

Local & Dedicated Funding for Early Childhood: Exploratory & Viability Assessment Work

Frequently Asked Questions

July 2021

Background

Earlier this year, the Early Childhood Council of Larimer County, in partnership with United Way of Larimer County, convened a Steering Committee of community leaders to shape and inform a strategic viability assessment project to determine whether and when to pursue a ballot measure to raise dedicated, local public funding for early childhood programs in Larimer County. Over four months, the Committee executed a thorough due diligence process with guidance and support from a professional consulting team with extensive experience in early childhood policy and state and local ballot measures in Colorado. Based on this due diligence process, it is the ***recommendation of this group that the Larimer County Board of County Commissioners refer a county-wide sales & use tax increase question to voters at the November 2021 election for the purpose of supporting early care and education programs in Larimer County.***

Frequently Asked Questions

What are the details of the recommended ballot initiative?

The Steering Committee is recommending that the Larimer County Board of Commissioners:

- Refer a question to the November 2021 ballot
- The proposal should ask voters to increase the county-wide sales and use tax by 0.25% (25 cents on a \$100 purchase), which will generate an estimated \$17M / year in revenue
- The measure should specify that revenue generated by this tax may be used for four purposes:
 - Subsidize the cost of child care and preschool programs for Larimer families with children from birth to age 5
 - Invest in the early childhood system to expand capacity and improve quality
 - Conduct thorough evaluations to measure the impact of the program
 - Pay for administration of the program with a reasonable cap in place to ensure most money is put directly into programs and services
- The measure should include a 20-year sunset provision
- The County should partner with the Early Childhood Council of Larimer County, a community-based non-profit organization with expertise in early childhood and trusted relationships across the county, to administer, manage and advise on the distribution of funds
- These funds should be audited regularly and subject to transparency and accountability measures associated with publicly funded programs and services

Why is this needed?

Larimer County is facing a crisis in early childhood care and education. Based on 2019 estimates, licensed capacity for child care is only 25% of projected demand for infants and toddlers, and only 64% for preschool age children. The ECE workforce crisis has intensified during the pandemic. Some providers have closed, while others are struggling to meet expenses while many parents are caring for their children while working from home.

This challenge is not new and recognition of it as a major barrier to the economic and social success of our community is widely held. The [*Talent 2.0 Regional Workforce Strategy*](#) report released in 2017, identified lack of access to child care as one of three key barriers to workforce recruitment and retention in Larimer County. And, as such, the Larimer County Board of County Commissioners made expanding access to quality child care

a key priority of the County's [2019 – 2023 strategic plan](#) -- Goal 2, objective 3: *“By 2023 Larimer County, with public and private partners, will increase quality child care capacity by 50% by identifying and implementing investment strategies in the areas of workforce, infrastructure and funding that result in long-term systems change.”*

Why now? What makes 2021 the year to go to the ballot with this proposal?

Larimer County has struggled with child care access and affordability for more than a decade. The need has been felt by families with young children and acknowledged as a community issue by “grass-top” leaders for years. However, the Covid-19 crisis highlighted this challenge more broadly and made it a top-of-mind issue for voters and leaders, locally and nationally. There is heightened public awareness of the challenge and a sense of urgency to address it as part of our community’s pandemic recovery. We believe there is a unique opportunity to secure local, dedicated funding while the issue is top-of-mind for voters. Further, we know from public opinion research that there is a path to victory with the anticipated 2021 Larimer County electorate and do not believe that our chances for success would be greater in a different year.

What about new state and federal investments in child care and preschool? Is a local tax necessary?

The need for public investment across the early childhood spectrum, birth to age 5, is huge and requires sustained funding. Federal recovery dollars are short-term, time-limited investments and the new state program funded by Prop EE (approved Nov 2020, projected to be launched in 2023), will provide support to families for the preschool year before Kindergarten only. New, dedicated and sustained local funding will allow our county to leverage state and federal investments and maximize benefits for our community.

How will this investment impact child care and preschool access and affordability in Larimer County?

If ultimately successful, this measure will roughly double our local investment in early childhood programs and services, allowing the county to address:

- Affordability of care through tuition subsidies or credits that will reduce the cost of child care and preschool, with the greatest subsidies going to the lowest income families facing the greatest cost burdens
- Access to care by making investments in physical and human capital that will expand child care and preschool offerings in the county
- Quality of care by supporting child care and preschool providers to improve their programs
- Workforce development by supporting continuing education and training for early childhood educators

While there is no “silver-bullet” solution to the child care and preschool challenges our community faces, we are confident that this investment will make a meaningful impact in both expanding capacity of the system and reducing the cost burden for families.

Who was involved in developing this proposal?

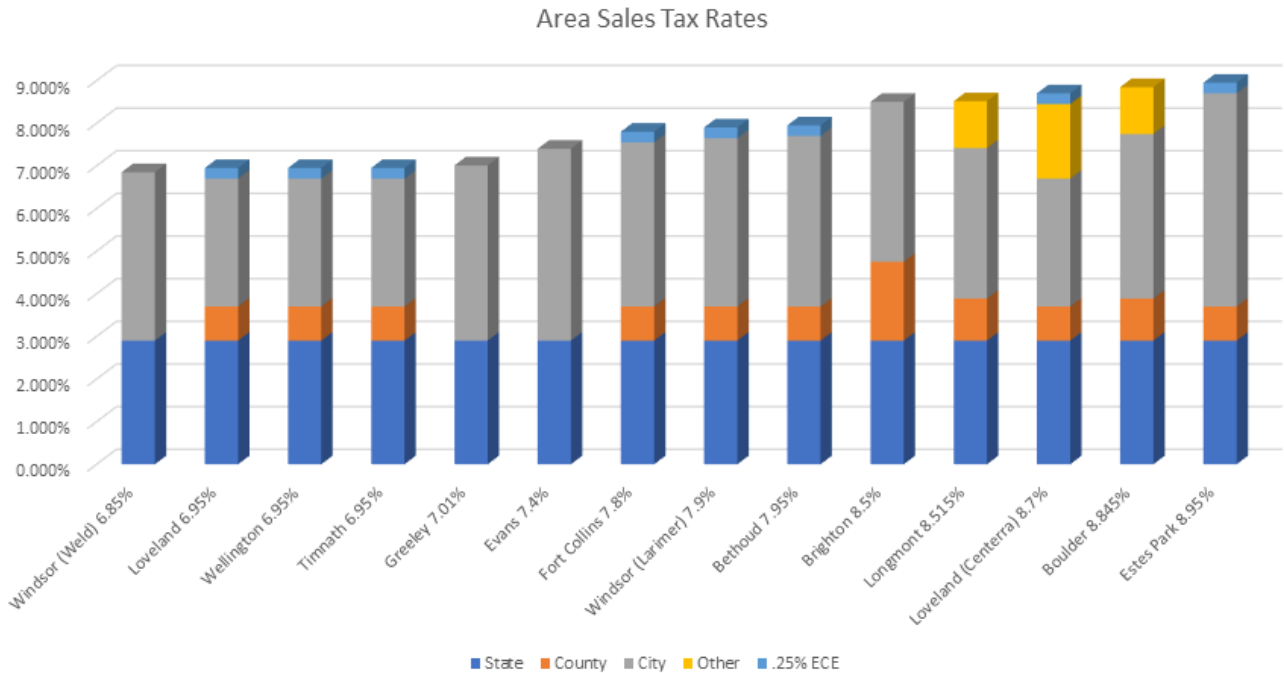
A Steering Committee of 17 Larimer County leaders participated in a four-month process to develop this proposal. Steering Committee members included:

- Early childhood experts
- Non-profit leaders
- Business leaders
- County & municipal government officials and administrators
- Academics

Members of the Committee live in Estes Park, Fort Collins and Loveland and many have a county-wide perspective. Additionally, we gathered input and feedback about the need for public investment, potential funding sources and priorities for revenue allocation through robust public opinion research program.

If referred and approved, will this new tax take our sales tax out of line with surrounding communities?

The short answer is: No. Sales and use taxes are imposed by the state, county and municipality, so there is some variation among communities in the region today and that will continue if this new tax is imposed for Larimer County communities. However, when you look at the sales tax rates of the major communities in the region, they are generally aligned and this modest increase will not substantially impact the overall tax rate. The below table shows area sales tax rates with the light blue bar at the very top being the new 0.25 percent ECE tax.



Is this proposal politically viable?

Yes. This proposal is politically viable. Public opinion research conducted in April and May of 2021 demonstrates that there is a path to victory with the November 2021 Larimer County electorate. Further, local leaders have built a robust and realistic campaign budget and plan that will enable us to communicate with targeted voters in a smart and sophisticated way about the need for and details of this proposed investment. While the outcome of a ballot measure is never guaranteed, experienced campaign professionals and local leaders are confident that this is the right time and the right proposal to bring to voters.