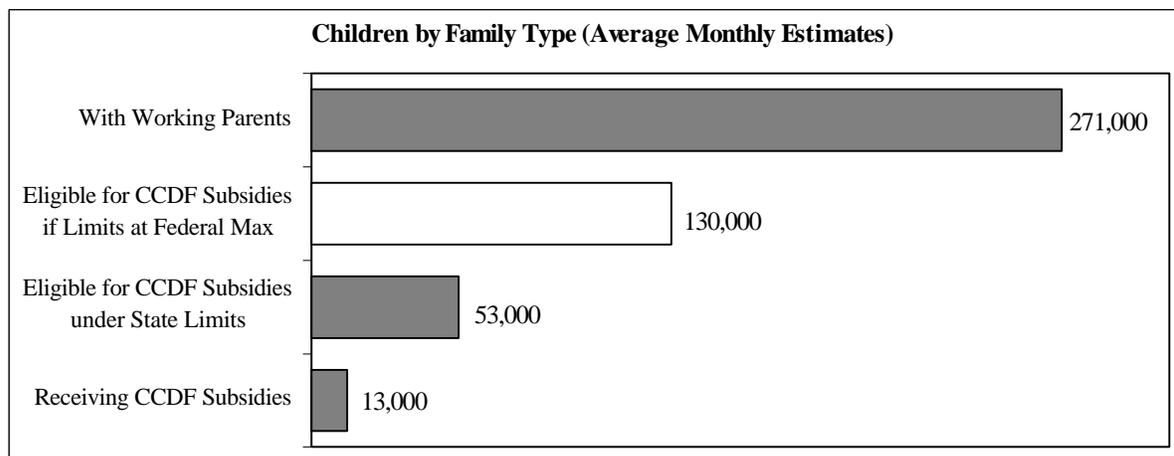


Child Care in Utah: A Short Report on Subsidies, Affordability and Supply

This report summarizes recent child care information for the state of Utah. The first section provides new information on child care subsidies, based on eligibility estimates generated by the Urban Institute and state administrative data reported to the U.S. Department of Health and Human Services (HHS). The second two parts, on affordability and supply, draw on state and local data collected by the Urban Institute during the summer of 1999 under contract with HHS. A companion document to the national report entitled "Access to Child Care for Low-Income Working Families," the Utah report is one in a series of nine state reports.

I. Child Care Subsidies

Figure 1. Child Care and Development Fund (CCDF) Eligibility and Receipt in Utah

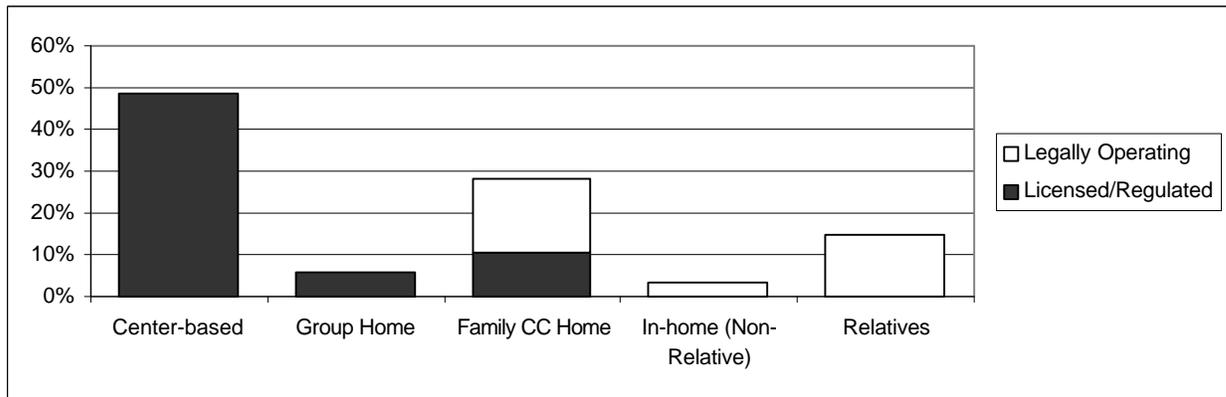


Sources: Urban Institute simulations and state administrative data reported to the Child Care Bureau.

- ❑ **271,000** children under age 13 (or under age 19 if disabled) live in families where the family head (and spouse if present) is working or is in an education or training program, as shown in Figure 1. Children across all family income levels are included in this estimate. Most of these children (**259,000**) are under age 13 and living with working parents.¹
- ❑ **53,000** of these children, and 33,000 families, are estimated to meet Utah's income guidelines for child care assistance under the Child Care and Development Fund (CCDF) October 1997 state plan. The eligibility estimate would more than double – **130,000** children – if Utah raised income eligibility limits to 85 percent of State Median Income, the maximum level allowed under Federal law.²
 - To be eligible under Utah's October 1997 state plan, a family of 3 had to have income below **\$21,108**, or **56** percent of State Median Income.
 - Nearly all eligible children (95 percent) live in families with annual income below 200 percent of the Federal poverty threshold and more than two-fifths (42 percent) are living in poverty. About 4 percent live in families that report receiving cash welfare.
 - Most (46,000) eligible children are under age 13 with working parents; the remaining children have parents in education/training programs or are disabled youth under 19.

- ❑ **13,000** children in Utah received child care subsidies funded by CCDF in an average month in 1998. This estimate suggests that 25 percent of the eligible population under state limits (and 10 percent of children who would be eligible under the Federal maximum limits) were served with CCDF funds. In addition, Utah’s state administrative data system indicates that 100 children were served with other Federal and state funds.³
 - In Utah, nearly half (48 percent) of child care settings receiving funds from CCDF in 1998 were center-based settings, as shown in Figure 2. The next most common settings were family child care homes (28 percent). The remaining settings include care by relatives (15 percent), care in group homes (6 percent) and in-home care by non-relatives (6 percent).⁴

Figure 2. Child Care Settings Subsidized by CCDF in Utah



Source: State administrative data for April-September 1998 reported to the Child Care Bureau.

- ❑ The Child Care and Development Fund (CCDF) is the major source of Federal funding allocated to states to subsidize the child care expenses of low- and moderate-income families so they can work, or attend education or training programs. Using CCDF dollars along with state funds, Utah has designed its own child care program within broad parameters specified under federal law. CCDF-funded subsidies, and the number of children that the state reported were served with these subsidies, are highlighted in this report because CCDF is a primary source of funding in most states. Also, CCDF administrative data is the most comparable source of child care data across states. It should be noted, however, that Utah, like many other states, also uses other funding sources to provide child care subsidies.
- ❑ **No waiting list** for government subsidies has been maintained since 1996 in Utah. All families who currently apply receive subsidies. In 1996, Utah changed its eligibility criteria so that low-income, non-welfare families participating in education or training are no longer eligible for subsidies.⁵ State staff believe that there are eligible families that do not apply for subsidies. This belief is corroborated by staff from Child Care Resource and Referral~Metro, the child care resource and referral agency serving Salt Lake and Tooele Counties.

II. Affordability⁶

- ❑ Prices for child care vary considerably, by such factors as geographic area, type of provider and age of child. Figure 3 shows the average monthly prices for child care in Salt Lake County, Utah. Given that these are average prices, it is clear that many families pay more or less than this amount.

- ❑ Centers in Salt Lake County, Utah charge an average of **\$392** per month for preschool care and **\$508** per month for infant care, as shown in Figure 3. This means that a family with \$15,000 in income and one preschool child in an average-priced center would spend close to one-third (31 percent) of its total monthly income on child care expenses. Average-priced infant care would represent an even higher share (41 percent) of monthly income for a family earning \$15,000.
- ❑ Family child care homes in Utah charge an average of **\$345** per month for preschool children and **\$392** per month for infants. This means that a family with \$15,000 in income and one child in an average-priced family child care home would spend 28 percent of its monthly income on care for a preschool child or 31 percent for an infant.
- ❑ Families who receive child care subsidies usually pay much smaller monthly **co-payments** rather than the full market rate. In Utah, the state pays parents directly for their child care costs. State payments to families are determined by actual provider charges, up to a maximum state rate, and then reduced by an adjustment (i.e., co-payment) amount. The adjustment amount is determined by family size, adjusted gross income and the number of children in care.
 - For example, Utah would reduce its payment to a family of three with \$15,000 in income and one child in care by \$10, as shown in Figure 3.
 - In Utah, cash welfare (TANF) assistance is not counted as income in determining the family's adjustment. Payments to families receiving cash assistance and families with annual income below the poverty line are not reduced by a family adjustment.

Figure 3. Child Care Prices and Co-Payments for a Hypothetical Salt Lake County, Utah Family of Three Earning \$15,000 with One Child in Care

	WITHOUT SUBSIDY		WITH SUBSIDY	
	Average Monthly Prices (Full Time Care)	% of Income (Family Income of \$15,000 Annually)	Monthly Adjustment* (If receive subsidy)	% of Income* (Family Income of \$15,000 Annually)
INFANT (1 year)				
Center-based	\$508	40.7%	\$10	0.8%
Family child care home**	\$392	31.3%	\$10	0.8%
PRESCHOOLER (4 years)				
Center-based	\$392	31.3%	\$10	0.8%
Family child care home**	\$345	27.6%	\$10	0.8%

* State policy does not prevent providers from charging parents additional amounts, above the co-payment, if the providers' rates exceed the state reimbursement level. Figures in this table represent the minimum co-payment.

** Average prices for family homes contain prices for group homes.

Source: Data collected by the Urban Institute from Child Care Resource and Referral~Metro, the child care resource and referral agency serving Salt Lake County, Utah, summer 1999.

- ❑ State policy does not prevent providers from charging parents additional amounts if the providers' rates exceed the state reimbursement level. For example, the maximum CCDF rate for preschool center care in Salt Lake County, Utah is \$378 per month⁷, which is \$14 less than the \$392 average price shown in Figure 3. If the \$14 differential is paid by the family,

the total cost to the family is \$24 per month, or more than twice official family adjustment of \$10 shown in Figure 3. If the fee is not charged to the family, the provider loses \$14 per month for providing service to a subsidized child. The differential could be much larger than \$14 for some child care centers, including accredited centers and other centers with higher than average rates.

III. Gaps in Child Care Supply⁸

- According to the state plan for 1997-1999, maximum reimbursement rates in Utah are capped at the 75th percentile of market rate, based on biennial market rate surveys. Providers in Utah may be unwilling to accept subsidized children, or may limit their enrollment, when the state reimbursement rates are lower than their prices (see the example in section II). As a result, families receiving subsidies may have limited choices of caregivers. However, as of the summer of 1999, in Salt Lake and Tooele Counties in Utah, all regular child care providers did accept subsidies, according to staff at Child Care Resource and Referral~Metro, a child care resource and referral agency serving those areas. The resource and referral agency did not have any information about acceptance of subsidies among accredited and odd-hour providers.

- Staff from the resource and referral agency report shortages in Salt Lake and Tooele Counties in the supply of infant/toddler care, school-age care, and care for children who have special needs or are ill. Specifically:
 - **Infant/toddler care** is hard to find in Salt Lake County. The resource and referral agency did a study of infant/toddler care slots and vacancies in 1991. Overall only 14 percent of all slots for children less than three years old were vacant throughout the county. The densely populated Northeast Quadrant of the county had a vacancy rate of less than 5 percent.
 - **School-age care** is available only in certain locations in Salt Lake and Tooele Counties. In the areas surrounding some schools, the resource and referral agency does not list a single licensed family home or center provider that provides school-age care.
 - According to staff at Child Care Resource and Referral~Metro, no provider in Utah registered with a resource and referral agency reports offering **care for sick children**.
 - Parents of **children who have special needs** report that it is nearly impossible to find qualified care for their children, and little training is available in Utah to help providers prepare for special needs children. When asked by the resource and referral agency, less than one-fifth (17 percent) of providers in Salt Lake and Tooele Counties said they were comfortable taking special needs children. Most of these providers felt they were not suited to care for profoundly disabled children.

Sources

¹ Estimate based on microsimulations using the Urban Institute's TRIM3 model, guidelines in the state's 1997-99 CCDF state plan, and three years of Current Population Survey data (calendar years 1995-97).

² *Ibid.*

³ Estimates based on state administrative data reported to the Child Care Bureau on and adjusted to reflect children funded through CCDF only. 1998 figures based on April-September 1998.

⁴ *Ibid.*

⁵ Waiting list data were obtained and compiled by the Urban Institute from the Utah Department of Workforce Services, the state child care agency.

⁶ Information in this section was obtained and compiled by the Urban Institute from the Child Care Resource and Referral~Metro (a child care resource and referral agency serving Salt Lake and Tooele Counties).

⁷ State maximum rates were obtained and compiled by the Urban Institute from the Utah Department of Workforce Services, summer 1999.

⁸ Information in this section was obtained and compiled by the Urban Institute from Child Care Resource and Referral~Metro.