



Legislation Text

File #: RES 23-1094, **Version:** 2

Ordering a special election to be held on November 5, 2024 to add a ballot question on whether the City should create a dedicated fund for subsidies for children's early care and education through a property tax levy. (This item was vetoed by the Mayor on July 27, 2023 and over-ridden on August 16, 2023.)

WHEREAS 90% of brain development occurs in the first five years of life, when children acquire language, motor skills, emotional capacities, problem-solving abilities, and pre-literacy skills; and

WHEREAS early intervention in these critical years has been proven to have significant impacts on children's future success in school, including reductions in special education placement and higher rates of high school graduation; and

WHEREAS over 16 years ago, economists Art Rolnick and Rob Grunewald at the Federal Reserve Bank of Minneapolis researched the potential benefits of providing the most at-risk children with high-quality early childhood programs by looking at longitudinal studies and research on brain development and found a rate of return on investment as high as 16%; and

WHEREAS twenty-seven percent of Saint Paul children live under the federal poverty level and over half live under 185% of the Federal Poverty Level, a threshold used by the State of Minnesota to indicate need for means-tested Early Learning Scholarships; and

WHEREAS current programs and funding available to families, such as the Child Care Assistance Program (CCAP), Early Learning Scholarships, Head Start/Early Head Start and Saint Paul Public Schools Pre-K, do not meet the extraordinary need and have significant wait lists; and

WHEREAS in 2023, the Minnesota Legislature approved significant increases to programs serving children 0-5 years old and an independent analysis by Rob Grunewald estimates that from \$22 million to \$78 million additional dollars could flow to Saint Paul in 2024; however, those estimates also show that Saint Paul would still need an additional \$39 million per year to reach children 0-2 years old living at 185% of federal poverty level and below; and

WHEREAS on Sept. 28, 2022, the City Council passed Res 22-1549 to establish an Early Learning Legislative Advisory Committee to explore how the City could achieve a citywide early care and education program; and

WHEREAS on March 22, 2023, the Early Learning Legislative Advisory Committee presented its final recommendations to the Council; and

WHEREAS the Committee strongly affirmed that the City should create a locally governed child care and early learning program to be primarily funded through a new, dedicated, public revenue source; and

WHEREAS, Sec. 2.02 (8)(f) of the Administrative Code states that the Office of Financial Empowerment has the authority to create and administer an early learning program aimed at cutting opportunity and achievement gaps, decreasing poverty rates, and providing economic support to families struggling with the cost of childcare; and

WHEREAS, in accordance with the recommendations of the Early Learning Legislative Advisory Committee, a citywide early learning program would:

- Be operated by the City of Saint Paul, via a new or existing city office or department.
- Be informed by an advisory committee comprised of parents, providers and community representatives that will have a voice in policy decision-making.
- Allocate funding for two purposes: 1) Subsidies to help families afford the cost of early learning and care, 2) Support for providers to expand capacity, ensure competitive pay and benefits, and/or access professional development opportunities.
- Make funding available to all families residing in Saint Paul with children ages 0-5, without regard to immigration status.
- Fully fund the cost for families at 185% federal poverty level and below and subsidize families earning more on a sliding scale. If funding is not available for all eligible children, the program will prioritize families with the most need using a point system that considers factors like income, homelessness, foster care status, having parents under 21, etc.
- Streamline the process of accessing care and applying for financial assistance through strategies such as creation of a single application, link to an online finder tool, translators and navigators (both centrally located and community-based), etc.
- Fund only providers located in Saint Paul and develop a waiver process for providers outside of Saint Paul in extenuating circumstances.
- Fund the following types of providers located within Saint Paul city limits: Head Start and Early Head Start, licensed family child care, licensed child care centers and legal non-licensed providers, including legal non-licensed family, friend and neighbor caregivers. The City Council will continue to evaluate how to best support other family, friend, and neighbor caregivers.
- Fund programs with a variety of schedules to meet families' needs, from part-time up to and including year-round, full- and extended-day care.
- Support providers in obtaining licensure and meeting program standards.
- Supplement and not supplant funding available from other sources, such as Early Learning Scholarships, CCAP, and any other state or federal funding.
- Be held accountable for fiscal and program performance according to clearly defined performance indicators and annual financial audits.

WHEREAS the Committee examined the possible revenue sources available to the City that could provide a stable and adequate source of funding for an early care and education program, and recommended that the City pursue a special levy approved by voters that increases property taxes over a period of time for a dedicated use; and

WHEREAS, the City Council finds that a property tax levy to raise dedicated funds to provide subsidies for quality early learning and care would provide equitable educational access for all children and benefit the City; and

WHEREAS a special levy of \$2 million in the first year, increasing by \$2 million each year for 10 years, would equal \$20 million by year 10, and would serve over half the anticipated demand for families living at 185% of poverty and below, and equal a \$16 tax increase each year for the median single family home; and

WHEREAS an incrementally increasing levy would allow the City to pilot the program in 2025-26, and refine and expand the program as dollars increase in subsequent years; and

WHEREAS the City Council will engage the community from August 2023 to August 2024 to determine further program specifics and prepare for a pilot, and if the special levy is approved by voters, will prepare for implementation from January 2025 to August 2025; and

WHEREAS, pursuant to Minn. Stat. § 205.10, subd. 1, a special election may be ordered by the governing body of the municipality on its own motion on a question on which the voters are authorized by law or charter to pass judgment; and

WHEREAS, pursuant to Saint Paul City Charter §7.07, the council may by resolution, adopted by affirmative vote of at least five (5) members, order a special election when deemed necessary for any purpose and provide for the holding of the election; and

WHEREAS, Minn. Stat. § 205.16 requires that the City Clerk provide the County Auditor written notice of a ballot question at least 74 days before the election, which in this case is on or before August 23, 2024; and

WHEREAS, pursuant to Minn. Stat. §275.60 (a), any question submitted to the voters by any local governmental subdivision at a general or special election authorizing a property tax levy or tax rate increase, must include on the ballot the following notice in boldface type:

BY VOTING "YES" ON THIS BALLOT QUESTION, YOU ARE VOTING FOR A PROPERTY TAX INCREASE;

NOW. THEREFORE, BE IT RESOLVED, that the City Council hereby orders a special election to be held on November 5, 2024; and be it

FURTHER RESOLVED, that the City Clerk is directed to notify the County Auditor to place a ballot question on the November 5, 2024 ballot; and be it

FURTHER RESOLVED, that the title and the language of the ballot question read as follows:

Ballot Title: **SHOULD THE CITY LEVY TAXES TO PROVIDE EARLY LEARNING SUBSIDIES?**

Ballot Question Language: In order to create a dedicated fund for children's early care and education to be administered by a City department or office that provides subsidies to families and providers so that early care and education is no cost to low-income families and available on a sliding scale to other families, and so as to increase the number of child care slots and support the child care workforce, shall the City of Saint Paul be authorized to levy property taxes in the amount of \$2,000,000 in the first year, to increase by the same amount each year following for the next nine years (\$4,000,000 of property taxes levied in year two, \$6,000,000 in year three, \$8,000,000 in year four and so on until \$20,000,000 of property taxes are levied in year ten)?

BY VOTING "YES" ON THIS BALLOT QUESTION, YOU ARE VOTING FOR A PROPERTY TAX INCREASE.

The maximum amount of increased levy as a percentage of market value is 0.006% in year 1 and estimated to be 0.060% in year 10. The amount that will be raised by the new referendum tax rate in the first year it is to be

levied is \$2,000,000.

AND, BE IT FINALLY RESOLVED, that the Office of the City Attorney, as required under Minn. R. 8250.1810, subp. 10, reviewed the title of the said ballot question as prepared by the City Council and approved the ballot question.