

HOW CHILDCARE IMPACTS
UTAH'S WORKFORCE
PRODUCTIVITY AND THE
STATE ECONOMY



U.S. Chamber of Commerce
Foundation

Untapped
Potential in

UT



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Untapped Potential:

How Childcare Impacts Utah's Workforce Productivity and the State Economy

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Introduction

The U.S. Chamber of Commerce Foundation has always seen childcare as a two-generation workforce issue: essential to support the workforce of today and vital to develop our workforce of tomorrow.

Before the COVID-19 public health crisis, access to affordable, quality childcare was an obstacle for working parents trying to enter, re-enter, or stay in the workforce. The pandemic amplified the existing issues in America's childcare system and created a new workforce dynamic for parents, employers, and childcare providers to navigate.

The first five years of life are critical for children to build a strong foundation for future learning, yet current childcare supply cannot meet demand—a problem that existed prior to the COVID-19 pandemic and has only become more severe as a result. While these challenges are persistent and complex, they are addressable. The business community can play a central role in developing solutions that benefit all Utahns.

A stronger understanding of how childcare breakdowns impact working parents, their employers, and the state economy is necessary to explore the depths of the issue. The U.S. Chamber of Commerce Foundation (USCCF) partnered with United Way of Salt Lake, Voices of Utah Children, and the Salt Lake Chamber of Commerce on this report to better understand the unique needs of working parents in Utah and examine the current childcare landscape.

Childcare is crucial to Utah's economic infrastructure and provides a stable foundation for Utah to continue to thrive as a business environment. U.S. News & World Report ranked Utah 3rd for Best Growth in 2022 and Forbes ranked Utah the number one State for GDP Growth in 2021.¹ In September of 2022 Utah had an unemployment rate of 2.1%, second only to Minnesota.² As the state continues to push for job growth, childcare is a central aspect of a parent's ability to participate in the labor force. Utah ranks 7th in labor force participation compared to the rest of the country,³ but without suitable childcare options, some Utah parents may not be able to continue their participation in the labor force.

Our report estimates how often parents leave the workforce or educational opportunities because of insufficient childcare, as well as how often they are missing work or school due to childcare issues. We use this data to model a conservative estimate of the direct financial impact of breakdowns in childcare for Utah's economy. The results highlight the value of access to childcare for families and any proposed solution must be developed to be responsive to the distinct challenges of Utah. The complexity of childcare challenges will not be fixed by a single sector, rather it will require collaboration across sectors. Partnerships between early education advocates and the business community are vital to ensure that Utah's children, families, businesses, and economy are strong. It is our hope that this report and the data it presents will create opportunities for partnerships and cooperation that further the potential of Utah.

¹ <https://business.utah.gov/accolades/>

² <https://www.bls.gov/web/laus/laumstrk.htm>

³ Bureau of Labor Statistics, September 2022

Executive Summary

There have been numerous studies highlighting the developmental benefits of high-quality childcare for young children and the foundation established for adult life.⁴ Access to childcare also allows parents the flexibility to pursue careers or enhance their education or vocational skills. Consequently, breakdowns in the childcare system result in valuable missed opportunities for children and their parents, who may experience disruptions to their work or education. Despite the developmental benefits resulting from high-quality childcare, families are struggling to access affordable options for their children.

In the wake of the COVID-19 pandemic, the USCCF continues to research how parents, employers, and childcare providers are responding to childcare choices, workplace situations, and the provision of care. In Utah and across the country, the COVID-19 pandemic forced the temporary or permanent closure of childcare sites and forced parents to seek new arrangements for their childcare. The closure of their children's schools and the instability of childcare programs in Utah created childcare challenges for parents that included affordability and access concerns. Many working parents were forced to arrive late to work or leave early, forgo promotions, postpone the pursuit of higher education or work training programs, and sometimes leave the workforce altogether. Many employers want to facilitate greater access to childcare as a way of creating productive work environments and increasing employee satisfaction, but do not know where to begin or how to expand or improve current benefits or options. To answer these questions, we sought to learn what types of childcare benefits working parents are currently receiving and which benefits they desire most from employers.

The results of our research during October of 2022 confirm that there is a lasting impact on employers and their employees due to lost economic activity.⁵ Our report quantifies the direct economic impact due to childcare issues and builds on the previous efforts to better understand the size of the childcare problem. In 2019, the USCCF conducted studies in four states—Idaho, Iowa, Mississippi, and Pennsylvania—and has since followed up with reports in 2021 for Texas, Arkansas, Alaska, Missouri, and Arizona. In each state, childcare issues resulted in hundreds of millions to billions of dollars in lost economic activity. As policymakers and business leaders consider ways to position Utah for success, supporting childcare solutions will unlock significant economic potential for the state.

⁴ <https://www.americanprogress.org/article/new-data-reveal-250-preschoolers-suspended-expelled-every-day/>, <https://www.psychologytoday.com/us/blog/love-and-sex-in-the-digital-age/201912/how-adverse-childhood-experiences-affect-you-adult>

⁵ <https://www.uschamberfoundation.org/reports/untapped-potential-economic-impact-childcare-breakdowns-us-states-0>

TOPLINE FINDINGS

– \$1.36B

THE UNTAPPED POTENTIAL:
Childcare issues result in an estimated \$1.36 billion loss annually for Utah's economy

– \$258M

Utah loses an estimated \$258 million annually in tax revenue due to childcare issues

– \$1.10B

Absences and employee turnover due to childcare cost Utah employers an estimated \$1.10 billion per year

26%

Parents who have changed their childcare arrangement due to COVID-19

43%

Parents who reported missing work or class at least once in the past 3 months

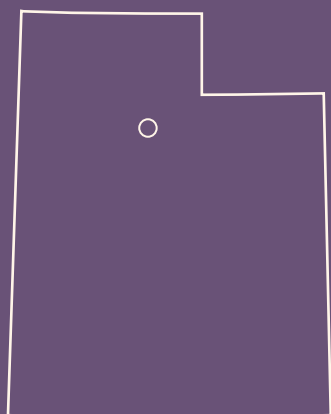
10%

Parents who voluntarily left a job due to childcare issues

48%

In the past 12 months needed to make a significant adjustment to their school or work training due to childcare issues

There is a considerable need for childcare support services to support parents that would like to pursue career and educational opportunities.



Population: 3.3 million

Average Household Income: \$79,133

Minimum Wage: \$7.25 per hour

Capital: Salt Lake City

Surveyed: 307 parents of children under the age of 6

UTAH PROFILE

Utah is expected to grow from approximately 1 million households in 2021 to 1.3 million households by 2030.⁶ The state's population growth is increasingly from domestic immigration rather than natural births; the overall fertility rate continues to decline, and the average family size is shrinking, especially since the beginning of the COVID-19 pandemic.⁷ Despite the evolving family dynamics in the state, our research shows that there is a considerable need for childcare support services to support parents that would like to pursue career and educational opportunities.

Prior to the COVID-19 pandemic, there was a significant gap between the availability of state regulated childcare and the potential demand for care. A 2019 analysis by the Bipartisan Policy Center estimated that 153,950 Utah children have both parents participating in the workforce and would require care, while there was a capacity of 55,460 formal childcare slots and a resulting gap of 98,750 children.⁸ Another study by the Utah Department of Workforce Services estimated in 2020 that 54% or ~157,000 Utah children under the age of six require care from adults other than their parents. Utah's state regulated childcare system is only meeting 35% of the state's childcare need, leaving a gap of 65% between the need and the capacity.⁹ The state's two most populous counties, Salt Lake County and Utah County project to have the largest need for childcare care with ~59,000 and ~28,000 children requiring care respectively.¹⁰ The state's rural areas are particularly susceptible to being childcare deserts, with 81% of rural residents living in an area without a sufficient number of licensed childcare providers.¹¹ Overall, The Center for American Progress (CAP) estimates that 77% of Utahns live in a childcare desert, the highest mark of all states.¹²

The state continues to make efforts to address the need for childcare as it rebuilds the childcare infrastructure from the effects of the COVID-19 pandemic. The \$572 million in federal dollars slowed or prevented the closure of many childcare facilities with \$325 million through the American Rescue Plan to provide childcare stabilization grants to providers.¹³ The state also facilitated the One Utah Child Care temporary care program for healthcare workers and first responders during the pandemic. Other initiatives include support for childcare providers and eligibility for parents: Lt. Governor Deidre Henderson announced in July of 2022 a one-time \$2,000 payment to childcare providers; the Child Care Eligibility Amendments raised the income threshold for families eligible for childcare subsidies to 85% median income; and copays for childcare programs were covered.¹⁴

For parents, there are immediate effects on employment and education due to childcare issues, as well as lasting effects beyond the temporary disruptions or distractions. Many questions arise when discussing the effect of missing work or school. When employees leave the workforce, how much income are they sacrificing? When employees leave or miss work due to childcare disruptions, how does this affect the employer? How are the state's public programs affected by childcare disruptions? We highlight the economic implications of these challenges and the motivations behind the decisions parents make. This report examines the direct economic impact of these childcare issues on the state of Utah and for its employers.

⁶ <https://gardner.utah.edu/demographics/population-projections/>

⁷ <https://jobs.utah.gov/blog/post/2022/06/07/where-are-the-workers-coming-from-components-of-population-change-in-utah>

⁸ <https://childcaregap.org/assets/onePaggers/Utah.pdf>

⁹ <https://jobs.utah.gov/occ/ccaccess.pdf>

¹⁰ Ibid

¹¹ A childcare desert is any census tract with more than 50 children under age five that contains either no childcare providers or so few options that there are more than three times as many children as licensed childcare slots.

¹² <https://childcaredeserts.org/2018/>

¹³ <https://www.utahchildren.org/newsroom/speaking-of-kids-blog/item/1176-child-care-funding>

¹⁴ <https://jobs.utah.gov/department/press/2022/071222.html>

Survey Results

A total of 307 parents with children under the age of six were surveyed. Respondents were reflective of Utah's racial demographics and household incomes as self-reported. The purpose of the survey was to gauge the current state of childcare in Utah, understand parents' motivations for their childcare arrangement, and inform stakeholders of the economic cost to the state and its employers.

Key Findings

Current Childcare Dynamics

Quantifying the impact of childcare begins with assessing the current childcare resources available and how parents access care. Parents responded to questions on their current childcare arrangement to understand utilization and their need for care as well as their personal preferences and motivations.

- Parents primarily pick their childcare provider based on **affordability**.
- When it comes to cost, families pay an average of **\$561 per month for childcare**, although costs can vary dramatically by provider type and household income.
- Families pay for childcare out of their **personal budget 59%** of the time while **30% don't have childcare costs**.

When asked about their current childcare arrangement, parents across the income spectrum primarily selected "a parent, stepparent, or guardian" (**FIGURE 01**). Low-income and middle-income groups were less likely to select professional caregivers like nannies and au pairs than high-income groups. High-income households were afforded more opportunity to select their childcare arrangement based on personal preference and reflect the choice that a higher income allows parents when making childcare decisions. In contrast, low-income and middle-income households were less likely to select a childcare arrangement

“I was working full-time until I gave birth three months ago. I’m a college graduate but the job that I had did not pay enough to cover the expenses of childcare. If I continue to work, I would be making only enough to pay for childcare with nothing left over. All our family members work as well so there’s no one that could watch the baby for free.”

—UTAH MOTHER OF AN INFANT

based on personal preference and proximity (FIGURE 02). Affordability was a primary motivation for all income groups and the leading factor overall. When asked how they primarily pay for childcare, 59% of respondents reported using their personal budget to pay for childcare (FIGURE 03). The low-income group relied on paying out of pocket the least and reported the lowest expenditure per month on childcare (\$405) compared to the middle-income and high-income groups (FIGURE 04).

For childcare to be considered affordable, The U.S. Department of Health and Human Services (HHS) outlines that a family should pay no more than 7% of its household income. Utah has one of the lowest rates of poverty in the nation,¹⁵ yet households are still strongly influenced by the affordability of childcare. Over half of the state’s counties pay between 15% and 20% percent of income for full-time care of children ages zero to twenty-four months at a Center Licensed facility. Providing care for infants and toddlers requires more attention from their caregivers to create a safe and quality environment and contributes to the higher cost of care when compared to older children.¹⁶ In the majority of Utah counties, households pay between 10% and 20% of their annual income for a child to attend in Center Licensed care. Households are more likely to pay between 10% and 15% percent of annual income for a child in Family Licensed care.¹⁷ The price of formal childcare forces parents to consider alternative arrangements—mainly informal care arrangements that may come at the cost of employment and educational participation. For parents that prefer to work, flexibility in their employment is a key component of whether they will be able to participate in the labor force.

¹⁵ <https://www.census.gov/library/stories/2022/10/poverty-rate-varies-by-age-groups.html>

¹⁶ <https://www.americanprogress.org/issues/early-childhood/reports/2018/02/14/446330/child-care-dollar-go/21%>

¹⁷ <https://jobs.utah.gov/occ/occmrket.pdf>

“I quit working because childcare became too expensive for me to continue working. I was paying more in childcare than I was bringing home, so it just didn’t make sense anymore.”

—UTAH MOTHER OF AN INFANT

FIGURE 01.

Current arrangement reported based on selected response options, by income group

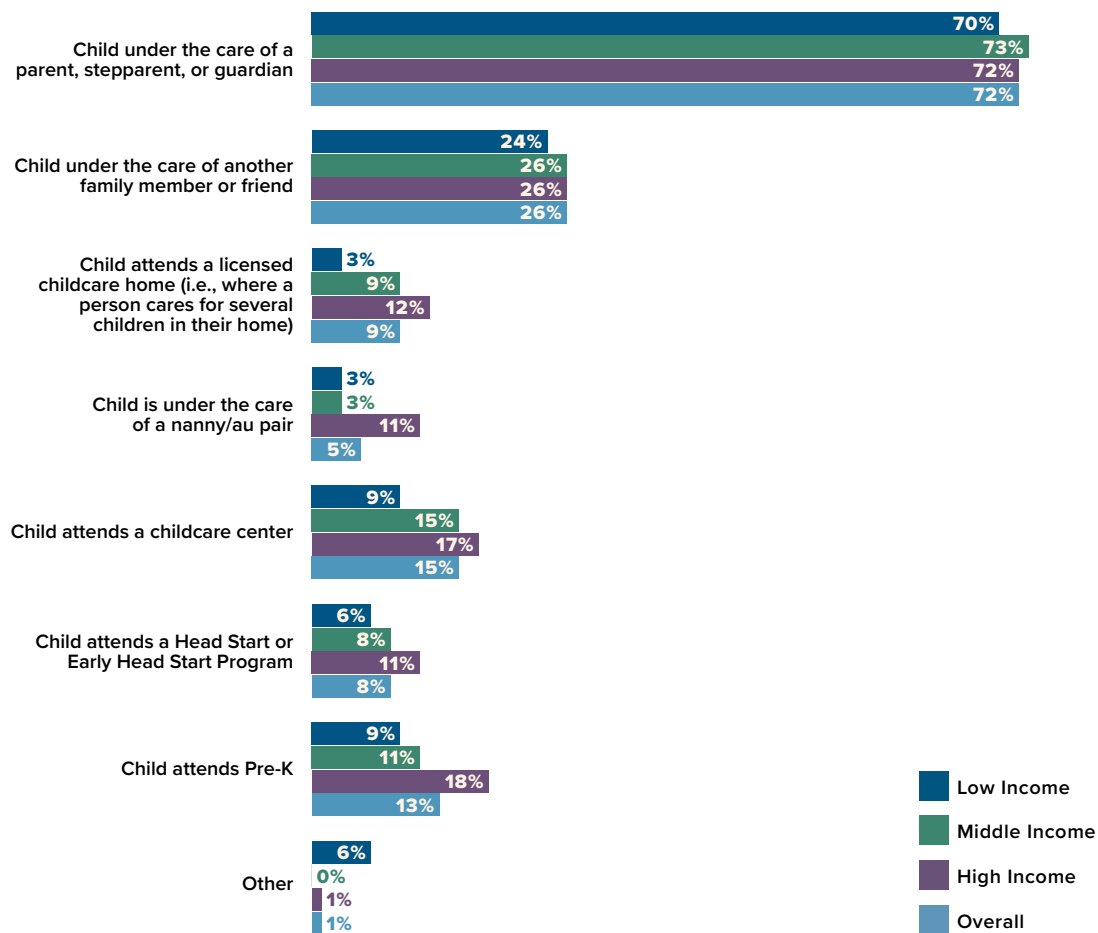


FIGURE 02.

Household breakdown of primary reason for selecting arrangement by income group

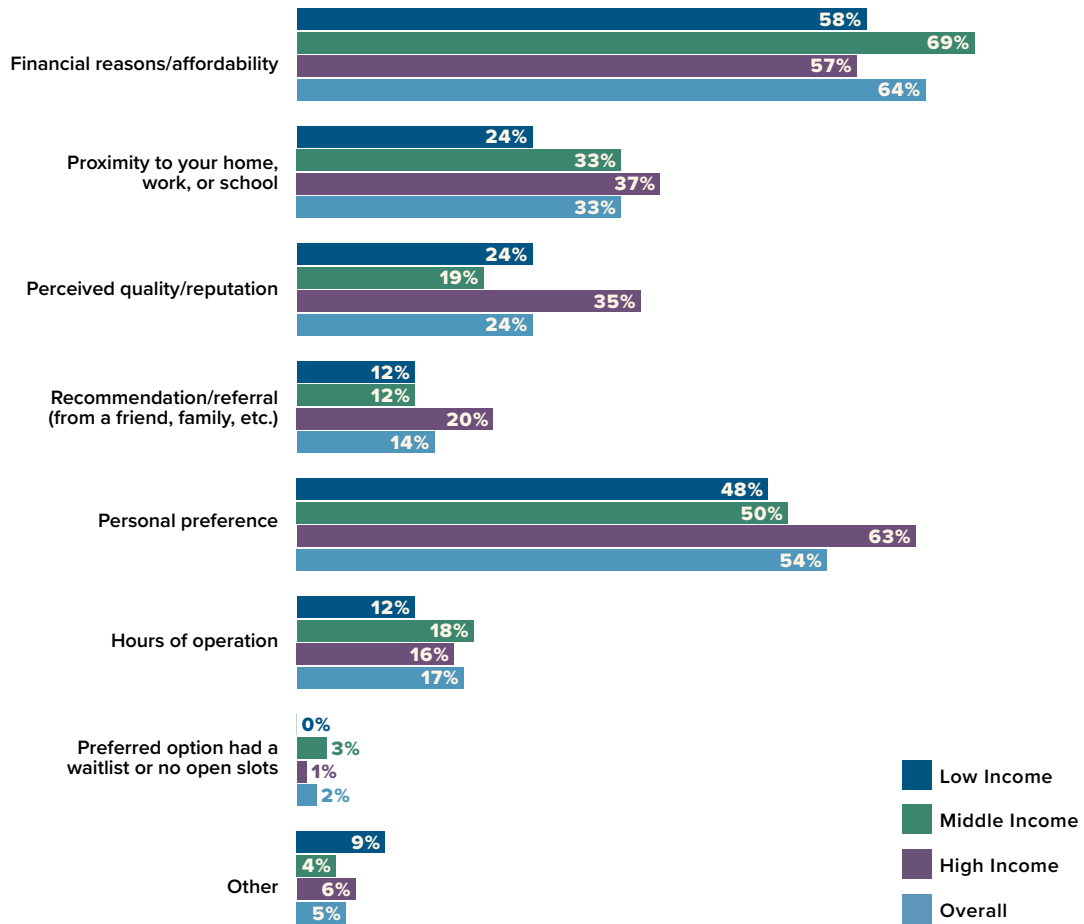
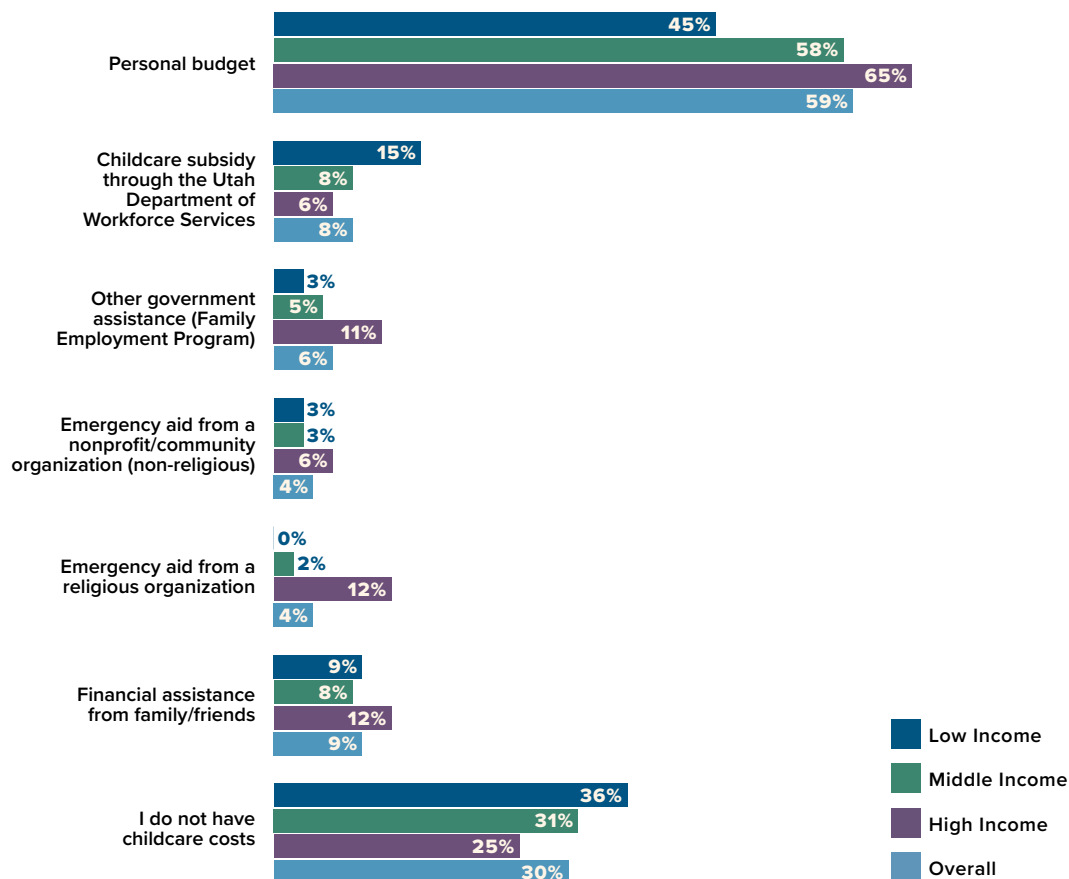


FIGURE 03.

Household breakdown of primary funding for childcare, by income group

**FIGURE 04.**

Monthly childcare expenditure reported by parents, by income group



Current Employment Dynamics

Work schedules and the ability to flex and adjust work responsibilities to attend to personal responsibilities factor into the childcare dynamic. In Utah, and much of the U.S., the demand for flexibility has been given life by the pandemic experience of remote work. Many workers continue to work remote by choice, but not all jobs are capable of being done remotely. More than seven in ten “white collar” workers have been working from home all or part of the time, while fewer than two in ten blue-collar workers have worked remotely all or part of the time.¹⁸ For those that have the choice to work remotely balancing their personal lives with work is a key consideration.¹⁹ Parents who were able to have flexible working hours or work from home without being tied to a physical workplace had more ability to manage personal tasks while still working. Childcare is a strong factor for parents when selecting their working environment and in June of 2022, parents reported at a national level working while supervising one or more children under the age of five an estimated 5% of the time.²⁰ As workers have returned to office or remained at home, parents have made choices about their ideal working situation.

In Utah, 49% of parents with a child under the age of six have both parents participate in the labor force while 46% have only the father in the labor force.²¹ Women most often reported choosing to stay at home with their child (36%) compared to men (3%). For 43% of two-parent households, their ideal childcare arrangement is to have one parent work full-time while the other does not. Another 32% indicate that a full-time worker and a part-time worker would be ideal.²² In our study, 61% of women considered themselves the primary caregiver in their household while 25% reported dividing responsibilities equally.

The majority of parents in our study reported working a traditional “nine-to-five” weekday schedule for full-time workers, while part-time workers reported having a fixed or “choose your own” schedule more often than full-time (FIGURES 05 AND 06). A parent’s working schedule and physical work location frequently dictate the childcare options available to them. Parents are often forced to weigh competing priorities, balancing their desire to advance their career or education with the responsibilities of raising their children. In the proceeding sections, we explore through primary data how parents navigate childcare decisions and the economic costs that follow.

Respondents were prompted to select one response option that best describes their current employment and report the number of hours they work as applicable:

¹⁸ <https://news.gallup.com/poll/348743/seven-u.s.-white-collar-workers-still-working-remotely.aspx>

¹⁹ <https://www.pewresearch.org/social-trends/2022/02/16/covid-19-pandemic-continues-to-reshape-work-in-america/>

²⁰ 2022 US Census Household Pulse Survey

²¹ <https://data.census.gov/cedsci/table?q=C23008&q=0400000US49>

²² <https://gardner.utah.edu/wp-content/uploads/Family-Friendly-Sep2022.pdf>

FIGURE 05.

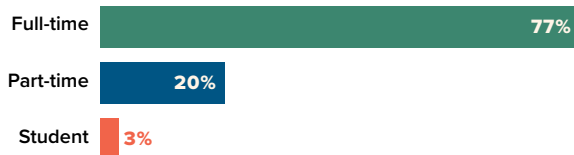
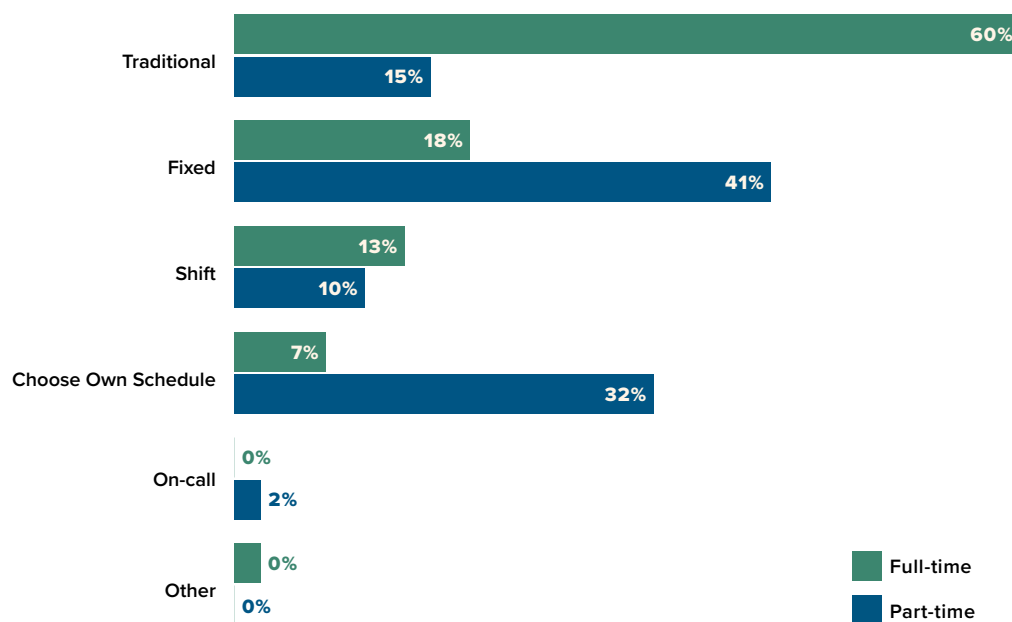
Average hours per week, employment status

41.1

Full time Hours

21.8

Part-time Hours

**FIGURE 06.**Full vs. part-time job schedule²³

²³ Traditional – defined as a Monday to Friday with consistent daytime hours; Fixed – consistent schedule during certain days or hours

Impact of Childcare on Employment and Education

Historically, working parents have been dependent on childcare solutions to pursue careers, while others choose to work less as income and time allowed them to care for their children without interruption. Regardless of a parent's personal preference for providing care for their children, childcare disruptions have impacted modern family dynamics and participation in the workforce. Research from CAP revealed that in the US each year from 2016 to 2018, more than 2 million parents of children aged 5 and younger—nearly 1 in 10 parents—had to quit a job, not take a job, or greatly change their job because of childcare problems.²⁴ An estimated 7.3% of parents experienced childcare-related job disruptions in 2020²⁵, with work absences due to childcare increasing to ~700,000 working parents with children under the age of 5; some parents were laid off and gave up trying to find work due to caregiving responsibilities while others left the workforce to provide childcare.²⁶

- Thirty-four percent of households have experienced changes to their own employment situation due to childcare issues (FIGURE 07).

Utah parents in our survey reported their employment being affected in the following ways: voluntarily or involuntarily leaving their jobs; decreasing their hours from full-time to part-time; being unable to increase their hours; or being unable to accept a new position. In addition to those who have already experienced changes to their work, 19% of working parents plan to leave their job in the next 12 months (FIGURE 08). When prompted with a follow-up question on their primary reasons to leave, 37% cite childcare concerns and 44% desire a new work opportunity. High-income groups were the most likely to be planning on leaving their current employment (FIGURE 09).

Our survey asked a question from the National Survey of Children's Health (NSCH) to provide a comparison of the national data from 2019:

"During the past 12 months, did you or anyone in the family have to voluntarily leave a job, not take a job, or greatly change your job because of problems with childcare for this child, age 0-5 years?"

According to the NSCH, just over 9.4% of parents in the U.S. reported that childcare issues are causing significant disruptions to their employment, whereas fewer Utah parents (6.6%) were experiencing disruptions (FIGURE 10). The parents in our survey reported much higher rates (31%) of childcare issues significantly impacting employment for their household. Aside from differences in survey design that affect the comparison of our data to the NSCH, the COVID-19 pandemic accounts for a large increase in disruptions experienced, with childcare options no longer available to parents along with increased economic turbulence.

²⁴ <https://www.americanprogress.org/issues/early-childhood/news/2020/02/18/480554/child-care-crisis-causes-job-disruptions-2-million-parents-year/>

²⁵ Ibid

²⁶ <https://19thnews.org/2021/01/about-700000-parents-with-young-kids-left-the-workforce-in-2020-for-many-loss-of-child-care-was-to-blame/>

FIGURE 07.

Percentage of parents who experienced employment changes due to childcare, by income group

**FIGURE 08.**

Parents planning to leave employment over the next 12 months, by gender

**FIGURE 09.**

Parents planning to leave employment over the next 12 months, by income group

**FIGURE 10.**Percentage of parents who answered “Yes” to the NSCH question, compared nationally²⁷

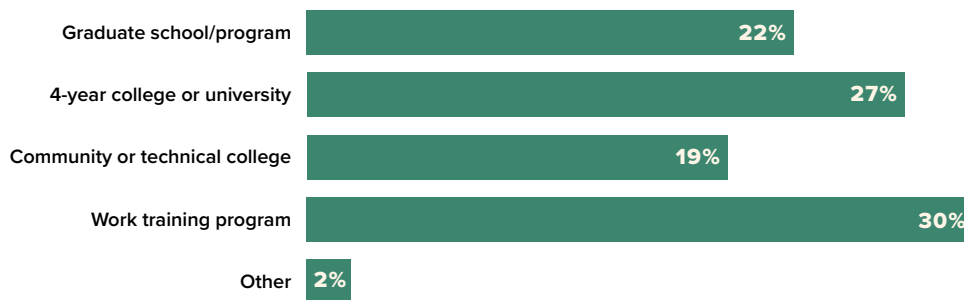
COMPARED NATIONALLY	PERCENT
Nationwide NSCH (2019)	9.4%
Utah NSCH (2019)	6.6%
Arizona Untapped Potential (2021)	34.1%
Arkansas Untapped Potential (2021)	34.6%
Missouri Untapped Potential (2021)	27.6%
New York Untapped Potential (2022)	31.5%
Texas Untapped Potential (2021)	29.8%
Utah Untapped Potential (2022)	33.5%

²⁷ <https://19thnews.org/2021/01/about-700000-parents-with-young-kids-left-the-workforce-in-2020-for-many-loss-of-child-care-was-to-blame/>

Childcare issues also pose significant challenges to parents that are enrolled in educational programs. Twenty-nine percent of respondents we surveyed are pursuing, or have pursued in the last 12 months, some type of school or work training program (FIGURE 11). Over this past year, many of these parents went from full-time to part-time in school or a work training program, dropped from a class roster, or dropped out of the program entirely.

FIGURE 11.

Type of education being pursued



“I had to quit school for my journeyman because I needed to pick up more paying hours. I can’t find childcare for the hours I’m in school.”

—UTAH MOTHER OF A FOUR-YEAR-OLD

“I had to reduce my hours and ultimately quit my job in order to finish school and also care for my kids. It has decreased our household spending but still manageable.”

—UTAH MOTHER OF MULTIPLE CHILDREN UNDER THE AGE OF SIX

Childcare Subsidies, Benefits, and Accommodations

Employer benefits can play a role in bridging the gap between state-provided support for childcare and the arrangements that parents are reliant on. Employers are increasingly offering more childcare benefits, notably with more allowing work from home after the pandemic introduced the concept at scale. However, not all jobs are capable of being performed remotely and many do not have this option, especially comparing the percentage of higher income workers working remotely (67%) to lower income workers (53%).²⁸ In our study, 23% of respondents reported that their employer offered childcare assistance, benefits, or accommodations. Parents most frequently mention flexible working hours, flexible working days, and remote work / work from home in their top three most important things offered to them by their employer (FIGURE 12). Women are particularly susceptible to childcare issues and can benefit from support from their employer to avoid disruptions and turnover. Employers that can provide these benefits support and incentivize participation in the workforce. Findings from the Kem Gardner Institute indicate Utah women were significantly more likely to say flexible work hours and a remote or hybrid option would cause them to work more—with 20% more women than men indicating remote/hybrid work options would have this effect.²⁹ In general, women are significantly more likely to work more with the availability of quality affordable childcare—with almost half (49%) indicating they would work more, compared with 31% of men.³⁰

“I sometimes will need to talk to my supervisor about changing my schedule to fit my child’s and my family’s needs because they can’t always be there for my baby girl every day since they have jobs too. I’m lucky to have my mom who doesn’t work every day but sometimes her schedule changes so then I have to change mine to fit it so I can be there for my kid.”

—UTAH MOTHER OF A FOUR-YEAR-OLD

²⁸ <https://www.pewresearch.org/social-trends/2022/02/16/covid-19-pandemic-continues-to-reshape-work-in-america/>

²⁹ <https://gardner.utah.edu/wp-content/uploads/Family-Friendly-Sep2022.pdf>

³⁰ [Ibid](#)

In September, the state of Utah counted 25,985 individual recipients of childcare assistance or 7,473 households, a 19% increase from October of 2021.³¹ In addition to government assistance, parents in our study reported using tax benefits to help pay for childcare including the Child Tax Credit (40%), Earned Income Tax Credit (29%), and Child and Dependent Care Tax Credit (12%) (FIGURE 13). When prompted to select only one potential government-provided benefit, 46% selected their preference would be to increase the Child Tax Credit. In total, 60% of respondents report government assistance or tax breaks for parents.

FIGURE 12.

Importance of employer benefits to parents, % mentioned in top 3 ranking

*Parents could select more than one option

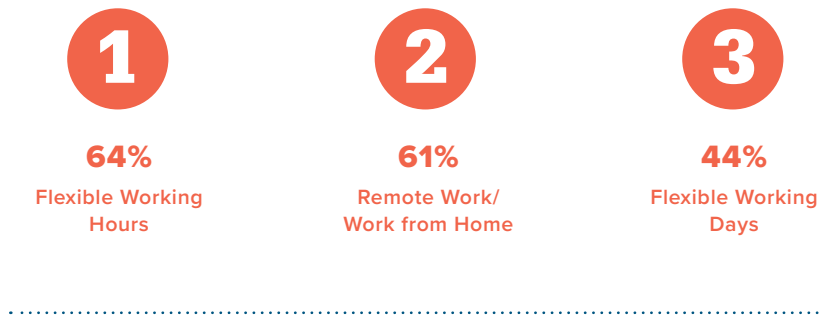
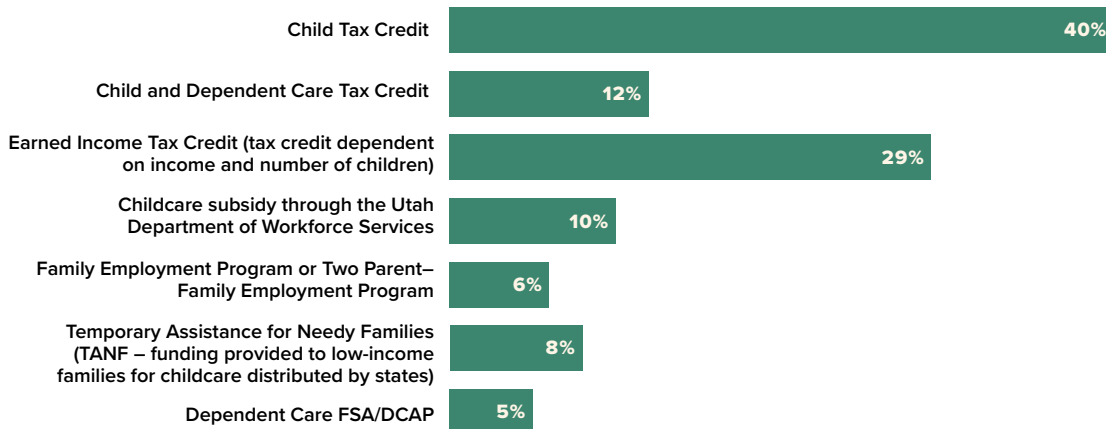


FIGURE 13.

Household breakdown of primary reason for selecting arrangement by income group



³¹ <https://jobs.utah.gov/wi/data/misstats/pubassist/>

The Role of COVID-19 Pandemic on Childcare

Our study briefly explored the COVID-19 pandemic and the effects it has had on childcare. The pandemic exposed and amplified challenges that many parents were already managing in households across the country. Our work in 2019 highlighted the significant costs childcare issues were having on several state economies, but the pandemic added a layer of complexity to the existing set of challenges.³²

At the onset of the COVID-19 pandemic, the Office of Child Care reported that 38% licensed childcare centers temporarily closed, and 18% of Utah's licensed family programs, those based out of a home, also temporarily closed.³³ Even the temporary closure of childcare sites can have a lasting effect on the availability of childcare sites, with providers ultimately choosing to leave an industry that has historically been predicated on low-income women of color providing care.³⁴ In May of 2019, the Bureau of Labor Statistics tracked that there were 5,600 childcare workers; then in May of 2020, 4,970; and by May of 2021, the number had declined to 4,590 childcare workers.³⁵ The childcare industry has historically had high turnover with low wages and stagnant growth, and the pandemic further challenged childcare workers with conditions that do not favor continued employment in the industry.

In our study, 26% of respondents changed their childcare arrangement due to COVID-19. The effect on childcare was approximately the same across income groups—low (24%), medium (26%), high (29%)—but differed between women (23%) vs. men (37%) and white (22%) vs. non-white (37%). By January of 2021, approximately 10 million U.S. mothers living with their own school-age children were not actively working—1.4 million more than during the same month in the previous year.³⁶ For those that reported altering their childcare arrangement due to COVID-19, 33% indicated that a parent, stepparent, or guardian was a primary provider of care; now they represent 63% of arrangements (FIGURE 14). In a follow-up question about the reason for the change to their childcare arrangement during the pandemic, 56% cited health and safety as their main concern (FIGURE 15). The increase in usage of informal childcare options is a reflection of what parents prioritize when faced with the pandemic; parents consider safety and trust very important when selecting a childcare arrangement and value the quality time that caring for a child themselves or having a friend providing care affords the child.

³² <https://www.uschamberfoundation.org/reports/covid-19-impact-childcare>

³³ <https://www.kpcw.org/coronavirus/2020-04-15/utah-grant-aims-to-keep-child-care-programs-open#stream/0>

³⁴ https://www.uschamberfoundation.org/sites/default/files/Equity_ChildCare_Final_web.pdf

³⁵ US Bureau of Labor Statistics Occupational Employment and Wages May 2019, May 2020, May 2021

³⁶ <https://www.census.gov/library/stories/2021/03/moms-work-and-the-pandemic.html>

“I quit my career to stay at home with my baby. I plan to have more kids and stay home with all of them. I feel I am the best person to raise them rather than a company with employees that take care of many children.”

-UTAH MOTHER OF AN INFANT

FIGURE 14.

Difference in pre-pandemic to current childcare arrangement for parents reporting a change due to COVID-19

*Parents could select more than one option

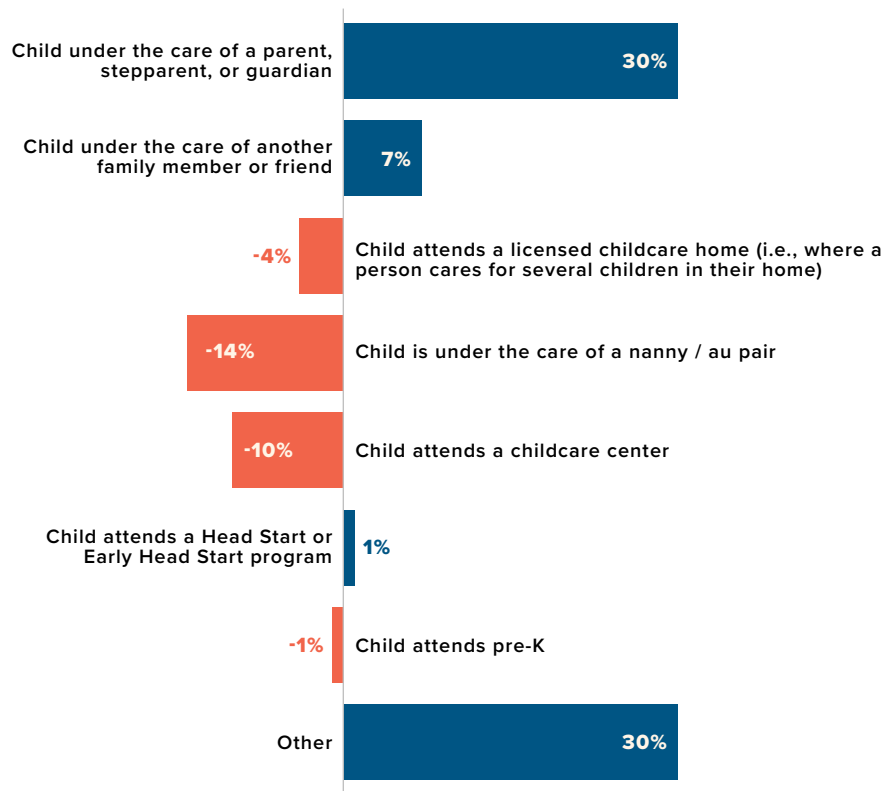
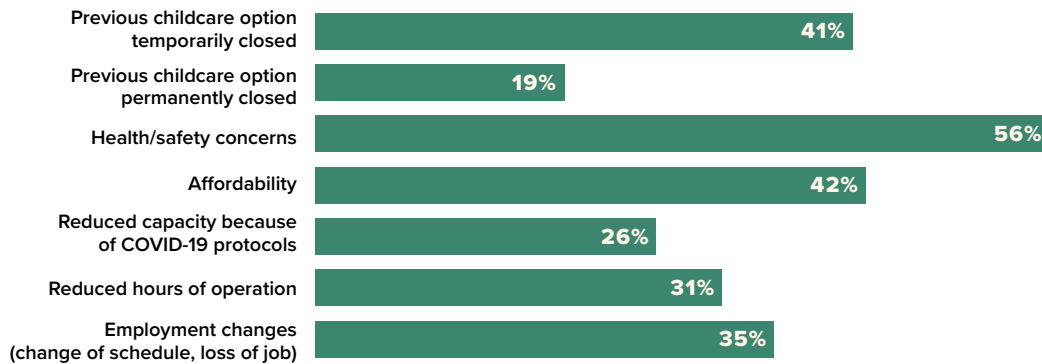


FIGURE 15.

Reasons for change to childcare because of COVID-19

*Parents could select more than one option



“I’ve become a stay-at-home mom, so I can care for my kids and support my husband in his career. He’s been working so hard with no end in sight. We hope to make it work though, because we both feel strong about me being home with the kids.”

—UTAH MOTHER OF MULTIPLE CHILDREN UNDER SIX

Economic Impact

We estimate that due to breakdowns in childcare, Utah has \$1.36 billion of untapped economic potential annually. Working parents often face challenges at their job due to childcare issues and may be absent, arrive late, or otherwise be disrupted at work if they are unable to access adequate care for their children.

According to our research, more working parents missed work due to childcare issues and were absent more days on average than parents before the pandemic.³⁷ In Utah, 43% of workers missed work at least once in the last three months due to childcare issues, and those that missed work did so for an estimated average of 19 days for the full year. If a parent is absent, this presents a financial cost to both the employer and the parent. The parent may lose wages for time missed, and the employer experiences a loss in productivity as well as the financial cost of paying overtime to other workers or even hiring and paying temporary workers to make up for the missed work. When accounting for these issues, we estimate that the direct employer cost due to turnover and absenteeism in Utah is \$1.10 billion per year.

If a parent experiences a significant change in their childcare arrangement or life situation, this can cause them to voluntarily leave the workforce or be terminated by their employer. Our research showed that some employees had to leave their employer, while others struggle to manage their schedules and finances that may later force them to leave the workforce. As employees leave the workforce, employers face significant costs to replace them. Research indicates that it costs about one-fifth of an employee's yearly salary for them to be replaced.³⁸ Using this benchmark, we estimate that the turnover cost in Utah is \$743 million annually. Costs from breakdowns in childcare are not isolated to employers and families. As people miss work or leave employment, there is an economic cost to Utah through tax revenues. Income tax revenues will decrease, and reduced income leads to less sales and excise taxes being collected on purchased goods and services. We estimate that Utah loses a total of \$258 million in taxes annually due to employee turnover and absenteeism.

THE UNTAPPED POTENTIAL:

\$1.36B

Childcare issues result in an estimated \$1.36 billion loss annually for Utah's economy

DIRECT EMPLOYER COSTS

\$532M Turnover
+ \$570M Absences

\$1.10B Total

STATE TAX COSTS

\$211M Turnover
+ \$47M Absences

\$258M Total

³⁷ <https://www.uschamberfoundation.org/reports/untapped-potential-economic-impact-childcare-breakdowns-us-states>

³⁸ <https://www.americanprogress.org/wp-content/uploads/2012/11/CostofTurnover.pdf>

Immediate Effects on Employment and Education

Almost half of households have experienced changes to their own education due to childcare issues. Women were more likely to report that childcare effected their education than men (FIGURE 16).

With regards to education, many parents in our study reported going from full-time to part-time (28%), stopping attending an education program (24%), and dropping from their class or program (16%) (FIGURE 17). Disruptions to education influence the earning potential of parents and their ability to contribute to the economy. The Bureau of Labor Statistics maintains historical educational attainment and employment data that presents the correlation between reduced unemployment and increased earnings with education. Put simply, more education equates to more income and opportunities.

Parents who have childcare issues are more likely to experience disruptions or distractions in their professional lives and these issues can ultimately lead to separation from employment, whether voluntary or involuntary, as well as other significant changes to employment. Overall, 32% of employed parents in our survey experienced disruptions to their employment. Fifteen percent of the total mentions by parents who experienced changes to their work indicated they left the workforce by either being let go (5%) or quitting (10%) as a direct result of issues with childcare. These effects were not experienced equally by all groups. Low-income households were the most likely to experience a change in work due to childcare (FIGURE 18). Women (34%) were more likely than men (28%) to experience employment changes due to childcare issues (FIGURE 19). Women reported a higher rate of being fired or quitting and were more likely to be completely removed from the workforce when compared to men (FIGURE 20). These gender differences with regards to employment are consistent with other findings. According to the Gardner Policy Institute, Utah women experienced a greater year-over-year percentage change than men in employment, a decrease of 1.1% compared to 0.5% for men; representing an estimated 8,000 women not in the workforce between 2019 and 2020.³⁹

³⁹ <https://gardner.utah.edu/wp-content/uploads/C19Impacts-FS-Mar2021.pdf>

FIGURE 16.

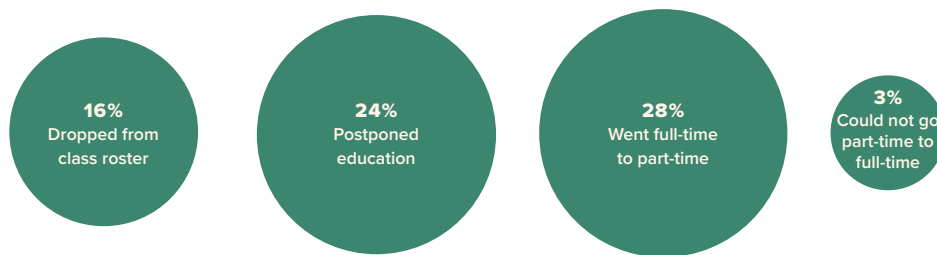
Childcare issues impacted postsecondary education or training program, by gender



FIGURE 17.

How parents said childcare issues impacted their postsecondary education or training program

*Parents could select more than one option



UTAH MOTHER OF A FOUR YEAR OLD

“I was looking for a better job but had to stay at current because my child had to go to work with me and it’s flexible and allowed me to. I had an offer for better pay but could not take it. I am a hour late to work everyday and had to give up my lunch break to make up the difference in hours, so now I just don’t eat.”

In our study, working parents reported that in the last six months they were forced to adjust their schedules by alternating work hours with someone else in their household (36%), working while simultaneously caring for a child (30%), and working fewer hours (25%). (FIGURE 21). Forty-three percent of parents also missed work or school at least once in the last three months due to childcare issues. Short of being absent, parents experienced interruptions due to childcare at work or class with 42% being late, 47% being disrupted, and 46% being distracted at least once in the past three months (FIGURES 22 TO 25). Employers without flexibility in their work policies may see parents, especially low-income households, opt to exit the labor market when forced to decide on balancing a work schedule or paying for childcare services.

Survey findings indicate that whether a parent remains in the workforce or exits the workforce there are immediate effects on employment and education due to childcare issues. These data points help businesses understand when their employees may be most vulnerable, helping employers tailor their childcare benefits to the working parents that need them most. Childcare is a critical consideration for families with young children and can impact careers and financial outcomes, and it is important for businesses to recognize parents' needs as they consider accommodations. These decisions have an immediate effect on hours and income, but also have a lasting impact by altering the trajectory of a career and professional development.

FIGURE 18.

Percentage of parents that childcare issues have affected employment, by income group



FIGURE 19.

Percentage of parents that childcare issues have affected employment, by gender



“I have had to change my work hours to be able to get my daughter to daycare. I’ve also had to rely on family members to pick her up from daycare so I can stay at work. There have been behavioral issues at the daycare between her and another child, I’ve been called at work more times than I can count because they started fighting and I had to go pick her up. I am constantly worried about daycare.”

—UTAH MOTHER OF MULTIPLE CHILDREN UNDER THE AGE OF SIX

FIGURE 20.

How parents said childcare issues impacted their employment, by gender

*Parents could select more than one option

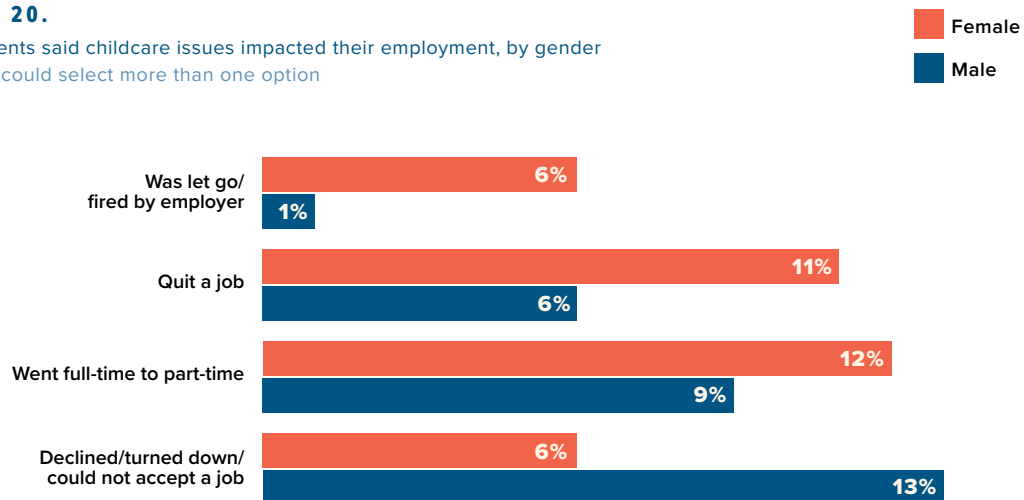


FIGURE 21.

What parents say they have done in the last 6 months to provide childcare, by income group

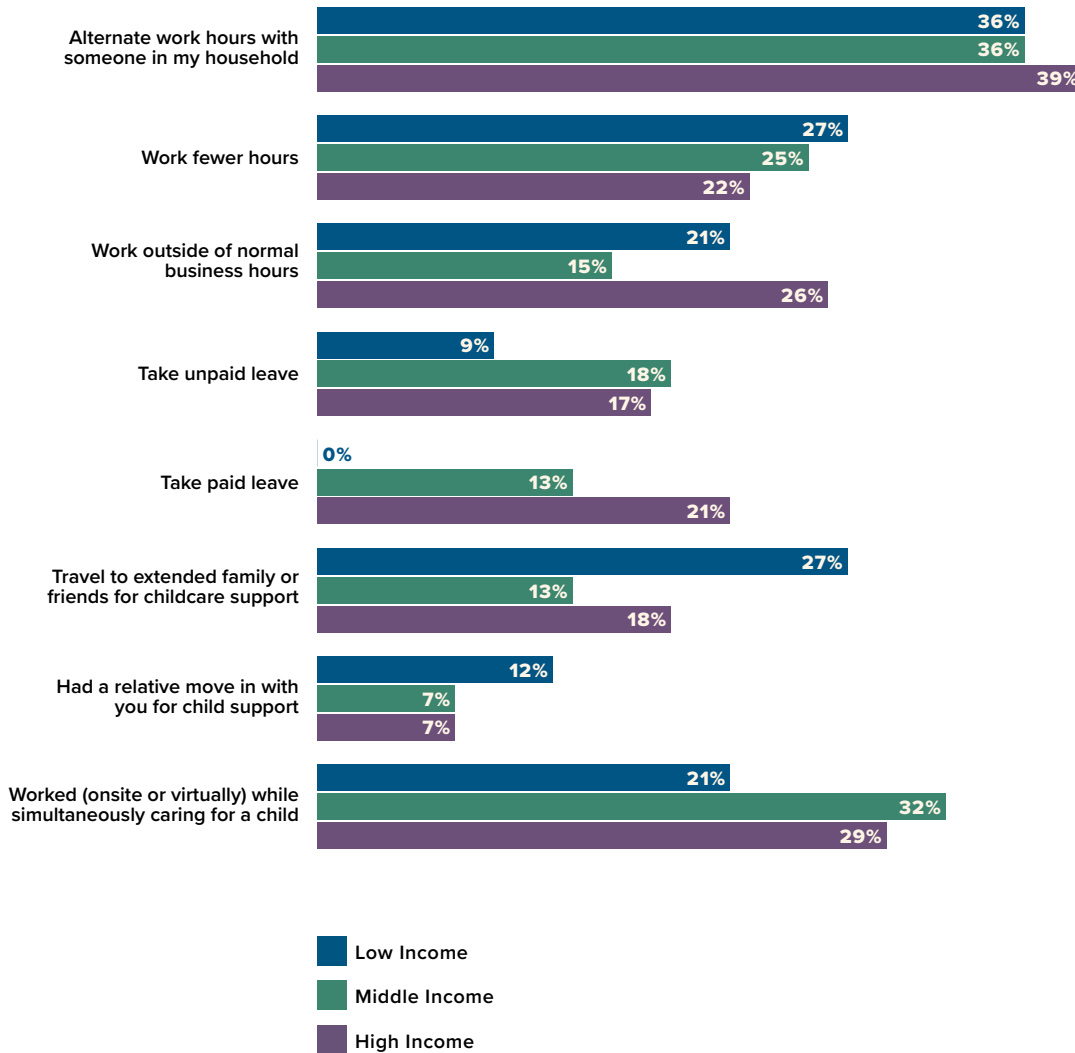


FIGURE 22.

Frequency of missing work or class in the last three months, by gender

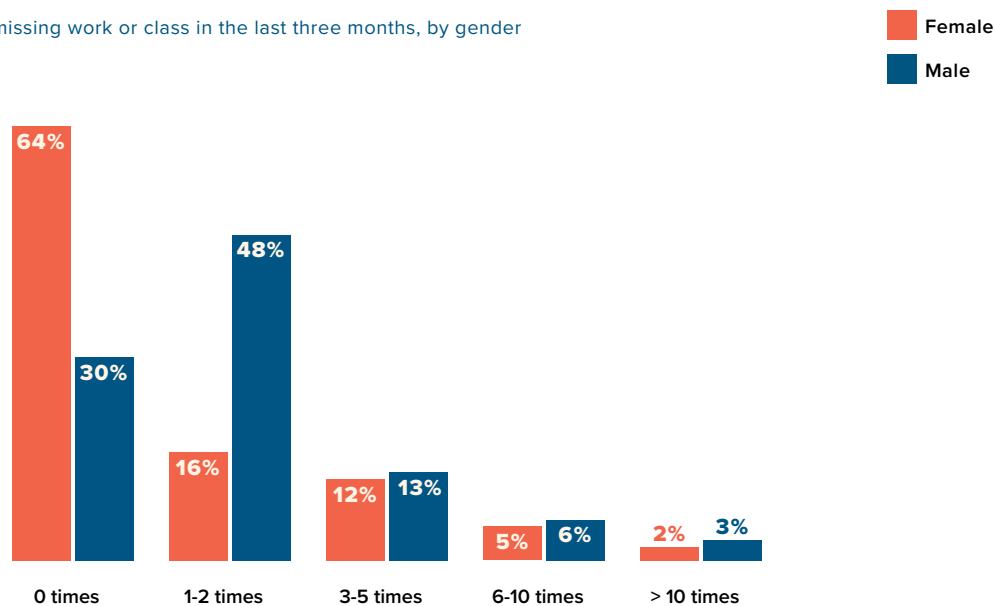


FIGURE 23.

Frequency of being late to work or class in the last 3 months, by gender

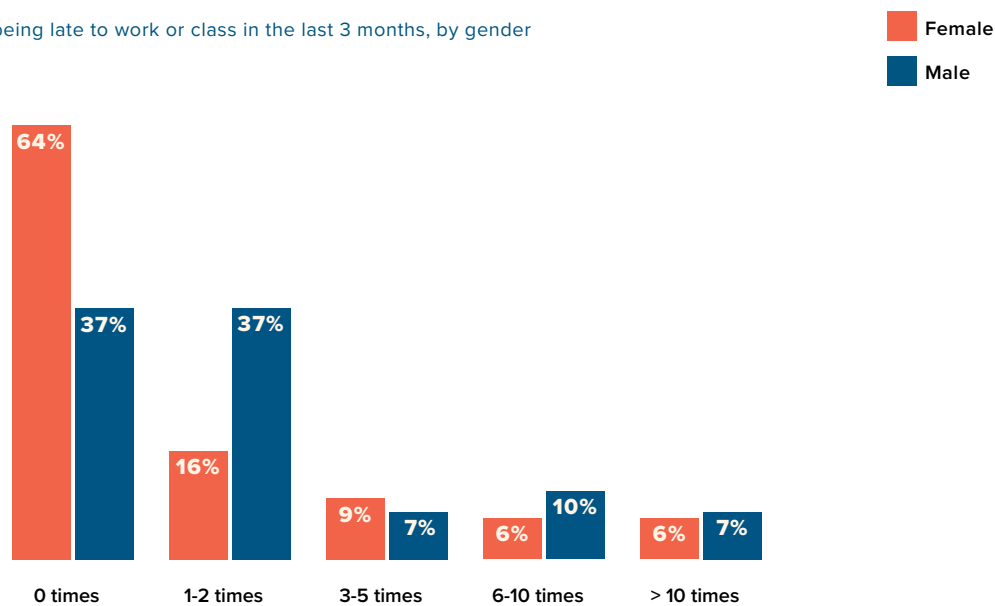


FIGURE 24.

Frequency of being disrupted work or class in the last 3 months, by gender

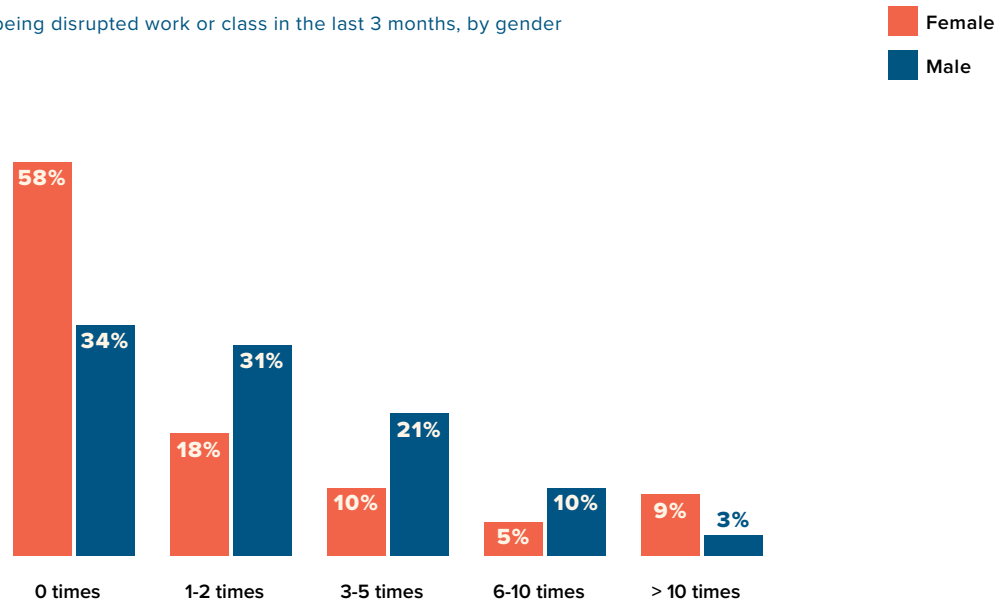
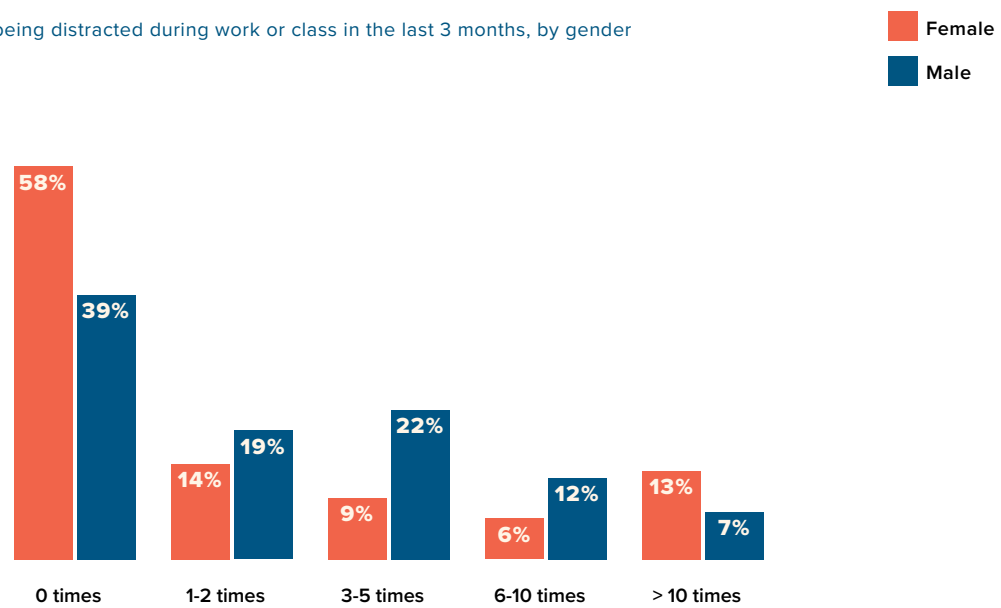


FIGURE 25.

Frequency of being distracted during work or class in the last 3 months, by gender



Lasting Effects on Employment and Education

Unfortunately, the effects on employment and education due to childcare are not easily remedied. Parents who have stopped attending education and work training programs face extended leaves before they plan to return. Within our study, 49% of parents who have left education due to childcare issues do not plan on returning to school for at least a year (FIGURE 26). Parents are more willing to forgo the investment in education for longer periods than work, but both still have lasting impacts. Additionally, the longer people spend away from their education program, the less likely it is that they will return.⁴⁰ Only 13% of students who drop out of school re-enroll, and they typically do not re-enroll at the same level of institution.⁴¹ Parents who are enrolled in school or training programs experience long-term consequences similar to parents who choose to leave their jobs. The choice to delay education alters the start of increased earnings potential and pushes the attainment of a higher income to a later period in life. Doing so has long-term ramifications that can affect loan repayments, debt accumulation, interest, and retirement savings.

“Due to the fact that I have two children that are under the age of five and in constant need of childcare and supervision I made the choice to change my hours substantially. I was in the running to become the lead plumber at my organization and instead had to cut my hours back so that I could be around more to supervise my little ones because the cost of childcare is ridiculous.”

—UTAH FATHER OF MULTIPLE CHILDREN UNDER SIX

⁴⁰ National Student Clearinghouse Research Center (October 30, 2019) *Some College, No Degree*

⁴¹ Ibid

UTAH FATHER OF A FOUR YEAR OLD

“For the last 4 years my wife has stopped her work career to dedicate herself to the care and upbringing of our little girl... as she did with our first child... because it is a priority for us that the first years of her life, the teachings she receives should be from her parents.”

In our study, 61% of those that have left or are planning to leave the workforce due to childcare concerns plan on spending less than a year away from employment (FIGURE 27). Whether due to the employment market, the need for income, or personal preference to pursue a career, most Utah parents do not anticipate taking an extended leave beyond a year. Attempting to resume a career can also be especially challenging to maintain skills and stay current on industry trends. Parents will find it increasingly difficult to regain similar employment if they are away from the workforce for longer periods of time. The immediate effects of missed wages are apparent in gross dollars, but the cumulative number of missed wages has a multiplicative effect beyond the sum of lost annual earnings.

According to CAP, if a young worker is making \$50,000 per year and chooses to spend three years away from work to take care of a child, they will miss out on far more than \$150,000 of lost wages. It is estimated that over their lifetime, they will lose an additional \$200,000 in future wage growth, and approximately \$165,000 in lost retirement assets and benefits, leading to a total cost of more than \$500,000.⁴²

For both men and women, there is an estimated 7% wage penalty for time spent away from work to care for a child, but women with children earn slightly less than males with children earn after controlling for job and qualifications.⁴³ Women were also more likely to quit a job to care for a child than men in our study; reports from Payscale, McKinsey, and the Federal Reserve Bank of St. Louis found similar results. These findings translate to women not only leaving the workforce at higher rates but being penalized with a higher opportunity cost for doing so. Utah ranks near the bottom for pay equality between men and women,⁴⁴ and helping reduce childcare issues for those who wish to remain in the workforce while being parents will help women stay competitive in earnings.

⁴² <https://www.americanprogress.org/issues/early-childhood/reports/2016/06/21/139731/calculating-the-hidden-cost-of-interrupting-a-career-for-child-care/>

⁴³ <https://www.payscale.com/research-and-insights/gender-pay-gap/#module-2>

⁴⁴ https://www3.aauw.org/aauw_check/pdf_download/show_pdf.php?file=Gender_Pay_Gap_Utah

FIGURE 26.

Time to return to education for those leaving education

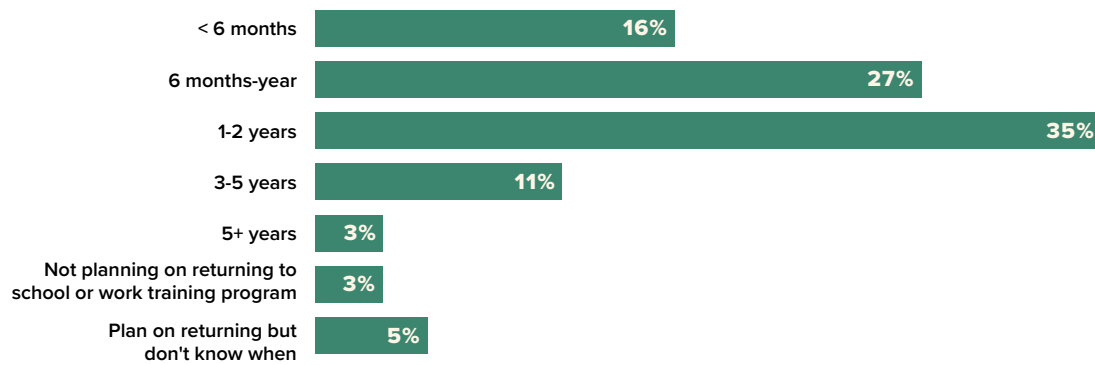
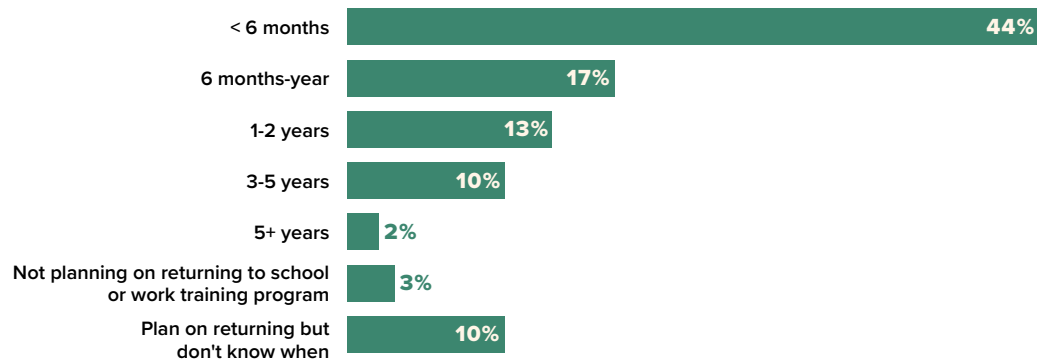


FIGURE 27.

Time to return to work for those leaving employment



Conclusions and Implications

Our study is a conservative estimate of the impact that childcare has on employers and the state of Utah. The research draws clear indications that access to childcare weighs heavily on professional development for parents. Without access to childcare, working parents will compromise on their futures for the immediacy of their childcare needs. Turnover and absenteeism because of childcare issues results in costs for parents, their employers, and the state. To address these issues, employers are essential to reducing the challenges for parents, especially women and low-income groups, by creating policies that are valuable to parents who are employed or seeking employment, such as flexible working days, flexible working hours, and remote work/work from home options.

Utah is estimated to lose \$1.36 billion annually in lost economic opportunity due to parent's experiencing disruptions to childcare.

The State of Progress

One example of an innovative effort to improve childcare in Utah is the multi-faceted approach undertaken by Utah's six regional Care About Childcare (Child Care Resource and Referral) partners. These offices receive funding from the Utah Office of Child Care to assist parents in their region who are seeking childcare, and to train and support childcare professionals there. Recently, these regional offices have undertaken even more proactive efforts to create new licensed childcare settings to serve Utah families.

The Care About Child Care regional partner located in Carbon County has used a multi-year grant of \$522,000 over two years to grow the number of childcare centers in their region by 20%, and the number of family providers by 24%. This was accomplished through an aggressive outreach campaign, including radio ads and billboards, to attract interested individuals to apply for start-up grants and substantial technical assistance.

In addition, one Care About Child Care regional partner – the Children's Service Society in Salt Lake City – has pursued private grant funding to further address the childcare crisis. The non-profit organization is developing its own childcare facility, which will both: 1) allow underserved families to access high quality early care and education and 2) serve as a training program for low-income individuals to obtain the skills and support necessary to become childcare professionals themselves.

By continuing to listen to the needs of parents and working to find public and private solutions, Utah will be better equipped to unlock the economic potential of parents whose employment and educational options are currently limited by their childcare circumstances. Our survey findings further support the need for collaboration from employers and the state to organize a diverse set of options that are flexible enough to fit the needs of individual families. The most effective childcare system will not be the result of one initiative, but collective impact generated through collaboration on accessing high-quality childcare options.



RESEARCH SPONSORS

The research for the Untapped Potential report was conducted by the U.S. Chamber of Commerce Foundation in partnership with United Way of Salt Lake and The Salt Lake Chamber of Commerce.

APPENDIX A: SURVEY METHODOLOGY AND RESPONDENT DEMOGRAPHICS

As with the previous studies conducted by the U.S. Chamber of Commerce Foundation, this study was conducted in two phases. First, the U.S. Chamber of Commerce Foundation, Voices of Utah Children, the Salt Lake Chamber of Commerce, and United Way of Salt Lake partnered with Cicero Group to conduct a statewide survey of households with children aged five and under who are not yet in kindergarten. Parents were asked a series of questions investigating the intersection of workforce participation, education, and childcare issues. This survey was conducted online and sampled a population representative of Utah's racial and income demographics. Income was self-reported by respondents by selecting the range that best described their income before taxes. Responses were later regrouped to establish low- less than \$30,000 per household, middle- between \$30,000 to \$100,000 per household, and high- greater than \$100,000 per household for each income group. In our survey and as mentioned in the body of the report, respondents were allowed to select from response options that were inclusive of a "parent, stepparent, or guardian" for their current and pre-pandemic childcare arrangement. Second, Cicero Group estimated the economic impact of childcare issues based on the survey results from the first phase and secondary data sources, such as U.S. Census Bureau data.

RACE	White	Hispanic or Latino	Black	Asian	American Indian / Alaskan Native	Native Hawaiian / Pacific Islander	Multiple
N=307	219	50	8	6	1	12	6

SEX	Female	Male	Other
N=307	239	67	1

MARITAL STATUS	Married	Single	Other
N=307	242	39	26

REGION	Rural	Suburban	Urban
N=307	37	185	85

APPENDIX B: ECONOMIC IMPACT METHODOLOGY

The economic impact consists of two areas—first, there is a turnover cost to employers. Second, states lose tax revenue when employees lose wages. We pulled data from The American Community Survey to calculate the total number of parents in the labor force with children under six. In Utah, there are an estimated 326,213 in the labor force with children under six. We applied the responses of parents who voluntarily or involuntarily left the workforce due to childcare to this population (15%) to estimate the total number of working parents of children under six who left the workforce. Applying Boushey and Glynn's cost of turnover (21%) to the annual mean salary for these workers, we arrived at the total cost to employers due to employee turnover.⁴⁵ For absences, we applied the mean hourly wage to the number of parents who missed work. We then assumed they missed an eight-hour shift. Even for non-salaried workers who forgo earnings when they miss work, we assume employers still pay a cost in either lost productivity to those absent workers, overtime pay to other workers who must cover a shift, or even hiring and paying temporary workers.

States lose tax revenues from multiple sources. When an employee loses his or her job, or forgoes wages, the state's taxes are directly and indirectly impacted. We used the tax estimates from The Institute on Taxation & Economic Policy⁴⁶ to determine appropriate tax rates.

⁴⁵ There Are Significant Business Costs to Replacing Employees. Heather Boushey and Sarah Jane Glynn

⁴⁶ Who Pays? <https://itep.org/wp-content/uploads/whopays-ITEP-2018.pdf>

Notes:



U.S. Chamber of Commerce
Foundation