

# Cross-state conversation on revenue generation for early care & education

April 12, 2022

3-4:15pm EST | 12-1:15pm PST

Welcome! Drop in the chat ...

- 1. Name and State
- 2. What's going on with ECE revenue in your current/latest legislative session?



# Agenda

- Welcome
- Current Climate for pursuing revenue – *Neva Butkus, Institute on Taxation and Economic Policy*
- Cross-state poll analysis
- Peer discussion
- Messaging on economic impact

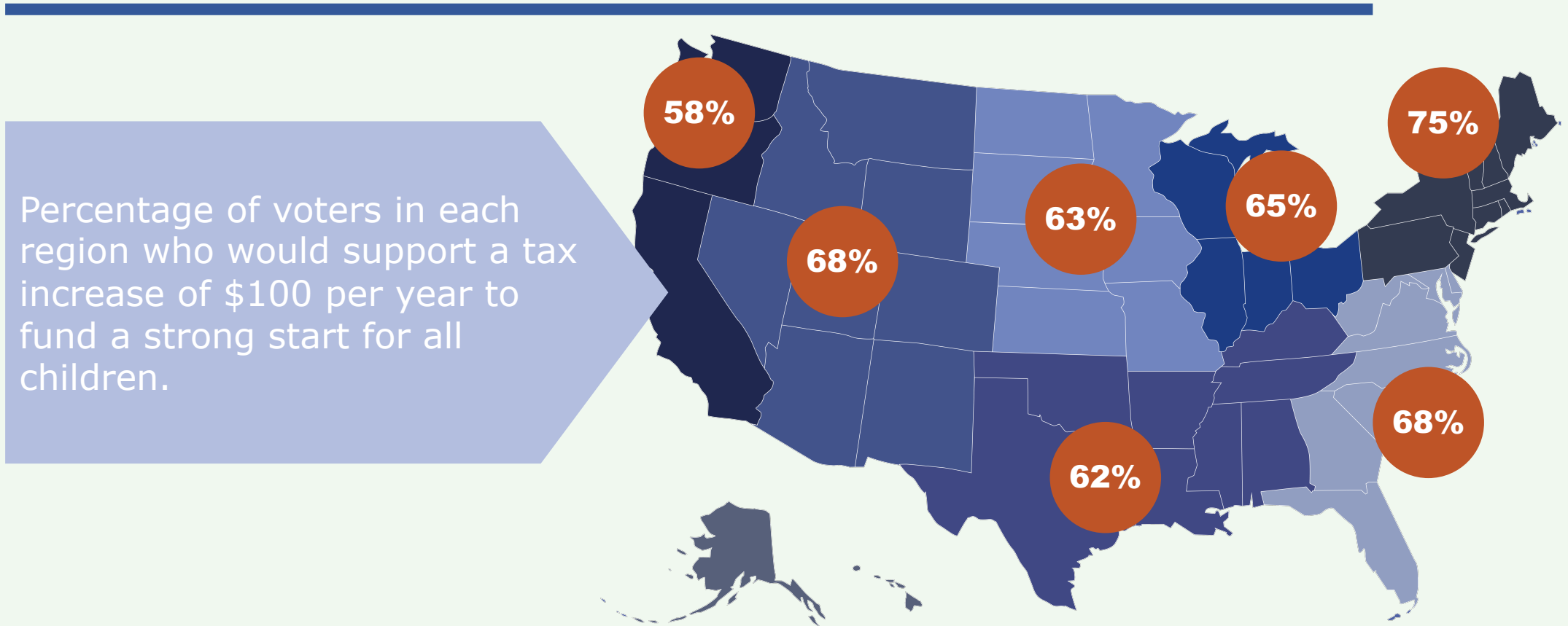
# Public opinion insights

1. What people are willing to pay
2. Role of state government
3. Support for early childhood providers

**What people are willing to pay**



# The majority of voters in every region of the country want to see their tax dollars used to give all children a strong start in life, regardless of a child's family income, education, skin color, or where a child lives.



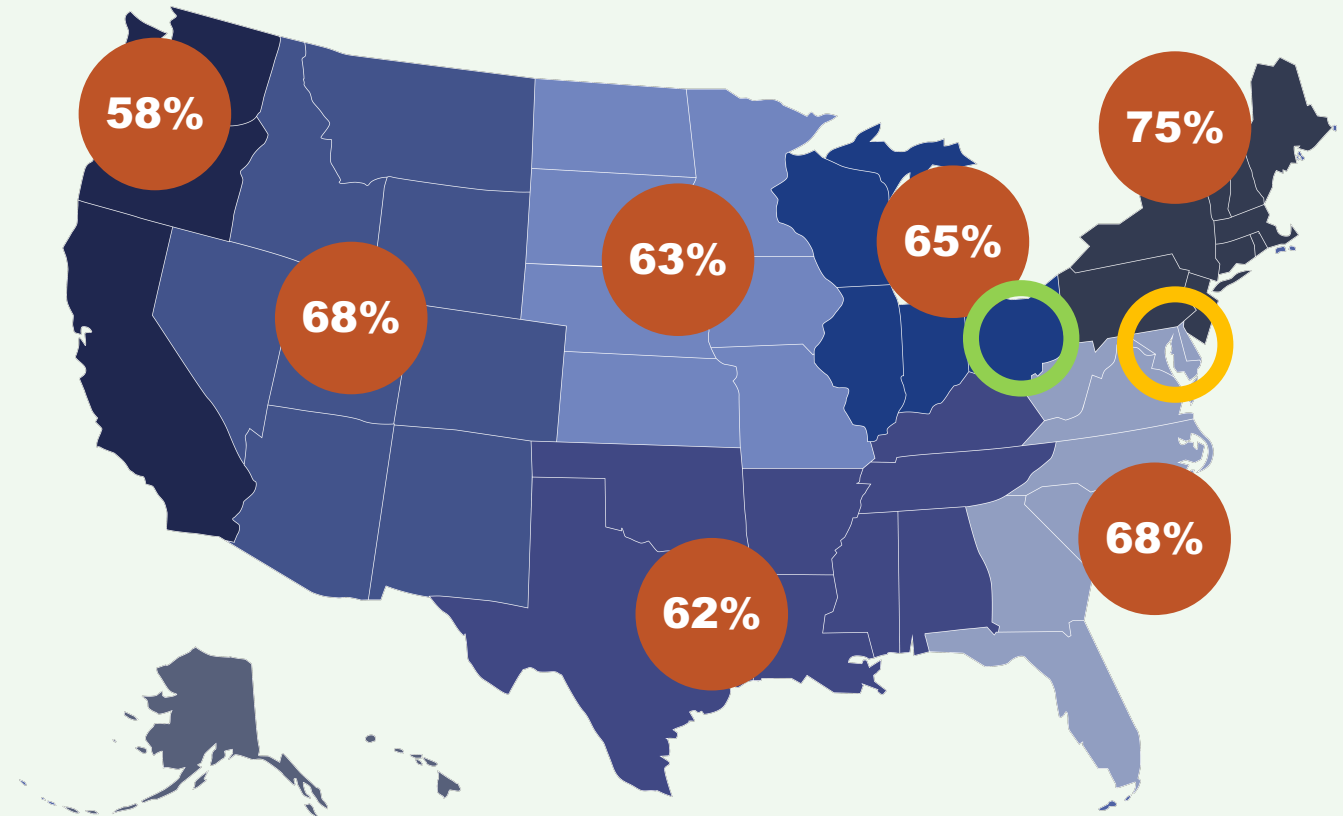
# The majority of voters in every region of the country want to see their tax dollars used to give all children a strong start in life, regardless of a child's family income, education, skin color, or where a child lives.

## **DELAWARE:**

\$2/month: **9%**  
\$5/month: **11%**  
\$10/month: **13%**  
\$20/month: **16%**  
\$50+/month: **14%**

## **OHIO:**

\$5/month: <b>71%</b>	\$25/year: <b>65%</b>
\$10/month: <b>14%</b>	\$50/year: <b>22%</b>
\$15/month: <b>4%</b>	\$75/year: <b>5%</b>
\$20/month: <b>9%</b>	\$100/year: <b>5%</b>
	\$150/year: <b>1%</b>



# Voters prefer to raise funding for kids through taxes that don't burden low-income households and small businesses.

A majority of voters found it acceptable to tax the following:



74%

Sales of commercial property worth over \$1 million



72%

Corporate profits



69%

Digital advertising sales



67%

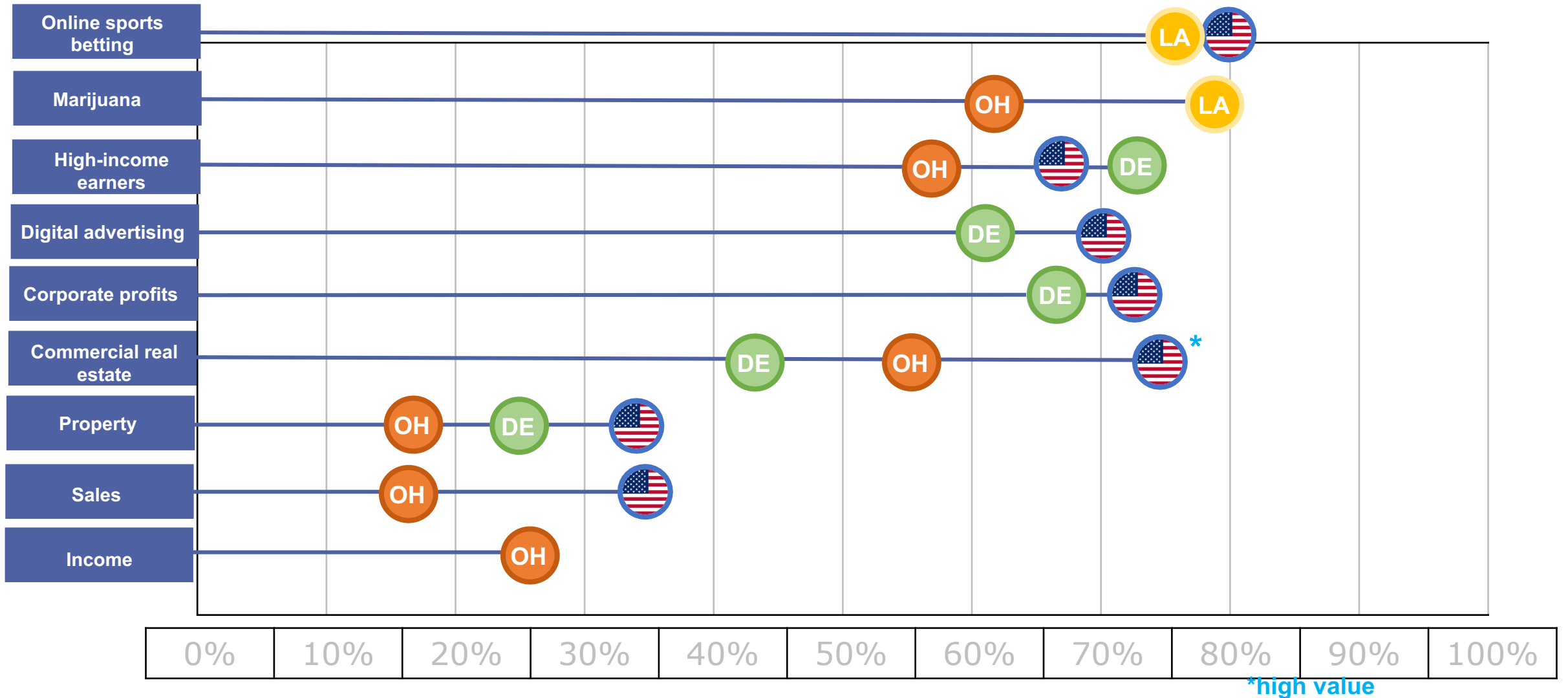
High-income earners



64%

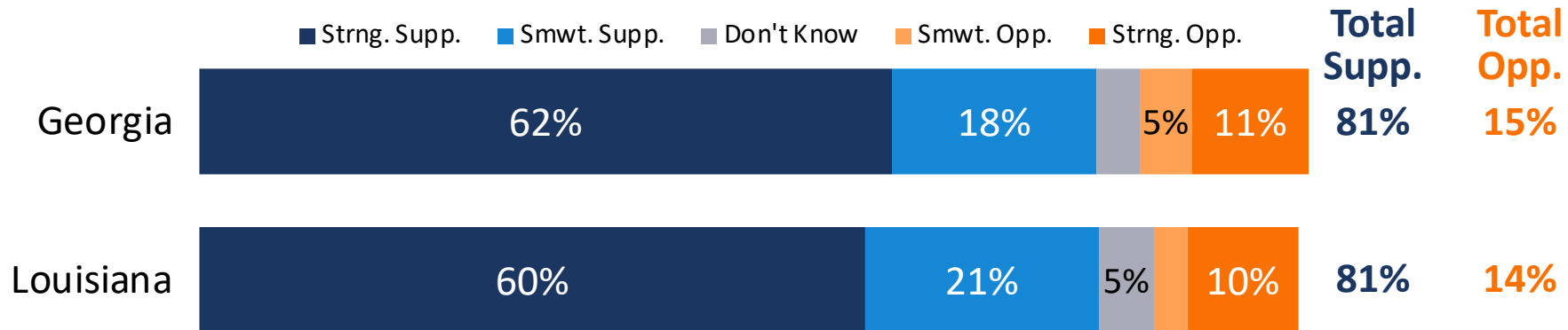
Sales of personal data collected online

# Though tax sensitivity has increased over the past 8 months, voters still have a clear preference for some tax types over others.



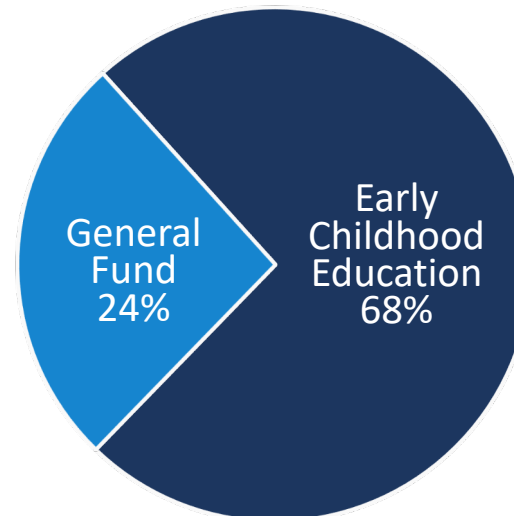
# As legal sports betting expands, it may offer an important opportunity for youth funding.

*Voters not only support dedicating money generated from legalized sports betting to fund early childhood education for infants and toddlers...*

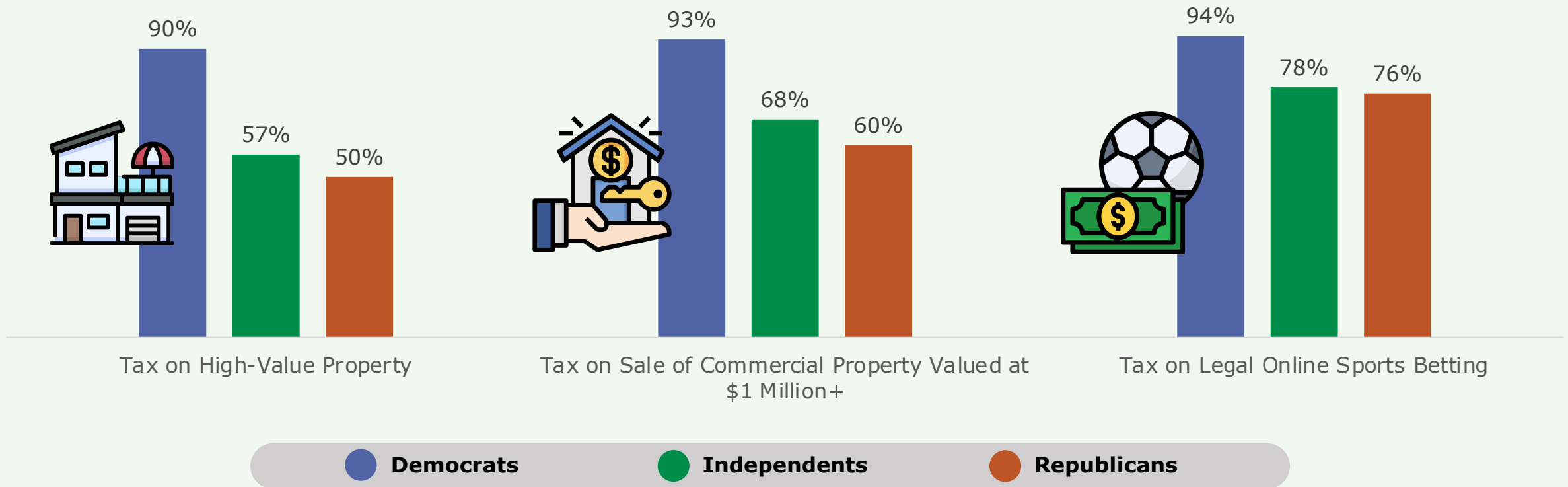


*...they also prefer dedicating revenues in such a fashion to simply allowing them to go to the general fund.*

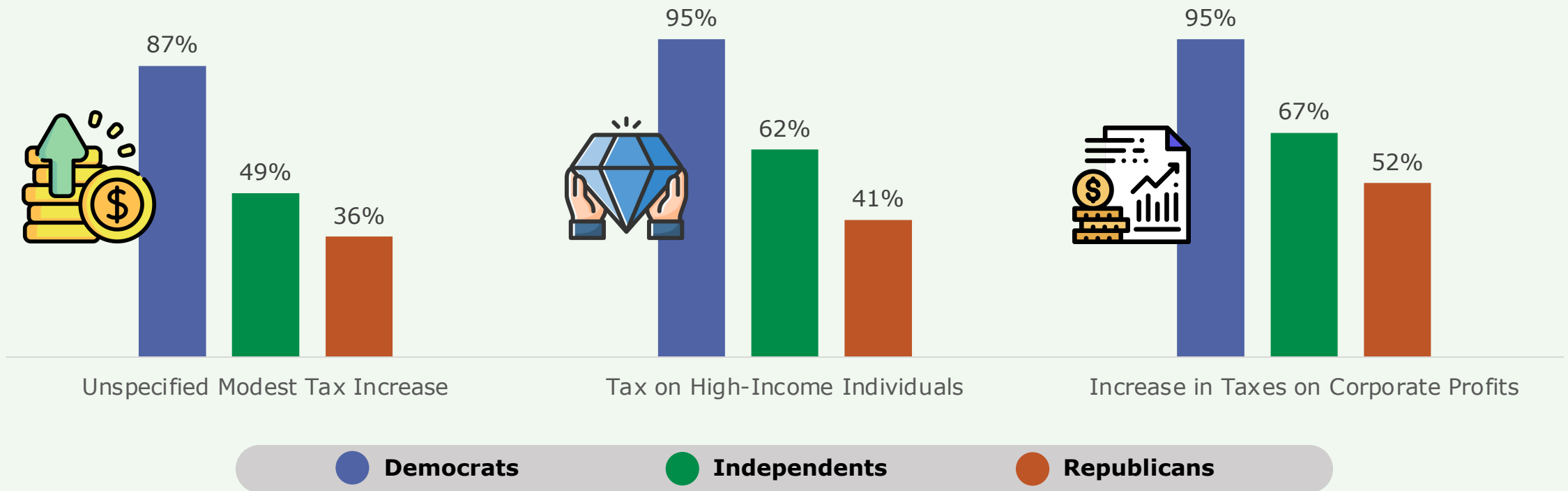
**Louisiana**



# Voters across political parties show greater support for tax increases to fund children's services when they know the specific *source* for the new revenue.



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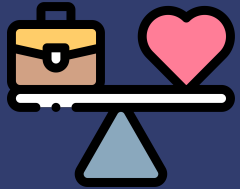


# **Role of state government**



# COVID-19 increased the intensity of voter support for early childhood services.

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71%

of voters believe the challenges parents face balancing childcare and work during the pandemic are a serious/very serious issue

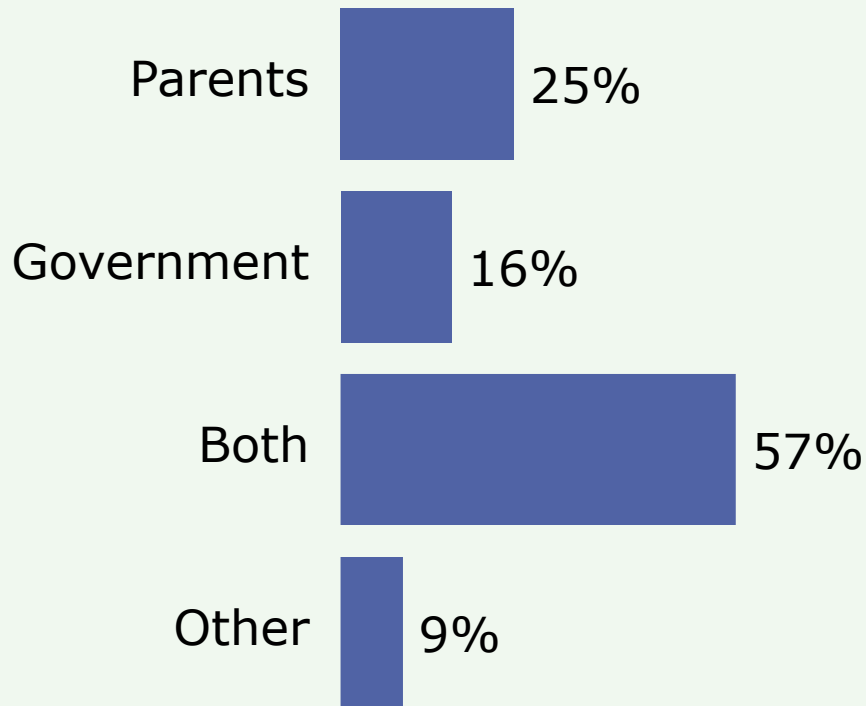


82%

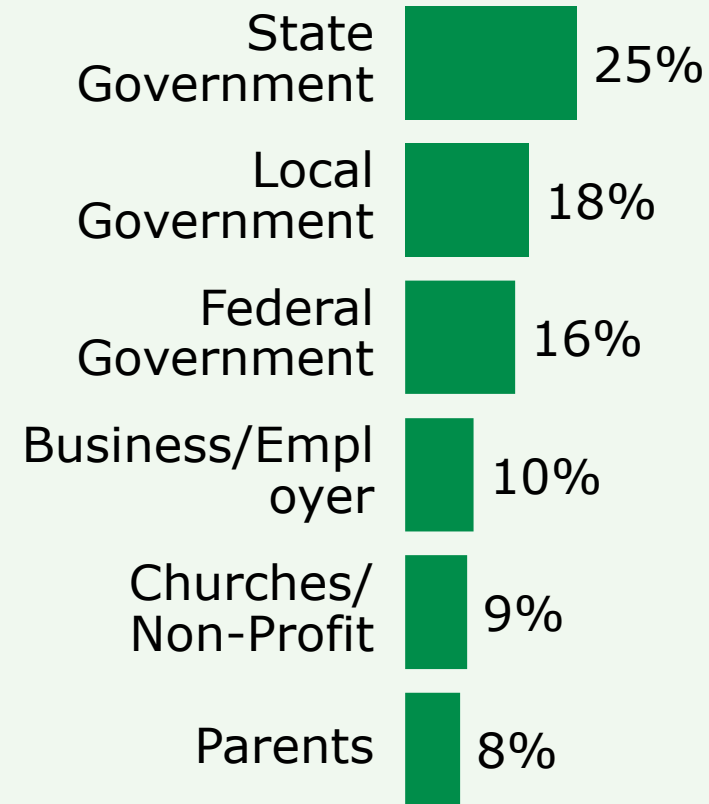
of voters believe it is extremely/very important for state and local governments to improve opportunities for all children to get a strong start in life

# Voters believe both parents and government should play a role in funding early childhood care & education

Virginia, 2021



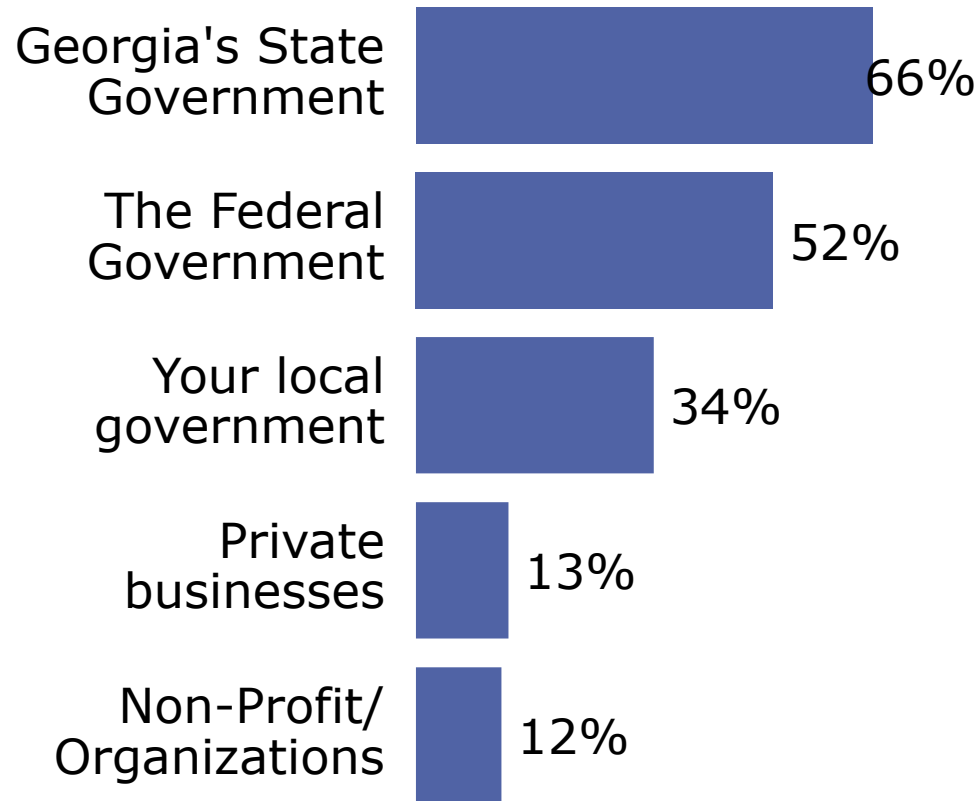
Louisiana



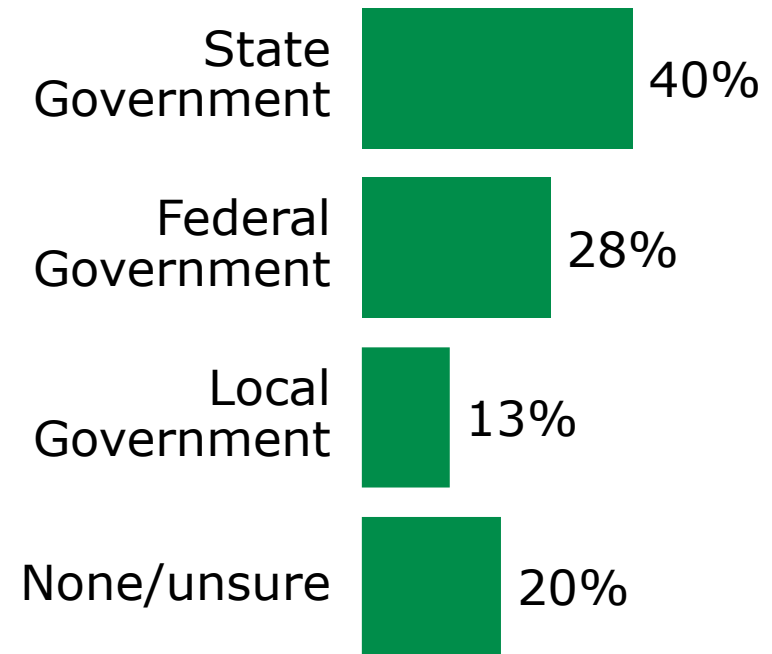
# Of the levels of government listed, voters are most likely to choose state government as responsible for early childhood funding.

*Level of Government That Should Be Primarily Responsible for Child Care Funding*

**Georgia (Combined 1st/2nd Choice)**



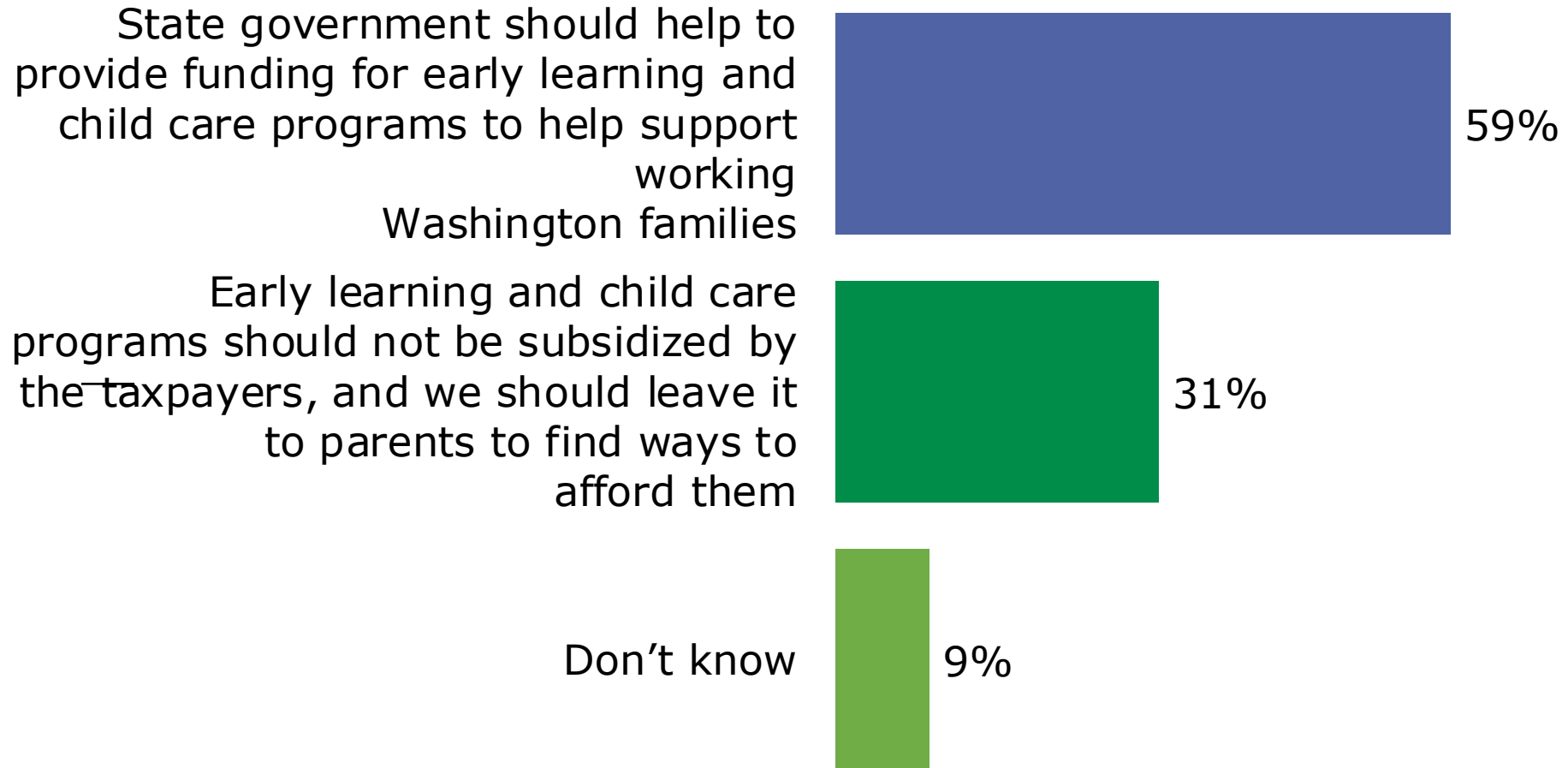
**National, 2021**



*Georgia, 2020*

*Which of the following organizations should be primarily responsible for funding additional quality child care options? Louisiana, 2019*

# In principle, voters see a clear role for government in supporting services for kids.

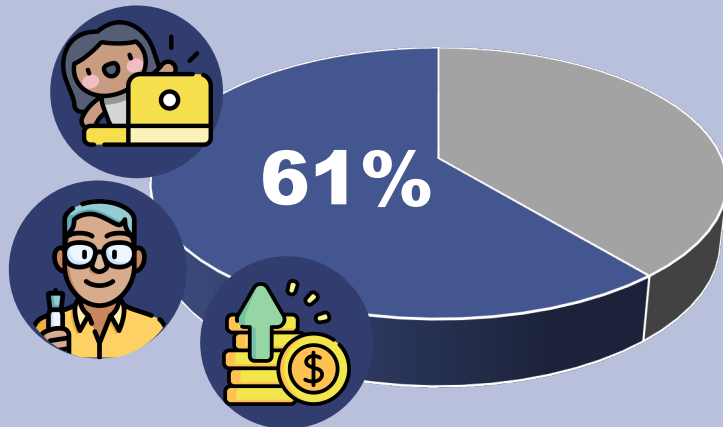


# **Support for early childhood providers**

# Voters believe early childhood educators are key to program quality and they support using public funds to increase educator pay.

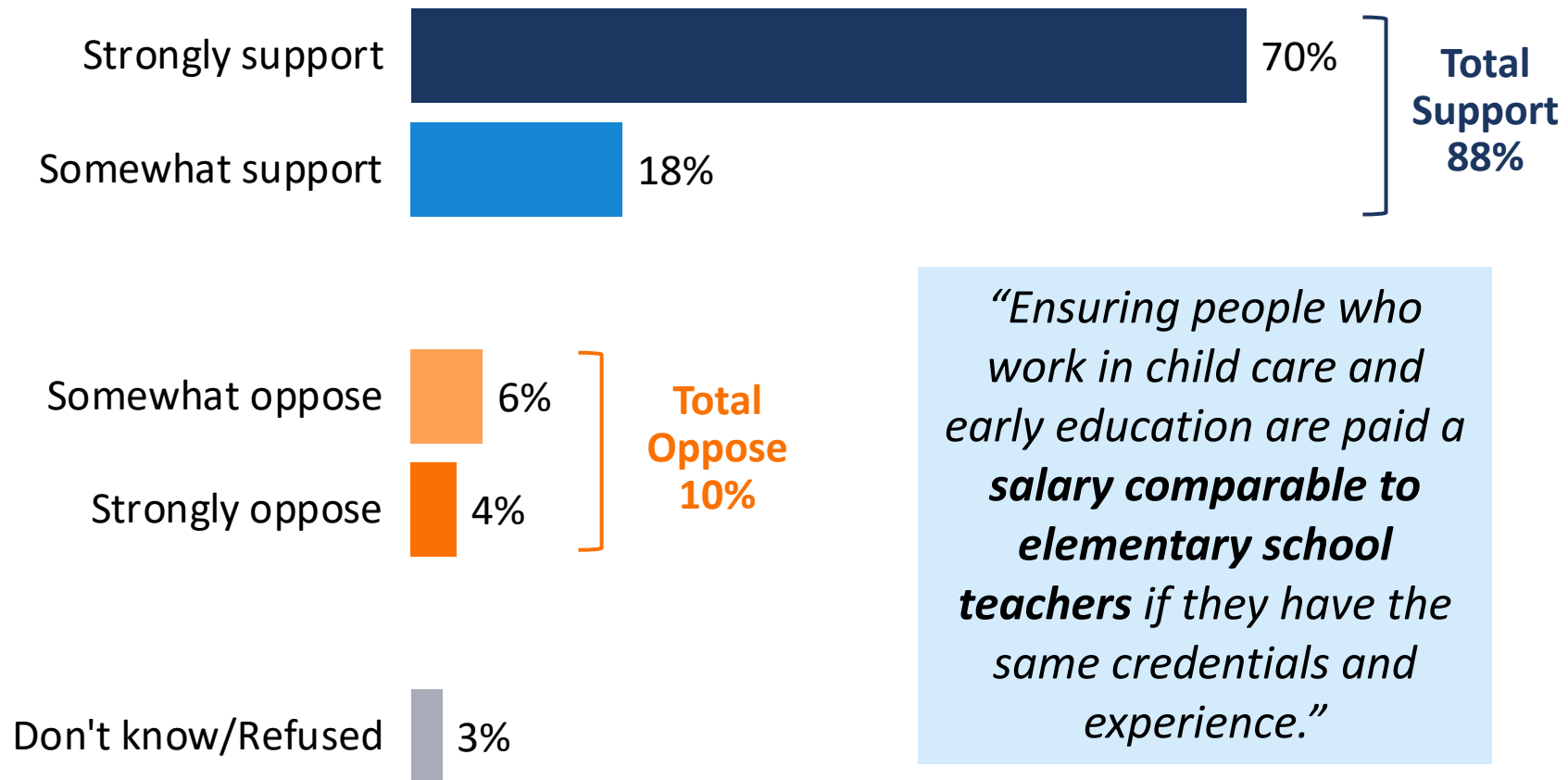
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**92%** of voters say early childhood educators “play a critical role in helping children grow and develop” while only **23%** of voters see them as having “fairly easy jobs.”



**of voters nationally say it is extremely/very important to “combat the shortage of qualified child care, preschool, and after-school staff by increasing wages.”**

# Support for increasing educator pay is strong in the abstract, but may also benefit from an equity comparison to teachers.



# Large Majorities Believe Childcare And Early Childhood Education Providers Should Be Paid More, Similar to K-12 Educators

Figure 16

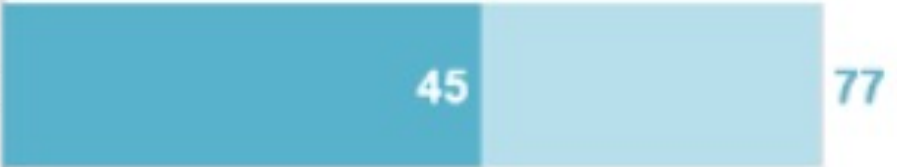
## Policy Goals

● Strongly agree    ● Total agree

(Split) Childcare and early childhood education providers should receive **competitive salaries and benefits** that reflect the **importance of the services they provide.**



(Split) Childcare and early childhood education providers with similar years of experience and credentials as K-12 educators should **receive salaries and benefits similar to those educators.**





## **Peer Discussion**

*What is your most recent revenue win  
and your next revenue focus?*

## KEY QUESTIONS

## 3 PHASES OF WORK

### Current Investment

*How much money, if any, is currently being invested in key parts of the strategic plan?*

**PHASE I:**  
Targeted fiscal analysis

### Cost to Fill the Gap

*What will it cost to scale currently funded activities?*

*What will it cost to fund activities that do not currently or exist or are not yet funded?*

**PHASE II:**  
Cost modeling and gaps analysis

### New Revenue Sources to Fill the Gap

*What revenue streams are available at the state level to help pay for the newly identified costs?*

*Who needs to be at the table to deliberate on the feasibility of these potential streams and coalesce around a main revenue option/strategy?*

**PHASE III:**  
Revenue options research and stakeholder deliberation

# **Messaging on economic impact**

# ● Childcare and its Economic Impact

- Bringing people into the workforce, especially mothers
  - Studies vary – a 10 percent reduction in child care costs increases maternal employment between .25 and 11 percent
  - Washington DC example
- Improving Worker Productivity
  - Parents will be less likely to quit their jobs or miss work hours
  - When a child is under 3, the average burden to businesses is \$1,150 per working parent (totaling \$12.7 billion every year)
- Increasing Property Values
  - Early childhood programs attract young parents to an area
  - For every \$1 in annual high-quality pre-k spending, local property values will go up by \$13

# ● Messaging Economic Impact

- Focus on investments - **Yes For NOLA Kids Campaign ad**
  - “Education is an investment in families. It's an investment in our economy.”
  - “The millage is a small amount to pay for the investment that you will receive rewards for in the future.”
  - “For just five dollars a month for the average homeowner in New Orleans.”
- Focus on families and the workforce - **Alliance for Early Success ad**
  - “Child care for our one child costs more than my entire paycheck”
  - “Families want to work, families want to have careers but they cannot have them without child care”
  - “Not having enough openings in a child care center forces you to make a decision as to whether or not you go back to work”

# STATES GETTING TO WORK

- **MARYLAND** - A digital advertising tax went into effect in Maryland this year. The tax applies to revenue collected from digital advertisements displayed within the state and could raise an estimated \$250 million in its first full year for the state's education system.
- **COLORADO** - Passed a ballot measure in 2020 to expand tobacco tax and close vaping tax loophole to fund universal, free preschool for all Colorado children. It is projected to generate \$2 billion for universal pre-k over ten years.
- **NEW MEXICO** - A constitutional amendment to dedicate part of their Land Grant Permanent Fund to make early childhood education a public good like K-12 education.
- **D.C.** - D.C. raised taxes for residents that make more than \$250,000 annually. It is projected this tax will reach \$175 million in 2025. By 2025, this tax will allocate approximately \$75 million for Birth-to-Three.
- **LOUISIANA** - The Louisiana legislature approved sports betting in 2021. 25% of the funds, up to \$20 million, revenued by the state will be allocated to early learning programs.

**Thank you!**