

**Dedicated Larimer County Funding for Early Childhood  
Exploratory Work  
JUNE 2021**



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# EXECUTIVE SUMMARY

Earlier this year, 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.

The Committee completed 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.

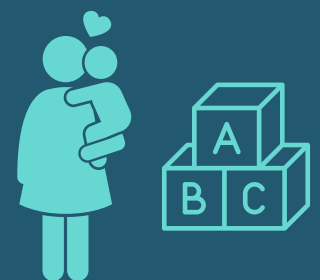
Based on this due diligence process, **it is the recommendation of this group that the Larimer County Board of County Commissioners refer a county-wide sales & use tax increase question to voters at the November 2021 election for the purpose of supporting working parents, children, and early care and education programs in Larimer County.**

**Specifically, 14 of 17 members of the Steering Committee voted to support:**

- A question on the November 2021 ballot
- 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 families with children from birth to age 5**
  - **Invest in the early childhood system to expand capacity and improve quality**
  - **Conduct thorough evaluation to measure the impact of the program**
  - **Pay for administration of the program with a reasonable cap in place**

\$17

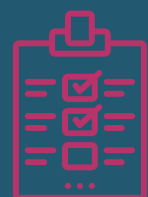
**MILLION / YEAR**



**SUBSIDIZED CHILD CARE AND PRESCHOOL**



**WORKFORCE DEVELOPMENT + INFRASTRUCTURE**



**EVALUATION + ADMINISTRATION**

# EXECUTIVE SUMMARY (CONT.)

- **The measure should include a 20 year sunset provision**
- The County should partner with 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 typical transparency and accountability measures**
- Of the three members of the Steering Committee who did not endorse this recommendation:
  - Two supported the concept of public investment in early childhood, as well as the details of this specific recommendation, but did not support asking voters for additional taxes in 2021, and instead favored waiting until 2022.
  - One dissenting member supported the idea of a local tax for early childhood, but opposed the details of this recommendation, citing that \$17M per year in dedicated revenue was insufficient to meet demand and, as such, this member could not support a partial solution.



**TO PARTNER WITH COUNTY TO  
ADMINISTER, MANAGE AND ADVISE  
ON DISTRIBUTION OF FUNDS**

## Context for Work

**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."*

Currently, the early childhood system in Larimer County is funded by a patchwork of state and federal public funding sources, as well as private philanthropic investments and fee-for-service revenue paid by families. Many communities, across Colorado and the country, with a similar funding mix have sought and secured dedicated local public funding to address capacity shortages, make services more affordable for families and to improve quality. Understanding the successful precedent of these local public funding initiatives, Early Childhood Council of Larimer County and United Way of Larimer County teamed up to explore the viability of such an initiative in Larimer County.

# TIMELINE

## January 2021

- Interviewed and retained the consulting team to design and execute this work
- Developed project plan & timeline
- Secured grant funding to support this viability assessment work

## February 2021

- Identified and recruited a diverse Steering Committee of 17 community leaders from all parts of Larimer County to shape and inform this work
- Researched early childhood initiatives in other communities and recent tax measures in Larimer County and developed case studies

## March 2021

- Convened the Steering Committee for the first of five meetings
- Compiled data and research on
  - Supply and demand for early childhood services
  - Existing public and private funding sources
  - Possible tax sources and available revenue
- Retained a public opinion research firm and developed the research plan

## April 2021

- Developed and refined various scenarios for generating and allocating local tax revenue
- Conducted qualitative public opinion research via In-Depth Interviews with 13 “grasstops” community leaders from across the County
- Conducted qualitative public opinion research via online QualBoard discussion with 28 likely November 2021 voters from Larimer County

## May 2021

- Continued to refine scenarios for generating and allocating local tax revenue
- Conducted quantitative public opinion research via poll of 402 likely November 2021 voters from Larimer County

## June 2021

- Held the last of five meetings with the Steering Committee to determine recommendations



# THE TEAM

## STEERING COMMITTEE

The Steering Committee consisted of 17 community leaders from Larimer County, including representatives from: local government, business, direct-service non-profits, early care & education and K-12 education. Steering Committee members live in Estes Park, Fort Collins, Loveland and Wellington.

- Christina Taylor, CEO, Early Childhood Council of Larimer County
- Deirdre Sullivan, President & CEO of United Way of Larimer County
- Ann Hutchison, CEO of Fort Collins Chamber
- Laurie Stolen, Director of Larimer County Behavioral Health
- Gloria Kat, Director of La Familia Family Resource Center (Child Care Provider)
- Kristin Stephens, Commissioner, Larimer County Board of Commissioners
- Lise Youngblade, Colorado State University Dean, College of Health and Human Sciences
- Heather O'Hayre, Larimer County Dept. of Human Services Director
- Michael Moon, Director of Estes ECE
- Martha Giron, Bilingual Community Organizer with Colorado Trust
- and former early childhood educator
- Kathi Wright, Councilmember, Loveland City Council
- Kim Akeley-Charro, Director of Thompson Education Foundation
- Nancy Almond, Director of Estes Valley Investment in Childhood Success
- Kelly Houghtelling, Wellington Asst. Town Administrator
- Yvonne Myers, Director, Columbine Health Systems
- Mims Harris, Community Advocate/President of ECCLC Board of Directors
- Amanda Miller, Founder, The Place Setting Company

## CONSULTING TEAM

The Consulting Team consisted of three Colorado-based professionals who bring decades of experience and expertise in research, analysis, public policy, politics and early childhood programs in Colorado. All three were involved in the development and establishment of the Denver Preschool Program and each have worked on other local and state policy projects to expand access to early care and education services in Colorado and elsewhere. Biographical information and qualifications about each are available through the links below.

- [Cody Belzley, Common Good Consulting, LLC](#)
- [Lynea Hansen, Hansen Communications](#)
- [Andrew Brodsky, Brodsky Research](#)

## RESEARCH TEAM

The Research Team was led by Alex Dunn, Research Director at [Strategies 360](#). Strategies 360 is a full-service research firm serving private and public sector clients throughout the Western United States. Alex, who is based in Denver and his team have worked throughout Colorado, including extensively in Northern Colorado.

# POLICY PROPOSAL DEVELOPMENT



## Case Studies

To inform this process, we studied **five other communities that successfully passed taxes for early childhood** to learn about both the nature and structure of their tax-funded program and the strategy that lead to their success. Specifically, we developed and examined case studies regarding voter-approved, publicly-funded early childhood programs in:

- Denver, CO
- Kent County, MI
- Multnomah County, OR
- San Miguel County, CO
- Summit County, CO

Additionally, we analyzed the results of **eight tax initiatives, considered by Larimer County voters between 2014 and 2020.**

The purpose of this exercise was to learn more about voter responses to tax questions in Larimer County.

## Determining Demand & Need

To inform this work, we compiled, analyzed, and presented to the Steering Committee a comprehensive set of data, including:

- Demographic information of families with young children in Larimer County
- Child poverty rate and distribution in Larimer County
- Number and distribution of licensed child care and preschool providers in Larimer County
- Estimated need vs licensed capacity for child care and preschool in Larimer County based on the number of children with all parents in the workforce
- Cost of child care and preschool in Larimer County and percent of family income spent on child care based on Larimer County median income
- Current subsidized funding for early care and education in Larimer County – federal, state, and local sources; public and private

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## COMMUNITY CASE STUDIES



DENVER, CO  
KENT COUNTY, MI  
MULTNOMAH COUNTY, OR  
SAN MIGUEL COUNTY, CO  
SUMMIT COUNTY, CO

8%

POVERTY RATE FOR CHILDREN UNDER 5 IN LARIMER COUNTY

\$13

MILLION/ANNUALLY  
CURRENT SUBSIDIZED FUNDING  
FOR CHILD CARE IN LARIMER  
COUNTY (APPROX.)\*

\*Includes: Colorado Child Care Assistance Program (CCCAP), Head Start, Colorado Preschool Program, Integrated services (school district SPED), Scholarships, Provider Sliding Scales.  
4% is from philanthropy.

# POLICY PROPOSAL DEVELOPMENT (CONT.)

Based on this data, the Committee came to the following conclusions:

- There is a **significant gap between demand for and availability of licensed child care and preschool in Larimer County**: It is estimated that Larimer County needs at least another 3,572 spaces for children from birth to 24 months and another 4,069 spaces for those ages 2 to 5 to close the gap between the number of children with all parents working and the number of licensed slots.
- **Child care is a significant cost burden to working families in Larimer County.**
- **Current funding sources – public and private – are insufficient** to help the community address both availability and affordability of child care and preschool.
- **A sustainable, scalable, high-quality program requires a new, dedicated public funding stream.**

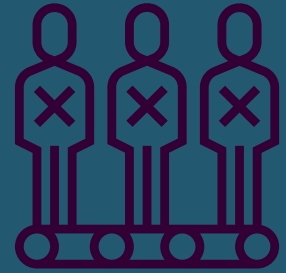
## Tax Options

The Steering Committee reviewed data and information, including:

- sales and use taxes
- property taxes
- marijuana taxes

It was determined early in the project that a county tax on marijuana would not generate sufficient revenue to make a meaningful impact on the problem. **The Committee fully investigated both sales and use and property taxes at various levels, considering both policy implications and political viability of each.**

Our public opinion research (methodology described below) showed that a property tax increase, of any amount, was not politically viable. However, public opinion research does show solid voter support for a sales and use tax increase at both the 0.15 percent and 0.25 percent tax increase levels.



**3,572 SPACES**  
NEEDED FOR CHILDREN  
BIRTH TO 24 MONTHS



**4,069 SPACES**  
NEEDED FOR CHILDREN  
AGES 2 TO 5



**CURRENT FUNDING  
INSUFFICIENT**



**SOLID VOTER SUPPORT FOR A  
SALES AND USE TAX INCREASE AT  
BOTH THE .15% AND .25%  
TAX INCREASE LEVELS**

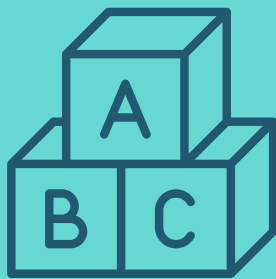
# REVENUE ALLOCATION

While the Steering Committee is not recommending a specific revenue allocation formula or specific percentages to the program areas, the group did engage in modeling to understand what approximately \$17M / year would mean to Larimer County both in terms of reducing the cost burden of early learning to working families and in expanding capacity and improving quality of early learning in the county. The Steering Committee considered a variety of scenarios and options. **Through this process, the majority of the Committee came to believe that ~\$17M / year of dedicated local funding would make a meaningful impact on the goals of reducing the affordability burden, expanding capacity and improving quality and, as such, was worth pursuing.**

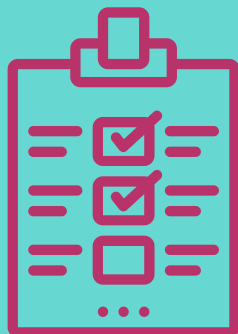
Ultimately, the Committee believes that the County, with guidance and administration support from the Early Childhood Council of Larimer County, should have flexibility to administer the funds within the 4 broad priority categories:



**Subsidize the cost of child care and preschool for families with children from birth to age 5**



**Invest in the early childhood system to expand capacity and improve quality**



**Conduct thorough evaluation to measure the impact of the program**



**Pay for administration of the program with a reasonable cap in place**

(e.g. administrative expenses should not exceed a set percent of revenue)



# REVENUE ALLOCATION (CONT.)

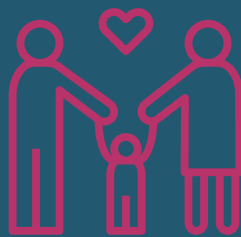
The rationale for this flexibility is to ensure that local dollars can:

- Leverage and maximize federal, state and private funding, which is likely to change over time
- Meet changing community need and demand
- Address localized priorities in differing parts of the county
- Support innovation and respond to best practices for the benefit of children, families and early care and education providers

While the Committee did not want to specifically direct or restrict the use of funds beyond the four program funding priorities, here are a few over-arching principles that the committee came to agreement about in the course of the modeling:



**Local funding should support children birth to age five and not focus exclusively on any specific age group.**



**Families of all incomes should be eligible to receive tuition credit support, however most funds should support families at the lowest income levels;** the Committee generally supported the concept of a sliding scale model for child care and preschool subsidies.



**Capacity and quality investments should be made to support both:**

**Workforce / Human Capital** - e.g. salary supplements, continuing education, professional development, and training

**Physical Capital** - e.g. buildings, outdoor spaces, curriculum and materials for existing and new child care and preschool providers



# PUBLIC OPINION RESEARCH

We undertook a three-part public opinion research study to better understand the attitudes and opinions of both “grasstops” community leaders and voters and to ultimately determine the political viability of this proposal.

- **In-depth interviews:** Consultants completed **13 interviews with community leaders from all parts of Larimer County** between April 22 and May 4, 2021; the purpose was to get a sense of community priorities and understanding of how early care and education was perceived by community leaders who help set the agenda for the county.
- **Qualboard:** Strategies 360 hosted a **three-day online discussion board with 28 likely 2021 voters** in Larimer County between April 26 and 28, 2021; purpose was to speak to a persuadable group of voters, not a representative one, to get a sense of support and test messaging.
- **Survey:** Strategies 360 conducted a **county-wide poll of 402 likely November 2021 voters** between April 30 and May 5, 2022; purpose was to test viability of proposal, including specific components, and effectiveness of messaging. With these parameters, results will be accurate to within a +/- 4.9% margin of error at the 95% confidence level.

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Interviews with  
community leaders

28

Qualboard with  
likely 2021 voters

402

Survey of likely  
2021 voters

Public opinion research does show solid voter support for a sales and use tax increase at both the 0.15 percent and 0.25 percent tax increase levels.

**Findings of this research show a path to victory for an early childhood sales and use tax measure in 2021.**