



Public Funding

FOR EARLY CHILDHOOD

June 2025

Executive Summary

Average Larimer County families currently spend between 11-35% of their annual household income on childcare costs, with that figure rising to 30-50% for our community's lowest income earners. The cost of care for one child, between \$7,000-\$20,000 a year, exceeds that of tuition costs of many colleges and universities. Childcare cost and availability negatively impacts younger families who are not prepared to handle this enormous financial burden so early in their lives. This restricts many families' ability to afford other basic needs, including stable housing and food. It also impacts our economy in a big way.

Lack of childcare access is estimated to cost Larimer County nearly \$100 million in lost earnings, productivity, and revenue. Quality childcare is essential to ensuring we have thriving, productive generations in the years to come, yet inadequate public investment coupled with a dire lack of qualified workforce means that quality care is out of reach for many families. Today, Larimer County is poised to pave the way for future generations by radically shifting how the childcare sector is funded. By creating a dedicated local public funding stream, we have the opportunity to increase access to quality, affordable childcare for thousands of families in Larimer County. At the same time, we will be able to improve provider compensation and preparation, making childcare an attractive profession that is valued for its positive impact on the lives of families and the children upon whom our future relies. With a question posed to Larimer voters in November of 2025, we propose to raise the Larimer County sales and use tax by .25% (just 25 cents on every \$100 purchase).

The revenue generated from a successful ballot measure, an estimated \$28 million annually, will support Larimer County early care and education professionals with increased wages, professional development, increased access to healthcare benefits, and more. Further, it will work toward ensuring that no family in Larimer County is paying more than 10% of their annual income on childcare costs.

Jump to page 12 to see how this will work!



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Early Childhood Council of Larimer County



For more than 25 years, the Early Childhood Council of Larimer County (ECCLC) has been working to improve services to children and families. Our mission is to bring the community together to share knowledge and resources, build expertise, and work collaboratively to ensure that all young children in Larimer County have the care, support, and opportunities necessary to grow, learn, and succeed. We work strategically together with everyone important in a young child's life— parents, teachers, physicians, and psychologists — to equitably modernize and prioritize quality early childhood experiences.

We provide expert coaching and consultation, build leadership capacity, incubate innovative ideas, spearhead community collaboration, advocate for policies and funding, and design and pilot innovative programs.

ECCLC is one of Colorado's 35 Early Childhood Councils working to improve services to children and families. The work of Councils is guided by the [Early Childhood Colorado Framework](#). ECCLC is one of the strongest Early Childhood Councils in the state and widely recognized as a center of excellence and a hub for innovative solutions that support long-term, positive, and sustainable change for families in our community. ECCLC is also designated by the State as the Local Coordinating Organization for Universal Preschool.

The Importance of the Early Years

The science of brain development shows that children form more than a million new neural connections every second within the first five years of life.

Children's earliest experiences with their caregivers directly impact how these neural connections are made, laying the foundation for all future learning, behavior, and health. The caregivers that interact with our children in their first five years, from parents, grandparents, and babysitters, to early educators such as child care providers, are the stewards for early growth and development. Numerous studies have shown just how critical it is for our children to have high quality early experiences to ensure they are able to be successful and thrive from day one.

"Quality birth-to-five early childhood education for disadvantaged children can simultaneously reduce inequality and boost productivity in America."



James Heckman
Nobel Laureate in Economics,
On the Strong Start for America's Children Act

"It is critical to intervene early in life, in the crucial window when the brain is developing and the foundations for adult life are being laid."

Nicholas Kristof
and Sheryl WuDunn
A Path Appears

LEARN MORE AT HECKMANEQUATION.ORG



Access to Care

Larimer County's early childhood sector is in crisis: families can't afford to pay and educators can't afford to stay, making childcare a classic market failure. Based on 2023 estimates, licensed capacity for child care is only 25% of projected demand for infants and toddlers, and only 64% for preschool age children.

The NoCo Works External Barriers Report (September 2024) identifies access to child care as a major structural barrier to workforce participation and economic growth in Northern Colorado, particularly in Larimer and Weld counties. The report describes the state of Larimer County's child care sector with demand far outpacing supply, and families spending up to a third of their household income on child care (three to four times the federal recommendation) while many still can't find available slots, especially in rural or lower-income areas.

In response, community leaders have recognized this crisis with far reaching impacts for not only young children and families, but also the greater regional workforce, local economy and business community. In recognition of the need for coordinated public investment and systemic change, the Larimer County Commissioners' 2024–2028 Strategic Plan includes commitments to grow the care workforce. This indicates the County's commitment to strengthening the child care workforce as a strategic focus under economic equity efforts.

Access to quality child care gives young children the strong start they need to grow, learn, and thrive—and it benefits the entire community. When children are in safe, nurturing environments, they develop the social, emotional, and early learning skills that set the stage for success in school and life. At the same time, reliable child care allows parents to fully participate in the workforce, helping businesses recruit and retain employees and keeping the local economy strong. Without it, families struggle, employers lose talent, and communities bear the cost of missed opportunity. High-quality early care isn't just good for kids—it's a smart investment in the future of our region.



Childcare is a Market Failure

Impact on Families



The average cost of child care in Larimer County is \$199-\$324 weekly, depending on the age of the child. This equals roughly \$9,500-15,500 a year, per child. That means the average Larimer County family (median household income of \$75,332 per the Colorado Department of Labor and Unemployment) spends between 11-35% of their annual income on child care for one child. The US Department of Human Services recommends that child care costs should not exceed more than 7% of a family's budget. According to the Massachusetts Institute of Technology (MIT), a single parent of two children needs to make \$42/hr to afford to live in Larimer County. A two-parent household with BOTH parents working and 2 children in the home each need a minimum of \$23/hour to afford to live in Larimer County.

Impact on Educators

There are an estimated 2,500-4,000 individuals employed in the early childhood system in Larimer County at any given time. The majority (45%) are young professionals, ages 25-35 who are likely parents of young children themselves (Colorado Early Care and Education Workforce Data Dashboard). They have specialized education and training in early childhood development, early literacy, and social emotional wellbeing. Yet while quality, licensed child care is expensive, it is also undervalued as menial labor, paying only \$16 to \$19 per hour. At this rate, many providers are actually eligible for public assistance. According to the Economic Policy Institute, it is estimated that up to 15% of early educators in Colorado live below the poverty line.



Nationally, 98% of all occupations in the US earn more than child care teachers, who experience a poverty rate that is eight times higher than that of K-8 teachers.




Impacts on Our Community



Impact on Our Economy

According to the Council for a Strong America, care shortages in Larimer County have resulted in the following each year:

- Nearly \$100M in lost earnings, productivity, and revenue
- \$680 million lost by employers in CO; \$31 million in Larimer County
- Opportunity cost of over 900 jobs



More than 20 million women left the workforce across the US between 2021-2024 due to childcare access issues.



Impact on Our Workforce

Nationally, according to McKinsey and Company, Pew Research and the US Chamber of Commerce Foundation:

- 11% of working parents have turned down a position due to lack of childcare
- 16% of employers have seen employees leave for childcare reasons
- 16% of the US workforce—26.8 million people—are dependent on childcare in order to work (CO is closer to 20%)
- 45,981 CO parents are making career sacrifices due to issues with child care



Everyone depends on someone who depends on childcare.

Impacts on Our Community

Demand Continues to Grow

Colorado's population of children under the age of four is expected to increase 22% by 2026.



Supply is Inadequate

Lack of a qualified workforce, insufficient compensation, front-line working conditions and ever-increasing demand has led to a childcare crisis across the country. Indeed, 70% of local child care program directors have reported difficulty finding qualified staff. This leads to chronic shortages in available care for families.



The Model is Broken

Without additional public investment, childcare will continue to operate as a market failure and remain inaccessible and unaffordable.



According to several state and national surveys on the early childhood workforce, the primary systemic barriers to recruiting and retaining qualified early childhood educators are low wages, limited benefits, and challenging work environments.

The only way to raise revenue in a child care program is to increase family tuition rates. If programs were to raise tuition rates in order to raise salaries for their educators, families would suffer. The Center for American Progress, a bipartisan policy institute, estimates that **if child care centers were to raise the tuition rate to afford to pay a living wage for their educators, they would need to raise the rates by a whopping 42%, which is far from sustainable for the average American family.** As the child care crisis continues, early childhood educators are paying the price with unsustainably low wages and high levels of

Benefits of Increased Investment

Health & Wellbeing



Gaps in knowledge, ability and wellness open up long before kindergarten. These gaps tend to persist throughout life, and are difficult and costly to close. Taking a proactive approach to cognitive and social skill development through investments in quality early childhood programs is more effective and economically efficient than trying to close the gap later on.

Recent research has also shown dramatic long-term physical health impacts of early interventions that incorporate a focus on early education, nutrition and health. More than 30 years later, treatment group individuals were at significantly lower risk for serious cardiovascular and metabolic diseases, such as stroke and diabetes.

These findings demonstrate the incredible potential of coordinated birth-to-five early childhood programs to prevent chronic disease, improve mental health, reduce healthcare costs and produce a flourishing society.

Family Stability

Over the past several years, families have faced unprecedented challenges related to the COVID-19 pandemic. Caregivers have struggled to maintain their own mental health in the face of economic and social uncertainty. We know that access to quality, affordable childcare is a key contributor to adult mental health and economic stability. This is important because safe and stable families are more likely to produce healthy, thriving children. Moreover, quality child care pays off by helping primary caregivers establish careers and grow their income potential.



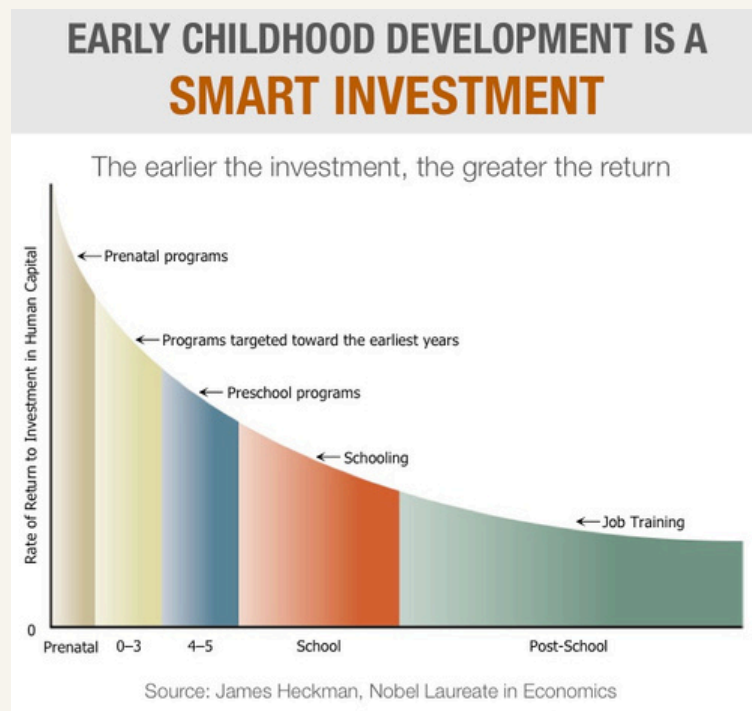
Benefits of Increased Investment

Economic Returns


Providing children and families with early health and learning opportunities from the prenatal period produces a 13% return on investment per child per year, significantly higher than just investing in preschool alone, which begins at age three.

The National Forum on Early Childhood Policy and Programs has found that high quality early childhood programs can yield a \$4 – \$9 dollar return per \$1 invested.

For more information on how child care access impacts our state economy, [click here](#).



The Proposed Solution



Larimer County Board of County Commissioners should refer a county-wide sales & use tax increase question to voters at the November 2025 election for the purpose of supporting early care and education programs in Larimer County.

The measure 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 \$28M per year in revenue. The measure should specify that revenue generated by this tax may be used to lower the cost of child care and preschool programs for families with children from birth to age 5, increase early educator wages, and increase quality and supply of care.



Annual Funding Breakdown

*Estimates based on a full year of revenue from tax funding



Increase early educator salaries and invest in recruitment and retention

Approx \$9M
Annually



Lower the cost of childcare for Larimer County families

Approx \$11M
Annually



Invest in safe, high-quality childcare environments and materials

Approx \$2.5M
Annually



Conduct an annual 3rd party audit to ensure ongoing transparency and accountability for tax funding

Why Public Funding is the Solution



Community Steering Committee Process

In 2021, ECCLC convened a community steering committee to study this issue and develop recommendations for action. Out of 17 members, 14 agreed to recommend Larimer County Commissioners pursue a 0.25% sales tax increase to create a local dedicated funding source for early care and education in Larimer County. The Commissioners received that recommendation in the summer of 2021 and deferred action, endorsing the concept but saying they needed more time to work on the specifics of a proposal. This steering committee continues to be engaged and informed in various ways to ensure community support remains strong.

++ Case Studies



To inform this process, research was conducted on five other communities that successfully passed early childhood tax initiatives to learn about both the nature and structure of their tax-funded program and the strategy that lead to their success. Specifically, the focus was on 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, this research 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.



Why Public Funding is the Solution




Determining Demand and Need

To inform this work, a comprehensive set of data was compiled, and analyzed, 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 including federal, state, and local sources; public and private.

Research 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 2-5 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, high-quality system requires a new, dedicated public funding stream.
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Conclusion

The system of care for our youngest population and the educators that support them is fundamentally broken.

Without public investment, our community's future is at risk.

We have an opportunity to substantially improve the early care and education system in Larimer County, and to be a positive example to our peers throughout the state and the country. The model proposed here is workable, replicable, and we can lead the way together.



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APPENDIX A

Cost of Care and Estimated Need

Average Full-Time Cost Per Child			
	Centers	Homes	Weighted Ave.
Age 0-12 mo.	\$15,061	\$17,644	\$15,836
Age 12-24 mo.	\$15,061	\$17,644	\$15,836
Age 24-36 mo.	\$11,977	\$11,763	\$11,913
Age 3 years old	\$9,786	\$7,842	\$9,203
Age 4 years old	\$9,119	\$7,058	\$8,500

*Cost of Care modeling factors in the differences in quality ratings and corresponding rates.

Need (in Millions of \$)				
	Total Need	Current Funding	Estimated Parent Input	Unmet Need
Age 0-12 mo.	\$19.2	\$0.9	\$4.5	\$13.8
Age 12-24 mo.	\$20.6	\$0.9	\$8.2	\$11.5
Age 24-36 mo.	\$21.5	\$0.9	\$8.1	\$12.5
Age 3 years old	\$17.8	\$3.2	\$8.6	\$6.0
Age 4 years old	\$17.0	\$12.1	\$3.5	\$1.4
TOTALS	\$96.1	\$18.0	\$34.8	\$43.3

Need modeling includes the following data and assumptions:

- Cost of care based on distribution of Colorado Shines quality level and age
- Percentage of children served in home settings vs center-based settings
- Assumes 65% of children served will access full-day care (50h/wk), 15% will access school-day care (30h/wk) and 20% will access part time care (12.5h/wk)
- Assumes the following participating rates: Ages 0-12mo (45%); 12-24mo, (50%) 24-36mo, 3 and 4y0 (65%);
- Assumes approximately 10,282 children served
- Estimated population of children by household income level (based on ACS data from 2020) used to model a max of 10% of annual income spent on child care
- Current funding factors in the following funding streams: CCAP, Head Start, Early Head Start, and Universal Preschool.

*Cost modeling was completed by Brodsky Research and Consulting in 2021, as well as by ECCLC staff with the use of a cost-modeling tool created by Brodsky Research and Consulting on behalf of Bell Policy Center in 2025. Data used in cost modeling, as well as the rest of this report can be found in the citations section.

APPENDIX B

Workforce Investments

Example Investment	Cost	Total Educators Impacted	Notes
Quarterly Salary Supplements For ECE Educators	\$6,500,000.00	1600	\$1k/quarter; Total bonus for those working full-time. Adjusted based on hours worked in previous quarter.
Health Insurance Benefit Offset	\$900,000.00	1500	\$50/mo offset, \$600/year per employee
Higher Education Scholarships	\$150,000.00	200	\$1500 awarded for higher education
Professional Development Stipends	\$150,000.00	400	To cover cost of training and time off
Annual Training Offerings	\$150,000.00	1000	Example: Pyramid training (\$600)
Total	\$7,850,000.00		

*Workforce investment estimates are based off actual data on current number of educators in the workforce, number of educators needed to meet demand, cost of current higher education for ECE careers, and cost of professional development needed to achieve and maintain credentialing as an early childhood educator. Many of these investments have been successfully piloted by ECCLC in the past 6 years.

*Salary supplementation would increase educator wages by approximately \$2/hr per year

Capital Investments

Example Investment	Cost	Number of Programs Impacted	Notes
Quality Improvement Grants to Licensed Home-Based ECE Programs	\$210,000.00	100	\$2100 per home-based provider; based on current per-site investment in quality improvement through ECCLC
Quality Improvement Grants to Licensed Center-Based ECE Programs	\$512,000.00	160	\$3200 per center-based provider; based on current per-site investment in quality improvement through ECCLC
Capital Expansion Grants for Home-Based Providers	\$150,000.00	20	\$7500 per program to cover the cost of capital improvements to improve quality and offer in-home care;
Capital Expansion Grants for Center-Based Providers	\$1,100,000.00	Up to 20	Grants of up to \$750,000 to cover capital improvements costs;
Total	\$1,972,000.00		

*Capital Investments are modeled after current and previous support offered through ECCLC via other temporary funding streams

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EarlyChildhoodCouncil
of LARIMER COUNTY