

# Driving Equitable Economic Development in Salt Lake City, UT

May 2022

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Developed by The Sorenson Impact Center, housed in the David Eccles School of Business at the University of Utah



# About Sorenson Impact

[The Sorenson Impact Center](#) (SIC or the Center) helps organizations achieve their impact vision by connecting capital to social and environmental solutions, helping organizations measure, report, and improve impact, and integrating data science and people-centered storytelling into all that we do. Along with our clients and partners, we share a vision of an equitable and thriving world where everyone is valued, communities prosper, and the measured impact of our actions guides decision-making. As part of our mission to train future impact leaders, the Center integrates academic programming and experiential learning into each of its practice areas. The Center is proudly housed at the [University of Utah David Eccles School of Business](#). Learn more at <https://sorensonimpactcenter.com/>.

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# Introduction

The primary purpose of this engagement was to provide a deeper level of understanding around identified needs in Salt Lake City (SLC) that serve priorities laid out in Phase I.<sup>1</sup> This project explored the scale and investment opportunities, with a key component being increased understanding to help foster consensus among key stakeholders. The Center worked in tandem with the SLC Department of Economic Development (DED), the Mayor's office, and other city departments to help inform financing options and opportunities that promote an aligned strategy to support more resilient families in SLC. This work also supports the strategy of contributing partners, Wasatch Front Regional Council and the Education Reform Foundation.

The secondary purpose of this engagement was to set the stage for future implementation of financing solutions to achieve defined policy objectives and community needs. Implementation engagements might include a comprehensive feasibility assessment and support in transactional structuring, among other activities, if required. Any engagement in the implementation phase is contingent upon results of this engagement.

## Project Background & Context

Initial discussions to support this research began in May 2020 at the onset of the Covid-19 pandemic and the intensity of demand for social justice for historically marginalized communities following the death of George Floyd. In conversations with community leaders and SLC DED, SIC proposed consultation to explore methods of intervention that would (a) work to address existing equity disparities and needs within Salt Lake City; (b) improve Salt Lake City's Opportunity Index Score<sup>2</sup>; (c) support goals of the Salt Lake City-wide equity master plan; and (d) leverage broader public/private partnerships.

In our conversations, it was clear that opportunities to leverage public/private partnerships could significantly expand the breadth and depth of addressing needs in the context of early 2020. Given SIC's experience working with outcomes-based financing, a proven model to leverage private dollars to maximize social intervention, our team took particular interest and looked into social interventions that have proven outcomes. Further, our work sought to support goals of the SLC DED, including interventions that would maximize improvement of the City's Opportunity Index Score, and aligned with the Mayor's 2020 Equity Transition plan.

To support this work, SIC divided work into Phase I and Phase II. The deliverables of Phase I included:

1. Establish background and foundation for a comprehensive, evidence-based strategy to achieve economic and societal benefits.
2. Literature review & landscape analysis: historical evidence on how to reduce existing inequities. Review of existing programs and partners in Salt Lake City, UT.
3. Develop a comprehensive and coordinated strategy.
4. Brief city policy makers.

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<sup>1</sup> For more information on Phase I, please see the "Project Background & Context" Section.

<sup>2</sup> The Opportunity Index Score is a proxy used in the Salt Lake City Department of Economic Development master plan, to measure success of activities and economic opportunities for SLC residents. See Appendix A for more information.

To inform Phase I recommendations, SIC used administrative data, existing needs assessments and reports, system and provider level interviews, and reference to the Opportunity Index, a tool used to guide priorities of the SLC DED (Opportunity Index can be found at <https://opportunityindex.org/>).

Upon assessment, review, and synthesis of the data and research, SIC has identified several areas of intervention to combat intergenerational poverty, tackle inequity, and provide more equitable and long-term opportunity for all residents of Salt Lake City, beginning with children and their families. SIC identified ripe areas of intervention with existing evidence of strong outcomes, as is required for public/private outcomes-based financing models.

### **A Note on the Opportunity Index**

In line with the priorities of the SLC DED, we chose to focus on identifying interventions that could impact the most indicators within the Economy and Education dimensions scores. For context, these scores are generally accepted as indicators of economic mobility, including access to quality education and employment and income stability. Further, multi-generational approaches focused on youth will have follow on opportunities for community and health scores. Despite our focused approach, we recognize that by addressing these indicators, we will likely address some of the other indicators' scores. For example, efforts to improve graduation rates (education dimension) would likely be correlated with lower rates of youth disconnection (community dimension).

## **Phase II Project Summary & Introduction**

SIC has developed this document to provide additional context and support deeper understanding of the interventions as informed by Phase I of this project, including demand and supply of early care and education, and workforce development in Salt Lake City. As identified by Phase I, these two areas of intervention collectively impact over half of the City's Opportunity Index metric scores, fall in line with the Mayoral and City priorities, including equity and inclusion, and support long-term equitable economic growth in Salt Lake City. Both early care and education and workforce development have been targeted by outcomes-based financing models, contributing to understanding of how interventions in these areas can result in tangible, positive outcomes for communities.

The primary goal of this phase of work was to build understanding regarding the follow topics:

- 1) Programmatic Considerations:
  - Description of how Early Care and Education and Workforce Development can impact long term equitable economic growth
  - Description of quality programming and interventions, supported by discussion on appropriate and targeted outcomes
  - Assessment of community need and projection of capacity gaps
- 2) Potential Funding Options and Sustainability:
  - Estimate of funding needs to reach scale over time (programmatic and physical capacity)
  - Discussion on potential funding opportunities
  - Analysis of options for project sustainability
- 3) Stakeholder Engagement
  - Gather feedback from providers to better understand need
  - Informational meetings with relevant stakeholders to share ongoing learnings

SIC recognizes the importance of recognizing systemic challenges that require multi-faceted solutions, and in short, there is no silver bullet solution to equitable economic growth. However, there is strong evidence supporting multi-generational solutions to disrupt cycles of poverty. We originally focused on two areas of intervention - workforce opportunity and early care and education - to approach equitable economic growth through multiple generations. By enhancing the lives of children and the families that support them, we can foster an ecosystem of change for lasting results.

As Phase II progressed, we received additional feedback from stakeholders and SLC DED that the primary focus of these dollars should be on early care and education. There are multiple actors and funders focusing on the large issue of workforce development and opportunity. We include in Appendix C the preliminary work and estimates we conducted in collaboration with an identified provider.

## Evidence Supporting Early Investment

The Center's work has been rooted in multiple interventions, recognizing the interconnected nature of supports that can impact long-term outcomes for children, adults, and families. By enhancing the lives of children and the families that support them, the City can foster an ecosystem of change for lasting results. When communities and neighborhoods support adults, [outcomes for the children around those adults will improve](#). By redesigning systems that reduce stress and better support families, adults can better meet the needs of children in their homes and communities.<sup>3</sup>

### High-quality Early Childhood Services

High-quality early learning experiences are critical in a child's development, establishing the foundation for success in later years. Formal early learning programs provide a complement to the informal learning that takes place in the home. These programs not only take advantage of the intense brain development in a child's early years, they reduce disparities found between students impacted by poverty and their peers from more affluent households.<sup>4</sup>

There exists a rich evidence base on how children's brains develop in the early years, setting the foundation for future learning, behavior, and health. Infants' brains form one million neural connections every second.<sup>5</sup> Not only the brain, but [all biological systems](#), including heart and lung function, digestion, energy production, fighting infection, and physical growth, are all interconnected and influence each other's development and function. Providing support and investing in families at this critical time benefits individuals as well as the community, as return on investment is highest in the early years, and reduces negative outcomes and costs later.

Community initiatives should recognize parents as their child's first teacher. Providing parents with education and support on best practices can empower them to make informed choices that support their child's development. A home visiting program can connect families, especially those at risk, with trained professionals who provide expertise and resources to support parents in creating a healthy environment for the child. The Nurse Family Partnership model, which serves first-time, low-income, single mothers from pregnancy through their child's second birthday, has a strong evidence base in desired outcomes for the

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<sup>3</sup> Center on the Developing Child at Harvard University (2016). *Building Core Capabilities for Life: The Science Behind the Skills Adults Need to Succeed in Parenting and in the Workplace*. [www.developingchild.harvard.edu](http://www.developingchild.harvard.edu).

<sup>4</sup> Campbell, F.A. & Ramey, C.T. (1994). *Effects of early intervention on intellectual and academic achievement: A follow-up study of children from low-income families*. *Child Development* 65(2), 684-698.

<sup>5</sup> "BrainArchitecture," Center on the Developing Child, Harvard University. <https://developingchild.harvard.edu/science/key-concepts/%20brain-architecture/>

mother (e.g. preterm delivery, employment, criminal justice connection) and the child (e.g., child abuse/neglect, ER visits, language delays, behavioral problems).<sup>6</sup>

### Investing Early

Research from Professor James Heckman at the University of Chicago found that investments in high quality programs that support young children starting at birth deliver a 13% annual return—significantly higher than the 7 to 10% return delivered by preschool alone.<sup>7</sup> Children who attend high-quality programs are noted to achieve better outcomes in educational attainment, healthcare, social development, and economic advancement, which decreases the need for more costly interventions later in life.<sup>8</sup>

These early investments support a strong economy and workforce. Programs and policies that support healthy brain development in these early years result in better social, economic, and health outcomes and build a more productive workforce that strengthens our economy—now and in the future. Too many children in Utah arrive in kindergarten unprepared and already behind their peers. Even at the end of kindergarten, there is a 16-point percentage gap between economically-disadvantaged students and the average student in literacy proficiency.<sup>9</sup> The growing skills gap among our children will continue to lead to more unfulfilled jobs.<sup>10</sup> A recent longitudinal study found that children from low-income families who received 2 years or more of high-quality early childhood education in their first five years were more likely to graduate from college and had higher salaries at age 26; remarkably, the outcomes for these children were indistinguishable from their higher-income peers.<sup>11</sup>

Evidence demonstrates that focused investments yield high public and private returns.

*“Such investments—especially for at-risk children—can have a substantial impact on the success of children’s futures as students, workers, and citizens in democratic society. That is, the most efficient means to boost the productivity of the workforce 15 to 20 years down the road is to invest in today’s youngest children.” “...they are less likely to need special education, end up being arrested fewer times and spend less time in prison (which means fewer crime victims), require fewer social services, are healthier and wind up paying more in taxes.”*

-Arthur J. Rolnick, University of Minnesota and Rob Grunewald, Fed. Reserve Bank of Minneapolis

*“Enriching the early years will promote the productivity of schools by giving teachers better-quality students. Improving the schools will in turn improve the quality of the workforce.”*

-James Heckman, Nobel Laureate Economist, University of Chicago

*“Research has documented the high returns that early childhood programs can pay in terms of subsequent educational attainment and in lower rates of social problems, such as teenage pregnancy and welfare dependency”*

-Former Federal Reserve Chairman, Ben Bernanke

<sup>6</sup>Nurse Family Partnership, *Research Trials and Outcomes*

<https://www.nursefamilypartnership.org/wp-content/uploads/2021/02/NFP-Research-Trials-and-Outcomes.pdf>

<sup>7</sup> James J Heckman, *There's More to Gain by Taking a Comprehensive Approach to Early Childhood Development*, The Heckman Equation, [https://heckmanequation.org/www/assets/2017/01/F\\_Heckman\\_CBAOnePager\\_120516.pdf](https://heckmanequation.org/www/assets/2017/01/F_Heckman_CBAOnePager_120516.pdf)

<sup>8</sup> 13% ROI Research Toolkit, The Heckman Equation, <https://heckmanequation.org/resource/13-roi-toolbox/>

<sup>9</sup> Utah's 2020-2021 KEEP Report, Utah State Board of Education

<https://www.schools.utah.gov/file/6d41a09b-4426-4f5e-a119-c49020faf6bb>

<sup>10</sup> Mnyika, et al., *An Economy that Works: Job Creation and America's Future*, McKinsey & Company,

<https://www.mckinsey.com/featured-insights/employment-and-growth/an-economy-that-works-for-us-job-creation>

<sup>11</sup> Bustamante, et al., *Adult Outcomes of Sustained High-Quality Early Child care and Education: Do They Vary by Family Income?*, Child Development, October 2021 <https://srcd.onlinelibrary.wiley.com/doi/10.1111/cdev.13696>

# Target Population

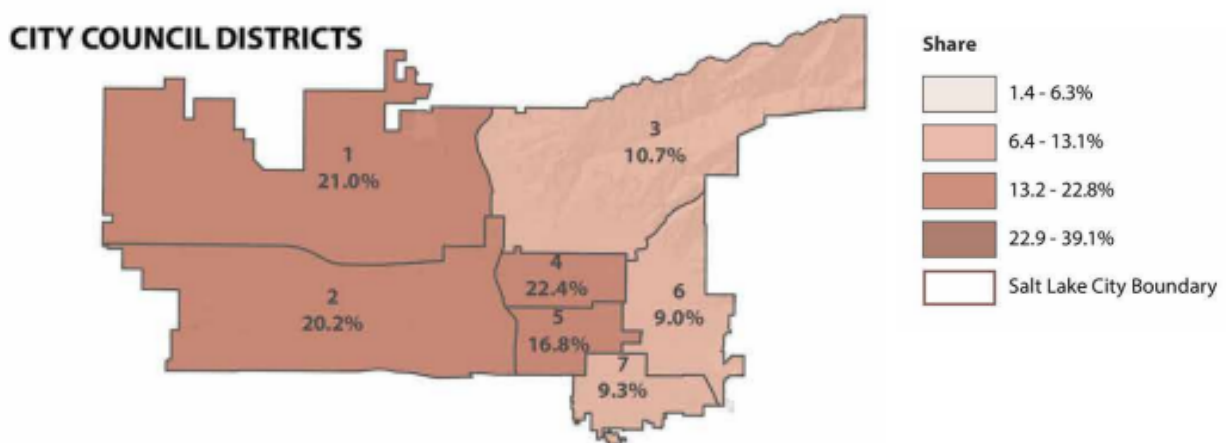
Following Phase I, SIC identified several areas of priority related to equity disparities among Salt Lake City residents. In summary: equity disparities exist throughout Salt Lake City, notably west of I-15. Residents living in the region along and west of I-15 experience lower median household income and rates of education attainment, greater health disparities and rates of unemployment, larger populations of school-aged children and population of color as a percent of total, and greater rates of child poverty.

## A summary of key findings from Phase 1:

- **Communities of Color:** City Council Districts 1 and 2, which include Rose Park, Glendale, Downtown SLC, are majority- persons of color. The largest demographic group is the Hispanic/Latinx community (48.3% and 47.8% respectively).
- **School-Age Children:** City Council District 2 has the highest share of children under age 5 (9.2%) and between ages 5-17 (22.8%). City Council District 1 has the second-highest share.
- **Educational Attainment:** In City Council Districts 1 and 2, less than 20% of residents 25 or older hold a Bachelor's or higher (District 2 at 13.5% and District 1 at 17.1%). City Council Districts 1 and 2 have the highest share of those without a high school diploma (27.7% and 32.9%)
- **Median Household Income.** The Median Household Income in Districts 1, 2 and 4 are the lowest in Salt Lake City.

Source: Kem C. Gardner Policy Institute, Salt Lake City Data Book, 2020

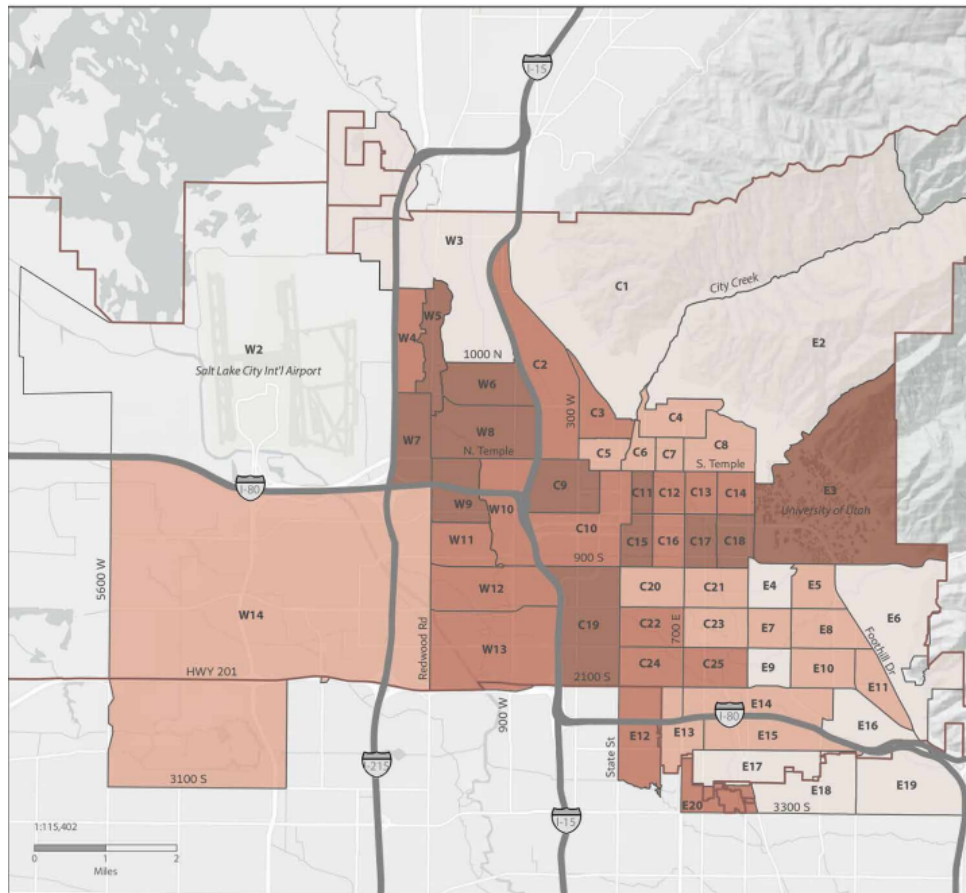
## Households with Income Below Poverty



Source: Kem C. Gardner Policy Institute, Salt lake city Data Book, 2020



## Households with Income below Poverty Level



Source: American Community Survey 5-year Estimates, 2014-2018. Analysis by Kem C. Gardner Policy Institute

**Race & Ethnicity Divide.** The geography of Salt Lake County is defined by Interstate 15 (I-15), which runs north-south and splits the county into two distinct regions, with some describing the freeway as a “glass corridor.”<sup>12</sup> The east side of I-15 is primarily populated by non-Hispanic White residents. In contrast, the west side of I-15 has larger proportions of populations of color (the largest of which is the Hispanic community) and New Americans.<sup>13</sup> Salt Lake City and West Valley City have the highest shares of minority population in the County. In Salt Lake City, the two City Council Districts on the west side of I-15 each are composed of 48% Hispanic or Latine population, while the Districts on the east side range between 6 to 16% Hispanic or Latine.<sup>14</sup> Neighborhoods west of I-15 are not only more diverse, their younger populations are significantly more diverse. On the West side of Salt Lake City, over 75% of children under 5 and aged 5-19 are children of color. Further, 2021 Student enrollment in Salt Lake City School District is 56.6% non-white.

**Socioeconomic Divide.** Coinciding with the racial and ethnic geographical divide along I-15, Salt Lake County also sees socioeconomic disparities along the I-15 border, evident in administrative data, community needs assessments, and also mentioned often in our interviews. Children who experience poverty are more

<sup>12</sup>Downen, et. al., *Neighborhoods*, n.d. University Neighborhood Partners. Accessed July 19, 2021.

<https://partners.utah.edu/about-unp/neighborhoods/>.

<sup>13</sup> Ball and Summers. 2020. “Early Childhood Mental Health in Utah”; Okada, Diez, and Friedrichs. 2019. “Health Disparities”

<sup>14</sup> *Salt Lake City Data Book*, Kem C Gardner Policy Institute and Salt Lake City Corporation, 2020

likely to have lower academic achievement, worse health outcomes, and fewer well-paying employment opportunities.<sup>15</sup>

**K-12 Outcomes Divide.** Communities and neighborhoods along and west of the I-15 corridor with the highest indicators of need primarily feed into Granite and Salt Lake City School Districts. These two districts have lower proficiency levels on state assessment and lower graduation rates than the other three districts in Salt Lake County; in addition to higher rates of economically-disadvantaged students (those qualifying for free or reduced-price lunch) and English-language learners (ELL).

**Addressing disparate outcomes in Salt Lake City.** Families play a critical role in the academic success of children, through encouragement, support, role modeling and advocating for their child's success. Socioeconomic barriers such as income, stable housing and employment, access to broadband and healthy food, and reliable transportation can create barriers to economic and educational opportunities for the family, including school-aged children.

## Early Care and Education

### Landscape in SLC (ages 0-5)

Parents and caregivers have choices regarding formal and informal care for their young children. Availability, affordability, transportation, reliability, and other factors influence choice. The care options available span across a range of public and private options, and center-based and home-based services. The graphic below provides an overview of the programs and services for children aged 0-5 that are available to parents and caregivers in Salt Lake City.

<b>School-Based Preschool:</b> <ul style="list-style-type: none"><li>• Salt Lake City School District</li><li>• Other Private and Parochial Schools in Salt Lake City</li></ul>	<b>Head Start Programs in Salt Lake City</b> <ul style="list-style-type: none"><li>• Early Head Start</li><li>• Head Start</li></ul>
<b>Private Child Care Programs in Salt Lake City Area:</b> <ul style="list-style-type: none"><li>• Licensed Child Care Centers</li><li>• Licensed Home-Based Child Care Programs</li><li>• Home-based child care providers not participating in the state licensing system</li></ul>	<b>Other Early Childhood Programs, ages 0-5, include:</b> <ul style="list-style-type: none"><li>• Home Visiting Programs</li><li>• Home-based technology or educational programs</li><li>• Early Intervention (IDEA Part C), serving children age 0-3 with disabilities or developmental delays</li></ul>

## Need and Capacity

Throughout our engagement, we reached out and spoke with multiple stakeholders, including Head Start providers, Salt Lake City School District, the Private Child Care Association, licensed private child care providers, the state Office of Child Care in the Department of Workforce Services, Child Care Licensing in the state Department of Health, the County Health Department, and the Child Care Resource and Referral agency. Across programs and populations, providers are facing challenges, yet see opportunities to address inequalities and better serve residents. The City can be an important catalyst to address some of these challenges and opportunities.

<sup>15</sup> Sherman, Arloc and Mitchell, Tarza, *Economic Security Programs Help Low-Income Children Succeed Over Long Term, Many Studies Find*, Center on Budget and Policy Priorities, 2017

Challenges	Opportunities
<ul style="list-style-type: none"> <li>• Workforce retention and burnout</li> <li>• Labor market forces</li> <li>• Community/family outreach and engagement</li> <li>• Delays or administrative hurdles for public funding</li> <li>• Regulatory burdens</li> </ul>	<ul style="list-style-type: none"> <li>• Increase equitable access and address gaps for traditionally marginalized clients</li> <li>• Impact affordability for underserved populations</li> <li>• Partnerships and collaboration</li> <li>• Focused and high-impact investments</li> </ul>

## Preschool

We define preschool as a group or class designed to provide educational experiences for children during the year or years preceding kindergarten. These programs incorporate instruction as an important and integral component. Private homes providing custodial care are not considered preschools. Children either attend half-day or full-day options and these can either be in a public or private setting. Public school is defined as any educational institution supported by public funds. In Salt Lake City, this is constituted by the Salt Lake City School District preschool and the Utah Community Action Head Start programs.

### Salt Lake City School District Preschool

Salt Lake City School District (SLCSD) serves three and four-year-olds, providing both half and full day options across 17 sites. SLCSD has seen an average three-year enrollment rate from 2019-2021 of 438 students per year. While there are open seats for half-day preschool, the full-day program offering has seen a consistent waitlist. The Utah State Board of Education has recognized the SLCSD as a high-quality program that provides children the opportunity to become independent, confident, and lifelong learners.

### Utah Community Action Head Start

Utah Community Action (UCA) Head Start is a free program that serves an average of over 700 children from Salt Lake City annually. Head Start utilizes a research-based curriculum that includes social-emotional, physical, and cognitive development, as well as school readiness. In addition, students are provided healthy meals, medical and dental screenings, and other services that support the whole family. Children whose parents and caregivers make 100% or less of the federal poverty level are eligible for services. The Head Start program has consistently seen a waitlist for services for SLC residents.

### Public Preschool Need

Analyzing age-level population data, population growth projections, and current preschool enrollment levels, we estimated the current gap between those receiving public preschool services and those who might enroll in public preschool if available, affordable, and accessible. It's important to be cognizant of the nuance between "demand" and "need" and how different methods could be used to estimate either of those. We hesitate to quantify demand because there are not datasets available that capture parent demand for care. Factors that could impact demand include parents' work schedules, transportation availability, or desiring preschool even if not required for care to allow parents to work. We use the term "need," based on Census data on parent availability based on workforce participation.

Utilizing population data from the American Community Survey (ACS) single-year estimates for 2019 for Salt Lake City; Salt Lake County population estimates for 2019 from the Kem C. Gardner Policy Institute (GPI);

and age-group population growth projections from GPI, we were able to determine a 10-year (2022-2031) average annual population estimate for three and four-year-olds in Salt Lake City of 4,133. Applying the 2019 ACS estimate of the percent of this population who are unenrolled in any preschool program (42.8%), public or private, we determined a 10-year average of unenrolled three and four-year-olds of 1,769.

We utilized the 2019 single-year ACS estimate of children under six in Salt Lake City who have all available guardians in the workforce (67%) to serve as a proxy for the number of families who would reasonably require care outside the home, and that would enroll in preschool if available and affordable. We determined that an additional 1,185 families are in need of preschool services in Salt Lake City (1,769 x 67%). As mentioned, parents and guardians have the option to enroll in public or private care. To determine the number of families who would choose to enroll in public school, we have used the current public preschool enrollment rate (40.5%) as a proxy. It is important to note that this likely results in a conservative estimate of the need and it is possible that the actual demand for these services is greater. **We have determined that on average, the 10-year annual need for public preschool services is an additional 480 seats.**<sup>16</sup>

Estimated 10-Year (2022-2031) Annual Averages for Estimating Need for SLC Public Preschool Services	
Estimated 3-4 Year Old Population	4,133
Estimated Unenrolled 3-4 Population (from Census)	1,769
Estimated Total Need for Preschool Services (67% of Unenrolled)	1,185
<b>Estimated Need for Public Preschool Services (40.5% of Estimated Need)</b>	<b>480</b>

### Public Preschool Program Expansion and Cost Estimates

Estimating the cost of program expansion for these services is a function of the annual average cost per child, one-time new classroom costs, the number of classrooms added, and the timing of expansion. Thus, the costs of actual expansion may differ if any of these variables are adjusted.

In discussion with both SLCSO and UCA Headstart, they determined that utilizing existing space, they have the capacity to expand their program offerings by six full-day classes each. SLCSO full-day classrooms accommodate 18 students per class and UCA head start full-day classrooms have capacity for 17 students per class. **Expanding to six additional full-day class offerings for both programs increases the public preschool capacity by 210 seats per year.**

Public Preschool Expansion Capacity			
	Additional Full-day Classes	Children per Full-day Class	Additional Full-day Capacity
Salt Lake City School District	6	18	108
Utah Community Action Head Start	6	17	102
<b>Total Expanded Capacity</b>	<b>12</b>	<b>35</b>	<b>210</b>

<sup>16</sup> Please see Appendix B for a more detailed and comprehensive methodology for computing the estimated annual need for public preschool services.

**Expanding preschool capacity by 210 full-day seats could satisfy 44% of the estimated need for public preschool.** Additionally, this would provide for an additional 900 students to attend classes over the five-year period, and nearly 2,000 students over ten years.

The following tables provide five-year cost estimates for expansion of these programs. Cost estimates are based on a phased expansion of three full-day classrooms for each program in Year 1 and an additional expansion of three full-day classrooms in Year 2. Funding options are discussed further in this document, but it is important to note that the tables below outline the estimated five-year cost for programming only, and do not include other transaction costs that may arise dependent on the financing vehicle.

<b>Salt Lake City School District Preschool Expansion 5-Year Cost Estimates</b>	
Additional Full Day Capacity	108
Estimated Cost per Child	\$5,600
Estimated Annual Cost Increase	3.5%
Total One-Time Upfront Costs (6 Classrooms)	\$180,000
<b>Estimated 5-Year Cost</b>	<b>\$3.2 M</b>

<b>Utah Community Action Head Start Expansion 5-year Cost Estimates</b>	
Additional Full Day Capacity	102
Estimated Cost per Child	\$16,370
Estimated Annual Cost Increase	3%
Total One-Time Upfront Costs (6 Classrooms)	\$460,000
<b>Estimated 5-Year Cost</b>	<b>\$8.8 M</b>

Additionally, we explored the estimated funds required to maintain this level of service over a total of ten years. The estimated cost for expanding the services and maintaining that level of service over ten years is \$26.4 million. The table below shows the cost breakdown for each program and period of time.

<b>Public Preschool 10-Year Cost Estimate for Service Expansion</b>			
<b>Program</b>	<b>Cost: Years 1-5</b>	<b>Cost: Years 6-10</b>	<b>Total Cost</b>
Salt Lake City Preschool Expansion	\$3.2 M	\$3.8 M	\$7 M
Utah Community Action Head Start	\$8.8 M	\$10.6 M	\$19.4 M
<b>Total Estimated Cost</b>	<b>\$12 M</b>	<b>\$14.4 M</b>	<b>\$26.4 M</b>

Stakeholders indicated interest in greater understanding regarding the costs in years six to ten associated with further expansion of each of these programs. In our analysis of the need or gap of services, we estimated that there is a need for approximately 480 additional annual public preschool seats. We estimated the cost of further expanding the services to meet 50%, 75%, and 100% of this need by year six and maintaining that expansion through year ten. The table below combines the estimated costs for expansion in years one through five, as detailed above, with further expansion in years six through ten.

<b>10 Year Scenario Cost Estimates at Varying Levels of Expansion</b>			
	<b>Cost Years 1-5 + Further Expansion to 50% of estimated need in years 6-10</b>	<b>Cost Years 1-5 + Further Expansion to 75% of estimated need in years 6-10</b>	<b>Cost Years 1-5 + Further Expansion to 100% of estimated need in years 6-10</b>
Salt Lake City School District Preschool	\$7.6 M	\$9.8 M	\$12 M
Utah Community Action Head Start	\$21 M	\$27.5 M	\$34.1 M
<b>Total</b>	<b>\$28.6 M</b>	<b>\$37.3 M</b>	<b>\$46.1 M</b>

We reiterate that these cost estimates may change if the timing of expansion, cost per child, or annual costs increase, and are estimates for programming costs only.

## Home Visiting

While home visiting is categorized as a family support and safety program, its services and outcomes include maternal and child health, maternal employment and earnings, child maltreatment, and early learning. A 2017 report on early childhood services indicated that Utah is estimated to meet only 5% of the potential need for home visiting services statewide.<sup>17</sup> The same report shows that the Salt Lake County Health Department served 282 families, supported by funding from the Utah Department of Health (UDOH), Office of Home Visiting (OHV). Since that time, OHV's funding has dramatically decreased, limiting the funds available to Salt Lake County and other counties to offer home visiting services.

The Salt Lake County Health Department provides home visiting services to help low-income families have healthier pregnancies and stronger child development through two programs, Parents as Teachers (PAT) and Nurse Family Partnership (NFP).

### Parents as Teachers

PAT is a free program available to Salt Lake County families meeting certain income requirements. Parents and guardians are supported with two monthly home visits from a parent educator in an effort to promote optimal learning and health development of the children in the home. Families are also supported with age-appropriate screenings and assessments, and connection to community resources.

<sup>17</sup> *Early Childhood Services Study*, Utah Department of Workforce Services Division of Child Care and University of Utah Education Policy Center, December 2017, <https://le.utah.gov/interim/2017/pdf/00005393.pdf>

## Nurse Family Partnership

NFP is a free program for first-time pregnant women in Salt Lake County who meet WIC-level income guidelines. Enrolled mothers are connected to a registered nurse who provides support, advice, and information during and after pregnancy. NFP is validated by multiple randomized controlled trials evaluating program effectiveness on first-time, low-income mothers. Since the trials, NFP has continued to collect and analyze data to ensure benchmark goals of improving maternal and child health are met.

An examination of the evidence of effectiveness of home visiting programs shows that NFP has a more robust evidence base and a broader set of outcomes that align with improving the City's Opportunity Index score. These outcomes include maternal and child health and education, child wellbeing (reduction in child maltreatment), and maternal economic mobility (employment and earning). As a result, we have focused on expanding NFP as part of the recommended pilot.

## Nurse Family Partnership Need

Similar to preschool, we are careful with the terminology in respect to quantifying need or demand, as even if a family falls within the target population, there is the possibility that they would not meet the requirements to be enrolled in the NFP program. Similarly, just because a family qualifies for enrollment does not mean that they will opt-in to services. However, NFP does believe that given additional resources they could serve a larger number of families within the city.

When analyzing the potential need for NFP services within Salt Lake City, we utilized a formula provided by NFP for calculating their current referral capacity (CRC). This formula represents the maximum number of families that NFP believes they can reach and also enroll in the program in a given year. Please note that NFP calculates this number based on data on the county level, so for this project we have used the ratio of 0-2 year-olds within Salt Lake City compared to those within Salt Lake County, as well as mapping current families served by zip codes, to ensure that we are only focusing on the potential target population within Salt Lake City.

The CRC calculation is  $CRC = B * R * E * 1.4$  where B is the number of first-time medicaid births within Salt Lake City (which is on average 141 a year for the next 10 years, taking into account current population trend estimates); R is the percentage of eligible families to whom NFP can reach through their outreach efforts (50%); E is the percentage of families reached that NFP believes will enroll in the program (50%); and 1.4 is the length in years an average families stays in the program. Using this formula, **we calculated that the annual average CRC for Salt Lake City over the next 10 years is 49 families.**

### 10-Year Average Annual Estimated Reachable and Enrollable Mothers in the City

10-Year Average Salt Lake City First-time Medicaid Births	141
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10-Year Average Annual Estimated Reachable and Enrollable Mothers in the City	49
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Because NFP is administered through the Salt Lake County Office of Home Visiting, we used their data, along with zip code maps of the city, to determine that the program is currently serving 19 families within Salt Lake City, or approximately 39% of the current CRC.



## Nurse Family Partnership Expansion and Cost Estimate

To calculate the cost of expanding NFP to reach the remaining CRC families within Salt Lake City, we worked with NFP to understand their current service model. There are currently four full-time nurse home visitors employed by NFP for Salt Lake County, and each nurse works with approximately 25 families per year. The average annual cost to serve a family in Utah is \$6,237. Using population growth estimates for the 0-2 year old population within Salt Lake City for the next ten years, as well as indexing the average annual cost by the CPI growth rate for nursing salaries, we estimated the cost of expanding NFP services to 100% of the CRC for Salt Lake City. **Expanding to meet 100% of calculated CRC would cost approximately \$1 million over five years.**

Cost Estimate to Expand NFP to Current Referral Capacity (CRC)	
Average Reachable and Enrollable Mothers	49
Salt Lake City Families Current Served	19
Average % City Need Met	39%
Annual Cost per Family in Utah	\$6,237
<b>Estimated 5-Year Cost to Meet 100% CRC</b>	<b>\$1 M</b>

This expansion would result in 30 additional families served each year on average, or an additional 328 families served over the course of a ten year implementation. Additionally, we explored the estimated funds required to maintain this level of service over a total of ten years. The estimated cost for expanding the services and maintaining that level of service over ten years is estimated to be \$2.2 million. The table below shows the cost breakdown for each period of time.

NPF 10-Year Cost Estimate for Service Expansion			
Program	Cost Years 1-5	Cost Years 6-10	Total Cost
Nurse Family Partnership	\$1 M	\$1.2 M	\$2.2 M

Furthermore, we estimated the additional funds required to expand the CRC after an initial five-year pilot program to both reach more families and, therefore, enroll more families into the program. We estimated the cost of expanding the percentage of eligible families that are contacted via outreach efforts (the variable R in the CRC formula) to 75% and 100% in years six to ten.

If we expand to meet 100% of CRC in years 1-5, then increase the percentage of eligible families targeted with outreach to 75% or 100% in years six to ten, a significant portion of the eligible families within Salt Lake City will be served. The table below shows the estimated maintenance and expansion costs of years 6-10.

We estimated the cost of further expanding the services to meet 50%, 75%, and 100% of this need by year six, and maintaining that expansion through year ten. The table below combines together the estimated costs for expansion in years one through five, with further expansion in years six through ten.



10-Year Scenario Cost Estimates		
	Cost Years 1-5 + Further Expansion to increase outreach to 75% in years 6-10	Cost Years 1-5 + Further Expansion to increase outreach to 100% in years 6-10
Nurse Family Partnership	\$3.1 M	\$4.0 M

If NFP were to be funded to meet 100% of CRC in years one through five, and then expanded to outreach to 100% of eligible families within the city (keeping enrollment rate of reached families constant), 975 families would be served over ten years at an overall cost of \$4 million.

Please note that this expansion cost only takes into account the direct costs (\$6,237 per family per year) of expanding the CRC. It does not include the costs associated with additional marketing and outreach efforts or the need to hire more support or supervisory staff.

## Child Care

The state of Utah defines child care as “care of a child by a responsible person who is not the child’s parent or legal guardian, for a portion of the day that is less than 24 hours in a qualified setting.”<sup>18</sup> In Utah, child care is regulated by the Utah Department of Health, Child Care Licensing. Both child care centers and home-based child care providers must meet standards and rules, ensuring a minimum level of health and safety requirements. A child care license or certificate is required if a person is caring for more than four children who are not related to the provider, and for more than four hours per day. The child care provider landscape in Salt Lake City consists of licensed child care providers, both center-based child care and home-based child care, as well as home-based child care providers who are not participating in the state licensing system, often referred to as Family, Friend, and Neighbor Care.

Parents, caregivers, cities, and states across the country are struggling with the “broken” child care market and system. Child care is cost prohibitive for many, and costs have greatly outpaced inflation. Providers face increasing demand with less ability to supply high-quality care, as it is extremely difficult to hire highly-qualified teachers at the low market wages. America’s child care crisis has only been exacerbated by the Covid-19 pandemic.

### Child Care Need

An increasing number of Utah families find that all available parents or guardians are working outside the home, creating a need for child care. Families try to meet these needs through a variety of ways, including licensed or regulated care, adjusting work schedules if possible, or relying on family, friends, or neighbors.

To estimate the need for child care services in Salt Lake City, we start with census population for ages 0-5 within the city. Using publicly-available enrollment data, we then calculate the number of children residing in the city who are currently enrolled in public preschool or kindergarten and remove them from the count. We then calculate the number of children within the city living with all available parents in the workforce and apply that percentage to our population number. This calculation is done because, while we understand that

<sup>18</sup>*Child Care Access in Utah*, Utah Department of Workforce Services Division of Childcare, March 2020  
<https://jobs.utah.gov/occ/ccaccess.pdf>

there are children who attend either preschool or kindergarten, or have at least one parent not in the workforce, that do still *demand* child care. For this scope of work we have determined that they do not have the highest level of *need* for child care.

<b>Estimated Annual Need for SLC Child Care Services (based on 10-Year (2022-2032) Averages)</b>	
Estimated 0-5 Year Old Population	12,037
Estimated Unenrolled (not enrolled in Public Pre-K or Kindergarten)	9,209
Estimated Total Need for Child Care Services (67% with available parents working)	6,170
<b>Estimated Total Unmet Need in SLC (based on licensed capacity)</b>	<b>2,546</b>

### Child Care Provider Capacity

Utah's Child Care system does not have the capacity to meet the needs of all families. The magnitude of this gap varies throughout the state, but is estimated to be greatest in Salt Lake County.<sup>19</sup> Every child care provider within Salt Lake City has a licensed capacity which determines the maximum number of children that they are allowed to care for. For the purpose of this proposal we have focused on two types of child care providers: center-based and family-based care. Child care centers are larger organizations with multiple staff (examples include Neighborhood House and the YWCA). Family-based care typically happens at the provider's place of residence and has a maximum capacity of 8 to 16 children.

We received data from the state Child Care Licensing division on the total licensed capacity for center- and family-based care within Salt Lake City, and found that licensed child care centers have 4,656 seats and family based providers have 255 seats. This equates to 95% and 5% of the licensed child care capacity for Salt Lake City, respectively. This number is an aggregate of slots for all children between the ages of 0 and 12, however we received data from the state Office of Child Care in the Department of Workforce Services (DWS OCC) showing that approximately 77% of the licensed slots are reserved for children under the age of 6, or an estimated total of 3,781 slots within Salt Lake City.

<b>Licensed Child Care Providers in SLC</b> (located in ZIP codes within city limits)	
Licensed Capacity (seats in Center and Family-based licensees)	4,911
Estimated % of seats for ages 0-5	77%
Estimated seats for ages 0-5	3,781

We interviewed several child care stakeholders and private providers in the state and city, and each acknowledged the extreme difficulty they are facing in hiring and retaining early childhood workers. Again, this is not a problem unique to Salt Lake City or even Utah, but a major issue for the child care industry in the United States.

<sup>19</sup> *Child Care Access in Utah*, Utah Department of Workforce Services Division of Childcare, March 2020  
<https://jobs.utah.gov/occ/ccaccess.pdf>

The National Association for the Education of Young Children (NAEYC) conducted a national survey provided in English or Spanish, between June 17 - July 5, 2021. In Utah, the survey found the following:

- 80% of child care centers were experiencing a staffing shortage.
  - 43% of programs impacted by staffing shortages are serving fewer children
  - 28% have a longer waitlist
  - 33% are unable to open classrooms
  - 19% have reduced their operating hours

## Child Care Subsidy Expansion and Cost Estimate

A key component of accessibility is affordability. Families, particularly lower-income families, face the growing challenge of affording higher cost, higher quality child care. Even with state-provided subsidies, a working family may only be able to access centers that charge below the median percentile of cost (assuming one infant and one 5 yr old). Unfortunately, many low-middle income to middle income families don't qualify for child care subsidies, which leaves the burden of paying the high cost entirely on their own.

In Utah, child care subsidies have been provided to families earning 60% or less of State Median Income (SMI), which equated to \$57,258 for a family of four. Since the onset of the Covid-19 pandemic, the DWS OCC has used additional funding to waive copayments for those receiving subsidies, and has also increased the eligibility threshold to 85% of SMI. This increased eligibility equates to \$81,116 for a family of four. However, as this increase in eligibility and removal of copayments was funded by federal relief funds related to the Covid-19 pandemic, we were conservative in our estimates and assumed that these pandemic-related changes would eventually end. For the purpose of this project, we used the original threshold of 60% of SMI.

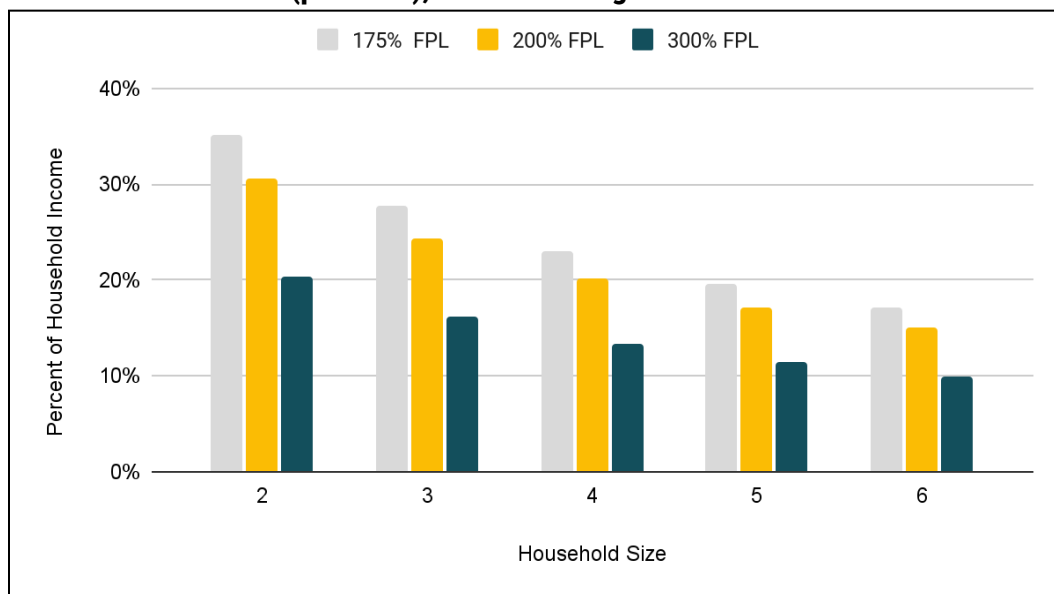
To calculate the average cost of child care for a Salt Lake City resident, we used data from DWS OCC's Market Rate Study.<sup>20</sup> We used the average monthly cost for the 75th percentile of family and center based care for the Salt Lake Metropolitan Statistical Area (MSA) and annualized the cost per child. We then weighted those costs by the ratio of licensed center slots and licensed family slots to the total licensed child care slots in SLC. Finally, we weighted the costs by the percentage of children within each age range within SLC, based on the latest Census data. **This gives an average cost of \$10,682 per child per year.**

Average Monthly Rates						
Salt Lake MSA (75th percentile)	0-24 Months	2 Years	3 Years	4 Years	5 Years	Age Weighted Cost
Family Licensed	\$750	\$700	\$650	\$650	\$630	\$10,682
Center Licensed	\$1,100	\$875	\$824	\$783	\$760	
Annualized	0-24 Months	2 Years	3 Years	4 Years	5 Years	% of Licensed Slots
Family Licensed	\$9,000	\$8,400	\$7,800	\$7,800	\$7,560	5%
Center Licensed	\$13,200	\$10,500	\$9,888	\$9,396	\$9,120	95%
% of Population	31.5%	16.9%	17.2%	17.2%	17.3%	

<sup>20</sup>Catherine Ruetschlin, PhD and Yazgi Genc, MA, *Utah 2021 Child Care Market Rate Study*, University of Utah Economic Evaluation Unit and Utah Department of Workforce Services Division of Child Care, May 2021, <https://jobs.utah.gov/occ/occmrket.pdf>

The cost of child care makes it prohibitively expensive for many families. The U.S. Department of Health and Human Services recommends no more than 7% of household income go toward child care payments.<sup>21</sup> However, as the following charts show, depending on the size of the household, families whose income puts them just above the cutoff point for the state subsidy can spend over 30% of their income on child care.

### Utah Child Care Costs (per child), as a Percentage of Household Income



Sources: U.S. HHS, OCC, Urban Institute

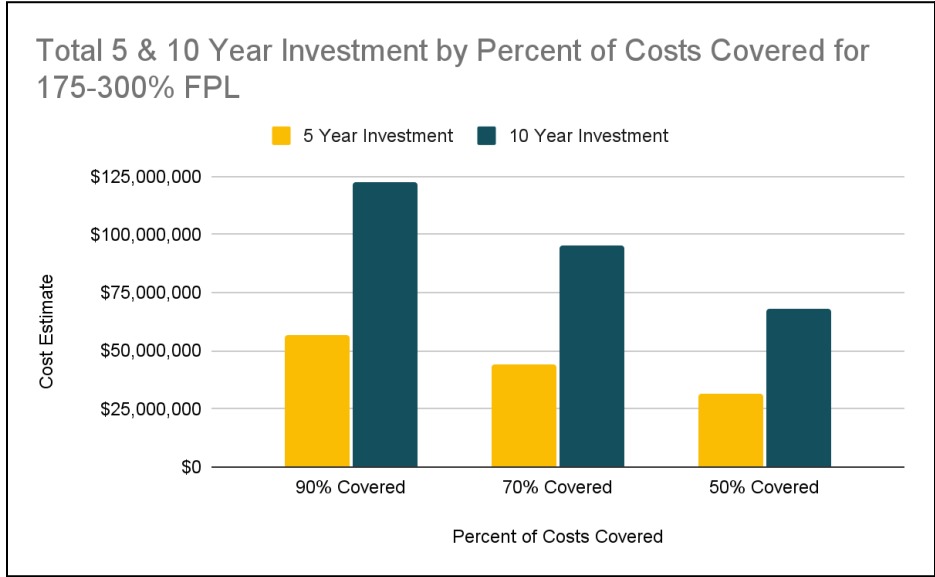
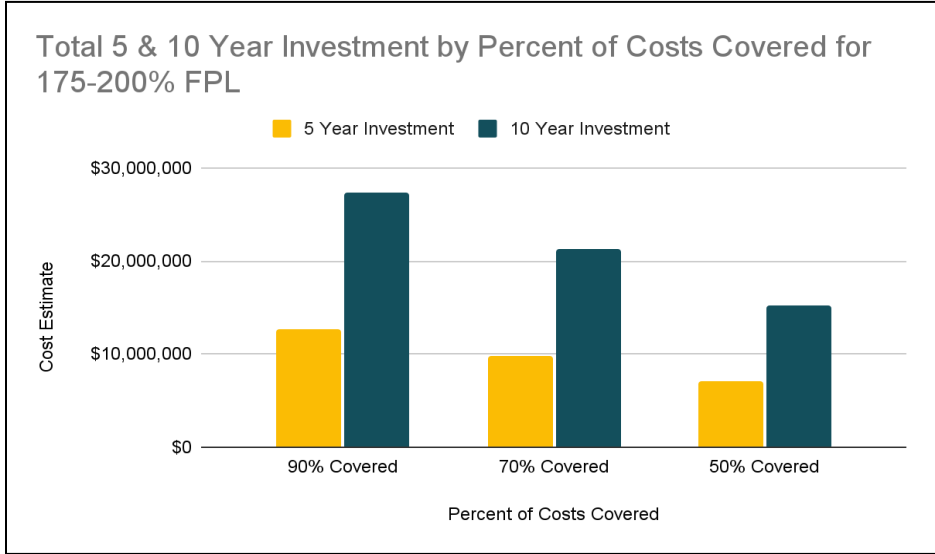
We provide calculations on what a potential investment would be to further subsidize the cost of care for families in Salt Lake City. Because the issues of child care affordability are much larger than a city issue, we provided this example to illustrate how city residents might benefit from additional funding, as opposed to the City trying to address the larger systemic issue, which arguably requires a state or national solution.

We estimated the number of children within Salt Lake City who qualify for the state child care subsidy based on their household income who are not using the subsidy, giving us a utilization rate of approximately 46%. For our calculations, we assume that this utilization rate, as well as the public preschool and kindergarten enrollment rates, are constant over the next ten years.

Currently, the state has a child care subsidy that covers on average 90% of the cost of child care for a family whose income is less than 175% of the federal poverty level (FPL). We estimated the cost of providing a similar subsidy for families just above this cutoff point, in groups of 175%-200% FPL, as well as 175%-300% FPL. Due to the massive unmet need for child care as well as the overwhelming cost, a similar program that would cover 90% of the costs of child care for children within the city who fall between 175%-200% of the federal poverty line would cost over \$27 million over ten years. This number jumps up to over \$122 million over 10 years if we expand the range to 175%-300% FPL. See the following charts for a cost breakdown at other percentages covered.

<sup>21</sup> *The Cost of Child Care in Utah*, Economic Policy Institute, October 2020, [www.epi.org/child-care-costs-in-the-united-states/#/UT](http://www.epi.org/child-care-costs-in-the-united-states/#/UT).

Child Care Expansion Costs			
5-year	90% Covered	70% Covered	50% Covered
175-200%	\$ 12,625,281	\$ 9,819,663	\$ 7,014,045
175-300%	\$ 56,672,341	\$ 44,078,487	\$ 31,484,634
10-Year	90% Covered	70% Covered	50% Covered
175-200%	\$ 27,301,458	\$ 21,234,467	\$ 15,167,476
175-300%	\$ 122,550,742	\$ 95,317,244	\$ 68,083,745



Addressing child care accessibility and affordability is an important issue for city residents and leaders. The City can continue to collaborate with multiple actors at the county, state, and national levels to address the systemic challenges. Many cities across the country have identified early childhood services as a valuable city endeavor, and look at child care as part of the mixed-delivery model.

All stakeholders we interviewed agreed that the most pressing need in child care right now relates to the workforce. They are struggling to attract and retain workers, to the point that they are not even able to reliably offer care to the number of children they are licensed to oversee. This is a critical issue that needs to be addressed before meaningful conversations around large-scale enrollment growth, affordability, or space capacity.

Utah's child care quality rating system is also new and still working toward full implementation, making it difficult to have one uniform measure of outcomes or quality. In addition, there are data collection challenges at the city level that would need to be addressed if the City were to decide to move forward with a child-care specific investment. Private child care providers serve residents from all over the valley, as SLC serves as a hub for business. Because there are no datasets that are able to identify participation by city-resident status, it is difficult to estimate how investments in specific providers would be impacting city residents.

## Program Quality and Potential Impact

**Preschool Quality and Impact.** Kindergarten Readiness is the foundation for school and life success. Effective early childhood programs provide young children, and in some programs their families, with cognitive, social and emotional, and executive functioning skills.

A higher proportion of students in Utah entering kindergarten from high-quality preschool programs were proficient in both literacy and numeracy compared to students entering from non-high quality programs. These differences are particularly stark for some students. Students who are economically disadvantaged appear to benefit considerably from high-quality preschool programs as illustrated in the table below.

Percent Proficient: Statewide 2020 KEEP ENTRY Assessment					
Economically Disadvantaged			English Language Learners		
	Literacy	Numeracy		Literacy	Numeracy
Non High Quality	38%	54%	Non High Quality	32%	46%
<b>High Quality</b>	<b>51%</b>	<b>63%</b>	<b>High Quality</b>	<b>39%</b>	<b>49%</b>
No Preschool	36%	58%	No Preschool	33%	33%

Source: Utah State Board of Education (USB E), 2021 Annual Report

There is a need within Salt Lake City to improve kindergarten readiness among economically disadvantaged students. The table below shows that SLCSD preschool program improves kindergarten readiness among economically disadvantaged children.

Percent Proficient: KEEP Entry Scores for Disadvantaged Students in SLCSO					
All Economically Disadvantaged Students			Economically Disadvantaged: USBE Recorded Preschool Enrollment		
	Literacy	Numeracy		Literacy	Numeracy
2019	39%	50%	2019	54%	62%
2020	42%	53%	2020	61%	63%
2021	39%	53%	2021	49%	63%

Source: USBE

Other potential outcome measures that may be considered for preschool programs include: attendance, attrition, third grade reading and math literacy. Additionally, for Head Start, health and social emotional growth may be considered.

**Nurse Family Partnership Quality and Impact.** The Nurse-Family Partnership (NFP) is an established, evidence-based program that provides nurse home visitation services to over 30,000 primarily low income pregnant mothers per year across the United States. NFP provides services throughout the course of pregnancy, birth, and infancy to age two. Trained nurses identify risk factors, provide services, and refer mothers and infants for needed services during the critical early years of childhood development. Research has associated a wide range of improved health and socioeconomic outcomes with NFP including in educational attainment, decreases in social and health risk factors for mothers and their children, and decreases in childhood injury and mortality. A recent analysis conducted by Dr. Fernando Wilson, Director, Matheson Center for Health Care Studies, University of Utah summarized existing research that shows NFP achieves the following impact:

- Decreases the risk of preterm birth by 19% for mothers participating in the program relative to non-participant.
- Decreases the risk of childhood injuries by 37%

Dr. Wilson calculated a 4.2 to 1 Benefit-Cost Ratio (BCR) when including the following improved outcomes for NFP program participants relative to non-participants:<sup>22</sup>

- High school/GED attainment
- Preeclampsia
- Smoking during pregnancy
- Preterm birth
- Infant deaths
- Subsequent birth rate
- Childhood injuries
- Child maltreatment/abuse/neglect (substantiated cases)
- Immunizations (7-vaccine series)
- Youth crimes

<sup>22</sup>Dr. Fernando Wilson, *A Cost-Benefit Analysis of Nurse-Family Partnership Services*, The University of Utah Matheson Center for Health Care Studies, March 2022

Additional outcomes resulting from the impact of the program on maternal economic mobility include:

- Employment gains for mothers<sup>23</sup>
- Increase in “social capital”, defined as a network of relationships characterized by trust and reciprocity, measured by the number of connections and relationships a person has of people within and outside of similar social groups<sup>24</sup>
- More favorable birth patterns, as having closely-spaced births, especially for young mothers, can create challenges to upward economic mobility<sup>25</sup>
- Reduced criminal justice system involvement<sup>26</sup>
- Reduced welfare participation<sup>27</sup>

## Funding Strategies, Opportunities, & Scalability

### Funding Strategies

Three potential financing strategies have been identified to fund the recommended five-year pilot:

1. Outcomes-based financing (Pay for Success or Pay for Performance)
2. Direct funding
3. A Combination of direct funding and outcomes-based financing

### Outcomes-Based Financing

Outcomes-based funding is an umbrella term for a financing model that allows the government to pay for outcomes rather than activities. Typically the government provides upfront funding for services in the form of grants, without knowing whether the desired outcomes will be achieved. There are several forms of outcomes-based financing models. Below, we describe and compare Pay for Success and Performance-based contracting

#### Pay for Success (PFS)

In a Pay for Success financing model, private investor and/or philanthropy provides the upfront capital (funding) to implement a program or intervention. Outcome measures, and the payment for those outcomes, are established upfront, and the government pays back the upfront funders based on the performance of the program once the outcomes have been achieved. This transfers the risk of performance (whether the outcomes are met) from the government to the upfront funders. Typically there is an independent evaluation to determine whether the program has achieved the desired outcomes. Evaluations can range from randomized control trials (gold standard of evaluation, but complicated and expensive) to measuring the outcomes of the program participants relative to the baseline for a similar demographic group that did not

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<sup>23</sup> Annual Report 2020. Nurse Family Partnership, 2020.

<https://www.nursefamilypartnership.org/about/annual-report-2020/#research-outcomes>.

<sup>24</sup> Nurses and Mothers: Transformational Relationship Creating 2-Gen Change. Nurse Family Partnership, n.d.

<https://www.nursefamilypartnership.org/wp-content/uploads/2020/08/NFP-Nurses-and-Mothers.pdf>.

<sup>25</sup> Olds, D. L., J. Robinson, R. O'Brien, D. W. Luckey, L. M. Pettitt, C. R. Henderson, R. K. Ng, et al. *Home Visiting By Paraprofessionals and By Nurses: A Randomized, Controlled Trial*. *Pediatrics* 110, no. 3 (2002): 486–96. <https://doi.org/10.1542/peds.110.3.486>.

<sup>26</sup> Olds, David L. *Long-Term Effects of Home Visitation on Maternal Life Course and Child Abuse and Neglect*. *JAMA* 278, no. 8 (1997): 637–43. <https://doi.org/10.1001/jama.1997.03550080047038>.

<sup>27</sup> Olds, D. L., H. Kitzman, R. Cole, J. Robinson, K. Sidora, D. W. Luckey, C. R. Henderson, C. Hanks, J. Bondy, and J. Holmberg. *Effects of Nurse Home-Visiting on Maternal Life Course and Child Development: Age 6 Follow-up Results of a Randomized Trial*. *Pediatrics* 114, no. 6 (2004): 1550–59. <https://doi.org/10.1542/peds.2004-0962>.



receive the program. In a PFS model, the provider does not shoulder the risk of performance with respect to funding, as the private funders shoulder the risk of being paid back. Funding for the independent evaluation is included in the financing costs and paid for by the private funders, not the providers. The independence of the evaluator is an important component of the PFS model.

### **Pay for Performance**

“A results-oriented contracting method that focuses on the outputs, quality, or outcomes that may tie at least a portion of a contractor’s payment, contract extensions, or contract renewals to the achievement of specific, measurable performance standards and requirements.”<sup>28</sup>

In a pay for performance financing model, the government establishes outputs that it desires to achieve and makes payments to the providers based on these desired outputs. Typically, a pay for performance financing model does not include an independent evaluation and the output or outcomes are not measured relative to a control group. Since payments are typically made to the providers, it is up to the provider to secure the upfront funding needed to implement the program. In this way, the provider may shoulder the funding risk of performance. Providers can use its own internal funds to provide the upfront services or contract independently with outside funders.

### **Direct Funding**

Direct funding entails providing an upfront grant to providers to implement the program or services, typically in the form of a grant. While the government can require tracking outcomes for future funding decisions, the grant provided is not contingent on the achievement of specific outcomes. For instance, the government may provide a grant to implement services for a year and require the provider to report on specific outcomes or outputs at the end of the year. Based on the report, the government can then decide whether or not to renew the grant. This, however, presents important challenges for the provider:

- Inability to hire personnel and build multi-year capacity: If the provider is uncertain about multi-year funding, it will be difficult to hire the personnel and build capacity for expansion.
- The burden and cost of data collection and measurement rests with the provider

### **Combination of Direct Funding and Outcomes-based Financing**

Another potential financing option is a combination of upfront direct funding and outcomes based financing. In this model, the government would provide a base level of upfront funding to deliver the services or program and, in addition, make payments based on the achievement of outcomes. This hybrid model could employ either form of outcome based financing, pay for success of performance-based contracting for the payments based on outcomes.

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<sup>28</sup>Brown, et al., *Performance Based Strategies*, The Urban Institute, July 2019, (Herndon, VA: NIGP, 2009)

	Definition	Benefits	Disadvantages
<b>Performance-based Contracting</b> (sometimes called results-based or results-driven, outcomes-based, or outcomes rate cards)	<p>"A results-oriented contracting method that focuses on the outputs, quality, or outcomes that may tie at least a portion of a contractor's payment, contract extensions, or contract renewals to the achievement of specific, measurable performance standards and requirements"</p> <p>NIGP (The Institute for Public Procurement), "Public Procurement Practice: Performance Based Contracting" (Herndon, VA: NIGP, 2009)</p>	<p>-A simple form of outcomes based financing</p> <p>-Typically lower transaction and implementation costs</p>	<p>-Pay for outputs typically as opposed to impact</p> <p>-Burden of upfront funding for services rests with providers</p> <p>-Provider may absorb the risk of performance</p> <p>-Typically does not include an independent evaluation and less rigor in measuring outputs</p>
<b>Pay For Success</b> (sometimes called social or environmental impact bonds, social impact partnerships)	<p>A more complex form of performance-based contracting model. Helps fund innovative programs by securing up-front funding from private or philanthropic investors. Includes an evaluation that aims to attribute observed outcomes to the program itself (impact). Governments repay investors if outcomes or impacts are achieved.</p>	<p>-Government pays for outcomes</p> <p>-Private funders provide upfront funding for services rather than providers</p> <p>-Risk of performance shifted from government to private funders and not providers</p>	<p>-More complex</p> <p>-higher transaction costs (cost of evaluation and project manager/intermediary)</p>

Source: Brown, et al., Performance Based Strategies, The Urban Institute, July 2019, (Herndon, VA: NIGP, 2009)

## Funding Opportunities

### Potential Sources of Upfront Private and Philanthropic Funding

Several impact investors and philanthropic funders have expressed interest in participating in the five-year project, depending on the financing model that is chosen. Since, to date, there has not been a commitment from the City Council to appropriate funds, it was too premature to begin conversation with impact investors regarding certainty and level of commitment. The SLC Mayor's office has been engaging with local philanthropic funders and those conversations are ongoing at the time of finalization of this report.

### Supplement not Supplant Requirement

SIC has explicitly expressed to each of the providers and potential funding partners that City resources appropriated to expand the recommended programs would supplement, and not supplant, existing spending as a requirement for participation in the five-year pilot.

## Sustainability

Beyond the five-year pilot funding allocation, three options have been identified to sustain the expansion or to fund additional expansion of the recommended programs for an additional five years:

- Creation of a "Community Outcomes Fund"

- Increased funding from governmental sources
- Funding from private sources

A “Community Outcomes Fund” can be funded through a combination of potential revenue sources including, philanthropic resources, government resources, or other private sources (such as employers, donations, etc.). Several jurisdictions have created funds to sustain investments in early childhood, including San Antonio, TX ([Pre-K 4SA](#)), Aspen, CO ([Kids First](#)), Kent County, MI ([Ready by Five Early Childhood Millage](#)), and Boone County, MO ([Children’s Services Fund](#)).

Another potential source of resources for sustainability is an increase in government resources. Both SLC School District and Utah Community Action (through increases in federal Head Start funding) have expressed a willingness to explore sustaining the expanded capacity in their respective programs beyond the 5-year pilot period. There is also the potential for increases in the federal Maternal Infant Early Childhood Home Visiting funding that could be allocated through the Utah Office of Home Visiting.

A third option for sustainability, with respect to Nurse Family Partnership, is in collaboration with Primary Children’s Hospital. Intermountain Healthcare (IHC) is currently raising dollars to bring the NFP program to more families within Salt Lake County. Through their initiative promoting preventive and community based care, Primary Children’s Hospital, a member of the IHC network, is interested in partnering with the city to grow NFP within Salt Lake City.

The table below summarizes the three potential avenues for long term sustainability.

<p><b>Create a Dedicated Fund, such as a “Community Outcomes Fund,” sometimes called an “Evergreen” Fund</b></p> <ul style="list-style-type: none"> <li>+ Possibility for multiple revenue sources (governmental, private, philanthropic)</li> <li>+ Funds are dedicated for specific expenditures to targeted programs</li> </ul>
<p><b>Increased funding from governmental sources</b></p> <p>Federal, State, and Local</p> <ul style="list-style-type: none"> <li>+ UCA has indicated a willingness to explore federal Head Start Expansion Grants for sustainability past project period.</li> <li>+ SL District has indicated a willingness to consider sustaining investment in SL PreK past the 5-yr pilot period.</li> <li>+ Potential increases in federal Maternal Infant Early Childhood Home Visiting funding and Utah allocation.</li> </ul>
<p><b>Private Sources</b></p> <ul style="list-style-type: none"> <li>+ Primary Children’s Hospital (IHC) is interested in partnering to fund the 5-year pilot for home visiting and continue sustainability</li> </ul>

# Appendix A: Opportunity Index Score Dimensions & Indicators

## Dimension: Economy

- Jobs: Unemployment rate (percentage of the population ages 16 and older who are not working but available for and seeking work)
- Wages: Median household income (in 2010 dollars)
- Poverty: Percentage of the population below the federal poverty level (the amount of pretax cash income considered adequate for an individual or family to meet basic needs)
- Income Inequality: 80/20 ratio (ratio of household income at the 80th percentile to that at the 20th percentile)
- Access To Banking Services: Number of banking institutions (commercial banks, savings institutions and credit unions) per 10,000 residents
- Affordable Housing: Percentage of households spending less than 30 percent of their income on housing-related costs
- Broadband Internet Subscription: Percentage of households with subscriptions to broadband internet service

## Dimension: Education

- Preschool Enrollment: Percentage of 3- and 4- year olds attending preschool
- High School Graduation: On-time high school graduation rate (percentage of freshman who graduate in four years)\*
- Postsecondary Education: Percentage of adults ages 25 and older with an associates degree or higher

## Dimension: Community

- Volunteering: Percentage of adults (ages 18 and older) who reported they volunteered during the previous year
- Voter Registration: Percentage of adults ages 18 and older who are registered to vote
- Youth Disconnection: Percentage of youth (ages 16-24) not in school and not working
- Violent Crime: Incidents of violent crime reported to law enforcement agencies (per 100,000 population)\*
- Access to primary health care: number of primary care physicians (per 100,000 population)
- Access to healthy food: number of grocery stores and produce vendors (per 10,000 population)
- Incarceration: number of people incarcerated in jail or prison (per 100,000 population 18 and older\*)

## Dimension: Health

- Low birth weight: Percentage of infants born weighing less than 5.5 pounds.
- Health insurance coverage: percentage of the population (under age 65) without health insurance coverage
- Deaths related to alcohol/drug use and suicide: deaths attributed to alcohol or drug poisoning or suicide (age-adjusted rate per 100,000 population)

# Appendix B: Early Care & Education Research Methodology

## Preschool Needs Assessment

We took the following steps to assess the size and characteristics of the eligible target population in the City that could benefit from the expansion of preschool services and the estimated need for those services.

1. Estimate single-age population levels Salt Lake City, 2019
  - a. In order to arrive at single-age estimates on a city level, we reviewed both city-level age group census data and county-level single age estimates. We retrieved 2019 one-year age group population estimates for Salt Lake City from the American Community Survey (ACS).

*Table 1: Salt Lake City age group population estimates, 2019*

2019 ACS One Year Estimates by Age Group, Salt Lake City			
Age Group	Jurisdiction	Year	Pop. Estimate
0 to 4	Salt Lake City	2019	11,079
5 to 9	Salt Lake City	2019	10,592

Source: [American Community Survey](#)

- b. We utilized 2019 single-age population estimates for Salt Lake County from the Kem. C. Gardner Policy Institute (GPI).

*Table 2: Salt Lake County single-age population estimates, 2019*

2019 Single Age Estimates, Salt Lake County			
Age	Jurisdiction	Year	Pop. Estimate
0	Salt Lake County	2019	15,864
1	Salt Lake County	2019	16,067
2	Salt Lake County	2019	17,100
3	Salt Lake County	2019	17,426
4	Salt Lake County	2019	17,403
5	Salt Lake County	2019	17,588

Source: [Kem C. Gardner Policy Institute](#)

- c. Utilizing the data in Table 1 and Table 2, we estimated the proportion of children in Salt Lake County aged 0 to 4 living in Salt Lake City (Table 3). Applying that percentage to the 2019 GPI single-age estimates at the county level (Table 2), we estimated single-age population estimates at the city level (Table 4).

*Table 3: Estimate of the proportion of 0-4 year olds in Salt Lake County who reside in Salt Lake City*

Proportion Estimate			
Age	Jurisdiction	Year	Pop. Estimate
0-4	Salt Lake County	2019	83,859
0-4	Salt Lake City	2019	11,079
Proportion in SLC			13.21%

*Table 4: Salt Lake City single-age population estimates, 2019*

Single Age Estimates, Salt Lake City, 2019			
Age	Jurisdiction	Year	Pop. Estimate
0	Salt Lake City	2019	2,096
1	Salt Lake City	2019	2,123
2	Salt Lake City	2019	2,259
3	Salt Lake City	2019	2,302
4	Salt Lake City	2019	2,299
5	Salt Lake City	2019	2,324

2. Estimate single-age population levels 0-5, 2019-2032
  - a. Table 5 below contains project annual population changes from children aged 0-4 in Salt Lake County.

*Table 5: Salt Lake County estimated population change for age group 0-4, 2020-2032*

Salt Lake County Percent Growth by Age Group, Age 0-4												
2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
-2.9	-3.0	-2.3	-1.4	-1.1	-0.8	-0.2	-0.3	0.1	0.4	0.6	0.8	0.9

Source: [Kem C. Gardner Policy Institute](#)

- b. We next applied the annual population change estimates from Table 5 to the Salt Lake City single-age population estimates for 2019 (Table 6) to determine single-age population estimates for 2020 to 2032.

Table 6: Salt Lake City single-age population estimates, 2020-2032

Single Age Estimates, Salt Lake City, 2020-2032													
Age	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
0	2,035	1,974	1,929	1,901	1,881	1,867	1,862	1,857	1,859	1,867	1,879	1,893	1,909
1	2,061	2,000	1,954	1,926	1,905	1,891	1,886	1,880	1,883	1,891	1,903	1,917	1,934
2	2,194	2,128	2,079	2,049	2,028	2,012	2,007	2,001	2,004	2,013	2,025	2,041	2,058
3	2,235	2,169	2,119	2,089	2,067	2,050	2,045	2,039	2,042	2,051	2,064	2,080	2,097
4	2,233	2,166	2,116	2,086	2,064	2,048	2,043	2,037	2,040	2,048	2,061	2,077	2,095
5	2,256	2,189	2,139	2,108	2,086	2,070	2,064	2,058	2,061	2,070	2,083	2,099	2,117

3. Estimate Salt Lake City preschool enrollment, 2019-2032
  - a. Retrieved Salt Lake City 3 and 4 year-old school enrollment estimates from 2019 single-year ACS data.

Table 7: Salt Lake City 3 and 4 year old school enrollment, 2019

Salt Lake City School Enrollment, 3 and 4 Year Olds, 2019	
Total 3 & 4 Enrollment	57.2%
Enrolled in Private School	59.5%
Enrolled in Public School	40.5%

Source: [American Community Survey](#)

4. Determine 10-year average need for public preschool
  - a. Approximate the number of those 3 and 4 year-olds who are currently unenrolled in preschool who would opt in if it was available, affordable, and accessible. We utilized the census estimate of the number of children in Salt Lake City with all available parents in the workforce. This gives us a proxy for “parent choice” to enroll. [Single-year 2019 ACS data](#) estimates that 67% of children aged 0 to 6 in Salt Lake City have all available parents in the workforce.
  - b. Next, we applied the current public school enrollment rate amongst Salt Lake City 3 and 4 year olds (see Table 7) to determine of those who would opt into preschool enrollment if it were available, affordable, and accessible, how many of those would opt into public rather than private preschool. It is important to note that this is likely an *underestimate* of the total need for preschool services in the city. Table 8 lists the results of this process.

Table 8: Annual estimated Salt Lake City public preschool need, 2022-2031

Salt Lake City Public Preschool Need										
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Estimated unenrolled in Pre-K	1,813	1,787	1,768	1,754	1,750	1,745	1,747	1,754	1,765	1,779
Controlled for parent choice (67%)	1,215	1,197	1,184	1,175	1,172	1,169	1,171	1,175	1,183	1,192
Controlled for public enrollment (40.5%)	492	485	480	476	475	473	474	476	479	483

- c. We took the average of each of these annual public preschool need estimates to determine a 10 year average of 480 additional slots are needed.

## Nurse Family Partnership Needs Assessment

We took the following steps to estimate the home visiting need in Salt Lake City:

1. Estimate the number of first-time Medicaid births in Salt Lake City
  - a. We collected data regarding the number of Medicaid births within Salt Lake County, broken down into first-time births and non-first-time births<sup>29</sup>

Table 9: Salt Lake County Medicaid births

Salt Lake County Medicaid Births 2020	
First Time Births	1,144
Non First Time Births	2,552
<b>Total</b>	<b>3,696</b>

Source: Nurse Family Partnership

- b. We applied the ratio of children aged 0 to 2 living in Salt Lake County that reside in Salt Lake City to the number of Medicaid births to estimate the number of Salt Lake County Medicaid Births that occurred in Salt Lake City. This ratio we applied was determined in the course of estimating the pre-k need in Salt Lake City. See Table 3

<sup>29</sup> Data received from NFP



Table 10: Salt Lake City Medicaid births, 2020

Salt Lake City Medicaid Births	
First Time Births	151
Non First Time Births	337
<b>Total</b>	<b>488</b>

Source: Nurse Family Partnership

2. We then estimated the number of annual first-time Medicaid births in Salt Lake City from 2020 through 2032.
  - a. To do this, we calculated the total number of births in Salt Lake City using the single-age estimates for Salt Lake City and Population Growth estimates for Salt Lake County (see Table 6).

Table 11: First Time Medicaid births within Salt Lake City, 2020-2032

10 Year Projections of Medicaid Births in Salt Lake City													
Year	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
<b>First Time</b>	151	146	143	141	139	138	138	138	138	138	139	140	141
<b>Not First Time</b>	337	327	319	314	311	309	308	307	307	309	311	313	316
<b>Total</b>	488	473	462	455	451	447	446	445	445	447	450	453	457

3. Calculate the NFP Community Referral Capacity (CRC) for Salt Lake City
  - a. NFP utilizes the following formula to determine the CRC:  $CRC = B \times R \times E \times 1.4$ 
    1. B= number of first-time medicaid births; R = % of eligible families NFP believes they can provide outreach; E = % of eligible families reached that NFP believes can be enrolled; 1.4 = average length of participation in the program in years

Table 12: Enrollment and service calculations

NFP Enrollment and Service Calculations	
Average Length of Participation in Years	1.4
% of eligible moms reached estimation	50%
% of eligible moms reached who are enrolled estimation	50%
SL County Full Time Nurses	4
Expected Capacity per Nurse	25
Current Capacity	100
Current Caseload	110
City County Ratio of 0-2 year olds	13.21%
<b>SLC Proportion of Referral Capacity</b>	<b>53</b>
<b>SLC Population Served</b>	<b>19</b>
<b>SLC Remaining Need</b>	<b>34</b>

Source: Nurse Family Partnership

## Child Care Assessment

We took the following steps to estimate the childcare need in Salt Lake City:

1. Estimate the number of 0-5 year-olds in Salt Lake City
  - a. Utilizing both 2019 single-year ACS data for Salt Lake City and single age population estimates from the Gardner Policy Institute, we were able to estimate single-age population estimates on the city level. See *Table 2* in the Preschool Need Assessment section for more information
2. Project age group population changes, 2020-2032
  - a. This growth was determined in the course of estimating the pre-k need in Salt Lake City based off of data supplied by the Gardner Policy Institute. See *Table 6* from the Preschool methodology section
3. Estimate the public preschool and kindergarten enrollment numbers
  - a. Public preschool enrollment was calculated above in the Preschool Needs Assessment section.
  - b. We determined kindergarten enrollment by taking the population of 5-year olds within the city currently enrolled in Kindergarten (pulled from the [Utah Board of Education 2020-2021](#) enrollment files), then compared that number to the total number of 5-year olds within the city. We kept this enrollment ratio (approx. 90%) constant from 2020 to 2032.
  - c. Note: There are some children who attend preschool/kindergarten while also receiving childcare services. However, that number is both difficult to estimate with any degree of certainty and likely to be relatively small.
4. Estimate the percentage of children within this age group living in a household where all parents are currently employed.

*Table 17: Children under the age of six living with their parents*

Children by Labor Force Participation of Parents	
	Estimate
Total	10,193
All parents in labor force	6,289
Father only	3,797
Mother only	51
Neither	56

Source: [ACS 2019 1-Year Estimates](#)

5. Estimate the number of children living within the city under 175% of the federal poverty line by household size.
  - a. This is the threshold for receiving subsidized child care within the state of Utah.

*Table 18: Age by ratio of income to poverty level within Salt Lake City*

Age by ratio of income to poverty level in last 12 months					
% of Fed Poverty Line	Number of Children				
Total Pop under 6 years	12,953			<b>Total</b>	<b>Difference</b>
Under .5	556		Under 200%	5,289	
.5 to .74	582		%	40.83%	
.75 to .99	650		Up to 175%	4,798	491
1 to 1.24	815			37.04%	
1.25 to 1.49	1,224		Under 300%	7002	1,713
1.5 to 1.74	971			54%	
1.75 to 1.84	0		Under 400%	9624	4,335
1.85 to 1.99	491			74%	
2 to 2.99	1,713				
3 to 3.99	1,482				
4 to 4.99	1,140				
5 and over	3,329				

Source: [2019 ACS 5-Year Estimates](#)

6. Estimate the percentage of the population who qualify for subsidized child care but do not currently utilize the subsidy.
  - a. We received this data from the Office of Childcare. This data was then compared to the ratio of the children with all parents in the workforce who are eligible for the subsidy, which is defined (in this context) as being at 175% of the federal poverty line or below. This gives us a rate of utilization of the subsidy for this target population, which is approximately 46%.
  - b. For our calculations, we assume that this utilization rate remains constant from 2020-2032.
7. Using data from the Utah Department of Health Child Care Licensing Division, we calculated the total licensed capacity for both center and family-based care in Salt Lake City.

Table 19: Licensed child care capacity in Salt Lake City

Licensed Capacity in Salt Lake City Child Care Facilities		
Facility Type	# of Slots in SLC	% of Total SLC Slots
Center	4,656	94.81%
Family	255	5.19%
Total	4,911	

Source: Utah Department of Health Child Care Licensing

8. Using data from the Office of Child Care we determined that slots for children between the ages of 0-6 accounted for approximately 77% of the licensed child care slots within Salt Lake City.

9. Calculated the average cost of childcare subsidized by the subsidy program.
  - a. This amount varies by family, some have their childcare costs completely covered, others pay a small copay. On average, it was found that the subsidy covers 90% of the cost of childcare for the 75th percentile of childcare centers<sup>30</sup>.
10. To calculate the the average annual cost of childcare for a family in Salt Lake City:
  - a. We utilized the average monthly cost of childcare for the 75th percentile of both center and family based care within the Salt Lake City MSA as determined in the OCC 2021 Child Care Market Rate Study<sup>31</sup> and annualized that number.
  - b. Then, we weighted that number by the % of slots in center based care and licensed family care.
  - c. Finally, we weighted that number by the ratio of single year age groups within the 0-5 population in the city.

*Table 20: Child care cost calculations*

<b>Age Weighted Annual Cost of Child Care in Salt Lake MSA</b>							
<b>Salt Lake MSA 75th Percentile</b>	<b>0-24 Months</b>	<b>2 Years</b>	<b>3 Years</b>	<b>4 Years</b>	<b>5 Years</b>		<b>Age Weighted Cost</b>
<b>Monthly</b>							
Family Licensed	\$750	\$700	\$650	\$650	\$630		<b>\$10,682</b>
Center Licensed	\$1,100	\$875	\$824	\$783	\$760		
<b>Annualized</b>							<b>% of Licensed Slots</b>
Family Licensed	\$9,000	\$8,400	\$7,800	\$7,800	\$7,560		5.19%
Center Licensed	\$13,200	\$10,500	\$9,888	\$9,396	\$9,120		94.81%
% of Population	31.47%	16.86%	17.18%	17.16%	17.34%		

*Source: DWS OCC Utah 2021 Child Care Market Rate Study*

11. Using Table 18, we calculated the number of children that fall within 175-200% of FPL and 175-300% of the Federal Poverty Line (FPL).
12. Using the results from Table 20, we calculated the overall cost of childcare for the population calculated in step 11.

<sup>30</sup> *State Child Care Assistance Policies: Utah*, National Women's Law Center, February 2020

<sup>31</sup> Catherine Ruetschlin, PhD and Yazgi Genc, MA, *Utah 2021 Child Care Market Rate Study*, University of Utah Economic Evaluation Unit and Utah Department of Workforce Services Division of Child Care, May 2021, <https://jobs.utah.gov/occ/occmrket.pdf>

## Appendix C: Workforce Development


*As Phase II progressed, we received additional feedback from stakeholders and SLC DED that the primary focus of the requested funds for this project should be on early care and education. There are multiple actors and funders focusing on the large issue of workforce development and opportunity. We have included this appendix to provide the preliminary work and estimates we conducted in collaboration with an identified provider.*

Utah's mid-sized economy is the most diverse among peers, providing broad opportunity for workforce participation. Salt Lake City and Utah both have low unemployment rates relative to similar markets and national average. Utah also hosts employment opportunities at multiple levels of education, including associate's degree programs, certifications, and four year programs.

In Utah, a majority of jobs (53%) require skills training beyond high school, but not a four year degree.<sup>32</sup> However, despite having a strong labor market, two out of every five jobs in Utah lack a suitable supply of qualified workers. Many potential workers are unaware of available training programs, most of which require a high school degree (or equivalent). Further, many of the individuals aware of workforce development programs are unable to access programs due to financial barriers.

### Workforce Development Program Landscape

Overall, workforce development programs tend to be hyper-focused with either the population that they serve or the industries in which students are educated. Few programs cater exclusively to Salt Lake City.

<b>Key Partners for Workforce Development</b> <ul style="list-style-type: none"><li>• Salt Lake Community College</li><li>• Department of Workforce Services</li><li>• Employers and Employee Associations</li></ul>	<b>Certification Programs</b> <ul style="list-style-type: none"><li>• FTT Online Health and Safety Training (Futures Through Training)</li><li>• Industry specific certifications</li></ul>
<b>Skills-Based Training Programs (Utah-Specific)</b> <ul style="list-style-type: none"><li>• Vocational Training Programs in Salt Lake City</li><li>• Choose to Work (Utah Office of Rehabilitation)</li><li>• Adult Worker Programs, Utah DWS</li></ul>	

<sup>32</sup>Lack of Access to Skills Training Hurts Utah's Workers and Businesses, National Skills Coalition, <https://www.nationalskillscoalition.org/wp-content/uploads/2020/12/UT-Skills-Mismatch-Fact-Sheet-2020.pdf>

## Workforce Outcomes

Outcomes measured for workforce development interventions vary from program to program, however typically include all or most of the following:

Outcome Area	Metric
Training	Enrollment in triaging, completion of training, achieving competency standards, returning to formal schooling, improving non-cognitive skills, increasing capacity of local training institutions, teacher training, curriculum development, etc.
Placement	Placement in internships, placement in jobs by program staff, placement in further education, etc.
Employment	Employment status (new/better, formal/informal) after 6 months, employment status after 12 months, underemployment, number who start an enterprise, quality of employment (ex. Inclusion of benefits, training, flexibility, etc.
Wages/Income	hourly/weekly/monthly/annual wages, individual income, household income, daily consumption, benefits, etc.
Satisfaction	Skills delivered match beneficiary's needs; skills delivered match employer's needs; job placement matches the workers skills, etc.
Return on investment	Beneficiaries with improved outcomes over dollars spent; percentage of training costs covered by non-donor sources
Market Facilitation	Strengthened relationships; ownership rates; incentives

## Workforce Development Target Population Methodology

To calculate the potential need of the target population for workforce development investments within Salt Lake City we took the following steps.

1. We found population data from the 2020 Decennial Census (P1 Race) for the census tracts in Salt Lake City by Race/Ethnicity and separated those tracts into East- and West-I15.

*Table 22: Population of Salt Lake City, 2020*

Salt Lake City Population as of 2020			
	West of I15 Total	East of I15 Total	Salt Lake City, Utah
Total:	40,856	162,440	199,723

Source: [2020 Census](#)

2. We calculated the percentage of city residents compared to county residents, as well as city households compared to county households.
  - a. Salt Lake City comprises of 16.85% of county population

- b. Salt Lake City comprises of 21.15% of county households
3. We then calculated the number of people living east and west of I15 by self-reported race from the 2019 ACS. We also calculated the percentage of people within that ethnic group who live west of I15.

*Table 23: Salt Lake City Residents Distributed by Race*

SLC Resident Distribution by Race			
Race/Ethnicity	# of people in SLC	% Living on West Side	% Living on East Side
Asian	11,844	14.28%	85.72%
Black	6,037	28.47%	71.53%
White	132,312	15.44%	84.56%
Other Races	32,097	36.52%	63.48%
2+ Races	21,006	25.19%	74.81%

Source: [2020 Census by Salt Lake Census Tracts](#)

4. We pulled income data from the 2019 ACS Salt Lake City Survey (S1901 Income in the Past 12 Months) and broke that down by both race/ethnicity as well as census tract west and east of I15.

*Table 24: Average Median Income in Salt Lake City for 2019*

Average Median Income by Race and Census Tract				
Race	West I15 Average	East I15 Average	Difference	Average
Asian	\$63,954	\$65,782	-\$1,8286	\$64,868
Black	\$29,0933	\$40,928	-\$11,835	\$35,010
Hispanic	\$38,495	\$54,088	-\$15,593	\$46,2922
White	\$47,456.30	\$64,126	-\$16,671	\$55,792
Other	\$40,224.00	\$38,411	\$1,812	\$39,318
Two or More	\$58,820.63	\$46,323	\$12,497	\$52,572
Average	\$46,340.45	\$51,6104	-\$5,270	\$48,975

Source: [2020 ACS Median Income from the Last 12 Months](#)

5. Built a comprehensive age-map of each census tract broken down by gender, also using 2019 ACS data

Table 25: Salt Lake City Age and Sex Distribution

Salt Lake City Age Sex Distributions by West of I15 and East of I15								
	W115				E115			
	#F	#M	%F	%M	#F	#M	%F	%M
85+	396	278	22.23%	25.02%	1,386	833	77.77%	74.98%
80-84	311	294	22.99%	26.45%	1,041	818	77.01%	73.55%
75-79	584	453	31.16%	32.71%	1,291	931	68.84%	67.29%
70-74	562	408	25.47%	18.45%	1,644	1,804	74.53%	81.55%
67-69	473	478	23.72%	24.94%	1,519	1,440	76.28%	75.06%
65-66	297	346	18.39%	24.04%	1,317	1,094	81.61%	75.96%
62-64	643	526	24.86%	19.01%	1,945	2,239	75.14%	80.99%
60-61	489	404	21.60%	20.51%	1,776	1,564	78.40%	79.49%
55-59	1,236	1,321	28.60%	25.55%	3,087	3,849	71.40%	74.45%
50-54	1,175	1,781	25.20%	35.19%	3,487	3,280	74.80%	64.81%
45-49	1,712	1,973	37.07%	37.57%	2,905	3,280	62.93%	62.43%
40-44	1,700	1,951	35.71%	32.55%	3,061	4,042	64.29%	67.45%
35-39	1,941	2,064	31.29%	28.07%	4,262	5,289	68.71%	71.93%
30-34	2,517	2,483	28.69%	25.85%	6,257	7,123	71.31%	74.15%
25-29	2,706	2,572	25.97%	22.83%	7,713	8,693	74.03%	77.17%
22-24	1,405	1,490	23.92%	22.81%	4,468	5,041	76.08%	77.19%
21	256	614	15.84%	29.01%	1,361	1,502	84.16%	70.99%
20	540	369	30.55%	23.73%	1,227	1,187	69.45%	76.27%
18-19	669	673	29.24%	25.56%	1,620	1,959	70.76%	74.44%
15-17	999	1,371	40.37%	48.17%	1,476	1,475	59.63%	51.83%
10-14	2,598	2,454	52.61%	50.96%	2,340	2,362	47.39%	49.04%
5-9	2,373	2,667	49.53%	44.99%	2,419	3,260	50.47%	55.01%
0-4	2,602	2,790	43.59%	40.57%	3,367	4,087	56.41%	59.43%
Totals	28,185	29,759			60,968	67,153		
Averages			31.61%	30.71%			68.39%	69.29%

6. Next, we pulled 2019 ACS data on education attainment within Salt Lake City, broken down by gender, age, and race.
  - a. This table was too large to properly display within this report. Please follow [this link](#) to view the data on the official Census website.



7. We then defined the target population of the workforce development investment as:
  - a. Living within Salt Lake City
  - b. Between the ages of 18-24
  - c. Not currently enrolled in highschool, college, or any other educational institution/training program
  - d. Has less than a college education (has not finished college or received any degree, but may have dropped out)
  - e. With secondary focus on the population who is
    - i. Living west of I15
    - ii. Female
    - iii. A racial/ethnic minority
8. Find the potential total number of people within this target population who could be served by workforce development investments by calculating:
  - a. Number of people within Salt Lake City who do not have a college degree who are between the ages of 18-24 (and not currently attending college).
  - b. Calculated the number of those people without college degrees who also identify as a racial or ethnic minority.

*Table 27: Population of Salt Lake City without a College Degree*

<b>Population of Salt Lake City with Less than a College Degree by Race</b>			
	Population	% with less than a college degree	# of people with less than a college degree
White	102,484	47.60%	48,782
Asian	8,922	25.50%	2,275
Other Races	12,106	91.20%	11,041
Two or more	4,079	60.90%	2,484
Hispanic	22,119	81.90%	18,115
Total	149,710		82,698
	Average	61.42%	

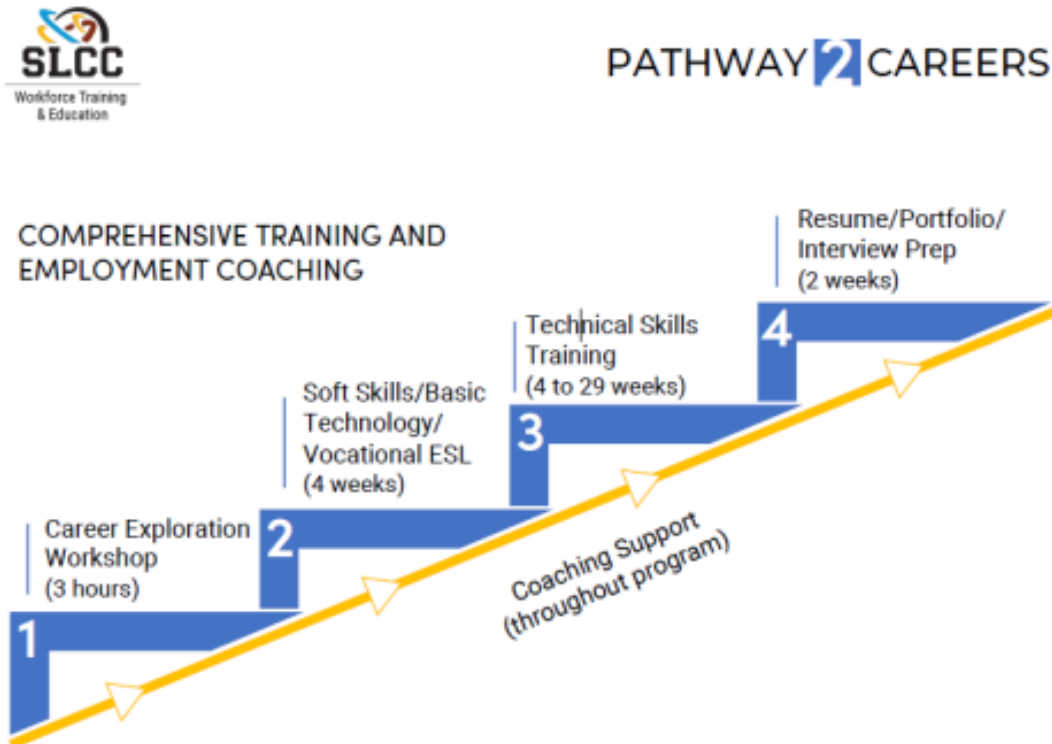
9. Calculate the percentage of people between the ages of 18-24 who identify as racial/ethnic minorities who are living west of I15: **24.7%**
10. Finally, we calculated the total number of people within the target population: **1,348**

## Appendix D: SLCC Pathway 2 Careers

*The following information was provided to Sorenson Impact Center from Salt Lake Community College. As SLCC Pathway 2 Careers caters to residents of Salt Lake City, we had initially explored the possibility of including this program in the initial pilot program recommendations. However, after discussions with various stakeholders, it was agreed that the focus of the pilot program should be on early care and education. We have provided this information in this appendix if in the future funding for workforce programs is considered.*

### Salt Lake City Pathway 2 Careers Salt Lake Community College Workforce & Economic Development

The Salt Lake Community College (SLCC) Workforce & Economic Development Division (WED) will deliver a comprehensive program to provide career exploration and training to underserved residents of Salt Lake City through an innovative model:



The Salt Lake City *Pathway 2 Careers* project provides a comprehensive training pathway that begins with career exploration and assessment, development of individual career pathway plans, employability skills and vocational ESL (where needed), and leads into technical training programs that provide high-demand skills for local careers. All participants will receive resume, portfolio, and interview preparation building confidence and competency to enter the workforce.

The *Pathways 2 Careers* project will focus on career exploration, training, and coaching. Other support or wrap-around services can be provided by state or city agencies. Project coaches will refer students to outside services, where needed. All training will be delivered to cohorts no larger

than 20, providing focused, individual support throughout the program to increase success.

This proposal includes a project outline, budget and tentative five-year budget. To ensure technical training meets high demand workforce needs, a review of programs and budget will be conducted at the start of each new year. Each essential step of the program is outlined below:

### **1. Career Exploration Workshop**

3-hour career exploration workshop for SLC Residents desiring to enter the workforce or gain skills for career advancement. The workshop will include:

- Overview of *Pathway 2 Careers* training programs, including soft and hard skills, timeframe, and training requirements
- Exploration of career opportunities in the SLC area including skills, projected salary, # of job openings, potential employers
- Overview of vocational ESL for residents who will benefit from this support element
- Preliminary assessment/career pathway selection for each participant
- Development of preliminary career pathway plan

### **2. Employability Skills/Basic Technology Skills and optional Vocational ESL Support**

8-week intensive Employability/Basic Technology Training to develop essential workplace skills. This provides the foundation of soft skills and digital skills required in all occupations.

- Four weeks: Two nights/week for 4 hours:
  - o Professionalism
  - o Adaptability
  - o Emotional Intelligence
  - o Creativity
  - o Collaboration & Teamwork
  - o Organization
  - o Persuasion
  - o Punctuality
  - o Critical Thinking
  - o Interpersonal Communication
- (Top Ten Soft Skills, LinkedIn)
- On opposite nights (Two nights/4 hours each):
  - o Basic Technology Skills
  - o Internet operation
  - o Basic Word and Excel
  - o Open lab once/week for individual assistance

***\*\* Each participant will receive a small laptop upon enrollment in this training***

- Additional two hours/week for Vocational ESL (as needed)
  - o Workplace terminology
  - o Essential phrases, etc. for career
  - o (This component will continue for 12 weeks)

### **3. Technical Skills Training Program**

Coaches will help participants finalize preliminary career pathway plans and enroll in a specific technical program.

All programs will be offered at either the SLCC Westpointe Campus, Taylorsville/Redwood Campus, or Miller Campus in combination with some online training requirements. Capacity for each program is approximately 20 students (post-COVID). Program lengths run between four weeks and 29 weeks:

<b>Technical Training Programs</b> (examples only – programs added based on industry need)					
<b>Industry Sector</b>	<b>Program</b>	<b># of courses</b>	<b># of Weeks</b>	<b>Cost/ Person</b>	<b>Completion Rates</b>
IT/Computer Applications	Website Development	7 (122 hrs)	29	\$1874	96%
	Microsoft Excel Certification (Intro/Intermediate/Advanced)	3 (30 hrs)	10	\$447	98%
	AutoCAD	1 (48 hrs)	8	\$1200	80%
	Java Script Programming	1 (180 hrs)	26	\$2200	75%
Education Pathway	Para Educator to Teacher Pathway	3 (45 hrs)	6	\$600	99%
Services & Logistics	Hospitality	2 (36 hrs)	6	\$600	88%
	Warehousing/Forklift	2 (30 hrs)	5	\$450	85%
Manufacturing	Medical Device Manufacturing Process & Practice	4 (84 hrs)	16	\$1218	96%
	Injection Molding	2 (160 hrs)	8	\$1800	90%
	Composites	1 (80 hrs)	8	\$900	90%
	Rail Tech	1 (50 hrs)	4	\$772	90%
	Aerospace	1 (80 hrs)	2	\$1550	100%

### **4. Coaching Support**

Each participant will receive ongoing check-in communication from a career coach throughout the program, including support for course retention, referral to outside social services when needed, and coaching in the development of portfolio and resume resources. Coaches will help participants learn how to research relevant career opportunities. Coaches serve as participants' primary point of contact.

## **5. Resume, Portfolio, & Interview Preparation**

During technical training, each participant will be guided in how to collect portfolio artifacts and identify learned skills to add to a resume. At the completion of technical training, participants will receive two weeks of guided preparation for finalizing a resume and portfolio in preparation for applying for workforce positions, as well as training and practice in interview skills (2 x per week).

### **PROJECT SUMMARY:**

**Year One:** 120 individuals trained (\$576,990)

**Year Two:** 150 individuals trained (\$633,597)

**Year Three:** 175 individuals trained (\$734,492)

**Year Four:** 200 individuals trained (\$813,156)

**Year Five:** 200 individuals trained (\$820,922)

**TOTAL TRAINED: 845**

**TOTAL BUDGET: \$4,567,591**

- Individualized training & support
- Career exploration and labor market data
- Soft Skills Training
- Basic Technology Training
- Career Pathway training & coaching
- Career preparation (resume, interview)

**Five-Year Budget Projection & Justification** (Image was provided by SLCC, and SIC is unable to improve quality)

Salt Lake City Pathway 2 Careers 5-Year Tentative Budget						
Cost	Description	Year One	Year Two	Year Three	Year Four	Year Five
Project costs are estimated for 120 participants, Y1. Number of participants will increase each year as follows: Y2 - 150; Y3 - 175; Y4 - 200; Y5 - 200; Personnel costs include 3% annual increase, based on SLC salaries.						
Project Coordinator (salary & benefits)	Program Manager to coordinate program elements, scheduling, delivery; budget, outcomes tracking & reporting. Work w/SLC stakeholders to identify 10-year infrastructure/sustainability needs.	\$ 96,540	\$ 99,436	\$ 102,419	\$ 105,492	\$ 108,657
Administrative Support (salary/ben)	15 % support for processing invoices, tracking student data, coordinating planning, etc.	\$ 8,700	\$ 8,961	\$ 9,230	\$ 9,507	\$ 9,792
Career Coaches (Salary & benefits)	2 FT student coaches: outreach, individual student retention support, referral to outside services, guidance/resources for job searches, resume, & portfolio development.	\$ 148,800	\$ 153,264	\$ 157,862	\$ 162,598	\$ 167,476
Content Development: 120 hours x \$30/hour	Develop interactive training for employer-requested Soft Skills; resume/portfolio training and templates; interview training (Revise annually - no charge)	\$ 3,600	\$ -	\$ -	\$ -	\$ -
Career Exploration	3-hour career workshop: program overview, exploration of career info, preliminary career pathway plan. \$375 per cohort x 6 per year = \$2,250/yr. Y3-5: Increase to 8x per year: \$3,000.	\$ 2,250	\$ 2,250	\$ 3,000	\$ 3,000	\$ 3,000
Soft Skills Training	4 weeks of Soft Skills training (16 hours) x \$2,750 per cohort x 4 cohorts per year. Y3: Increase up to 6 cohorts. Y4-5: Increase up to 8 cohorts per year. (up to 20 participants per cohort)	\$ 11,000	\$ 11,000	\$ 16,500	\$ 22,000	\$ 22,000
Basic Technology Training	Twice per week 8 weeks plus one open lab day. Internet navigation, Basic Word, Excel: x \$6,950 per cohort x 6 cohorts per year. Y3-5: Increase up to 8 cohorts. (20 participants per cohort)	\$ 41,700	\$ 41,700	\$ 55,600	\$ 55,600	\$ 55,600
Career Prep Training	2 weeks of guided, interactive Career Prep (resume, portfolio, interview) x \$2,250 per cohort x 6 cohorts per year (up to 20 participants per cohort). Y3-5: Increase up to 8 cohorts. (20 participants per cohort)	\$ 13,500	\$ 13,500	\$ 18,000	\$ 18,000	\$ 18,000
Vocational ESL support	12 weeks (36 hours) of vocational ESL training for participants who will benefit throughout career paths. \$3,750 per cohort (estimated 4 cohorts/year, up to 15 participants each cohort) = \$15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Program Marketing	Targeted marketing campaign, including social media, billboard, and direct mail	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500
Laptop for each participant	Small laptops for participants to learn basic technology skills and complete essential program learning activities: \$515 ea x Y1: 120; Y2: 150; Y3: 175; Y4: 200; Y5: 200 (increase cost Y3 to \$540 ea)	\$ 61,800	\$ 77,250	\$ 94,500	\$ 108,000	\$ 108,000
Materials/supplies; participant manuals	Office supplies, brochures, applications, forms, manuals for participants	\$ 9,000	\$ 11,250	\$ 13,125	\$ 15,000	\$ 15,000
Food for trainings	Snacks and cups for major evening trainings	\$ 4,200	\$ 4,800	\$ 5,200	\$ 5,800	\$ 5,800
Outcomes survey development and administration	Delivery of a survey instrument to track student outcomes, including phone follow-up, where needed; data report for SLC (No charge)	\$ -	\$ -	\$ -	\$ -	\$ -
DIRECT COSTS		\$ 428,890	\$ 450,911	\$ 502,936	\$ 532,496	\$ 540,824
Indirect Costs (27.5% of Direct Costs)		\$ 117,862	\$ 124,001	\$ 138,307	\$ 146,437	\$ 148,727
Participant Costs:	Individual scholarships: student tuition & books @ \$487-\$2900/program. Based on average cost of \$1,700 per student x (Up To) --Y1: 120; Y2: 150; Y3: 175; Y4: 200; Y5: 200	\$ 204,000	\$ 255,000	\$ 297,500	\$ 340,000	\$ 340,000
Annual Total		\$ 750,452	\$ 829,912	\$ 938,743	\$ 1,018,933	\$ 1,029,551
FIVE YEAR TOTAL		\$ 4,567,591				

## **Project Model**

This project model includes unique elements to incentivize participants to enroll in and complete programs:

- Career exploration, including discussion of potential careers and salaries, required skills, and labor market information for individuals to make informed program choices.
- Experienced program managers and career coaches who will guide students through each step of the enrollment process and provide retention support during programs.
- Student referral to support services from government and community agencies.
- Small laptops for enrolled students to learn and practice essential computer skills that are required in almost every occupation. Students who complete the program will be able to keep the laptop.
- Enrollment into technical, skills-based training programs, based on regional labor market demand.
- Development of a professional network to identify and project potential long-term infrastructure needs.

## **Measures**

SLCC will provide the City of Salt Lake with the following data elements at program completion (programs to be offered twice annually each year) Percentages are based on the original number of participants who attend the Career Exploration Workshops:

- # of individuals who attend Career Exploration Workshops (target: Baseline, 100%)
- # of individuals who identify career goals/pathway (target: 95% of workshop participants)
- # of individuals who enroll in Workforce Training programs (target: 80% of workshop participants)
- # of individuals who complete training (target: 80% of students who enroll)
- # of individuals employed in the field after completing training (target: 70% of students who complete)
- # of individuals employed in the field of study after 6 months (target: 65% of students who become employed)