



Colorado Evaluation & Action Lab

UNIVERSITY OF DENVER

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September 2023

- ▶ **Child Care Stabilization & New Provider Success Grants**
- ▶ **Workforce Sustainability Grants**
- ▶ **Stabilization Grant Family Financial Relief**

AUTHORS:

Ann Wacker, PhD

Senior Research Associate, Butler Institute for Families

Cayce Kantor

Research Associate, Butler Institute for Families

Milan Tvardek

Research Coordinator, Butler Institute for Families

*with actionable insights,
synthesis, and editorial support
from the Colorado Lab*



Butler Institute for Families
UNIVERSITY OF DENVER



COLORADO
Department of Early Childhood

This evaluation is being conducted on behalf of CDEC under the coordination of the Colorado Evaluation and Action Lab's Early Childhood Evaluation Hub to build evidence for stimulus-funded early childhood activities.



For inquiries contact: Colorado Lab | admin@coloradolab.org | ColoradoLab.org

Overview

The Colorado Department of Early Childhood (CDEC) used federal and state stimulus funding to implement the Child Care Stabilization Grant, New Provider Success Grant, Workforce Sustainability Grant, and Family Financial Relief. These grants support all three of [CDEC's strategic goals](#) as follows:

- **Child Care Stabilization & New Provider Success Grants:** Goal #1 to ensure all families, regardless of their background or circumstances, have equal access to Colorado's comprehensive system of early childhood services. The grants address revenue gaps so providers remain open and maintain availability of licensed care.
- **Workforce Sustainability Grants:** Goal #2 to recruit, support, and retain highly competent, caring, and diverse professionals across early childhood care and education settings. The grants increase compensation and a supportive work environment for early childhood professionals to reduce turnover.
- **Family Financial Relief:** Goal #3 to recognize the crucial role families play in creating supportive and inclusive environments for early childhood development and give them the skills and knowledge they need to raise healthy, happy children despite tough times and challenges that come their way. This component of the Stabilization and New Provider Success Grants embeds the expectation of reduced family child care costs.

CDEC partnered with the Colorado Evaluation and Action Lab (Colorado Lab) to coordinate the evaluation of stimulus-funded activities. The Colorado Lab selected the Butler Institute for Families at the University of Denver to evaluate the activities described above.



What We Will Learn by the End of the Evaluation

- The nature of the challenges faced by providers and recommendations for distributing large-scale grants in the future.
- The magnitude of changes (if any) in closure rates, staff turnover, starting wages, and tuition for licensed early childhood providers after receiving grants.
- Whether other states implemented a similar grant program and if the closure rates across states were comparable to Colorado's.
- Promising areas of future investment to support provider stability and workforce retention.

This brief represents early insights from the initial phases of evaluation work. Interim findings will be communicated in Spring 2024 and final findings will be delivered in Fall 2024.





Actionable Insights

- Rates of closure among child care providers receiving grants were reduced to pre-pandemic levels, suggesting this financial support contributed to stabilizing providers.
- Workforce turnover remained at high levels for many providers receiving grants, raising the importance of the next phase of evaluation work to discover strategies used by grantees who saw lower workforce turnover.
- A majority of providers were able to maintain or increase starting wages for staff and provide tuition relief for families during the grant period, indicating that this financial support had far reach as intended.
- CDEC, grant program administrators, and child care providers are all concerned about the consequences of grant funding ending. The challenge of attracting qualified labor when workforce wages return to pre-pandemic levels is a top concern.

Evidence-Based Decision-Making

Evidence-Based Decision-Making (EBDM) recognizes that research evidence is not the only contributing factor to policy and budget decisions. EBDM is the intersection of the best available research evidence, community needs and implementation context, and decision-makers' expertise. Actionable insights across these domains are highlighted in the box above, with supporting evidence and additional information detailed for each in the sections that follow.



Best Available Research Evidence

Data in this section come from provider-reported information at three time points throughout the grant period on topics of grant expenditure and provider stabilization, workforce sustainability, and family child care costs. Approximately nine out of 10 eligible child care providers applied for and received grants. Initial findings for these grant-awarded providers include:

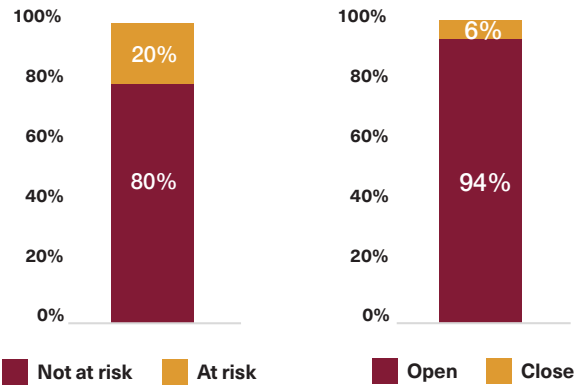
- **Grants appeared to reach underserved communities.** A third of grantees work in very low or low child opportunity areas, according to the [Child Opportunity Index](#).
- **Rates of closure among child care providers receiving grants reduced to pre-pandemic levels.** At the time of application, 20% of providers reported being at risk of closure in the next year. By July 2023, 94% were still open. This suggests that financial support contributed to stabilizing providers during the pandemic (Figure 1).
- **Workforce turnover remained at high levels.** Although on average there wasn't much change in workforce retention during the grant (approximately 25% turnover), there was sufficient variation that there is likely something to be learned from those providers that were able to improve retention.



We had folks calling in crying, so thankful for the money. And we know that this money made a huge impact for our businesses to be able to stay open and to keep going and to get through this pandemic relatively unscathed.

- CDEC Grant Administration Contractor

Figure 1. Initial risk of closure versus current operating status



- **Most providers were able to maintain or increase starting wages for staff.** Pay offered for starting wages (new staff) and max wages (most paid for existing staff) was low for all center-based roles when providers first received their grants, particularly for assistant teachers (Figure 2). Over the course of the grant period, the majority of child care providers began offering higher starting wages to new staff (Figure 3). This trend is encouraging for a field that struggles to retain educators.

Figure 2. Median hourly wage offered to staff when grant began

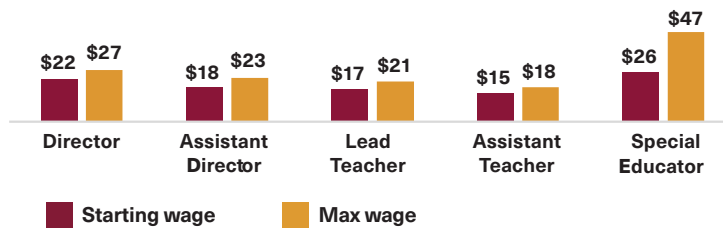
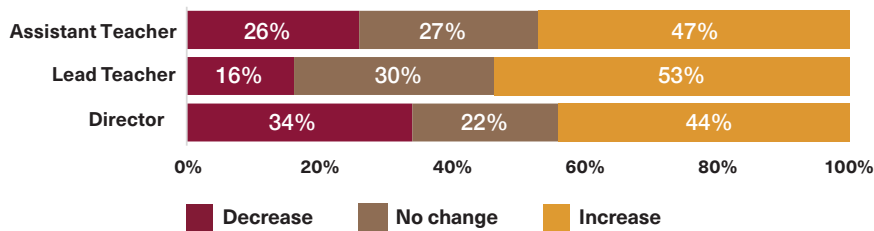


Figure 3. Trends in starting wage offered during grant period

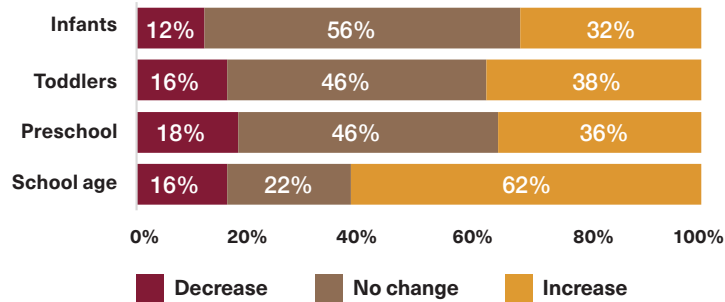


- **A majority of providers were able to provide tuition relief for families.** Family tuition before providers received the grants was highest for infants at an average of \$1,192 a month. Toddler and preschool monthly tuition averaged around \$1,100 while tuition for school-age children was \$758. For infant, toddler, and preschool ages, most programs did not raise tuition or were able to lower tuition for their families over the course of the grant period (Figure 4). This suggests that providers who saw financial relief through these grants were able to share that relief with their families.

[Providers] were able to say, 'thank you, I can still keep this family now because of this money.'

- CDEC Grant Administration Contractor

Figure 4. Trends in monthly family tuition during grant period



Community Needs & Implementation Context

Data in this section come from grant program documents and interviews with grant administrators. Based on this information, the evaluation team developed a detailed [implementation process map](#) to reflect Stabilization and Sustainability Grant planning and administration. The following high-level themes emerged from initial analysis of interviews related to the implementation process.

Implementation challenges

- ✘ Handling high volumes of applicants and grantees within a tight timeline.
- ✘ Capturing relevant data on a variety of child care provider types through provider reporting requirements.
- ✘ Experiencing administrative fatigue related to managing grant requirements, especially among smaller providers.

Implementation successes

- ✔ A well-functioning process, from determining eligibility to disbursing grant funds.
- ✔ Successful adaptation to best meet child care providers' needs (e.g., adding New Provider Success Grants for providers that were not eligible for Stabilization Grants).
- ✔ High application (approximately 90% of eligible child care providers) and utilization rates.

Decision-Maker Expertise

Data in this section come from meetings with CDEC stimulus leads and grant program administrators.

- **Concern about the consequences of grant funding ending, particularly related to sustaining the workforce.** The grant funds were significant for providers, and there are concerns about the future of providers who relied heavily on these time-limited funds to stay open. Most felt that the workforce was the most important area to support, specifically by raising wages. Keeping and attracting qualified staff without a sustainable boost in wages and benefits is a top concern, particularly given that high staff turnover remains an ongoing challenge.

We are in a child care desert. We stayed open. I just hope we still can.

- Child Care Provider
Open Since 1994

- **Substantial unmet financial need remains.** Providers were not able to cover all needs through Stabilization and Sustainability Grant funds, including support for staff and family health and mental health well-being and indoor air quality. This is further supported by the huge demand for the stimulus-funded [Health and Mental Health Grants](#), designed to improve the well-being of child care providers and families. Applications for these grants opened and closed within 5 days, with [763 providers receiving a total of \\$5.4 million](#).
- **Not enough time to spend down final grant funds.** While the Stabilization and Sustainability Grant application rates were high, application rates were much lower for an additional payment at the end of the grant cycle (about 65%). According to CDEC stimulus leads, the strict time limitation on the grants overall due to state processes for approving grant spending, as well as the federal deadline on spend down, limited child care providers' opportunity to fully realize the financial benefits of these grants.



To be able to be a part of that and keep so much of the early childcare industry afloat through this money, I think that was a really rewarding experience... [We hope] through additional grant programs and through the Department of Early Childhood taking shape in the last year, that level of support behind early childcare providers across the state can remain even if this stream of money doesn't exist in the future.

- CDEC Grant Administration Contractor