Investing in Families

AO 2022-17(S-1): A Charter Amendment to Support & Advance Early Child Care & Education

January 6, 2023
Worksession #3

• Worksession #1
  - September 22, 2022

• Worksession #2
  - November 18, 2022

Documents: www.muni.org/worksessions
Recap: The proposal

• Dedicate the Anchorage marijuana tax to support and advance child care and early education in our community.

• Establish an Accountability Board of Child Care and Early Education to oversee the fund & its investments.

Recap: Why are we bringing this AO forward?

We are in the midst of a child care crisis.

- Lack of child care is a barrier for parents to return to work
- Nearly 40 percent of Anchorage children live below the poverty line
- Lack of child care hurts businesses
- Affordable & quality early childhood education programs are out of reach for many families
Recap: Positive Impacts of Early Education

• Kindergarten readiness (32% of Anchorage kids ready)
• Improves reading & increases graduation rates
• Increases earning potential – decrease poverty
• Helps reduce child abuse and neglect & builds protective factors
• Reduces risk of jail, homelessness, substance misuse & use of public assistance
• Strengthens workforce & builds future workforce
• Improves wages & benefits
• Long term savings of early investment in children - $1 can return up to $13 in savings on future government costs
Recap:
Positive Impacts of Proposal

• Dedicating net proceeds of marijuana tax will provide secure and sustainable funding.

• Opportunity to braid funding streams, leverage private investment, take a big picture approach to child care and early education needs of families in our community.

• Help make the Municipality of Anchorage a more attractive place for families to live and employers to set-up shop.
Would this duplicate the Alaska Reads Act? No.

- Only ASD is eligible for funding
- For 4/5 years old only
- Does not support mix delivery system.
- Does not reach all children.
- Does not address out-of-school time.
- Limited to 3 million per year for entire state.
Recap: A Citizen Efforts - Community Support

- Nonprofits
- Parents
- Educators
- Community leaders
- Business
- Government

The AO was postponed in November so the group could gather more information.
COMMUNITY SUPPORT

Proposition results

S: SPSS
The S1 version: Submitted for the January 10 addendum
The S1 version: Tax Cap

- Lowers the tax cap one time for 2024 by $3M
- Seeks balance between ensuring funding for critical municipal services and reducing tax payer burden by not backfilling full amount of $6M
- During first quarter budget revisions, adjustments can be made to make up most of the gap without increasing property taxes
The S1 version: Dedicated Proceeds

• Adds 6.06(a) which specifies net proceeds to ensure that costs of tax administration continue to be paid out of the marijuana tax revenues

• Specific uses of net proceeds:
  • Create access to child care and early education programs
  • Fund reading programs
  • Provide resources for livable wages, training, staffing
  • Prioritize use of closed ASD schools for child care and early education programs
The S1 version: Board Changes

• The board’s name is changed to Accountability Board of Child Care and Early Education
• The board’s purpose is refined to focus on accountability of mission
• The Board has been changed to mayor appointment and Assembly confirmation, like all other boards and commissions
• Still a five-member board
The S1 version: Budget & Funding (no changes)

• The Board’s budget is separate from municipal budget

  *The board shall have a separate budget within the annual municipal budget and it shall be subject to Charter sections 13.03 through 13.08.*

• The Board submits budget to mayor with a copy to assembly at least 120 days before end of year

• Mayor submits proposed budget to assembly for approval
The S1 version: Expenditures & Administrative Limit (no changes)

• Retains language about use of funds for mission in any manner not prohibited by law – grants, studies, research, training, professional development

• Retains:

Grants and fund expenditures shall be used for nonsectarian purposes and may be issued to any public, private, or religious organization otherwise eligible to receive municipal grants and contracts.

• Retains 10% spending limit on administrative costs
The S1 version: Does not reduce percentage cap of MJ retail sales tax

Section 14.06. - Retail marijuana sales tax.

[NOTE: subsection (a) below is omitted from the proposition, there is no change proposed to the current text of the subsection]

[(a) The assembly is hereby authorized, to the extent provided by law, to levy a tax on all retail sales of marijuana and marijuana products in an amount not to exceed ten percent (10%) [twelve percent (12%)] of the sales price. The initial rate of levy shall be five percent (5%), and may not be increased until after June 30, 2028.]

• Removes freeze on no increase to MJ tax for five years
Clean Ballot Language on the AM

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The board shall have a separate budget within the annual municipal budget and shall be subject to Charter sections 13-00 through 13-08. The board shall prepare a proposed budget and submit it to the mayor and a copy to the assembly at least 125 days before the end of the biennial fiscal year. The budget may provide for investment of funds for use on capital projects or capital programs in future years. This mayor shall submit a proposed budget for the board to the assembly, and it shall be considered and approved separately from the municipal budget. The assembly shall adopt a tax rate at a level sufficient for the approved budget and in accordance with Charter § 14.06.

(d) Expenditures and Administrative Limit. The board may support and advance child care and early education in Anchorage in any manner not prohibited by law, including issuing grants, conducting studies or other research, and hiring training or professional development. Grants and tenders shall be used for nonexempt purposes and may be issued to any public, private, or religious organization otherwise eligible to receive municipal grants and contracts. The board may spend no more than 10% of the funds received each year on its own administrative costs as defined by ordinance. The board shall each year publish a report describing the amount of money it has received and how it was used. The board shall submit the report to the Assembly, and the assembly may require the board to provide additional information as necessary.

(e) Accountability Board Staff. The board may, but is not required to, appoint a principal executive officer in consultation with the mayor. The principal executive officer shall serve at the pleasure of the board.

(f) The assembly shall implement this section by ordinance.

And by amending portions of Anchorage Municipal Charter § 14.03 and § 14.06 as follows: additions shown in underline and bold, deletions indicated by brackets, struckthrough, and initially, current text of the Charter excluded indicated by **.

Section 14.03. Tax increase limitation...

(b) The limitations set forth in subsection (a) do not apply to the following:

(6) Taxes imposed pursuant to Charter § 14.06 prior to 2019 and subsequent to 2023.

(c) Any tax increases which result from the exceptions set forth in subsection (b) shall be added to the base amount which is used in subsection (a) for the calculation of the subsequent year tax increase limit. Taxes collected pursuant to Charter § 14.06 in 2016 shall be added to the base amount which is used in subsection (a) for the calculation of the subsequent year tax increase limit.

Section 14.06. Retail marijuana sales tax...

*** Beginning in 2024, the net receipts from the tax levied under this section, after payment of the costs of tax administration, collection and audit in the municipality, shall be dedicated and shall be available for use only for the purposes of Charter § 6.06.

The board shall be the directing and coordinating body for the purpose of supporting and advancing child care and early education in Anchorage. The board has authority to conduct studies or other research, and hiring training or professional development. Grants and tenders shall be used for nonexempt purposes and may be issued to any public, private or religious organization otherwise eligible to receive municipal grants and contracts. The board may spend no more than 10% of the funds received each year on its own administrative costs as defined by ordinance. The board shall each year publish a report describing the amount of money it has received and how it was used. The board shall submit the report to the Assembly, and the assembly may require the board to provide additional information as necessary.

Yes [ ] No [ ]
THANK YOU

www.muni.org/assembly