

Balancing Act: The impact of Universal Preschool on child care for infants and toddlers in Colorado

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Introduction

When Colorado launched Universal Preschool (UPK) two years ago, many were excited about the benefits for Colorado's families. However, some worried that expanding funding for preschool might make it harder to find care for infants and toddlers.¹ Other states have experienced a loss of infant and toddler care availability when they launched universal preschool.² In Colorado, some were concerned that child care providers might focus more on preschool-age children, since caring for preschoolers requires fewer staff and can be more profitable.³ To balance this concern, the Colorado Department of Early Childhood (CDEC) set a "wildly important goal" to grow infant and toddler child care by 12.5% over three years (July 1, 2024 to June 30, 2027).⁴ This brief explores the impact of UPK on infant and toddler care across its first two years, from fall of 2023 (Year 1) to fall of 2024 (Year 2).

The Issue

Preschool programs are often more profitable because fewer staff are required to care for preschool-aged children compared to infants and toddlers.⁵ Many child care providers rely on preschool tuition to help offset the higher costs of caring for younger children.³ If providers participating in UPK were to shift their focus to serve more three- and four-year-olds and fewer infants and toddlers, families with younger children would have an even harder time finding quality care.

In 2024, there were only enough licensed child care spots to serve 20% of infants and toddlers in Colorado.⁶ That means that every 4 out of 5 infants and toddlers lack a licensed child care spot and need to be cared for by a parent, caregiver, or unlicensed provider.

Colorado's Approach

Colorado took several measures to protect and expand infant and toddler care:

1. **Emerging and Expanding Grants:** Beginning in 2020, providers could apply for grants ranging from \$3,000 to \$50,000 to help with costs like expanding existing programs or opening new child care programs. Priority was given to providers in child care deserts and those offering infant and toddler care. These grants are no longer available.⁷
2. **Payment Based on Enrollment:** As of July 1, 2022, payments to licensed Colorado Child Care Assistance Program (CCCAP) providers caring for infants and toddlers were based on enrollment rather than attendance. This change ensured steadier, more predictable income, and helped providers continue to serve Colorado's youngest children.
3. **Colorado Preschool Program Bonus Provider Payments:** In 2023, Colorado passed SB23-269, which created a program to provide a one-time bonus payment to UPK providers who maintained or increased their licensed capacity to serve infants and toddlers.⁸
4. **Child Care Licensing Incentive:** From October 2021 to July 2023, with funding through the America Rescue Plan, the state offered a one-time \$5,000 bonus to child care providers who became newly licensed or a \$500 bonus for those who became CCCAP Qualified Exempt.⁹ These bonuses are no longer available.

By taking these steps, Colorado aimed to balance the expansion of UPK with the need to support infant and toddler care. To find out if these measures were successful, we analyzed data on child care capacity among center-based UPK providers across Years 1 and 2 of the program.*

Infant-Toddler Child Care Capacity refers to the maximum number of children between ages 0 to 36 months who can be cared for by a child care provider.

We looked at overall changes to infant-toddler capacity among center-based UPK providers from Year 1 to Year 2 of UPK, and then broke down what factors contributed to those changes at the provider level. We were unable to include home-based UPK providers because Colorado does not license these providers by age group. However, the majority of UPK providers in Years 1 and 2 were center-based, which includes both school- and community-based UPK providers.

Did UPK negatively affect infant-toddler child care capacity in Colorado?

The CDEC reported that overall infant-toddler capacity *among all licensed child care providers* has increased during the last year.⁴ We wanted to know what changes occurred *among UPK providers*, specifically, to better understand the program's impact on the availability of infant-toddler child care.

We found that, overall, **infant-toddler child care capacity does not appear to have been negatively affected by the rollout of UPK** during the first two years of the program.



*Data for this analysis came from multiple sources and were linked using providers' license numbers. Data on age-specific child care spots came from the Colorado Licensed Child Care Facilities reports for January 2024 and January 2025. These data were downloaded from the Colorado Information Marketplace. UPP providers were identified via lists provided by the CDEC and reflect Year 1 UPK providers as of 1/29/24 and Year 2 as of 1/8/25.

Key Findings

- Roughly half of center-based UPK providers were also licensed to serve infants and toddlers.* Most of these providers made no changes to the number of infants and toddlers they were licensed to serve from Year 1 to Year 2 of UPK.
- Among center-based UPK providers, there was no significant drop in the total number of spots for infants and toddlers from Year 1 to Year 2. In fact, the total number of infant and toddler spots among these providers increased from Year 1 to Year 2.**
- Most of the increase in infant-toddler capacity between Year 1 and Year 2 was the result of new providers participating in Year 2 that did not participate in Year 1.
- By and large, center-based UPK providers did not convert their spots for infants and toddlers to preschool spots.

Next Steps

Colorado's experience shows that thoughtful policy design can expand preschool access without sacrificing care for infants and toddlers. By closely monitoring provider capacity and offering targeted support, the state can maintain a stable, mixed-delivery child care system that meets the needs of families with children of all ages. These recommendations aim to ensure that as UPK grows, it does so in a way that strengthens – not strains – the broader early childhood landscape.

- **Protect and Grow Infant-Toddler Capacity:** Continue to prioritize targeted investments and incentives for providers who maintain or expand infant and toddler care, especially in high-need areas.
- **Support Mixed-Age Providers:** Offer operational flexibility and financial support for providers that serve multiple age groups, helping them balance UPK enrollment with the higher costs of infant and toddler care.
- **Review Reimbursement Structures:** Ensure funding models reflect the true cost of infant and toddler care by reviewing reimbursement rates by age group that make this care financially viable.
- **Invest in the Workforce:** Expand training, compensation, and career development opportunities for infant and toddler educators to strengthen and retain a skilled early care workforce.
- **Monitor Impact Over Time:** Regularly collect and review data on infant and toddler capacity to identify trends, guide resource allocation, and make timely policy adjustments.

Over the next few months, Early Milestones will be conducting interviews with providers to understand what factors prompted decisions, and what that could mean for infant-toddler child care in Colorado.

Partners

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Suggested Citation

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*Almost half of center-based UPK providers do not provide care for infants or toddlers. In Year 1, 48% of center-based UPK providers had no infant or toddler spots, and in Year 2 that figure was virtually the same at 47%.

**The CDEC changed its methodology for reporting child care capacity in July 2024 in between Year 1 and 2 of UPK. Due to this, Early Milestones was advised by the CDEC not to report exact capacity numbers across years.

References

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