



MEMORANDUM

P.O. Box 4100 ♦ FRISCO, COLORADO 80443

TO: MAYOR AND TOWN COUNCIL
FROM: TONY O'ROURKE, TOWN MANAGER
RE: EARLY CHILD CARE
DATE: NOVEMBER 9, 2021

This memo is intended to assist the Town Council in determining what role and direction they want the Town of Frisco to take to facilitate quality affordable year-round child care for local residents and employees.

The proposed passage of the Build Back Better Act could represent a transformative investment in child care by providing universal and free preschool for all 3 and 4 year-olds, extending the Child Tax Credit of \$300 per month for children under six and \$250 per month for children age 6 to 17 in 2022, and cap the money most families will pay for child care at no more than 7% of their income. Even with these prospective Federal programs, the Town will need to play a key role in child care if we are going to achieve the Town Council's goal of attaining 50% year round residents.

The Town of Frisco currently has committed \$265,000 in FY2022 for child care services. This represented a significant increase over prior years. Since 2011 the Town has contributed \$896,000 to the Frisco-based Summit County Preschool or an average of \$81,454 annually.

The early childhood education system is a challenging and fragmented mixed- delivery system, comprised of licensed centers, family child care home providers and unlicensed family, friend and neighborhood providers. Much like affordable workforce housing, early childhood care has become a critical factor in attracting and retaining a quality workforce in Frisco and Summit County.

That said, the current childhood care and education system does not meet the needs of many families in Summit County and Frisco, due to lack of child care capacity, access and affordability. This is clearly reflected in the Town of Frisco's 2020 Community Survey where 69% of respondents rated the availability and affordability of child care/preschool was fair or poor. Only 31% of respondents rated it as excellent or good.

The COVID-19 pandemic has further exposed and exacerbated the issue of early childhood education capacity, access and affordability due to low wages, lack of benefits, and housing cost for providers.

Access / Capacity

In Summit County, there are 1,426 children under the ages of 5 based on the 2020 census. Summit County has 26 licensed providers with an estimated 611 licensed slots for children under the age of 5. The current unduplicated waiting lists for Summit County children is 300. Unfortunately, in Summit County there are 2.3 children under the age of 5 for each child care available slot. Long wait lists at child care centers clearly suggest that additional capacity is needed to accommodate the demand for quality affordable child care. Currently, a planned child care center is scheduled for Silverthorne, a 6,000 sq. ft. facility built in a joint partnership between Summit County and the Town of Silverthorne. Based on high construction cost that project may be delayed. The Town of Breckenridge has also indicated development of a new child care facility on the north side of Breckenridge, in the near future.

There is one State-licensed child care facility in Frisco, the Summit County Pre-School (SCP) with a 72-child capacity year round and two State-licensed in-home care providers with a 12 child capacity year round and the Frisco Elementary Pre School program with a capacity of 15 children from September to May for four days a week from 8:30 a.m.-3:55 p.m.

There are 56 children currently enrolled at SCP from 50 families. Of the 50 families, 29 either work or live in Frisco. Cost for infant 0-3 years is \$76 per day, and \$68 per day for children 3-5 years old. There are 200 children on the Summit County Pre-School waitlist.

The Summit County Preschool has a capacity of 72 children; however, they are only able to serve 56 or 77% of their capacity because they cannot maintain their State licensed required teacher-child ratios. They have hired only 20 of the 26 teachers needed to achieve full operational capacity. Like virtually all child care facilities, SCP struggles to attract and retain a full teaching workforce due to low wages (\$15 to \$21 hourly), high housing cost, health benefits and workforce shortages. Data from the Bureau of Labor Statistics reflects that the median average wage of employees in early child care across the Northwest Council of Government five county region is \$32,060 or \$15.41 per hour. Breckenridge's early child care teachers average \$20 per hour.

Nationally, the average child care employee wage is \$12 per hour, which puts child care workers in the bottom 2% of the paid labor force in America.

Affordability:

The average daily cost per child care slot in SCP is \$74 per day. The Town of Frisco has provided direct financial support to SCP for eleven years. Annual contributions have average \$81,454 to help lower the cost of tuition to both Frisco and Summit County families. The current rates at the Summit County Preschool are as follows:

Infant/Toddler Tuition Rates Effective September 1, 2021.

# Days/Week	Tuition Per Month
1	\$327
2	\$654
3	\$980
4	\$1,307
5	\$1,634

Preschool Tuition Rates Effective September 1, 2021.

# Days/Week	Tuition Per Month
1	\$293
2	\$587
3	\$881
4	\$1,175
5	\$1,468

The U.S. Department of Health and Home Services (HHS) states that affordable child care should not exceed 7% of a family's gross income. Breckenridge uses a standard of 13% to 16%. The median household income for a family of four in Frisco is \$96,100. Accordingly, the average family of four in Frisco should be spending a maximum of \$6,727 under HHS standards or \$12,493 to \$15,376 per year on child care under Breckenridge's standard. In reality the average family in Frisco is paying much more than 13% to 16% of their gross income for child care.

The following example illustrates the financial burden child care puts on most Frisco families:

- ✓ Household of 4
- ✓ Town of Frisco resident
- ✓ Combined gross income \$96,100 or 100% AMI
- ✓ 2 working parents with each parent working at least 30 hours per week in Summit County.
- ✓ With an estimated monthly Summit County Preschool tuition of \$3,102 for 2 children.
Annual tuition cost is \$37,224.
- ✓ *This represents 39% of a family's annual income*

There are several funding assistance programs to reduce the financial burden of child care on local families. However, benefits are often calculated based on federal poverty rate levels or maximum AMI of 73%.

- The Colorado Child Care Assistance Program (CCCAP): State-funded assistance administered through Summit County Department of Health & Human Services under the direction of the CDHS Division of Early Care and Learning. Eligibility requirements include a family income of less than 265% of the Federal Poverty Level, or about \$70,000 for a family of 4 or 73% AMI, and must exit the program if AMI exceeds 89% or \$85,882 for families of four. Families who qualify are generally responsible for paying 11% of their income towards child care. An additional 1% if 2 or more children. The program pays a licensed program provider a set rate per day to participate. Only 1 child at the Summit County Preschool is currently funded through CCCAP.
- Early Head Start/ Head Start (EHS): Federally funded programs/services for low-income infants and toddlers under the age of 5, and their families. A total of 15 children at Summit County Preschool are currently funded through EHS/HS.
- Colorado Preschool Program (CPP): State-funded assistance administered by the Colorado Department of Education. Funding is for early childhood education for preschoolers considered at-risk for later school failure. CPP is managed by Summit School District. Children enrolled at SCP and Frisco Elementary might be eligible for partial funding towards tuition.
- Summit County Strong Futures initiative. In 2018, the passage of Ballot Initiative 1A devoted funding to early childhood education, mental health and suicide prevention, recycling, wildfire mitigation and county infrastructure. Approximately \$2.5 million annually

is earmarked for the Summit Pre-K program or SPK to keep pre-school possible for county 4-year olds. The Summit Preschool program supports most Summit County families with 4 year olds. Tuition credits are paid on behalf of families based on income, quality rating of the child care center, and number of children in care, and generally range from \$300-\$1,100 per month per child. Families with incomes under \$200,000 are likely to receive assistance. A total of 5 children at Summit County Preschool are currently funded through the SPK program. County-wide approximately 180 4 year olds are in the SPK program. The Summit County Preschool released \$115,000 in SPK funds this year which allowed them to increase the overall staff wages to \$16.61 per hour.

• The Sum

The bottom line is existing early child care support networks and resources are inadequate for most Frisco and Summit County families. While public support from the Federal and State governments is improving, the subsidies do not significantly cover the cost of quality early child care, and it fails to reach the majority of families in need.

One major potential game changer is the proposed Federal Build Back Better Act legislation currently being considered in Congress. The legislation includes \$400B for universal pre-kindergarten for all 3 and 4 year olds in the United States.

In addition, a number of public and private organizations have been motivated to take action to improve early child care access and affordability.

Examples of innovative child care solutions include:

Employer Driven Solutions:

Employers across the region are innovating to meet the needs of their employees, knowing that consistency, productivity, and retention each depend upon convenient, affordable, high-quality care for children. What follows is a summary of the initiatives local businesses are taking to deliver more early childhood services.

Employee- based child care center:

- Winter Park Resort provides child care on a space available basis for infants, toddlers and pre-school ages 2 months to 5 years through the Early Education Center. Unused slots are available to the broader community.
- Viceroy Hotel in Snowmass sponsors child care spaces and a person getting licensed for child care for their employees.
- Sonnenalp in Vail is partnering with one child care center to reserve spots by paying the employee's deposit

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Employer-Funded Subsidies:

- The Viceroy Hotel contributes \$30 per day to offset the cost of child care.
- Eagle Valley Child Care Association-EVCCA provides priority waitlist for business partners Town of Vail and Vail Health. Both employers provide discounts to employees using their "spots".

- Vail Health provides an annual child care subsidy. They also contract directly with a child care organization (EVCCA) that has locations mid and up valley to reserve spots for employees' children and subsidize cost.

Government Driven Solutions:

Innovations by employers are complemented by government sponsored or supported programs.

Providing Space at Nominal Cost:

- The Town of Vail (TOV) provides space and capital resources to the 2 child care centers operating in Vail.
- Children's Garden of Learning - TOV built space and is currently building new space for them to allow housing on their current site. TOV provides funding annually for use towards capital needs to maintain the facility.
- Eagle Valley Child Care - TOV facilitated space built as part of development agreement. Only infant care facility in Vail and TOV provides funding towards offsetting the extra expense of providing infant care. Located in the Edwards Miller Ranch neighborhood, the center, which will be run by the Eagle Valley Child Care Association (which also runs the Vail Child Care Center), will have about 80 spots.

Establishing New Child care Centers:

- Eagle County Schools early childhood program is a center-based program that includes Head Start, Colorado Preschool, Early Childhood Special Education, and traditional preschool programming. Recognizing the importance of early childhood experiences on school success, Eagle County Schools continues to take an active role in fully integrating early childhood programs into the district.
- Town of Silverthorne will be building a new child care center in their new attainable housing development (Smith Ranch), in partnership with Summit County Government. They are currently soliciting for an operator for the center and addressing contractor costs and issues.
- Middle Park Health (local clinic/hospital) and West Grand School District partnered to open the West Grand Early Childhood Center (WGECC) strictly for infants/toddlers addressing the biggest slot shortage. The Center is licensed to accommodate 5 spots for infants and 10 spots for toddlers, more than doubling the current licensed infant/toddler day-care capacity in Kremmling.

Taxpayer-Funded Subsidies:

- City of Aspen
 - Kids First - Child Care Resource Center is a department of the City of Aspen, funded through a .45% city sales tax for Affordable Housing and Child Care. This tax was initially passed by Aspen voters in 1990 and has renewed until 2038. It offers infant

and toddler subsidies, teacher funding, incentive funding for professional development. Also offers quality improvement coaches, and a resource teacher who acts as a sub in the child care programs. There is a fee for the substitute and the nurse consultations, but it is heavily subsidized.

- Kids First offers financial aid to families that are over the CCCAP max household income. Emergency assistance right now for families who are out of work, seeking work, and need to keep a space in a child care program. This site has info and a calculator to see if you qualify: <https://www.cityofaspen.com/316/Financial-Aid>
- Provide nurse consulting to the child care programs that has been a lifesaver as a liaison between public health and child care programs.
- Aspen Family Connections (part of the Aspen School District) is working with the Town of Aspen to use tobacco tax funding for prevention programming - including an early childhood connector that is coming soon.
- City of Aspen is working with CMC Aspen to start an infant room on their campus, able to accommodate as many as 10 babies and two staff members.
- Offered flu shots to child care staff for no charge, in partnership with Pitkin County and Community Health.
- Summit County
 - Voters approved Ballot Measure 1A in November 2020, allowing county commissioners to adjust the County's mill levy rate in order to maintain the revenue that would otherwise be lost. \$2.5 million is earmarked for SPK affordable early childhood program. This will enable the construction of a new child care facility and the Summit Pre-Kindergarten (Pre-K) Program in Silverthorne. This will also provide preschool tuition credits for children who are 4 years old by October 1. Credits will be offered on a sliding scale, based on household income.
 - Summit County's Right Start Program provides:
 - Early child care education workforce supplements
 - College scholarships
 - Quality improvement supports (coaching, training, etc.)
 - CCCAP supplements
 - Home visitation
 - Limited access to health care through the Community CARE Clinic
 - Early Head Start in Summit County is funded by the county but managed by Early Childhood Options as a mixed delivery model, with community child care sites and school district preschool options.

Town of Breckenridge Tuition Assistance:

- Started funding in 2007
- Funding of \$650,000 from marijuana sales tax and \$150,000 from the General Fund.

- Low-middle income families (65) living or working in Breckenridge.
- Ages 0-6
- Family pays a percentage of their annual income for child care, 13% to 16% with the Town paying the difference to achieve free tuition payment to any of the 5 licensed child care centers recognized by the Town.
- Eligibility live or work in Upper Blue Basin area.
- Income change – parent loses job or has emergency family circumstances (not the birth of a child) they can continue participating of program for the reminder of the cycle or certain period.
- Income updates – if income changes by 10% annually family is required to provide update.
- Income limit \$150,000 for a household of 4 (150% AMI):
 - Depending on child care tuition expense, a family might be income eligible for program, but might be spending less than 13% of their annual income on child care.
 - For example, a household of 4 with an annual income of \$149,000 has a 1 child enrolled in a child care program for 2 days/week with an annual tuition cost \$8,833 (using \$85 average daily rate for child care centers) that represents 5.9% of their income, as they don't spend more than 13% of income in child care they don't receive a subsidy from the Town.
 - Same example as above but now 2 children attend child care 4 days/week, total annual tuition \$35,332. Family resides in the Town of Breckenridge, percentage of what family should pay on child care for the year is 15% (13% base line, 1% for 2nd child, 1% because income is over 100% AMI). This family will pay \$22,350 in child care for the year, prorated to monthly payments of \$1,862. The Town will pay tuition gap of \$12,982 for the year, prorated to monthly payments of \$1,082.
- Documents required birth certificate of children (legal presence in the US), 30 days of current paystubs for all employers for working adults of the household, ER income and work schedule verification, last year's tax return with W2, address verification if residing within Town limits, plus a few other documents for special circumstances.
- Because TOB pays the gap, the contract with child care centers states that they can only raise tuition 3% annual max. Additional increases need to be approved by the Town.
- Summary:
 - Serves all TOB live/work families
 - Income limit about 150% AMI
 - Serves all children under 6
 - Family pays a percentage of annual income
 - TOB pays gap in tuition
 - Monthly payment directly to licensed child care provider

Town of Breckenridge Teacher Assistance:

Funding of \$150,000 to four local child care centers to supplement teachers' salaries.

This subsidy has enabled Breckenridge child care centers to pay teachers approximately \$20 per hour, which is more than other non-Breckenridge centers.

Community Partner Driven Solutions:

A vibrant non-profit network is providing support to the early child care system in a variety of ways. Here are a summary of some of these initiatives:

- Basalt Child care Coalition secured employee housing for child care teachers and are working on building a new child care center in Basalt, funded by the Town of Basalt
- Eagle Valley Religious Foundation- for partnership for a new child care center. Zoning has already been approved for another building at the Edwards Interfaith Church & licensing has been approved.
- EPIC (Executives Partnering to Invest in Children) – Eagle County consultant trying to create a new child care center and operate similar to co-op. Trying to find a location & determine if local businesses would financially support it.
- Aspen Community Foundation partners with Garfield County and ECN to provide family child care program start up grants for programs from Aspen to Parachute.
- The Summit Foundation provides funds to pay teachers during closures/ COVID

Federal Government:

The pending Build Back Better Act represents the most transformative investment in child and child care in generations. The proposed legislation will invest \$400 billion in the following:

Provide universal and free preschool for all 3- and 4-year-olds, the largest expansion of universal and free education since states and communities across the country established public high school 100 years ago. Preschool in the United States costs an average about, \$8,600 per year. The Build Back Better framework will enable states to expand access to free preschool for more than 6 million children per year and increase the quality of preschool for many more children already enrolled. Importantly, parents will be able to send children to high-quality preschool in the setting of their choice – from public schools to child care providers to Head Start. The program will lead to lifelong educational and economic benefits for children and parents, and is a transformational investment in America's future economic competitiveness. In fact, research shows that every \$1 invested in high-quality early childhood care and education can yield \$3 to \$7 over the long-run, as they do better in school, are more likely to graduate high-school and college, and earn more as adults.

Make the largest investment in child care in the nation's history, saving most working American families more than half of their spending on child care. For decades, child care prices in the United States have risen faster than family incomes, yet the United States still invests 28 times less than its competitors on helping families afford high-quality care for toddlers. The Build

Back Better framework will ensure that the vast majority of working American families of four earning less than \$300,000 per year will pay no more than 7 percent of their income on child care for children under 6. Parents who are working, looking for work, participating in an education or training program, and who are making under 2.5 times their states median income will receive support to cover the cost of quality care based on a sliding scale, capped at 7% of their income. The framework will help states expand access to high-quality, affordable child care to about 20 million children per year – covering 9 out of 10 families across the country with young children. For two parents with one toddler earning \$100,000 per year, the framework will produce more than \$5,000 in child care savings per year. Better access to high-quality child care can increase the likelihood that parents, especially mothers, are employed or enrolled in education and training beyond high school, while also providing lifetime benefits for children, especially those who are economically disadvantaged.

Provide more than 35 million households up to \$3,600 (or \$300 per month) in tax cuts per child by extending the American Rescue Plan’s expanded Child Tax Credit. The Build Back Better framework will provide monthly payments to the parents of nearly 90 percent of American children for 2022 – \$300 per month per child under six and \$250 per month per child ages 6 to 17. And critically, the framework includes permanent fundability for the Child Tax Credit, meaning that the neediest families will continue to receive the full Child Tax Credit over the long-run.

Conclusion:

Early child care in Summit County and Frisco is plagued by a lack of available child care slots; inadequate child care staffing compensation, benefits and affordable housing, and high financial burden on most families for child care.

Given the interrelation between child care capacity, affordability and workforce availability, all three of these issues must be addressed to affirmatively address child care challenge in Summit County and Frisco.

Frisco Child Care Policy Options:

- Do nothing at this time and place the Town’s FY2022 \$265,000 child care earmarked in reserve.
- Supplement the Town’s FY 2022 child care funding of \$265,000 with up to \$ 505,539 in Nicotine Tax reserves. After FY2022 the Town Council may want to consider designating Part 1 Nicotine Tax funds, approximately \$300,000 annually for child care services.
- Teacher Assistance
 - Increase average wage at Summit County Preschool (currently \$16.61 per hour) and two in-home licensed child care facilities.

- \$1 per hour= \$60,000
 - \$2 per hour= \$120,000
 - \$3 per hour= \$180,000
 - \$4 per hour = \$220,000
- Housing Assistance
 - The Town has 17 Town owned rental units, of which 4 at the Mary Ruth complex on Galena Street can be used for local workforce who work in the Ten Mile Basin. Consider designating these 4 units for child care professionals. One of the units is currently occupied by a Summit County Preschool teacher.
- Tuition Assistance
 - Consider creating a tuition assistance program, similar to Breckenridge, which they have also offered to administer on our behalf. This would reduce the financial burden of child care cost for Frisco families between 73% and 150% of AMI. A typical family tuition assistance grant in Breckenridge is approximately \$6,000 annually. Frisco has probably 40 to 50 families who reside or work in Frisco in need of child care. Given that, the Frisco family the tuition assistance needs are between \$240,00 to \$300,000 based on the Breckenridge average of \$6,000 per family.
 - Determine whether tuition assistance for Frisco families or employees should be restricted to Frisco-based child care providers or any Summit County child care provider.
- Provide either Town facility space or leased space for a new or expanding child care provider.
- Work with Summit County, Silverthorne, Breckenridge to develop a countywide public and privately supported child care system for the near future.

Once the Town Council has selected any of these options, the staff will develop a more thorough financial analysis and program for FY2022 child care support for the Town Councils future approval.

Simultaneous, we will work with Mara Sheldon to determine when the proposed Build Back Better Act child care benefits will be available to Frisco residents and employees.