



May 4, 2022

Dear Chair Gonzales and Members of the Senate Finance Committee,

On behalf of Children's Hospital Colorado, we are writing today to urge your support of HB22-1006, as this bill will make important strides in enhancing access to affordable child care for families by making a simple change to property tax exemptions in Colorado's tax code.

Early childhood is a foundational period that dramatically shapes a child's development, health and life experiences. Access to quality and affordable child care is a crucial element in early childhood for Colorado's children and families. Children's Hospital Colorado is proud to partner with the community to advocate for the health and well-being of kids and families. Our work goes beyond our hospital walls and into the communities we support.

For many years, Colorado has faced a reduction in access and affordability of child care. The Bipartisan Policy Center says half of Colorado now qualifies as a child care desert, meaning there is only one child care slot for three to four children. The Bipartisan Policy Center also found up to 90,000 kids in Colorado are on waitlists for child care.¹ While the issue of child care has been exacerbated due to COVID-19, other pressures such as the cost of real estate, the cost of providing quality care, and the reimbursement of child care providers have also played a role. As many communities across the state strive to recover from the pandemic, workforce challenges and lack of access to quality, affordable child care continue to be core issues.

Research has shown that quality child care can have prominent impacts on the health of children and their families. Investing early in young children results in significantly better health and life outcomes and reduces health care costs throughout the child's lifetime.² HB22-1006 recognizes the critical link between child care, healthy development, and security for Colorado's families. By providing this property tax exemption for landowners, this may incentivize new spaces or reduced rents for tenants operating child care centers and could ultimately help reverse the loss of child care spots in communities around the state and give greater child care stability for more Coloradans.

HB22-1006 will incentivize additional property owners to lease space to non-profit child care centers and may result in some of those savings being passed on to the provider, which may also result in cost savings for parents and higher wages for early childhood educators. If passed, we believe HB22-1006 will have a positive impact on Colorado families' ability to access quality and affordable child care.

Thank you for your consideration and we urge the committee's support on HB22-1006.

Sincerely,

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¹ https://bipartisanpolicy.org/download/?file=/wp-content/uploads/2022/03/BPC_35-State-Mapping-Report-One-Pagers_CO_RV0.pdf

² [Child Care & Pre-K are Strategic Economic Investments: Impact on Health \(ffyf.org\)](#)



Child Care Property Tax Exemption (HB22-1006)

Testimony to the Senate Finance Committee

Julie Pecaut, Director of Strategy and Operations • May 4, 2022

Madam Chair, members of the committee, thank you for the opportunity to submit written testimony 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 actual cost for providing 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, meaning that the actual cost of providing quality care is much higher.
- A more realistic cost of care could include raising early educator 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 on this policy. Thank you to the committee, and to Senator Donovan and Senator Smallwood, as well as Representatives Roberts and Van Winkle, for bringing the bill.