

Free Child Care as a Pathway to Family Economic Prosperity

Accessible, affordable child care promotes work and security for parents

CFI's analysis found that free child care allows Coloradan families to:

EARN MORE



Parents whose children were enrolled in free child care were shown to earn

\$9,450

more on average relative to families who do not have access to free child care

+ WORK MORE

Free child care also boosts mother's participation in the workforce by

11%



Colorado mothers who have access to free child care are, on average, 11 percentage points more likely to work than those without free childcare.

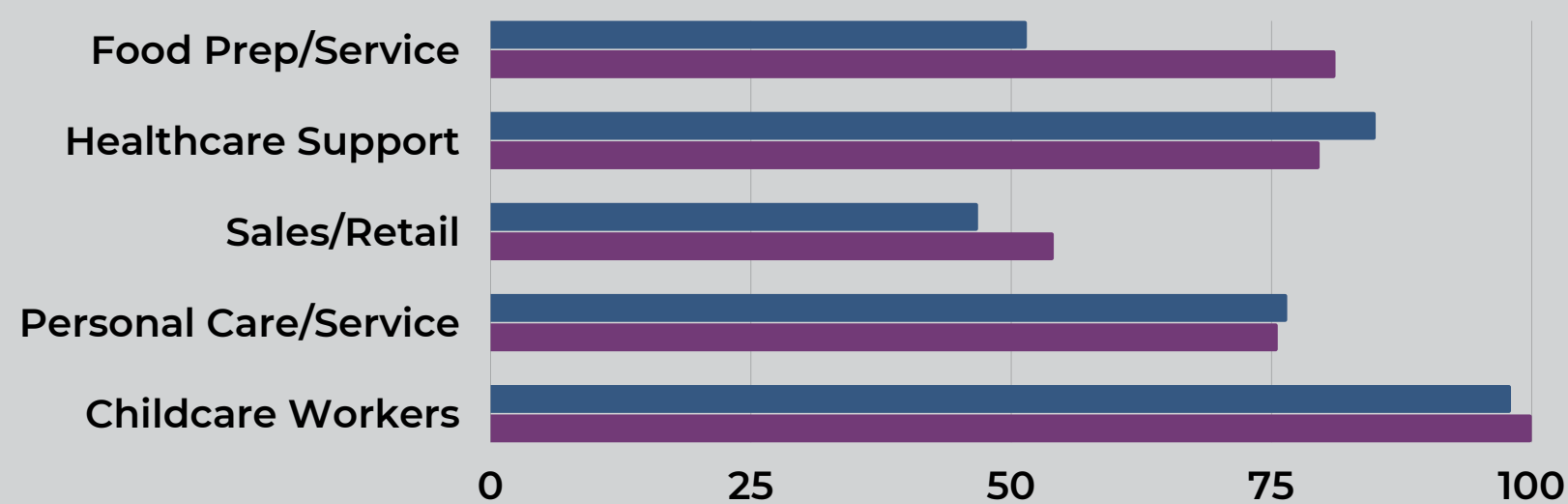
3.19 more working hours/week

Mothers increase their working hours by an average of 3.19 hours per week relative to those without access to free care



Rising Costs of Care Create the Highest Barriers to Work for Women, Single Parents, and Coloradans Living in Rural Areas

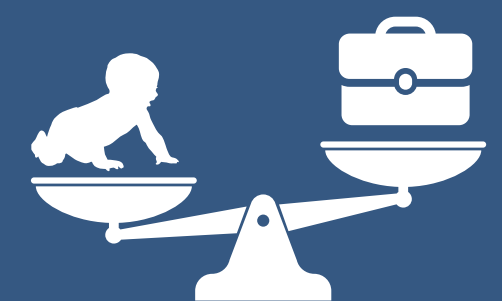
Women Often Work in Jobs that Don't Pay Enough to Make Child Care Worth It



Source: BLS May 2021 State Occupational Employment and Wage Estimates and 2020 ACS 5-year PUMS data

- Percent of Occupational Workforce that is Women
- Portion of Occupation Earning Less than Wage that Makes Working with Child Care Worth more than \$12.32/hour

36.7%



of Colorado's workers earned less than \$12.32/hour in 2020 (Colorado's minimum wage) when accounting for the hourly costs of child care¹. Working parents in rural areas may face even higher barriers to care; nearly 55% and 53% of the workforce in Grand Junction and Pueblo, respectively, made less than minimum wage after paying for child care.

High care costs and low wages often make it more appealing for working parents to care for their children full-time, rather than pay for care while earning a sub-minimum wage.

45%

Large Cost Burdens Limit Parent's Options, Especially Single Parents

The annual cost of center-based infant care comprises 45.3% of an average single parent's household income in 2022.²

For more information, please visit coloradofiscal.org



Colorado's Child Care Economy Falls Short of Ensuring All Children and Families Have the Tools They Need to Thrive

12.4%

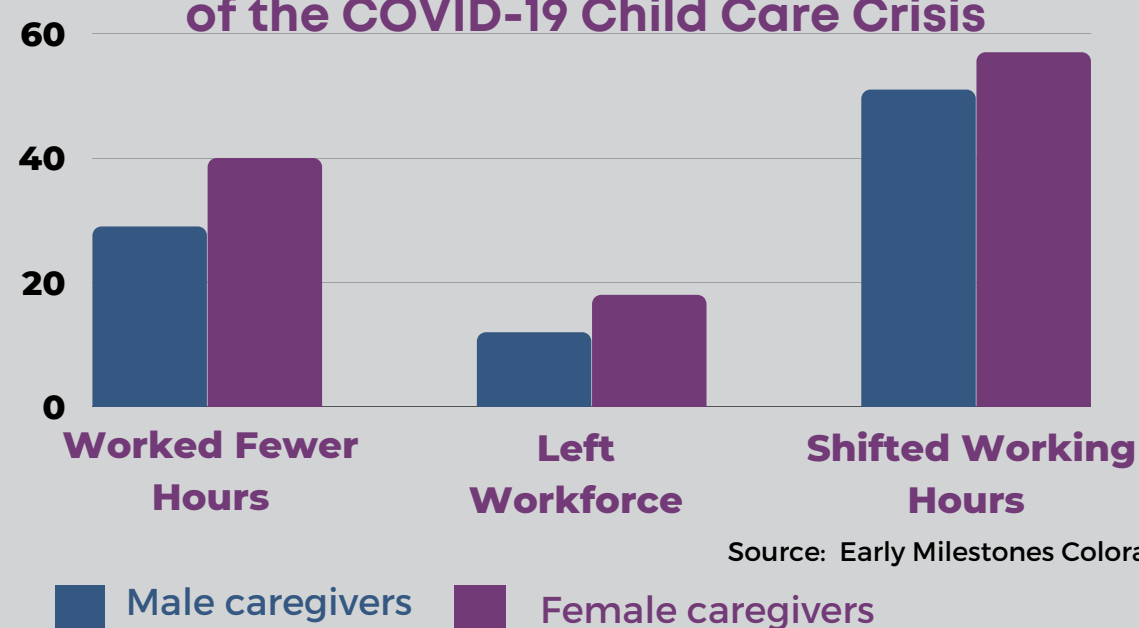
of Colorado parents made career sacrifices due to child care issues as a result of the pandemic.³



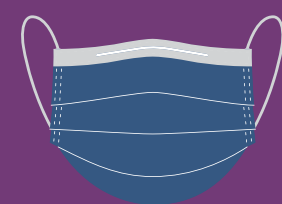
5 OUT OF 10

Coloradans live in a child care desert as of 2022, defined as an area with either no childcare center or at least three children waiting in line for one open spot. This percentage is even higher for Black and Latino families.⁵

Colorado Moms Bore the Brunt of the COVID-19 Child Care Crisis



The COVID-19 pandemic worsened an already broken system, particularly for newer parents



Of Colorado parents with children ages 0-4, 24% of households cut work hours and 7% of these parents didn't look for a job to care for kids during the pandemic.⁶

Colorado's promise of 10 hours of universal, tuition-free preschool for all 4-year-olds is a step forward, but won't patch all the holes, especially for parents of the youngest children. Our child care system still asks the most of parents in children's earliest years, from infancy to age three, when parents typically have the least earning and borrowing power to afford care.⁷

Policy Proposals to Move Colorado's Care Economy Forward

Reforms Require New Revenue Raising Strategies



While the existing 10-hour-a-week program was funded with a voter-approved nicotine tax, equitably financing more robust early childhood care for all Coloradan families requires the state to explore different revenue-raising strategies, such as more fairly taxing income, wealth, or property.

Unfortunately, the Taxpayer's Bill of Rights, or TABOR, hinders almost any effort on the part of legislators to utilize such funding streams.

1 Expand the Early Childhood Educator Tax Credit



Our analysis estimates that 100% of Colorado early child care educators who are paying for care for children of their own earn less than \$12.32/hour once accounting for the costs of care, with a poverty rate 6.3 times as high as K-8 teachers.⁸ Lawmakers can address this wage penalty while bolstering the supply and quality of care professionals by increasing the existing Early Childhood Educator Tax Credit. One study found that modest bonuses of \$1,500 for childcare providers could have a large impact on retention, cutting departures from 30% to only 13%.⁹



2 Ensure Subsidy Rates Reflect the True Cost of Care

Colorado should use market rate surveys or other alternative cost-based methodologies to inform reimbursement rates for subsidies, as opposed to relying on the rates set by the dysfunctional market.¹⁰ This could help expand access to care by accurately accounting for the high costs of providing care in Colorado.

3 Move Towards Full-time Early Learning for All Ages



HB22-1295 (10 hours of universal, tuition-free preschool for children 4 and up) will not fill all the gaps in Colorado's care economy; many providers fear that the existing market lacks the capacity for all eligible 4-year-olds to enroll, and the age restriction could place the bottom line of smaller, home-based providers in a precarious spot. Future legislation should avoid a piecemeal approach by expanding the program, so parents of infants ages 0-3 aren't left behind at a time when families often need the most support.

Methodology note: CFI's regression discontinuity model used compulsory schooling as a proxy for free childcare, controlling for other variables to isolate the economic impacts of children turning 6 and having access to free, public childcare.

References
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