February 2025

Utah Childcare Solutions and Workplace Productivity Plan

Public-Private Partnerships with Employers Overview

Governor's Office of Economic Opportunity

In Brief.

Child Care challenges involve supply and affordability. Employers can play a role in helping to expand access to child care and to make it more affordable for families

High-Level Findings

- There is growing understanding that recruiting and retaining mothers in the workforce relies on child care.
- More than half of Utah employers, in local surveys, said they would be likely to utilize a tax credit for child care expenses.
- More than two-thirds of Utah employers, in local surveys, said they would be likely to offer financial assistance for child care if there were a state match.
- 26 states have an employer child care tax credit or employer tax incentive for child care to expand access for employees.

This brief provides a summary of the recommendations contained in the **Public-Private Partnerships with Employers** section of the 2024 **Utah Child Care Solutions and Workplace Productivity Report**. Recommendations for consideration have been grouped by no cost/low cost, modest cost, or significant investment.

No Cost/Low Cost Recommendations

- **Utah Child Care Employer Toolkit.** The Committee for Economic Development (CED) is working with Utah Community Builders, VOICES for Utah Children, and Promise Partnership Utah to develop a child care toolkit web site for employers, which will help employers understand the range of options available to them to support employees in accessing child care. These options range from no cost to tax savings (such as Dependent Care Assistance Plans, DCAPs), to other options from a broad menu.

  Recommendation. Once the toolkit is completed, a broad strategy to disseminate information about it and engage employers throughout local communities to consider options could be helpful.

Modest Cost Recommendations

- **Employer Child Care Tax Credits.** 26 states have employer tax incentives to support employers in helping to meet supply, affordability, and quality goals.

  Recommendation. The state may want to consider reviewing the tax credits from other states listed on the Committee for Economic Development (CED) **state tax credit web page** and consider an employer child care tax credit robust enough to incentivize employers to better support the child care needs of employees.

- **Childcare Solutions Fund.** In 2023, Iowa created local Childcare Solution Funds (CSF) housed in local chambers of commerce or local economic development agencies. Employers were asked to contribute $150 per employee annually to their local solutions fund. The state matched private contributions. A local stakeholder group was named to discuss local challenges and to determine priorities for the CSF.

  Recommendation. The state could consider a local Childcare Solutions Fund (CSF) model where state funds match locally raised funds to address locally identified challenges.

- **Community Collaborative Tax Credit Investment.** In 2013, Mississippi enacted an income tax credit for contributions to community collaboratives to support state pre-kindergarten. In order to qualify for the credit, contributions support the local match requirement of approved child care providers, lead partners or the community collaborative overseeing local pre-k expansion.

  Recommendation. The state legislature could consider a child care donation tax credit to a local Childcare Solution Fund (if created).

Significant Investment Recommendations

- **Employer Partnership Grants.** Beyond tax credits, Iowa, Kentucky, Michigan, New York, North Carolina, North Dakota, Tennessee, Texas, Washington, and Wisconsin have enacted legislation to partner with employers related to some type of matching grant for child care supply, affordability, and/or quality.

  For example, in Kentucky, HB 499 was enacted to provide a state match for employer contributions to make child care affordable for employees for use at programs participating in KY All Stars (the state quality rating system).

  For families between 85% - 100% SMI, the state matched employer contributions 100%. (*85% SMI is the maximum income eligibility for child care subsidy in Kentucky*).

  For families above 100% SMI, the state match declines by 10% for every 20% increase in income up to 180% SMI. Above 180% SMI, the state match is 50%. There is a small business set-aside of 25%. In Kentucky, employer support is considered for the promotion of general welfare, not income to employees. The state legislature appropriated $15 million annually for this employer grant program.

  Recommendation. The state legislature could consider matching grants for employers to support employee child care affordability.

For more information contact:

Abby Hunsaker
Program Manager
ahunsaker@utah.gov
(385) 867-4627

Ashleigh Jensen
Program Specialist
ashleighjensen@utah.gov
(385) 515-0084

Governor's Office of Economic Opportunity

Unified Economic Opportunity Commission