

Workgroup #1: Revenue, Taxation, Proposition 98 and Sequencing/Priorities

Meetings:

- September 29th, 2008 from 10 am to 2 pm: UC Center, Sacramento, CA
- October 29th, 2008 from 9:30 am to 2 pm: USC Capitol Center, Sacramento, CA

Chairs:

- Adonai Mack, Association of California School Administrators
- Ted Lempert, Children Now

Overarching Policy Questions:

- Can/should we attempt to legislate or amend the California constitution to:
 - Provide sufficient funding for early education investments either within Prop. 98 or in some other provision with similar guarantees?
 - Ensure that if early education programs remain in Prop. 98, they grow the funding base?
- What are other potential funding sources (like new tax) and how do we avoid competing with K-12 for the same dollars?
- How does other state funding such as Prop 10 and other federal funding sources like Head Start, Early Head Start, Title I, Special Ed. and CCDF integrate with these efforts? What federal actions should we advocate/join to increase federal investments in ECE?
- How do we allocate resources for quality improvement and access gap closure, and how do we distribute funds for children birth to five?

How the Workgroup Addressed the Policy Questions:

At the first meeting, the workgroup reviewed funding strategies for ECE used in other states. The group emphasized the importance of securing funding for children birth to five. The group began discussing alternatives to raising funds including a public/private partnership, a new tax or bond, and a weighted student formula. The group agreed that they needed to understand in more depth the current revenue sources, including CDE and CalWORKs resources – this discussion was continued in the following meeting. The group then reviewed the mechanics behind Prop. 98 funding.

At the second meeting, the workgroup reviewed current CDE and CalWORKs resources for ECE, including current funding amounts, number of children served and the mechanisms in place for funding. The group agreed that a better understanding of federal revenue sources was also needed. The group discussed prioritizing the revenue into a QRIS system (would address increasing the SRR, increasing the quality of alternative payment programs, increasing the quality of license exempt and improvement of the licensing system overall), but did not come to any final agreement. The group discussed possible new revenue sources: increasing the Prop 98 base by moving Kindergarten up one or two years, hotel tax (backed by casinos in Nevada),

public/private partnerships with sliding scales for parents. Finally, the group identified priorities and principles for sequencing any new revenue:

- Priorities
 - Maintain a diverse delivery system
 - Workforce development
 - Increasing the SRR
 - Increasing quality of alternative payment programs
 - Increasing quality of license exempt care
 - Protect infant/toddler – set aside?
 - Streamline eligibility requirements
 - Reduce the number of children on the Central Eligibility List
- Principles:
 - Voluntary
 - Diverse/mixed delivery system (cultural, class and linguistic concerns)
 - Support children learning and parents earning
 - Realistic
 - Parental Choice
 - Improve license exempt care
 - High quality
 - Access expanded
 - Infant and toddler
 - Increasing integration

Additional Needs Going Forward:

- Concise list of all revenue: state and federal and how many/which children served
- Concise memo on what other states are doing/best practices
- Cost estimates on what it would take to fund these programs
- First 5 funding info
- Revenue/Tax expert to review regulations and political landscape around revenue

Next Steps:

- Next meeting: December 16th, 2008: Location TBD.
- The group will review additional funding information at the next meeting, including First 5 funding and federal revenue sources. The next meeting will brainstorm overall goals, criteria and additional ideas for alternatives to generate revenue.