

APPENDIX E

Legislative Asks and Public Local Dedicated Funds

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Introduction

This is Appendix E to the “Making affordable, high-quality early learning and care accessible to all children in the Walla Walla Valley” executive summary. There are only two feasible options for getting large amounts of funding for child care outside of

Requesting funding from a state legislature, known as a “legislative ask,” is a strategy to get a substantial amount of one-time funds for constructing or improving early care and learning facilities. Funding secured through a legislative ask could be important for leveraging state and federal grants, many of which require considerable match. For example, in 2022, several school districts in the study area were interested in applying for the Washington Department of Commerce Early Learning Facilities Program but were stymied when they learned the grant requires 75% match and does not allow use of other state funds as match. Rural school districts in particular do not currently have that level of match available from nonstate sources. A legislative ask is likely the most feasible and efficient strategy to acquire a large amount of funding for early learning facilities at one time.

There are multiple pathways to making a legislative ask at both state and federal levels. While an efficient funding strategy in some ways, legislative asks do have tradeoffs, including that the process requires planning and can take several years. For example, a legislative ask to help fund facility construction could realistically take one-two years or more for the political process and another two years to build the facility. A legislative ask would also likely entail working with a lobbyist and is more of a political

school bonds and levies. One is to request funding from a state legislature, which is a good option for building or expanding facilities; and the other is to develop a public local dedicated fund, which can provide ongoing funding.

Legislative asks

campaign than typical fundraising. Furthermore, the legislative ask would have to tie to ongoing state processes, initiatives, and advocacy. According to key informants, workforce compensation is the child care and early learning-related policy focus in the current legislative biennium in Washington State. However, it was suggested that the Walla Walla Valley Elevate Group and partners could prepare to make a legislative ask for facilities in the 2025-2026 biennium.

Potential partners and groups who are doing relevant policy work in Washington State include the House Children, Youth, and Families Committee; Senate Early Learning Committee; Childcare Aware of Washington Compensation Work Group, which is currently developing policy recommendations; Childcare Voice Group; and Washington Communities for Children (WCFC). Brittany Hartikainen, ESD 123 ECEAP Administrator serving Walla Walla County, has been active in state-level early learning and child care policy and would be a good partner to engage.

Many other local early learning initiatives have successfully leveraged legislative asks. For example, Walla Walla Public Schools worked with a lobbyist to secure about \$100,000 from the governor’s budget for the Walla Walla Center for Children and Families. The Pendleton Children’s Center in

Pendleton, Oregon, is another nearby example of a group using a legislative ask as part of the funding to advance a child care and early learning initiative.¹ The group spearheading the Pendleton Children’s Center is using braided and blended funding to build the Center in two phases:

- Phase 1 involved transforming a former senior center into a preschool, which opened in November 2022. The preschool’s direct services are supported by Oregon’s Preschool Promise subsidy. The senior center renovation was funded by multiple streams, which are summarized in Table 34.

TABLE 34 | Examples of Pendleton Children’s Center Phase 1 funding

Funding	Amount
Private donation seed money	\$25,000
Building gifted	\$300,000
Oregon Community Foundation	\$200,000
Business, foundation, civic group, & individual donations	~\$150,000
Craft3 construction loan	TBD (\$300K-\$350K)
Other grants pending	TBD

- Phase 2 will expand the Pendleton Children’s Center space so it can serve infants and toddlers. In this phase, the Pendleton Children’s Center will purchase and renovate the next-door Frazier building at which time the Center will own the entire city block. While the group has done a lot of local and community foundation fundraising, they still need a large sum (approximately \$5.5 million) to complete the facility. Therefore, they have worked with their local political, educational system, and business leaders to build support and to engage their state legislators. As a key informant involved in the project explained:

How we’re going to build that \$5.5 million is we have the blessing of the mayor, the city manager, the head of the ESD, many of the [influential people] of Pendleton, and Senator Bill Hansel and Representative Bobby Levy. They’re going to go to the Oregon legislature in January and ask for \$5.5 million for us, and they’re pretty sure we’re going to get it. They’re also going to ask for \$5 million for Pioneer Relief Nursery.

Legislative asks have been used successfully in recent years in all three counties in the Walla Walla Valley to fund facilities and remain a strong option. According to key informants, Walla Walla County is more likely to be successful than Columbia County, where political support is less likely. Umatilla County is advancing requests for facilities in

Pendleton and has the experience and political support to be successful if they decide to prioritize facilities in Milton-Freewater.

This discussion has so far focused on state-level requests, but federal requests are also an option. Currently a child care center is being established in Dayton that was partially funded through the efforts of U.S. Congress members who helped secure COVID relief funding. The first step to pursue a federal request is to reach out to the staff of your congressional representative to discuss opportunities and what is required.

Asking for funding from a state legislature or the federal government through this mechanism is a political effort that requires different skills than grant writing or other traditional fundraising. It requires a champion to move the effort forward and the political savvy to interact with the political system at multiple scales including local, state, and federal.

Local dedicated funds

Overview

Local dedicated funds (also referred to as children’s funds) are a mechanism that communities across the country are exploring, pursuing, and, in some cases, successfully establishing to provide long-term, sustainable revenue streams for children and youth programs outside the K-12 school day. The Children’s Funding Project is a widely recognized leader in this space, offering technical assistance and other resources.²

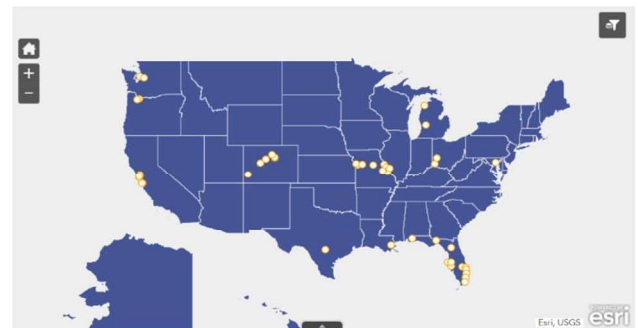
The Children’s Funding Project defines local dedicated funds as “funding streams that are

- 1) generated from **local revenue**, whether that’s a local sales tax, developer fee, budget set-aside, or something else;
- 2) are generated from **public revenue**; and
- 3) are **dedicated to a limited purpose**, in this case, child and youth services.”

Between 2015-2020, 18 new local dedicated funds were created in the United States, including two in Washington and one in Oregon, bringing the total to 40 in 2020 (Figure 7).³

Setting up a local dedicated fund involves a broad coalition of stakeholders, including parents, education system leaders, business leaders, elected officials, and community organizations, who run a campaign to collect or reallocate public funding such that the funds have a specific purpose and cannot be reallocated. Taxing approaches must be legally, administratively, and politically feasible in the context of individual states

FIGURE 7 | Location of established children’s local dedicated funds across the country



Source: Children’s Funding Project website interactive map page, November 2022

and localities. The options for establishing a local dedicated fund vary by and are specific to political jurisdictions. Therefore, the options in the Umatilla County portion of the project area will be different than those in the Washington counties. What is feasible in Walla Walla County versus Columbia County and vice versa may be different as well. Table 35 summarizes the tax options that are relevant to explore by policy area and state. The table also identifies the voter-approved tax mechanisms employed by the Multnomah County, Oregon, Preschool For All fund (i.e., an income tax rate increase) as well as the Seattle Preschool Program (2014), Seattle Preschool Program expansion (2018), and King County, Washington, Best Start for Kids Fund, which were funded through property tax increases.

The legal framework is in place in both states for developing dedicated funds. Oregon's local dedicated fund-enabling legislation is broader than early learning; it focuses more generally on local control and regional solutions, which are politically saleable. It enables an elected children's service district to levy property taxes to pay the cost of children's services within a county or multi-county regional district.⁴ Voters statewide were supportive of the enabling legislation because it is not a new tax itself. This enabled tax mechanisms possible at federal and state levels to be used at local levels to raise needed revenues. A nearby example of this being successfully used is in Morrow County.

In Washington, the means to local taxation is through special purpose districts, which enable citizens to obtain services that are otherwise unavailable.⁵ The Washington legislature has authorized more than 80 types of special purpose districts, which

provide many variations in form, finance, and operation. Many, but not all, special purpose districts in Washington can levy a property tax to obtain revenues for public purposes. School districts and the Columbia County Health System are examples. An example of the use of this mechanism is in Waitsburg, which has established an early learning program funded through a local levy.

A next step to pursue this strategy is to determine if existing partners in Washington and Oregon with taxing authority are willing to administer this process or if new entities are needed in each state. The state and county divides are a potential barrier, and taxpayers in one state or county are unlikely to support paying for services in another state or county. This means a taxing district would be needed in each county rather than a single Walla Walla Valley-wide district.

Other mechanisms

- Profits from publicly held assets such as rent from buildings.
- Social impact bonds or Pay for Success partnerships.
- Designated revenues recaptured from expiring tax breaks.

Case studies: local dedicated fund scope, scale, and funding mechanisms

We conducted many case studies of local dedicated funds throughout the country to learn what others are doing, including the mechanism and scale of funding generated and the scope of funded services. Information for the most useful case studies for this project area is summarized in Table 37. Although it is not an existing local dedicated fund, we included the proposed Washington

TABLE 35 | Tax options relevant to explore by policy area and state⁶

Tax option	Description	OR	WA
Corporate & business taxes	Dedicate revenue from new or increased levies of corporate income tax (OR & WA new taxes recently dedicated to EL)	Yes	Yes
	Dedicate development fees on new commercial real estate developments (jurisdictions where schools qualify to receive impact fees)	Yes	Yes v
	Local governments permitted to levy a corporate income tax	Yes	No
Estate & inheritance taxes	Increase rate and/or reduce the exemption level	Yes (estate)	Yes (estate)
	Change the treatment of capital gains for estates	Yes (estate)	Yes (estate)
	Enact an estate/inheritance tax	No	No
	Has an estate/inheritance tax	No	Yes
Personal income taxes	Increase income tax rates & dedicate funding to early child care & education (e.g., Multnomah Co., OR, 2020 Preschool For All fund)	Yes (state & some local)	No income tax
	Enact/increase a tax on top earners	Yes	
	Limit/eliminate itemized deductions	Yes	
	Phase out personal exemption/credit or standard deduction for upper-income taxpayers	No	
	Eliminate deduction for federal/state income taxes paid	Yes (federal)	
	Eliminate special treatment of capital gains income (2021 WA enacted 7% capital gains tax on asset sales for EL funds)	No	
	Local governments permitted to levy an income tax	Yes	
Property taxes	Increase real estate transfer tax; levy a higher rate on higher-valued homes	Only in WA Co.	Yes
	Increase state-level property tax levies	Yes	Yes
	Adopt split roll property tax (different assessments for commercial and industrial properties and residential)	Yes	Yes
	Localities with increased property tax revenue for early child care & education (e.g., Seattle Preschool Program 2014, Expansion of Seattle Preschool Program 2018; King Co. Best Start for Kids Fund)	Yes	Yes
Sales taxes	Set aside sales tax revenue from new or existing sales tax levies for early child care & education		Yes
	Expand sales tax base to include more services		Yes
	Eliminate sales tax holidays	No sales tax	No
	Allows local/regional sales taxes		Yes
Sin taxes	Increase taxes on alcohol (beer, wine, liquor)	Yes	Yes
	Tax recreational cannabis	Already taxed	Already taxed
	Legalize sports betting	Yes	Yes

State Preschool for All program mapped out by Weiland et al. (2021) in the table for reference and comparison. We also included Proposition 5 (i.e., “Healthy Children’s Fund”), a property tax measure that would fund child care, early learning, and other social and health services for children in Whatcom County if it were to pass in the November 2022 election. As of November 28, 2022, it appears Proposition 5 narrowly failed to get the simple majority approval from voters needed to pass: 50.04% of 108,062 Whatcom County voters voted “no” and 49.96% voted “yes.”⁷

Local dedicated funds are one of the only options that could provide large-scale revenue streams for a predictable period (before having to be reauthorized by voters) to support ongoing annual early care and learning program direct services and program costs. However, as case studies illustrate, the planning and political processes are very time, labor, and resource intensive and require substantial capacity. Once the investment is made, there is no guarantee that the needed number of voters will approve the measure—as it appears may be the case for Whatcom County’s Proposition 5. Figure 8 shows the Multnomah County Preschool for All timeline from the visioning and community engagement phases, which began in 2012, to the winning ballot measure in 2020.

The Multnomah County Preschool for All ballot initiative is also a useful case study to understand what it costs to run such a campaign. In phases 3 and 4 of the process, Multnomah County spent \$80,000 on the facilitation and development of the 2019 *Preschool-for-All Report* and another \$50,000 on consulting services to develop the 2020 *Preschool-for-All Plan*.⁸ In addition, the

initiative required funding for the political campaign itself (Table 36). The campaign raised \$423,832 but only ended up spending \$239,351.

TABLE 36 | Multnomah County Preschool-for-All political campaign budget

Account summary	Amount
Total contributions	\$423,832
Cash contributions	\$410,212
In-kind contributions	\$13,620
Total expenditures	\$239,351
Cash expenditures	\$225,731
In-kind expenditures	\$13,620
Ending balance	\$184,481

Source: Personal correspondence with Chris Fick, Chief of Staff for Multnomah Co. District 3 Commissioner Jessica Vega Pederson

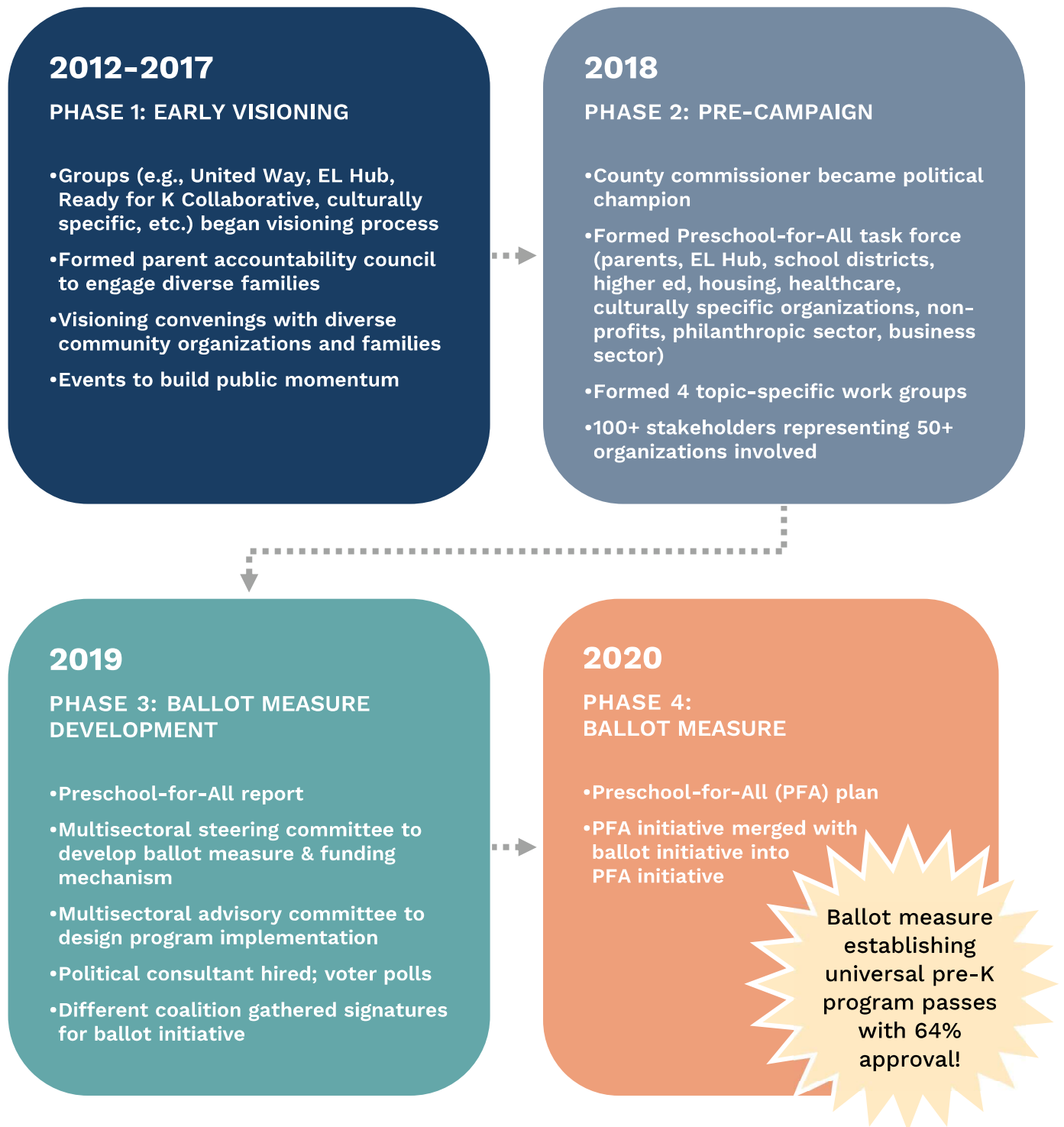
Another consideration is that the revenue potential for local dedicated funds is constrained by the population density, demographic characteristics, and corresponding tax base in each jurisdiction. Whatcom County’s Proposition 5 (Healthy Children’s Fund) and King County’s Best Start for Kids Fund both levy \$19 per \$100,000 assessed property value (Table 37). However, with 2.23 million people, King County’s local dedicated fund generates about \$132 million a year compared to \$8.2 million a year projected for Whatcom County’s proposed fund. At the same time, a smaller population would require fewer funds to meet the need.

Nonetheless, it is noteworthy that the existing local dedicated funds in Washington and Oregon are in the large Seattle and Portland metro areas.

TABLE 37 | Case study examples of local dedicated children's funds

Case study	Scope	Scale & funding mechanism
<p>Washington State Preschool for All (proposed)⁹</p>	<ul style="list-style-type: none"> • Universal voluntary preschool statewide for 3 and 4-year-olds • Implemented through public and private settings with shared training, standards, and equivalent pay to K-12 teachers • Head Start would continue filling some of the need 	<ul style="list-style-type: none"> • \$14,383 per child • Either free & sliding scale structure or free for all families: <ul style="list-style-type: none"> ○ Free and Sliding Scale option: \$795M/year (2.7% of WA annual operating budget) ○ Free for All option: \$1.53 billion/year (5.2% of WA annual operating budget)
<p>Whatcom County, WA, Healthy Children's Fund (Proposition 2022-5)¹⁰</p> <ul style="list-style-type: none"> • As of Nov. 21, 2022, it appears the ballot measure did not pass • Whatcom Co. population: 229K 	<ul style="list-style-type: none"> • Increased early childhood programs and affordable child care • Increased access to homeless services 	<ul style="list-style-type: none"> • Revenue generated: \$8.2M/year • Would have increased property taxes \$19 per \$100K assessed for 10 years starting in 2023
<p>King County, WA, Best Start for Kids Fund¹¹</p> <ul style="list-style-type: none"> • Levy approved by voters in 2015, renewed in 2021 • King Co. population: 2.23M 	<ul style="list-style-type: none"> • Child care subsidies for low/middle income families not eligible for existing subsidies (3,000 children birth-12 years old/year) • Workforce wage increase demonstration project • 5-24-year-old support program • Support services for pregnant women and young children • Homelessness prevention • Capital projects • Technical assistance • Evaluation 	<ul style="list-style-type: none"> • Revenue for 2022-2027: \$883.8M (\$132M in 2022) • Increased property taxes \$19 per \$100K assessed value until 2027
<p>Seattle Universal PreK, WA¹²</p> <ul style="list-style-type: none"> • Levy approved by voters in 2014 • Seattle population: 741K 	<ul style="list-style-type: none"> • Free preschool for 3 & 4-year-olds from low-income families; sliding scale for others 	<ul style="list-style-type: none"> • \$14,900 per child¹ • Increased property taxes; annual tax revenue: \$58M
<p>Multnomah County, OR, Preschool for All^{13,14}</p> <ul style="list-style-type: none"> • Established a universal pre-K program • Multnomah Co. population: 815K 	<ul style="list-style-type: none"> • 500 preschool slots available for the 2022-23 year, but plan to have 7,000 preschool slots/year by 2026 (3 & 4-year-olds) • 6 hours of pre-K 5 days/week & free extended-day care for eligible families • Teacher wage increase to equal Kindergarten teachers (\$35/hour) • Teacher professional development 	<ul style="list-style-type: none"> • Annual revenue: \$105M in 2021, \$160M in 2026 • 1.5% on income >\$200K annually for joint filers and \$125K annually for single filers plus an additional tax of 1.5% on income >\$400K annually for joint filers and \$250K annually for single filers
<p>San Antonio, TX, Pre-K 4 SA^{15,16,17}</p> <ul style="list-style-type: none"> • Ballot measure approving tax levied in 2012; reauthorized in 2020 • San Antonio population: 1.53M 	<ul style="list-style-type: none"> • In 2013-2014, employed 44 MA-level teachers and 83 support staff and served 739 students • Full-day preschool, meals, transportation for 4-year-olds (started including 3-year-olds in 2022) • Free for qualifying children, sliding scale for non-qualifying, some scholarships available for non-qualifying • Grant program and job training for teachers 	<ul style="list-style-type: none"> • Annual revenue: \$36M • ⅛ cent sales tax
<p>Marin County, CA, Marin Community Foundation^{18,19}</p> <ul style="list-style-type: none"> • Foundation has 500+ donors, distributes \$150M/year in grants 	<ul style="list-style-type: none"> • Foundation helps fund gap for Marin County families waitlisted for CA state subsidies (there are 800 waitlisted) • Subsidy prioritizes employed single parents 	<ul style="list-style-type: none"> • Partners with other local funders on child care subsidy program

FIGURE 8 | Timeline to successful *Preschool for All* ballot measure in Multnomah County, Oregon ^{20,21}



Exploring local dedicated funds in the Walla Walla Valley

As with the case studies where voter-approved local children's funds have been established, creating one or more local dedicated funds to serve the project area would take considerable time, commitment, and investment. Which is to say it would take a lot of work, but it is not impossible. Support must be built, starting with a broad multi-sectoral coalition of parents, elected officials, superintendents, industry and business leaders (e.g., chambers of commerce, ports, agricultural industry), law enforcement, community organizations, child care and early learning providers, and others to champion the cause and then build public support through a campaign.

We attempted to get a preliminary sense of the feasibility of passing local dedicated funds in the project area through key informant interviews. Ultimately, gauging public appetite, effective messaging, and developing a campaign would be next steps to ground such an effort. Engaging stakeholders and building support in and of themselves are part of the process of developing the scope and campaign for a proposed dedicated fund. A few key informants we interviewed were skeptical about the political viability of imposing another property tax. At the same time, there were examples in all three counties of varying levels of support for new taxes, public education, and other proxies for how voters might respond, suggesting the political landscape may have more nuance than conventional wisdom suggests.

Three themes from our key informant interviews will be especially important for the working group to keep in mind moving forward:

1. **School districts must be at the table.** Importantly, many school districts in the project area are expanding public early learning and care programs (for more information, see "Appendix G: Other funding strategies"). In general, school district leaders and other representatives we talked to were not necessarily opposed to a local children's fund campaign but shared concerns about the potential for one to negatively impact their levies and bonds. As one key informant expressed, school districts generally "would rather look at ways to bolster early learning opportunities through our existing conduits of levying versus having another measure that might compete." Some feared a voter initiative could backfire, prompting voters to reject not only the children's local dedicated fund but the school bonds and levies as well. As one superintendent said, "certainly schools would not feel comfortable if people said, 'Oh, that's a great cause, I think I'll give my money to that this year instead of the K-12 system.' And so being thoughtful how we do that is I think important to all of us."
2. **The county level may be the best, most feasible option.** Working at the county level (rather than at the scale of school districts or municipalities) could reduce competition with school

district levies and bonds; draw from a larger population, thereby generating more funds; and help even out the localities where the voters are less likely to be supportive. As a key informant said,

“I think maybe at the county level, you've got a chance that that might grow some legs. I think if you were in College Place, because of the conservative really sort of tax-sensitive, tax-adverse sort of mentality of a lot of folks, I think you might have a harder time because you're talking about me giving money to welfare essentially.”

In Walla Walla County, it would be important to ensure the fund will measurably benefit rural areas and that this message is communicated to voters who may otherwise assume it will only serve the City of Walla Walla. This will likely be of benefit to the county-wide effort, since some of the smaller towns, such as Benton City, Waitsburg, and Touchet have had strong support for their school bonds and will likely be assets in passing a county-wide levy that benefits all.

3. **Employers and business leaders would be important to a successful campaign.** Many key informants believed that engaging, getting support from, and getting business leaders involved as advocates would help build the needed political will:

“I think if the business community supported [a local dedicated fund], that could pass. But if the business community didn't support it, I could see where it would be a struggle. If school districts were really pushing it, you'd have a population of people who'd be, ‘oh yeah, the school districts recommend it, we need to do it.’” – Key informant in Oregon

While most of the discussion with key informants centered on Walla Walla County; almost no one contacted believes that passing a local public dedicated fund is possible in Columbia County. Recent attempts to simply get public endorsement for building a child care center in Columbia County that did not cost the taxpayers anything beyond allowing use of already owned public land that has no other planned use was met with strong and successful opposition by some in political leadership and the public. Several key informants indicated that this would likely be the case in Milton-Freewater as well. Therefore, this strategy is worth exploring only in Walla Walla County at this time, given that, like a legislative ask, establishing public political support is necessary to successfully establishing a public local dedicated fund.

Next steps for setting up a public local dedicated fund

The Children’s Funding Project suggests the following steps for establishing a public local dedicated:

1. Identify the purpose of your fund and the amount of revenue it needs.
2. Create a plan for how your community will allocate and administer the revenue.
3. Identify the funding source (which jurisdiction and mechanism).
4. Identify the political path for dedicating the revenue and determine its feasibility.
5. Build a coalition of advocates, policymakers, local funders, business leaders, and intermediaries.
6. Run a winning campaign!”²²

Some questions (from the Build Initiative) you need to be prepared to answer as part of any campaign for a publicly dedicated fund include the following:

1. Is the tax politically feasible?
2. Is the tax progressive or regressive?
3. Does the tax have communication power (can you make the case) related to early care and education?
4. Who pays the tax? Who benefits?
5. Is the tax timely?

6. How does the projected generated revenue fit into the near- and long-term strategy for meeting the need of quality early care and education?²³

There are many resources for setting up Local Dedicated Funds at the Children’s Funding Project and the Build Initiative.²⁴ Whatcom County contracted with the Children’s Funding Project to help them organize their campaign, which may be an option if a similar effort were to develop in the Walla Walla Valley.

We have included Children’s Funding Project “The A-Zs of Creating a Voter-Approved Children’s Fund” as Appendix I.

Care. Bipartisan Policy Center.
<https://bipartisanpolicy.org/download/?file=/wp-content/uploads/2021/10/Community-Foundations-Brief-min-compressed.pdf>

¹⁹ Marin Community Foundation. (2022). Access to Quality Child Care. Marin Community Foundation.
<https://www.marincf.org/buck-family-fund-grants/economic-opportunity/access-to-quality-child-care>

²⁰ The Children's Funding Project. (2021). Multnomah County, OR's Preschool for All: A November 2020 Ballot Measure Case Study. The Children's Funding Project.
[2020+Multnomah+County+case+study.pdf](https://www.childrensfundingproject.org/2020+Multnomah+County+case+study.pdf)
(squarespace.com)

²¹ Dia. (2021). Multnomah County Preschool for All: Pathways to Success. Dia. https://multco-web7-psh-files-usw2.s3-us-west-2.amazonaws.com/s3fs-public/PFA%20REPORT_0.pdf

²² The Children's Funding Project. (2022). *The A-Zs of Creating a Voter-Approved Children's Fund*. The Children's Funding Project.
<https://www.childrensfundingproject.org/>

²³ The BUILD Initiative, Center for American Progress, Children's Funding Project, Institute on Taxation and Economic Policy, and University of Maryland College Park, Schools of Public Health and Public Policy (2019). *Funding Our Future: Generating State and Local Tax Revenue for Quality Early Care and Education*. The BUILD Initiative. [Funding Our Future-FINAL.indd](https://www.buildinitiative.org/Funding-Our-Future-FINAL.indd)
(buildinitiative.org)

²⁴ The Children's Funding Project. The Children's Funding Project.
<https://www.childrensfundingproject.org/> and (2022). *BUILD envisions a time when all children thrive*. The BUILD Initiative.
<https://buildinitiative.org/>