



March 21, 2018

Joint Budget Committee  
200 East 14<sup>th</sup> Avenue, Third Floor  
Denver, CO 80203

Dear Member:

With the state legislature poised to introduce a budget in the coming days, the March 19<sup>th</sup> revenue forecast offers Colorado possibilities to invest in important programs. Legislative and executive branch economists project revenues for fiscal year 2018-19 will be close to \$300 million higher than expected. While the overall Colorado economy looks strong, our gains haven't been felt by all Coloradans, and children and families with children have been most hurt by chronic underfunding of public services. There is a real need to help all Coloradans — a good place to start would be investing more in child care and early childhood education.

The [list](#) of services and programs needing an extra financial boost is long. A few hundred million dollars isn't enough to backfill our complicated fiscal hole, and an economic speed bump, such as a small recession or unanticipated market correction, could reverse revenue growth. However, this extra revenue gives policymakers the freedom to target investments toward hardworking Coloradans and their families, so they more universally experience the benefits of our booming economy. **Child care and early childhood education programs are the sweet spot for this investment because, done right, they yield high returns, support Coloradans with a two-generation approach to family success, and provide needed infrastructure for children to succeed later in life and depend less on public supports.**

We believe policymakers should prioritize the following policies in the 2018 budget to improve child care and early childhood education in Colorado:

- **Expand access to child care assistance.** The Colorado Child Care Assistance Program (CCCAP) is a crucial work support and economic development program for parents across Colorado. Unfortunately, it only serves 13 percent of eligible families. Colorado Joint Budget Committee staff [estimate an infusion](#) of **\$42 million** could help eliminate existing waitlists and increase the percent of eligible families served to more closely match the demand for child care in the general public.
- **Expand access to the Colorado Preschool Program (CPP) and the Early Childhood At-Risk Enhancement (ECARE) Program.** The [Colorado Preschool Program \(CPP\)](#), designed to subsidize costs for low-income families, only serves 20 percent of Colorado's 3- and 4-year-olds. With an additional **\$15 million to \$20 million investment**, Colorado would eradicate the current CPP waitlist. Putting **\$32 million** toward the program would enable all eligible 4-year-olds to be served in a half-day program, putting these kids on the path toward success.
- **Relieve pressure on families paying for child care.** Nearly 64 percent of Colorado children under the age of six live in a home where all primary caregivers work. [Recent analysis](#) shows Coloradans' wage and income growth isn't on pace with child care and other household costs. Tax credits for child care costs exist at the state and federal level, and while not a panacea, help families with the high cost of care. HB 18-1208 would extend eligibility for the state credit to middle-income

Coloradans and make it more generous for all who are eligible to claim it. With a **\$21 million** investment, the state could help relieve this financial pressure on many Colorado families.

- **Improving quality of early childhood education jobs.** In 2016, the [mean salary for early child care workers](#) was only \$26,672 which was just over half of the average for all Colorado occupations. Furthermore, nearly one-third of Colorado families live in a child care desert, defined as “neighborhoods or communities that are either lacking any child care options or have so few providers that there are more than three children for every licensed child care spot.” These problems could be alleviated through spending money on, and incentivizing people to enter, the early childhood workforce. The legislature should create an Early Childhood Educator Tax Credit to mitigate the low wages paid to these workers at a cost of **\$8 million to 10 million**. A wage subsidy program, funded at **\$20 million**, or \$3,595 annually for each worker, would help recruit, retain, and reward early childhood educators. Better wages would lessen turnover, which can improve the quality and continuity of child care, and would reduce the financial squeeze on workers and our state budget, as [low wages lead to an increased](#) need for public assistance.

Smart investments in early care and education, particularly those that make it affordable, accessible, and high quality, help kids learn and grow, help parents work and prosper, and help employers retain their workforce. [Analysis](#) suggests **“Colorado’s public investment in early child education and child care programs adds \$832 million to the economy, in both short- and long-term benefits.”** This is largely due to children being more prepared for school and less likely to drop out and become a strain on social services, as well as the economic value of both parents being able to work. More funds put into these programs would do even more for the state and help us invest in our long-term future.

Sincerely,

Scott Wasserman



President  
The Bell Policy Center

Gloria Higgins



President  
Executives Partnering to Invest in Children

Bill Jaeger



Vice President, Early Childhood & Policy Initiatives  
Colorado Children’s Campaign

Cc:

Speaker of the House Crisanta Duran  
House Majority Leader KC Becker  
House Minority Leader Patrick Neville  
President of the Senate Kevin Grantham  
Senate Majority Leader Chris Holbert  
Senate Minority Leader Lucia Guzman

