

Implementation Team (IT) Budget Worksheet Responses: High Level Summary
(12 budget worksheets submitted)

2025 Funds

- Most IT members felt that *most* of the 2025 funds should be spent
 - On average, IT members recommended spending **83%** of the 2025 funds
 - 4 of 12 IT members recommended spending **100%** of the 2025 funds
 - 7 of 12 IT members recommended spending **90% or more** of the 2025 funds
 - Only one member recommended spending none of the 2025 funds (and instead recommended keeping those funds as a cushion for future years and only spend 2024 funds now)

2024 Funds

- Most IT members felt that *most* of the 2024 funds should be spent
 - On average, IT members recommended spending **76%** of the 2024 funds
 - 4 of 11 IT members recommended spending **100%** of the 2024 funds
 - 6 of 11 IT members recommended spending **90% or more** of the 2024 funds
- Thoughts on how to spend 2024 funds
 - About half of respondents thought 2024 funds should be used for unique, one-time investments, such as:
 - A pilot program for a comprehensive benefit package for child care and early education employees
 - Supporting ASD in establishing more pre-school classrooms in empty ASD elementary schools
 - Other creative pilot projects
 - One respondent said we need to get these funds out right away in 2024, and suggested that we could issue provider grants using these funds and simultaneously collect any data from providers we currently lack. One similarly suggested we could use the funds to complete a comprehensive study of the early education and child care market (providers, needs, or other data needed).

Administration

- Most IT members felt that the Accountability Board should spend *most* of the possible 10% on administration
 - On average, IT members recommended spending **78% (just over \$400,000 a year)** of the allowable funds on administration.

- 5 of 12 IT members recommended spending **100%** of the allowable funds on administration.
- Thoughts on administration
 - Some members hoped we could spend closer to 5 or 6% of ACCEE Fund revenue, rather than the 10%, but many members thought planning to spend up to the 10% allowed made sense.
 - Members noted that if revenue rises, the full 10% might not be needed
 - Members noted that to allow for wage increases/COLA over time, we might not want to start at the top end of 10%.
 - One member noted that we should focus more on implementing solutions with these funds and less on requisitioning studies or collecting data.

Funding Priorities

- By far the highest priority highlighted by IT members was supplementing provider wages (10 of 12 members listed this as a top priority). Members added these details/advice:
 - Issue quarterly stipends
 - The amount awarded should be based on time in the sector and education level
 - Awards should be available to licensed providers only, and whomever holds the license should be the one distributing the subsidies to employees
 - Could use SEED ROOTS award program to distribute awards
 - Should use almost all of the funding for wage increases; otherwise, it won't be enough to make a difference
- The next highest priority identified by members (5) was to increase access to high-quality care. Members noted the following:
 - Could offer a scholarship program for families who need help paying for care
 - Could use funding to supplement the cost of care
 - Should support existing facilities (over creating new ones)
- The next highest priority identified was to provide free care for the children of child care and early education workers (4). This was also separately identified by 5 members as a "dream project." Some members noted that this needs to become the universal standard practice, and that we should incorporate this requirement into any businesses we fund with the ACCEE Fund. Another member noted that if providers don't have children, they should be able to instead utilize the value of this benefit toward health insurance or costs for higher education.
- Other funding priorities included:
 - Providing general operational grants to providers (3), based on the number of children served
 - Offering benefits to employees (2)
 - Providing training and continuing education (2)
 - Funding pre-school classrooms at ASD (two members identified this as a "dream project")
 - Funding capital improvements (ASD or otherwise)

- Funding a licensing liaison position at AHD, responsible for supporting new child care or early education businesses (two members identified this as a “dream project”)
- Using the Fund to seek out upstream solutions and identify unique one-time funding needs rather than merely granting it all out for ongoing costs.
- Members felt the best way to **stabilize the industry** was to **supplement provider wages**, and noted that it would make sense to use the Juneau program as a model. They also generally felt that more flexible operational grants that allow employers to use them as needed were best, and that a communications campaign around the value of child care and early education workers could be useful. One member noted that the ACCEE Fund will not be sufficient to stabilize the sector and as a result the AB should specifically focus on funding transformational, innovative projects.
- Members felt the best way to **make the sector more sustainable** was to **permanently increase provider pay**, and noted that without this, the sector could not become sustainable. Members worried that providing a living wage would be impossible with the ACCEE Funds, and that as a result this Fund could not itself make the sector more sustainable. As a result, members recommended finding ways to leverage additional funding and partnering with other entities.

Funding Decision Factors, Approaches, and Strategies Identified by the IT

- Develop long-term partnerships to leverage money and influence
- Increasing access in underserved neighborhoods
- Make sure funds are sustainable and that employees can depend on any wage increases
 - Don’t implement something we can’t continue to fund
 - Ensure funding intended to go directly into employee wages, benefits, etc. has sufficient strings that it is utilized as intended
- Have a long-term, strategic plan
 - Need to ensure we aren’t paying for wages forever
 - Analyze long-range goals and benefits for licensed child care homes
- Manage expectations about future funding; don’t let providers conclude they will get identical funding each year
 - Avoid multi-year grants at the beginning so the AB doesn’t get locked into funding the same thing every year
- Consider future cost of living and other funding needs to ensure sustainability of the Fund
- Equity and fairness
- Consider what other funds are going to whom, and for what
- Look at how ARPA funds were spent on child care/early education, and what was successful or not successful
- Focus ACCEE Fund spending on transformational/innovative projects
- Capital grants are not a good use of ACCEE funds because of the overcapacity at ASD and the great strategic fit of having both ASD and non-ASD providers in local classrooms

- Our guiding principles provide a good start and the new Board should consider, revise, and adopt them
- Remember we're dealing with a mixed delivery system
- Make funding easy to access and flexible so providers can use it for what they actually need
- Focus on stability first, then turn to making the sector more sustainable
- The ACCEE Fund should not support unlicensed providers. Licensing is the main method of ensuring quality.
- We might not be able to stabilize the sector for years to come. Wage subsidies might need to be permanent.
- Analyze the community impact of funded programs to make sure we're doing what will have the best return
- If initiating corporate on-site care becomes a priority, focus on partnerships with existing centers; would potentially lead to better outcomes and avoid the need to reinvent the wheel

How IT Members Suggest Spending 2025 Funds

As mentioned above, on average IT members recommended spending **83%** of the 2025 funds. Of those IT members who suggested the AB propose spending 2025 funds (all but one), there were a number of specific breakdowns in value among their priorities. That said, the most common division looked something like:

- 50% wage subsidies (sometimes more)
- 6-10% administration
- 5-20% savings
- Other regular recommendations included, with varying corresponding values: pilot/innovative projects, "mini grants," paying for provider fees and costs (other than wages), and paying for provider child care. Only two members specifically recommended using 2025 funds for capital expenses.

How IT Members Suggest Spending 2024 Funds

As mentioned above, on average IT members recommended spending **76%** of the 2024 funds. There were a number of specific breakdowns in value among their priorities, with more variety than the 2025 funds. Members suggested the following possible breakdowns:

- 60% savings; 30% mini grants; 10% admin
- 80% pilot projects; 20% admin (for this year and pre-pay for the next)
- 4% pilot projects; 40% provider grants; 25% mini grants; 15% offset fees (operations); 10% savings; 6% admin funds
- 75% provider grants (noncompetitive); 10% admin; 15% innovative grants
- 50% wages; 40% pilot projects; 10% admin; 5% savings
- 50% savings; 25% early education; 20% operational grants (could include possible MOA facility); 5% admin
- Spend \$500k on analyzing ASD facilities (assessment of potential utilization of facilities; design a program; identify renovation and upgrade needs; implement a plan; fund

possible start-up grants); spend some additional funds on developing a comprehensive child care plan – what is our need, and how do we fill the need and sustain the plan?

- 6% pilot projects; 30% capital grants; 6% mini grants; 50% savings; 8% admin

Ideas for Specific Grants Not Raised Above

Members had many ideas, like wage subsidies and paying for free child care for providers' children, that appear above. Here are a few additional specific ideas suggested by members:

- Contribute to Head start since SOA has reduced its contribution
- Fund food service for entities that only provide an am and pm snack
- Fund safety-related training courses
- Provide one-time mini grants to centers for capital improvements
- Provide one-time mini grants to licensed homes for startup costs
- Use some of the 2024 funds for a comprehensive study of the current pre-k and child care market, providers, needs, etc. in Anchorage, with real solid numbers that we currently lack. We should NOT commit 2024 money for multiple year solutions, as the AB will not have time in late 2024 to do that well.
- We might combine the goals of information gathering and immediate assistance by offering a "Child Care Stabilization Grant" of \$5000 to any child care provider that will give us some basic information about how many children they serve, staffing levels and pay rates, and other basic information. (We might double that grant to \$10k for 2024 if the provider agrees to give free attendance to all children of their staff, for at least 2024 & 2025.) This also has the advantage of making it clear that these funds are one-time and reduce the possibility that providers think it will happen every year.

How IT Members Suggest Making Funding Decisions in 2026 and Beyond

Some members leaned into multi-year grants (some for even up to 10 years, and one said wage subsidies should be permanent), as they believe this sector will take a long time to become more self-sustaining. On the other hand, some members felt that the AB should be very careful not to make multi-year promises, particularly at the beginning of administration of the Fund. One member suggested that initial awards could be for multiple years while collecting data, and then the AB could transition to shorter cycles. Most members believed capital funding should be one-time.