Setting the Stage

The Utah Women & Leadership Project first published a research snapshot about childcare five years ago. Since then, because of continued market failures and economic impacts of the COVID-19 pandemic, the status of childcare in the US and Utah reached a crisis level. These circumstances exacerbated the financial challenges of childcare business owners and their employees and heightened the obstacles of parents trying to work. Federal agencies provided funding support during the pandemic, helping many childcare businesses stay open. However, it is predicted that by June 2024, Utah will deplete approximately $573 million of COVID-era support that has helped keep the childcare sector afloat. This “funding cliff” may result in childcare program closures, higher costs of childcare for families, and a dramatic workforce turnover because of lowered wages in the childcare sector.

Addressing the ongoing childcare crisis in Utah is critical. Utah has the highest percentage of children of any state population—at about 30.0%—and an estimated 64.1% of Utah families have all available parents working. This research snapshot provides an update about the childcare landscape in the US and Utah, focusing on five areas:

1) Childcare needs,
2) Childcare accessibility,
3) Challenges faced by childcare providers,
4) Emerging childcare policy changes, and
5) What Utahns can do to improve the childcare landscape in the state.

Childcare Needs

Childcare is a critical need for US and Utah families because of the proportion of families where all available parents work, either by choice or necessity. Although women are often viewed as primary caregivers, a large proportion of women with children are part of the labor force. Nationally, in 2021, 67.0% of US children under age six had all available parents in the workforce (a 2.0% increase from the previous snapshot). In 2022, the US labor force participation rate of women—aged 20 to 64 with children under age 18—was 75.5%.

According to a 2021 Voices for Children report, the percentage of Utah families with children under age 18 in the home and all available parents in the labor force has increased as well, from 62.5% in 2010 to 64.1% in 2019. In fact, seven of Utah’s 29 counties have 70.0% or more of families with children under 18 having all available parents in the workforce: Grand (85.4%), Kane (77.6%), Wayne (74.9%), Summit (74.3%), San Juan and Weber (both 72.4%), and Carbon (70.0%). Another report looked at Utah children under the age of 6—those most in need of childcare if parents are working—and found that in 2021, more than half (54.0%) had all available parents in the workforce (also a 2.0% increase from the previous snapshot).

In Utah, in 2021, 54.0% of children under age six had all available parents in the workforce.

Additionally, most Utah mothers participate in the labor force. In 2022, 52.4% of Utah women with children under 6 years and children 6 to 17 years participated in the labor force (compared to 67.0% nationally). The participation rate is 64.1% for Utah women with children under 6 years only (compared to 73.4% nationally), and 75.8% for Utah women with children 6 to 17 years only (compared to 79.2% nationally). Overall, 67.7% of Utah women—aged 20 to 64 with children under age 18—are participating in the labor force.

The impact of inadequate childcare on Utah mothers is significant. For example, a statewide survey conducted by the Kem C. Gardner Policy Institute found that significantly more women (49.0%; compared to 31.0% of men) said they themselves or another parent or guardian would work more if they could find high-quality affordable childcare. Women who want to work, but are hindered by accessible childcare, may limit their career possibilities and growth potential by choosing part-time work or entering and leaving the workforce more frequently. Even day-to-day impacts of childcare inadequacies, such as arriving late or needing to call in to take time off, may influence inaccurate perceptions about work commitment and result in fewer raises and promotions, which leads to fewer women reaching leadership positions. More broadly, an estimated 11,540 more Utah parents could choose to work if childcare were more accessible. If this were to occur, the economy is predicted to expand by 0.8%, or over a billion dollars in new economic activity.
**Childcare Accessibility**

Affordability and availability are key factors in the accessibility of childcare.

**Affordability:** Since 1990, childcare costs have tripled, making it inaccessible to many parents and impacting their workforce participation. A lack of childcare may cause working parents to leave work early, arrive late, or miss entire days of work. Astonishingly, a quarter of parents reported being fired because of problems accessing childcare, starting a cycle of even more inaccessibility due to lost wages. In 2020, the price of childcare exceeded the annual inflation rate by 3.8%; wages are not keeping pace with price increases, causing childcare to be even further out of reach for families.

Childcare costs in Utah remain burdensome if not entirely unattainable. The US Department of Health and Human Services affordability standard states that childcare should cost no more than 7.0% of a family’s income, yet Utah’s average cost for infant care for one child is double that at 14.0% of Utah’s median family income. According to the Economic Policy Institute, this indicates only 12.0% of Utah families can afford infant care. Furthermore, Utah is one of 33 states where infant care costs more than in-state tuition for a four-year public college. Many Utahns have multiple children and the average annual cost of care for two children (an infant and a 4 year old) is $17,591. This means a typical Utah family would spend 24.7% of their income for the care of two children. Cost comparisons such as these have not improved since 2016.

The cost of childcare is even more crushing for single parents in Utah—the majority of which are mothers—and those who live in poverty. In Utah, the problem of finding affordable childcare is exacerbated for women because they earn 70.8% of what a man earns yearly: $42,662 year-round full-time average median earnings for Utah women compared to $60,288 for Utah men. According to a 2020 report by ChildCare Aware of America, a single parent in Utah making the median income would pay 29.0% of their income to put an infant in a childcare center, 26.0% to put a toddler in a childcare center, and 22.0% to put a four-year-old in a childcare center. Full-time summer care is also costly, and of course, single parents with more than one child pay even higher percentages of their income towards childcare. The ChildCare Aware of America report also identified that 103,133 Utah children live at or near the poverty level, which means parents in these families would have to spend a larger proportion of their annual income on childcare.

Of note, childcare subsidies from the Utah Department of Workplace Services are available to assist low-income families, and most Utah childcare providers accept childcare subsidies. To qualify, the income limit for families is 85.0% of the state median income. In 2022, 18,891 children from 10,027 families received these benefits (compared to 19,139 children from 10,266 families in 2017). Utah spent $106.7 million on subsidies and copayments in the 2023 fiscal year (some of which was covered by federal COVID-19 stimulus funding), compared to $60.0 million spent in the 2017 fiscal year.

Importantly, the “cost” of childcare extends to Utah’s economy. Not only are families with children affected by this crisis, but the state of Utah suffers from the economic impact of lost tax revenue, employee absences, and employee turnover due to childcare issues. An estimated $1.4 billion are lost annually from Utah’s economy due to childcare inadequacies.

**Availability:** A gap continues between the number of children potentially needing childcare in Utah and the number of slots available for them. In 2020, there were 300,182 children potentially needing childcare since all parents were in the workforce (up from 152,479 in 2017). As of September 2023, there were 41,399 slots available in licensed childcare centers and 12,969 slots available in licensed family childcare. The sum of 54,368 slots is up from the 41,144 slots reported in 2017. Although these increases are encouraging, they do not sufficiently meet childcare demands. In one analysis, an estimated 77.0% of Utahns live in a childcare desert—defined as “any census tract with more than 50 children under age 5 that contains either no childcare providers or so few options that there are more than three times as many children as licensed childcare slots”—compared to 51.0% of people in the US who live in a childcare desert. The Utah Department of Workforce Services conducted a variable distance gap analysis by county, which examined the distance between childcare programs and where children under six reside. The report indicated that more urban counties have larger childcare gaps (around 70.0%) compared to more rural counties (around 65.0%).

Parents who are students, whether traditional or non-traditional, may also struggle accessing childcare. For example, the varied schedules of students (as opposed to the more regular schedules that come with many jobs) can complicate childcare for college students. To ease this burden, eight public institutions of higher education in Utah have childcare facilities for students and employees. Table 1 compares their capacities. There are still a limited number of slots available, although the total has increased over the last five years from 646 in 2017 to 935 in 2023. The increase is largely attributed to new childcare facilities at Southern Utah University, Utah Tech University, and the Jordan Campus of Salt Lake Community College.
Challenges Faced by Childcare Providers

Childcare workers and providers were greatly affected during the COVID-19 pandemic (e.g., increased operating costs, loss of employees and participants due to health/safety concerns). To help in the struggles providers were experiencing, government aid was made available. As stated earlier, the State of Utah and the Office of Child Care received about $573 million dollars in federal funding, with most of these funds going to childcare providers for operation grants during the pandemic. Another portion was used to pay Utah childcare workers a $2,000 bonus to show them how vital their work was during the pandemic and to incentivize them to stay in the childcare sector. However, across the nation, wages have been so low that 53.0% of childcare workers use public benefits to make ends meet. Other estimates suggest that childcare workers make less than 98.0% of the wages made by the nation’s other workers and that families of childcare workers are more than twice as likely to live in poverty than other workers’ families (11.8% compared to 5.8%). In Utah, with wages being so low and the cost of childcare so high, a median childcare worker would need to spend 47.6% of their earnings to enroll their own child in infant care.

Emerging Childcare Policy Changes

In April 2023, President Biden signed an executive order directing federal agencies to improve childcare accessibility and Congress to make high-quality childcare more affordable. The executive order emphasizes the importance of childcare and its impact on childhood development, economic growth and security, and national security.

Several recent policy changes have directly impacted childcare in Utah. First, Utah is increasing the funding for full-day kindergarten with H.B. 477 (“Full Day Kindergarten Amendments”) which Governor Spencer Cox signed into law in early 2023. An estimated 60.0-65.0% of kindergarteners will now have access to a full-day kindergarten program, compared to just 25.0% five years ago. This will give families with kindergarten-aged children an option to send their child to a full day of school rather than a half day, opening up opportunities to increase work hours, find new work, and decrease the cost of childcare for many families throughout the state.

Second, H.B.167 was signed into law in March 2023. This bill is meant to give greater access to childcare for parents who are government employees working in person by allowing spaces in government buildings to be used as affordable childcare centers. Many of these spaces have been unused since the pandemic due to more employees working from home. Future reports will need to assess whether this bill was successful and how impactful it became.

Third, as of January 2024, Utah will be the 13th state to have their own childcare tax credit with the passage of H.B. 170. There were also several requests that were not funded in the 2023 Utah legislative session, such as extensions on childcare stabilization grants, childcare development grants, and incentive programs for providers that would have aided the childcare crisis in Utah.

What Utahns Can Do

Utah has state and regional offices that provide numerous resources, including support for parents and providers, licensing and oversight, and financial subsidies for families who qualify. Please consult the following websites for additional information: Care About Childcare; Office of Child Care, Department of Workforce Services; and Utah’s Child Care Licensing. Students seeking childcare can review college webpages about on-campus facilities and funding support.

To minimize the effects of impending funding cliff, state agencies, community advocates, and policymakers must continue their efforts to address complex childcare market failures (see this White Paper and handout for in-depth information about public policy solutions for childcare in Utah). Other stakeholders, such as employers and institutions of higher education, must continue to explore options that will better serve children and allow for better financial and quality-of-life outcomes for parents (see this Impact Report for additional recommendations). The following paragraphs highlight several important issues and strategies that Utahns should consider.

First, during the 2024 legislative session, legislators can sponsor and vote for bills that support families and make high-quality, affordable childcare a priority in our state. For instance, the state could provide tax breaks for all families with children under age six. Simple changes like covering the costs associated with licensing or changing city parking requirements could help to ease burdens on childcare providers and families. To help young student parents, funding can be expanded to increase the number of slots available and establish new childcare sites on campuses. Leaders should also strive to increase access to capital for the
Utah should seriously consider strategies to subsidize childcare while avoiding a subsidy cliff where families lose services if they make slightly too much. Childcare reform in Utah that capped childcare expenses at 7.0% of income—as recommended by the Department of Health and Human Services—would benefit families, saving a typical Utah family with an infant $4,731 annually, freeing up these funds to be spent on other essentials.

Second, counties in Utah must address childcare deserts, many of which exist in rural areas. One strategy that may help reduce childcare deserts is to increase informal childcare by developing government compensation or tax credit to family members who provide childcare (called relative caregivers).

Third, many CEOs of Fortune 500 companies are looking at how they can become attractive employers to families and Utah companies can follow suit. Family-friendly company policies help all workers succeed in the labor force. Employers can offer affordable childcare at work, help subsidize childcare, provide maternity and paternity leave, and consider a four-day workweek or other flexible work schedules to accommodate the needs of parents and families.

Fourth, it is imperative for individuals to recognize the essential work of all caregivers, both paid and unpaid, and their impact on Utah’s economy. Individuals should also prioritize childcare needs when voting for local and statewide representatives. Parents and childcare providers can share their stories with their representatives to show the importance of the struggles they face and bring issues facing families to the forefront of legislators’ minds.

Conclusion

Utah is known for valuing family and industry. Utah ranks first in the nation for our state’s economy and second for overall child wellbeing. Along with these strengths, we must consider how to improve Utah’s rankings related to childcare. The development of an infrastructure to support Utahns with caregiving responsibilities has been neglected. Utah currently ranks 15th in WalletHub’s rankings Best & Worst States to Raise a Family, which considers the quality, cost, and accessibility of childcare. However, in the recent Status of Women in the States report, Utah ranked 48th on the Child Care Index and 50th—or an “F” grade—in the Work and Family category. Addressing childcare deficiencies will strengthen women and families in Utah and ensure our economy continues to thrive.

United States live in a child care desert


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