

## Early Learning Legislative Advisory Committee

January 19, 2023

4 – 6:00 pm

### AGENDA

#### Charge of the Committee:

*Make recommendations to the City Council on the potential design and implementation of a locally governed program to ensure universal and equitable access to early care and education for all Saint Paul children*

1. Greeting (5 minutes)
2. Check-In on Committee Phase and Current Progress (10 minutes)
3. Revisiting Guiding Principles (5 minutes)
  - a. Guiding Principles for Recommendations
    - *Recommendations should focus on work that the city can and should actually do now.*
    - *Recommendations should be supported by relevant community data and information discussed at the committee.*
    - *Recommendations should make the best use of all existing resources toward a program proposal that is centered on kids/families/workers.*
    - *Recommendations shouldn't duplicate work already being done.*
    - *Other suggestions?*
4. Final Report Template Introduction (10 minutes)
5. Discussion
  - a. Governance
    - i. Small Group Discussion (30 minutes)
    - ii. Whole Group Shareout (10 minutes)
  - b. Funding
    - i. Small Group Discussion (30 minutes)
    - ii. Whole Group Shareout (10 minutes)
6. Closing Activity - Exit Survey (10 minutes)

**Early Learning Legislative Advisory Committee**  
Group Norms

- Dedicate time to check in on norms at each meeting.
- Start on time/End on Time.
- “Step Up” & “Step Back”.
- We use “thumbs up” for group acknowledgment/to move on as a group.
- Have the conversation/ask questions inside this space.
- Be willing to ask questions.
- Respectfully disagree.
- Avoid acronyms or other uncommon terms - be willing to explain what those things are to the group.
- Gain acknowledgement before speaking - take turns when speaking or asking questions.
- Hold questions for guest speakers/panelists until they are finished speaking or presenting - write your questions down.

**Early Learning Legislative Advisory Committee:  
Meeting Notes  
4-6 pm**

January 19, 2023

**Attendees:** Megan Jekot, Eric Haugee, Rebecca Noecker, Hwa Jeong Kim, Sai Thao, Barb Yates, LaVon Lee, Maria Scot, Lynne Bolton, Camila Mercado Michelli, Brianna Trinidad Sprung, Nelsie Yang, Kristenza Nelson, Quentin Wathum-Ocama, Tracy Roscoe, Rachel Boettcher, Stephanie Thomas

1. Greeting
2. Check-In on Committee Phase and Current Progress
3. Revisiting Guiding Principles
  - a. Guiding Principles for Recommendations
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    - *Other suggestions?*
4. Final Report Template Introduction
5. Discussion of Governance

**1. Question 1:** The early care and learning program should be operated by a new nonprofit organization that will contract with the City of St. Paul.

- Agreed with first question
- Generally agreed, caveat need accountability. Can borrow language from other groups
- Not sure what alternative would be. How it works that tax dollars going to a nonprofit?
- Ensure more neutrality than city or school
- Can solicit other donations
- Have council dedicate staff to running program. Proces
- Some needed more information – is it a new entity, should some of the work stay with the city.

- Establishing a new nonprofit – not one already spread thin. Focused on the mission.
  - How long does it take to establish? Should that slow the process down? LaVon – 6 months.
2. **Question 2:** The early care and learning program should be overseen by a Governing Board which will be responsible for meeting the legal requirements of the City of Saint Paul, both through ordinance and any contract with the City. The Governing Board should have dedicated seats for parents, providers, educators, government agencies and elected officials, and be advised by a Parent/Provider Policy Council.
- Governing board should have dedicated seats for – 3 parents and 3 providers. Different providers should come from in-home, center, range of .
  - Unsure or disagree or need more information. Who is on it? It is a stipended opportunity? Should be. What sort of power does that board have? A lot of detail needs to be figured out.
  - Is there is a board, want to make sure parent voice is strong. Should be compensated for their time.
3. **Question 3:** How should the early care and learning program be held accountable for fiscal and program performance by the City of St. Paul?
- Nonprofit has an annual report – put out annually. Good to have verbal accountability with the City Council. Once or twice a year, sharing highlights and challenges. Able to accept private dollars
  - Very clear expectations, performance indicators. Look at family data: less reliance on other government subsidies,
  - Need more information. Shouldn't run program like a business. Public oversight. Look at performance. Suggestion that council should be accountable for the work.
  - Need more information.
4. **Question 4:** The early care and learning program should be primarily funded through a new, dedicated, public revenue source.
- Special levy and sales tax
  - Need more information
  - Agree that it must be funded.
5. **Question 5:** The early care and learning program should solicit donations from philanthropic and private sources to supplement its public funding.
- What are strings attached to private philanthropy
  - Should supplement
  - Need more conversation around public mechanism
  - Yes, through new source. Focus on DEDICated
  - Did not agree whether it should solicited. Mission creep, Others

6. Question 6: The new, dedicated revenue should supplement and not replace funding available for early learning from the state and federal government
  - All agreed it should supplement and not replace.
  
7. Question 7: How should we raise public revenue
  - We really do not like reallocation
  - Torn about local sales tax. Most support for special. Need more discussion.
  - Agree
  - Options for funding: disagreed on reallocation and annual levy. Not sustainable.
  - Special levy and local sales.
  - Special levy – leaned toward more. Points of tension. What do lowest income families want? Would they utilize it? Would still want family member to do it?
  - Sales tax – somewhat support/support. Long process. Since has to go through the capitol.
  - First – all greed
  - Second – private dollars – mission creep. Leaned more toward disagree. More skepticism.
  - Agreed should supplement.
  - Agreed that the special levy is the way to go. The less hairpulling.

The meeting was adjourned.

## Local Funding Options

The following four options are ways the City can raise sufficient revenue to support a citywide early care and learning program. A description of each option and considerations that apply to it are below.

All of the below funding sources are public funds, and raise important considerations about ensuring proper oversight of funds, ongoing program evaluation, impacts to Saint Paul residents, and impacts to available tax funds for other relevant community needs.

Special levy: A levy approved by voters that increases property taxes over a period of time and for a specific use approved by voters. This is separate from and in addition to the City's annual budgeting and levy-setting process.

### CONSIDERATIONS:

- The City Council can vote to put a special levy on the ballot, or a levy can be put on the ballot through a petition process. The levy would then need to be approved by a majority of voters at the next general election.
- Funds raised by a special levy are dedicated to the use voters approve. Funds can not be diverted to fill budget gaps or fill other needs.
- A special levy can be designed so that the amount raised increases gradually each year, so there isn't a large impact to taxpayers in one year.
- To fund a \$30M program, a special levy could raise \$3M in year one, \$6M in year two, \$9M in year three and so on. By year 10, the levy would bring in \$30M.
- When a special levy reaches its final year, voters must reauthorize it, or the funding ends.
- The special levy only applies to Saint Paul property taxpayers.
- Saint Paul residents have expressed feeling tax-burdened as the cost of living increases and property taxes continue to rise.
- Saint Paul residents are also taxed by other taxing districts, including the county and local school district, which have their own annual budget processes separate from the City.
- Low income homeowners and renters can seek relief through property tax refunds.
- Previous workgroups recommended this approach because a special levy is one of the few sources available to the City without legislative approval that generates sufficient revenue for this program and it is the only source that can be increased over time to grow as the program grows and minimize the burden on taxpayers in any one year.

Annual levy: The levy set by the City Council during its annual budget process.

### CONSIDERATIONS:

- The City Council could increase its regular annual levy by a certain amount to fund an early learning program, as part of its annual budgeting process.
- To fund a \$30M program in one budget cycle, the levy would need to be raised ~18% which would be approximately a \$240 increase to the average taxpayer in one year.

- The annual levy only applies to the next fiscal year. The City Council can not obligate funds further than one year out.
- Each year, the program would undergo review by the Council and Administration as part of the regular budgeting process, and the Mayor and Council could decide to either cut funding, maintain funding or increase it based on available data.
- Funds raised in the annual levy process are not legally dedicated to a specific use. Funds raised for the early learning program could be shifted to fill a budget gap or to fund other needs.
- Every year, there is a budget gap due to inflationary pressures. There is pressure to keep the annual levy increase as low as possible.
- The annual levy only applies to St. Paul property taxpayers.
- Saint Paul residents are also taxed by other taxing districts, including the county and local school district, which have their own annual budget processes separate from the City.
- Low income homeowners and renters can seek relief through property tax refunds.

Local Sales Tax: A tax levied on sales within the city of St. Paul.

**CONSIDERATIONS:**

- Uses for a sales tax would need to be approved by the Mayor and passed by resolution by the City Council prior to the legislative session.
- Current statute requires that sales taxes be used solely for capital expenses (roads, buildings, etc.). The City would need the Legislature to grant it an exemption to use a sales tax for early care and education. There is no precedent for this.
- The sales tax would then need to be passed by the Legislature and then be put on the ballot at the next general election and be approved by a majority of voters.
- A sales tax applies to everyone who purchases goods in the city, not just Saint Paul residents.
- While the sales tax is generally considered a regressive tax, it is less regressive in Minnesota because it does not apply to groceries or clothing.
- A 1% sales tax would raise ~\$40M per year.
- The City currently has a ½-cent sales tax which was passed in 1993.
- The City is currently seeking legislative approval for an additional 1% sales tax for streets and parks. If the City receives legislative approval, voters will be asked to approve it on the ballot in the 2023 general election. This may impact future requests for city sales tax increases.

Reallocation: The City Council could move existing funds from other programs or services in the City budget to fund an early care and learning program.

**CONSIDERATIONS:**

- The City budget is already lean, and there is a budget gap every year. Moving dollars from one part of the City budget to fund an early care and learning program would mean a reduction in services to residents.
- This approach means not raising any additional dollars from taxpayers to fund the program.

- Since this approach is part of the annual levy, the Council can not obligate funds further than one year out as part of its existing budget process, and it will undergo review each year in the process described in the annual levy section, with future funds being cut, maintained or increased by the City Council and Mayor.