



# Child Care Assistance: Helping Parents Work and Children Succeed

July 24, 2014

## About CLASP

CLASP develops and advocates for policies at the federal, state, and local levels that improve the lives of low-income people. We focus on policies that strengthen families and create pathways to education and work. Through careful research and analysis and effective advocacy, we develop and promote new ideas, mobilize others, and directly assist governments and advocates to put in place successful strategies that deliver results that matter to people across America. For more information, visit [www.clasp.org](http://www.clasp.org) and follow [@CLASP\\_DC](https://twitter.com/CLASP_DC).

### By Hannah Matthews and Christina Walker

Quality child care enables parents to work or go to school while also providing young children with the early childhood education experiences needed for healthy development. The Child Care and Development Block Grant (CCDBG) is the primary federal program that provides funding for child care assistance for low-income working parents. Child care assistance is a vital public investment that increases the sustainability of employment for low-income parents and provides stability for parents struggling to gain economic security. It also allows many parents to access higher quality care than they could otherwise afford.

In spite of several years of post-recession economic recovery, the percentage of Americans living in poverty remains high. The majority of parents with young children work. More than 30 percent of poor children and half of low-income children – living in families earning less than 200 percent of the federal poverty level – lived in families with at least one worker employed full-time, year round.<sup>1</sup>

For parents working in low-wage jobs, paying the high costs of child care is a struggle. The average annual costs of center-based care for a 4-year-old ranges from \$4,312 in Mississippi to \$12,355 in New York.<sup>2</sup> Nationwide, families living below poverty who pay for child care spend approximately 30 percent of their income, which is significantly higher than families not in poverty who pay 8 percent of their incomes.<sup>3</sup>

This brief highlights why child care assistance is an essential work support program for low-income working families and provides evidence that these subsidies are associated with sustainable employment for parents and improved child

outcomes. It makes the case for why additional investments at the federal and state level are critical.

### **Child care assistance helps families with very low-incomes remain in the workforce with increased earnings.**

Access to child care subsidies is linked to improved employment outcomes for parents.<sup>4</sup> In a research study of single mothers, it was found that women were more likely to be employed when receiving child care subsidies and that their employment was more likely to be full time. According to the same study, single mothers on child care assistance worked, on average, 9.4 hours more than single mothers who didn't get help.<sup>5</sup>

Moreover, studies have shown that families receiving child care subsidies are not only more likely to be employed in general, but they are also likely to have more stable employment.<sup>6</sup> Parents with access to affordable and dependable child care are less likely to face child care interruptions that can result in absences or other schedule disruptions in the workplace. A 2009 report found that child care assistance was associated with longer employment spells among families in Illinois.<sup>7</sup> Another study showed that families receiving subsidies for longer durations, both cumulatively over time and for longer periods of use, had increased earnings of as much as \$7,500 per year more than to those who had less stable subsidy use.<sup>8</sup>

Child care subsidies help to reduce the financial burden on low-income families. In a study of low-income single parents receiving child care assistance, half of parents reported other benefits such as improved financial well-being, the ability to afford other, non-child care services, and the ability to save money, pay bills, and reduce debts.<sup>9</sup> Past studies have shown that without child care assistance, poor families are more likely to go into or stay in debt, return to welfare, choose low-quality or unlicensed

child care, and face tough spending decisions for their household.<sup>10</sup>

### **Parental employment and high-quality child care supports the healthy development of young children.**

When parents do better economically, their children do better as well. Parental employment not only improves the economic circumstance of a family, but has also been shown to improve a child's social and emotional well-being.<sup>11</sup>

Decades of research show that children benefit from access to high-quality child care and early education experiences, particularly low-income children. And child care subsidies make higher-quality child care programs more affordable for low-income families. A 2012 study showed that parents receiving a subsidy do in fact access better care than those parents who were not receiving a subsidy.<sup>12</sup> Studies have also shown that children receiving child care assistance are more likely to be cared for in licensed settings, and mostly in center-based care. Families that cannot obtain assistance are often forced to use low-quality or unsafe child care options. CCDBG can also help parents with unpredictable work schedules and those who work nonstandard hours on the weekends and evenings by allowing them to use informal care settings that can meet their needs.<sup>13</sup>

### **Current investments fall short of meeting the need.**

Despite the importance of child care as a critical work support, according to 2012 data (the latest data available), the number of children served in CCDBG-funded child care had fallen to a 14-year low. An analysis of 2012 child care spending data shows that total spending on child care assistance fell to a 10-year low; however, when adjusted for inflation, spending within CCDBG has fallen to 1998 levels.<sup>14</sup> According to HHS, five out of six children eligible to receive assistance under federal rules are

not getting any help.<sup>15</sup> Due to constraints caused by a capped block grant, state child care programs are plagued by long waiting lists, restrictive income eligibility requirements that prevent low-income families from receiving assistance, and low reimbursement rates to child care providers which can further restrict access and lower quality.<sup>16</sup>

## An increased investment in child care is urgently needed.

Increasing support for child care should be a top priority for federal policymakers to help low-income parents work and gain access to quality child care for their children. Studies show that it is an important investment that plays a role in moving families from welfare to work, and improves children's development outcomes by promoting stability in child care arrangements. These investments in children today can yield significant returns in the future.

<sup>1</sup> *Child Poverty in the U.S.: What New Census Data Tell Us About Our Youngest Children*, CLASP, September 2013, [http://www.clasp.org/resources-and-publications/publication-1/9.18.13-CensusPovertyData\\_FactSheet.pdf](http://www.clasp.org/resources-and-publications/publication-1/9.18.13-CensusPovertyData_FactSheet.pdf).

<sup>2</sup> Stephen Wood and Rosemary Kendall, *Parents and the High Cost of Child Care 2013 Report*, Child Care Aware of America, 2013, [http://usa.childcareaware.org/sites/default/files/cost\\_of\\_care\\_2013\\_103113\\_0.pdf](http://usa.childcareaware.org/sites/default/files/cost_of_care_2013_103113_0.pdf).

<sup>3</sup> Lynda Laughlin, *Who's Minding the Kids? Child Care Arrangements: Spring 2011*, U. S. Census Bureau, April 2013, <http://www.census.gov/prod/2013pubs/p70-135.pdf>.

<sup>4</sup> For a review of the research see Gregory Mills, Jennifer Compton, and Olivia Golden, *Assessing the Evidence About Work Support Benefits and Low-Income Families*, Urban Institute, February 2011, <http://www.urban.org/UploadedPDF/412303-Work-Support-Benefits.pdf>.

<sup>5</sup> April Crawford, "The Impact of Child Care Subsidies on Single Mothers' Work Effort," *Review of Policy Research* 23, no. 3, (2006): 699-711.

<sup>6</sup> Elizabeth E. Davis, Deana Grobe, and Roberta B. Weber "Rural-Urban Differences In Child Care Subsidy Use And

Employment Stability," *Applied Economics Perspectives and Policies* 32, no. 1 (2010): 135-153.

<sup>7</sup> Robert M. Goerge and Ivelisse Martinez-Beck, *Employment Outcomes for Low-Income Families Receiving Child Care Subsidies in Illinois, Maryland, and Texas*, Final Report to U.S. Department of Health and Human Services, Administration for Children and Families, Office of Planning, Research, and Evaluation, Chapin Hall at the University of Chicago, August 2009.

<sup>8</sup> Yoonsook Ha, "Stability of Child Care Subsidy Use And Earnings Of Low-Income Families," *Social Service Review* 83, no. 4 (2009): 495-523.

<sup>9</sup> Nicole Forry "The Impact of Child Care Subsidies on Low-Income Single Parents: An Examination of Child Care Expenditures and Family Finances," *Journal of Family and Economic Issues* 30, no. 1 (2009): 43-54.

<sup>10</sup> Greater Minneapolis Day Care Association, *Valuing Families: The High Cost of Waiting for Child Care Sliding Fee Assistance*, 1995; Deborah Shlick, Mary Daly, and Lee Bradford, *Faces on the Waiting List: Waiting for Child Care Assistance in Ramsey County*, 1999; Casey Coonerty and Tamsin Levy, *Waiting for Child Care: How Do Parents Adjust to Scarce Options in Santa Clara County?*, 1998; Philip Coltoff, Myrna Torres, and Natasha Lifton, *The Human Cost of Waiting for Child Care: A Study*, 1999; Philadelphia Citizens for Children and Youth, *Use of Subsidized Child Care by Philadelphia Families*, 1997; Jennifer Gulley and Ann Hilbig, *Waiting List Survey: Gulf Coast Workforce Development Area*, 1999; and Jeffrey D. Lyons, Susan D. Russell, Christina Gilgor, and Amy H Staples, *Child Care Subsidy: The Costs of Waiting*, 1998.

<sup>11</sup> Rebekah L. Coley and Caitlin McPherran Lombardi, "Does Maternal Employment Following Childbirth Support or Inhibit Low-Income Children's Long-Term Development?" *Child Development* 84, no. 1 (2012). Results in this study were most significant for African American children.

<sup>12</sup> Anna D. Johnson, Rebecca M. Ryan, and Jeanne Brooks-Gunn, "Child-Care Subsidies: Do They Impact the Quality of Care Children Experience?" *Child Development* 83, no. 4 (2012).

<sup>13</sup> Liz Ben-Ishai, Jodie Levin-Epstein, and Hannah Matthews, *Scrambling For Stability: The Challenges of Job Schedule Volatility and Child Care*, CLASP, 2014, <http://www.clasp.org/resources-and-publications/publication-1/2014-03-27-Scrambling-for-Stability-The-Challenges-of-Job-Schedule-Volat-.pdf>.

<sup>14</sup> Hannah Matthews and Stephanie Schmit, *Child Care Assistance Spending and Participation in 2012*, CLASP, 2014, <http://www.clasp.org/resources-and-publications/publication-1/ccspending2012-Final.pdf> and Karen Lynch, *Child Care and*

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*Development Block Grant (CCDBG): Brief Introduction*, Congressional Research Service, Presentation, CCDBG United States Senate Briefing, June 4, 2014. CCDBG spending includes TANF transfers to CCDBG.

<sup>15</sup> Office of the Assistance Secretary for Planning and Evaluation, “ASPE Issue Brief: Estimates of Child Care Eligibility and Receipt for Fiscal Year 2009”, Office of Human Services Policy, U.S. Department of Health and Human Services, December 2012.

<sup>16</sup> Karen Schulman and Helen Blank, *Pivot Point: State Child Care Assistance Policies in 2013*, National Women’s Law Center, 2013,

[http://www.nwlc.org/sites/default/files/pdfs/final\\_nwlc\\_2013statechildcareassistancereport.pdf](http://www.nwlc.org/sites/default/files/pdfs/final_nwlc_2013statechildcareassistancereport.pdf).