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Tools show how reforms could help Colorado's low-income children

DENVER – More than one-third of Colorado children live in low-income families – threatening their health, education and chances of succeeding later in life. While Colorado has safety nets in place, many families could lose important benefits such as SNAP or the Child Care Assistance Program when there's a marginal change in their earnings. Losing such supports can greatly reduce a family's net income and hamper efforts to improve their children's lives.

To demonstrate how the financial "cliff effect" impacts children and to highlight policy reforms that could help them get ahead, the Colorado Center on Law and Policy (CCLP) has worked with the National Center for Children in Poverty (NCCP) in updating data and analysis for the Family Resource Simulator and Basic Needs Budget Calculator (FRS/BNBC) in seven counties throughout the state. Officially released today, these online analytical tools let users see what benefits low-income families can receive and at what point they lose such benefits, based on the family's income and composition.

State policymakers, researchers and advocates can use the BNBC to get a realistic sense of family-living expenses in different Colorado counties. The FRS allows for analysis of how federal and state income and work supports function separately and in combination to strengthen family economic security. Because these tools are hosted on an easy-to-use web-based platform, users have some latitude to explore their own issues of interest. The public can freely access these policy-modeling tools on the NCCP website.

Yesterday, CCLP and NCCP issued a policy brief that used the tools to demonstrate how three state policy reforms could significantly improve the economic security of low-income Colorado families with children. Among the findings:

- **Universal prekindergarten –** A large body of research shows that high-quality prekindergarten for four-year-olds substantially improves children's skills and early learning in language, reading and math skills and helps them arrive better prepared for kindergarten. Colorado ranks 35th in the nation in state preschool spending per child enrolled. Eligibility for state-funded prekindergarten for 4-year-olds is presently limited to children with one or more of 10 defined risk factors, including a family income of less than 185 percent of the Federal Poverty Guideline. A free and universal state program would go a long way to reduce the burden of paying for high-quality childcare for Colorado families who don't receive a childcare subsidy. The tool showed that such a program would save a single-parent family in Denver with one 4-year-old and one 8-year-old thousands of dollars a year in out-of-pocket childcare expenses when the parent generates up to $49,920 in income annually – even though such a family would lose SNAP and Medicaid benefits when their income exceeds $29,000 a year.

- **Full-Day Kindergarten** – Evidence shows that children attending full-day kindergarten develop stronger academic skills and are better prepared to start first grade. As in the case with universal prekindergarten, a free and universal kindergarten program also would save Colorado working families a significant amount of out-of-pocket childcare expense. Modeling with the FRS shows that transitioning from half-day to full-day kindergarten for a two-parent family with one 5-year-old and one 7-year-old child in Eagle county would save the family $2,173 in annual childcare costs when both parents are working full time at the Colorado minimum wage of $8.23 per hour and earning a combined annual income of $34,237.

- **Child Tax Credit and Earned Income Tax Credit** – While universal prekindergarten and all-day kindergarten would reduce expenses for low-income families, implementing two state income tax credits will add modestly to family resources. According to the simulator, a two-parent family with one 2-year-old and one 5-year-old in Alamosa County would benefit from an Earned Income Tax Credit recently activated by the Colorado General Assembly and a state Child Tax Credit that has yet to take effect. The tools showed that with the EITC alone, a family is better off by $330. With both the EITC and the CTC, the family is better off by $930.

"We are pleased to join forces with NCCP to promote these tools that clearly illustrate the challenges that low-income families face in building economic security for their children," said Claire Levy, Executive Director of CCLP. "These tools will enable advocacy organizations to model how work supports help Coloradans who are trying to get ahead and make the case for a robust safety net."

Curtis Skinner, Director of Family Economic Security at NCCP, said the tools have proven to be useful for policymakers, researchers and advocates nationwide.

"While Colorado is faring better than the nation as a whole in terms of the economic recovery, it's clear that too many of its kids are enmeshed in a cycle of poverty," Skinner said. "It's our hope that these tools will enable policymakers and those who serve low-income families to tailor policy to improve economic security moving forward."

The Colorado Center on Law and Policy is a nonprofit, non-partisan research and advocacy organization that engages in legislative, administrative and legal advocacy on behalf of low-income Coloradans.

The National Center for Children in Poverty is one of the nation's leading public policy centers dedicated to promoting the economic security, health, and well-being of America's low-income families and children. NCCP uses research to inform policy and practice with the goal of ensuring positive outcomes for the next generation.