# Early Childhood Education Compensation in Summit County, Colorado

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Prepared for Early Milestones Colorado

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## Executive Summary

In 2019, Early Milestones Colorado contracted with APA Consulting (APA), an independent education policy research firm, to conduct a study of child care compensation in Summit County, Colorado. APA began its work by reviewing the characteristics of the county, including existing tax revenue sources, the currently high health care costs, high housing costs, and shortage of available child care slots. APA also reviewed the existing unique funding mechanisms and policy innovations to support child care in the county, including universal pre-kindergarten funding passed in fall 2018 by county voters, Right Start funding, and a Town of Breckenridge program to subsidize parent tuition and early childhood education teacher salaries.

APA also spoke to a number of important players in Summit County child care, including staff and the board from Early Childhood Options, representatives from County and town governments, leaders at the Summit County School District, and the executive director of the Summit Foundation. APA also conducted cost collection interviews with several child care centers and family care homes in order to better understand the revenues and cost pressures such providers face in order to remain in business and to understand barriers that aspiring new providers face to enter the Summit County child care market and to expand existing child care options for parents.

From those conversations and research, APA developed two sets of recommendations: 1) A list of potential innovative actions that could help support the availability, affordability, and quality of child care in the county; and 2) A list of potential funding mechanisms to support and sustain these innovations. Both sets of recommendations, described in full in this report, are listed briefly below.

### Potential Actions

- **Creation of a Silverthorne Child Care Center.** Already in progress, this innovative collaboration between the Town of Silverthorne and the County will add approximately 65 child care slots.
- **Explore the Rental of Classroom Space from the School District.** This might allow expansion of child care slots for zero- to three-year-olds in facilities already set up to meet licensing requirements.
- **Scale the Breckenridge Tuition Subsidy/Teacher Salary Subsidy Countywide.** Towns could contribute funding to a program coordinated and administered by the County to provide benefits similar to the existing Breckenridge tuition and salary subsidy program.

- **Promote and Expand Provider Usage of Shared Services.** Expanded use of a shared services organization could centralize some common tasks or duties for both child care centers and family care homes, reducing costs and administrative overhead time that could instead be devoted to teacher compensation and improved working conditions.
- **Create and Operate a Countywide Substitute Pool.** The existence of a centralized substitute pool that provides trained and vetted substitute teachers would greatly support center directors and improve the working environment for teachers.
- **Expand Universal Pre-K to Three-Year-Olds.** Expanding the extremely popular existing universal pre-K program to include three-year-olds would widen the group of children in care, subsidize tuition for their parents, and further the ability of providers to recoup the true cost of delivering quality child care services.
- **Provide Workforce Housing for Early Childhood Education Staff.** Providing staff with free or highly subsidized housing would substantially reduce living costs, which is a major barrier to the ability of child care centers to retain quality teaching staff.

## Potential Funding Mechanisms

- **Raise Lodging Taxes.** The Towns in the county could raise their lodging taxes, in some cases even doubling them, and still be comparable to the total tax rates at similar vacation destinations in Colorado and elsewhere. Such a tax increase would focus collection of additional funds from tourists, rather than County residents, and could produce dedicated significant revenue to support child care initiatives.
- **Raise Local Sales Taxes.** These tax increases would also generate additional funds that could be directed towards child care support.
- **Increased Partnerships with Local Business.** One form of these partnerships could include either grants or donations from local businesses. Another form could include providing early childhood education teachers with quality of life benefits, such as discounts at local businesses and restaurants. Such benefits send a strong message that the entire county values and support early childhood education providers.

Many of the actions described above involve expanded collaboration and cooperation across the county. Reliance on such expanded collaboration is critical in order to bring on board business leaders, school district leaders, parents, early childhood education providers, and government leaders at the town and county levels. If implemented, the actions and funding strategies described above would expand the availability and affordability of child care in Summit County and would raise compensation for early childhood education teachers. Scholarly research indicates that such increased compensation reduces teacher turnover, increases retention, increases teacher well-being, and improves program quality for children. While the county has already made a unique and significant commitment to local child care programming, additional support would continue to expand and improve the quality of care in the area.

## Introduction

In 2019, Early Milestones Colorado contracted with APA Consulting to conduct a study of child care compensation in Summit County, Colorado. Summit County has a number of unique funding sources and innovations to support delivery and affordability of child care. Despite these important innovations, the area continues to experience issues with the availability and affordability of child care. This report explores the unique factors affecting child care delivery in the county and the benefits and challenges affecting local parents and providers. It also explores potential future innovations to address the remaining challenges and possible funding sources to support those future innovations.

Founded in 1983, Augenblick, Palaich and Associates, Inc. (APA) is a privately owned, Denver-based consulting firm that specializes in education policy research, design, and analysis. The company, which has worked in all 50 states, is a federally-recognized small business that focuses on research and evaluation of pre-kindergarten, K-12, and postsecondary education policies and programs. APA employs eight professional staff members and collaborates with many other research organizations and institutions from around the country.

Over the past several years, APA has developed significant expertise studying child care deserts in Colorado and the Denver Metro area. This expertise includes directly studying the operational and staffing cost challenges early childhood education (ECE) providers – both center and home based – face when attempting to create and maintain sustainable business models. In 2018, APA completed an evaluation of the Town of Breckenridge's early childhood education subsidy program.

For this report, APA spoke to a number of important players in child care in Summit County. These interviews included:

- Lucinda Burns, Executive Director of Early Childhood Options, the early childhood council serving Summit County;
- The Board of Directors of Early Childhood Options;
- Elisabeth Lawrence, Summit County Commissioner;
- Carri McDonnel, Finance Director and Interim Town Manager, Town of Dillon;
- Ryan Hyland, Town Manager, Town of Silverthorne;
- Mary Kay Dore, Chief Academic Officer, Summit County School District; and
- Jeanne Bistranin, Executive Director, Summit Foundation.

In addition to these interviews with local governmental and foundation leaders, APA also spoke with two directors of child care centers and two family home providers. These interviews focused both on their experiences as providers in the county as well as specifics about their revenues from tuition and other sources and their major operational cost areas.

## Overall Summit County Context

While Summit County has a number of similarities with the rest of Colorado, it also has unique characteristics that influence the provision of child care and the need for child care services. These include several challenging characteristics that can make child care provision more financially difficult than in other parts of the state. However, the county also has a number of characteristics, including dedicated funding sources and voter buy-in, that facilitate child care delivery in the area.

Life in Summit County comes with a higher financial cost than in most other parts of Colorado. The area cost of living is significantly higher than in the Denver metro area. A recent study of cost of living in school districts across the state found that Summit County had the second highest cost of living in the state, behind only Aspen.[1] The increased cost of living in the area includes increased costs for housing, groceries, and health care.

Housing costs in the area continue to rise. Zillow reports that the median house price for homes sold in the County in 2019 was $708,700 and the median rent price for the year was $3,200. This is significantly higher than the Denver metro area, where the median price of sold homes was $432,400 and the median rent price was $2,200. These high housing prices are exacerbated by the proliferation of short-term rental housing in Summit County, which are apartments, condos, and houses available for short term rent through services such as Airbnb or VRBO. A significant proportion of housing stock in the county is available only through these short-term rentals, which means that there is a decline in long term rental availability even while additional housing stock is being built. The limited availability of long-term rentals has reduced the availability of affordable housing in the area.

Health care costs in Summit County are not only the highest in the state, they are the highest in the nation, about 34 percent above the national average.[2] The price of individual insurance prices has doubled since 2015. This is because, in part, there is only one hospital in the county and residents must otherwise travel long distances, including driving to Denver, to receive care. In response, community leaders recently launched the Peak Health Alliance, a pooled insurance program that attempts to help address not only what consumers pay for insurance but also the

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[1] Colorado Legislative Council, 2017 Colorado School District Cost of Living Analysis, March 2018, performed by Pacey Economics, Inc. Available online at https://leg.colorado.gov/sites/default/files/cola_2017_report.pdf

[2]Bloomberg.com, "Colorado's Ski Towns Could Fix the High Cost of American Health Care," June 21, 2019. Available online at https://www.bloomberg.com/graphics/2019-colorado-new-healthcare-cost-plan/

underlying cost drivers facing the community.[3] Peak Health Alliance is a nonprofit county-level health care purchasing alliance made up of both employers and individual buyers, that directly negotiates with providers and insurers to control costs. While the program is too new to evaluate the impact, it provides hope for reducing the health care component of cost of living.

Employment in the county ranges from long-term stable employment with the municipalities and counties and other larger employers to short term or low wage employment in the tourism service industry. Unemployment rates in the county are extremely low.

The other important component to life in Summit County is the overall lifestyle. Residents live surrounded by beautiful mountains and have access to every type of outdoor activity imaginable, including skiing and hiking. This lifestyle is cited as a major draw by many residents and draws young people to the area. However, the long-term prospects of such younger residents are threatened by the high cost of living and health care described above.

## Unique Supports in the County

Summit County and Breckenridge also have a number of unique funding sources for child care not available in other counties in the state. These funding sources mean that more government money is going into the child care system in the county than is typical in other localities throughout the state.

### Right Start Funding

The Right Start fund was established by a county-wide vote in 2005. When it was set to expire in 2013 it was renewed by voters with no expiration date, so funding will continue in perpetuity. It created a dedicated Early Childhood Care and Learning fund using countywide property tax funds. The fund provides money for seven different programs: capacity building; quality initiatives; recruitment and retention; school readiness and home visitation; financial assistance; and administration and evaluation. Funds are collected by the county and ultimate oversight rests with the Board of County Commissioners. The funds are managed by the Right Start Project, in partnership with the County government, the Family and Intercultural Resource Center and Early Childhood Options, the early childhood council for the county. Over the past three years, expenditures from the funds averaged around $1.1 million. Proposed expenditures for 2020 are $1,126,569.

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[3] Colorado Health Institute, “Peak Health Alliance: Summit in Sight,” November 2019. Available online at https://www.coloradohealthinstitute.org/research/peak-health-alliance-summit-sight

### Summit County Universal Pre-K

Voters approved a county property tax measure in November 2018 that included funding for universal pre-K for four-year-olds in the county. The measure will expire in 2029. The ballot language allocated approximately $2.5 million per year to fund the universal pre-K initiative. Funds are collected by the county and ultimately governed by the Board of County Commissioners. The program is managed by Early Childhood Options in conjunction with a community advisory board. It was implemented beginning in January 2019. The program provides tuition subsidies to the parents of local four-year-olds on a sliding scale based on parental income to allow them to attend preschool for the year before kindergarten. It also guarantees that every child care program can collect full tuition for every four-year-old enrolled.

### Breckenridge Tuition Subsidy/Teacher Salary Subsidy

While not county-wide, the Breckenridge Tuition Subsidy is another important funding source in the county. The Town of Breckenridge moves revenue into a dedicated Child Care Fund. This fund includes money from the Town's marijuana fund, which includes local taxes collected on sales of marijuana in the Town. Funding has also been transferred from the Affordable Housing Fund and the Excise Fund. This funding transfer was authorized in 2007 and current budget projections indicate that the fund is sustainable through 2021. The fund expends, on average, about $830,000 per year. The funding is used in two ways. First, it provides a tuition subsidy program for parents who live and/or work in the Town to keep their tuition payments under 20% of their income. Second, the Town provides money directly to the local child care centers to help them subsidize and increase teacher salaries, setting a floor for salary of $15 per hour.

### Summit Foundation

The Summit Foundation is the major philanthropic foundation in the county. While it does not provide governmental funding, it provides significant funding to support local child care providers. The Foundation grants about $200,000-$250,000 per year dedicated to support early childhood education in Summit County. Some of that money goes directly to centers, primarily focused on capital support. The Foundation also provides money to centers to support tuition scholarship programs for parents.

### Government and Voter Buy-in

As indicated by the voter approval of the above funding sources, government entities at the county and municipal levels, and voters across the county have displayed significant commitment to funding support for early childhood care and education. This level of funding support indicates that the community as a whole has a strong value in creating and sustaining a strong child care network in the area.

### Variations Across Municipalities
There are important differences between municipalities within the county. A number of people interviewed for this study discussed the need to increase equity across the county and to have the same opportunities for children, parents, and early childhood education staff regardless of their location in the county. For instance, as noted above, Breckenridge has allocated money for a tuition subsidy program serving parents who live and work in the Town. The availability of this funding is sometimes cited by government and community members in other parts of the county who feel that parents and educators outside of Breckenridge lack those opportunities and benefits. There is a perception throughout the county that Breckenridge has more money than other municipalities, due to the location of the Breckenridge ski area and increased tourist tax revenues.

Other important differences among the municipalities include variations in municipal taxes. For example, Dillon has a low municipal property tax and has no real estate transfer tax. Silverthorne has no municipal property tax and reports that it would be difficult, if not impossible, to implement one due to the need for voter approval. These municipal variations in revenue sources influence the amount of money each locality in the county has available to support child care services.

## Child care Context in Summit County
This section reviews issues specific to the child care context in Summit County. It begins by reviewing overall child care issues identified by governmental and provider respondents. It then examines several case studies of providers in the county, including both centers and family care homes. This section then reviews the difference between child care provided by private providers and that provided by the Summit County School District. It concludes with highlighting the primary issues in child care that Summit County may consider addressing.

### Current State of Child Care in Summit County
Interview respondents provided important information about the current context for child care in Summit County. Overall, respondents reported that availability of child care was a major concern, especially slots for infant and toddlers. Each child care center maintains a separate waitlist and parents may be signed up on waitlists at multiple centers, which makes it impossible to calculate the number of families who want a child care slot but cannot obtain one. However, all respondents agreed that there was a strong need for increased child care availability and that the lack of slots often made it difficult for parents to return to or maintain work after having a child.

Respondents also reported strong concerns about the affordability of child care. Unlike many areas in Colorado, all of the child care centers in Summit County are nonprofits, which means they are not making or collecting a profit on child care services. However, both centers and family care homes are limited in the tuition they charge by parent ability to pay. As discussed further below in the case studies, most providers believe they are charging as much as parents can afford, and sometimes more than parents can reasonably afford. Despite this, providers report they are charging below the true cost of care in an effort to accommodate parent budgets. This tension between parent ability to pay and the true cost of care was cited by governmental staff and providers alike and is at the heart of the county's child care challenges.

Due in part to this revenue shortage, providers and government respondents consistently reported difficulty in hiring and retaining qualified child care staff. The lifestyle appeal of Summit County often makes it easy to attract younger people to the area, but when these individuals encounter the difficulties associated with the high cost of living and health care, it becomes difficult to retain them longer than a year or two unless they have an external source of support from family or a partner. Exacerbating the low pay and high cost of living is the fact discussed by many respondents that working in child care can be extremely demanding both mentally and physically. Not only do these physical and mental demands within the child care industry contribute to provider burnout, they also create a higher demand among child care workers for supports such as time off and access to mental health care.

Current county wage information from Early Childhood Options indicates that on average, teachers are paid above the minimum wage of $10.20. Figure 1, below, illustrates the range of hourly wages received by teachers in child care centers in the county. The largest group of teachers earn between $16/hour and $19/hour, with small groups of teachers making more or less than that. For instance, five teachers earn between $12-$13 per hour, while fewer than five teachers earn over $22 per hour.

**Figure 1: Hourly Wages for Teachers in Child Care Centers**

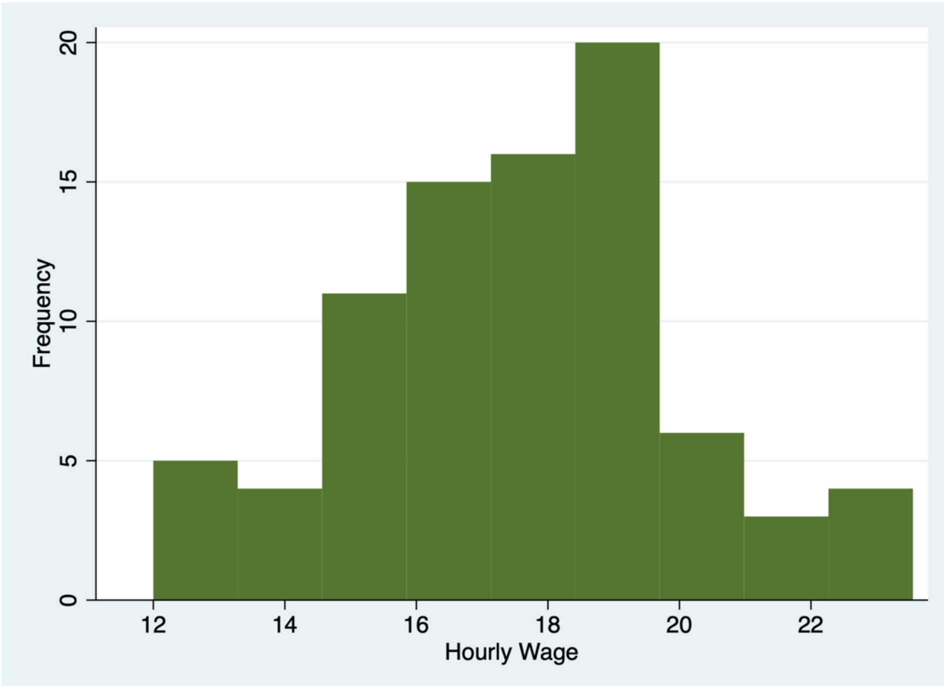


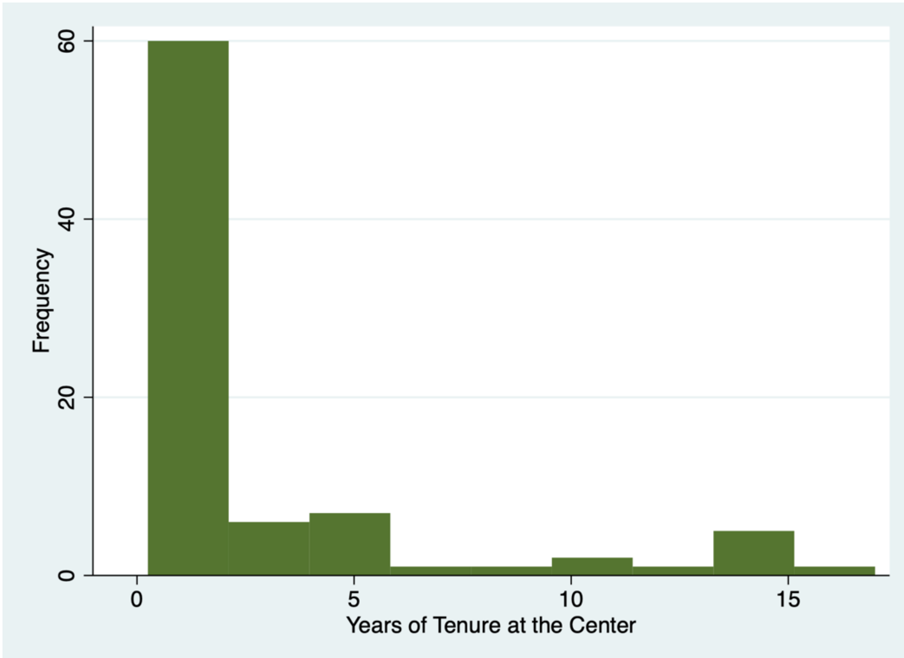

Table 1, below, illustrates the average wage for each of the five child care centers in the county. To protect the wage information of individual teachers and centers, the centers are reported by number, rather than by name or location. There is a wide range in average teacher wages, with some centers providing significantly higher wages than others. Although wages vary by the length of a teacher's tenure, variations in tenure do not explain the differences in average teacher wages across the five centers.

**Table 1: Average Wages and Tenure for Teachers in Child Care Centers**

| Center | Average Teacher Wage | Average Teacher Tenure |
|---|---|---|
| **1** | $18.75 | 1.2 |
| **2** | $14.80 | 3.5 |
| **3** | $17.39 | 2.9 |
| **4** | $19.32 | 5.1 |
| **5** | $17.95 | 1.7 |

Figure 2 illustrates the range of tenure for teachers at the five centers. As illustrated, the majority of teachers have one to two years tenure with very few teachers remaining at centers for longer than five years.

**Figure 2: Length of Teacher Tenure at Child Care Centers**




## Summit County Provider Case Studies

To supplement the general wage and tenure information reported above, APA conducted in-depth interviews with several child care providers in Summit County, including child care centers and family care homes. These case studies, reported above, provided more specific information on the financial challenges faced by these providers and the day-to-day decisions they were required to make to navigate such challenges.

### Child Care Centers

The child care centers interviewed by APA served between 30 and 50 children, including a mix of children who attended part- and full-time, over about six classrooms. Many of the four-year-old children enrolled in the centers received a subsidy in their tuition and the remaining children ages zero to three paid full tuition. The center directors reported that while the subsidy for four-year-olds helped those parents afford tuition, it did not help the centers' overall revenue. The directors also reported that although "most" of the four-year-olds are receiving universal pre-K money, some of the parents did not initially apply after receiving "confusing information" about eligibility.

To serve these children, the centers employ a director, an assistant director, and between 14 and 18 full-time teachers. One center also employed a third administrator, a curriculum/coordinator position. The center directors reported consistently high levels of turnover among teachers. While one center had slightly higher retention rates, that director still expressed concern with teacher turnover.

In terms of benefits, one center provides 50% of teachers' costs for heath, including dental and vision. The other center did not provide full health insurance but instead gave teachers access to a care clinic, an initiative funded by Right Start that allows teachers access to acute care, prescription coverage, mental health care, and basic dental care. That center opted for the care clinic option due to the high cost of health insurance and finding that it was cheaper for teachers to buy it directly from the marketplace than for the center to provide it.

The centers also provide some level of retirement benefits. One provides a 2% match to an IRA after a teacher has worked at the facility for two years and in 2020, the other center will begin providing up to a 3% match for teachers who have worked at the facility for two years or longer. In both centers, teachers receive paid time off (PTO) of about two weeks during their first year with PTO increasing with longevity at the center. In one center, teachers also receive a discount on tuition if they enroll their own children at the center. Finally, teachers in both centers receive ski passes through a grant from local ski areas.

The benefits costs to the centers were significant, including $23,000 for the health care match and between $13,000-17,000 for the IRA match. Other major expenses incurred by the centers included worker's compensation, general liability insurance, cleaning fees, and gas and electric costs. The centers also spent a significant amount on food but recouped some of that cost from parents, some from head start and early head start, and some from the Child and Adult Care Food Program (CACFP) subsidy.

In addition to tuition, the centers had a number of other revenue sources. The centers both engage in significant fundraising. One center, in 2018, netted $22,665 in fundraising revenue. The centers also received grants from foundations including the Summit Foundation and the Temple Buell Foundation. There were additional small grants available from local foundations and businesses, such as the Rotary Club and a local realtor.

The centers also received funding from their municipalities. One received funding from the Breckenridge salary supplement fund to supplement teacher salary levels, while the other had received capital funding from their municipality. This municipal money was a significant benefit to both of the centers.

Overall, the center directors both highlighted the affordability paradox discussed above, where parents pay the maximum that they can afford while the center is not collecting the true cost of care. Directors suggested that the gap between what parents could afford and what centers needed to receive in order to fully pay for care should be bridged by a local tax to subsidize, or further subsidize, parents so that the center could increase tuition rates. While the centers receive a substantial amount of revenue from grants and donations, the directors both highlighted the unique importance of guaranteed ongoing funding. The centers devote significant effort and expense to fundraising and grant writing already and are competing with each other and the other local child care centers for those limited and finite funds. For these reasons, tax revenue or other guaranteed ongoing funding sources are particularly valuable to the centers.

If the centers had additional funds, either through tax funding or subsidies for higher tuition levels, directors reported that their priority for that additional funding would be to elevate base teacher pay and to further increase pay with additional experience and education. This pay would provide meaningful recognition of the important job teachers do and recognition of what they contribute. Directors believe it would also reduce turnover, which would provide better education services for enrolled children.

### Family Care Homes

APA also interviewed two family care home providers. Both providers had over 20 years of experience in caring for children. The providers served between three and six children and reported that their numbers fluctuated significantly as children left to go to preschool. Both reported having a large number of parents waiting for care, characterizing the parents on the waitlist as “desperate” to get care. In contrast to the fee structure of the centers, the providers both charged a daily rate (which ranged from $45 - $60 per day) instead of a monthly rate. One of the providers reported that, even with that tuition rate, which is relatively low compared to the monthly cost of a child care center, she sometimes had difficulty collecting tuition from parents who found it difficult to afford. Both home providers reported receiving the universal pre-K subsidy for four-year-olds in their care.

Both providers were also extremely focused on developing close and lasting relationships with parents in their communities. One provider offered overnight care for enrolled children when needed. The other reported that a number of children currently in her care were children of children she had cared for in the past, so she was serving the second generation in the family. One provider reported that she expected to be the first call when a pregnant mother went into labor so she could care for the older sibling during the birth. It was clear that these providers were involved in the lives of the families they worked with beyond a simple business transaction.

Neither of the family home providers received any health care benefits from the care home and both relied on their working husbands to provide benefits such as health insurance and coverage during sick days or other necessary daytime appointments. One reported that her husband was currently delaying retirement in order to maintain access to health insurance for both of them. The other reported relying on her adult daughter for occasional substitute coverage help. Neither of them had the capacity to put aside savings for retirement.

The homes did receive some revenue in addition to tuition payments. One received a food reimbursement from CACFP which amounted to approximately $4,000 per year, while the other found the paperwork requirements of the CACFP program too burdensome and time consuming and did not participate. The homes also received grants from Early Childhood Options and from the county.

Salaries for family home providers are different than those for center staff. A family home provider receives in income whatever money is left over after the business expenses are subtracted from the revenue comes in. For both providers, determining their salary was a complicated process that involved extensive paperwork and often hiring an outside accountant to review documentation and perform calculations. Providers can deduct their direct business expenses, such as educational materials purchased for enrolled children, but also a prorated portion of their home expenses, such as homeowner's insurance, because the home is the location of the business. One provider estimated that she received approximately $25,000 per year from her care home, while the other was unable to provide an estimate without extensive further calculation. Given the hours worked by the home provider, a yearly salary of $25,000 translates to a wage of about $3.16 per hour.

The largest cost for home-based providers was food, followed by materials and toys. Both providers also spend significant funds on office supplies, which includes both gloves and wipes for diaper changes and supplies for printing and paperwork. In terms of home costs due to the business, utilities and home maintenance and upkeep were the primary costs for these providers. Doing laundry for enrolled children significantly raised utility costs, sometimes to over $500 per month. Both felt that doing the paperwork and tracking expenditures was a significant barrier.

Both of the home providers talked about approaching retirement and wanting to scale back or even close their businesses in the next few years. They also shared concerns regarding the high barriers to entry for new home providers in the county's child care market. First, although technically it may be possible to obtain home licensing in a rented residence, the number and level of improvements required to maintain licensing and meet quality requirements require someone to own their home. Given the rising cost of housing in the area, this is increasingly difficult. Second, it is practically necessary to have support from family or a partner to obtain health insurance and other benefits, which are not otherwise meaningfully available to home providers. Both providers suggested that recognizing the essential contribution of family home providers and increasing professional recognition of that role would be an important incentive to encourage people to enter the profession.

## Child Care in the School District

The child care context in the Summit County School District is significantly different than care in the child care centers and family homes. The school district provides care and education for four-year-olds in nine classrooms in five elementary schools. While there are waitlists for all of the classrooms, the district provides priority for children with individualized education plans (IEPs) who are in special education.

Teachers who work in these classrooms for the district are required to have very different education and licensing credentials than those who work in centers or provide care in homes. Teachers at the district are required both to be qualified in early childhood education, like the teachers in centers and homes, but also must be licensed as early childhood special education teachers. The second credential can be hard to obtain and often requires in-person coursework in Denver. For this reason, it can be challenging for the district to find teachers with those qualifications. District staff report that due to these credentialing requirements, they tend to hire from a different pool of candidates than those looking to be employed at child care centers.

Teachers in the district preschool classrooms are paid on the district salary schedule.[4] The salary schedule is based on years of teaching experience and completed graduate level coursework. For example, an incoming teacher with no previous experience and 12 semester hours of graduate coursework would start at $45,327 per year and receive an annual increase until she served 16 years in the district. Teachers with higher levels of graduate coursework start at a higher salary. Teachers also receive full benefits from the district, including health insurance, PERA and 403(b) retirement benefits, and life insurance.

Notably, teachers in these classrooms also operate on the district calendar. This includes 184 days per year, with summers free. Teachers work five days a week but have Monday devoted

[4] Summit County School District Licensed Salary Schedule 2019-20, available online at https://www.summitk12.org/human-resources-a95841c0/salary-schedules-and-pay-information-f3db7b79

entirely for planning, as students attend only Tuesday through Friday. The day runs from 8:45 to 3:50, which is shorter than the typical workday in both centers and homes.

### Overarching Concerns

This overview of the child care context in Summit County highlights a number of important issues for stakeholders to consider in continuing to support and improve child care in the area. Those issues include:

- Availability of child care for parents, especially for infants and toddlers;
- Affordability of child care for parents;
- Pay levels for teachers;
- Availability of health insurance for teachers;
- Availability of retirement savings for teachers; and
- Maintaining availability of family care homes.

## Potential Actions

This section reviews a number of potential actions that could be taken in Summit County to further support teacher compensation specifically and the viability of child care provision more generally. The section begins with reviewing potential actions that could be taken in the county and concludes with reviewing potential funding sources to support the potential improvements. Most of these actions focus on leveraging the potential for increased collaboration and coordination between the Towns and the County.

### Actions

This section reviews a number of potential actions that could be taken to improve and support child care delivery in Summit County. These actions suggest a number of potential actors, including the municipalities, the county as a whole, the school district, and even private businesses.

#### Creation of a Silverthorne Child Care Center

This action is currently in progress. The Town of Silverthorne owns land in the Town and plans to partner with the County in order to construct and operate a new child care center. The construction funding will come from the County and the Town will contribute to ongoing operation costs through an allocation from the general fund. The Town has made this commitment in a memorandum of understanding with the County that will guarantee an annual subsidy level of approximately $100,000 per year. The Town reports that the opportunity for this collaboration with the County made this center a priority and required Town leadership to make a decision about committing to ongoing financial support for child care. Without the County partnership, it is unlikely that the Town would have moved forward in making this commitment.

The Town will issue a request for proposals to bring in an organization to operate the center as center construction moves nearer to completion. The center will likely serve approximately 65 slots. It will charge tuition from enrolled children and will also leverage the universal pre-K funding for enrolled four-year-olds. The Town is also nearing completion of a workforce housing development to provide subsidized housing for lower income residents. The center will be essential in serving and supporting families that live in that workforce housing and will thus be essential in supporting the workforce as a whole.

This partnership between the county and local municipality may be a useful model for continuing to expand the number of child care centers serving the community. Several respondents reported that a key limiting factor on the local ability to open additional child care centers Is available land. Although there are storefronts and commercial property currently available, those properties often do not meet the stringent requirements of licensing for child care facilities, such as having direct access to an outside play space. Joint partnerships to construct new centers on land owned by municipalities is one method to address that limitation.

### Rent Classroom Space from the School District

Another approach to addressing the lack of existing space suitable for child care usage is to lease classroom space from the school district. This space is already suitable for child care and likely to comply with licensing requirements, including access to an outdoor playground. The operation of a child care facility within a school is similar to an innovative program being piloted by the Durango 9-R school district, which is operating an infant and toddler classroom within the high school. It is unclear whether there is sufficient unused space in school buildings to support this idea. The school district could consider conducting an examination of upcoming projected enrollment to determine if there would be unused classroom space over the next three to five years. If so, a center operator could contract with the district to run a site in an existing classroom or classrooms, which would significantly reduce the costs to open a center.

### Scale the Breckenridge Tuition Subsidy/Teacher Salary Subsidy Countywide

Several respondents suggested expanding the existing Breckenridge tuition subsidy program, discussed above, to cover the entire county. Although this has been proposed and shelved in the past, the changing thinking on the appropriate role for the County in supporting and facilitating child care in the area might make it possible now. Expansion of the Breckenridge subsidy to the entire county would address several perceived issues. First, it would make a subsidy available to an increased number of parents, making it possible for additional centers to raise tuition rates closer to the true cost of care. Second, it would allow centers to elevate pay for their child care teachers. Third, it would address an issue of equity across the county. As discussed above, there is a perception that centers and teachers in Breckenridge have access to more revenue and thus have higher salaries than centers and teachers in other parts of the county. This equity issue was raised by several respondents as an issue affecting hiring and recruitment for centers outside Breckenridge. Expanding the subsidy program throughout the county would both allow centers outside Breckenridge to charge higher tuition and would provide those centers with the ability to increase teacher salaries. This is true because unlike the universal pre-K subsidy for four-year-olds, the tuition subsidy program applies to children of all ages. Currently, tuition rates in Breckenridge are a bit higher than the centers in other parts of the county, due to the availability of the subsidy.

To scale the program countywide, it is likely that it would need to be administered by County government, rather than the individual Towns. Several of the other Towns in the county have reported that they have not considered trying to replicate the subsidy program in their own municipalities because of the perception that resources in Breckenridge are much higher than in their own Towns. Having Towns contribute financially to the County for the program would avoid the need to administer and oversee a separate program in each municipality, would trim overall administration costs, and would promote even greater collaboration and cooperation across municipalities and with the County. The opportunity for increased collaboration across communities in Summit County might motivate civic and town leaders to action that would not otherwise be possible.

### Create a Shared Services Project

As APA has explored in previous projects,[5] a shared services organization could centralize some common tasks or duties for both child care centers and family care homes. This centralization would have two primary effects: lowering the overall cost of the services through economies of scale and freeing up administrator and family care provider time to focus more exclusively on instruction. Previous conversations with center directors suggest that they are receptive to exploring the idea of sharing some services to increase efficiency at their centers. One of the most frequently mentioned possibilities for shared services was contracted services such as cleaning, snow removal, and grounds maintenance. Creating a joint services arrangement to handle these contracted services across center-based providers offers an opportunity to save each individual provider time in finding appropriate contractors, negotiating terms, and

[5] APA Consulting, "Breckenridge Child Care Program Evaluation Final Report," August 2018.

overseeing contract compliance. A joint services arrangement might also allow the providers to jointly leverage a reduced overall contractor cost to execute the required services.

The process for managing contractor sharing could be accomplished in several ways. For instance, the process could be managed by the County or another entity on behalf of the providers, in return for a management fee. Alternatively, providers could band together to contract with a local property management company to oversee these contracted services, as is common in other industries. The cost of any fees could be divided across providers in proportion to their enrollment or facility size, depending on the service provided. Alternatively, the providers could work together to identify the list of services for which they would like to create joint contracts, and each listed service could be managed by a different director. In this way, redundancy in staff and director time allocated to managing specific services could be reduced or eliminated across providers.

Regardless of the approach taken to organize the sharing of services, it is likely that a facilitation mechanism will be needed to provide space for leaders to come together in identifying their highest priorities for shared contractor services and the approach to jointly managing such contractors that makes the most sense. Providing a facilitator to facilitate meetings of directors would be critical in this regard. It may also be prudent to select one high priority service area to serve as a pilot for the shared service approach. Additional shared service areas could then be targeted and added based on lessons learned from the pilot.

A shared service organization could also assist providers in reducing administrative burdens. For example, the family home providers participating in this study talked about the high levels of paperwork and administrative overhead required to run their facilities, including overall accounting and tax preparation and documentation to receive the CACFP reimbursements. Shifting those administrative tasks to a centralized office would free up provider time and likely reduce their costs, as paying a small fee for access to administrative services would likely be cheaper than independently contracting with accountants and bookkeepers, or than forgoing the CACFP reimbursement entirely.

There appears to be considerable opportunity for providers in Summit County to expand their usage of shared services to help reduce administrative costs and to redirect the resulting savings to increased pay and better working conditions for directors and teachers. APA's interviews indicate that the county currently provides all homes and centers with free access to an existing shared service platform (Early Learning Ventures) but that many providers do not fully utilize the services this platform provides. In fact, it is estimated that even though the platform is made available to them for free, only less than one third of home-based providers have opted in. Additional training and outreach on using a shared service platform, and the benefits and savings associated with such a platform could be particularly valuable for home-based providers.

### Create and Operate a Countywide Substitute Pool

Related to the shared services idea, centers often cited difficulty having reliable access to substitute teachers. This contributed to the quality of working environment for employed teachers because without substitutes, it was hard for them to take time off, even for reasons of illness. The lack of substitutes also required significant time and effort from center directors to locate and contract with substitutes. Substitutes were also important to family home providers, who needed an occasional person to cover their time to run errands, go to the doctor, or take a sick day. A county-wide pool would provide substitutes who were well-trained, well-paid, and fully vetted by the County, and would place the burden for ensuring the pool is updated and current with the County rather than on each individual provider. Pay would likely need to be comparable to lead child care teachers in the centers in order to attract and retain qualified substitutes.

Recent changes in Colorado law (SB-18-162) allow a single organization to create and operate a substitute pool, rather than requiring each center director to conduct and place background checks for substitutes on file at their center. This law would allow an organization such as Early Childhood Options or the County to hold the license for the substitute pool, reducing the administrative burden on centers and providers. However, the rules implementing this law have not yet been promulgated, so it may not yet be possible for a centralized organization to operate this kind of substitute pool without additional guidance from the state.

### Expand Universal Pre-K to three-year-olds

Everyone interviewed for this study provided extremely positive feedback about the universal pre-K program for four-year-olds. Even providers who did not feel like the program allowed them to increase their tuition rates or increase revenue were extremely positive about the effect of the program in bringing more four-year-olds into preschool to prepare for kindergarten. Several respondents suggested expanding the program to serve all three-year-olds. This would further expand the group of local children participating in formal care while subsidizing parent costs for enrolling their children. While this was a very popular idea, it would also be a costly one.

### Providing Workforce Housing for Early Childhood Education Staff

One of the primary drivers of the high cost of living experienced by Summit County residents is housing costs. Providing early childhood education staff with free or highly subsidized housing would substantially reduce their living costs, which would make the compensation they received from the centers more valuable. Many of the municipalities in the area are building workforce housing to support their local workforces, so it would be relatively easy to designate some units in those developments for early childhood education staff.

Although this proposal was popular with a number of respondents, nearly all of them also raised the concern of deciding who in the workforce was most deserving of highly subsidized housing. Although they supported the idea of providing housing to early childhood education providers, they also felt that other workers, such as first responders, other teachers, or nurses, were highly deserving of subsidized housing. These issues might make it difficult to allocate subsidized housing to any one group.

## Funding Mechanisms

This section reviews a number of potential funding mechanisms that could be leveraged to support any of the innovative actions discussed above.

### Lodging Tax

One proposal for generating additional funding is to raise the lodging taxes. Lodging tax applies to property owners and property managers for renting out a room or property, including hotel rooms and vacation rentals. Currently, the local lodging tax is set by each individual Town and averages approximately two percent.

**Table 2: Sales and Lodging Taxes for Towns in Summit County**

| Town | Local Sales Tax | Local Lodging Tax |
|---|---|---|
| **Breckenridge** | 2.5% | 3.4% |
| **Dillon** | 2.5% | 2% |
| **Frisco** | 2.0% | 2.35% |
| **Silverthorne** | 2.0% | 2% |

The total taxes applied to a lodging include not only the local lodging tax, but also the local sales tax, the state sales tax, and, where applicable, the state lodging tax. Table 3, below, lists the average total lodging and sales taxes for Summit County as well as several comparable vacation destinations both within and outside of Colorado. The County's total lodging tax rate, at 7.59%, is comparable to equivalent mountain communities of Aspen and Vail and significantly lower than Denver's lodging tax rate of 18.96%. It is also significantly lower than out-of-state destinations in Jackson Hole, Wyoming and Maui, Hawaii.

**Table 3: Total Lodging Tax Rate for Summit County and Other Comparable Vacation Destinations**

| Locality | State sales tax | State lodging tax | Local sales tax | Local lodging tax | Total tax |
|---|---|---|---|---|---|
| **Summit County Average** | 2.9% | n/a | 2.25% | 2.44% | **7.59%** |
| **Aspen** | 2.9% | n/a | 2.4% | 2.0% | **7.3%** |
| **Vail** | 2.9% | n/a | 4.0% | 1.4% | **8.3%** |
| **Denver** | 2.9% | n/a | 4.31% | 11.75% | **18.96%** |
| **Jackson Hole, WY** | 4.0% | n/a | 6.0% | 2.0% | **12.0%** |
| **Maui, HI** | 4.0% | 10.25% | n/a | n/a | **14.25%** |

Table 3 suggests that the localities in Summit County could raise their lodging rate, or even double it, and still be lower than Denver's total tax rate. This would generate a significant source of revenue without raising either property or sales tax payments coming from local residents. For example, Frisco raises approximately $500,000 per year in lodging tax.[6] The increased lodging tax revenue could go directly to the Towns for their use to support child care or could be aggregated at the county level to support child care.

### Increase Sales Tax

Another funding generation idea proposed by interviewees is to raise the sales tax. This was proposed because a portion of the money would be captured from tourists, rather than residents. It would require a public vote to approve but many respondents pointed out that the community had consistently voted to approve sales tax increases devoted to education that had been put before them. This does have the disadvantage of raising taxes on residents who are already struggling with a high cost-of-living. Again, these sales taxes are remitted to the individual Towns, so tax funds could be dedicated by the Towns for their child care support or pooled at the county level for countywide support programs.

### Increased Business Support

A number of respondents suggested working more closely with businesses in the community to raise additional money to support child care. On one level, this could consist of raising money

[6] Frisco 2019 Budget Book, available online at https://www.friscogov.com/wp-content/uploads/2018/12/Budget-Book-2019-with-Bookmarks.pdf

directly from businesses that could support child care programs, increasing the amount of funding available.

Another possibility would be to partner with businesses to increase recognition for early childhood education teachers and to support their quality of life. The ski areas already donate ski passes given to center teachers as a perk of employment, which helps them enjoy the outdoor possibilities unique to the community. Towns or the County could also partner with a variety of other businesses to provide discounts or perks for early childhood education staff, such as reduced-price meals at local restaurants or deals on other professional services. This could effectively increase the compensation to the teachers without requiring additional financial outlay from the centers themselves. Providing such a benefit would also send a strong message across the community that early childhood educators are valued and respected. Directors and teachers that have participated in current and past APA early childhood education research studies have consistently indicated that such public recognition is highly valuable in improving teacher satisfaction, performance, and longevity.

## Expected Impacts of Improvements

APA conducted a literature review of studies at state and national levels over the past two decades that examined the direct and indirect relationships between compensation and three primary outcomes: teacher turnover and retention, teacher well-being, and child care quality. Underlying each of the studies in this review is the premise that child care workers typically receive low wages regardless of their position, responsibilities, type of child care facility, geographic location, or demographics. In the following sections, the impacts of such low pay and key outcomes for child care teachers and the children they serve are explored.

### Teacher turnover and retention

Studies conducted during the 2000s addressed the relationship between ECE wages and teacher turnover and retention. An oft-cited study by Barnett (2003) for the National Institute for Early Education Research found low compensation was directly related to teacher turnover rates. Preschool teachers had very high turnover rates (25-50%) in comparison to other teachers (<7%).[7] High turnover affects the "continuity of care", in that when ECE teachers and child care workers leave, children's relationships are disrupted. This in turn has negative impacts on children's language and socio-emotional development.[8]

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[7] Barnett, W. S. (2003). Low wages = low quality: Solving the real preschool teacher crisis. Preschool policy matters, 3(8).

[8] US Department of Health and Human Services. (2016). High-quality early learning settings depend on a high-quality workforce: Low compensation undermines quality.

In addition, low wages are implicated in the ability of child care facilities to attract and retain qualified teachers.[9] Ackerman (2006) argued that graduates of teacher certification programs—who, in theory, receive appropriate training in early childhood education—would not find the much lower salaries of child care workers to be acceptable in comparison to what their public or private school teacher peers received.[10] In New Jersey, Ackerman found that Head Start centers lost "approximately 125 certified teachers to public school programs thanks to better wages and benefits."[11]

Studies examining the relationship between financial incentives and turnover and retention, however, have been mixed. In North Carolina, teacher turnover for participants in the WAGE$ Project was 16% compared to 24% across the state, while a similar project in the Bay Area reported that the strongest predictor of child care worker retention was the amount of cash incentive they received.[12] For Gable et al., however, cash incentives bore little relationship to turnover rates for child care center administrators and entry-level teaching staff. Such incentives did lessen turnover rates for child care teaching staff with more years of experience, who the researchers described as more committed to the profession.

## Teacher well-being

In recent years, research on wages and ECE teachers has shifted to focus on measures of teacher well-being. Hall-Kenyon et al. (2013) found that low wages were not the sole reason why ECE teachers found the work challenging and emotionally exhausting; however, wages have been implicated in studies examining teachers' stress.[13] Higher wages are associated with lower general stress and greater financial well-being, which includes teachers' perceptions of their ability to pay for expenses.[14]

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[9] Ackerman, D. J. (2006). The costs of being a child care teacher: Revisiting the problem of low wages. Educational Policy, 20(1), 85-112; Whitebook, M. (2013). Preschool Teaching at a Crossroads Preschool Teaching at a Crossroads. Employment Research, 20(3), 4–6.; Whitebook, M., Austin, L. J. E., & Amanta, F. (2015). Addressing Infant-Toddler Teacher Compensation.

[10] *Id.*

[11] *Id.* At p. 91.

[12] Gable, S., Rothrauff, T. C., Thornburg, K. R., & Mauzy, D. (2007). Cash incentives and turnover in center-based child care staff, 22(May), 363–378. https://doi.org/10.1016/j.ecresq.2007.06.002

[13] Hall-Kenyon, K. M., Bullough, R. V, MacKay, K. L., & Marshall, E. E. (2014). Preschool Teacher Well-Being A Review of the Literature. Early Childhood Education Journal, 42, 153–162. https://doi.org/10.1007/s10643-013-0595-4

[14] Cumming, T. (2017). Early Childhood Educators ' Well-Being: An Updated Review of the Literature. Early Childhood Education Journal, 45(5), 583–593. https://doi.org/10.1007/s10643-016-0818-6 ; King, E. K., Johnson, A. V, Cassidy, D. J., Wang, Y. C., Lower, J. K., & Kintner-Duffy, V. L. (2016). Preschool Teachers' Financial Well-Being and Work Time Supports: Associations with Children's Emotional Expressions and Behaviors in Classrooms. Early Childhood Education Journal, 44(6), 545–553. https://doi.org/10.1007/s10643-015-0744-z ; Smith, S., & Lawrence, S. (2019). Early Care and Education Teacher Well-being Associations with Children's Experience, Outcomes, and Workplace Conditions: A Research-to-Policy Brief.

### Program quality

Importantly, compensation, turnover and retention, and teacher well-being are implicated in the quality of child care programs in a number of ways. As previously described, high turnover and low retention rates negatively affect children's relationships with caretakers. In North Carolina, teachers' financial well-being had a positive relationship with preschool-aged children's positive emotional expression and behaviors in classrooms.[15] In Smith & Lawrence's (2019) review of studies on ECE teacher stress, the actual wages teachers received were associated with positive behaviors in toddlers (e.g., smiling and attentiveness). Teachers who felt their salaries were unfair were rated as less emotionally supportive). Hourly wages were also found to be related to program quality in areas of language and reasoning in Delaware[16] and a predictor of teachers' use of "developmentally appropriate activities."[17]

Overall, the scholarly literature strongly indicates that increased teacher salary and overall compensation would reduce turnover and increase retention and teacher well-being. The combined effect of these two impacts would be more experienced teachers who are better able to focus on providing support and instruction to the children in their care, increasing program quality overall.

## Conclusion

This study of compensation for early childhood education staff in Summit County gathered information from a range of governmental, municipal, and foundation staff, as well as child care providers from both child care centers and family care homes. Like the rest of the state, child care in Summit County is a challenge due to the financial gap between what providers need to operate and what parents can afford in tuition. Summit County also has unique complications such as the high cost of living, especially health care costs. While Summit County has a number of unique funding sources and child care support programs, including universal pre-K funding, the area still struggles with issues of child care capacity and affordability.

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[15] Cumming, T. (2017). Early Childhood Educators ' Well-Being: An Updated Review of the Literature. Early Childhood Education Journal, 45(5), 583–593. https://doi.org/10.1007/s10643-016-0818-6 ; King, E. K., Johnson, A. V, Cassidy, D. J., Wang, Y. C., Lower, J. K., & Kintner-Duffy, V. L. (2016). Preschool Teachers' Financial Well-Being and Work Time Supports: Associations with Children's Emotional Expressions and Behaviors in Classrooms. Early Childhood Education Journal, 44(6), 545–553. https://doi.org/10.1007/s10643-015-0744-z

[16] St Clair-Christman, J., Buell, M., & Gamel-McCormick, M. (2011). Money Matters for Early Education: The Relationships among Child Care Quality, Teacher Characteristics, and Subsidy Status. Early Childhood Research & Practice, 13(2), n2.

[17] Barnett, W. S. (2003). Low wages= low quality: Solving the real preschool teacher crisis. Preschool policy matters, 3(8).

This report generated a number of recommendations for future actions that could be taken by the Towns or the County, singly or in coordination, to further support child care availability, affordability, and quality in the area. These include progressing with the Silverthorne child care center; renting classroom space from the school district; scaling the existing Breckenridge program to subsidize parent tuition and child care teacher salaries countywide; developing a shared services program for both centers and family care homes; creating a countywide substitute pool; expanding the universal pre-K program to three-year-olds; and providing workforce housing for early childhood education staff. Any of these initiatives could provide significant support for child care availability and affordability, as well as raising the compensation of early childhood education teachers. The report also proposes a number of potential funding mechanisms that could support and sustain the proposed initiatives. These potential funding mechanisms include raising the lodging tax throughout the county; increasing the sales tax; and increased partnerships with local businesses.

Summit County is a unique location that clearly has a strong and persistent commitment to supporting child care in the area. However, the cost of living issues in the area mean that providers and parents are still struggling financially. Continued commitment and innovation from the Towns and the County would continue to support these providers and families.