

# 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](http://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.
- Amend Anchorage Municipal Charter Article VI – Education and Article XIV – Taxation.



# 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

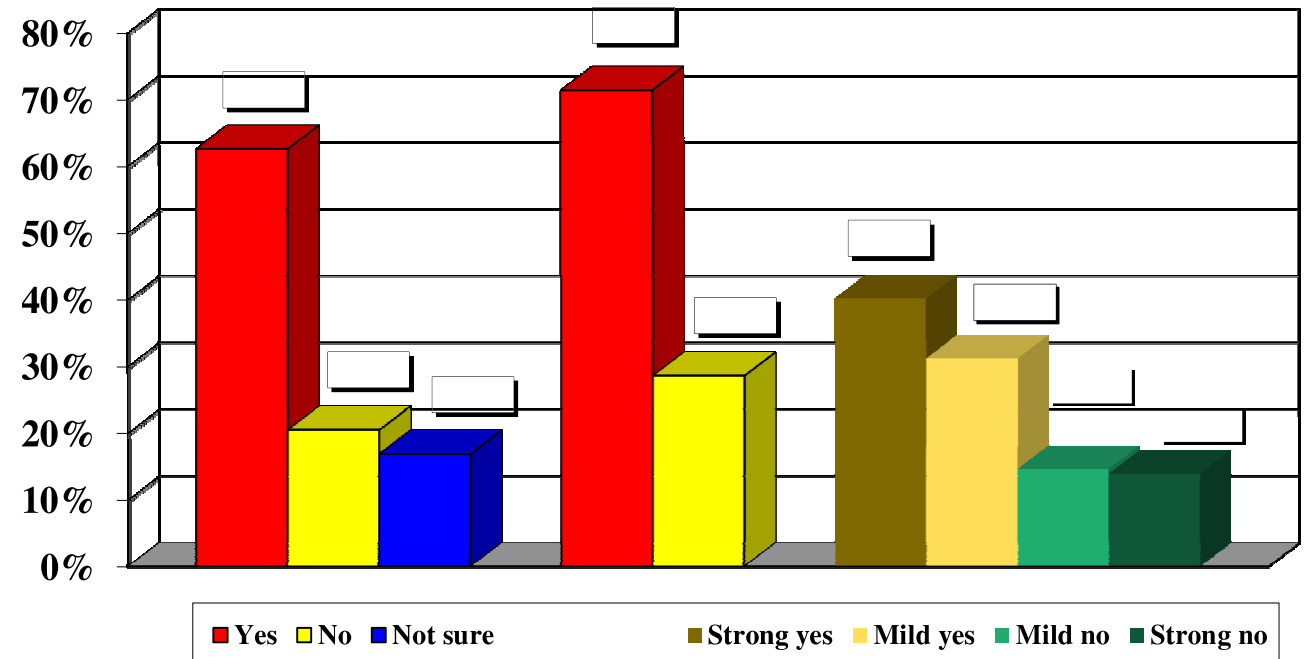
The AO was postponed in November so the group could gather more information.





# 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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for the voters as it would read if passed without such markup is presented here for  
convenience of the readers:

## PROPOSITION NO. \_\_\_\_

### Charter Amendment

#### Dedicating Marijuana Tax for Child Care and Early Education

This proposition would establish dedicated funding for child care and early education, an accountability board of child care and early education, dedicate the net retail marijuana sales tax revenues to this board's budgeted activities, and move the marijuana sales taxes from under the tax increase limitation ("tax cap") calculation to be above the tax cap and lower the tax cap one time by three million dollars in 2024. The proposition would amend the Anchorage Municipal Charter by adding the following new section to Article VI:

#### Section 6.06. Dedicating marijuana tax net proceeds and Accountability Board of Child Care and Early Education

- (a) **Dedicated marijuana tax net proceeds.** The net proceeds of the marijuana tax shall be dedicated to:
- (1) Creating access to child care and early education programs for the residents of Anchorage;
  - (2) Provide funding for reading programs for child care and early education programs;
  - (3) Provide resources to increase funding, livable wages, training and staffing for child care and early education programs; and
  - (4) Prioritize the utilization of existing school district facilities that are closed, scheduled to be closed, or underutilized for use for child care and early education programs, as long as they are economically feasible, before other facilities are considered for the use of these funds.
- (b) **Accountability Board Composition and Purpose**  
There is established an accountability board of child care and early education composed of five (5) members appointed by the mayor and confirmed by the assembly. The board's mission and activities shall be for the purpose of supporting and advancing child care and early education in Anchorage. No board member may serve in any elected office, except on a service area board established pursuant to section 9.01 of this Charter.
- (c) **Budget and Funding**

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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 shall prepare a proposed budget and submit it to the mayor and a copy to the assembly at least 120 days before the end of the municipal fiscal year. The budget may provide for investment of funds for use on capital projects or capital programs in future years. The 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 establish 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 funding training or professional development. 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. 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 amounts spent and the results achieved, and other information as the assembly by ordinance may prescribe.

#### (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, strikethrough, and bold]; current text of the Charter omitted indicated by \*\*\*):

#### Section 14.03. Tax increase limitation.

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(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)(1)–(3) shall be added to the base amount which is used in subsection (a) for the calculations of the subsequent year tax increase limit. Taxes collected pursuant to Charter § 14.06 in 2018

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shall be added to the base amount which is used in subsection (a) for calculations of the 2019 tax increase limit. Taxes collected pursuant to Charter § 14.06 in 2024 and subsequent years shall be in addition to taxes that can be levied pursuant to this section. To ameliorate the effect of excepting taxes in subsection (b)(6) subsequent to 2023, the total amount of municipal tax that can be levied as calculated under subsection (a) for 2024 only shall be reduced by three million dollars.

#### Section 14.06. - Retail marijuana sales tax.

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

Shall the Anchorage Municipal Charter be amended as set forth above, and the Accountability Board of Child Care and Early Education be established with the retail marijuana sales tax dedicated to child care and early education programs and moved outside the tax cap and lower the tax cap one time in 2024 by three million dollars (\$3,000,000)?

Yes [ ] No [ ]



**THANK YOU**

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