COLORADO CHILDREN'S CAMPAIGN

QUALITY CHILD CARE:
An Investment in Families, An Investment in Colorado's Economy

March 2009

In order for families to support themselves, parents must have access to jobs and the ability to consistently go to work to keep them. Current economic hardships highlight even more clearly this critical connection. One barrier that prevents many working parents from maintaining employment and supporting their families is access to child care. A strong child care industry is a cornerstone not only of these families, but of Colorado's economic development and prosperity. While Colorado's child care capacity is decreasing, the population of eligible children is increasing, creating a crisis that has implications for us all.

I. THE IMPACT OF CHILD CARE ON THE COLORADO ECONOMY

Child care supports the Colorado economy in three critical ways. First, working families require access to affordable child care in order to return to or to maintain employment. Second, according to the Bureau of Labor Statistics, the child care industry in Colorado is significant, employing about 8,700 people in 2007. Considering child care as an industry is particularly important as state and federal governments consider stimulating the economy through investments in public works projects, in which women have traditionally been underrepresented.

Finally, investments in quality child care have been shown through research to have significant economic returns, both for the children who participate, as well as for society as a whole. In Colorado, the ramifications of children growing up in poverty cost the state $6.8 billion in forgone earnings, involvement with crime, and costs associated with poor health outcomes.[1] In fact, for every $1 invested in high-quality pre-K programs, taxpayers save up to $7. This is because investment in high-quality pre-K reduces the need for remedial and special education, welfare and criminal justice services.[2] Children who participate in high-quality pre-K programs are more likely to succeed in school, avoid criminal activity and be financially self-sufficient as adults compared to poor children who do not receive quality care.[3] Several longitudinal projects investigating the benefit of pre-K programs show that children who participate in high-quality programs have:

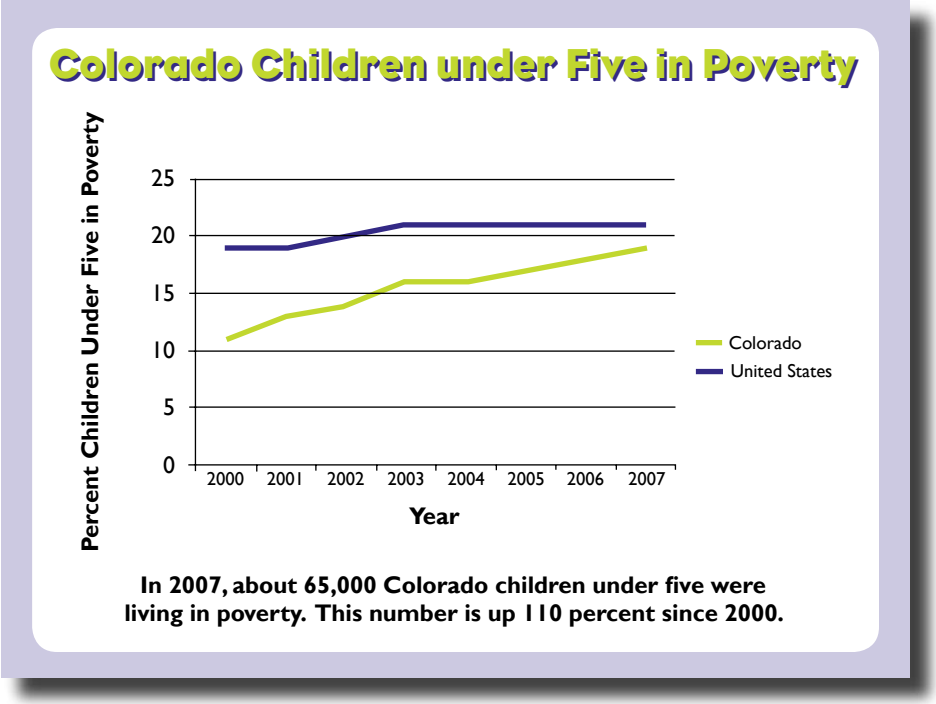
- A 29 percent higher rate of high school completion;[4]
- A 41 percent reduction of special education placement;[5]
- A 33 percent lower rate of juvenile arrest; and[6]
- Earned nearly 30 percent higher wages than children who did not participate in the program.[7]

II. THE CHILD CARE CRISIS IN COLORADO: Lack of Capacity

Colorado's current child care capacity is insufficient to meet the needs of its working families. Although not all families require child care, access to affordable child care can make the difference between a guardian returning to the workforce or remaining unemployed. The following Colorado statistics highlight the urgent need to increase quality child care capacity:

- Licensed child care capacity is only able to serve 11.5 percent of infants, 13.5 percent of children age one, and 34.8 percent of children between the ages of two and four;[8]
- 65 percent of two-parent families, with children under age six, have both parents working;[9]
- Only 35 percent of single-parent families with children under age six work; and[10]
- Based on the Colorado population in 2008, the state only has the capacity to care for one quarter (25.9 percent) of all children.[11]

The need for increased capacity is most dramatic for children under the age of three. This is particularly troubling when we consider that families with very young children are also those experiencing the highest rates of poverty among all families with children.



Source: Colorado Children's Campaign

One obstacle to families seeking infant-toddler care is cost. Infant- toddler care is consistently more expensive than care for older children. The chart below compares what different providers currently charge parents. Specifically, it compares the cost of infant care to care for four-year-olds in center care and family care settings.

Age of Child	Average Cost of Center Care	Average Cost of Family Child Care
Infant	$10,854	$7,680
4-year-old	$9,765	$6,980

Source: Qualistar Early Learning (Cost per year.)

While these findings suggest that increasing capacity is central to developing and maintaining a sustainable workforce in Colorado, this must occur in tandem with an increase in the quality of care for the desired impact and return of investment.

III. QUALITY MATTERS: The Importance of Child Care Quality to Outcomes

The quality of care that a child receives is directly related to both immediate developmental outcomes and later economic stability as an adult. Quality care promotes optimal child development in several areas, including, cognitive development, social and emotional competence, health and nutrition, safety, and general child well-being. Some critical components of high-quality care include:

- High staff-to-child ratios and small groups of children;
- Primary caregiver assignments for each small group of children;
- Continuity of care (the same primary caregiver remains with a cohort of children for more than one year);
- Caregivers facilitating parental involvement and communication with care setting;
- An emphasis on proper nutrition and nutrition education for both children and parents;
- Proper health maintenance and safety; and
- Cultural and linguistic continuity.

As quality and capacity increase, the net benefit to Colorado's economy is tremendous. Studies show that if families have access to quality affordable care, there are tangible benefits for business and employers, communities, parents and children including:

- Greater parental participation in job training and education programs;[12]
- Less work absenteeism;[13]
- Greater job retention;[14]
- Increased productivity;[15]
- More language and learning support from parents to children;[16]
- More emotional engagement between parents and children;[17]
- Improved child thinking and reasoning abilities;[18]
- Better child attention skills;[19]
- Improved child language skills;[20]
- Well adjusted social and emotional development in children; and[21]
- Reduced aggression in children.[22]

IV. ACCESS TO CARE: The Importance of Affordability

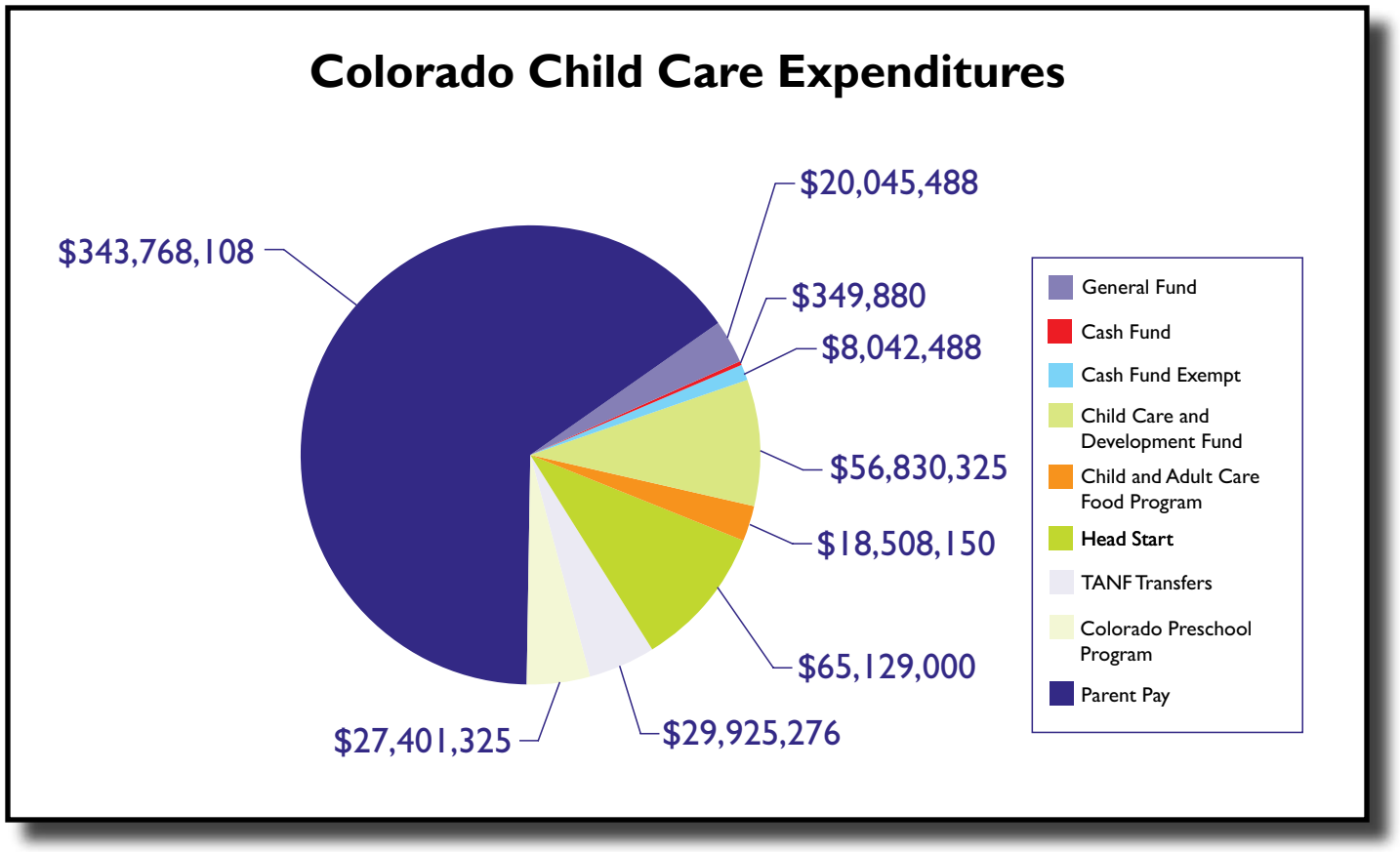
Access to affordable care is a very important factor that allows poor parents to work and stabilize their financial situations. Research indicates that access to quality child care increases the likelihood of:

- A parent using child care subsidies because providers are more willing to accept those subsidies;[23]
- Having at least one parent who works 20 or more hours per week because the availability of care allows them to do so;[24] and
- Family head of households leaving welfare for work.[25]

With access to high-quality care, parents are better able to retain employment; miss fewer days at work, are more productive in their jobs, and have much higher rates of participation in job training and advanced education.[26] This has the overall effect of transitioning poor adults out of poverty and into self-sufficiency.

For poor families in Colorado, the state subsidizes the cost of child care using state and federally matched funds. The largest federal match comes from the Child Care Development Block Grant (CCDBG). These funds are distributed to counties, and then child care providers are reimbursed the difference after families pay a percentage of the total cost.

The Colorado Child Care Assistance Program (CCCAP) uses both state and federal funds to offset the cost of child care. However, child care fees are typically a significant portion of a family's budget and the cost for poor, working families is a tremendous strain on resources, even with programs like CCCAP in place. The price of full-time center care has increased at approximately twice the rate of inflation, and child care expenses will typically comprise 29 percent of a poor, working mother's income.[27] The current level of CCCAP funding for children ages birth to five is about $66.3 million, and only serves 12 percent of potentially eligible children. Thus, the program has had a benefit, but it grossly underserves families who need it most.



Source: Colorado Department of Human Services

CONCLUSION

As child care capacity is decreasing in Colorado, the population of eligible children is increasing. This equation has negative ramifications for both families and the state. Research shows that investment in quality child care and early education has positive effects on economic development in both the short and long term and can mitigate some of the negative potential outcomes of a critical shortage. Parents are able to work and sustain their families when they have access to care, and children receive the appropriate support to prepare them to succeed as working citizens of Colorado. Investment in high-quality early care and education is most beneficial as a preventative measure, as opposed to when it is too late and costly to change the course of a child's development.

SPOTLIGHT ON QUALITY: The Colorado Preschool Program

We need only look to the Colorado Preschool Program (CPP) to see gains for at-risk children in a quality care setting. CPP is an excellent model of high-quality care and education for at-risk children between the ages of three and five. All children in the program have at least one defined risk factor (e.g., reduced lunch recipient, homelessness, abuse).

Results from the 2009 Legislative Report for CPP show that the program decreases the achievement gap. Children were comprehensively assessed in the fall of 2007 and again in spring of 2008. They were assessed on their social-emotional development, physical development, cognitive skills, language skills and emergent literacy skills. When first assessed, there were significant achievement gaps between four- and five-year-olds who were just starting CPP and those not enrolled in CPP. In spring of 2008, after six months in the program, they were reassessed, and **CPP children had nearly closed the gap completely in all developmental domains.** For the physical development domain, CPP children even outperformed non-CPP children.[28]

The report also compared students in the Denver Public School district who were CPP participants and those that were not. **CPP participants consistently outperformed non-participants in every grade from 3rd through 10th in reading, writing, mathematics and science.** CPP children also outperformed non-participants in Denver Public Schools on 5th grade Colorado Student Assessment Program (CSAP) scores in reading, writing and mathematics.[29]

The Colorado Preschool Program results are clear indications of the value of high-quality care settings. There is no question that this program has a significant impact on the well-being of children and families. Results also show that the program promotes academic achievement well into high school. It is important to recognize that the future of Colorado's economic development rests in preparing all of its citizens for academic success and positive workforce participation. The CPP is making enormous gains in this effort, and Colorado would be best served by increasing the number of similar high-quality programs. Currently, however, the CPP only serves 23 percent of eligible children.

ENDNOTES

[1]Data Source: National Center for Children in Poverty at www.nccp.org.; Washington Kids Count brief.

[2]Pre K Now. www.preknow.org/policy/factsheets/benefits.cfm.

[3]Temple, J, & Reynolds, A. (2007). Benefits and costs of investments in preschool education: evidence from the Child Parent Centers and related programs. *Economics and Education Review,* 26, 126-144.

[4]Temple & Reynolds, 2007.

[5]Ibid.

[6]Ibid.

[7]Ibid.

[8]Colorado Department of Human Services.

[9]NACCRRA and Qualistar Early Learning, March 2008. http://www.naccrra.org/randd/data/docs/CO.pdf.

[10]NACCRRA, 2008.

[11]Colorado Department of Human Services

[12]Love, et al. (2005). The effectiveness of early head start for 3-year-old children and their parents: lessons for policy and programs. *Developmental Psychology,* 41(6), pp. 885-901.

[13]Rolnick, A. & Grunewald, R. (2003). Early childhood development: economic development with a high public return. *The Region; Federal Reserve Bank of Minneapolis.*

[14]Rolnick & Grunewald, 2003.

[15]Ibid.

[16]Love, et al., 2005.

[17]Ibid.

[18]Ibid.

[19]Ibid.

[20]Ibid.

[21]Ibid.

[22]Ibid.

[23]Witte, A.D. and Queralt, M.. I*mpacts of Eligibility Expansions and Provider Reimbursement Rate Increases on Child Care Subsidy Take-Up Rates, Welfare Use and Work.* National Bureau of Economic Research.

[24]Witte & Queralt.

[25]Ibid.

[26]Rolnick & Grunewald, 2003.

[27]The National Association of Child Care Resource and Referral Agencies, *Parents and the High Price of Child Care: 2008 update,* 2008.

[28]Colorado Preschool Program, 2009 Legislative Report.

[29]Colorado Preschool Program, 2009.

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