



— PARK CITY —  
**COMMUNITY**  
**FOUNDATION**

Park City  
Cares About Kids  
March 2023

## The Challenge

**66%** of Park City parents of children ≤ 5 are paying more than 10% of their income on childcare.

**83%** of Park City parents with children ≤ 5 rely on some form of childcare.

**88%** of Park City survey respondents responded that it is **extremely or somewhat difficult** to find quality, affordable childcare in our community.

**94%** of Park City survey respondents think that the cost of childcare in our community is either **extremely or somewhat unaffordable**.

**\$1.16 million** in federal funds provided to Park City's childcare industry in 2022 are expiring in September 2023.

**90%** of likely eligible children <5 in Summit County are not receiving the childcare subsidy from DWS.

**40%** of Summit County childcare providers responded that their program would be closed now without receipt of stabilization payments.

**72%** of Park City School District English-Language Learning Students are not proficient in literacy when they start kindergarten.

**\$1.36 billion** loss annually to Utah's economy due to childcare issues.

Park City has a childcare problem. There are not enough options available to meet the need and the existing options are too expensive for many of our community members, even with the benefit of significant federal investment that will no longer be available by the Summer of 2024. According to the U.S. Chamber of Commerce Foundation's report released in December, 2022,<sup>i</sup> “[c]hildcare is crucial for Utah's economic infrastructure and provides a stable foundation for Utah to continue to thrive as a business environment.” Inadequate access to childcare negatively affects family income, business productivity, and tax revenue. This lack of high-quality, affordable childcare options damages these children's future potential and exacerbates inequalities in the community.

The Park City Cares About Kids Program seeks to support all Summit County licensed, residential certificate, and Department of Workforce Services (DWS)-approved family, friend, and neighbor (FFN)<sup>ii</sup> providers who care for and educate children under age five of parents/guardians who live or work in Park City.

This program seeks to:

- (1) **stabilize** the childcare industry by increasing compensation for the Summit County early childhood workforce serving families who live or work in Park City;
- (2) **address the affordability gap** for income-eligible Park City residents with children under age five who need childcare;
- (3) **increase utilization** of the federal childcare subsidies available through DWS by Park City resident and workforce families;
- (4) **increase** Summit County licensed, residential certificate, or DWS-approved FFN **capacity** to care for Park City resident and workforce children **under age two**; and
- (5) **increase** licensed family, residential certificate, and DWS-approved FFN **capacity** in Park City.

Absent seismic changes in investment in early care and education at the federal or state level, the need for local funds to support the Park City Cares About Kids program is perpetual. This issue will not be solved with one-time or temporary funding. The estimated cost for the first year of this program to serve approximately 193 Park City resident children and 40 workforce children is **\$2,039,054**. The program leverages federal, philanthropic, and family contributions to provide high-quality, affordable, and accessible early care and

education options for families with children under age five who live or work in Park City.

The program has several components described more fully below and summarized in the following chart:

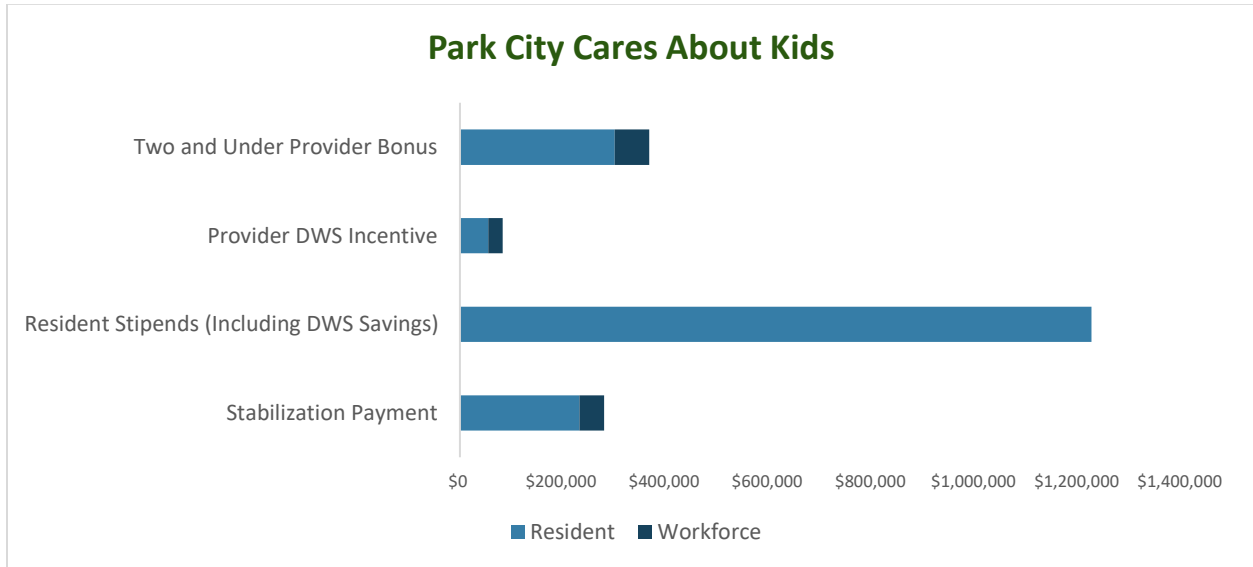
Summit County Early Childhood <b>Provider</b> Workforce Stabilization Payments Supporting <b>Resident</b> and <b>Workforce</b> Families in Park City (\$100 per month/233 children)	\$279,600
Park City <b>Resident</b> Childcare Stipend (Up to 100% AMI/72 children)	\$1,055,844
Park City <b>Resident</b> Childcare Stipend (Between 100% and 120% AMI/44 children)	\$261,888
Park City <b>Resident</b> Childcare Stipend (Between 120% and 140% AMI/16 children)	\$42,624
DWS-Augmented Park City <b>Resident</b> Stipends (20 children)	(\$135,402)
Early Care and Education <b>Provider</b> Incentive to Accept Park City <b>Resident</b> and <b>Workforce</b> Children Using DWS Subsidy (\$100 per month/69 children)	\$82,800
Navigator Payments for <b>Staff</b> Assisting Park City <b>Resident</b> or <b>Workforce</b> Families with Kids Under Age Five Apply for the DWS Subsidy (\$500/69 children)	\$34,500
Summit County Childcare <b>Provider</b> Bonus for Providing Care for Park City <b>Resident</b> or <b>Workforce</b> Children Under Age Two (\$200 a month/153 kids)	\$367,200
Park City Licensed Family, Residential Certificate and DWS-Approved FFN <b>Provider</b> Startup Bonus (5 X \$5000 and 10 X \$2500)	\$50,000



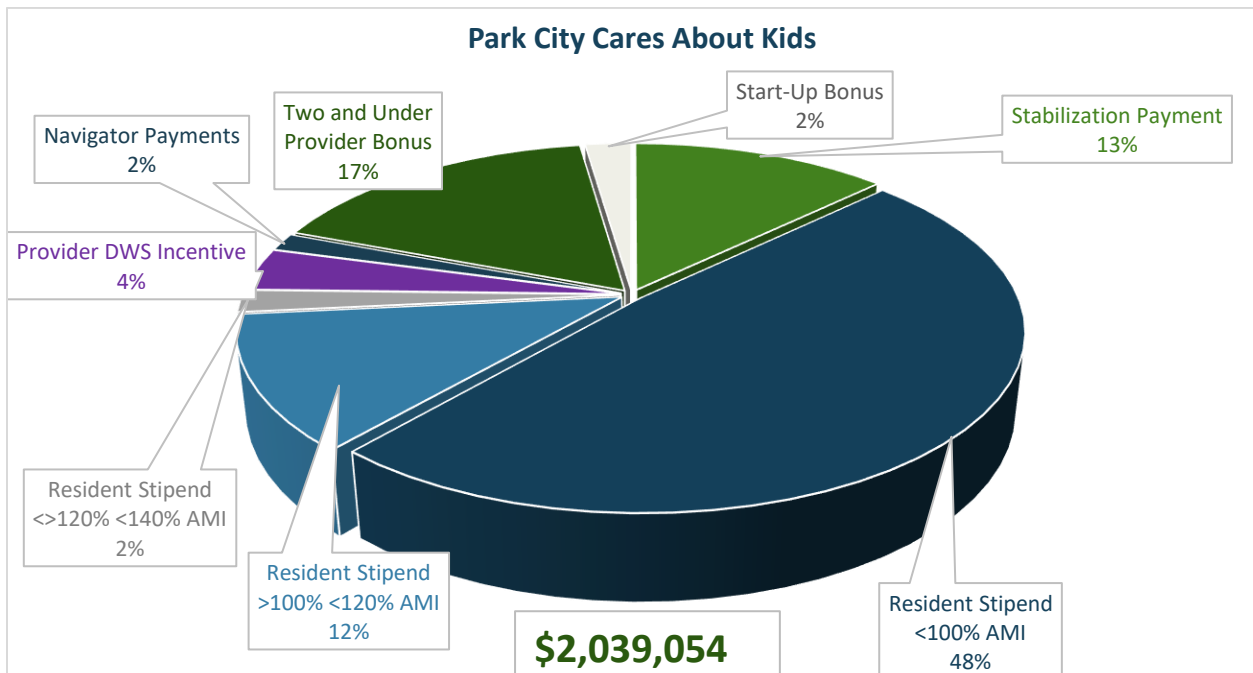
Early care and education providers, resident, and workforce families will all benefit, but the majority of the funding will address the affordability gap for resident families. The largest portion of the funding supports an estimated 132 Park City income-eligible resident children through tuition stipends (\$1,224,950). In addition, an estimated 193 resident children (comprised of 132 children in families earning less than 140% AMI and 61 children in families earning above 140% AMI) will benefit from provider stabilization payments (\$231,600), an estimated 46 resident children will benefit from provider DWS incentives (\$55,200) and an estimated 125 resident children will benefit from provider incentives for serving children under age two (\$300,00).

Families who work in Park City, but do not live within the city limits will also benefit. Additional funds (\$142,800) are made available to qualifying providers to incentivize them to provide early care and

education for an estimated 40 children whose families work in Park City (\$48,000), with additional incentives to care for an estimated 23 children using the DWS subsidy (\$27,600) and an estimated 28 children under age two (\$67,200). In addition, the program includes navigator payments (\$34,500) to assist families who apply for, and receive, the DWS childcare subsidy for an estimated 69 children and provider start-up bonuses (\$50,000) to encourage more non-center providers to offer services in Park City.



Although all of the funds will be paid directly to the providers, the resident stipends (60% of the program) will directly reduce parental contributions and address the affordability gap. The remaining investments (40%) will financially support qualifying early care and education providers who serve Park City resident and workforce children and incentivize them to (1) open new home-based options, (2) serve low-income families who qualify for the childcare subsidy from DWS, and (3) serve children under age two.



Compensation for Summit County Early Childhood **Provider** Workforce Serving Families Who **Live** or **Work** in Park City (\$279,600/233 Children)

Summit County early care and education providers are struggling to recruit and retain qualified staff, which is essential to maintaining this critical service. In order to offset the loss of federal stabilization grant funds (currently typically \$400 per month, per child, up to licensed capacity), a stabilization payment of \$100 per month, per child under age five whose parents/guardians either live or work in Park City will be paid directly to qualified providers in Summit County on a monthly basis. In order to qualify for these payments, the provider must be licensed, residential certificate,<sup>iii</sup> or a DWS-approved FFN caregiver whose minimum wage to their early care and education workforce is at least an average of \$20 an hour. The Park City Child Care Needs Assessment estimates the demand for licensed care for Park City resident and workforce children under age 5 is approximately 233 children, so the monthly cost is estimated to be \$23,300, or \$279,600 a year. These payments would be paid directly to providers on a monthly basis based upon the number of qualifying children who are enrolled for the upcoming month.

Address Affordability Gap by Providing Monthly Childcare Stipends to Summit County Childcare Providers Serving Park City **Resident** Families (\$1,360,352/132 Children)

Even for those parents who obtain a childcare provider, the costs are unaffordable for many. The recommended benchmark is that families should not pay more than 7% of their family income on childcare.<sup>iv</sup> Based on 2022 Area Median Income for Summit County, those maximum monthly parental contributions would be as follows:

Summit County 7% AMI	2-person	3-person	4-person	5-person
100% AMI	\$624	\$702	\$780	\$842
80% AMI	\$499	\$562	\$624	\$674
60% AMI	\$375	\$421	\$468	\$505
50% AMI	\$312	\$351	\$390	\$421

Based on survey results, the majority (66%) of parents of children aged five or younger in Park City are paying more than 10% of their income on childcare. Local Park City tuition stipends can help close the affordability gap so that parents can access high-quality early care and education for their children. These tuition stipends must include an annual escalator to adjust the area median income and market rate each year based upon an annual market study of local early care and education providers.

Stipends and required parent contributions may not exceed actual tuition charged by the providers. With the exception of the DWS-augmented stipend discussed below, if the providers charge less, than the stipend is reduced. If the tuition charged is more than the combined total of the maximum amount of the stipend and the expected family contribution, that additional payment will be the responsibility of the family.

Stipends will be paid directly to Summit County licensed providers and those residential certificate and FFN providers who are approved to receive the DWS subsidy on a monthly basis. In order to incentivize more Summit County licensed family providers to provide care for Park City resident children, there is no reduction in the maximum amount of monthly stipend available to families using licensed family, residential certificate, or FFN providers.

Full Park City stipends would be available for each income-qualifying child under age five who lives in Park City who is not eligible for the DWS childcare subsidy. Families who appear to be eligible for the DWS subsidy must show proof that DWS has determined that they do not meet the eligibility requirements (not a denial based upon lack of documentation or other deficiencies in the application process) in order to qualify for the Park City childcare stipend.

The stipend is set up in three different income categories, with the percentage of parental contribution increasing as income increases: (1) those families earning less than the median income will pay 7% of income, (2) those families earning more than the median but less than 120% of the median income will pay 10% of income, and (3) those families earning between 120% and 140% of area median income will pay 12% of their income for childcare.

### Childcare Stipend for Families Earning Less Than 100% AMI for Children Under Age 5 (\$1,055,844/72 Children)

Assuming a general average tuition of \$1700 a month, and capping parental contributions at the recommended 7% of income, the chart below shows the monthly difference between what the private center-based market is charging in Summit County and what is considered to be affordable for parents for one child per month, based upon area median income by household size (“Affordability Gap”).

Because parent contributions are based upon a percentage of income, monthly stipends would decrease as income increases as shown in the following chart:

Affordability Gap (7%)	Avg.	2 person	3 person	4 person	5 person
100% AMI	\$963	\$1,076	\$998	\$920	\$858
80% AMI	\$1,110	\$1,201	\$1,138	\$1,076	\$1,026
60% AMI	\$1,258	\$1,326	\$1,279	\$1,232	\$1,195
50% AMI	\$1,332	\$1,388	\$1,349	\$1,310	\$1,279

AMI Range	Avg. Monthly Affordability Gap	<2	2-<5	Total Monthly Affordability Gap <2	Total Monthly Affordability Gap 2-<5	Total Monthly Affordability Gap <5
>100%	\$864	78	42	\$67,295	\$36,644	\$103,940
>80% <100%	\$1,031	9	5	\$8,926	\$4,860	\$13,786
>50% <80%	\$1,171	8	5	\$9,887	\$5,384	\$15,272
<50%	\$1,282	30	16	\$38,153	\$20,776	\$58,929

In order to estimate average parent contributions at 7% of income for families earning less than the area median income, and assuming no DWS childcare subsidy is used by the families who qualify (see discussion below), this would cost an estimated \$87,987 a month or \$1,055,844 a year to support an estimated 72 Park City resident children.

### Reduced Childcare Stipend for Families Earning Between 100% and 120% AMI for Children Under Age 5 (\$261,888/44 Children)

Families in this income bracket will not qualify for the childcare subsidy from DWS, but still struggle to afford high-quality care and education for their children. The Summit County and Park City Needs Assessments do not estimate the number of children by age by income range above 100% of AMI, so the cost of providing this subsidy must be estimated separately.

The average family size in Park City is 2.88. The area median income for a three-person household in Summit County in 2022 is \$120,400 and so 120% of AMI for a three-person household is \$144,480. Assuming families in this higher income range could pay 10% of their income towards childcare, an increase from the 7% family contribution expected from families earning below the median income, that would be an average of \$1,204 per month in parent contributions, leaving an average affordability gap of \$496 per month to reach the average tuition of \$1,700.

Based upon census data, there are an estimated 102 (27% of 378) children under age six living in households in Park City in the income range of \$100,000 to \$149,999. Assuming the ages are split evenly, then removing the five-year-olds (83.3%) would leave 85 children under age five living in households in Park City in this income range. The 2020 census finds that 52% of Park City households with children under age six have all available parents in the workforce.<sup>v</sup> Applying 52% to the estimated 85 children results in 44 Park City resident children under age five living in families earning between 100% to 120% of Summit County AMI that need childcare. The affordability gap for these families, assuming they pay 10% of income towards childcare, is \$21,824 a month, or \$261,888 a year.

### Reduced Childcare Stipend for Families Earning Between 120% and 140% AMI for Children Under Age 5 (\$42,624/16 Children)

Families in this income bracket will not qualify for the childcare subsidy from DWS, but still struggle to afford high-quality care and education for their children. The Summit County Needs Assessment does not estimate the number of children by age by income range above 100% of AMI, so the cost of providing this subsidy must be estimated separately.

In Summit County in 2022, 140% of AMI for a three-person household is \$168,560. Assuming families in this higher income range could pay 12% of their income towards childcare, many larger families could afford local childcare expenses of \$1700 per month, but many smaller-sized families could not.

Summit County 12% of Monthly AMI	Avg.	2 person	3 person	4 person	5 person
120%	\$1,520	\$1,284	\$1,445	\$1,616	\$1,733
130%	\$1,646	\$1,391	\$1,565	\$1,751	\$1,877
140%	\$1,773	\$1,498	\$1,686	\$1,886	\$2,022

The average childcare affordability gap for the 2 and 3-person households in these income ranges is \$222 per month. Based upon census data, there are an estimated 38 children (27% of 142) children under age six living in households in Park City in the income range of \$150,000 to \$199,999.<sup>vi</sup> Assuming the ages are split evenly, then removing the five-year-olds (83.3%) would leave 32 children under age five living in households in Park City in this income range. Assuming 52% of these children have all available parents in the workforce, that would mean 16 children would need childcare. The average affordability gap (\$222) for these families in the 120% to 140% AMI range, assuming they pay 12% of income towards childcare, is \$3,552 a month, or \$42,624 a year.

### Incentivize Increased Utilization of Available DWS Childcare Subsidies Through Navigator Bonuses and Increased Monthly Provider Stipends

Addressing Park City’s childcare affordability gap requires leveraging all available resources, notably the federally-funded childcare subsidies available from DWS. In order to increase utilization of DWS’ childcare subsidy, the program must incentivize providers not only to accept the subsidy, but also to encourage parents to apply for the program. Given the large waitlists at local providers, and the amount of contact they have with families who are interested in licensed childcare, these providers are critical to any increase in utilization of the DWS subsidy. Also, the application process can be cumbersome and difficult for families to navigate, so incentives must be in place to encourage professional staff to assist families to navigate the application process.

### Enhanced Local Family Stipends and Provider Payments to Augment DWS Subsidy Payments

Local stipends should encourage parents to apply for, and providers to accept, the DWS subsidy. Thus, the Park City Cares About Kids program must ensure that both families and providers are better off financially when using the DWS subsidy.

*DWS-Augmented Park City Stipends (Savings of \$135,402 from Standard Park City Stipend Category/20 Children/Additional \$200 per month)*

The amount of the childcare subsidy provided by DWS depends upon the age of the child, the type of childcare provider, and the amount of care required. Payments are made directly to providers. The monthly maximum subsidies provided for family and center-based care are adjusted each year and the amounts effective as of October 1, 2022, are listed below.<sup>vii</sup>



DWS Monthly Subsidy	<2	2 Yr	3 Yr	4 Yr	DWS Annual Monthly	<2	2 Yr	3 Yr	4 Yr
Family	\$750	\$685	\$660	\$650	Center	\$1,040	\$819	\$756	\$752

Because increasing utilization of the DWS subsidy is essential to reducing the overall affordability gap in Park City, and the families that qualify for the DWS subsidy are some of the lowest-income families needing childcare, the program includes an additional \$200 per month, per child under age five for those resident families that combine the DWS subsidy with the Park City stipend. This funding can reduce the parental contribution if applicable. Using an average Park City stipend of \$1,165 per month, per child, the Park City stipend necessary to ensure that the total financial assistance available to families when combining the Park City stipend with the DWS subsidy is at least \$1,365 per child, per month (an average additional incentive of \$200 more per month, per child to encourage families to use the DWS subsidy) is as follows:

PC Stipend to Augment DWS	<2	2 Yr	3 Yr	4 Yr	PC Stipend to Augment DWS	<2	2 Yr	3 Yr	4 Yr
Family	\$615	\$680	\$705	\$715	Center	\$325	\$546	\$609	\$613

The Park City Child Care Needs Assessment estimates there are 46 children under age five in Park City who earn less than 50% of the AMI and therefore likely qualify for a subsidy from DWS (currently 5 receive it).

Although each DWS-Augmented PC stipend amount will vary depending upon the amount of the DWS subsidy (see chart above), since DWS pays much higher subsidies for center-based care, the average DWS-Augmented PC stipend for licensed-family based care would be \$679 per month, per child, but the average DWS-Augmented PC stipend for center-based care would be only \$523 per month, per child. The overall average DWS-Augmented PC stipend would be \$601 if the children were split evenly. Since there are many more spaces in licensed centers (622) than in licensed family providers (108) in Summit County, the lower DWS-Augmented PC stipends necessary for center-based care are more likely to be used, generating greater savings than presented in this estimate.

Using the general average DWS-Augmented PC stipend of \$601, representing an average savings of \$564 a month (reduction in average PC Stipend of \$1,165 to average DWS-Augmented PC stipend of \$601), and assuming that efforts to increase utilization of the DWS subsidy results in 20 Park City resident children under age five receiving the DWS subsidy (less than half of the estimated eligible population and an increase of 15 children from current use), the estimated monthly savings is \$11,283, and annual savings of \$135,402. The more Park City resident children that receive the DWS subsidy, the greater these savings will be.

*Summit County Childcare Provider Incentive to Accept Park City Resident and Workforce Children Under Age Five Using DWS Subsidy (\$82,800/69 Children)*

Being approved for the DWS childcare subsidy has no benefit if the families can not find a provider who will accept this subsidy. In order to incentivize providers to care for children who have been approved for the DWS childcare subsidy, the program will provide a bonus to Summit County early care and education

providers of \$100 per month, per Park City resident or workforce child under age five who receives the DWS childcare subsidy. Assuming 46<sup>viii</sup> Park City resident children under age five and 23 Park City workforce children under age five receive the DWS subsidy (total of 69 children) this would cost \$6,900 per month or \$82,800 per year.

*Navigator Payments for Staff Assisting Park City Resident or Workforce Families with Kids Under 5 Apply for the DWS Childcare Subsidy (\$34,400/69 Children)*

In order to assist Park City resident and workforce parents navigate the application process for the DWS subsidy, and to compensate for the additional staff time needed to administer the application process, the program will pay any professional staff (either at qualifying local early care and education providers or at Holy Cross Ministries or other agencies that assist clients complete eligibility applications) a bonus of \$500 per successful application filed for the DWS childcare subsidy for households living or working in Park City with any children under age 5. Assuming 69 children qualify, this would be an annual cost of \$34,500.

Summit County Childcare Provider Bonus for Providing Care for Park City Resident or Workforce Children Under Two (\$367,200/153 Children)

Infant care is typically the hardest to find and the most expensive to provide, at a critical time in child development. In order to offset some of the additional costs associated with providing infant care and encourage more providers to increase capacity under age 2, the program will provide a \$200 monthly bonus per child to Summit County licensed, residential certificate or DWS-approved FFN early care and education providers who provide care to Park City resident or workforce children under age 2. Assuming there are 125 Park City resident and 28 workforce children under age 2 who want licensed, residential certificate or DWS-approved FFN care in Summit County, this would cost \$30,600 per month, or \$367,200 a year.

Park City Licensed Family, Residential Certificate and DWS-Approved FFN Startup Bonus (\$50,000/15 New Providers)

There are no family-licensed providers located in Park City and no DWS-approved FFN providers in Park City currently serving any children receiving the DWS childcare subsidy (there are 2 DWS-approved FFN providers located in other portions of Summit County). According to survey results, 31% of Park City parents with children under age six use FFN care. The program would like to encourage these FFN providers to become approved by DWS so that families who qualify for the DWS childcare subsidy can access this type of care and also to encourage family childcare providers to become licensed or regulated.

There is some time and expense associated with becoming licensed or DWS-approved. In order to defray those expenses, each newly-licensed family provider located within Park City will be entitled to a startup bonus of \$5000. Each new residential certificate or DWS-approved FFN provider located in Park City will be entitled to a startup bonus of \$2500. In the hopes that five newly-licensed family providers and ten newly-residential certificate or DWS-approved FFN providers locate in Park City, the estimated cost of these startup bonuses is \$50,000.

## Streamlined Administration

For far too long, the United States has made it difficult and burdensome for parents to access any kind of financial support for childcare. This program seeks to reduce administrative burdens that often exacerbate inequity and discourage families from accessing available resources. In order to determine eligibility, the program will follow recent guidelines from the Federal Administration for Children and Families, Office of Child Care, to create a family-friendly child care assistance application.<sup>ix</sup> No information regarding legal residency status of the child, the parent/guardian, or members of the household will be requested. No minimum work hours will be required, and income verification will include earned income but not money from other public benefits or child support. No more than one month's worth of proof of income will be required and documentation may include pay stubs, tax returns, employer letters, bank statements, or, if those are not available, self-certification by a signed and dated statement that includes a description of the parent/guardian's work, and amount of income earned in the past month.

The Early Childhood Fund at the Park City Community Foundation is seeking board approval to cover the costs associated with hiring a full-time staff member in the Park City Economic Development Department (or other department, as determined by City staff) to administer this program for the first two years. In addition, the Early Childhood Fund will cover the costs (up to \$50,000) of designing a custom-built online application program to the City's specifications, along the lines of the example applications provided in the federal guide to create a family-friendly childcare assistance application, but tailored to also include the other payments and program requirements as outlined above.

## Expanding Capacity in Future Years

Due to the precarious nature of the childcare industry in Park City and the upcoming loss of \$1,160,502 per year of federal stabilization grants to childcare providers located in zip code 84060, this program is primarily seeking to sustain and enhance the existing capacity, address the affordability gap for working families, and increase early care and education workforce compensation during this inaugural year. One-time funding will not suffice; this need is perpetual.

If the program successfully increases utilization of the DWS childcare subsidy, future years will likely need less funds to provide as local childcare stipends, but likely will need additional funds to address inflationary pressures and expand capacity.

Expanding preschool options will also help address the affordability gap and may reduce the need for local stipends in the future. For example, currently, tuition for full-day (8:15 a.m.-3:05 p.m.), four-day-a-week preschool at PCSD is \$500 per month. This tuition falls within the 7% family contribution for most families earning more than 60% AMI, and those families below that income level likely qualify for the DWS childcare subsidy.

Future years' needs are beyond the scope of this proposal at this time, but increasing preschool access and utilization of the DWS subsidy will also likely reduce the affordability gap for Park City residents and workforce.

## End Notes

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<sup>i</sup> U.S. Chamber of Commerce Foundation, *Untapped Potential in UT: How Childcare Impacts Utah's Workforce Productivity and the State Economy*, (December, 2022), available at: [https://uw.org/wp-content/uploads/UntappedPotential\\_UTAH\\_011223\\_DIGITAL.pdf](https://uw.org/wp-content/uploads/UntappedPotential_UTAH_011223_DIGITAL.pdf).

<sup>ii</sup> All license exempt, family, friend and neighbor providers must have DWS Child Care Approval from the Department of Health, Child Care Licensing (CCL) Program before DWS subsidy payments can be authorized. Information about how to receive FFN provider approval can be found at: <https://childcarelicensing.utah.gov/>.

<sup>iii</sup> For a summary of Licensed Family and Residential Certificate requirements, visit: <https://childcarelicensing.utah.gov/wp-content/uploads/2022/08/Family-RC-Comparison-Chart.pdf>.

<sup>iv</sup> Childcare and Development Fund (CCDF) Program Final Rule, 81 Fed Reg 67438 at 67515 (9/30/2016) (Childcare Development Fund federal benchmark for affordable parent fees set at 7%); *see also* 45 C.F.R. §98.45(k); <https://www.acf.hhs.gov/occ/faq/childcare-and-development-fund-final-rule-frequently-asked-questions>.

<sup>v</sup> 2020 Decennial Census, DEC Summary File 3.

<sup>vi</sup> ESRI Business Analysis data from Jeffery B. Jones, AICP, Summit County Economic Development Department, (December 2022).

<sup>vii</sup> DWS Financial/SNAP/Childcare Eligibility Manual, Table 3 (effective October 1, 2022), available at: [https://jobs.utah.gov/Infosource/eligibilitymanual/Eligibility\\_Manual.htm](https://jobs.utah.gov/Infosource/eligibilitymanual/Eligibility_Manual.htm).

<sup>viii</sup> For purposes of predicting the savings in monthly stipends needed, in order to be conservative, the proposal assumes only 20 Park City children under six utilize the DWS subsidy, but in order to maximize the potential for increased utilization, the remaining incentives are budgeted at the estimated full utilization rate.

<sup>ix</sup> Child Care Technical Assistance Network, *Creating a Family-Friendly Child Care Assistance Application*, available at: <https://childcareta.acf.hhs.gov/creating-family-friendly-child-care-assistance-application#WhyGuide>.