Work Policies: Adapting How Colorado Works

Many of the employee benefits and protections we've come to recognize — paid time off, retirement plans, overtime pay, policies on discrimination — were created following the Great Depression. Based on the industrial workplace model prevalent at the time, this resulted in a social contract in which employers provided decent and stable income and benefits along with opportunities for career advancement in return for workers' loyalty and productivity.

However, as pointed out earlier in this guide, that model is no longer the norm. Growth in the gig economy and increased use of alternative work arrangements — expected to continue due to automation — mean many workers are classified as "independent contractors," not employees, leaving them uncovered by basic workplace protections and benefits. Even still, the delineation of "employee" doesn't guarantee important benefits, as employers can decide to offer few or none at all. Because of these factors, a large number of workers, many of them in low-wage jobs, don't have access to important benefits.

Despite the addition of new jobs and a low unemployment rate, Colorado workers need more of a safety net to advance economically. Throughout this section, we highlight some important benefits and protections Colorado can implement to adapt with the changing nature of work in our state and country.

Making Pay Work

The Need for Pay Equity, Minimum Wage, Overtime, & EITC Expansion

At its most basic, one's financial future hinges on a simple concept: Get a job, go to work, get a paycheck. Over the years, the jobs have changed, as has the work, both keeping pace with the progress of our workforce and economy, but as detailed earlier in this report, the paychecks haven't done the same. As such, it came as no surprise many of those who participated in the Bell opportunity survey rated stagnant wages and the lack of good paying jobs as top concerns in Colorado.

Pay Equity

Improvements in earnings would undoubtedly increase economic opportunity for Colorado families, especially when considering nearly half of the state's workforce could earn more if Colorado took steps to eliminate the pay gap for female workers.

On average, Colorado women only bring home 81 cents for every dollar a man earns, but data show women of color earn even less. Black, Native American, and Hispanic women take home 64 cents, 58 cents, and 54 cents, respectively, compared to their white male counterparts. With 201,000 female-led family households in Colorado, failing to achieve pay equity is a missed opportunity for our state: Colorado women lose $14.5 billion each year due to the pay gap — money that could go toward strengthening their families and our economy.

Increased pay equity would mean over 57 percent of the 748,000 Colorado kids with working mothers would see benefits and the state's poverty rate could fall from 5.6 percent to 2.8 percent.

The pay gap is affected by a host of factors. Analysts with the Brookings Institution, the Economic Policy Institute, and the National Women's Law Center argue promoting work/life balance policies such as paid leave and improving investment in early care and education could help mitigate some of the known conditions that cause the pay gap.

However, research suggests an unexplained pay gap (at least 7 percent in Colorado) still exists even when controlling for variables such as work experience, length of time in the workforce, educational attainment, different occupations, and negotiating practices.

In 2017, Colorado policymakers bolstered protections around pay transparency, which can be especially impactful for women. In early August, the 2017 Colorado Pay Transparency Act took effect, protecting all Colorado employees from discriminatory or unfair employment practices if they discuss their wages and salaries with each other. This law strengthens 2008 pay transparency protections already implemented in our state — protections which have contributed to both pay increases for women and a narrowing wage gap, in particular for college-educated women.

Colorado's Pay Equity Commission, which operated from 2007-2015, reviewed data, engaged in cross-sector collaboration, and gathered expertise from different perspectives, including labor, business, academia, representatives from women's groups, and organizations representing people of color to find sensible solutions to eliminating this disparity. A few of the Commission's recommendations were adopted, including conforming the Colorado Anti-Discrimination Act with the federal Civil Rights Act.

However, many of the Pay Equity Commission's ideas, such as creating state oversight of pay equity policies, ensuring the state itself is a model employer, and partnering with business groups and educational institutions to implement best practices, were left on the table.

Recommendations

Colorado should revisit the Pay Equity Commission's recommendations and renew efforts to implement them.

As a compilation of state laws from the American Association of University of Women (AAUW) demonstrates, there is much more Colorado can do to eradicate the gap. In 2016, the Colorado House passed legislation that would've implemented some of these best practices. One bill (HB16-1166) would have prohibited companies from asking job applicants for their salary histories and the other (HB16-1001) would have required state contractors to comply with equal pay standards. Both bills were killed in the Senate, but policymakers could and should revive these efforts.

Colorado should also take additional steps outlined by the American Association of University of Women, such as requiring employers be liable for the costs and fees incurred by employees in a successful discrimination lawsuit. Currently, 33 other states do this.

Ratio of Minimum Wages to Median Wages Across Colorado

Source: Colorado Department of Labor and Employment, Occupational Employment and Wage Rates (OES), 2016

Minimum Wage

In 2016, Colorado voters approved a Constitutional amendment to gradually increase the state minimum wage each year from $8.31 to $12.00 per hour by 2020. Following 2020, it will be increased to keep pace with inflation. This was a major accomplishment and will raise the wages for 477,000 hardworking Coloradans. Women, adult workers aged 25 and older, workers of color, and working parents significantly benefit from the increase.

For many parts of the state, raising the minimum wage to $12.00 makes sense. For other areas, such as the Denver metro area or mountain resort communities, where the cost of living — housing and child care costs have grown much faster than median incomes in these areas — is much higher, it might be more appropriate to have a higher minimum wage.

One way to assess the adequacy of the minimum wage is to compare it to median wages. The 2017 minimum of $9.30 equals 50 percent of statewide median wages in 2016, but only 42 percent of the median wages in the Boulder-Longmont metro area and 46 percent in the Denver-Aurora metro area.

In recent years, more than 40 cities and some counties nationally have adopted minimum wages that are higher than the federal or state minimum wage. These local wages better reflect living costs, and a recent study shows these increases provide needed raises for low-wage workers with little negative effect on job growth.

Colorado law currently prohibits local governments from setting a minimum wage higher than the federal or state minimum wage. Local officials and voters are in a better position to understand and reflect the needs of their communities, such as workers' ability to afford the local cost of living and businesses capacity to pay higher wages. Local city councils or county commissions could vote to set higher minimum wages in their communities. Citizens could also set higher minimum wages through local ballot measures.

Recommendation

Colorado should remove the prohibition on local governments setting minimum wages that are higher than the state minimum wage. Local governments and citizens should consider whether a higher local minimum wage is appropriate for them.

Overtime

The federal Fair Labor Standards Act (FLSA) requires most workers in the U.S. be paid a minimum wage and, when they work more than 40 hours in a week, be compensated overtime pay at a rate of one and a half times their regular pay. This is sometimes referred to as "time and a half."

Many managerial and administrative staff are exempt from the overtime provision. Exempt workers must meet all three criteria:

1. Be paid by salary, not per hour;
2. Perform executive, administrative, or professional duties; and,
3. Be paid above the current weekly standard of $455 ($23,660 per year for a full-time, year-round worker).

If a worker doesn't meet all three criteria, they are eligible for overtime pay. Most often, workers are exempt because they earn over the rule's weekly or year-round maximum. The current cutoff amount for overtime pay was last raised in 2004 during the Bush administration, an increase many argued was too small given it was set below the average wage at the time. Today, only 80,000 salaried workers in Colorado, or 7.7 percent of the state's salaried workforce, automatically qualify for overtime pay based on their salaries. This is much smaller than the 62 percent who qualified in the 1970s, and even the 15 percent following the Bush administration's changes in 2004.

In mid-2016, the Obama administration suggested a revision that would increase the amount of weekly pay for overtime-eligible workers to $913, or $47,456 per year. Raising the threshold by this amount would make an additional 248,000 Colorado salaried workers automatically qualified for overtime pay. In total, 328,000 Coloradans — about one-third of our salaried workforce — would be paid for the hours they work over 40 per week, increasing their incomes.

This change would exceedingly help women, black, Hispanic, and younger workers and those whose highest level of education is a high school diploma.

Recommendation

Colorado should set its own wage standard for qualifying for overtime pay to at least the level proposed by the Obama administration.

EITC Expansion

The Earned Income Tax Credit (EITC) is a federal tax credit that provides income support for low- to middle-income working families, particularly those with children. It's a refundable tax credit, meaning families receive the full amount of the credit, even if the value of the credit exceeds their income tax liability. The credit is applied to the income tax they owe, and families receive what remains if the credit is more than the tax owed.

Colorado has a state EITC, which offers a state income tax credit equivalent to 10 percent of the federal EITC a taxpayer receives. Like the federal EITC, Colorado's is also refundable. The rules governing the federal EITC are used to determine eligibility for the state EITC. It's estimated that in tax year 2015, over 380,000 Coloradans received the state EITC — valued at about $220 on average.

The amount of the credit increases as the worker's earnings grow from zero to about $10,000 to $14,000 for single and married taxpayers with children, respectively, depending on the number of children in the family. The amount of the tax credit gradually declines beginning around $18,000 for single taxpayers with children and about $24,000 for married taxpayers with children. The maximum amount of the federal EITC is $6,269 for taxpayers with three or more children. The EITC phases out completely at about $48,000 for single taxpayers and at about $53,500 for married taxpayers with three or more children.

However, the EITC is much less generous for single and married taxpayers who have no children. It begins to phase out at about $8,200 for a single taxpayer and about $14,000 for married taxpayers. It ends completely for single taxpayers around $15,000 and $20,400 for married taxpayers. The maximum EITC for single and married taxpayers without children is $506.

A significant body of research shows the federal EITC lifts millions of families out of poverty each year and rewards work, especially for low-income women. However, the much smaller EITC for childless workers provides less of an incentive for these women to enter the workforce, as it offsets less payroll taxes and other expenses.

The value of the EITC could be enhanced by increasing the value of the credit available to working people without dependent children and by increasing the level of income they can earn before it phases out.

The District of Columbia expanded its EITC for workers without dependent children so single workers receive the maximum EITC at $12,060, phasing out completely at $24,120. For married workers, the limits are $24,360 and $32,480. This type of reform would best be done at the federal level, but Colorado could act if the federal government does not.

Recommendation

Colorado should work with its Congressional delegation to expand the federal Earned Income Tax Credit for workers without dependent children. If the federal government won't act, Colorado should increase the amount of the state EITC for workers without dependent children.

Making Work Pay

Building a Balance with Paid Leave, Dependent Care, and Flexibility

"Work/life balance," a concept allowing workers to accommodate both professional and personal needs, may be a rallying cry of the modern workforce, but few policy solutions or employer initiatives have yet to make it a mainstay for American workers. Instead, many face less of a balance and more of a balancing act as they must reconcile stagnant wages and growing costs with sacrifices both on the job and at home.

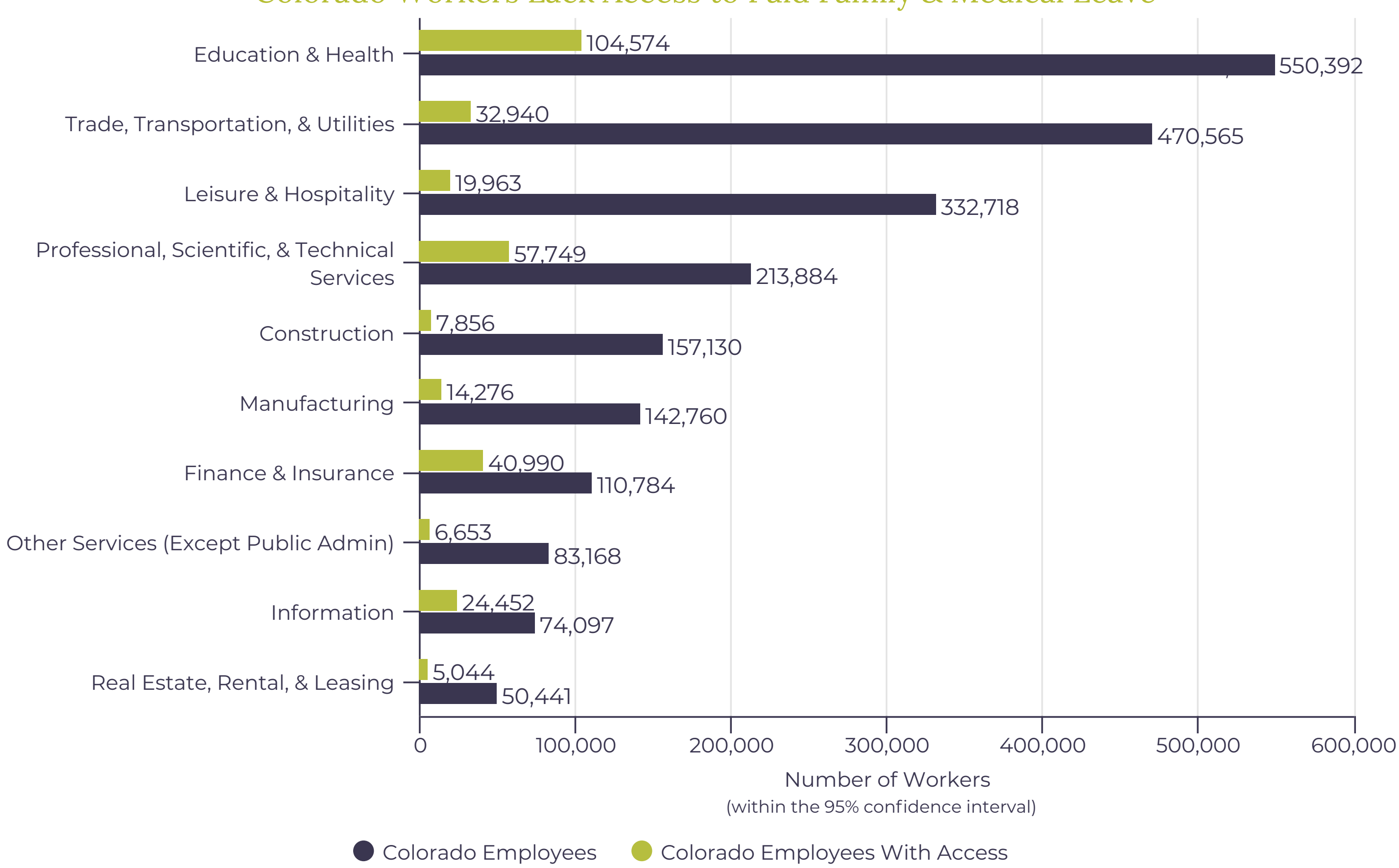
Creating a system that integrates work and life instead of putting the two at odds would be to the benefit of workers, loved ones, businesses, and whole communities.

Paid Family and Medical Leave

Paid family and medical leave — compensated time for workers to care for loved ones or themselves — is not guaranteed in the United States. Research from the Organisation for Economic Co-operation and Development (OECD) shows 40 other countries across five continents provide paid leave, ranking the U.S. in last place and making it the only developed nation without such a standard. The Bureau of Labor Statistics' most recent survey of workers finds only 13 percent of those in the private sector have access to paid family and medical leave through their employers.

The only federal law currently addressing the need for caregiving is the Family and Medical Leave Act (FMLA), enacted 25 years ago. FMLA gives certain employees job-protected unpaid leave for up to 12 weeks, but not every worker has this benefit. Businesses with under 50 employers are exempt from the law, and when accounting for this and other exclusions, 2 out of 5 workers do not have access to FMLA.

Colorado Workers Lack Access to Paid Family & Medical Leave



Source: Bell analysis of Colorado Department of Labor and Employment data cross referenced with Pew Research's analysis of Bureau of Labor Statistics data

Who is Affected?

Analysis of national data by the Institute for Women's Policy Research (IWPR) shows workers need family and medical leave for different reasons and at different times in their lives. For younger workers, leave is often used to care for a child, but older workers — who statistically have more access to paid leave than younger workers — generally use the benefit to care for themselves. In fact, older men have driven up the number of workers taking leave for self-care by 10 percent over the last 15 years. IWPR's research emphasizes the burden on working women, who are more likely to take leave and less likely to receive pay when doing so.

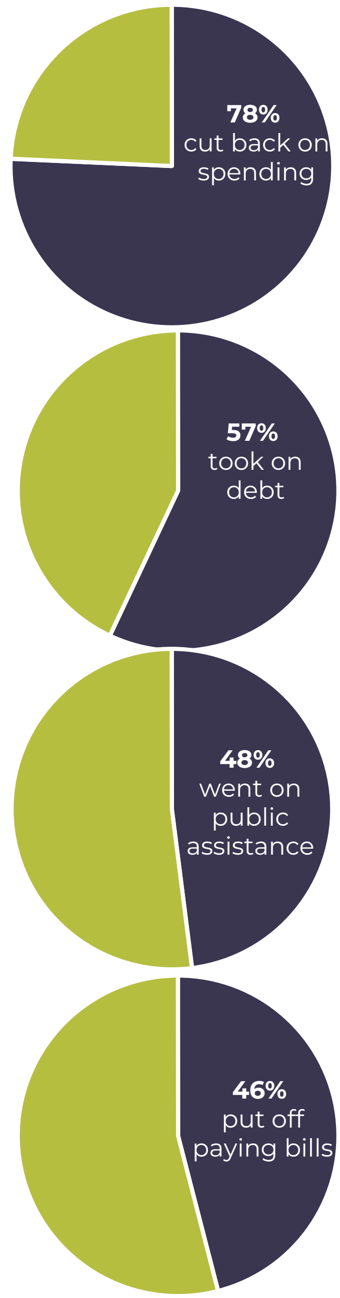
According to BLS data, income earners in the top 10 percent are six times as likely to have access to paid leave compared to those in the bottom 10 percent. A Pew Research Center survey reveals other inequities: Approximately a quarter of Hispanic and a quarter of black workers are unable to take leave, compared to 13 percent of white workers. Those with lower levels of education are also less likely to have access.

A recent statewide poll of Colorado women of color shows nearly 60 percent support a national paid family and medical leave fund.

Access to paid leave differs between job type and industry. An employee is more likely to be offered paid leave if he or she works in a high-paying, full-time job for a large employer. Some Colorado industries are more likely than others to offer paid family and medical leave, as demonstrated in the chart on the previous page.

Low-Income Families Forced to Sacrifice to Cover Lost Pay When Paid Leave Isn't Sufficient or Available

Data For Families Making $30,000 or Less



Source: Pew Research Center, "Americans Widely Support Paid Family and Medical Leave, but Differ Over Specific Policies"

Benefits for Employees & Their Families

Paid family and medical leave helps parents. With nearly 62 percent of Colorado women serving as the primary or co-breadwinners in their homes, a woman's income is crucial to family economic stability. Analysis by U.S. News and World Report and the American Enterprise Institute argue improving access to paid family leave, along with affordable, quality child care, would increase income for working mothers. A recent study commissioned by the National Partnership for Women and Families says women who take paid leave after childbirth report "stronger labor force attachment and positive changes in wages in the year following a child's birth, when compared to those who do not take any leave."

Children do better when their parents can take paid leave. Benefits include increased breastfeeding rates, rates of infant immunizations and preventive care for children, parent bonding, and improved child mortality. Longer-term, parental leave positively impacts educational attainment for kids, lowers teen pregnancy rates, leads to higher IQ scores, as well as higher earnings in adulthood.

Paid leave is a vital support for those caring for older adults, as well. According to AARP, Colorado caregivers assisting older adults generate $7.7 million in economic value annually. At the same time, nearly half of unpaid caregivers give their care recipient financial help, including assistance with health costs and personal care. However, lack of paid leave policies take a toll on Coloradans: Analysis from CHI shows those caring for older adults shouldered $3.7 billion in workplace-related costs in 2015.

Caregivers' future financial stability is at risk because they cannot save for retirement, per a study by MetLife. With Colorado's older adult population dramatically increasing, the proportion of available family caregivers is shrinking, which means Colorado will see exacerbated demands on unpaid (and paid) caregivers. This is precisely why the state's Strategic Action Plan on Aging has urged the General Assembly to "establish family leave policies that set standards for compensating (these) employees."

Benefits for Employers

In California, the paid leave program increased the hours worked by employees, with 89 percent to 99 percent of employers reporting the program has "a positive effect or no noticeable effect" on productivity, profitability, turnover, or morale. Other researchers assert firms see lower turnover and lower per-worker wage costs after implementation of paid family leave. In Rhode Island, employers surveyed after introducing the state paid leave program largely supported the program and demonstrated no evidence of decreased productivity.

Small Business Majority says 7 out of 10 small business owners support paid leave for their employees. Two-thirds favor state-administered programs that rely on employee and employer contributions.

In fact, employers can experience costs due to a lack of paid leave. CHI's research on older adult caregivers in the workplace finds absenteeism, presenteeism, turnover, and increased health costs for their workers results in employers bearing $500 million in costs annually, which could rise to $1 billion by 2030.

According to the Center for American Progress, "policy providing paid family and medical leave is necessary because there is no evidence to suggest the landscape will change dramatically or quickly without policy interventions." There is widespread public support for paid leave policies, progress from employers has been slow, and other states have blazed a trail for Colorado to follow.

Six states and the District of Columbia have created public family leave programs. States use different financing mechanisms, from employee- or employer-only contributions to a hybrid approach. Washington state and D.C. are notable in that they are the first jurisdictions to finance a public paid leave insurance program without a state-run temporary disability program. At least half of the states, including Colorado, have considered paid leave legislation.

Recommendation

In 2017, Colorado's General Assembly considered the Family and Medical Leave Insurance Act (HB 17-1307). The bill would've created an employee-funded insurance program for all workers. It passed the House of Representatives for the first time, but died in the Senate. The bill's momentum and the powerful positive testimony it inspired gives Colorado a plan to build on in the future.

Earned Paid Sick Leave

Earned paid sick time ensures employees' job security and income when they are away from work due to illness or injury. Unlike family and medical leave, which is used for longer-term absences, earned paid sick time is based on the hours worked and helps employees in the short term. Earned paid sick policies often include "safe time" provisions, which enable workers to take this earned time off to deal with the impacts of domestic violence. The United States is the only industrialized country that fails to guarantee workers paid sick time.

A 2015 poll from Lake Research Partners showed 88 percent of respondents support workers earning paid sick days to care for themselves or family members.

Studies from Bureau of Labor Statistics (BLS) and Kaiser Family Foundation say between 68 percent to 70 percent of employers offer paid sick time to their employees. Large organizations are more likely to provide access than small firms, and public sector employers are more likely to offer these policies than those in the private sector.

However, national surveys of employees reveal a significant number — between 40 million and 50 million nationwide — who say they are unable to earn paid sick time. Approximately 2 out of 5 Coloradans, or 870,607 people, lack access to even one paid sick day, according to forthcoming research done by the Institute for Women's Policy Research (IWPR).

People of color, low-wage workers, and those employed in part-time, temporary, or seasonal jobs in Colorado have less access than others. In fact, BLS data show 87 percent of private sector earners in the top 10 percent have access to paid sick time, while only 27 percent of the lowest wage earners can say the same. Hispanic workers are less likely to have paid sick days than workers in any other racial or ethnic group.

Employees Win

Paid sick time improves health for workers. An increasing number of Coloradans cite the inability to take time off work as a barrier to accessing health care, ranking higher than the challenge of finding an in-network doctor. Those without access to paid sick days are more likely to use emergency care rather than preventative and routine doctor's visits for themselves or their families, according to the National Partnership for Women and Families. CDPHE finds paid sick leave policies could help decrease public health crises by limiting the spread of communicable diseases and infections. To contrast, research done for the National Bureau of Economic Research shows paid sick time laws in seven U.S. cities helped prevent the flu from spreading.

Certain industries like food service, construction, farming, retail, and caregiving are disproportionately affected by a lack of earned paid sick leave.

That means at least

220,000

waiters and waitresses,

child care workers,

and nursing assistants

in Colorado are without the ability to earn paid sick days.

1 Day Of Unpaid Sick Time

=

Pay Equivalent to Monthly Phone or Electric Bill

3 Days Of Unpaid Sick Time

=

Pay Equivalent to Monthly Groceries or Health Insurance

7 Days Of Unpaid Sick Time

=

Not Having Enough Money to Pay Monthly Rent or Mortgage

Source: Bell analysis using Institute for Women's Policy Research data and Colorado Department of Labor and Employment data

Source: Economic Policy Institute, "Work Sick or Lose Pay?"

The Economic Policy Institute recently quantified the economic burden a lack of earned paid sick days places on working families. In households with two income earners both making $12 per hour (Colorado's minimum wage in 2020), taking unpaid time off has dire consequences for the family budget.

The nature of at-will employment, a presumption of employment in Colorado (and in all states except Montana), means most employees can be fired by an employer for any reason, at any time. Without sick leave policies in place, employees can be fired for taking a day off to care for a loved one, get well, or prevent the spread of illness. In an Oxfam survey, 1 in 5 low-wage working mothers report losing a job because they were sick or had to care for a sick child.

Businesses Benefit

Earned paid sick time can be implemented without harming local businesses or costing jobs, according to analyses of existing municipal and state policies. Data from cities that have enacted paid sick time laws show no correlation between the policies and job loss. Analysis by the Bell reveals stronger overall job growth in Washington D.C. and San Francisco after implementation of an earned paid sick policy than in neighboring counties that didn't have similar policies.

The Center on Law and Social Policy highlights how Seattle and San Francisco experienced faster employment growth than nearby comparable counties without a required paid sick time policy, while New York City experienced its lowest unemployment rate in six years just nine months after the law took effect. In Connecticut, jobs grew across industries in the six years following its law's implementation, including in the leisure and hospitality industry.

The Center for American Progress observes in nearly all cites or states with laws requiring earned paid sick time, unemployment didn't rise one year after implementation. Employers in Connecticut note positive benefits such as improved morale, reductions in the spread of illness, and low to no impact on overall cost or operations. IWPR's research emphasizes paid sick time is positively related to employee productivity, lower turnover, and employer savings.

A lack of federal momentum and the pressing need for policy change have inspired state and local action. Since the first law was passed by voter initiative in 2006 in San Francisco, eight states and the District of Columbia, 28 cities, and two counties have enacted earned paid sick time laws. Voters in Arizona and Washington State passed mandatory paid sick time at the ballot in late 2016, Rhode Island's legislature enacted a bill in the fall of 2017, and at least eight states considered legislation around paid sick days during their 2017 legislative sessions.

A compilation of earned paid sick time laws shows variation among state and local laws, though there are common themes. In general, policies require most employers to give most employees, including those working part-time, the ability to earn, accrue and take this time off. Most states cap earned time at anywhere from three days to five days; city policies tend to have more generous caps, and employers can offer more leave than the law requires. Policies stipulate reasons that a worker may take the earned time, and all allow workers to use that time to address the health needs of themselves and their loved ones. All state policies, and most city policies, include safe time as a permissible reason to take sick time.

Recommendation

Colorado should continue efforts to create an earned paid sick policy for all Colorado workers. The Colorado General Assembly considered bills in 2009 (SB 09-1210) and 2016 (SB 16-114), which would've granted all Colorado employees the right to earn job-protected paid sick and safe days. The bills died in committee. Denver voters also considered a proposal in 2013 that would have created an earned paid sick and safe day policy at the municipal level, though the effort failed at the ballot.

Child Care

Nearly 64 percent of Colorado children under the age of six live in a home where all primary caregivers work, underscoring the magnitude of need and highlighting the importance of child care as a lever to opportunity for Colorado families.

In a recent focus group hosted by the Bell, one mom put it bluntly: "To work as hard as I do, I need child care."

Quality child care is the ultimate two-generation strategy, as it reinforces opportunity through multiple generations in a family. With good care, children thrive in the present and are poised for success in the future, similarly to the benefits of preschool and kindergarten.

Child care is vital to all working parents, but research consistently shows it's a decisive factor in promoting work efforts among low-income mothers. When a parent knows her child is being cared for in a safe, healthy, and stimulating environment, she is more empowered, secure in the workplace, and able to advance economically, so she can further provide for her children.

Beyond individual economic mobility, the Colorado economy will prosper if we enhance state efforts to make child care more affordable and available. Measurable benefits can accrue to the state's workforce and employers in the form of reduced absenteeism, improved job retention and productivity, and greater participation in job training and education for parents. For example, researchers at the Economic Policy Institute find making child care more affordable for families could increase mothers' workforce participation rates, which would raise national GDP up to $600 billion annually, depending on the policy approach. These gains improve the economy for everyone.

Despite data showing child care benefits employees, most workplaces don't assist workers in obtaining it. The National Study of Employers shows just 7 percent offer child care at or near the worksite. EPIC's Family-Friendly Workplace Toolkit corroborates this when noting the U.S. National Center for Atmospheric Research (NCAR) in Boulder, Colorado, is "one of a few workplaces in Colorado with an on-site child care facility." The National Study finds other policies related to child care also are few and far between. Though 1 in 5 employers offer benefits giving employees flexibility in managing work and family life, they report the high cost of child care is a barrier to providing this assistance.

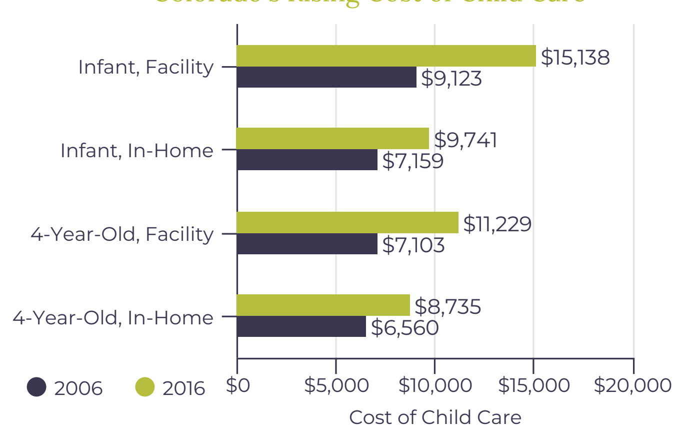
The Center for American Progress argues "chronic" underfunding for child care should be mitigated not just by more investment, but by a culture shift in the way we view and assist families who need child care. Colorado's focus on two-generation approaches means the state is well-positioned to be a leader in this culture shift.

Cost and Access Are Barriers to Opportunity

Among those who responded to the Bell's opportunity survey, distributed to Coloradans from 11 counties in rural and urban areas of the state, most respondents ranked quality, affordable child care as a top factor helping people get ahead economically. They also stated a lack of child care is an obstacle to their success.

Analysts for the Colorado Department of Human Services concluded in 2016, "the price parents pay for child care in Colorado is a problem." National research consistently rates Colorado's child care costs among the least affordable in the country — and costs can be

Colorado's Rising Cost of Child Care



Source: Child Care Aware, Parents and the High Cost of Child Care, 2006-2016 more pronounced depending on geography, age of child, and type of care setting.

The factors leading to higher child care costs are many and varied. They include regulations mandating caregiver ratios, the high overall personnel costs for providers (even though individual worker wages are low), high teacher turnover rates, the costs associated with putting quality early childhood education practices into place, and the fact the price of child care rises in response to demand, which is high. Public programs that subsidize child care pay a lower reimbursement rate to providers. As a result, providers have charged private-paying families more to offset their losses.

Cost is made more prohibitive because the United States has yet to prioritize public investment in ECE the same way it has for students in kindergarten and beyond. This contributes to child care, particularly high-quality care, being out of reach for many. Public funding for child care assistance comes from a patchwork of sources at the federal, state, and local level, and different programs have different eligibility requirements for families.

The Colorado Child Care Assistance Program (CCCAP), a statewide program administered at the county level, is Colorado's largest publicly funded child care support program. CCCAP offsets child care costs for low-income families and has recently undergone a variety of changes to ensure higher quality child care is available. Most CCCAP families are headed by single parents, and qualitative research done by the Bell shows the program is a crucial support for families who work hard to get ahead, but cannot afford the high cost of child care on their own. As one parent explained, "If I didn't have CCCAP, I couldn't afford to have a job."

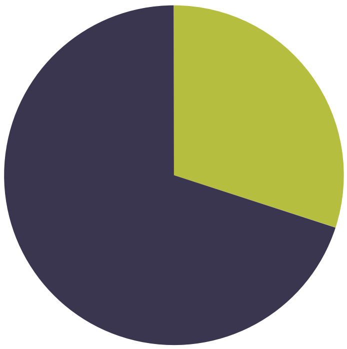
Although Colorado has increased funding for CCCAP over the past few years, it's still underfunded and only serves about 13 percent of eligible Colorado families.

Total federal funding for CCCAP, the majority of which comes from the Child Care and Development Block Grant, has declined over the past decade and a half — a $3 billion funding shortage after adjusting for inflation.

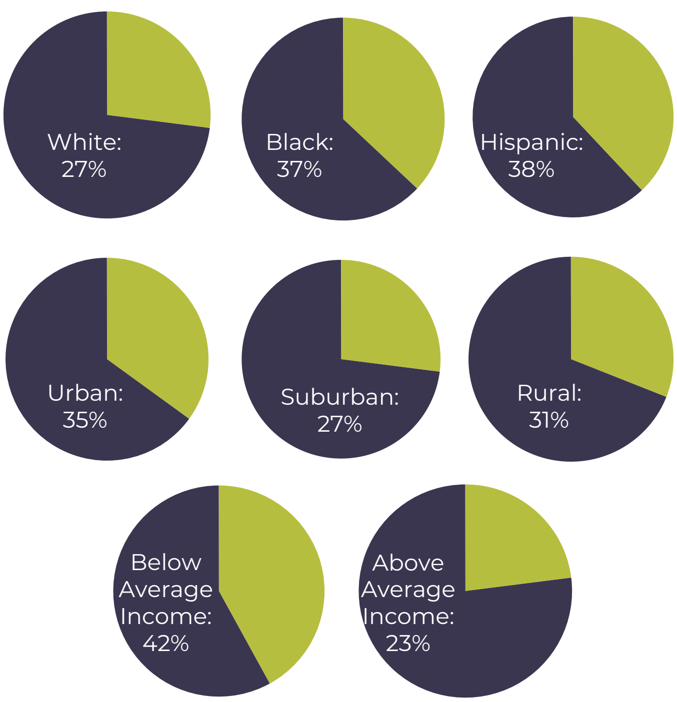
State and local policymakers and administrators in Colorado have found ways to maximize limited federal funding. Thanks to additional state investment, some Colorado counties implemented a "cliff effect" pilot program, which enables CCCAP parents to gradually increase their incomes while qualifying for reduced assistance. Additionally, municipalities such as Breckenridge, Denver, and Aspen, and some counties like Boulder, Dolores, Elbert, and Summit, are supporting early childhood initiatives that boost teacher pay, expand child care facilities, and increase access for families. Often these efforts require voter-approved tax increases dedicated to child care funding.

Administrators in Breckenridge say child care is as crucial to the town's success as snow plows, an argument that has convinced officials to support the child care infrastructure with General Fund dollars. Other local leaders mention community demand for and concern about affordability and access had to hit "a crisis point" in order for the needed public support to appear. State policymakers can learn from and replicate local efforts which increase public investment in child care — ideally before it becomes a crisis.

Without access to care, many parents must decide between going back to work or staying at home to care for their child, which has ripple effects for family economic mobility. According to research by the Colorado Department of Public Health and Environment, licensed child care centers, family child care homes, and preschools had the capacity for 106,000 children in 2013, but 240,000 Colorado children needed care. The Center for American Progress corroborates this finding, by examining the locations of Colorado's center-based early care and education programs, including child care centers, Head Start, and public and private preschool programs.



30 percent of Coloradans live in a child care desert



Source: Center for American Progress, 2017

CAP's analysis shows 1 out of 3 Coloradans live in a child care desert. Child care deserts are defined as, "neighborhoods or communities that are either lacking any child care options or have so few child care providers that there are more than three children for every licensed child care slot." When communities are faced with this challenge, they must grapple with the fallout from waiting lists, unlicensed arrangements, or effects on parents' employment decisions.

This problem is most acute in Colorado's rural and urban areas. No matter the type of community, families who earn below the state median income are more likely than their higher-income neighbors to live in areas with gaps in the supply of child care. Hispanics are projected to be the fastest growing racial/ ethnic group in Colorado, yet these families are more likely to live in areas with fewer child care options. Research shows areas with child care deserts are more likely to see lower levels of maternal workforce participation.

Other statewide analysis finds less than a quarter of all children under age six can be served by licensed child care facilities. In the counties of Conejos, Custer, Jackson, Kiowa, Moffat, Morgan, Park, and Rio Blanco, licensed care has the capacity to serve fewer than 10 percent of children. The problem is worse for families with infants and toddlers, as statewide, licensed providers can only care for about 18 percent of Colorado children under age two.

As recently as 2014, 19 counties were experiencing an "infant care crisis," with the ability to only serve up to 9 percent of the children who need care. One Grand County focus group member told the Bell there are only two infant slots in licensed care for all families living there.

Many progressive proposals at the national level would limit child care expenses to a percentage of one's income. While this type of public investment is difficult at the state level, Colorado could leverage tax credits to help with the cost of care, either by reducing a family's tax liability or by providing a refund. Early care and education experts suggest tax credits for families are a promising approach for states to experiment with in addition to state appropriations.

Employers should be encouraged to use available tools, such as the Colorado Child Care Contribution Tax Credit. Dependent care flexible spending accounts, only offered through employers, allow employees to save up to $5,000 in pre-tax income that can be used to pay for caregiving costs. Unfortunately, according to the Bureau of Labor Statistics, nationally only 54 percent of state and local government workers and 36 percent of private industry workers have access to this type of benefit, and access has been stagnant over time. Finally, as recommended elsewhere in this report, Coloradans need jobs that offer flexible schedules and paid leave to help ease child care worries.

Colorado state and local officials must continue to press for increased public investment in child care. As the largest source of state child care assistance, innovative approaches to CCCAP should be continued. In addition to increased funding, 2016 stakeholder convenings with the Office of Early Childhood suggest programmatic improvements could help.

Recommendations

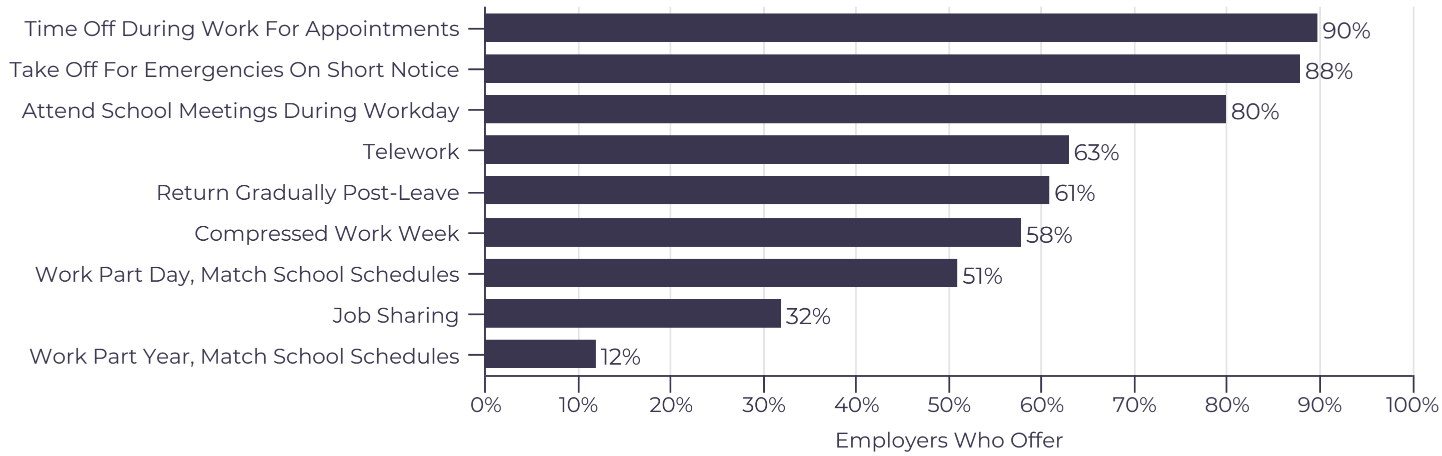
Further expand access to the Child Care Expenses Tax Credit by raising the income threshold to include more middle-income earners. Colorado has a Child Care Expenses Tax Credit available to those with incomes of $60,000 or less. It's calculated as a percentage of the federal Child and Dependent Care Tax Credit and is weighted to give a higher percentage to lower-income families. Colorado recently passed legislation to ensure a glitch in the tax system didn't prevent our lowest earning families from accessing this credit.

Encourage employers to use the Colorado Child Care Contribution Tax Credit and dependent care flexible spending accounts to help families cover costs of child and dependent care. Encourage employers to implement other family-friendly policies.

Colorado should continue supporting the Colorado Child Care Assistance Program cliff effect pilot program and assist counties with refining implementation approaches.

Increase public awareness of Colorado Child Care Assistance Program and help parents navigate and better understand the program through development of a parent portal.

What Flexible Work Arrangements Do Colorado Employers Offer?



Source: Health Links, Center for Health, Work & Environment, Colorado School of Public Health. Health Links Family Friendly Assessment Data 2017, Unpublished raw aggregated data obtained December 6, 2017 from John Stuligross, Program Director of Health Links.

Scheduling & Flexibility

Researchers with the Families and Work Institute define workplace flexibility as, "a process for getting work done that increases effectiveness and efficiency on and off the job." Rather than think of it as a perk for employees, they suggest employers use these policies as an opportunity to help their workers be more successful.

Not all workplaces can approach flexibility in the same way, but research cited by Colorado's Department of Public Health and Environment (CDPHE) finds employers who offer it experience decreased turnover and increased employee engagement and loyalty. CDPHE's analysis stresses the toll a lack of work/life integration can take on worker health, particularly because it creates stress, which can lead to poor mental health, weight gain, poor heart health, obesity, and high blood pressure. It can also create a tense work environment, causing stress to spill over to other employees.

Many employers are integrating flexible work arrangements into their organizations, which includes flextime and periodic telecommuting, and to a lesser degree, compressed workweeks, full-time telecommuting, and shift flexibility.

Human resources professionals surveyed by the Society for Human Resource Management (SHRM) attribute improved productivity and retention and decreased absenteeism to flexible work arrangements. SHRM's findings show most employees cite workplace flexibility as critical to their job satisfaction, a percentage that has increased over time. Two out of 5 respondents say flexibility is why they would be unlikely to seek another job in the next year, and other positive impacts have been noted by employees.

Through Health Links, a program at the University of Colorado's School of Public Health, employers can choose to take a Family Friendly Assessment to gauge how their policies meet the work/life balance needs of employees. Among employers who took the 2017 assessment, 39 percent have a written policy for flextime, and higher percentages report offering specific benefits associated with workplace flexibility, as shown in the above graph.

Colorado employers have good guidance in implementing flexible workplace policies, thanks to the efforts of programs such as Health Links and groups like Executives Partnering to Invest in Children (EPIC). Its Family-Friendly Workplace Toolkit touts flexible work hours as a crucial employer offering, in addition to core benefits like health insurance and retirement savings plans, paid leave, support services, career development, and community involvement.

Unfortunately, workers have uneven access to flexible work arrangements. Analysis from Georgetown Law and the Urban Institute shows workers with lower wages and incomes have less access to workplace flexibility, in part because of the work associated with lower-wage jobs.

Experts from the Center for American Progress (CAP) point to data from the Bureau of Labor Statistics and the American Time Use Survey that shows just over half of workers can alter their schedule or work location instead of taking leave or taking time off work. These work arrangements are less likely to be available to those with lower pay, Hispanic workers, and those with only a high school diploma. In fact, CAP notes workers with a college degree are nearly twice as likely to be able to change their schedules than those who only completed high school.

Workers in low-wage jobs are also more likely to have additional work schedule challenges. The Center for Law and Social Policy (CLASP) summarizes schedule challenges experienced by hourly workers, including irregular shifts, short-notice of upcoming shifts, shift fluctuation from week to week, and the fact many have jobs requiring them to be "on-call" every day.

When Oregon's governor signed SB 828, it became the first state to create a predictive scheduling law, joining cities like San Francisco, Seattle, and New York. Predictive scheduling requires employers give employees advance notice about work schedules and guarantees employee pay if those schedules are changed without notification. Greater shift predictability and guaranteed pay have both economic and two-generation implications, as workers can plan their finances accordingly and account for child or dependent care. Employers also benefit from reduced turnover, increased productivity, and decreased absenteeism.

Right-to-request laws allow workers to ask for the workplace flexibility they need while protecting them from employer discrimination or retaliation. The federal Schedules That Work Act, introduced in 2015 and 2017 by Congressional Democrats, would protect workers while compelling employers to seriously consider flexibility requests and only deny them for valid business reasons. (Previous versions of this legislation also required employers in certain industries to offer predictive scheduling.) Vermont enacted a right-to-request law in 2013 as part of a broader worker rights bill. Employees are guaranteed the right to ask for flexible work arrangements without fear of retaliation, and employers have the "duty to consider" and discuss these requests. New Hampshire passed a similar law in 2016.

Recommendations

Colorado should follow the lead of cities and states that created their own scheduling and right-to-request laws.

Colorado should recognize and celebrate organizations that offer workflex options and other worker-friendly policies by creating a formal state-sponsored award or certification program. States like Arkansas and New Mexico and cities like Juneau and Santa Clara have offered these awards, and employers reported benefitting from the recognition in many ways. In 2016, the legislature considered the Colorado Family First Employer Program (HB16-1167), which would have created such a program. Though the measure died in the Colorado Senate, it provides another template for improving workplace flexibility in Colorado.

Rejoining the Workforce

Nearly 9 out of 10 employers, 4 out of 5 landlords, and 3 out of 5 colleges use criminal record background checks on applicants, which can often keep those with criminal histories from making a better life for themselves and their families.

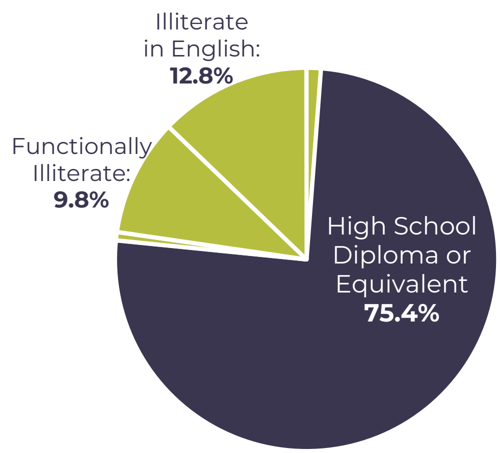
In Colorado, almost 17,500 people are incarcerated in prisons and an additional 11,000 are in jails. A multi-state survey of formerly incarcerated people finds access to employment is one of the biggest challenges they face. Studies show 60 percent of such individuals cannot find employment one year after release. This is especially troubling as a two-generation policy issue, given two-thirds thirds of male inmates were employed before their incarceration, and more than half were their families' primary source of financial support. Estimates suggest nearly half of U.S. children have at least one parent with a criminal record, and 1 in 28 has an incarcerated parent.

A report from the Pew Charitable Trusts points out incarceration is especially concentrated among men, the young, those with low levels of education, and racial and ethnic minorities — especially black Americans. Nationally, 1 in every 87 white males ages 18 to 64 is incarcerated. The numbers for Hispanic and black males of similar age are 1 in 36 and 1 in 12, respectively.

In Colorado, minorities are also significantly overrepresented among those incarcerated. This is especially true for black Coloradans, who make up 4 percent of our state's population, but comprise 18 percent of those in Colorado's prisons and jails and have an incarceration rate almost triple that of white Coloradans.

When education level is considered, those without a high school diploma or the equivalent are far more likely to be incarcerated, affecting more than 1 in 3 black men ages 20 to 34, compared to 1 in 8 white men of the same age. Nationally, about 40 percent of inmates overall lack a high school diploma or the equivalent, 46 percent lack postsecondary education, and about 16 percent have below basic literacy levels. Colorado's prison population has a higher rate of high school attainment, but still includes a significant percentage of inmates with basic academic and literacy needs.

Colorado Prison Population by Education Level



Literate, No H.S. Diploma/Equivalent: **0.7%**
Associate Degree or Higher: **1.2%**

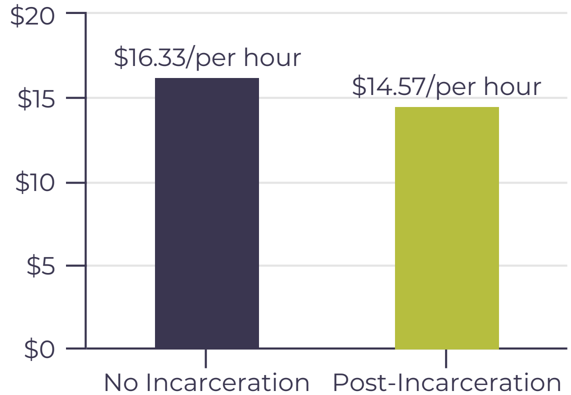
Source: Bell analysis of data from Colorado Department of Corrections, FY 2016 Overview of Educational and Vocational Programs

Low levels of education along with a criminal history make it very difficult to compete in the labor market after release, significantly reducing wages and annual earnings.

Incarceration's Effect on Men's Pay

Source: Pew Charitable Trusts, Collateral Costs: Incarceration's Effect on Economic Mobility

Incarceration's Effect on Men's Pay



Source: Pew Charitable Trusts, Collateral Costs: Incarceration's Effect on Economic Mobility

In Colorado, one of the top employment areas for ex-offenders reentering the workforce is food service occupations. Common entry-level jobs for formerly incarcerated individuals include:

Industry Sector	Entry-Level Job
Restaurant/Food Service	Food Preparation
Warehouse Operations	Freight/Stock Laborer
Information Support	Customer Service Rep
Construction	Construction Laborer
Mobile Maintenance	Tire Repairer/Changer
Production	Team Assembler

Source: "Common Jobs for Newly Released," Minnesota State Colleges and Universities.

Workforce Participation

From fiscal year 2010 to 2016, an average of 10,253 Colorado inmates were released annually by the Department of Corrections. In 2016, the total was 9,842. Even without incarceration or a conviction, an individual with a criminal record can have significant difficulty finding employment.

A 2014 study for the National Institute of Justice shows simply having an arrest during one's lifetime decreases opportunities for employment more than any other employment-related stigma, including long-term unemployment, receiving public assistance, having only part-time or short-term employment experience, or having a high school equivalency rather than a diploma. As a result, job seekers with criminal records receive half as many job offers as those without records, and black applicants with criminal records receive two-thirds fewer.

Research studies point out expanding incarceration rates and subsequent employment challenges have deepened racial inequality in earnings and lifelong careers, and have likely contributed to the perpetuation of our nation's poverty rate. Additionally, increased incarceration is among several factors that have affected the U.S. labor market and may, at least in part, help to explain gaps in workforce participation rates, especially for black men.

Several state and local policy approaches can address barriers to workforce reentry for those with criminal records.

Recommendations

Pass legislation to "Ban the Box"/Fair-Chance Hiring policies. This policy would remove the box on employment applications requiring disclosure of an applicant's criminal history, and criminal background checks would be postponed until after an applicant has an opportunity to interview for the job and is being seriously considered for it. Over 150 cities and 29 ststes have enacted such laws. The Colorado Center on Law and Policy has led statewide "Ban the Box" legislative efforts to expand the state's current requirements to include most private sector employers.

Enact "Clean Slate" automatic record-sealing/expungement laws. Although many states have processes in place by which those with criminal histories can petition to have their records cleaned, sealed, or expunged, in most cases this process is not automatic even for relatively minor and nonviolent crimes. The Colorado Center on Law and Policy is planning to offer Clean Slate legislation in 2018 related to automatic criminal record sealing of certain offenses.

Expand subsidized transitional jobs programs. Training programs for formerly incarcerated individuals after their release are also effective in providing the skills needed for reentry into the workforce.

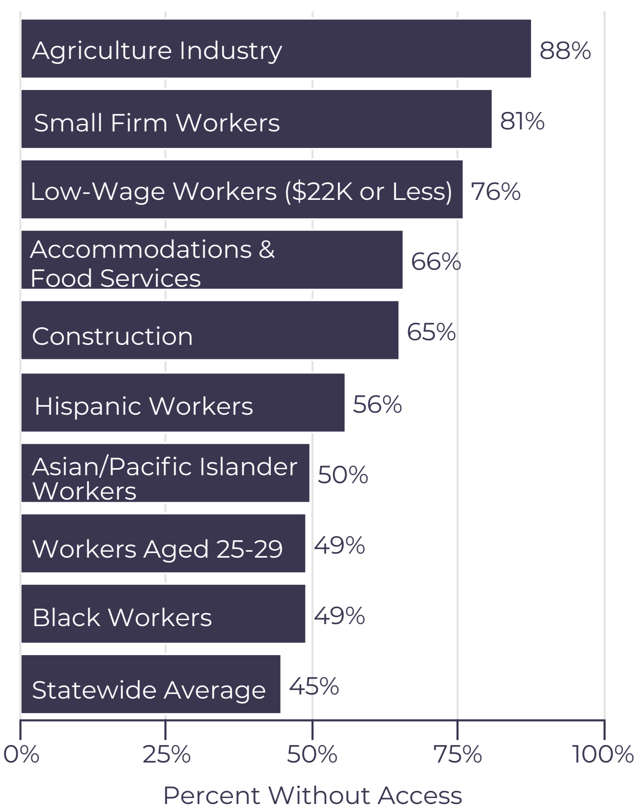
Retirement Ready

In a 2016 study, the Bell Policy Center found almost 900,000 Colorado private sector workers in their prime working years aren't participating in any type of retirement savings plans at work. More than 80 percent — or 753,972 Coloradans — work for employers who don't offer a retirement savings plan.

The number of Coloradans aged 65 and older — the traditional age when workers retire — is projected to grow by 77 percent between 2015 and 2030. The state and local government will face a crisis if people retire without adequate savings and turn to public programs for support.

In Colorado, low-wage workers, members of minority groups, young workers, those working in small businesses, and those working in specific industries are the least likely to have a retirement savings plan at work.

Which Colorado Workers Are Less Likely to Have a Workplace Retirement Plan?



Source: Bell Policy Center analysis of IPUMS CPS microdata

In recent years, six states — California, Connecticut, Illinois, Maryland, Oregon, and Vermont — enacted legislation to provide workplace retirement plans for their private-sector workers who don't have access to one. These states are in various stages of establishing public-private partnerships to create and run voluntary, low-cost, automatic enrollment workplace retirement savings plans.

California, Connecticut, and Oregon completed detailed market and financial analyses showing how their plans, as currently designed, are financially sustainable under a variety of economic scenarios. Oregon started enrolling workers in a pilot program in July and is rolling out their plan to firms with 100 or more workers in January 2018. Currently, the program has over 1,100 workers and 50 employers participating. California, Connecticut, and Illinois are expected to begin enrolling workers in their plans in 2019.

If we want all Coloradans to experience a financially secure retirement as a just reward for a life of hard work, we need to ensure there are appropriate mechanisms in place to help them save. The lowest-income retirees in Colorado, many with limited retirement savings, currently depend on Social Security for 80 percent of their income, even though it is designed to replace about 40 percent of their income in retirement.

A poll commissioned by AARP Colorado and Small Business Majority says a strong majority of Colorado small business owners support the creation of a privately managed, state retirement savings program, similar to the Secure Savings Plan. Three in 5 Colorado small business owners support such a plan (58 percent) and nearly 7 in 10 (69 percent) believe offering such a plan makes small businesses more competitive by attracting and retaining employees.

Studies also show raising the retirement savings for workers with the lowest earnings will save state and local governments millions of dollars in social spending. Economists at the University of Maine, say increasing retirement income by $1,000 per year for the lowest income retirees would save Colorado taxpayers $155 million in state safety net spending over 15 years. Economists at Brigham Young University determined if the one-third of Utah's retirees with the lowest savings had increased their savings by just 10 percent over their working years — or about $14,000 — the state would have saved $194 million in federal and state government spending over 15 years.

Recommendation

Colorado should follow the lead of six other states and enact the Secure Savings Plan to create a public-private partnership to develop and operate a retirement savings plan for private sector workers without access to one at work. The plan should have automatic enrollment, low-fees, and portability among jobs in Colorado.