February 5, 2018

Honorable Board of Supervisors
County of Alameda
1221 Oak Street, Suite 536
Oakland, California 94612-4305

Dear Board Members:

SUBJECT: APPROVE A PROPOSED CHILD CARE AND EARLY EDUCATION PLAN AND ADOPT A RESOLUTION TO ADD TO THE BALLOT OF THE ELECTION TO BE HELD ON JUNE 5, 2018

RECOMMENDATION:

1. Adopt a Resolution to add to the ballot of the election to be held on June 5, 2018 the question of whether the County of Alameda shall implement a 30-year, one-half percent sales tax providing an estimated $140,000,000 annually with citizens’ oversight, public disclosure of spending, and mandatory annual audits, to expand access to child care and preschool for low- and middle-income families; help homeless and at-risk children, including help preventing child abuse/neglect; attract/retain quality child care workers; and add spaces for child care at existing facilities throughout the county; and

2. Approve the Program Plan to govern the use of the proceeds of the Child Care and Early Education Fund upon passage by two-thirds of the electorate voting on the Measure in the June 5, 2018 Primary Election.

SUMMARY:

Over the past year, County staff has engaged parents, child care providers, early educators and other relevant stakeholders to develop and refine program proposals for a potential child care and early education ballot initiative. The attached Resolution and Program Plan seek to address the crisis in child care and early education by bringing to the voters a Measure allowing Alameda County to implement a one-half percent sales tax for thirty years to fund expanded access to child care for low- and middle-income families and to raise wages for child care providers and early educators to a minimum of $15 per hour.

The Program Plan calls for an initial estimated allocation of 59% of the proceeds raised by this measure to be used towards funding new child care scholarships for children from low- and middle-income families. Within this allocation, 41.1% will focus on funding scholarships for homeless and other high priority families, and reduce child care and early education waiting lists
across Alameda County. An additional 17.9% will be used towards funding competitive grants to meet community needs and fund innovative programs. The Plan also allocates 3% to evaluate the program, and establish a reserve to protect against fluctuations in tax revenue.

The remaining 38% of the proceeds raised by the tax will fund efforts to improve quality and wages, with 1% allocated for the workforce pipeline and innovation, 2% allocated for facilities and 0.5% for mental health support services.

<table>
<thead>
<tr>
<th>Plan Component</th>
<th>Initial Estimated Allocation</th>
<th>Estimated Annual Dollar Amount (millions)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Evaluation &amp; Reserve</td>
<td>3.0%</td>
<td>$4.20</td>
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<tr>
<td>Improved Quality &amp; Wages**</td>
<td>38.0%</td>
<td>$53.20</td>
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<tr>
<td>Base Quality/Wage Improvement</td>
<td>33.5%</td>
<td>$46.90</td>
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<tr>
<td>Facilities</td>
<td>2.0%</td>
<td>$2.80</td>
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<tr>
<td>Workforce Pipeline</td>
<td>1.0%</td>
<td>$1.40</td>
</tr>
<tr>
<td>Innovation</td>
<td>1.0%</td>
<td>$1.40</td>
</tr>
<tr>
<td>Mental Health Support Services</td>
<td>0.5%</td>
<td>$0.70</td>
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<tr>
<td>New Scholarships**</td>
<td>59.0%</td>
<td>$82.60</td>
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<tr>
<td>Base New Scholarships</td>
<td>41.1%</td>
<td>$57.54</td>
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<tr>
<td>Regional Pools</td>
<td>17.9%</td>
<td>$25.06</td>
</tr>
</tbody>
</table>

* Based on $140 million estimated annual revenue
** Includes technical assistance, case management, program implementation, contract oversight & other administrative costs

These allocations may be amended after a public process. The Program Plan does not address a cap on administrative costs which will be established in the contract between Alameda County and the Administering Agency.

The Program Plan requires participating child care and early education programs to allow employees to contribute part of their pay to a professional organization of the employees’ choosing via payroll deduction.

Approval of the resolution today and the approval Child Care and Early Education Tax Ordinance on its second reading will place this Measure on the ballot in the June Primary Election. If approved by two-thirds of the voters, this tax will go into effect October 1, 2018. Alameda County is estimating this tax will raise approximately $140,000,000 annually with that amount changing based on economic activity in the County.
BALLOT MEASURE LANGUAGE:
ALAMEDA COUNTY CHILDCARE AND EARLY EDUCATION MEASURE.

To expand access to childcare and preschool for low- and middle-income families; help homeless and at-risk children, including help preventing child abuse and neglect; attract and retain quality childcare workers; and add spaces for childcare at locations throughout the county, shall the County of Alameda enact a 30-year \( \frac{1}{2} \% \) sales tax providing approximately 140 million dollars annually with citizens’ oversight, public disclosure of spending, and mandatory annual audits?

DISCUSSION:

As your Board is aware, child care and early education in Alameda County has become increasingly scarce and expensive, to the point that it is now out of reach for many low- and middle-income families, including homeless families and vulnerable populations. The General Services Agency’s Early Care and Education Program made presentations about the child care and early education crisis issue to your All In Committee at its October 2017 and January 2018 meetings, and to your Board at your September 19, December 12, and January 30 retreats. County staff was instructed to explore the possibility of placing a sales tax measure on the June 2018 ballot to provide funds to mitigate the quality child care and early education crisis.

From July 27, 2017 through January 11, 2018 a Steering Committee met bi-weekly to review and discuss child care and early education needs and possible programs to be funded from a sales tax measure. Your Board held eight listening sessions throughout Alameda County to solicit input from the public and stakeholders on both policy and programs related to the proposed measure. Representatives from labor, community, and child care and early education also sponsored six additional listening sessions. An Advisory Panel of 48 key child care and early education stakeholders and content experts met three times to further vet and provide feedback on the proposed program components.

In total, we conducted almost 100 group and one-on-one listening sessions reaching at least 1,000 individuals and collected and logged over 500 feedback forms to inform and improve the proposed plan. We also established a County webpage (www.acgov.org/ece/crisis) with relevant information and a dedicated phone number and email address to collect additional feedback. The overwhelming majority of stakeholders voiced support for the measure, especially its focus on improving child care and early education access, quality, and wages.

In addition, a consulting firm conducted two telephone surveys of 600 likely June 2018 voters to provide public opinion research and ballot initiative services to advise on the measure. Key findings from the polling data showed that 73% of voters would support the measure.

The proposed measure will help to mitigate the scarcity and cost of child care and early education within Alameda County, especially for low- and middle-income families and vulnerable
populations. It will also sustain and improve the quality of new and existing child care and early education, and improve wages for child care providers and early educators to at least $15 an hour.

FINANCING:

Proceeds raised by this sales and use tax will be deposited into a special fund entitled “child care and early education tax fund”. These funds will be restricted and shall be used exclusively to provide high quality child care and early education services to benefit low and middle income children and families in Alameda County and to improve wages for child care providers and early educators who provide these services.

We are currently estimating this tax will raise approximately $140,000,000 annually with that amount fluctuating based on economic activity. Proceeds from this tax may not be used to replace the funding level for direct services established in the FY 2016-17 County budget to support child care and early education services unless State, federal, or other non-County sources of such funding have been reduced by the same amount.

Approval of this item will place the tax measure on the ballot for voter approval and will have no impact in net County cost.

Respectfully submitted,

Willie A. Hopkins, Jr.
Director, General Services Agency

BOS.02.06.18.CH. Proposed Child Care and Early Education Plan and Resolution V.Letter

Attachments

cc: Susan S. Muranishi, County Administrator
    Steve Manning, Auditor-Controller
    Donna R. Ziegler, County Counsel
    Meryl Klein, Office of the County Administrator
    Pete Coletto, Office of the County Administrator
    Kimberly Gasaway, GSA Chief Deputy, Administration
    Andrea Weddle, Chief Assistant County Counsel
    Kathleen Pacheco, Senior Deputy County Counsel
    Farand Kan, Deputy County Counsel