

# CHILD CARE PRICES AND AFFORDABILITY

## A STRUGGLE FOR COLORADO FAMILIES & PROVIDERS

JUNE 2014

### ABOUT THIS BRIEF: INFORMING ACTION

In 2013 The Women's Foundation of Colorado produced a comprehensive research report entitled *The Status of Women & Girls in Colorado*. Throughout the research phase for that report, many questions and concerns about child care access and affordability were raised. In particular, single mothers were found to be struggling with the price of child care. As a direct result, The Women's Foundation of Colorado provided a grant to Qualistar Colorado to investigate and address the barriers to affordable child care. Qualistar Colorado has produced this brief with that generous funding. Additional effort on this project has been provided by the Colorado Children's Campaign. This brief is the first in a series to be produced in conjunction with this project.

### CHILD CARE IN COLORADO

Child care is a term that refers to a wide range of settings in which young children are cared for and educated. Licensed child care includes programs that have gone through the necessary steps to become licensed by the State of Colorado. Licensing ensures that the facility has complied with basic health and safety standards, and that it has met certain requirements for staff training and background checks. In addition, licensing regulations outline the staff-to-child ratios required in each type of child care setting, the age range of children that can be cared for, and the total number of children that can be cared for at one time. In Colorado, child care licenses are issued to child care centers, part-day preschools, family child care homes and school-age facilities.<sup>1</sup>

### TYPES OF LICENSED CHILD CARE



**Child Care Centers and Preschools:** Care is provided in a setting similar to school where there may be many classrooms and children are usually grouped by age. These facilities are regulated by the Colorado Department of Human Services, Division of Early Care and Learning. Preschools are specifically licensed to serve children for only part of the day.



**Family Child Care Homes:** Care is provided in a home that has been licensed and is regulated by the Colorado Department of Human Services, Division of Early Care and Learning.



**School-Age Child Care:** Care is provided for children ages 5 and up before and after school, on holidays and during the summer. It is offered by many kinds of programs. Some programs serve only school-age children and some also serve younger children.

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## WHY IS CHILD CARE SO EXPENSIVE?

Many families struggle to find child care that meets their needs. While the availability of care poses challenges in many areas of the state, perhaps the most common barrier to using licensed child care is affordability. Child care, particularly high-quality child care, is expensive to provide. Many new parents are shocked by the price of licensed child care and find that they are financially unprepared for it when they need it.

Child care is a labor-intensive industry. Child care professionals earn considerably less than workers in similar industries<sup>ii</sup>, and many do not receive employee benefits such as health insurance. Nevertheless, **personnel costs** are by far the largest expense category within child care programs' budgets. These costs (wages, payroll taxes and fees) are higher for child care programs than for many other types of businesses because of two main factors: staff-to-child ratios and multiple shifts.

**Staff-to-child ratios:** As in most states, Colorado's child care center licensing regulations dictate the maximum number of children that can be with one teacher. And while Colorado's ratio requirements do not meet nationally recommended levels, they nevertheless mean that child care programs need a large number of teachers on staff. For infants and young toddlers in Colorado's centers, there must be one teacher for every five children. For older toddlers that ratio is 1:7; for young preschoolers it is 1:8, and for 3- to 4-year olds the ratio is 1:10. Consider those ratios (and the associated staffing costs) compared to an elementary school classroom in which there is one teacher for 20 children, or a college lecture class in which there is one professor teaching hundreds of students at one time.

**Multiple shifts:** Full-time child care programs are generally open for 11 or 12 hours per day in order to accommodate the needs of working families. A parent working an eight-hour shift might need her children to be in care for 10 hours in order to give her time to get to and from work, and of course not all parents work the same schedules. In order for child care programs to operate for that many hours, they must be staffed with enough qualified teachers to cover all of the operating hours. A large child care center can employ 40 teachers and an additional 10 non-classroom staff such as administrators and cooks.

In addition to personnel costs are facility costs. **Facility costs** are significant because child care programs must ensure that the environment is safe for children and adequately supports their developmental needs. Whether facilities are rented or owned, the costs to occupy, maintain and improve them are substantial. **Food costs** are another major expense for most child care programs, as many children are in care for up to 10 hours per day and therefore require multiple well-balanced meals and snacks.

## WHAT DOES ALL THIS MEAN FOR FAMILIES?

Licensed child care is a major expense for families who use it. It tends to be one of the largest expenses for families, particularly families with multiple young children.<sup>iii</sup> Married couples can expect to spend 15 percent of their

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### COST vs. PRICE

Though they may sound like the same thing, the cost of child care and the price of child care are actually quite different. "Cost" refers to the full extent of resources needed to provide care; "price" is the amount that is actually charged to families. Child care, particularly high-quality child care, is expensive to provide. Most often child care programs cannot charge prices high enough to cover all their costs because families would not be able to afford it.

household income on infant care and another 10 percent on preschool-age care.<sup>iv</sup> The price for child care for an infant is nearly half (48 percent) the median annual income for single mothers, which is a particularly staggering amount for the third of single mothers who live in poverty.<sup>v</sup> Licensed child care in Colorado is more expensive than in-state tuition and fees at a public four-year college.<sup>vi</sup> While child care comprises a significant part of virtually any family's budget, there is some variation in child care prices. The price of child care varies according to the ages of children, the type of care setting and geographical factors.

### **Ages of children**

Infant care is particularly expensive to provide. It requires the highest staff-to-child ratios, the smallest group size, the most square footage per child, specific equipment and furnishings and, ideally, specially trained caregivers. Due to the added costs, many child care programs find the expense of providing infant care prohibitive. Child care prices drop as children age. The price for a preschooler in a child care center is approximately 20-25% lower than for an infant. In Arapahoe County, for example, full-time infant care in a center averages \$12,824 per year and full-time preschool-age care averages \$10,375 per year, a difference of 23.6%.<sup>vii</sup>

### **Type of care setting**

Center-based child care is more expensive than home-based care. Much of the difference can be attributed to personnel costs and facility costs. Home-based child care providers do not have to pay salaries or employer-related taxes and fees.<sup>viii</sup> Since home-based child care providers operate their businesses out of their homes, they do not have the extensive costs associated with operating a large facility. In Boulder County, centers charge an average of \$13,210 per year for care for 4-year-olds, and family child care providers charge an average of \$10,440 per year for 4-year-olds, a difference of 26.5%.<sup>vii</sup>

### **Geographical factors**

Families living in cities and large towns can expect to pay significantly more for child care than families in rural areas, with the exception of rural resort communities. The price difference is largely due to the overall cost of living. Families in urban areas also pay more for housing and transportation than rural families.<sup>iii</sup> The average annual price for full-time center-based infant care in non-resort rural counties in Colorado is \$8,800; in urban counties it is 55% higher, at \$13,662.<sup>vii,ix</sup> It is the resort areas in Colorado that have the highest prices for child care, with an annual infant care price of \$14,100.<sup>vii,ix</sup> Child care prices can vary significantly even within a large urban area. For example, child care prices in downtown Denver are 42% higher than in the Cherry Creek and Baker neighborhoods a few miles south of downtown.<sup>x</sup>

**The price for licensed center-based child care in Colorado ranges from \$6,000 to \$17,000 per year.<sup>vii</sup>**

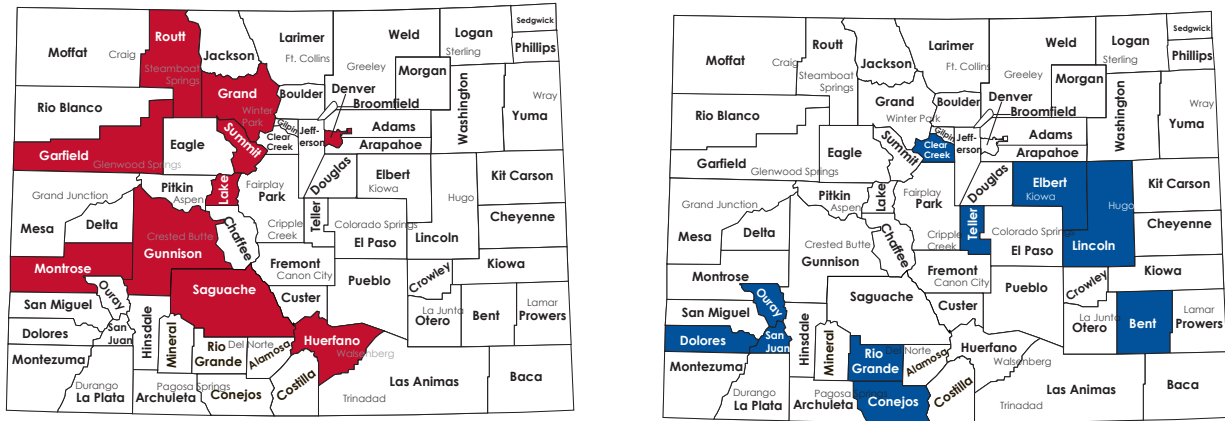
## **AFFORDABILITY**

Child care prices have differing impacts on families. The impact of child care on a family's budget can be measured by comparing child care price to family income. Just as the price of child care varies throughout the state, so does family income. The median annual income for married couples with children ranges from \$38,281 in Saguache County to \$125,477 in Douglas County.<sup>xi</sup> For households headed by single mothers, median incomes range from \$12,401 in Fremont County to \$55,938 in Pitkin County.<sup>xi</sup>

### Least-Affordable and Most-Affordable Counties

The following figures and tables depict the top ten least-affordable and top ten most-affordable counties in Colorado for full-time preschool-age care in a child care center for married couples and for single mother families.<sup>vii, xi</sup> Child care affordability was calculated by dividing the average price of care in each Colorado county by the county median income.<sup>xii</sup> For a complete list of median incomes and child care prices by age group and county, see the Appendix on page 8.

**FIGURE 1: TOP 10 LEAST-AFFORDABLE AND MOST-AFFORDABLE COLORADO COUNTIES FOR CENTER-BASED PRESCHOOL-AGE CARE FOR MARRIED COUPLES WITH CHILDREN**



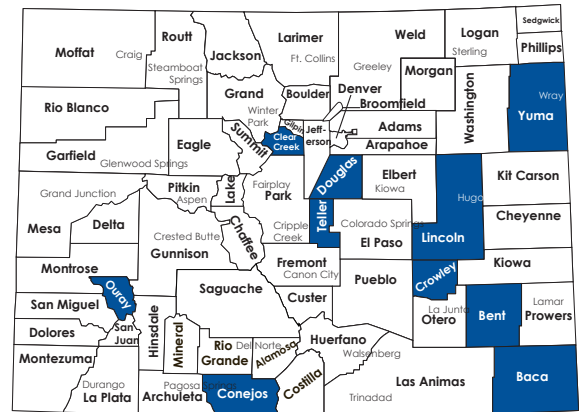
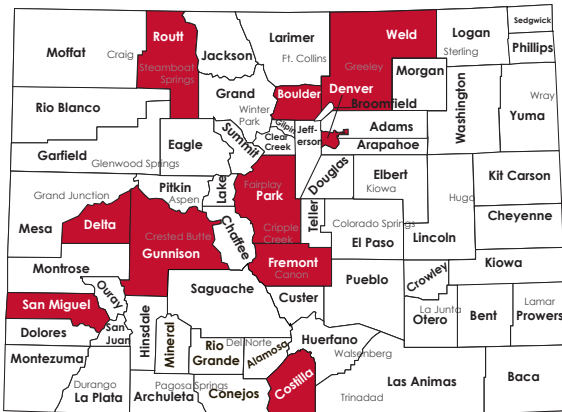
County	Average Annual Price of Preschool-age Care in a Center <sup>vii</sup>	County Median Income for Married Couples with Children <sup>xi</sup>	Price of Care as a Percentage of County Median Income
Routt	\$14,711	\$87,635	16.79%
Huerfano	\$6,495	\$41,000	15.84%
Lake	\$8,047	\$51,771	15.54%
Saguache	\$5,677	\$38,281	14.83%
Grand	\$10,522	\$71,047	14.81%
Gunnison	\$11,359	\$77,028	14.75%
Summit	\$12,588	\$86,494	14.55%
Denver	\$11,477	\$78,929	14.54%
Montrose	\$7,664	\$53,814	14.24%
Garfield	\$10,842	\$76,577	14.16%
San Juan	\$4,157	\$75,556	5.50%
Ouray	\$4,313	\$70,515	6.12%
Teller	\$6,982	\$88,250	7.91%
Lincoln	\$5,066	\$63,750	7.95%
Conejos	\$4,440	\$55,156	8.05%
Clear Creek	\$9,076	\$106,473	8.52%
Rio Grande	\$5,160	\$55,938	9.22%
Elbert	\$8,314	\$90,000	9.24%
Dolores	\$5,456	\$58,846	9.27%
Bent	\$4,780	\$51,500	9.28%

Top 10 Least Affordable

Top 10 Most Affordable



**FIGURE 2: TOP 10 LEAST-AFFORDABLE AND MOST-AFFORDABLE COLORADO COUNTIES FOR CENTER-BASED PRESCHOOL-AGE CARE FOR SINGLE MOTHER FAMILIES**



County	Average Annual Price of Preschool-age Care in a Center <sup>vii</sup>	County Median Income for Single Mother Families <sup>xi</sup>	Price of Care as a Percentage of County Median Income
Gunnison	\$11,359	\$13,262	85.65%
Park	\$9,888	\$20,284	48.75%
Denver	\$11,477	\$23,607	48.62%
Fremont	\$5,716	\$12,401	46.09%
Delta	\$6,646	\$14,600	45.52%
Weld	\$10,178	\$22,635	44.97%
San Miguel	\$11,431	\$25,694	44.49%
Routt	\$14,711	\$33,500	43.91%
Costilla	\$6,235	\$14,271	43.69%
Boulder	\$13,210	\$32,287	40.92%
Ouray	\$4,313	\$36,023	11.97%
Lincoln	\$5,066	\$36,688	13.81%
Crowley	\$5,196	\$29,583	17.56%
Teller	\$6,982	\$39,006	17.90%
Bent	\$4,780	\$24,357	19.63%
Yuma	\$6,322	\$29,942	21.11%
Clear Creek	\$9,076	\$38,750	23.42%
Conejos	\$4,440	\$17,782	24.97%
Douglas	\$12,359	\$49,089	25.18%
Baca	\$5,196	\$20,625	25.19%

Top 10 Least Affordable

Top 10 Most Affordable



## INFORMING ACTION

Despite the high prices being charged, many child care programs struggle to stay afloat. Programs cannot withstand long periods of decreased enrollment or habitual non-payment from the families they serve if they are to succeed financially. Often the price of care is not high enough to allow child care programs to pay teachers a living wage or offer benefits.

If the price of child care is not unnecessarily high, and if families cannot afford the price that is charged, then the solution to the affordability problem is not as simple as charging less or paying more. Child care affordability is a challenge nationally. However, the challenges for families in Colorado, especially for low-income single mother families, are particularly pronounced because Colorado ranks as the fifth least-affordable state for center-based care.<sup>xiii</sup> The Women's Foundation of Colorado, Qualistar Colorado and the Colorado Children's Campaign are working together to explore and address the reasons behind the affordability problem in our state.

Qualistar will continue analyzing our state's current system of child care funding and examining the costs of operating child care businesses in other states. This project will culminate in a large and detailed report in late 2014 that will include an action plan and innovative strategies for addressing child care affordability in Colorado.

## END NOTES

<sup>i</sup>Some child care programs are exempt from licensing requirements. A list of exemptions can be found in *General Rules for Child Care Facilities*, issued by Division of Child Care, Colorado Department of Human Services, accessible at <http://www.coloradoofficeofearlychildhood.com/#!rules-and-regulations/c86y>

<sup>ii</sup>United States Department of Labor, Bureau of Labor Statistics. (2013). May 2013 State Occupational Employment and Wage Estimates Colorado. [http://www.bls.gov/OES/current/oes\\_co.htm](http://www.bls.gov/OES/current/oes_co.htm)

<sup>iii</sup>Colorado Center on Law and Policy. The Self-Sufficiency Standard for Colorado, 2011: Self-Sufficiency Standard Tables by County, All Family Types.

<sup>iv</sup>See Figures 1-2 on pages 5-6.

<sup>v</sup>As reported in *The Status of Women and Girls in Colorado*, The Women's Foundation of Colorado (2013). Primary source: Child Care Aware® of America. 2012. Child Care In America: 2012 State Fact Sheets. <http://www.naccrra.org/public-policy/in-the-states-0>

<sup>vi</sup>CollegeBoard. *In-State Tuition and Fees by State, 2013-14, and Five-Year Percentage Changes*. <http://trends.collegeboard.org/college-pricing/figures-tables/in-state-tuition-fees-state-2013-14-and-5-year-percentage-changes>

<sup>vii</sup>Throughout this brief, references to Colorado child care prices come from Qualistar Colorado and its network of Child Care Resource & Referral partners and were the prices on record as of January 2014.

<sup>viii</sup>Some home-based family child care providers, particularly those licensed as Large Family Child Care Homes, do employ other caregivers.

<sup>ix</sup>For the purposes of this brief, counties are defined as urban, rural or rural resort as follows: Urban: Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, El Paso, Jefferson, Larimer, Mesa, Pueblo, Weld. Rural resort: Eagle, Garfield, Grand, Lake, Pitkin, Routt, Summit. The remaining 45 counties are defined as rural.

<sup>x</sup>Zip code 80202 was used to determine the downtown Denver price. Zip code 80209 was used to determine the price in Cherry Creek and Baker neighborhoods.

<sup>xi</sup>U.S. Census Bureau, American Community Survey, 2012 five-year estimates. Table B19126.

<sup>xii</sup>At the time of publication, in some counties there was no full-time licensed center-based care for one or more age groups. Additionally, there was no county median income reported for single mother families in Dolores, Hinsdale, Mineral or San Juan counties. Affordability rankings only include counties for which there is both child care price data and county median income data.

<sup>xiii</sup>Child Care Aware of America. *Parents and the High Cost of Child Care 2013 Report*. [http://usa.childcareaware.org/sites/default/files/cost\\_of\\_care\\_2013\\_103113\\_0.pdf](http://usa.childcareaware.org/sites/default/files/cost_of_care_2013_103113_0.pdf)

## APPENDIX

County	County Median Income for a Married Couple <sup>xi</sup>	County Median Income for a Single Mother Family <sup>xi</sup>	Average Annual Cost of Infant Care in a Center <sup>vii</sup>	Average Annual Cost of Preschool-age Care in a Center <sup>vii</sup>
Adams	\$72,918	\$28,683	\$13,009	\$10,231
Alamosa	\$55,348	\$18,068	\$6,695	\$6,076
Arapahoe	\$91,248	\$32,223	\$12,824	\$10,376
Archuleta	\$59,025	\$27,222	N/A	\$7,404
Baca	\$54,474	\$20,625	N/A	\$5,196
Bent	\$51,500	\$24,357	\$7,794	\$4,780
Boulder	\$113,971	\$32,287	\$15,193	\$13,210
Broomfield	\$119,277	\$49,208	\$15,734	\$12,790
Chaffee	\$67,971	\$25,278	N/A	\$7,559
Cheyenne	\$71,406	\$25,208	N/A	N/A
Clear Creek	\$106,473	\$38,750	\$11,119	\$9,076
Conejos	\$55,156	\$17,782	N/A	\$4,440
Costilla	\$58,417	\$14,271	\$6,235	\$6,235
Crowley	\$48,906	\$29,583	\$6,495	\$5,196
Custer	\$61,000	\$15,069	N/A	N/A
Delta	\$70,893	\$14,600	N/A	\$6,646
Denver	\$78,929	\$23,607	\$15,410	\$11,477
Dolores	\$58,846	-	\$4,936	\$5,456
Douglas	\$125,477	\$49,089	\$16,311	\$12,359
Eagle	\$86,809	\$29,300	\$13,033	\$11,105
El Paso	\$80,688	\$25,667	\$11,434	\$9,389
Elbert	\$90,000	\$31,696	N/A	\$8,314
Fremont	\$60,906	\$12,401	\$7,067	\$5,716
Garfield	\$76,577	\$37,162	\$12,297	\$10,842
Gilpin	\$99,063	\$26,250	\$13,769	\$9,613
Grand	\$71,047	\$27,917	\$13,250	\$10,522
Gunnison	\$77,028	\$13,262	\$12,539	\$11,359
Hinsdale	\$80,288	-	\$10,392	\$9,093
Huerfano	\$41,000	\$19,237	N/A	\$6,495
Jackson	\$67,778	\$26,429	N/A	N/A
Jefferson	\$103,404	\$35,950	\$14,125	\$10,675
Kiowa	\$61,250	\$14,821	N/A	N/A

County	County Median Income for a Married Couple <sup>xi</sup>	County Median Income for a Single Mother Family <sup>xi</sup>	Average Annual Cost of Infant Care in a Center <sup>vii</sup>	Average Annual Cost of Preschool-age Care in a Center <sup>vii</sup>
Kit Carson	\$60,380	\$16,125	\$5,975	\$5,975
La Plata	\$73,570	\$31,224	\$10,350	\$8,258
Lake	\$51,771	\$30,240	N/A	\$8,047
Larimer	\$89,763	\$29,128	\$14,683	\$11,101
Las Animas	\$68,871	\$30,078	N/A	\$7,989
Lincoln	\$63,750	\$36,688	N/A	\$5,066
Logan	\$59,650	\$17,917	\$7,015	\$6,430
Mesa	\$74,194	\$20,568	\$8,648	\$7,111
Mineral	\$63,214	-	N/A	N/A
Moffat	\$72,479	\$23,750	N/A	N/A
Montezuma	\$54,143	\$18,609	\$7,794	\$6,851
Montrose	\$53,814	\$21,007	\$7,729	\$7,664
Morgan	\$61,632	\$24,129	\$7,794	\$6,495
Otero	\$44,141	\$15,536	\$5,867	\$5,391
Ouray	\$70,515	\$36,023	N/A	\$4,313
Park	\$91,667	\$20,284	N/A	\$9,888
Phillips	\$71,149	\$16,833	\$7,145	\$6,625
Pitkin	\$116,771	\$55,938	\$18,186	\$16,333
Prowers	\$54,375	\$17,821	\$7,794	\$5,820
Pueblo	\$68,143	\$20,589	\$8,000	\$6,873
Rio Blanco	\$76,934	\$33,333	N/A	\$10,392
Rio Grande	\$55,938	\$19,279	N/A	\$5,160
Routt	\$87,635	\$33,500	\$16,497	\$14,711
Saguache	\$38,281	\$17,031	\$7,794	\$5,677
San Juan	\$75,556	-	\$5,716	\$4,157
San Miguel	\$92,000	\$25,694	\$12,990	\$11,431
Sedgwick	\$58,542	\$20,833	N/A	\$7,015
Summit	\$86,494	\$33,717	\$15,324	\$12,588
Teller	\$88,250	\$39,006	\$7,794	\$6,982
Washington	\$64,500	\$24,500	\$6,430	\$6,430
Weld	\$76,457	\$22,635	\$12,322	\$10,178
Yuma	\$59,057	\$29,942	\$6,495	\$6,322

No median income was reported for single mother families in Dolores, Hinsdale, Mineral or San Juan counties. N/A indicates there was no full-time licensed center-based care in these counties at the time of publication.

## THE WOMEN'S FOUNDATION OF COLORADO

The Women's Foundation of Colorado's mission is to build resources and lead change so that every woman and girl in Colorado achieves her full potential. The Women's Foundation of Colorado is a leader in conducting research, bringing together resources, impacting policy and investing in community partners who share their goals and impact their ability to dramatically change lives of women and girls in our state. Extensive, strategic research guides their work and is combined with their dedication to education, advocacy and collaboration as they set the agenda and lead systemic change in Colorado.

## QUALISTAR COLORADO AND THE COLORADO CHILDREN'S CAMPAIGN

Qualistar Colorado is a statewide non-profit dedicated to advancing quality early childhood education across Colorado. We believe that all children deserve a high-quality early childhood education experience. Qualistar works to improve early childhood education by helping families find child care through a free referral service, rating the quality of child care programs, providing college scholarships for child care teachers, managing grants to improve child care facilities and strengthening federal, state and local policy through the use of data and information.

The Colorado Children's Campaign is a non-profit, non-partisan advocacy organization that works to create hope and opportunity in Colorado, more than one million kids at a time. The Campaign uses accurate, compelling data and research on child well-being to champion policies and programs that improve children's lives.

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