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# The Complex Childcare Landscape:

Public Policy Solutions for Utah

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## Introduction

In 1971, both houses of Congress passed the Comprehensive Child Development Act, which would have implemented a national or “universal” childcare system. The bill was vetoed by President Richard M. Nixon. Half a century later, the reasons for both the Act’s passage and the veto still resonate. The former focused on early childhood development research and economic opportunity, while the latter centered on the weakening of the family and private control.<sup>1</sup>

Since then, the US has experienced economic and cultural changes. In Utah, 54% of children under age six live in families with a childcare need and thus require care from adults other than their parents.<sup>2</sup> Currently, federal programs such as Head Start and the Child Care and Development Block Grant exist to serve the most low-income families,<sup>3</sup> and eligibility has been temporarily expanded because of the COVID-19 pandemic. However, a “subsidy cliff” exists for this vulnerable population, which means that if a family in need experiences even a slight increase in household income, they may lose all or most (depending on the state) of the financial support for which they originally qualified, creating a precipitous increase in childcare costs for an already vulnerable family. According to a 2020 Utah Office of Child Care report, if a Utah family is eligible for childcare subsidies, 9% of household income goes to childcare; if they are slightly above the eligibility threshold, 34% goes to childcare.<sup>4</sup> At the same time, only 16% of income-eligible families are utilizing federal childcare subsidies.<sup>5</sup>

Overall, childcare is unaffordable for most families, and it is often more cost effective for a parent or guardian to drop out of the labor force or to choose work or a career that is not ideal. In many states, including Utah, the cost of infant care is more expensive than college tuition.<sup>6</sup> Additionally, if a family wanted to find childcare, they might discover they live in a “childcare desert.”<sup>7</sup> The U.S. Department of Health and Human Services states that childcare is unaffordable if it costs more than 7% of a family’s income. In the United States, couples are likely to spend 11% of their income on childcare, and single parents 36%.<sup>8</sup> In most states, only a small share of families can afford center-based care.<sup>9</sup>

High-quality childcare has both short-term and long-term benefits for the child’s future. For children under age 2½, appropriate caregiver-to-child ratios, as well as concentrated attention from caregivers, is crucial for safety. For those aged 2½ to 5, early education becomes paramount, which requires

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<sup>1</sup> Roth, W. (1976, December). *The politics of daycare: The Comprehensive Child Development Act of 1971*. Institute for Research on Poverty. <https://www.irp.wisc.edu/publications/dps/pdfs/dp36976.pdf>

<sup>2</sup> Utah Department of Workforce Services Office of Child Care. (2020, March). *Child care access in Utah*. <https://jobs.utah.gov/occ/ccaccess.pdf>

<sup>3</sup> Child Care and Development Fund (CCDF) Program, 81 Fed. Reg. 67,438, 67,442 (codified at 45 C.F.R. pt. 98); U.S. Department of Health and Human Services Office of Head Start. (2020, November 3). *Head Start programs*. <https://www.acf.hhs.gov/ohs/about/head-start>

<sup>4</sup> Utah Department of Workforce Services Office of Child Care. (2020, March).

<sup>5</sup> Blau, F. D., & Winkler, A. E. (2017). *The economics of women, men, and work* (8th ed.). Oxford University Press.

<sup>6</sup> Economic Policy Institute. (2020, October). *Child care costs in the United States*. <https://www.epi.org/child-care-costs-in-the-united-states/>

<sup>7</sup> A childcare desert is an area in which demand or need for space in a licensed childcare program outpaces local capacity. Utah Department of Workforce Services Office of Child Care. (2020, March); Center for American Progress. (2020). *U.S. child care deserts*. <https://childcaredeserts.org/>

<sup>8</sup> Haynie, K. (2019). *The US and the high price of child care: An examination of a broken system: 2019 report*. Child Care Aware. <https://www.researchconnections.org/childcare/resources/37410>

<sup>9</sup> Gould, E., Austin, L. J. E., & Whitebook, M. (2017). *What does good child care reform look like?* Economic Policy Institute. <http://www.epi.org/publication/what-does-good-child-care-reform-look-like>

experienced educators. These quality requirements have immediate social and cognitive benefits for children as they enter elementary school; in the long term, they bolster educational and economic possibilities.<sup>10</sup> The impacts are even more pronounced for children from low-income households and/or marginalized communities, where the return on investment can be as high as 13%. In addition, studies have shown reduced criminal history, increased educational attainment, and higher salaries for adults who attended a quality childcare setting.<sup>11</sup>

These benefits also align with positive impacts to the economy. Higher quality childcare can help ensure a higher skilled workforce for generations. First, parents will have the choice to stay in their career and continuously improve their knowledge, skills, and economic gains. And second, their children can attain higher levels of development and education, potentially matching or bettering their parents' achievements. In addition, establishing a higher skilled workforce will attract businesses to Utah, which, in turn, stimulates the economy.<sup>12</sup>

Utah's business and political leaders are beginning to recognize that a key to our state's continued economic success—and to addressing growing labor shortage concerns—is ensuring that people who need or want to work have the ability to do so.<sup>13</sup> Yet, given the need for childcare addressed nationally and reported by the Utah Office of Child Care, the lack of state government investment is concerning.

Childcare is a complex industry, therefore public policy attempts to address the need for more quality, affordable childcare are also complex. This white paper elucidates the complexity and, based on an extensive review of related public policy in all 50 states, provides policy mechanisms that other states have implemented to begin to supplement federal policy. This report is organized as follows: (1) the challenges of childcare as a business, (2) state funding investment and other policy approaches (aimed toward consumers, childcare providers, and businesses, as well as land use, zoning, and development issues), (3) recommendations for Utah, and (4) an extensive appendix titled “50-State Analysis of Childcare Policies” documenting policies across the nation.

## The Challenges of Childcare as a Business

Running a childcare business means navigating necessary regulations that pertain to the safety and care of young children, such as certifications, nutritional guidelines, square footage requirements, and zoning restrictions. In addition, providers develop learning curriculum, depend on qualified early educators, and ensure adequate child-to-teacher ratios. Whereas one teacher may be able to safely work with a group of older children, infants obviously require more one-on-one attention in order to ensure safe and quality care. This increases staffing costs for childcare business owners, which are then passed on to consumers through increased rates for families. In fact, providers may also decide that they cannot afford to offer infant care at all. If providers are committed to paying their staff a living wage—or a wage commensurate with their skills and education—they price out the customer base even further. These conditions result in less accessible infant care, less affordable childcare overall, and fewer choices for working parents. Settling for less expensive childcare can mean that care is unlicensed and unregulated, often leaving those earning lower incomes (especially those just above the subsidy cliff) with fewer safe options for their children. In many cases, parents have no choice but to utilize this care in order to remain employed.<sup>14</sup>

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<sup>10</sup> Kimmel, J., & Connelly, R. (2018). US child care policy and economic impacts. In S. L. Averett, L. M. Arhys, and S. D. Hoffman (Eds.), *The Oxford handbook of women and the economy* (p. 303; pp. 303–322). Oxford University Press.

<sup>11</sup> Heckman, J. J. (2012, December 7). *Invest in early childhood development: Reduce deficits, strengthen the economy*. The Heckman Equation.

[https://heckmanequation.org/www/assets/2013/07/F\\_HeckmanDeficitPieceCUSTOM-Generic\\_052714-3-1.pdf](https://heckmanequation.org/www/assets/2013/07/F_HeckmanDeficitPieceCUSTOM-Generic_052714-3-1.pdf)

<sup>12</sup> Kimmel, J., & Connelly, R. (2018).

<sup>13</sup> Peterson, L. (2021, December 15). Gaming the system: Are Utah businesses or government to blame for labor shortage? *The Salt Lake Tribune*. <https://sltrib.pressreader.com/article/281479279716044>

<sup>14</sup> Suddath, C. (2021, November 18). *How child care became the most broken business in America*. Bloomberg Business + Equality. <https://www.bloomberg.com/news/features/2021-11-18/biden-s-build-back-better-wants-to-save-america-s-child-care-business>

A 2021 U.S. Department of the Treasury report determined the childcare sector to be in “market failure.”<sup>15</sup> Market failure occurs when a market produces too much or too little of a good or service as compared to what would be best from a societal perspective. Markets can fail because of market power disparities, external effects, and incomplete information.<sup>16</sup> Childcare is a private market where the cost for both consumers and providers (childcare business owners) is too expensive; in many states, infant care costs more than in-state college tuition, yet those who work in the industry average an annual salary of \$24,000. A typical childcare center’s profit margin is only 1%, which all but ensures the inability to profit, let alone scale their business to meet market demand. Parent demand for quality care means higher costs, which prices out customers. Additionally, liquidity constraints mean childcare consumes a significant share of incomes when parents are in the early stages of their careers and have less earning power.<sup>17</sup> Of course, this assumes parents can find preferable childcare options; years-long waiting lists are common in many parts of the country and in some parts of Utah.

Childcare challenges have increased since the COVID-19 pandemic began. Between the pandemic and Utah’s low unemployment rates, Utah childcare providers have been struggling to employ a workforce, resulting in some having to decrease the number of children they can accommodate. The result is even less accessible childcare for parents and families.

Universal preschool (provided for free by the public school system and funded by federal funds, state funds, or a combination of both) highlights the market failures of childcare and how difficult it is to find policy approaches that address the complexities of these failures. Universal, voluntary preschool may seem like a good option to address some childcare access and affordability issues by covering children ages 3 to 5, but it can lead to further struggles for private childcare providers. Their business model depends on the enrollment of older children to effectively subsidize the cost of infant care so that infant care is as attainable and affordable as possible. Universal and voluntary preschool is part of the conversation, but, according to experts, it cannot be the only policy approach to create a childcare and early education system that addresses the needs of consumers, childcare providers, and the businesses whose workforce needs are intricately tied to childcare.<sup>18</sup>

## State Funding Investment and Other Policy Approaches

This section provides context to the design of the final section of this report: “Appendix: 50-State Analysis of Childcare Policies.” All 50 states currently have an existing childcare program that is primarily funded using federal dollars through the Child Care and Development Block Grant (CCDBG), referenced above, which is granted to state government agencies to facilitate statewide childcare services for lower income families. The U.S. Department of Education also dedicates federal funding to early learning services, most of which targets low-income families and programs for children with special needs. Forty-four states, including Utah and the District of Columbia, use state funding—and often federal funding—to provide various levels of preschool and pre-K programs.

Most states have supplemented federal investments with state funds to expand or create additional childcare and pre-K opportunities; most finance preschool programs in public schools, with some funding for community-based childcare and early learning programs. In Utah, state funds are dedicated to creating a preschool program. However, that program is available to only a small number of the state’s most vulnerable children—2,448 students are currently eligible and approved to participate.<sup>19</sup> It is also important to note that in Utah, voluntary full-day kindergarten is not funded or available to all parents and

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<sup>15</sup> U.S. Department of the Treasury. (2021, September). *The economics of child care supply in the United States*. <https://home.treasury.gov/system/files/136/The-Economics-of-Childcare-Supply-09-14-final.pdf>

<sup>16</sup> Harbach, M. J. (2015). *Childcare market failure*. Utah Law Review. <https://scholarship.richmond.edu/cgi/viewcontent.cgi?article=2151&context=law-faculty-publications>

<sup>17</sup> U.S. Department of the Treasury. (2021, September).

<sup>18</sup> Tate, E. (2021, May 10). *The unintended consequences of universal preschool*. EdSurge. <https://www.edsurge.com/news/2021-05-10-the-unintended-consequences-of-universal-preschool>

<sup>19</sup> Utah School Readiness Board meeting materials. (2021, September). *Expanded student access grant overview, slide 39*. <https://jobs.utah.gov/occ/boards/schoolready/>

families who are interested. Yet, a recent local survey showed that Utahns support full-day kindergarten programming and have positive views on the benefits of pre-K education in Utah.<sup>20</sup>

This report includes preschool in the analysis of policy approaches to childcare but does not extend to kindergarten. Pre-K programs are also only included as a policy approach if they are funded, controlled, and directed by the state and are distinct from the state's system for subsidized childcare.<sup>21</sup>

State funding investments and other policies in this 50-state analysis generally aim to create, support, and/or expand a mixed-delivery system in which both the public education system and private childcare providers can better address the need for safe, quality, and affordable early care and education. These efforts or initiatives target the multiple populations impacted by childcare: *consumers* (families, parents, and guardians who need childcare), the *childcare provider or industry* (those who own and operate childcare businesses and the workforce that provides the care), and the *businesses* who depend on childcare availability and access to hire and retain employees. Other important elements include land use, zoning, and development policies. A detailed discussion of each follows.

**Consumers (Families, Parents, and Guardians):** In terms of consumers, this section will discuss state policies for families receiving federal childcare subsidies and the state-level Parent/Family Tax Credit.

State Policies for Families Receiving Federal Childcare Subsidies: States make critical policy decisions regarding distribution of CCDBG federal childcare assistance funding and determining which vulnerable families are eligible to apply for assistance. This report addresses three criteria:

1. *Income eligibility:* Federal guidelines allow states to set their own income eligibility thresholds at or below 85% of State Median Income (SMI). We identify the percent of SMI that each state set before the COVID-19 pandemic began. Most states, including Utah, increased their threshold to the full 85% maximum and received additional federal funding to support this expansion.
2. *Qualifying activities:* States determine the activities within federally established categories (e.g., employment, education), in which parents/guardians must be engaged in order to qualify to receive federal childcare assistance. A minimum level of work or job searching—plus high school, GED, postsecondary education, and training activities—is commonly allowed across states; some states delineate whether parents can qualify for assistance if they are engaged in learning English as a second language and adult basic education activities.
3. *Family co-payments:* Co-payment amounts vary according to family size, income, number of children in care, and other factors. The Appendix presents examples of the co-pay amount for families of three with annual incomes of \$15,000 and \$30,000. Many states also exempt some families from co-payments so they can access free childcare. Utah, for example, exempts very low-income families (under 100% of the Federal Poverty Guidelines) but does not exempt children under Child Protective Services, children in foster care, teen parents, or families with children with special needs.<sup>22</sup>

States can set maximum ages for children who can receive a subsidy, for other family eligibility factors, and for application and waiting list procedures. Although all should be examined when determining policy options for addressing childcare needs in Utah, they are not listed in the state-by-state Appendix of this report.

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<sup>20</sup> Voices for Utah Children. (2021, September 13). *What Utahns really think about full-day kindergarten*. <https://utahchildren.org/newsroom/speaking-of-kids-blog/item/1137-fdk-survey-2021>

<sup>21</sup> The National Institute for Early Education Research. (2021). *The state of preschool 2020: State preschool yearbook*. Rutgers Graduate School of Education. [https://nieer.org/wp-content/uploads/2021/08/YB2020\\_Full\\_Report\\_080521.pdf](https://nieer.org/wp-content/uploads/2021/08/YB2020_Full_Report_080521.pdf)

<sup>22</sup> U.S. Department of Health & Human Services, Administration for Children & Families, Office of Planning, Research & Evaluation. (2020, December). *Child care subsidies under the CCDF Program: An overview of policy differences across states and territories as of October 1, 2019*. <https://www.acf.hhs.gov/sites/default/files/documents/opre/state-2019-ccdf-policies-graphics-dec-2020.pdf>

State-Level Parent/Family Tax Credit: Some states mandate a state-level parent/family tax credit in addition to the federal Child and Dependent Care Tax Credit (CDCTC) for which parents and guardians may qualify. States fund this additional tax credit in a variety of ways in order to directly assist families in shouldering the costs of childcare.

**Childcare Providers**: State childcare policies are designed to support those who own and operate childcare businesses as well as the workforce who provide the care in those businesses. In small and home-based childcare businesses, the owner and the care provider are the same person.

State-Funded Financial Assistance for Childcare Business Owners: The Appendix outlines various approaches that states employ to provide state-funded financial assistance for childcare business owners. These are often in the form of tax credits or exemptions and/or grants or other forms of state funding to establish or expand childcare businesses. As with the families receiving federal CCDBG childcare subsidies, each state also makes policy decisions regarding childcare providers and their eligibility to benefit from this federal funding. These include reimbursement rates, how those rates are evaluated and established, whether providers are reimbursed based on enrollment or attendance, and required worker-to-child ratios dependent on child age and the size of the group. Although Utah agency rules and regulations are important to examine when determining policy options for addressing childcare needs, they are not listed in the Appendix.

State-Funded Financial Assistance for Childcare Workforce: Low wages for the childcare workforce are a persistent problem perpetuated by the childcare market failure described above and merits public policy consideration. States employ a variety of approaches and initiatives to establish and expand support for childcare providers, including scholarships for ongoing education, state-funded bonuses based on education and certification levels, and paid time for professional development activities. Some states offset providers' costs by granting income tax credits to eligible providers; some states address high costs through supplemental pay for infant care providers.<sup>23</sup>

**Businesses**: Since businesses need a skilled workforce and government officials strive to support a growing economy, both need to implement mechanisms to support those who want to work. As described, the lack of quality, affordable childcare is often a barrier for parents who want or need to work. Increasingly, businesses are establishing family-friendly policies to attract and retain employees and to enhance their work-life balance. While leave policies above the federal minimums have been the most popular, so have maintaining flexible schedules and remote work options, particularly since they have become normal during the pandemic.<sup>24</sup> However, it is important to note that leave policies, flex work, and remote work options do not negate the need nor are substitutes for affordable, quality childcare.

Family-friendly policies include childcare benefits, and various states have implemented policies that encourage and/or incentivize businesses to offer childcare benefits for employees (see Colorado and Louisiana in the Appendix for examples).<sup>25</sup> Existing federal tax credits cover only certain types of

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<sup>23</sup> McLean, C., Austin, L. J. E., Whitebook, M., & Olson, K. L. (2021). *Early childhood workforce index—2020*. Center for the Study of Child Care Employment. <https://cscce.berkeley.edu/workforce-index-2020/report-pdf/>

<sup>24</sup> El-Bawab, N. (2021, July 9). *Employers offer stipends for babysitting and tutoring to sweeten childcare benefits and win over workers*. CNBC. <https://www.cnbc.com/2021/07/09/employers-sweeten-child-care-benefits-to-win-over-workers-.html>

<sup>25</sup> Committee for Economic Development. (2021). *State tax credits for child care*. <https://www.ced.org/child-care-state-tax-credits>

businesses and are underutilized.<sup>26</sup> Businesses can also employ federal flex spending account options for childcare expenses that are similar to the popular healthcare flex spending accounts.<sup>27</sup>

While direct assistance to families is best in providing equitable access for high-quality childcare, tax-side solutions play a significant but limited role. Improved tax solutions fall short of the comprehensive childcare investments because they cannot fully address quality concerns, support early childhood educators, and increase supply in a broken market where neither parents nor providers can shoulder the full burden of cost.

**Land Use, Zoning, and Development Policies:** Land use, zoning, and development policies are generally set at the local rather than the state government level. However, some states have passed legislation to address several of the challenges childcare providers face in establishing and expanding their businesses (see Connecticut and Michigan for examples). The Appendix includes a few municipality policies within their respective states to highlight examples of policy approaches for encouraging the development of childcare. Some municipalities have reimagined development loans to include the extension of childcare as a required social good so that as growth occurs, childcare can match its pace. According to our research, other localities have also implemented development impact fees on new commercial and residential developments to compensate for the increased strain placed on public facilities after a community's new growth. Impact fees most commonly support roads, water and sewer systems, law enforcement, parks, libraries, and schools, but some communities have imposed impact fees to support new childcare facilities to accommodate new families and employees.<sup>28</sup> Similarly, childcare linkage fees address the increased demand for childcare triggered by the development of commercial projects.<sup>29</sup> States could incentivize housing developers to include childcare space in their new developments and to subsidize rents for childcare businesses. Doing so could create affordable, accessible, quality childcare for families by subsidizing land for childcare businesses.

## Recommendations for Utah

Ideally, childcare would be a robust mixed-delivery system that prioritizes parent choice regarding whether to rely on care, then whether the type and setting of care best meets a family's needs (e.g., schools, faith-based organizations, large centers, and family or home-based care). Considering the complexity of the childcare issue, along with the detailed analysis of policies implemented by other states (see Appendix), we propose the following recommendations for Utah:

### 1. EXPAND SUPPORT FOR CHILDCARE BUSINESS OWNERS.

Many policy decisions regarding how federal CCDBG funding could be used to support childcare changed as the COVID-19 pandemic began and working families and the childcare sector faced

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<sup>26</sup> National Women's Law Center. (2018, March). *Fact sheet: Employer child care tax credits are ineffective at all levels*. <https://nwlc.org/wp-content/uploads/2018/03/Employer-Child-Care-Tax-Credit.pdf>; Smith, L., et. al. (2021, June 28). *What is the employer-provided child care credit?* Bipartisan Policy Center.

<https://bipartisanpolicy.org/blog/what-is-the-employer-provided-child-care-credit-45f/>

<sup>27</sup> Society for Human Resource Management. (2021, April 22). *Understanding Section 125 cafeteria plans*. <https://www.shrm.org/resourcesandtools/tools-and-samples/toolkits/pages/understanding-section-125-cafeteria-plans.aspx>

<sup>28</sup> Byron, B. (2005, October 15). City OKs fee to fund child care. *The Desert Sun*. [http://www.impactfees.com/pdfs\\_all/City%20OKs%20fee%20to%20fund%20child%20care.pdf](http://www.impactfees.com/pdfs_all/City%20OKs%20fee%20to%20fund%20child%20care.pdf); San Francisco Planning. (2020, December 1). *San Francisco citywide development impact fee register*. [https://forms.sfplanning.org/Impact\\_Fee\\_Schedule.pdf](https://forms.sfplanning.org/Impact_Fee_Schedule.pdf); City of South San Francisco. (n.d.). *Annual impact fee and sewer capacity charge report for the City of South San Francisco for fiscal year 2009/10*. <https://www.ssf.net/home/showpublisheddocument?id=1981>; City of San Mateo. (n.d.) *Mitigation fee Act reports*. <https://www.cityofsanmateo.org/4162/Mitigation-Fee-Act-Reports>

<sup>29</sup> City of Santa Monica. (2016, June 30). *Child care linkage fee*. [https://healthyplacesindex.org/wp-content/uploads/2018/02/santa\\_monica\\_child\\_care\\_linkage\\_fee.pdf](https://healthyplacesindex.org/wp-content/uploads/2018/02/santa_monica_child_care_linkage_fee.pdf); Keyser Marston Associates. (2005, November). *Child care linkage program (prepared for the City of Santa Monica)*. <https://www.smgov.net/departments/council/agendas/2006/20060411/2006041105-A-3.pdf>

challenges. For example, ratio requirements were relaxed in very specific circumstances where safety was not compromised, some states changed their reimbursement method to match enrollment rather than attendance since many children were absent due to quarantine protocols, and others—including Utah—changed their income threshold to match the federal maximum, allowing more families to be eligible for childcare financial assistance. Utah policymakers would be well served to examine the changes made through the Utah Office of Child Care and consider making permanent those that helped the state improve childcare access and affordability.

Recommendations are as follows:

- a. Analyze rate-setting methodology to ensure that providers who care for subsidy-eligible children are being reimbursed with federal dollars at the level it actually costs them to provide care, rather than current market rate.
- b. Continue the policy change that Utah implemented because of COVID-19 that allows providers to be reimbursed with federal dollars for every enrolled subsidy-eligible child even if they are occasionally absent, since providers incur costs based on anticipated enrollment, not day-to-day attendance.
- c. Decrease regulatory barriers for home-based/family childcare providers while ensuring that safety is not compromised.
- d. Direct state funding to establish a package of financial supports intended to keep existing childcare programs viable and to mitigate market failure conditions.

## 2. PREPARE AN EDUCATED CHILDCARE WORKFORCE.

The following recommendations assume that when qualified childcare professionals have good working conditions and are well paid, the resulting high-quality childcare will provide safer and more enriching settings for children:

- a. Establish consistent higher education and certificate standards that are paired with pay standards. Pay increases should be supported with public investment to avoid further cost burdens on providers and families.
- b. Establish work environment standards to ensure those caring for Utah's children are safe and supported .
- c. Partner with institutions of higher learning to establish and strengthen formal career pathways and programs for early childhood educators.
- d. Invest in pay parity for preschool teachers who have substantially similar education and qualifications as their K–12 public teachers peers. Wage increases should be simultaneously accompanied with increased public investment in preschool or pre-K programs for all families who need or want this option.

## 3. HELP CHILDCARE CONSUMERS (PARENT, FAMILY, GUARDIAN).

The lack of affordable, quality childcare leaves many parents without choices, particularly if they want to start or continue to grow a family while remaining in the workforce. It is important to note that parents may also choose childcare options to spend quality time with younger children or to ensure children have opportunities to socialize with peers. Recommendations are as follows:

- a. Create a state-level childcare tax credit or deduction.
- b. Increase the income eligibility threshold for families to qualify for federal subsidies or make permanent the COVID-19 eligibility expansions (i.e., state funding required to supplement current federal funding for these most vulnerable families).
- c. Allocate state funding to increase outreach and ensure that every low-income family who is eligible for federal financial childcare assistance is aware of, and supported in accessing, this resource.



- d. Decrease co-payment amounts and include more Utah families in co-payment exemptions for those receiving federal subsidies (i.e., state funding required to supplement current federal funding for these most vulnerable families).
4. INCREASE SUPPORT FOR EMPLOYERS.
    - a. Implement tax credits for businesses that offer various types of childcare benefits, including subsidizing the cost of an employee’s childcare of choice or offering near-site or on-site childcare (see Appendix for examples from other states, especially Louisiana).
    - b. Implement tax credits for businesses that donate to childcare providers (see the related Colorado policy in the Appendix).
  5. PASS LAND USE POLICIES.
    - a. Mandate the inclusion of childcare needs as part of local planning policies.
    - b. Offer incentives to developers to provide space for childcare in various types of projects, including residential, office, mixed-use, and commercial.

## Conclusion

Childcare is a vital part of our state’s social and economic infrastructure and is increasingly critical for working parents and municipalities. The COVID-19 pandemic has underscored that families and our economy depend on a strong, supported, and funded childcare sector.<sup>30</sup> Strengthening this sector requires state-level policies that complement and expand federal funding and policy approaches, as well as innovative policies that continue to address the market failures of the childcare industry. The purpose of this report is to provide information, based on an extensive 50-state public policy analysis, that can help Utah decision makers better understand options as they craft Utah’s future.

Currently, whether Utahns are supportive or not, it is important to note that overarching federal policies are being considered through the Build Back Better package.<sup>31</sup> The childcare proposals include funding to ensure, at most, that no family is paying more than 7% of their income on childcare. In this package, the cost of childcare would be on a sliding scale, with the most low-income families paying nothing. The plan also includes investment in ensuring quality through appropriate curriculum, small class sizes, inclusivity, professional development, and paying childcare providers and staff a living wage with benefits.

Utah policymakers are also beginning to examine and address the shortage of affordable childcare, including proposed legislation in the 2022 Utah Legislature’s General Session<sup>32</sup> and beyond. Legislative and other policymaking attention is needed in Utah to address an issue that increasingly impacts the economic viability of families, childcare business owners and their workforce, and the broader business community and economy of our state.

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<sup>30</sup> Christensen, M., & Madsen, S. R. (2021, May 5). *The impact of COVID-19 on Utah women and work: Career advancement challenges*. Utah Women & Leadership Project. <https://www.usu.edu/uwlp/files/briefs/32-covid-19-career-advancement-challenges.pdf>; Hartwell, C., Hansen, J., & Madsen, S. R. (2021, June 2). *The impact of COVID-19 on Utah women and work: Childcare and homeschooling*. Utah Women & Leadership Project. <https://www.usu.edu/uwlp/files/briefs/33-covid-19-childcare-homeschooling.pdf>; Christensen, M., & Madsen, S. R. (2021, July 14). *The impact of COVID-19 on Utah women and work: Caregiver experiences*. Utah Women & Leadership Project. <https://www.usu.edu/uwlp/files/briefs/35-covid-19-caregiver-experiences.pdf>

<sup>31</sup> The White House. (2021, October 28). *Build Back Better framework*. <https://www.whitehouse.gov/briefing-room/statements-releases/2021/10/28/build-back-better-framework/>

<sup>32</sup> H.B. 15, 2022 General Session. (Utah 2022). <https://le.utah.gov/~2022/bills/static/HB0015.html>

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