EARLY CHILDHOOD IN COLORADO

Agenda to Advance Care, Education, & Economic Mobility

“It’s time for us to build a Colorado education system where every single child — regardless of their zip code — gets a great education that prepares them for a bright future. And it begins with preschool and kindergarten.”

Governor Jared Polis, State of the State Address, January 10, 2019

Earlier this month, Governor Polis introduced his agenda for a robust early childhood system in Colorado during his State of the State. Thanks to the solid policy foundation set by the previous administration, he and other state leaders have a running start. Parents, educators, and advocates around the state are hopeful the promises of Governor Polis and legislators will come to fruition — because families need help.

Quality child care, preschool, and kindergarten are expensive no matter who you are or how much you earn, and they’re especially unaffordable for low- and middle-income families. Unfortunately, costs have increased while government support for child care has increased only slightly in recent years and wages have remained stagnant, meaning child care and education costs eat up a substantial portion of most families’ budgets. The average cost of child care for one 4-year-old in Colorado is about $11,000 per year, while infant care is closer to $15,000 — about 19.5 percent of median family income.

Preschool and kindergarten are also costly. Although full-day kindergarten is on Governor Polis’ agenda, Colorado has no universal pre-K program (although the proposed plan for full-day kindergarten could free up more funding for preschool). Since nearly 64 percent of Colorado children under the age of six live in a home where all primary caregivers work, these types of programs are in high demand across the state. The number of kindergarteners enrolled in a full-day program is at 78 percent, up from 40 percent in 2007. However, many children still lack access to quality care or education. This is in part due to low wages for child care and early childhood education providers, as well as a shortage of child care slots.

Although they’re costly, quality child care and early childhood education are key features of an effective two-generation strategy that serves the needs of both parents and children. These services prepare children for academic and social success while allowing their parents to work and advance economically, so alleviating these costs is vital to reinvigorating Colorado’s middle class. Research suggests the benefits of educating children early reach well into their adulthood and affect their children as well. Estimates indicate that the individual and societal return on investment of early childhood programs is high.

This could be the year we finally create a holistic, high-quality early childhood system for Colorado families. In addition to the governor’s agenda, advocates and legislators have been hard at work drafting legislation to ensure families, child care and early childhood education providers, employers, and other stakeholders can work together to build service capacity and quality, increase access and availability, and lower costs.

Several early childhood bills have been introduced in recent sessions, to some success. These include bills directed at:

- tax credits for families (to defray the cost of care),
- tax credits for providers (to help them build economic self-sufficiency),
- funding for full-day kindergarten,
- child care and preschool teacher licensure, and
- block grants for child care assistance and quality programs.
A Child Care Expenses Income Tax Extension was signed into law in 2017 (wherein a child care expenses tax credit for Coloradans with a federal adjusted gross income of $25,000 or less was extended three years), as were quality and licensure bills. In 2018, Governor Hickenlooper signed a bill to expand the Child Care Expenses Income Tax Credit, one to continue the Child Care Contribution Tax Credit, one that allowed the use of early childhood at-risk enhancement (ECARE) slots for full-day kindergarten, and one that created eligibility requirements for all counties using the Colorado child care assistance program (CCCAP), as well as a few quality and licensure bills. You can find a list of these bills, with links to bill text, in the appendix.

Five early childhood bills have been introduced so far in the 2019 session — four in the House and one in the Senate. Four of them are bipartisan, and one is sponsored by House and Senate Democrats. Three of these are tax credits — one for early childhood educators (HB19-1005) has been supported by the Colorado Children’s Campaign. Two for low-income families (HB19-1013 and HB19-1164) are moving forward thanks to the work of the Colorado Center on Law and Policy and the Colorado Fiscal Institute. One establishes early childhood development special districts (HB19-1052), and another creates a strategic plan to address child care shortages (SB19-063).

Finally, a federal proposal that has been in the works for a few years is set to be reintroduced this year, led by Colorado Senator Michael Bennet and Ohio Senator Sherrod Brown. If passed, it would dramatically expand the federal child tax credit (which offers very little for poor families) and would be indexed to inflation. The bill would pay $3,000 per year ($250 per month) per child aged 7 to 18, and $3,600 per year ($300 per month) per child aged 0 to 6. Estimates from 2017 suggest the plan could reduce child poverty in the U.S. by 45 percent.

Taken together, this suite of bills and proposals could drastically improve life for families in Colorado by making the early childhood landscape more equitable and sustainable. Tax credits for low-income families would help enhance their ability to pay for quality early child care, while those for providers would help raise their wages in a market that does not properly value their important work. Plans aimed at ameliorating child care shortages, and those with an eye toward improving early childhood services locally, will build out capacity and ensure every family has access to high-quality care within a reasonable distance from their home, work, or school. Furthermore, expanding kindergarten and preschool are crucial to the future academic and social success of today’s kids.

If Colorado wants to lead on early childhood issues, these state bills are a great place to start. The federal proposal from Senators Bennet and Brown would also be a major win for Colorado families, but in the meantime, state lawmakers should work together to find solutions quickly. Colorado families and the state’s future depend on it.

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<th>Bill</th>
<th>Summary</th>
<th>Sponsors</th>
<th>Last Action</th>
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<td>SB19-063</td>
<td>The bill requires the Department of Human Services, in consultation with the Early Childhood Leadership Commission and various stakeholders, to draft a strategic action plan addressing the declining availability of family child care homes and infant child care. The bill requires the department to submit the completed strategic action plan to the commission, the state Board of Human Services, the Joint Budget Committee, the health and human services and education committees of the Senate or any successor committees, and the public health care and human services and education committees of the House of Representatives or any successor committees no later than December 1, 2019.</td>
<td>Sen. K. Priola (R)</td>
<td>Introduced in Senate 01/10/2019</td>
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<td>Infant and Family Child Care Action Plan</td>
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<td>Sen. T. Story (D)</td>
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<td>Rep. B. Buentello (D)</td>
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<td>Rep. A. Valdez (D)</td>
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| HB19-1005  | Income Tax Credit for Early Childhood Educators                                                   | The bill provides an income tax credit to eligible early childhood educators who hold an early childhood professional credential and who, for at least six months of the taxable year, are either the head of a family child care home or are employed with an eligible early childhood education program or a family child care home. The bill specifies an early childhood education program must have achieved at least a level 2 quality rating under the Colorado shines quality rating and improvement system and either has fiscal agreements with the Colorado Child Care Assistance Program or is a program that meets the federal early head start or head start standards. The amount of the credit is dependent on the eligible early childhood educator's credentialing level and is annually adjusted for inflation. | Rep. J. Buckner (D)  
Rep. J. Wilson (R)  
Sen. N. Todd (D)  
Sen. K. Priola (R) | 01/04/2019 |
| HB19-1013  | Child Care Expenses Tax Credit Low-income Families                                                 | For income tax years prior to January 1, 2021, a resident individual who has a federal adjusted gross income of $25,000 or less may claim a refundable state income tax credit for child care expenses for the care of a dependent who is less than 13 years old. The tax credit is equal to 25 percent of eligible child care expenses that the individual incurred during the taxable year, up to a maximum amount of $500 for a single dependent or $1,000 for two or more dependents. The bill makes the tax credit permanent. | Rep. T. Exum (D)  
Sen. B. Pettersen (D) | 01/04/2019 |
| HB19-1052  | Early Childhood Development Special District                                                      | The bill authorizes the creation of early childhood development service districts to provide services for children from birth through age eight. Early childhood development services are defined to include early care and educational, health, mental health, and developmental services, including prevention and intervention. Districts are authorized to seek voter approval to levy property taxes and sales taxes in the district to generate revenues to provide early childhood development services. | Rep. B. Rankin (R)  
Rep. J. McCluskie (D) | 01/04/2019 |
| HB19-1164  | Child Tax Credit                                                                                   | In 2013, the general assembly created a child tax credit against state income taxes for a resident individual. But the credit, which is a percentage of the federal child tax credit based on the taxpayer's income, is only allowed after the United States congress enacts a version of the “Marketplace Fairness Act.” The bill repeals the contingent start of the tax credit and instead allows the credit to be claimed for any income tax year beginning with the 2019 income tax year. | Rep. J. Singer (D)  
Sen. R. Zenzinger (D)  
Senator K. Priola (R) | 01/30/2019 |
### SB18-004
**Funding for Full-Day Kindergarten**

Under existing law, the “Public School Finance Act of 1994” funds kindergarten students as half-day pupils plus the supplemental kindergarten enrollment. Under existing law, the supplemental kindergarten enrollment is an additional .08 of a full-day pupil. The bill increases the supplemental kindergarten enrollment for the 2017-18 budget year and each budget year thereafter to .15 of a full-day pupil. The bill expresses the general assembly’s intent to increase funding annually for full-day kindergarten starting in the 2018-19 budget year and continuing through the 2022-23 budget year so by the 2022-23 budget year, the general assembly is funding kindergarten students as full-day pupils.

- **Sen. A. Kerr (D)**
- **Postponed indefinitely**

### SB18-099
**Align Early Childhood Quality Improvement Programs**

The bill amends the application and eligibility requirements for the school-readiness quality improvement program and the infant and toddler quality and availability grant program to align with the Colorado shines quality rating and improvement system to streamline the administration of the programs.

- **Sen. M. Merrifield (D)**
- **Sen. K. Priola (R)**
- **Sen. B. Pettersen (D)**
- **Sen. J. Wilson (R)**
- **Governor signed 04/02/2018**

### SB18-201
**Religious Organization Child Care Licensing Exemption**

Current law allows a child care licensing exemption for certain facilities, including shopping centers and churches, that provide on-site child care for children for less than three hours while people are making use of the facility or attending church services. The bill retains the three-hour limit on the licensing exemption for facilities like shopping centers but increases the time limit for religious organizations to six hours, provided the child care is being offered contemporaneously with services or other programs at the on-site child care location of the religious organization.

- **Sen. K. Priola (R)**
- **Rep. P. Covarrubias (R)**
- **Postponed indefinitely**
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<th>Bill Number</th>
<th>Description</th>
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<td>SB18-265</td>
<td>Child Care Savings Account Income Tax Benefits</td>
<td>Section 1 of the bill establishes a child care savings account, which is an account with a financial institution from which an individual uses money to pay a child care facility for the care of a dependent aged six or younger (account). To be eligible to create an account, an individual must have federal taxable income of less than $90,000, or, in the case of individuals filing a joint return, $180,000. A taxpayer may claim a credit that's equal to 10 percent of the amount the taxpayer contributes to an account. The maximum credit allowed for an income tax year for a contribution to a single account is $250. A taxpayer may contribute to multiple accounts, but cannot claim more than $25,000 of credits in an income tax year. A credit for a contribution to one's own account is refundable. All other credits are not refundable, but unused credits may be carried forward up to five years. Money in the account may only be used for payments to the child care facility or bank fees. If an individual uses money for an unauthorized purpose, then any credit given for such amount is subject to recapture in the year it’s withdrawn and there’s a penalty equal to 10 percent of the credit recaptured. The Department of Revenue is required to establish forms an individual must annually file related to an account. Section 2 allows an account holder to subtract an amount equal to the interest or income earned during the income tax year from the money in an account from his or her federal taxable income.</td>
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<td>HB18-1004</td>
<td>Continue Child Care Contribution Tax Credit</td>
<td>A taxpayer who makes a monetary contribution to promote child care in the state is allowed an income tax credit equal to 50 percent of the total value of the contribution. This exemption is currently available for income tax years that commence prior to January 1, 2020. The bill extends the credit for five years.</td>
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<td>HB18-1134</td>
<td>Use of Colorado Preschool Program Positions</td>
<td>If a district chooses to use early childhood at-risk enhancement (ECARE) positions to enroll children in the district’s full-day kindergarten program, children using the ECARE positions must satisfy at least one of the eligibility requirements of the Colorado preschool program.</td>
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<td>HB18-1141</td>
<td>Modernize Early Childhood Council Language</td>
<td>The bill removes outdated references in statute to “early childhood care and education councils.” The term is no longer used. Instead, these entities are referred to as “early childhood councils.”</td>
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| **HB18-1208** | **Expand Child Care Expenses Income Tax Credit** | Currently, a resident individual with a federal adjusted gross income of $60,000 or less is allowed a state income tax credit (state credit) for child care expenses that is a percentage of a similar federal income tax credit claimed (federal credit). The amount of the state credit depends on the individual’s adjusted gross income (AGI). If the individual’s AGI is:  
• $25,000 or less, then the state credit is 50 percent of the federal credit;  
• $25,001 to $35,000, then the state credit is 30 percent of the federal credit; and  
• $35,001 to $60,000, then the state credit is 10 percent of the federal credit.  
The bill expands the state credit by allowing a resident individual with an AGI that’s less than or equal to $60,000. The bill makes an appropriation. | **Rep. C. Duran (D)**  
**Sen. F. Winter (D)**  
**Sen. B. Martinez Humenik (R)** | Governor signed 05/22/2018 |
| **HB18-1335** | **County Child Care Assistance Program Block Grants** | For providers under the Colorado child care assistance program (CCCAP), the bill requires the state Department of Human Services (department), in consultation with the counties, annually to contract for a market rate study of provider rates for each county. Based on the market rate study and each county’s percentage of the total number of children eligible to participate in CCCAP, the department establishes the amount of each county's block grant. The bill allows the department to adjust a county’s block grant amount based upon rules promulgated by the department. Under current law, a county is permitted to determine the percentage of the federal poverty level for eligibility in CCCAP for that county. The bill sets the federal poverty level for all counties at 185 percent, but allows the state board of human services to adjust the percentage by rule if required by federal law. The bill adjusts certain periods of eligibility and removes references to preconditions that have been previously met. | **Rep. D. Young (D)**  
**Sen. K. Lundberg (R)** | Governor signed 06/06/2018 |
| **SB17-029** | **Funding for Full-day Kindergarten** | Concerning increasing the funding for preschool through 12th grade public education, and, in connection therewith, increasing the funding for full-day kindergarten and requiring the secretary of state to submit a ballot question to authorize the state to retain and spend for preschool through 12th grade public education any state revenues above the excess state revenues cap approved by the voters in 2005. | **Sen. A. Kerr (D)**  
**Sen. B. Pettersen (D)** | Postponed indefinitely |
| **SB17-110** | **Accessibility of Exempt Family Child Care** | Concerning expanding the number of unrelated children to no more than four to qualify for license-exempt family child care. | **Sen. L. Crowder (R)**  
**Sen. J. Kefalas (D)**  
**Sen. J. Danielson (D)**  
**Rep. J. Wilson (R)** | Governor signed 03/30/2017 |
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<th>Bill Title</th>
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<th>Status</th>
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<td>HB17-1002</td>
<td>Child Care Expenses Income Tax Extension</td>
<td>For the three income tax years prior to January 1, 2017, a residential individual with a federal adjusted gross income of $25,000 or less may claim a refundable state income tax credit for child care expenses. The tax credit is equal to 25 percent of eligible expenses incurred during the taxable year, up to a maximum amount of $500 for a single dependent or $1,000 for two or more dependents. The bill extends the tax credit for three more income tax years.</td>
<td>Rep. B. Pettersen (D)  Rep. T. Exum (D)  Sen. J. Kefalas (D)  Sen. B. Martinez Humenik (R)</td>
<td>Governor signed 06/02/2017</td>
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<td>HB17-1038</td>
<td>Prohibit Corporal Punishment of Children</td>
<td>The bill prohibits a person employed by or volunteering in a public school, a state-licensed child care center, a family child care home, or a specialized group facility from imposing corporal punishment on a child. “Corporal punishment” means the willful infliction or willfully causing the infliction of physical pain on a child.</td>
<td>Rep. S. Lontine (D)  Sen. R. Zenzinger (D)</td>
<td>Postponed indefinitely</td>
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<td>HB17-1042</td>
<td>Increasing Funding for Full-Day Kindergarten</td>
<td>Under existing law, the “Public School Finance Act of 1994” funds kindergarten students as half-day pupils plus the supplemental kindergarten enrollment, which is an additional .08 of a full-day pupil. The bill increases supplemental kindergarten enrollment for the 2017-18 budget year and each budget year thereafter to .16 of a full-day pupil.</td>
<td>Rep. J. Wilson (R)</td>
<td>Referred to Appropriations</td>
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<td>HB17-1106</td>
<td>Extend Early Childhood Leadership Commission</td>
<td>The bill amends statutes relating to early childhood leadership commission in the department of human services as follows: Makes changes to the legislative declaration, mission, and duties of the commission to include consideration of families of pregnant women and children Repeals the early childhood leadership commission fund Changes the title of the person appointed to assist the department in fulfilling the duties of the commission from “executive director” to “director” Removes the requirement that the director be compensated from money credited to the early childhood leadership commission fund, and instead requires the director be compensated with federal funds or gift, grants, or donations, and not with money from the General Fund Permits the commission to seek, accept, and expend gifts, grants, and donations for the expenses of the commission Extends the repeal date and sunset review of the commission prior to its repeal from 2018 to 2023</td>
<td>Sen. B. Pettersen (D)  Rep. J. Wilson (R)  Sen. B. Martinez Humenik (R)  Sen. N. Todd (D)</td>
<td>Governor signed 06/05/2017</td>
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| HB17-1135   | Portability Background Checks Child Care Workers | The bill creates a new provision that allows a child care worker who is employed in a licensed facility that is wholly owned, operated, and controlled by a common ownership group or school district to use a single completed fingerprint-based criminal history record check and a check of the records and reports of child abuse or neglect maintained by the Department of Human Services to satisfy the requirements of the necessary background checks if the employee also works for or transfers to another licensed facility that is owned, operated, or controlled by the same common ownership group or school district, provided all other requirements for employment are met. | Sen. J. Bridges (D)  
Sen. K. Priola (R) | Governor signed 03/20/2017 |
| HB17-1332   | Teachers Nonpublic Child Care & Preschool Facility | The bill provides the state Board of Education may issue an alternative teacher license to an applicant who agrees to participate fully in a one- or two-year alternative teacher program provided by a designated agency, which may include working in a nonpublic child care facility or other preschool facility. | Sen. J. Bridges (D)  
Rep. J. Wilson (R)  
Sen. S. Fenberg (D)  
Sen. J. Smallwood (R) | Governor signed 05/30/2017 |
| HB17-1355   | County Block Grant Money to Child Care Quality Programs | Current law provides money allocated to a county through a county block grant for the child care assistance program may be used for the provision of child care services. The bill expands allowable uses of such money to the provision of child care improvement activities as identified in the federal “Child Care and Development Block Grant Act of 2014” as amended. | Rep. D. Young (D)  
Sen. K. Lundberg (R) | Governor signed 06/05/2017 |