

A Safe and Stimulating Early Childhood

A safe and stimulating early childhood is our second gateway to a life of opportunity. A child who is nurtured emotionally and stimulated intellectually during the first years of life is much more likely to develop the self-confidence and cognitive abilities that will lead to greater opportunities throughout life.

A safe and stimulating early childhood sets the stage for success during the first years of school, when a child begins accumulating the tools needed to succeed academically and to take on the increasingly complex challenges of life.

Those who do not experience safe or stimulating early childhoods – or, worse yet, suffer emotional or physical abuse or neglect – are less likely to be prepared to enter school and are more likely to suffer academic and emotional problems that can inhibit later successes.



Indicator 1: Children living in poverty or low-income families

Family economic security is an important part of a stable home environment.

Indicator 2: Children with health insurance coverage

Having health insurance increases the likelihood that children will receive quality health care.

Indicator 3: Quality and affordable child care

Safe and affordable child care is critical for working mothers and families, and quality child care and education improves a child's readiness for school.

Indicator 4: At-risk kids served by the Colorado Preschool Program

The Colorado Preschool Program is proven effective for preparing low-income children for school.



Indicator 1: Children living in poverty or low-income families

Family economic security is one of the best predictors of a child's well-being and readiness for school. A key factor in a family's sense of well being is having its basic needs met, including food, housing, transportation and medical care.

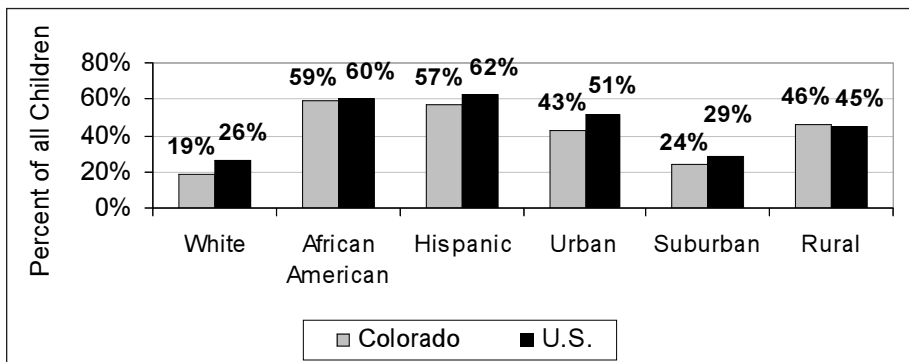
Economic pressures can negatively impact the health of family members, including children.¹

Research shows a clear relationship between poverty and health problems, lower test scores and increased school drop-out rates.²

The federal poverty level for a family of four in 2005 is \$19,350. The National Center for Children in Poverty defines low-income families as those earning under 200 percent of poverty, or \$38,700 for a family of four.

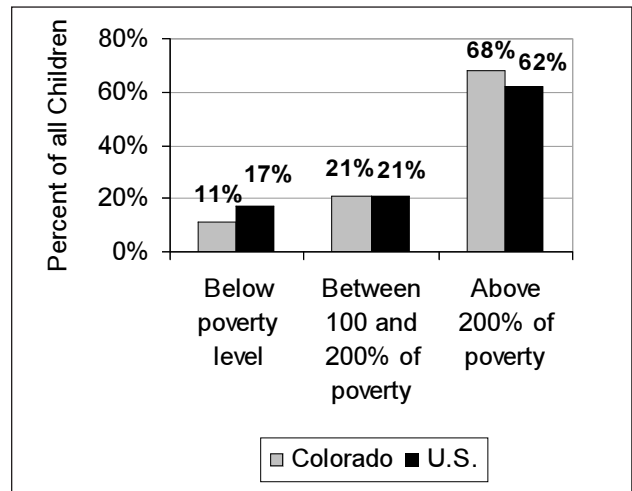
In 2003, the most recent year for which comparisons can be made, 32 percent of Colorado kids lived in low-income families, including 11 percent living below the poverty level. Nationwide, 38 percent of children lived in low-income families, including 17 percent living below the poverty level.

Figure 1. Percentage of Colorado and U.S. children living in low-income families (below 200 percent of federal poverty level), by race and place of residence, 2003.



Sources for Figures 1 and 2: National Center for Children in Poverty (NCCP). Colorado data calculated from the Annual Social and Economic Supplement (March) of the Current Population Survey from 2002, 2003 and 2004; national data calculated from the 2004 data, representing information from calendar year 2003.

Figure 2. Percentage of Colorado and U.S. children by family income, 2003.



Source: See Figure 1.

In absolute numbers, 354,576 Colorado children lived in low-income families, including 122,550 at or below 100 percent of the federal poverty level.

Of Colorado's white children, 19 percent were low-income, compared to nearly 60 percent of African-American and Hispanic children. Less than a quarter of suburban kids were low-income, compared to 43 percent in urban areas and 46 percent in rural areas.

Colorado's child poverty rates increased during the recession of the early 2000s.³ One measure is the 8.6 percent rise in those receiving Temporary Assistance for Needy Families (TANF) in Colorado — from 32,099 families in March 2002 to 34,862 in March 2003.

Indicator 2: Children with health insurance coverage

Young children who receive regular health screenings and preventive care are far more likely to enjoy good health through the critical early years of development.

Whether a child has health insurance coverage – from either a private or public source – is the most significant factor determining if she will receive these essential health services.

In 2003, nearly 177,000 Colorado children 18 or younger had no health insurance. That is 15 percent of all Colorado kids, compared to a national average of 12 percent. The uninsured rate among Colorado’s low-income children was 29 percent, compared to 20 percent at the national level.

A parent’s employer or another private source covered 67 percent of all Colorado kids, compared to the national average of 61 percent. Among low-income kids, 36 percent were covered by a parent’s employer or other private source, compared to only 28 percent nationally.

However, this advantage in private coverage is offset by the relatively low number of kids covered by public programs in Colorado (Medicaid and CHP+). These programs served only 18 percent of children, compared to the national average of 27 percent. Among low-income kids, these programs served only 35 percent in Colorado, compared to 51 percent nationally.

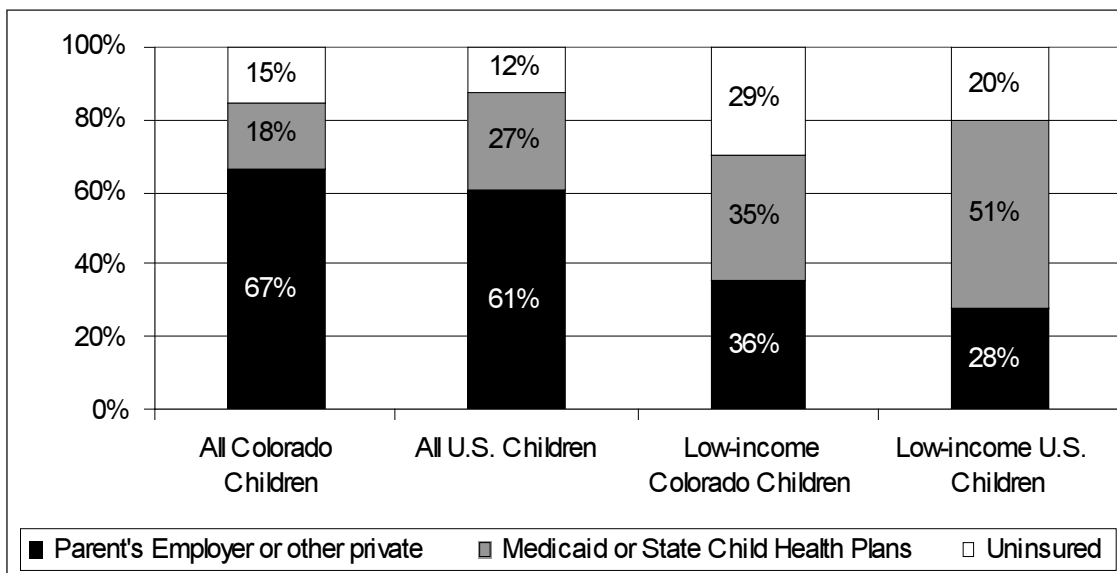
Together, Medicaid and state child health plans such as Colorado’s Child Health Plan Plus (CHP+) are the largest children’s health programs in the country and the primary source of health coverage for low-income families. Research shows they are highly successful in improving the health of low-income children. These programs help make preventive and primary care more available and affordable to families.⁵

In Colorado, Medicaid covers children whose families live at or below 133 percent of poverty, while CHP+ covers children in

(Continued on next page)



Figure 3. Insurance coverage for U.S. and Colorado children in 2003, by income and type



Source: Kaiser Commission on Medicaid and Uninsured and Center for Children and Families, Georgetown University Health Policy Institute (2004).



Indicator 2: Children with health insurance coverage

(From previous page)

families with incomes between 133 and 185 percent of poverty. To receive federal matching funds, the state is required to serve everyone who applies for Medicaid and meets the eligibility guidelines. Between 2003 and 2004, the number of people covered by Medicaid in Colorado increased sharply, by 12.6 percent.⁶

On the other hand, budget constraints led the state to limit the number of children served by the CHP+ program, regardless of eligibility. As a result, enrollment in CHP+ dropped more than 26 percent in 2003 and 2004. That placed Colorado last in the nation for the number of kids enrolled in a non-Medicaid state child health insurance plan.⁷

Medicaid provides health care at a lower per-person cost than private health insurance. Nationally, administrative costs for Medicaid were 7 percent of costs, compared to 13.5 percent for private insurance.⁸ And while children account for almost half of Medicaid beneficiaries, they account for less than 20 percent of the program's spending.⁹

In fact, expenditures for children enrolled in Medicaid were 10 percent lower than costs would have been under private health insurance. From 2000 to 2003, overall Medicaid costs per patient grew at 55 percent of the rate of private insurance.¹⁰

However, the relative efficiency of Medicaid comes at a cost. Much of the savings are achieved through very low reimbursement rates. In 2005, reimbursement rates to doctors serving Medicaid patients were 60 percent of the reimbursement rate given for Medicare patients.¹¹

Many health care providers have stopped accepting new Medicaid patients, further reducing access. For example, surveys by Children's Hospital of Denver found an 18.5 percentage point decrease between 2000 and 2003 in the number of pediatricians who accepted Medicaid patients.¹²

To the extent that Medicaid reimbursements do not cover real costs, it is probable that these expenses are being shifted to other public sources or to private insurance premiums.

Indicator 3: Quality and affordable child care

The nature of work and child care has changed dramatically since the 1950s and 1960s. Today more than half of all women are in the workforce on a full-time basis. Many rely on child care outside the home.

The Colorado Children's Campaign estimates that 68 percent of children under 5 are in child care or preschool. The vast majority of these kids go to child care by the time they are 6 months old.¹³

Quality

Quality child care experiences improve a child's preparation for and later success in school. Inadequate or unsafe child care can adversely affect a child's opportunities for success.

Two relevant measures of child care quality are the number of credentialed child care professionals and the number of child care slots in licensed facilities

In 2005, the Colorado School Readiness Indicators Task Force reports that of the more than 15,000 child care and early education workers in Colorado, only 1,317, fewer than 9 percent, have earned an early childhood professional credential.

Of the state's 396,000 children under 5, an estimated 269,300 are in child care. Colorado presently has 201,397 licensed child care slots in preschools, day care centers and child care homes. That means as many as 68,000 Colorado children under 5 may spend time in child care facilities not licensed to meet minimum standards.¹⁴

- Colorado does not require teachers in child care centers or family child care homes to have Early Childhood Education (ECE) training.¹⁵
- Even though labor is a big part of child care costs, much care is provided by people who get low pay. Many workers have a minimal education and get little if any training.¹⁶

- Child care workers in Colorado earn an average hourly rate of \$8.91, or \$18,540 annually. These low wages lead to rapid turnover among child care workers.¹⁷
- Colorado allows caregivers to supervise more children than is recommended by the National Association for the Education of Young Children.¹⁸

Affordability

Child care is labor-intensive and therefore expensive. The cost for one year of preschool usually tops \$5,000 and can be up to \$10,000 per year.

According to the Colorado Fiscal Policy Institute, child care costs can account for a third or more of the income of some families. In 2002, families in the bottom 40 percent of income levels spent an average of 18 percent of their total income on formal child care.¹⁹

A family's ability to pay often is the main factor determining the quality of child care a child receives. Among low-income families, public assistance is a critical factor in their ability to pay. The main source of such assistance is the Colorado Child Care Assistance Program (CCCAP).

In 2004-05, the program provided assistance for 22,735 families with 42,566 children. Of these, 66 percent were below the poverty level.²⁰

According to the Colorado Department of Human Services, in 2004 this represented only 29 percent of eligible families (defined as families with incomes below 130 percent of poverty).²¹

- From 2001 to 2003, funding for CCCAP declined 15 percent, adjusting for inflation.²²

Budget pressures mean low-income families are more likely to use informal and often unlicensed child care, while higher-income families are more likely to use formal child care or preschool.





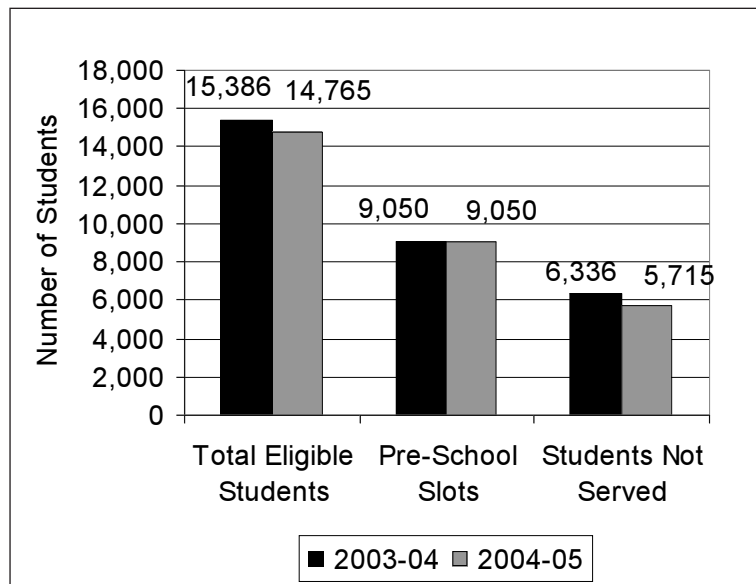
Indicator 4: At-risk students served by the Colorado Preschool Program

Preschool programs such as the Colorado Preschool Program (CPP) are an effective method for preparing low-income children for school.

CPP is the largest publicly funded program for early education in Colorado. CPP provides preschool services primarily for four- and five-year-old children who are not ready for school due to significant risk factors.²³

The risk factors that qualify youngsters for the program include eligibility for free or reduced cost meals, need for language development (including learning English as a second language), having poor social skills or having a parent who has not completed high school. In the 2003-04 school year, CPP participants had an average of 3.3 risk factors.

Figure 4. At-risk students served by the Colorado Preschool Program – school years 2003-04 and 2004-05



Source: Colorado Department of Education, Early Childhood Connections (2005).

CPP served 58 percent of the eligible students during school year 2003-04 and 61 percent in school year 2004-05. This means 6,336 kids in 2003-04 and 5,715 kids in 2004-05 who were eligible to attend CPP preschool could not because of lack of funding.

The number of eligible students may be understated because once the available slots are filled, school districts do not actively recruit potential students for waiting lists. The number of eligible slots has been increased by 3,310, to a total of 12,360, for school year 2005-06.

In school year 2004-05, 154 out of 178 school districts participated in the program.

The Colorado Preschool Program pays off.

Children who participate in CPP need less special education, are held back a grade less often and are more likely to graduate from high school than students generally. They perform significantly better than other at-risk students who do not participate in the program.

For example, CPP students perform significantly better on the third grade reading CSAP test than do students who are eligible for free and reduced cost meals but were not in the preschool program.

Research by the Colorado Children's Campaign suggests that in 2003, 1,300 at-risk children were able to avoid special education programs because they received early childhood intervention through CPP.²⁴

What is Colorado doing?

Tax credits

Several of the mechanisms used to rebate excess TABOR revenues are tax credits designed to help low-income families with children meet family needs.

The Colorado Child Care Tax Credit is available to taxpayers who paid for child care expenses for children under age 13, qualify for the federal credit and earn less than \$60,000 per year. The maximum tax credit is \$525 for a family with one child and \$1,050 for a family with two or more children.

The Federal Earned Income Tax Credit (EITC) is an effective policy that bolsters the wages of low-income working families. It lifts more families with children out of poverty than any other program. See page 80 for more details.

The passage of Referendum C means no revenues will be rebated until at least 2011, meaning that neither the child care nor the Earned Income Tax Credit will be available to Colorado families for at least five years.

Medicaid and CHP+

In 2004, Colorado voters approved an increase in the state tobacco tax to fund health care and smoking prevention programs. HB05-1262, passed during the subsequent legislative session, commits some of these revenues to expand health care services for low-income citizens.

Specifically, the bill removes the Medicaid assets test for all children and families, expands Medicaid or CHP+ eligibility to parents at a minimum of 60 percent of the federal poverty level in 2006, and expands CHP+ coverage to children and pregnant women from 185 percent to 200 percent of the federal poverty level.

The bill also provides up to \$540,000 for outreach and promotion to enroll more children in CHP+.

Child care

Since 1996, the shift in welfare programs toward requiring mothers to work has made child care a key issue. In Colorado, child care subsidies are available to all Temporary Assistance to Needy Families (TANF) recipients who are engaged in an approved work activity.

The state also provides transitional child care subsidies when parents leave TANF because they have found employment. This assistance is available until a family's income exceeds 185 percent of the federal poverty level or a lower limit set by the county where the family lives.





What more should Colorado do?

Tax credits

The Child Care and Earned Income tax credits are intended as income supports for poor working families and their children. As TABOR rebate mechanisms, however, these credits have not been available during the economic downturn, precisely when they would have been most helpful. In addition, studies show that many low-income families do not use these credits, a fact undoubtedly exacerbated by their non-permanent status.

Recommendation: Colorado should make the Child Care and Earned Income tax credits permanent. The state should also expand outreach to lower-income taxpayers to make them aware of these credits when available. One efficient way to do this would be to expand efforts to inform low-income families of free tax preparation services.

Health care

Even with the added revenues from the increased tax on tobacco products, Colorado's Medicaid program continues to have one of the most restrictive income eligibility requirements of any state in the nation. These restrictions mean that many working-class children live in families that make too much to qualify for either Medicaid or CHP+, even though they cannot afford private insurance.

Complicating the problem is the fact that fewer doctors in private practice are willing to accept Medicaid and CHP+ patients because reimbursement rates are far below cost.

In our first opportunity report in 2002, we endorsed the vision articulated by the Colorado Coalition for the Medically Underserved. It called for all Coloradans to have “unimpeded access to affordable, quality health care and preventive care programs” by 2007. Despite some worthy but incremental efforts, Colorado has not made progress toward realizing this vision.

Recommendation: The state should develop and commit to a plan to ensure all Colorado kids 18 and younger have “unimpeded access” to affordable health care by no later than 2008. Resources made available by Referendum C should be prioritized for this effort.

Recommendation: The state Legislature should enact a statute to consolidate Medicaid for children and parents, CHP+ and the Colorado Indigent Care Program into a single health care program. This would result in cost efficiencies and help provide more comprehensive services to children, including children who require more extensive care.

Information online:

Qualistar Early Learning, resource and referral agency for child care in Colorado: www.corra.org

National Center for Children, Families and Communities at the University of Colorado Health

Sciences Center: <http://nccfc.org>

Colorado Preschool Program: www.cde.state.co.us/cdeprevention/pi_colo_preschool.htm

Medical assistance programs for low-income children: www.chcpf.state.co.us/HCPF/elig/faq.asp

Child care

Colorado is one of only a few states that rely on counties to determine their own eligibility levels and reimbursement rates for child care assistance. The differences in eligibility can be confusing for parents who move between counties, and they may even change a family's eligibility status. Low reimbursement rates also contribute to an under supply of child care providers.

Recommendation: Colorado should provide child care assistance to all Colorado families living at or below 185 percent of the federal poverty level. In addition, Colorado counties should ensure child care reimbursements rates are set at a fair market value.

Preschool

Ensuring access to quality preschool for all children is one of the most critical investments we can make in our future. The state has made increased funding for the Colorado Preschool Program a high priority for many years.

Recommendation: The state should use some of the Referendum C revenues to fully fund the Colorado Preschool Program and expand it to every school district in the state.



Quality child care experiences give children the skills the social and behavioral skills they will need to succeed in school. Ian Rule and Maya McDaniel enjoy playing together with puzzles at the Schlessman Family YMCA preschool in Denver.