTURE:
Generating State and Local Tax Revenue
for Quality Early Care and Education





Wisconsin Early Childhood Association



Wisconsin Infant Toddler Policy Project (WITPP)

Fiscal Considerations and Revenues

Ruth Schmidt, Executive Director, WECA

WITPP

State Collaborative Team

Advancing a Healthier WI Endowment
Black Child Development Institute
Milwaukee
Children's Health Alliance of WI (Reach
Out and Read WI)
Ho-Chunk Nation Dept. of Education/
Hoocak Ee Cooni Waziperes Hocira
Kids Forward
League of WI Municipalities
Northwest WI Workforce Investment
Board
OEM Fabricators
Office of Early Learning Initiatives-City
of Milwaukee
Penfield Children's Center
Prosperity Southwest WI
Reach Dane/Reach Green
Rural WI Health Cooperative

Supporting Families Together
Association
UMOS
United Way of Greater Milwaukee &
Waukesha Co.
United Way of Portage County
United Way of Wisconsin
WI Alliance for Infant Mental Health
WI Chapter of the American Academy
of Pediatrics & WIAAP Foundation
WI Community Action Program
WI Council of Churches
WI Counties Association
WI Early Childhood Association
WI Head Start Association
WI Philanthropy Network
WI Primary Health Care Association
WI Strive Together Partnership
WI Towns Association



WITPP Goals

- Goal 1: All low-income families have equitable access to the information and supports they need to promote optimal early childhood development and well-being.
- Goal 2: All low-income families will have equitable access to a range of affordable, high quality, culturally-and linguistically- responsive child care options that meet their employment and family needs.
- Goal 3: The early childhood workforce will have the skills, training, and support to deliver high quality care with commensurate compensation.

WITPP

Children's Funding Project

Phase 1: Fiscal Mapping - assess which activities are currently being funded within the implementation plan and to what degree

Phase 2: Cost Modeling and Gap Analysis - To place a price tag on a) the cost of scaling currently funded activities, and b) the cost of developing activities that do not currently exist or are not currently funded

Phase 3: Revenue Options and Strategic Financing - To identify potential revenue generating mechanisms, traditional and innovative, to cover the costs of scaling and funding activities in the implementation plan

WITPP

Phase 1

Fiscal Mapping - assess which activities are currently being funded within the implementation plan and to what degree

Pre data collection:

By plan activity: determined if currently funded, sources of funding, measurable goal of each activity, data needs for each activity

Data collection:

Looked across system level funding items, analysis for prior two biennial budgets, across state/federal/private sources. Tied funding to applicable activities in our plan.

Deliverable: Spreadsheet of data collection with summary of results.

WITPP

Phase 2

Cost Modeling and Gap Analysis - To place a price tag on a) the cost of scaling currently funded activities, and b) the cost of developing activities that do not currently exist or are not currently funded

Cost Modeling: regional subsidy rate analysis, QRIS/YoungStar cost implications, salary schedules and recommended staffing patterns.

Gap Analysis: For each plan goal, based on fiscal mapping, cost projections linked to modeling.

Deliverable: Supplemental Resource Guide and calc



Budget Requests

Create an infant toddler stabilization fund that is targeted at programs operating below full capacity: Cost - \$30 million annually.

Expand the Wisconsin Shares child care subsidy for low income parents:

- Increase program eligibility to 200% of the Federal Poverty Limit to help working parents stay in the workforce: Cost - \$6.4 million annually
- Increase subsidy reimbursement rate for infant and toddler care, which is the most expensive age group in care: Cost - \$13.7 million annually.

Create a pilot program in high need areas of the state where slots for 50 infant and toddler classrooms would be reimbursed at the actual cost of care: Cost - \$9.9 m annually.

WITPP

Phase 3

Revenue Options and Strategic Financing - To identify potential revenue generating mechanisms, traditional and innovative, to cover the costs of scaling and funding activities in the implementation plan

- Identification of funding mechanisms
- Review of guiding questions from [Funding Our Future](#) report to understand tradeoffs
- Selection process

Generating Revenue for Early Childhood in Colorado

October 21, 2020

COLORADO CHILDREN'S CAMPAIGN
Every Chance for Every Child



How did we get here?

- Statewide tax context
- 2016 unsuccessful tobacco tax effort
- Two key differences in getting ECE into the proposed measure
- Champion in Gov. Jared Polis
- Polling
- Citizen's Initiative as the first path, curtailed by COVID
- Bipartisan, bicameral referred measure



What is the problem?

- Colorado's **teen vaping rate is 29 percent**, among the highest in the nation.
- Yet, our excise tax on vaping products is **zero** and tax on tobacco products is among the lowest in the nation.
- COVID-19 has created a **financial crisis for the state** - including a possible \$500M in cuts to K-12 education.
- **Preschool is expensive and hard to find.** Only half of Colorado kids attend preschool before kindergarten. Colorado provides some of the lowest funding in the country for preschool. Consequently, the Colorado Preschool Program only has funding to serve 40% of eligible students.



What will the tax increase fund?

\$176M in total revenue 2020-21, increasing to **\$275M** in 2027-28

2021 - 2023:

- K-12 public schools, including set-aside for rural schools
- Affordable housing and rental eviction assistance
- Tobacco education, prevention and cessation

2023-24 and After:

- Preschool
- Tobacco education, prevention and cessation
- Health care programs



WHAT'S THE SOLUTION?

As ballots arrive in mailboxes, Colorado voters will consider a statewide ballot initiative to boost taxes on tobacco products and create a new tax on vaping products to:

1. **Save lives by reducing tobacco and vape** use through higher product prices & funding tobacco prevention & cessation programs.
2. Shield K-12 schools from deep budget cuts caused by COVID and provide **universal, free preschool in fall of 2023.**



Who Else Is Supporting?

American Academy of Pediatrics, Colorado Chapter
American Federation of Teachers Colorado
American Heart Association
American Lung Association
Centura Health
Children's Funding Accelerator
Children's Hospital Colorado
Colorado Alliance of Boys & Girls Clubs
Colorado Coalition for the Homeless
Colorado Concern
Colorado Council of Churches
Colorado Education Association
Colorado Latino Leadership, Advocacy, & Research
Organization (CLLARO)
Colorado Nonprofit Association
Colorado Rural Schools Alliance
Colorado Succeeds
Colorado Women's Chamber of Commerce

Denver Metro Chamber of Commerce
Denver Public Schools
Executives Partnering to Invest in Children (EPIC)
Florence Crittenton Services
Kaiser Permanente
League of Women Voters of Colorado
Mile High United Way
Pikes Peak United Way
Pro 15
Rose Community Foundation
Susan G. Koman
The Bell Policy Center
The Colorado Forum
The Women's Foundation of Colorado
UC Health
& many, many more!

Check out the full [list of endorsers at forcokids.com/endorsements](https://forcokids.com/endorsements)

Special Districts (Income & Property Taxes)



- Colorado Context
 - TABOR, Local Control, & Local Financing
 - 5 locality-specific public funding streams
- Special districts in Colorado
 - Not all communities are defined by existing political boundaries
 - HB 19-1052 (<http://leg.colorado.gov/bills/hb19-1052>) created EC Development Special District authority
 - Intersection between “Special Government Districts” and “Personal Income”/“Property Taxes”

Questions?

Contact:

Bill Jaeger

bill@coloradokids.org

COLORADO CHILDREN'S CAMPAIGN

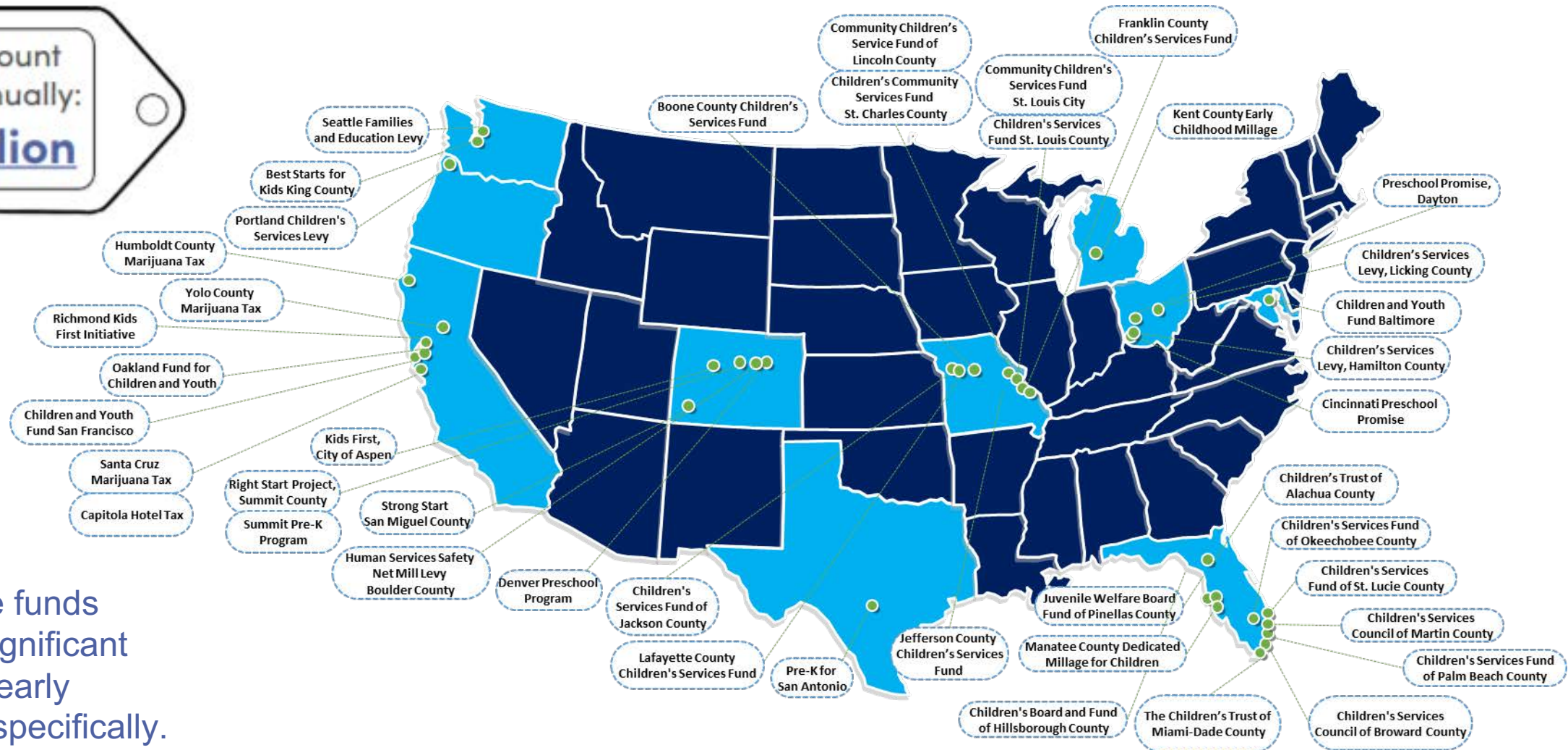
Every Chance for Every Child



Local Dedicated Funds – the reach

Anchorage, AK and
Cuyahoga Co., OH
passed funds earlier
in 2020

Total amount
raised annually:
\$1.1 billion



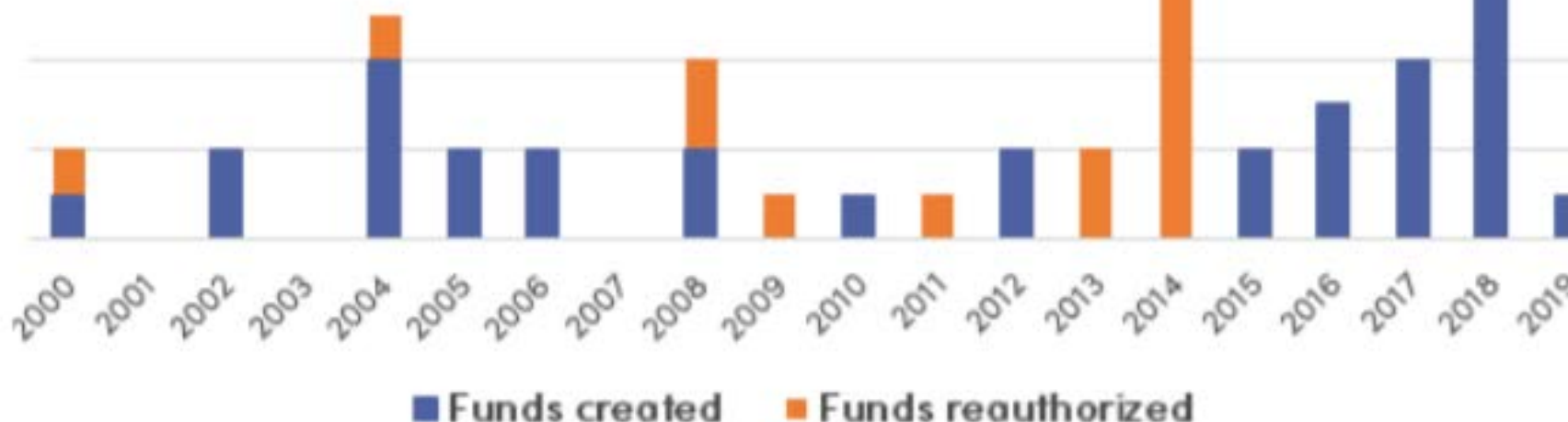
Continued viability

LDFs Created and Reauthorized Since 2000

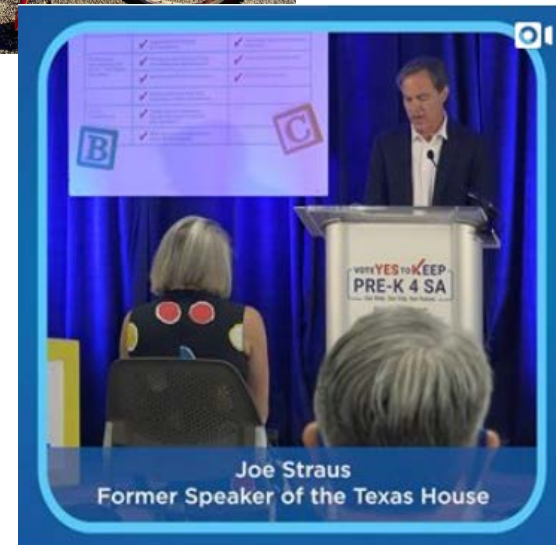
November 2008, immediately following stock market's largest single-day drop:

Franklin County & St. Louis County MO both establish voter-approved Children's Services Funds

April 2020, as US unemployment breaks records, voters in Anchorage pass an alcohol retail tax for human services including children's services, and voters in Cuyahoga County increase their health and human services special tax.



On the ballot in 2020



**If we believe in a strong start
for all children, it's time we
add political action to early-
childhood advocacy.**

- Impact Fellows

Children's Funding Project & Children's Funding Accelerator are coordinating with the Impact Fellows to add support for local and state policy advocacy to the early childhood landscape.



Questions



Thank you.



Mark your calendar for the next National Issues>
State Action featuring Dr. Ibram Kendi on November
18. Register at earlysuccess.org/stateactioncalls.