

# CITY OF ASPEN

**PROGRAM**

Kids First Child Care

**FUNDING MECHANISM**

Sales Tax Referendum

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## OPPORTUNITY

The city of Aspen, Colorado and Pitkin County represent a rural community in Colorado. There are about 17,400 people living in the community with 758 children under age five. Many parents work in the services sector (hotels, restaurants and tourist support industries) and are challenged with low wages, yet a high cost of living. As businesses sought to attract and retain employees, housing costs and child care costs combined to become barriers to expanding, sustaining and growing industry.

## SUMMARY

In 1990, Aspen, Colorado voters approved a referendum to increase the sales tax by .45 percent dedicated to “providing affordable housing and day care” within Aspen and Pitkin County. Ordinances extending the .45 percent sales tax were approved in 1999 and 2008. Revenue generated is set-aside in a separate fund through 2038. In 2014, about \$1.3 million was generated through the sales tax for child care use. Funds are used for a wide range of purposes from child care subsidy to professional development for child care providers.

# CHALLENGES

**Garnering Support for a Sales Tax** // While a sales tax is levied in a broad-based manner, it was helpful that the local economy was driven by tourism and the perception was that tourists would be contributing to the local community.

# GETTING TO ACTION

Workforce support was essential to economic stability and growth for employers within Aspen and Pitkin County. In a bipartisan effort, business leaders and advocates, in partnership with the City Council, spearheaded the housing and child care initiative.

<b>1988-1990</b>	Development of a community child care plan, raising public awareness.
<b>1990</b>	Ordinance No. 81 to increase sales taxes by .45 percent and set aside such funds in the “Affordable Housing Fund and the Day Care Fund” was approved with 53 percent of the vote.
<b>1999</b>	The sales tax was renewed with 66 percent of the vote.
<b>2008</b>	The sales tax was renewed with 67 percent of the vote through Referendum 2E, extending the .45 percent tax through 2038.

# RESULT

The Kids First program helps families find and afford child care and assists providers in improving the quality of child care. While Kids First is part of Aspen City government, it assists families and providers throughout Pitkin County. Slightly more than half of the .45 percent sales tax is allocated to Kids First. Since it is a sales tax, there are annual variations in collections related to the economy with a high of \$1.6 million and a low of \$1 million over the years. In 2014, the tax generated \$1.3 million for Kids First and in 2015, it is predicted to raise about \$1.6 million. For child care subsidies, the Kids First program assists families with income up to 500 percent of the federal poverty level, thereby assisting families who do not qualify for a state subsidy. The Kids First program also offers grants to child care providers for quality improvements, professional development, infant and toddler operational support and start-up costs, as well as bus passes for employees, training and technical assistance, substitute staff, quality improvement coaches, grant writing and resource development assistance.

# KEYS TO SUCCESS

- ▶ *The need was understood—due to the high cost of living, businesses recognized that in order to retain and attract workers, families needed support*
- ▶ *Initiative was time-limited (not in perpetuity)—reauthorized in 1999 and 2008*
- ▶ *The measure was paid for and the revenue source was broad-based (sales taxes)*
- ▶ *Passing a resolution to gauge support by elected officials was a first step*
- ▶ *A broad-based advocacy effort/coalition campaigned in support of the referendum*



## HOW DO SALES TAXES WORK IN NORTH CAROLINA?

Local governments in North Carolina are not allowed to increase the local sales tax rate to fund specific initiatives. Adopting a resolution that affirms intent is the next best option for local governments in North Carolina.

The state could provide greater authority for local governments to raise the sales tax and dedicate a portion of the sales tax that is distributed through the state to certain purposes or to pilot a local effort.