Higher Child Care Costs and More Stress for Families Coming This Fall

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When the pandemic hit, child care was one of the first sectors in crisis. But action in the form of federal aid and swift state program implementation prevented widespread program closures. The nearly $600 million Utah received in federal child care funds helped stabilize the historically struggling sector and defied national trends by expanding the number of child care slots available. This substantial funding is estimated to have supported child care services for over 85,200 children in Utah.

As federal COVID-era funds begin to wind down, child care providers and the parents they serve are looking to elected officials to ensure that the sector doesn't immediately fall back into total crisis. Child Care Stabilization Grants, a key program of the funding, are currently playing a vital role in enabling child care providers to stay open, keep costs down for families, and raise wages in an industry that has been long plagued by inadequate compensation. Unfortunately, the lack of commitment from federal, state, or local governments to sustain these successful programs with new funding means most COVID-era programs will end, ultimately leaving parents with ballooning child care costs, and abandoning child care providers to navigate a broken system.

Starting in October, Utah families will begin to experience the impact of the child care

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funding cliff.

What change is happening this fall?

As federal funding runs out, Utah's Office of Child Care (OCC) will reduce monthly Child Care Stabilization grant amounts by 75% in October. By June 2024, the grants will end entirely.

How will this change impact Utah providers and families?

Providers are preparing now for the impending grant reductions. For example, PC Tots, a program in Park City, already announced tuition increases due to a funding gap of $620,000 from the loss of ARPA money. One family reported a $1,000 monthly tuition increase for their two children enrolled in PC Tots, highlighting the financial strain this poses for many families.

The wind-down and ultimate end of stabilization grants also presents additional concerns for providers. When surveyed, 36.7% providers anticipate being unable to sustain wage increases for their child care staff or, in some cases, will have to cut wages. Without intervention, this will likely to lead to higher turnover rates among child care staff, resulting in more disruptions in care for families and a further reduction in available child care slots, statewide, due to understaffing.

How will the end of stabilization grants impact Utah's child care sector?

A recent report from The Century Foundation identified **Utah as one of six states where *half or more* of all licensed child care programs statewide could *close*,** without new funding to replace the federal support.

Their analysis estimates that in Utah:

- **35,614 children will lose access to child care.**
- **663 child care programs will be forced to close their doors.**
- **Parents will experience a collective loss of $101 million in earnings.**
- **1,304 child care jobs will be lost.**

Deep, structural problems within the child care system existed well before the COVID

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pandemic; those problems will persist and worsen when COVID-era funding runs out. With 77% of Utahns living in child care deserts, parents already allocating 14-25% of their income on care, and providers making less than animal caretakers, we can't afford to reduce our investment in child care. The child care market faces new challenges too. The current robust job market has made it increasingly difficult for child care providers to compete for good employees. And inflation has caused the cost of normal expenses to skyrocket for families.

As we look towards the fall, parents and providers should prepare for these difficulties. But also, state and local policymakers need to pay attention and ask what they can do to mitigate a new child care crisis.

This blog post is part of a series of blog posts examining Utah's child care funding cliff. You can find the other posts here:

- Utah's Child Care Crisis is About to Hit a Whole New Level
- How Much Will Each Utah County Soon Lose in Child Care Funding?
- What Happened with Child Care During the Legislative Session?

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