



Child Care Property Tax Exemption (HB22-1006)

Testimony to the House Public Behavioral Health and Human Services Committee

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Madam Chair, members of the committee, thank you for the opportunity to testify today in favor of HB22-1006. My name is Julie Pecaut, and I am the Director of Strategy and Operations for the Bell Policy Center. The Bell Policy Center provides policymakers, advocates, and the public with reliable resources to create a practical policy agenda that promotes economic mobility for every Coloradan.

The Bell Policy Center recently commissioned a Colorado-specific cost of care model to understand the true costs of providing quality child care across the state. This model, developed with child care researcher Andrew Brodsky, builds on national research as well as on more recent statewide data collection, including surveys with child care providers around the state. The model offers us a way to look at the key cost, revenue, and operational factors that drive child care operations.

I wanted to share a few findings relevant to the bill from our initial cost study using this model: Break-even margins for child care providers are extraordinarily slim and are often dependent on the market rates for tuition in a particular area as well as subsidies available to them.

- Even though many families struggle to afford care, market rates are not currently covering the full cost of providing that care in most areas. That difference is being shouldered by the low wages of early care and education workers as well as by the child care centers and providers themselves.
- Using a current child care worker wage scale, the cost for center-based care in Colorado averages from \$9,157 per child per year for four-year-olds, to \$15,172 per child each year for infants. But we know the wages that make up about 80% of those costs are not only unsustainable for workers, but also are not nearly enough for providers to retain or attract these child care professionals.
- A more realistic cost of care could include raising wages to the minimum needed to afford a two-bedroom apartment (a housing wage); in that scenario, the average cost would then range from \$13,971 per child per year for four-year-olds to \$25,357 for infants.

When nonprofit child care centers have the opportunity to save money on facilities costs, they are in a stronger position to put that funding towards wages and benefits for workers, as well as to better bridge the gap between market rates and the actual cost of providing quality child care. Extending the property tax exemption to support leased space for nonprofit child care centers would be a helpful step in removing cost barriers to these providers.

This is why we support HB22-1006 and urge a yes vote to move this legislation forward.

Thank you, and I would be happy to answer questions from the committee.