



QUALITY CHILD CARE IN COLORADO: A COST STUDY

PART 3: FEDERAL DEVELOPMENTS IN EARLY CARE AND EDUCATION

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BACKGROUND

AN INCREASINGLY FRAGILE EARLY CARE AND EDUCATION SYSTEM

The pandemic has highlighted existing weaknesses in the nation's child care system, including:

- programs operating on thin margins
- an underpaid, highly stressed workforce
- families reliant on fragile care arrangements to make a living

Even before the pandemic, Colorado faced serious challenges with access to childcare. In 2019, there was only enough capacity within licensed settings to serve 62 percent (152,000) of children with both parents in the labor force.¹ Child care providers struggled to retain and pay teachers, with turnover rates for lead and assistant teachers at 16 percent and 22 percent, respectively.² Even when child care was available, its high price was prohibitive for many families, costing nearly 30 percent of the median household income in Colorado.³

During the pandemic, nearly ten percent of Colorado child care providers closed, and 7 percent remained closed in early January 2021.⁴ Those serving low-income families saw the hardest impacts.⁵ Almost a quarter of the early care and learning workforce (23.3 percent) was furloughed or laid off, a statistic that was even higher among early childhood educators of color.⁶ Turnover has increased, and less than half of all early educators say that they will definitely stay in their position for the next two years.⁷

Families have also felt the brunt of this fragile system. Nationally, over 10 percent of mothers left their jobs at some point during 2020 to care for their children.⁸ In Colorado, the labor force participation rate among women with children decreased from 79 percent to 73 percent between

February and December 2020.⁹ This impact has been worse for women of color, with Black and Latinx mothers more likely to be unemployed in early 2021 than their white counterparts,¹⁰ and with labor force participation rates remaining lower for Latinx women in Colorado.¹¹ While overall employment numbers for mothers in Colorado have recovered to pre-pandemic levels,¹² one in three women nationally reports considering scaling down their careers or dropping out of the labor force entirely.¹³

“Low wages, often at or near poverty levels, make it difficult to attract and keep experienced staff with higher levels of education.”

-Colorado Early Childhood Workforce 2020 Plan, Early Milestones Colorado



1 in 10

mothers of young children left their jobs at some point during 2020 to care for their children

FEDERAL LEGISLATIVE RESPONSE TO COVID-19

The federal government has sought to mitigate the damage from COVID-19 through three rounds of stimulus legislation:

- Coronavirus Aid, Relief, and Economic Security (CARES) Act
- Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA)
- American Rescue Plan

In Colorado, over \$630 million of this funding has been allocated to the early care and education system, with the Office of Early Childhood (OEC) receiving the largest portion. The purpose has been to financially stabilize providers, lower the cost of early care and education for parents, and expand the system's capacity.

Colorado's Department of Education (CDE) has also received stimulus funding through the Elementary and Secondary School Emergency Relief Fund (ESSER) and IDEA Part B. These funds support children with disabilities as well as many early childhood activities, such as remote learning, meal distribution, and socio-emotional learning.

Federal Early Childhood Priorities

- Universal free, high-quality preschool for all 3- and 4-year-olds
- Sliding scale for child care tuition for low- and middle-income families
- Improved child care quality standards
- Increased training and compensation for the child care workforce
- Refundable tax credits for child care for low- and middle-income families
- Greater access to child care by investing in facilities

CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY (CARES) ACT

Passed in March 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act awarded \$42.5 million to the Colorado Office of Early Childhood. The majority of these funds were used to sustain existing access to child care following the shutdown of 2020. Funds were distributed through subsidies and grants to providers. Extra support was given to the 44 percent of statewide providers that serve low-income families enrolled in the Colorado Child Care Assistance Program (CCCAP).¹⁵

The CARES Act

Signed into law: March 27, 2020

- **\$21 million:** Child care subsidies for low-income families and child care providers
- **\$10.4 million:** Emergency childcare for essential workers
- **\$9 million:** Sustainability grants for child care providers
- **\$4.8 million:** Head Start
- **\$1.4 million:** Early childhood mental health
- **\$315,000:** Child Care Resource and Referral Network
- **\$235,000:** Cleaning supplies and masks

CORONAVIRUS RESPONSE AND RELIEF SUPPLEMENTAL APPROPRIATIONS ACT (CRRSA)

Passed in December 2020, the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) provided \$119 million to the Office of Early Childhood.¹⁶ OEC is employing three strategies to disseminate funds:

- Equitable and easy access to early care and learning
- Early care and education workforce supports
- Family strengthening

CRRSA activities largely continue those initiated under the CARES Act and provide funding for complementary activities, such as innovation grants to help providers address worsening problems, like affordability, infant-toddler supply, and workforce retention. The state of Colorado also received supplemental Head Start funds under CRRSA.

CORONAVIRUS RESPONSE AND RELIEF SUPPLEMENTAL APPROPRIATIONS ACT (CRRSA)

Signed into law: December 27, 2020

Office of Early Childhood Activities, grouped by strategy¹⁷

ACCESS	WORKFORCE	FAMILY STRENGTHENING
Colorado Child Care Assistance Program (CCCAP) rate increases \$36,823,976	Sustainability grants to providers for workforce retention \$35,000,000	CCCAP co-payment (parent fee) reductions \$35,000,000
Competitive innovation "CIRCLE" grants ¹⁸ \$16,800,000	Workforce recruitment and retention grant, scholarship, and training programs \$9,332,524	Early childhood mental health consultants \$4,076,213
Child care supply data collection \$3,352,466	Teacher peer mentorship \$124,464	Promoting Safe and Stable Families program \$285,019
Family Child Care Home navigator program \$36,823,976	Free online director training \$276,930	
Provider access to inclusive care materials, technical assistance, and training \$36,823,976		

AMERICAN RESCUE PLAN

Passed in March 2021, the American Rescue Plan (ARP) provided \$465.6 million to the Office of Early Childhood. The award was divided into three funds: \$286.2 million for the Child Care Stabilization Fund; \$178.8 million for the supplemental Child Care and Development Fund (CCDF); and \$829,563 for the Maternal, Infant and Early Childhood Home Visiting (MIECHV) Program.¹⁹

As with CRRSA, OEC is using the same three strategies to disseminate funds: equitable and easy access; early care and education workforce supports; and family strengthening. Funds are being distributed in two stages, with activities falling under the Child Care Stabilization Fund announced in September 2021. Over \$220 million of this fund will be allocated to support child care providers, strengthen the early care and education workforce, and reduce tuition payments for parents.²⁰ The Office will announce its plans for the remaining \$178.8 million CCDF funds at a later date. Additionally, Colorado also received supplemental Head Start funds under the ARP.

AMERICAN RESCUE PLAN (ARP)

Signed into law: March 11, 2021

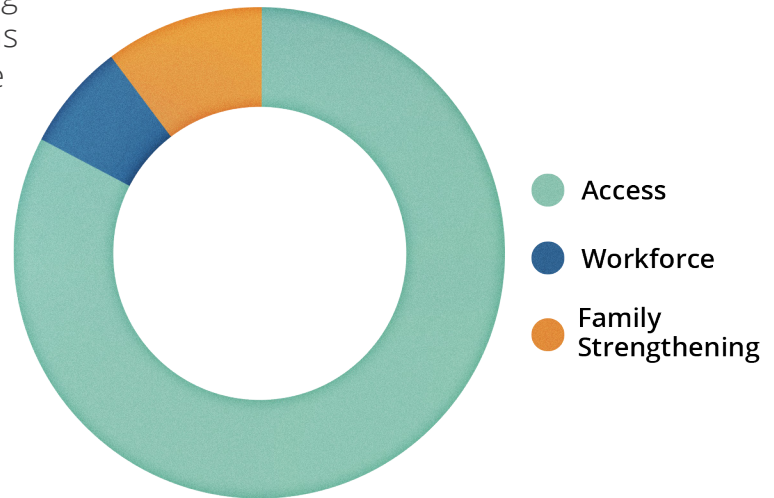
Child Care Stabilization Fund activities, grouped by strategy²¹

ACCESS	WORKFORCE	FAMILY STRENGTHENING
Child care stabilization grants \$221,694,958	Sustainability grants to providers for workforce retention \$14,817,600	Health and mental health grants for providers \$6,400,000
Competitive innovation "CIRCLE" grants \$8,000,000	Tuition-free coursework to become early childhood teacher qualified \$2,600,000	Community-based child abuse prevention \$4,200,999
Quality improvement incentives for providers \$3,278,380	Apprenticeship program \$2,600,000	Indoor air quality improvement grants \$3,000,000
Licensing incentives for unlicensed providers \$2,400,000	Teacher peer mentorship \$250,000	Health and mental health programs \$1,930,000
		Early childhood mental health consultants \$900,000
		Maternal Infant Early Childhood Home Visiting (MIECHV) \$829,563

CROSS-FUNDING TRENDS

As of December 2021, approximately two-thirds (69 percent) of the stimulus funding that has been allocated to Colorado has been designated for funding. The state expects to designate the remaining 21 percent early in 2022. Based on the three strategies prioritized by the state (access, workforce, and family strengthening), access activities are receiving the bulk of stimulus funding (83 percent). By comparison, workforce strategies have been allocated 7 percent of the funds, and family support activities are receiving 10 percent of the funds.

MOST STIMULUS FUNDING TO DATE HAS BEEN DIRECTED TO ENSURING ACCESS TO HIGH QUALITY CARE AND LEARNING



NATIONAL AGENDA FOR EARLY CARE AND EDUCATION

In light of the vulnerabilities that the pandemic exposed within the country's child care system, President Biden articulated an expansive agenda for early childhood during the 2020 presidential campaign. The components of this agenda are included in the Build Back Better Plan, proposed federal legislation that would transform government support for families. The proposal would invest \$225 billion to dramatically increase access to high-quality child care and provide another \$220 billion to support the creation of universal, tuition-free preschool for 3- and 4-year-olds.²²

BUILD BACK BETTER

If passed in its proposed state, the Build Back Better plan would mark the largest investment in early care and education in U.S. history.²³ The plan would transform the national early childhood landscape by providing:


- **Affordable and accessible child care for all families:** The plan would cap the cost of child care at 7 percent of a family's income.²⁴ Providers would be fully compensated for the cost of high-quality care.
- **High-quality, tuition-free preschool for 3- and 4-year-olds:** Full-day preschool would be provided through a mixed delivery system, including preschools, family child care homes, child care centers and local schools.²⁵ Providers would be fully compensated for the cost of high-quality care.

Both programs would include federal investments in supply- and quality-building activities, including grants, professional development and other activities.

In Colorado, the program would complement the current roll-out of universal preschool for 4-year-olds by offering full-day care, significantly more than the 10 hours per week offered under the plan funded through Proposition EE.



ESTIMATED IMPACT OF THE BUILD BACK BETTER PLAN IN COLORADO

- Provide 330,000 children under 6 access to child care
 - Ensure that the 9 out of 10 families in the state who earn up to 2.5 times Colorado's median income (\$251,900 for a family of four) pay no more than 7 percent of their income on child care
 - Provide an additional 86,000 3- and 4-year-olds with access to free, high-quality preschool
 - Increase the quality of existing preschools in Colorado
 - Extend the Child Tax Credit of \$300/month per child under 6 and include permanent refundability for the Child Tax Credit
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FEDERAL INVESTMENTS AND COST OF CARE MODELING

As unprecedented amounts of federal investment come into Colorado, we have an opportunity and responsibility to consider the true cost of care in decision making. The Bell Policy Center has supported the development of a cost of care model that can assess the impact of different factors (e.g., participation levels, quality, and wages) on the supply and demand of early care and education in the state. The model is interactive and allows users to adjust assumptions to see the impact of policy and program decisions by county and statewide.

The Cost of Care Model can be an important tool for understanding the potential outcome of different decisions and for encouraging dialogue about goals and solutions. If you are interested in accessing the model to inform your own policy planning, please contact the Bell Policy Center at the information below.²⁶

Endnotes

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