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ABSTRACT

This report examines child care from a business perspective and proposes methods to help finance affordable, accessible, and high-quality child care in Colorado. The Commission's procedures are described, and data summaries are included. The following 12 recommendations are made: (1) establish model planning and zoning programs to increase and impact child care supply; (2) develop and distribute business-oriented resource guides describing child care employee benefit options; (3) design, implement, and distribute packets of model child care programs that can be replicated or adapted by employers of varying sizes and organizational structures; (4) establish a multi-bank community development corporation to provide loans and other financial assistance to child care providers; (5) develop and distribute child care consumer guides for parents; (6) restructure the current Colorado Enterprise Zone Child Care Contribution Program to improve child care availability, quality, and affordability; (7) initiate legislation to establish a voluntary child care check-off on state income tax returns to fund quality enhancement in licensed child care facilities through a dedicated funding source; (8) initiate a refundable child care income tax credit for families to assist them in paying for licensed child care; (9) initiate a change in property tax assessment rates to allow child care facilities to be taxed at the residential rate rather than at the commercial rate; (10) develop policies providing for the utilization of existing public educational buildings for child care programs; (11) convene a governor's statewide summit on business and child care; and (12) create a permanent Business and Child Care Commission. (Contains 35 references.) (KDFB)

REPORT OF THE COLORADO BUSINESS COMMISSION ON CHILD CARE FINANCING

Appointed by Governor Roy Romer State of Colorado

December 1995

This report is available from the Division of Child Care,
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Appointed by Governor Roy Romer
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December 1995

1STBANK
OF DENVER National Association

370 SEVENTEENTH STREET DENVER, COLORADO 80202 303-623-2000

December 1995

The Honorable Roy Romer
Governor of Colorado
136 State Capitol
Denver, CO 80203

Dear Governor Romer:

The Report of the Colorado Business Commission on Child Care Financing is the culmination of five months of thoughtful consideration by twenty-five respected business leaders. Although anchored by commercial experience, the Commission represented a diverse set of social, economic and political constituencies.

Our deliberations and research led to a series of surprises. We were surprised by the magnitude of the change in the participation in the workforce of mothers with young children. We were surprised that all income groups were affected by the state of child care. We were surprised by the general state of the industry. Finally, we were surprised by the unanimity and conviction we shared regarding our conclusions and recommendations.

Recent research studies indicate that only twenty percent of the children in child care settings have a positive developmental experience. Sixty percent have neutral experiences, and up to twenty percent are in situations deemed developmentally negative or unsafe.

There is no simple economic panacea available to solve this complex problem. Three percent is the average marginal profit return on investment in the child care industry. Labor costs average sixty percent of the child care dollar and yet the average child care worker earns less than $12,500 per year. Technological and productivity advances are not available in an industry when the single best predictor of quality is the number of hours each child is nurtured by a caring, trained adult.

We believe a review of the facts contained in this report will lead the reader to share the Commission's conclusions. A partnership of parents, commercial interests and the broader community must be united to change this threadbare quilt of child care into a new and whole security blanket that assures children and parents of a safe and developmentally sound child care setting.

This report is a call to action. Business and government must accept their responsibility to lead the concerted effort to establish a child care foundation upon which our children can build rewarding and successful lives. Our commission stands ready to follow your leadership.

Sincerely,

Douglas M. Price

Douglas M. Price
Commission Chairman

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The Report of the Colorado Business Commission on Child Care Financing

The Players

On May 16, 1995, Governor Roy Romer appointed a twenty-five member Business Commission on Child Care Financing. The Commission was charged with examining child care from a business perspective and proposing innovative but realistic methods to help finance quality child care that is affordable and accessible for Colorado families.

Members of the Commission included executives from the banking industry, the communications field, tax law, small business, the gaming industry, ski resort and hotel management, economic development, accounting and tax analysis, data processing, the airlines, labor, and real estate, as well as a college vice president, a university dean, an economist, and management consultants. The Commission was chaired by Douglas Price, President of FirstBank of Denver, and staffed by Sam Williams, Business and Child Care Initiatives Coordinator with the Department of Human Services' Division of Child Care.

"I am impressed with the work of the Colorado Business Commission on Child Care Financing. The findings and the recommendations of the commission will help the business community and government work together in developing quality and affordable child care for the citizens of Colorado."
—Governor Roy Romer

The Big Picture

The Commission met over a five-month period. During that time, members reviewed research studies, reports, and demographic data. They discussed child care issues with all segments of the child care industry—child care providers and owners of child care facilities, parents, staff of the departments of Human Services, Local Affairs, and Revenue and of the Colorado Office of [Child Care] Resource and Referral Agencies. Ellen Galinsky, co-president of the Families and Work Institute in New York, a nationally respected child care researcher who has worked with other states on child care financing, served as a major resource for the Commission.

From their diverse business perspectives, Commission members raised hard questions about child care supply and demand, child care costs for parents, federal and state funding streams, regulatory obstacles, and salaries and turnover rates of child care workers. They examined how to balance the need for quality with the need to expand the number of child care options for parents. They looked at the link between welfare reform and child care assistance for low-income families. By the time the Commission was ready to consider recommendations for change, members had an indepth understanding of child care issues both in Colorado and nationally.

The Conversion

Although all of the Commission members came to the table with some understanding of the issues facing Colorado families in meeting their child care needs, they were for the most part unaware of the depth and urgency of the problems facing parents, the child care industry, employers, and state and local agencies involved in child care. Among the common assumptions held by Commission members prior to their first meeting was that child care is a relatively isolated, self-contained issue that affects primarily low-income families. It was believed that the problems with the child care industry could be improved simply by adopting particular business practices and strategies.

"The majority of the people from the child care industry who we talked with could not afford child care for their own children."
—Douglas Price
President
FirstBank of Denver

The education phase of the process provided Commission members with a set of perspectives that illustrated the realities of the child care dilemma and how the issue is central to the economic well-being of the family, business, and the broader community.

This report presents the Commission's conclusions about the child care situation in Colorado and what it believes can be done to improve it. Following is a summary of the data that led to the recommendations in the Commission's "Call to Action," which appears later in this report. The diversity of the Commission and the unanimity of its conclusions are indications of the impact of the information acquired by the Commission.

Changing Demographics

According to the Bureau of Labor Statistics, in 1965, 25 percent of women with children under six were in the work force. Today, that number is 58 percent.

Today, 72 percent of all women are in the work force.

In Colorado, 25 percent of all babies are born to single parents. Some 40 percent of children have no father in the home.

Nationally, since 1950, the percentage of children living in one-parent families has nearly tripled, as reported in The Carnegie Corporation's *Starting Points: Meeting the Needs of Our Youngest Children*. Some 90 percent of single-parent families are headed by women, who on average continue to earn significantly less than men. A large number of single-parent families result from teen pregnancies. Even within the traditional family structure, according to the Carnegie Corporation's *Starting Points*, only 50 percent of divorced fathers pay any support.

"Child care is an investment in our future."
—Sally Bernsten
Arthur Andersen and Company

"All kids are entitled to quality child care."
—Dean John Jones
University of Denver

Today, there are more children living in poverty than ever before. Families in all income groups have become fragmented, isolated, overloaded, and exhausted as they struggle day by day to balance family and work.

These statistics suggest other crises related to the family—changing values, shifting priorities, and increased economic pressures. The Commission's resulting focus was on responding to the reality of the changes in the family, the shifts in the economy, and alterations in the labor force that have impacted the care and development of young children outside the home.

Supply & Demand

Now that nearly three-quarters of all women are in the work force, the need for child care has escalated dramatically. The supply has failed to meet the demand.

The Department of Human Services' Division of Child Care reports that in September 1995 there was a capacity for 109,057 children under age six in licensed centers and homes. At the same time, it is estimated that more than 170,000 children under age six were in need of care. Statewide, the unmet demand for child care is greatest for infants and toddlers, school-age children, children whose parents work shifts or evenings, and mildly ill children. The situation is especially critical for those moving off welfare and those who are struggling to keep from having to apply for welfare. With welfare reform, the need for child care slots for children under six will grow by an additional 20,000.

Child care is a unique industry, as it has never responded to market pressures. The availability of space within the child care industry has not expanded in accordance with typical economic expectations. The Commission speculated that any elasticity was due to the high numbers of child care consumers with incomes approaching the median wage of about $30,000 per year. With little inflation in the median wage as adjusted for inflation over the past two decades, the ability of parents to absorb the increased costs that would lead to industry expansion is limited.

"The financial community needs to recognize child care as a small business."
—Hollis Robbins
Patton Boggs

"As managers, some of us have old ideas and give lip service to the needs of young working parents. We need to focus on changing those attitudes."
—Jean Galloway
Channel 9

What Is Quality Child Care?

For most parents, obtaining some type of child care is not enough. It needs to be quality child care that will help their children develop and learn in a secure and safe environment. Such care is hard to find.

According to "Cost, Quality and Child Outcomes in Child Care Centers," only 14 to 20 percent of children are in developmentally positive child care situations. The remainder are in developmentally neutral situations or in care considered developmentally harmful and unsafe. Approximately 35 percent of infants were found to be in unsafe settings. The most serious problems with regard to availability and quality of care occur with infants and toddlers, the most critical stage of development. According to the Families and Work Institute, the quality of child care in Colorado and across the nation is declining.

The National Conference of State Legislatures (NCSL) reports that "an increasing amount of research links quality early childhood experiences to later school achievement, adult productivity, and the foundations of a sound economy." Research on the benefits of quality early childhood education for low-income children found that an estimated $7.16 is saved over a child's lifetime for every dollar invested in quality programs.

But what is quality child care? Numerous studies confirm that specific conditions are predictors of quality child care, care that encourages children's social, emotional, and educational development in a safe environment. Numerous studies, including "Cost, Quality and Child Outcomes in Child Care Centers" and the Government Accounting Office's "Cost of Early Childhood Education Report," have concluded that conditions directly linked to quality care include:

"Government has a role in child care....It should be in partnership with entrepreneurs, counties, cities."
—Michael McDonnell
McDonnell Law Offices

"The foundation of a sound education system is a sound child care system."
—Norm Early
Senior Vice President
Lockheed, IMS

"As the work force changes at FirstBank, the cost of child care related turnover is forcing us to reevaluate the way we allocate resources for benefits."
—Douglas Price
President
FirstBank of Denver

"The child care dilemma affects not only small children but all of society."
—Sally Bernsten
Arthur Andersen and Company

- high staff-to-child ratios
- higher level of staff training and education
- low staff turnover
- higher levels of pay and benefits for child care providers
- high licensing standards

Quality child care has also been described as care that allows parents to work without distraction, reduces absenteeism and turnover, helps single mothers become independent of welfare, and helps children grow and develop.

High quality child care has been shown to provide long-term economic and social benefits for children, families, businesses, and communities. The Commission concluded that access to quality, affordable child care in Colorado is a fundamental right of children and that it is the responsibility of parents and society to guarantee that right. A brief look at the child care industry illustrates clearly that quality child care will become widely available only with the implementation of innovative financing strategies.

An Industry in Crisis

According to the Urban Institute's "National Child Care Survey, 1990," parents paid $1.40 an hour for center care in 1975, while in 1990 they paid $1.67, an increase of $ .27 over 15 years. For parents who used family child care, including unlicensed care, the fees went from $1.29 an hour in 1975 to $1.35 in 1990, an increase of $ .06 an hour in the same 15 years.

The Colorado Department of Labor and Employment's "Job Outlook Summary: 1994-1999" reported that the average annual salary of teachers in Colorado in both profit and nonprofit child care facilities is $12,615. In most cases, the teachers receive few benefits or none at all. Child care is one of the lowest paid professions in the state and in the nation.

According to "Cost, Quality and Child Outcomes in Child Care Centers," the average annual turnover rate for all staff in both profit and nonprofit child care facilities is 51 percent. In profit facilities, the average annual staff turnover rate is nearly 67 percent.

The startling rate of turnover is an obvious result of low wages and lack of benefits. A large percentage of child care workers have no employer-provided health care coverage, no disability coverage, no sick leave for themselves or their children, no overtime pay, and no paid vacations or holidays.

How does this relate to quality of care? It has been documented that higher pay of child care providers and a higher level of training and education relate directly to a better quality of care. High turnover rates are disruptive and disturbing to families and their children, especially very young children. The low pay and low status of child care providers make it difficult to attract and retain trained and educated providers.

Even at the low rate of pay, wages consume an average of 59 percent of a child care facility's expenses; facility costs average 15.5 percent. Profit margins of child care facilities fall within a range of 2 to 4 percent, as reported in "Cost, Quality and Child Outcomes in Child Care Centers."

The balance between quality and cost offers few opportunities for innovation and productivity gains.

"We need to recognize that caring for and educating young children is a skill—a skill that not all parents have, and a skill that we should reward financially in child care providers."
—Hollis Robbins
Patton Boggs

"Child care is an investment, not a maintenance issue."
—Cathy Smaha
AT&T

Economic Impact

In Colorado, a family pays an average of about $4,800 a year per child for child care. As reported in the "National Child Care Survey, 1990," most families pay 10 percent of their family income on child care. However, families earning less than $25,000 a year pay an average of 23 percent, while families earning $50,000 or more pay an average of 6 percent of their income. Many families simply cannot afford to pay for child care.

Child care has become a critical economic and labor force issue. It will greatly impact the next generation's work force, the productivity of business and industry, and the state's economic vitality. There exists an undeniable linkage between productivity in the work place and quality child care. An estimated $3 billion in annual losses nationwide is due to lost productivity by workers who were having child care problems.

The lack of quality child care and the lack of adequate financing to make quality care widely available has proven devastating to children and their families, to businesses, and to the nation.

"The real charge is to efficiently and intelligently use our space in public educational buildings for the benefit of children."
**—Dr. Robert D. Tschirki
Superintendent
of Schools
Cherry Creek
School District**

A Call To Action

In developing its final recommendations, the Business Commission on Child Care Financing examined successful models in other states and communities as well as their own ideas generated through discussion and problem solving. All recommendations are aimed at improving the supply of high-quality, affordable care for Colorado's children. Some of the proposed actions will directly benefit parents and children as consumers of child care services; others provide financial relief and assistance to providers in expanding and improving their services. All recommendations were selected because they make sound business sense.

"Child care has a huge impact on the final product that comes out of K-12."
**—Kevin Cory
Director of
Human Resources
Starpak Inc.**

The Commission recommended only those strategies that are realistic and "doable." Another consideration was cost. The Commission focused on high-impact efforts that would require little or no additional funding. In a number of cases, recommendations call for redirecting currently available resources. Some will require legislation to enact. The Commission's recommendations are a call to action to all Coloradans to join in the effort to address the funding of child care.

Although the challenges seem daunting, the Commission is optimistic about the chances of improving the child care situation in Colorado. The State has committed significant efforts and dollars to children's issues for a number of years, including developing an active statewide child care resource and referral system. Colorado has been recognized nationally for its licensing standards and for requiring substantial ongoing training for child care providers. Existing programs provide a sound foundation to support new initiatives.

The Commission members are requesting in this report that a partnership be formed among parents, child care providers, private businesses, and public agencies that are willing to accept the challenge of working together to ensure that all Colorado families have access to quality and affordable child care. The child care profession must be recognized as vital to the prosperity and future of our state. Such an effort could well lead to Colorado being a national leader in child care.

This report is a call to action. Business and government must accept their responsibility to lead the concerted effort to establish a child care foundation upon which our children can build rewarding and successful lives. The Commission stands ready to forcefully advocate on the behalf of children for the implementation of the following recommendations.

RECOMMENDATION 1.

ESTABLISH MODEL PLANNING AND ZONING PROGRAMS DESIGNED TO INCREASE AND IMPACT THE SUPPLY OF CHILD CARE.

The Commission is aware of the impact the total business community could have on child care in Colorado. As the State continues to struggle with growth, the child care crisis runs a parallel course. Communities, developers, and local planning and zoning departments must consider child care planning and development with the same attention and emphasis given to transportation, employee housing, open space, and other community development needs. These and other critical areas of local development respond to the same pressures that have shaped the child care crisis: changing demographics and financially driven circumstances.

Developers and planners can be a major part of the solution as they structure communities of the future. Special attention should be given immediately to removing existing local governmental impediments to establishing on-site and near-site child care facilities. The Commission has a keen interest in this area for future evaluation and consideration of integrating developer incentives with voluntary developer involvement in supporting child care.

RECOMMENDATION 2.

DEVELOP AND DISTRIBUTE A BUSINESS-ORIENTED RESOURCE GUIDE DESCRIBING CHILD CARE EMPLOYEE BENEFIT OPTIONS.

Many businesses and corporations throughout the State of Colorado are becoming more responsive to the child care needs of their employees and more aware of how child care assistance can positively impact the business bottom line. Even those businesses that want to develop a child care benefit package for their employees are often unsure how to proceed and overwhelmed by the number of options available, such as flexible benefit plans, establishment of on-site child care, and voucher programs. They need a source of information and resource contacts. The availability of a business-oriented child care resource guide would assist large and small businesses in making bottom-line decisions based on employee child care needs and benefit options.

RECOMMENDATION 3.

DESIGN, IMPLEMENT, AND DISTRIBUTE A PACKET OF MODEL CHILD CARE PROGRAMS THAT CAN BE LOCALLY REPLICATED OR ADAPTED BY EMPLOYERS OF VARYING SIZES AND ORGANIZATIONAL STRUCTURES.

The Commission learned of creative child care programs operating in Colorado and other states. A description of these programs can be a valuable source of ideas for businesses, local communities, and organizations as they seek to address the child care needs of their employees and residents. The Department of Human Services should take the lead in researching, developing and distributing such a resource.

RECOMMENDATION 4.

ESTABLISH A MULTI-BANK COMMUNITY DEVELOPMENT CORPORATION THAT WILL PROVIDE LOANS AND OTHER FINANCIAL ASSISTANCE TO CHILD CARE PROVIDERS.

The purpose of the child care community development corporation would be to provide funds for the startup and expansion of child care facilities. The recommended first step would be to convene chief executive officers of financial institutions to address the role of the financial community in child care and to develop a financial strategy to form one or more child care community development corporations in Colorado.

RECOMMENDATION 5.

DEVELOP AND DISTRIBUTE A CHILD CARE CONSUMER GUIDE FOR PARENTS.

The members of the Business Commission on Child Care Financing, representing numerous businesses and thousands of employees throughout the state, recognize that a large percentage of their employees are among the consumers of child care services. They also recognize the immediate need for increased consumer awareness of child care issues and options. The Commission concluded that consumer awareness leads to increased quality, a wider range of child care options, and easier access to services and benefits. To achieve that awareness, the Commission recommends the development and distribution of a consumer-oriented child care guide.

RECOMMENDATION 6.

RESTRUCTURE THE CURRENT COLORADO ENTERPRISE ZONE CHILD CARE CONTRIBUTION PROGRAM TO IMPROVE THE AVAILABILITY, QUALITY, AND AFFORDABILITY OF CHILD CARE.

Expand the Current Enterprise Zone Structure To Include All of Colorado for Child Care Contributions.

Colorado's enterprise zone law was enacted in 1986 to improve the economic conditions of lagging geographical areas of the State. Its goal is to enhance these areas' business climate and provide economic development incentives with a minimum of red tape. The enterprise zone program targets sixteen economically distressed areas of the State for special tax incentives to encourage job creation, business investment, and economic revitalization.

In 1990 monetary or in-kind contributions to promote child care in enterprise zones qualified for an income tax credit. Contributions are considered a part of the economic development plan of the zones. Contributions may include money donated for the purpose of establishing a child care facility; establishing a fund for making grants or loans to parents who require assistance in paying for child care; paying for the training of child care providers; or establishing child care information and referral programs.

The sixteen enterprise zones cover approximately 75 percent of the State's area but only 15 percent of the population. The majority (94 percent) of child care contributions ($1,242,000) made in the last four years were in the Denver enterprise zone. Enterprise zones are geographically specific while child care needs are statewide. The proposed legislation would extend enterprise zone tax credits throughout the State for child care purposes.

Due to the orientation, direction, emphasis, time constraints, and primary mission of the current enterprise zone structure, the Child Care Contribution Program varies in its effectiveness throughout the zones and serves no one outside of the zones. The zones were designed for economic development rather than child care development.

Transfer to the Colorado Department of Human Services the Responsibility for Administering the Expanded Child Care Contribution Program.

The Commission recommends that the administration of child care contributions and disbursements be centralized and coordinated in the Department of Human Services. This would provide a statewide application and focus, a tie in and strict adherence to quality (licensing), and a centralized location for contributors and those programs earmarked for the donations. A forceful advocate for this program at the state level should result in significantly increased contributions throughout the State.

A transition plan for the relocation of the Child Care Contribution Program would need to be developed, along with procedures, staffing, and organization within the Department of Human Services for the operation of the program. Legislation would be required to effect the change.

In order to maximize contributions with the goal of doubling the most recent estimated annual child care contribution figure for 1995 ($2 million), a statewide publicity and notification program must be established to contact past and potential individual and business contributors.

Initiate Legislation To Revise the Colorado Tax Laws To Maximize Corporate and Individual Child Care Contributions and To Allow Negotiable Securities Donated to the Child Care Contribution Program To Be Treated as Cash Contributions Instead of In-Kind.

Legislation passed in Colorado in 1990 allows negotiable securities to be contributed under the existing enterprise zone Child Care Contribution Program. Negotiable securities are treated as an in-kind contribution and qualify for a 20 percent credit. Corporate and individual donors view donations of negotiable securities as a favorable financial strategy. Because negotiable securities are redeemed immediately for cash, the contributor would qualify for a more favorable tax credit treatment (a 50 percent credit). This would increase the contribution flow significantly and provide funds to impact availability, quality, and affordability of child care.

RECOMMENDATION 7.

INITIATE LEGISLATION TO ESTABLISH A VOLUNTARY CHILD CARE CHECK-OFF ON COLORADO STATE INCOME TAX RETURNS TO FUND QUALITY ENHANCEMENT IN LICENSED CHILD CARE FACILITIES THROUGH A DEDICATED FUNDING SOURCE.

The Commission determined that an additional funding stream is necessary to promote quality in child care programs. The establishment of a tax check-off category for child care quality would follow the precedent set for the existing categories of non-game wildlife, domestic abuse, the Olympics Committee, and homeless prevention. A tax check-off category for child care would give committed and concerned citizens the opportunity to financially impact the quality of child care in programs throughout the State. Funds generated through this mechanism could become a component of the contribution program described under Recommendation #6, and could be treated as a grant-making mechanism for such things as training and national accreditation. In order to maximize funds and contributions, a coalition of public and private support for the tax check-off must be organized.

RECOMMENDATION 8.

INITIATE A REFUNDABLE CHILD CARE INCOME TAX CREDIT FOR COLORADO FAMILIES TO SIGNIFICANTLY ASSIST THEM IN PAYING FOR LICENSED CHILD CARE.

Colorado's child care tax credit program was eliminated in 1987 with the passage of a Colorado flat tax system. Colorado taxpayers presently can claim a federal credit for child care. The amount claimed is based on adjusted gross income brackets and number of children in child care. The Commission recommends that the Colorado General Assembly enact legislation to establish a refundable child care tax credit program based on a percentage of the federal child care tax credit. The program would provide credit assistance to those families in greatest need.

RECOMMENDATION 9.

INITIATE A CHANGE IN PROPERTY TAX ASSESSMENT RATES TO ALLOW CHILD CARE FACILITIES TO BE TAXED AT THE RESIDENTIAL RATE RATHER THAN THE COMMERCIAL RATE.

Child care facility costs rank as the second highest expense for child care providers. A reduction in facility associated costs could translate into higher wages for an industry that ranks among the lowest in terms of pay. A restructuring of the associated facility expenses might also increase the low profits for child care providers and increase the availability of facilities. The commission concluded that restructuring the assessed valuation is in the best interest of the child care industry.

RECOMMENDATION 10.

DEVELOP POLICIES THAT PROVIDE FOR THE UTILIZATION OF EXISTING PUBLIC EDUCATIONAL BUILDINGS FOR CHILD CARE PROGRAMS.

The departments of Human Services, Education, and Local Affairs should work with local school districts and municipalities to develop policies that allow for the use of schools, libraries, and other educational buildings to house child care. The Commission recognizes that buildings and space are a major financial burden to child care providers. Vacant and partially used educational facilities throughout the State could be a source of needed space for both profit and nonprofit child care providers. In order to fully determine the availability of space, a complete inventory of public space suitable for child care activities should be taken. This inventory should be conducted at the local level, with results

coordinated by a centralized state department. Some unused facilities could be renovated for use and rented. This would allow facility expansion and reduce facility costs for child care providers.

RECOMMENDATION 11.

CONVENE A GOVERNOR'S STATEWIDE SUMMIT ON BUSINESS AND CHILD CARE.

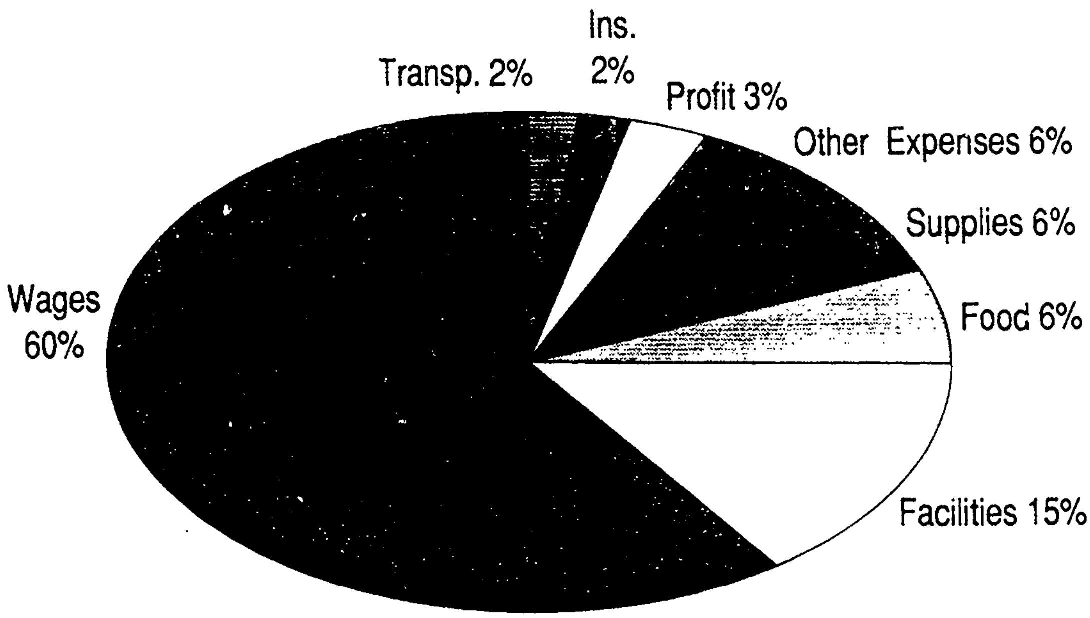
The Business Commission on Child Care Financing recognizes the magnitude of the issues facing child care and the need for a collaborative investment and effort in identifying and resolving associated problems. Employers nationwide have begun to recognize the importance of child care services to the well-being of their employees and to their businesses. There is a need in Colorado for an increased awareness of the importance of quality child care to long-term business success and competitiveness and for a new mechanism through which family-friendly companies can invest in their employees and their communities. A statewide Governor's business and child care summit would bring focus and direction to this critical need.

RECOMMENDATION 12.

CREATE A PERMANENT BUSINESS AND CHILD CARE COMMISSION.

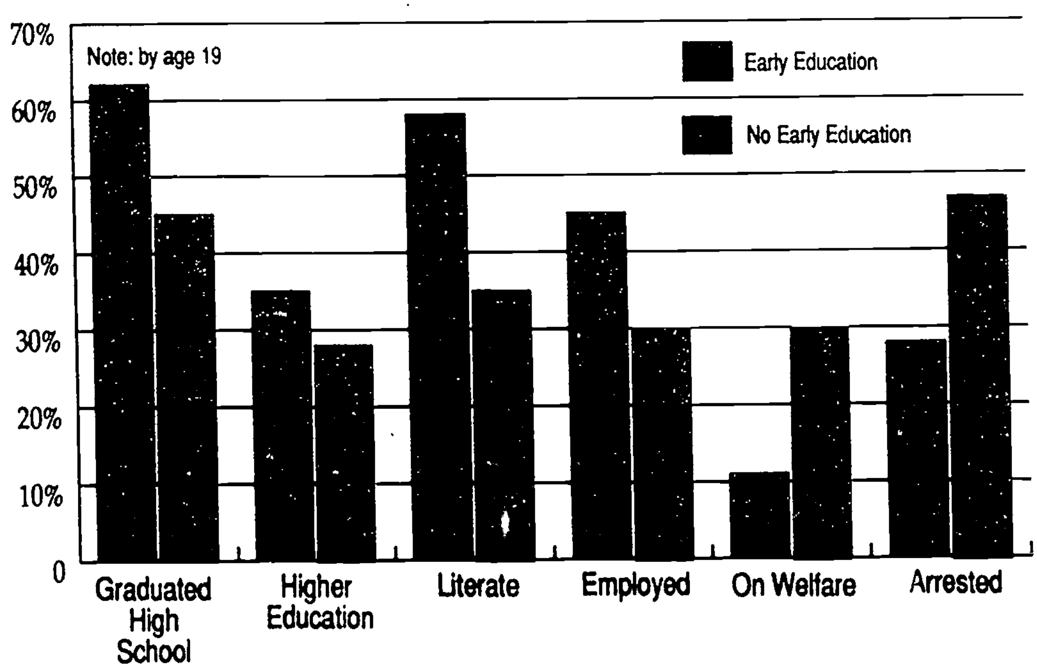
In the course of the meetings of the Business Commission on Child Care Financing, numerous child care financial strategies and mechanisms were explored. The Commission realized that the field of inquiry into child care financing is critical to solving the child care financial crisis. The State of Colorado now has a willing and competent nucleus of business executives who understand child care. This commission recommends the formation of a permanent group that will guide the implementation of these recommendations and continue in a role of working with the public and private sectors to impact how Colorado cares for its children.

Where Do Your Child Care Dollars Go?



The Denver Mayor's Office of Child Care Initiatives

Benefits of Early Education



Source: Ernest L. Boyer, Ready To Learn: A Mandate for the Nation, Princton, NJ: The Carnegie Foundation for the Advancement of Teaching, 1991

STATE OF COLORADO

EXECUTIVE CHAMBERS
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Roy Romer
Governor

E X E C U T I V E   O R D E R

CREATING THE
BUSINESS COMMISSION ON
CHILD CARE FINANCING

WHEREAS, the demand for early care and education programs continues to increase in proportion to the dramatic influx of single and dual-earner families into the workforce; and

WHEREAS, two-thirds of women employed outside their homes are either the sole support of their families or have husbands that make less than $15,000 a year; and

WHEREAS, families pay anywhere from six percent to 26 percent of their incomes for early care and education for their children; and

WHEREAS, the overall quality of early care and education programs is generally poor with only one in seven centers rated as good quality, and only one in twelve infant and toddlers programs rated as good quality; and

WHEREAS, child care is costly to provide, with the donations and foregone wages for staff accounting for more than one-quarter of the full cost of care; and

WHEREAS, child care is a business/workforce issue that affects, recruitment, productivity, turnover absenteeism, tardiness, and morale; and

WHEREAS, quality early care and education is strongly linked to a productive economy and as such it should be viewed as a public utility; and

WHEREAS, by the year 2000 women will comprise 47 percent of the national labor force representing 61 percent of all women working age (16 years and over); and

WHEREAS, more than 53 percent of mothers return to work within the first year of their baby's birth; and

WHEREAS, women comprise 46.2 percent of the Colorado labor force representing 64 percent of all women working of working age; and

WHEREAS, the five most critical challenges facing the American economy are: the impending labor shortage; the need for women to fill two out of three new jobs; the decline in productivity growth; the demand for a more educated work force; and the shift from manufacturing to service sector jobs; and

WHEREAS, corporate and government leaders throughout the nation have begun to explore ways to expand and improve child care, both to improve the quality of life in their communities and to serve the needs of their employees.

NOW, THEREFORE, I, Roy Romer, Governor of Colorado, by virtue of the authority vested in me under the constitution and laws of the State of Colorado, DO HEREBY ORDER THAT:

1. The Business Commission on Child Care Financing is hereby created. It shall consist of no more than 25 members representing business and financial leaders. All members shall be appointed by the Governor to serve at his pleasure Members shall serve without compensation. The Governor shall appoint the chair of the Commission.

2. The Commission shall have the following duties:

   a. Develop and maintain policy and procedures for the Commission's operation.

   b. Assess child care problems and recommend financing strategies to solve them.

   c. Identify possible funding streams that could be used to finance a system of early care and education.

   d. Develop a long-term plan to finance early care and education.

   e. By November 30, 1995, submit recommendations for determining how the General Assembly can implement changes in the current policy which will ensure that parents have quality child care choices.

3. The Commission shall meet at times and in places designated by the chair.

4. The Commission shall be reviewed no later than December 31, 1995, to determine appropriate action for its continuance, modification or termination.

GIVEN under my hand and the Executive Seal of the State of Colorado, this sixteenth day of May, 1995.

Roy Romer
Governor

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