

Utah's Child Care Turnaround: Real Solutions for Working Families

Child care in Utah is not just strained. It is structurally broken. Families feel it. Employers feel it. Communities feel it. And today, the gap between child care supply and demand is so large that it is shaping workforce participation, family stability, and even whether young families feel they can afford to have children at all.

Across Utah, 64 percent of families have all available parents in the workforce. For these families, child care is not optional. It is foundational to economic survival. Yet licensed child care providers currently meet only about one-third of statewide need. The result is that roughly 77 percent of Utahns now live in a child care desert, meaning there are either no licensed providers or more than three children competing for every available slot. In four rural counties—Daggett, Piute, Rich, and Wayne—there are no licensed child care providers at all. This is not a localized problem. It is a statewide structural challenge affecting urban, suburban, and rural communities alike.

The economic consequences are staggering. Utah loses an estimated \$1.36 billion each year in wages and productivity because parents cannot find reliable care. The state also loses roughly \$258 million annually in income tax revenue. When child care centers close, families scramble, businesses lose workers, and economic growth slows. At the same time, affordability has pushed child care beyond reach for many families. Infant care now averages more than \$11,000 per year. For families with two young children, costs can exceed \$24,000 annually. By federal standards, child care is considered unaffordable in all 29 Utah counties. In many cases, infant care costs more than in-state tuition at a public university.

The crisis also places enormous pressure on providers. Utah's child care workforce is overwhelmingly made up of women who often face low wages, unstable enrollment, and chronic staffing shortages. Research shows child care workers are four times more likely than the average Utah worker to hold multiple jobs just to make ends meet. That instability affects providers, families, and children.

This year, the Utah Legislature is advancing a comprehensive suite of bills informed by The Policy Project, which has made family affordability and child care a central focus of its 2026 legislative efforts. These bills take a holistic approach to giving Utah parents the ability to choose what works best for their families by expanding supply, increasing financial flexibility, supporting working parents, and engaging employers.

HB 190, the Business Child Care Tax Credit, is a central pillar of this effort. The bill expands Utah's employer child care tax credit to better align with strengthened federal incentives and dramatically increase participation. It allows businesses to receive credits for supporting off-site child care, not just building on-site facilities, and increases the value of the credit for small businesses while removing administrative barriers that previously limited participation. When combined with federal credits, employers can offset a significant share of qualified child care expenses paid on behalf of employees. This matters because not every employer can build a child care center, but many can help secure child care slots, partner with providers, or directly support working parents.

SB 214 focuses on expanding supply, particularly in the areas that need it most. The bill creates a Home-Based Child Care Capacity Expansion Grant Program to help new providers start or existing providers expand home-based child care businesses. By prioritizing child care deserts and nontraditional work-hour care, the legislation directly targets the areas where families currently have few or no options.

HB 329 addresses another critical piece of family stability: time. The bill expands paid parental leave for state employees, increasing postpartum recovery leave and ensuring adoptive and foster parents also have access to paid leave. While focused on state employees, this policy sets an example

for the broader labor market and reinforces Utah's commitment to supporting families during the earliest and most critical stages of child development.

HB 290 supports families directly by expanding access to the state child tax credit. By increasing income thresholds and expanding eligibility, the bill ensures more working families can receive meaningful financial relief to offset the rising cost of raising children, including child care.

Together, these policies form a comprehensive strategy. HB 190 brings employers into the solution and helps make child care financially possible. SB 214 increases the number of providers and expands availability, especially in rural and underserved areas. HB 329 strengthens family stability during the earliest months of a child's life. HB 290 provides direct financial relief to working families. Each bill addresses a different piece of the child care ecosystem, and together they create a coordinated approach to solving a complex problem.

This state-level work is strengthened by recent federal action. The One Big Beautiful Bill expanded key family and child care tax provisions, including strengthening the Child and Dependent Care Tax Credit, improving the Employer-Provided Child Care Tax Credit, and expanding Dependent Care Flexible Spending Account limits. These changes mean families can keep more of what they earn while employers have stronger incentives to invest in child care solutions. Utah's legislation is intentionally designed to stack with these federal policies, maximizing impact for families and businesses.

The stakes extend beyond economics. Utah has long been a state that values families, yet fertility rates have declined both nationally and here at home. Rising child care costs and lack of access are increasingly influencing family planning decisions. When families cannot afford child care, workforce participation declines, economic growth slows, and long-term demographic stability is threatened.

Child care is not a luxury. It is not a perk. It is economic infrastructure. It supports workforce participation, strengthens families, and drives economic growth. Utah has an opportunity to lead by showing that comprehensive, market-aligned, family-focused solutions can expand access without expanding bureaucracy.

The Utah Legislature is proving that meaningful progress requires coordinated action. By expanding supply, supporting families directly, engaging employers, and aligning with federal incentives, Utah is building a model for how states can move from being child care deserts to becoming national leaders in supporting working families.

If Utah wants strong families, a strong workforce, and a strong economy, this is the work that must be done. And this year, Utah is doing it.

Jason E. Thompson
Representative
Utah House of Representatives

Jason E. Thompson is an entrepreneur and public servant currently serving in the Utah House of Representatives and is a member of the Utah Federalism Commission. A former mayor of River Heights, Utah, Jason is passionate about promoting dialogue on the balance and structure of government and strengthening unity in local communities. Jason lives in River Heights, Utah with his wife, Dana, and their 6 children.

Utah is a Childcare Desert— The Costs Are Financial and Generational

Childcare in Utah is in crisis. Families feel it. Employers feel it. Communities feel it. Despite years of discussion about the strain on working parents and the shortage of providers, the reality is now unavoidable. Childcare is essential to our families and economy.

Today, 64 percent of Utah families have all available parents in the workforce, according to U.S. Census data. For these families, reliable childcare is not optional. It is foundational to economic security and family stability. Yet licensed childcare providers meet only about 36 percent of statewide need. As a result, Utah has become a textbook childcare desert. An estimated 77 percent of Utahns live in areas with either no licensed childcare providers or more than three children competing for every available slot, a figure highlighted in a 2024 *Deseret News* analysis citing Child Care Aware of America. In four rural counties, Daggett, Piute, Rich, and Wayne, there are no licensed childcare providers at all. This is not a localized challenge. It is a statewide structural failure.

The economic consequences are substantial. Utah loses an estimated \$1.36 billion each year due to worker absenteeism, reduced productivity, and parents leaving the workforce because childcare is unavailable or unaffordable. The state also forfeits approximately \$258 million annually in income tax revenue. When childcare centers close, as has happened recently in Salt Lake County, the effects are immediate. Families scramble. Businesses lose workers. Families and communities suffer.

Affordability compounds the problem. Federal health and human services guidelines recommend that childcare cost no more than 7 percent of a family's income. In Utah, center-based infant care averages more than \$11,328 per year, which is about 12 percent of a married couple's income and a devastating 32 percent of a single parent's income. Care for an infant and a preschool-aged child costs \$24,000 and is rising. By federal standards, childcare is considered unaffordable in all 29 Utah counties. Utah is also among the states where infant care costs more than in-state tuition at a public university.

Providers themselves are under immense strain. Utah's childcare workforce is overwhelmingly made up of women and faces low wages, unstable enrollment, and persistent staffing shortages. Research from the Utah Women and Leadership Project shows that childcare workers are four times more likely than the average Utah worker to hold multiple jobs just to make ends meet. This constant turnover creates instability for children, families, and employers alike. At the same time, only about one quarter of Utah businesses recognized for supporting women offer any childcare benefits.

Federal programs such as Head Start remain vital, particularly in rural communities that receive nearly half of Utah's Head Start funding, according to the Utah Head Start Association. Any reduction in federal support would disproportionately harm the communities already facing the most severe shortages.

Utah has long prided itself on valuing families, yet fertility rates are declining both nationally and here at home. The national fertility rate fell to 1.62 births per woman in 2023, far below the 2.1 births needed to replace the population, according to the Centers for Disease Control and Prevention. Utah's fertility rate dropped to 1.80 in 2023 and has been declining or flat for 15 consecutive years. These trends reflect a growing reality: even in Utah, economic pressures, especially childcare costs, are making it harder to raise children and even have a direct impact on whether or not couples choose to have children.

During the last legislative session, state leaders worked with business, community, and policy partners to begin addressing this crisis through legislation included in HB 106. That effort created two tax credits: a 20 percent credit for qualified childcare construction or expansion costs for businesses and a 10 percent credit for ongoing employer-paid childcare expenses. These credits mirrored existing federal incentives and could be stacked with them. It was an important step, but it did not match the scale of the problem.

Over the past year, federal changes have strengthened support for working families, including improvements to the Child and Dependent Care Credit, enhancements to the Employer-Provided

Childcare Tax Credit, and an expanded Dependent Care Flexible Spending Account limit, according to guidance from the IRS and the U.S. Treasury.

Building on that momentum, we are advancing a new Business Childcare Tax Credit this session designed to align with federal incentives and maximize participation. By stacking state and federal credits, employers, including small businesses, can receive a tax credit of up to 80% for all qualified childcare expenses paid on behalf of an employee. This approach recognizes that employers, families, and communities all benefit when childcare is accessible, affordable, and reliable.

If Utah wants strong families, a strong economy, and a stable workforce, then childcare must be treated as the essential infrastructure it is. With the right tools, Utah can move from being a childcare desert to becoming a national leader. This is our moment to act.

Rep. Jason E. Thompson
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Senator Heidi Balderee
Utah State Senate

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Heidi Balderee is a Utah state senator and the floor sponsor of the legislation. She presented this November on family and demographic policy in her presentation "Investing in Our Future: Policy Solutions for a World of Falling Birth Rates" at a Family Policy Exchange organized by the Sutherland Institute in partnership with the EU & International Affairs Office of The Church of Jesus Christ of Latter-day Saints.

Kristin Andrus is a community builder and philanthropist based in Utah who leads initiatives that bring women and families together to strengthen communities and expand opportunity.