CITY AND BOROUGH OF SITKA

A COAST GUARD CITY

MEMORANDUM

To: Mayor Eisenbeisz and Assembly Members

From: Assembly Members Mosher and Christianson
Child Care Working Group

Date: July 21, 2026

Subject: Follow-Up Discussion on Child Care Option 3, Career & Technical Education (CTE), and Preliminary Financing Concepts

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Purpose

The purpose of this work session is to continue Assembly discussion on Option 3 from the 2026 Sitka Child Care Report, incorporate Career & Technical Education (CTE) into the program structure, and outline next steps for developing a sustainable financing model. This session is informational; no formal action is requested.

Background

At the June 16, 2026 Assembly work session, the Assembly reviewed the 2026 Sitka Child Care Report prepared by Blue Shibler of the Southeast Childhood Collective. After discussion, the Assembly expressed support for Option 3, a multi component strategy to stabilize and expand child care capacity in Sitka. The Assembly also decided to implement Option 3 would with approximately $1 million annually.

The Assembly agreed to hold a follow up work session on July 21, 2026 to continue discussion of Option 3 and related program elements.

Members of Sitka's Early Childhood Coalition recommended during the last work session to add Career & Technical Education (CTE) for child care providers as a formal component of the program. The Assembly agreed, and the Coalition has kindly provided research and recommendations included in this packet.

Career & Technical Education (CTE)

During the interim, working group members consulted with Blue Shibler, who manages a successful, similar child care support program in Juneau. Based on her experience:

- Child care providers typically require different types of continuing education, depending on their individual program needs.
- CTE is not uniform, and flexibility is essential.
- Juneau's program uses a fixed annual allocation dedicated to CTE, allowing providers to select training that best fits their needs.
- Blue recommends Sitka adopt a similar approach.

Blue Shibler will attend the July 21 work session and will be available to answer questions regarding Option 3 and CTE implementation.

Program Structure: Allocation Discussion

Option 3 includes several distinct program elements. With the addition of CTE, the working group recommends the Assembly discuss percentage-based allocations or specific annual dollar amounts for each component. This will make things clear during implementation.

Financing Considerations

The Assembly did not request financial analysis at the June work session, and staff were not directed to prepare revenue estimates. However, after discussion of Option 3 and CTE, the Assembly may wish to begin identifying potential funding mechanisms.

Community Outreach and Tri-Share Model

The Sitka Chamber of Commerce is conducting a community outreach process focused on child care financing, with the main public session scheduled for August 6, 2026. The Chamber has already held one of two virtual informational sessions, which included discussion of the Tri-Share model (costs shared between parents, employers, and a public partner such as the state or federal government).

The Tri-Share model has promise but may take time to establish, and contributions from employers or state/federal partners cannot be guaranteed. A hybrid model—combining Tri-Share with a dedicated municipal revenue source—may provide a more stable foundation.

Potential Local Revenue Options

Several potential revenue mechanisms have been discussed informally. When the concept of a 1% winter sales tax became public, there was some community pushback. As a result, the working group notes that a ½% summer sales tax may be a more attractive option.

Early staff estimates from when we first started this process indicate:

- 1% winter sales tax – approximately $1.1 million annually
- 1% summer sales tax – approximately $2.3 million annually
- ½% summer sales tax – approximately $1.1 million annually, which would have a lesser impact on Sitka families because a large portion of summer sales tax revenue is generated by visitors.

Other concepts include:

- Removal of the sales tax cap (there could be significant issues with this)
- Alcohol tax (earlier estimates suggest limited revenue potential, that implementation could be technically difficult, and that it may face significant resistance from the industry)

The Assembly may wish to ask staff to prepare updated revenue estimates for selected options. Staff may require time to complete this work.

<u>Program Impact and Market Stabilization</u>

Based on available information, an annual allocation of approximately $1 million should be sufficient to stabilize the child care market by supporting operations, workforce retention, and capacity.

Any revenue above the stabilization level could potentially be used to reduce tuition costs for families. However, these outcomes cannot be guaranteed, and all figures should be considered estimates until further analysis is completed.

<u>Trial Period and Review</u>

If the Assembly elects to move forward with Option 3 and CTE, the working group recommends implementing the program for a trial period of several years, followed by a formal review. This would allow the Assembly to evaluate:

- Market stabilization
- Provider workforce impacts
- Tuition affordability
- Community feedback
- Revenue sufficiency and sustainability

A structured review period would ensure the program remains responsive to community needs and fiscal realities.

Proposed Process and Timeline

To ensure thorough community engagement and avoid rushing decisions, the working group proposes the following sequence:

1. July 21 Work Session – Discuss Option 3, CTE, and allocation concepts.
2. August 6 Chamber Outreach Session – Gather community input on financing.
3. Follow-Up Work Session (late August or September) – Review Finance staff estimates and community feedback; discuss potential funding pathways.

This approach allows the Assembly to listen carefully to providers, families, employers, and the broader community before determining a long-term strategy.

Additional Context: STA Child Care Support (Covid funds)

Sitka Tribe of Alaska (STA) has informed the working group that:

- COVID-related child care support funds—used for tuition assistance for families and grants to child care centers for operational needs—have now been fully expended.
- These supplemental funds have provided substantial support over the past several years, helping centers remain open and maintain operations. Providers report that the loss of these funds will create significant pressure on their budgets and may threaten stability.

This underscores the urgency of establishing a sustainable, locally supported child care system.

Requested Assembly Direction

At this work session, the working group requests that the Assembly:

1. Discuss Option 3 and the addition of CTE.
2. Consider percentage or dollar-based allocations for each program component.
3. Identify which potential revenue mechanisms staff should analyze.

4. Provide direction to the Municipal Administrator regarding preparation of financial estimates.
5. Confirm the timeline for continued discussion following the Chamber's August outreach.