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CHILD CARE USE BY LOW-INCOME FAMILIES: VARIATIONS ACROSS STATES

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OVERVIEW

For many low-income and single parents, employment depends on securing reliable, affordable child care. Yet these parents may face greater challenges than do higher-income and two-parent families in making affordable, appropriate child care arrangements that complement their work schedules. Indeed, the cost, availability, stability, and quality of child care can act as barriers for low-income parents who want to work.⁶ To help address this problem, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) increased federal child care funding by \$3.5 billion between 1996 and 2002.⁴ This step was in keeping with available research indicating that child care subsidies make it easier for families to afford child care, thus supporting parental employment and financial independence.^{13,15}

This Research Brief provides new estimates to show the variation across the 50 states in the use of nonparental child care, the types of child care used, and parents' experiences with child care problems that interfere with their work schedules. The brief concludes with a discussion of possible reasons for these patterns across states.

THE NEED, POTENTIAL BENEFITS, AND USE OF CHILD CARE

The landmark Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 and the subsequent Deficit Reduction Act (DRA) of 2005 reauthorizing welfare reform made work or work activities a requirement for families in order to receive public assistance. Even though it is difficult to separate out the effects of policy shifts, the economy, and other factors on individuals, it is clear that parental employment has increased among low-income families and families headed by single mothers in the wake of welfare reform. In 1996, one in four children in poor families had a securely employed parent (i.e., one who was employed full-time year round); by 2005, this proportion had increased to about one in three.^{5, a} Children in families headed by single mothers, especially, were more likely to have a securely employed parent, with the proportion rising from 39 percent in 1996 to 48 percent in 2005.^{5, a}

In 2003, one in three (34 percent) U. S. children under the age of five was in a low-income family . The proportion in individual states ranged from 17 percent in Minnesota to 49 percent in Louisiana [see Map #1 and Table 1].

Many children in low-income families are likely to need child care. A majority of children in low-income families (78 percent) had a parent or other person in the household who was employed during the entire prior year, and this figure would be higher still if it included those children with a household member who worked for part of the year. The need for child care may be particularly acute for low-income families headed by a single parent, given that the other parent may not be available to provide care. Children in low-income families were more than three times as likely to live with a single mother as were children in higher income families (38 percent, compared with 11 percent).

The potential benefits of high-quality child care for children's cognitive, social, and physical development may be particularly important for many children in low-income families.^{3,7} Children in low-income families tend to experience other social and demographic disadvantages, in addition to their low-income and likelihood of living with a single parent. For example, more than three in ten low-income children (31 percent) lived in households in which English was not typically spoken, compared with fewer than one in ten higher-income children (8 percent). Similarly, children in low-income families were more likely to have

ABOUT THE DATA SOURCE FOR THIS BRIEF

To examine the use of child care in low-income families, Child Trends drew on data from the National Survey of Children's Health (NSCH). These data offer a unique opportunity to present state-representative estimates of child care use, by type of care setting. This survey was conducted in 2003 in all of the 50 states and the District of Columbia by the National Center for Health Statistics, with funding from the Maternal and Child Health Bureau. Households were contacted by random sampling of telephone numbers, and one child in each household with children was randomly selected to be the focus of the study. An adult in the household knowledgeable about the health of that child answered interview questions. The survey is representative of children under age 18 nationwide, as well as representative of children in each state. This *Research Brief* focuses on children between the ages of 0 and 4. The study sample consisted of approximately 500 to 600 children under the age of five in each of the 50 states and the District of Columbia. All differences noted in this brief are statistically significant at the .05 level.

We define child care in this brief as any one or a combination of care arrangements in which a child of ages 0-4 regularly (at least once a week during the past four weeks) participated during the past month, including: a child care center; family-based child care outside the home; child care provided by a nanny or relative other than a parent or guardian in the home; nursery school or preschool; or a Head Start or Early Start program. The survey questions do not exclude family, friends, or neighbors who may be providing care in the child's home or in another home.

One limitation of the survey data is that they do not enable us to determine whether parents used child care while they were working, looking for work, in school, or whether they used it primarily to enrich the development of the child.

someone in the household who had attained less than a high school diploma (21 percent, compared with 3 percent in higher-income families). Such differences are noteworthy because children in families with low incomes, with a single parent, in which English is not spoken, and in which no one has a high-school diploma often lag behind other children on measures of school readiness.¹⁴ In this context, it is also noteworthy that a substantial body of research links child care quality to child outcomes.^{2,15} Moreover, some findings from this research suggest that the benefits of attending high-quality child care are greater for children from disadvantaged backgrounds.¹²

Yet low-income children are less likely to be in a child care setting. Despite the potentially high need and the potential value of child care for low-income children, overall, a smaller share of low-income (53 percent) than higher-income (65 percent) children were in a nonparental child care arrangement in 2003. Furthermore, research raises questions about the quality of care that many children in low-income families have available to them.³

CHARACTERISTICS OF LOW-INCOME CHILDREN IN CHILD CARE

Low-income children who participate in nonparental child care differ slightly, on average, from those who do not. For example, compared with low-income children who were not in nonparental child care, those in nonparental child care were:

- More likely to be black (28 percent versus 13 percent).
- Less likely to be Hispanic (30 percent versus 45 percent).
- More likely to live in households in which someone had attained a high school diploma or greater (84 percent versus 74 percent).

- More likely to live in households in which English was the primary language (76 percent versus 62 percent).
- More likely to come from single-mother households (49 percent versus 26 percent).

CHILD CARE USE AMONG LOW-INCOME FAMILIES ACROSS STATES

National data on child care use can obscure important differences across states. This section and the accompanying maps first present patterns on the share of children living in low-income families in each state, followed by the rate at which they are participating in child care arrangements, and for each type of care.

- **Statewide distribution of low-income children.** The proportion of a state's population of young children in low-income families provides important contextual information about the number of families that might need child care subsidies for their parents to work. Map 1, which shows the percentage of children under age five in low-income families in each state, reveals large variation. In the map, the states are divided into three groups according to the percentage of young children in low-income families. Ten states, concentrated primarily in the South, had a relatively high proportion (between 40 and 49 percent) of children living in low-income families: Alaska, Arkansas, Florida, Louisiana, Mississippi, Montana, New Mexico, Oklahoma,

Texas, and West Virginia. Twenty-seven states, located throughout the United States, had from 28 to 38 percent of young children living in low-income families; and 15 states, many in the Northeast, had less than 28 percent of children living in low-income families.

Center-based care includes child care centers and Head Start or Early Head Start programs, as well as nursery schools and preschool programs. Nationwide, among low-income children under age five in any nonparental child care arrangement, more than one half (57 percent) used center-based care. Of all 50 states, Colorado had the lowest proportion of children in child care who were in center-based care (32 percent), whereas South Dakota had the highest proportion (74 percent) [see Table 1]. States can be grouped into three categories according to the degree to which low-income children participate in center-based care. In the lowest-use category, 32 to 45 percent of low-income children in any child care arrangement used center-based care. Only four states were in this category: Colorado, Nevada, Indiana, and Texas. Twenty-six states, located across the country, were in the mid-range category (46 to 60 percent). Finally, 21 states, located primarily in the East and the northern Midwest, were in the high-use category (from 61 to 74 percent).

- **Home-based care.** Home-based care includes nonparental child care in the child's own home or in another home. Among low-income children under age five in any type of child care arrangement nationwide, three quarters were cared for in a home setting. (Children can participate in more than one arrangement). Of all 50 states, Utah had the lowest proportion in home-based care (61 percent) whereas Colorado had the highest (89 percent). Nine states fell into the category with the lowest proportion of children in home-based care (60 to 69 percent). With two exceptions, these states were east of the Mississippi River. In 30 states, the proportion of low-income children in home-based care was in the moderate range (70 to 79 percent), and in 12 states—including California—it was in the higher range (80 to 89 percent).

CHALLENGES IN SECURING CHILD CARE THAT MEETS PARENTS' NEEDS

It often is not easy for parents to coordinate their child care arrangements with their work schedules to ensure that a child receives adequate and appropriate supervision. For example:

- **Operating hours in available child care settings may not meet the needs of parents who have to work evenings or weekends or who have rotating work schedules.** Prior research has found that primary child care arrangements may not provide adequate coverage in such circumstances. In 2001, 19 percent of

children in low-income families had mothers who reported that their primary child care arrangement did not cover all of the hours the mother was at work, in school, or in training, an increase from 15 percent of mothers reporting this problem in 1995.⁸

- **Residential moves, language and cultural differences—and individual factors such as depression or disability—can also pose barriers for parents trying to arrange child care.**³ Unexpected work requirements, such as overtime or travel, or the illness of a child or caregiver, can make parents scramble to make last-minute child care arrangements. Even though all parents may experience such problems, these problems may be worse for low-income parents. Perhaps most obvious, low-income families may especially struggle to pay for child care.
- **Child care problems can cause job problems for parents.** Although the National Survey of Children's Health does not include questions about the costs of child care or about parents' difficulties paying for it, the survey does ask parents whether someone in the family had to quit a job, not take a job, or greatly change her or his job because of child care problems. Among parents with a child in nonparental child care in 2003, those in low-income families were nearly twice as likely as were those in higher-income families to report such child care problems (17 versus 9 percent).

The proportion of low-income parents reporting employment difficulties related to child care varied by state, with Idaho having the lowest proportion (6 percent) and Virginia having the highest proportion (32 percent) [see Map #3 and Table 1]. Low-income children in 15 states had parents who reported relatively low rates (6 to 14 percent) of child care-related employment difficulties. Low-income children in 26 states had parents who reported a moderate rate of child care-related employment difficulties (15 to 23 percent). Finally, low-income children in 10 states had parents who reported a relatively high rate of such child care problems (24 to 32 percent).

- **Parents have to make last minute arrangements for child care fairly frequently.** Similar proportions of parents in low- and higher-income families reported that, in the past month, they had to make different arrangements for child care at the last minute because their usual plans changed due to circumstances beyond their control. Although the experience of having to make last-minute

Table 1. Child care arrangements for low-income children under age five, by state: 2003

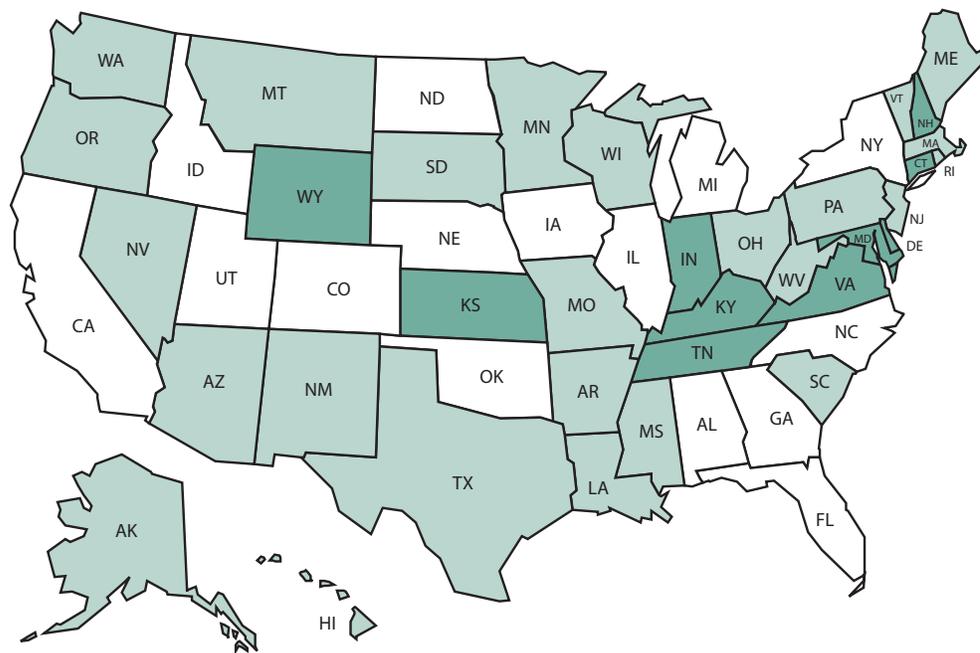
State	Percentage of children in families living below 150% of poverty	Among children in families living below 150% of poverty, percentage...			
		...In any nonparental care	Among children in any nonparental care, percentage...		...Whose parents experienced job problems due to child care
			...In center care ¹	...In home-based care ¹	
U.S.	34	53	57	75	17
Alabama	36	59	70	69	10
Alaska	44	47	47	81	19
Arizona	38	44	52	76	16
Arkansas	46	52	55	75	19
California	37	48	53	80	14
Colorado	27	42	32	89	8
Connecticut	17	49	51	69	25
Delaware	32	69	70	79	24
Florida	41	56	61	73	14
Georgia	37	57	63	76	12
Hawaii	35	44	56	78	19
Idaho	37	44	70	73	6
Illinois	29	47	61	70	11
Indiana	32	45	44	83	28
Iowa	27	57	58	79	12
Kansas	33	58	57	69	28
Kentucky	36	50	65	78	25
Louisiana	49	76	58	83	23
Maine	24	65	64	72	16
Maryland	20	61	55	74	26
Massachusetts	20	56	63	71	21
Michigan	29	48	59	77	11
Minnesota	17	50	59	75	15
Mississippi	46	73	65	82	19
Missouri	32	57	58	81	19
Montana	41	54	68	78	22
Nebraska	30	58	67	73	13
Nevada	34	38	39	84	19
New Hampshire	22	45	65	75	25
New Jersey	26	62	66	63	15
New Mexico	48	58	58	78	22
New York	34	56	68	62	10
North Carolina	35	50	54	76	14
North Dakota	29	63	57	82	7
Ohio	35	60	46	80	19
Oklahoma	42	58	51	84	12
Oregon	31	48	49	82	15
Pennsylvania	26	64	51	76	19
Rhode Island	27	55	71	74	15
South Carolina	36	62	57	76	21
South Dakota	33	69	74	76	23
Tennessee	31	63	58	75	24
Texas	41	43	45	79	18
Utah	31	40	60	61	14
Vermont	24	74	67	75	16
Virginia	27	60	65	73	32
Washington	26	47	58	71	15
Washington, DC	37	68	73	68	18
West Virginia	43	49	57	65	17
Wisconsin	28	60	61	68	16
Wyoming	31	56	55	79	32

¹Children can participate in more than one care arrangement.

Source: Child Trends analysis of 2003 National Survey of Children's Health, U.S. Department of Health and Human Services, Health Resources and Services Administration, Maternal and Child Health Bureau, 2003.

Map 3. Among children (ages 0-4) in low-income families using nonparental care, percent whose parents experienced job problems due to child care.

6% to 14%
 15% to 23%
 24% to 32%



arrangements did not differ according to family income, a substantial proportion of children in low-income families had parents facing this dilemma (34 percent). Across states, the frequency of this occurrence ranged from 18 percent in Georgia to 55 percent in Minnesota.

DISCUSSION AND POLICY IMPLICATIONS

Many factors come into play when trying to understand state differences in low-income families' use of nonparental child care. Each state has a unique set of contextual circumstances. The evidence that we have presented shows that some states have larger low-income populations than do other states. It also shows that certain groups of low-income children are more likely to spend time regularly in nonparental child care than are others (e.g., black children, children living in households where English is spoken, with single parents, or with parents who have at least graduated high school.) Therefore, higher concentrations of these groups in a state may affect the proportion of low-income children in child care settings.

The cost, quality, and availability of child care arrangements vary across states as well. One way that states address the needs of their low-income families for child care is through child care subsidies. Prior research has indicated that lower prices of child care for families were linked with increased parental employment,¹³ and that child care subsidies increased the range of types of child care—including center care—that low-income families could afford.¹⁵

At the federal level, two sources of federal funding exist for child care subsidies: the Child Care and Development Block Grant and the Temporary Assistance for Needy Families (TANF) Block Grant. Funding from both of these sources was increased when federal welfare legislation was reauthorized in 2005, with the aim of helping more low-income parents participate in work and work-related activities.¹ Although states can set their own subsidy requirements, the legislation outlined several federal guidelines that states should follow when developing policies about child care and subsidy receipt.

States vary in how they apply federal child care guidelines about subsidy receipt. These variations may pertain to children's maximum age requirements, parental work requirements, income eligibility criteria, benefit level, and family co-pay amounts, as well as to issues such as whether benefits were provided to all eligible applicants and whether providers are allowed to charge families additional fees. For example, some states have subsidies that only cover a percentage of the local market rate for care, leaving a percentage of child care costs not covered. Whereas some state policies prohibit care providers from charging families for costs that are not covered by child care subsidies, these policies are not uniform across states and co-pay amounts vary widely.

Even when families are eligible for child care assistance, many families do not receive it. Possible reasons for this situation include lack of awareness

about the assistance, beliefs about ineligibility, difficulty signing up for benefits, long wait lists, perceptions of stigma attached to benefit receipt, families' own feelings about their need or desire for assistance,¹⁵ or beliefs that child care would still be too expensive—even with subsidies.^{10,11}

Studies have found that, among families eligible for child care assistance, subsidy receipt is more common for single mothers, for mothers of black children, for mothers born in the United States, and for mothers receiving TANF.¹⁵

A major goal of child care assistance policies is to support parents' abilities to work. Recent research has found subsidy receipt to be linked with higher rates of maternal employment, more stable employment, and higher wages,^{6,9} especially among the most disadvantaged TANF recipients.¹⁵ Children in low-income families, many of whom have employed and/or single parents, are likely to have a substantial need for supervised care during times when parents are not at home. Because state populations vary by these demographic characteristics, by TANF program participation, and by rates and stability of maternal employment, these factors are also likely related to the variation seen in child care utilization across states.

Therefore, the state variation in low-income families' use of nonparental child care could be related to a number of contextual factors, chiefly: variation in how states apply federal subsidy guidelines, variation across states in demographic groups that are more likely to use child care, parental awareness of child care assistance and their likelihood of using assistance, and variations in rates of maternal employment. These factors (and others, such as the employment opportunities available to low-income parents) will all affect state rates of child care use among low-income families.³

CONCLUSION

Ultimately, states make policy decisions about whether to concentrate the limited resources available for child care assistance on a subset of the neediest families, or whether to spread benefits more thinly across a larger population. The larger the size of the low-income population, the more difficult it becomes to provide high levels of assistance to a greater number of low-income families. And in states in which child care is relatively expensive, child care assistance will not stretch as far as in states in which child care costs less. Despite state variation in levels of child care use and funding, widespread agreement exists that dependable child care supports

low-income parents' ability to obtain—and maintain—employment. Further research on the relationship between state child care policies and rates of child care use is needed in order to identify specific policies and practices that lead to optimal support for low-income families through the provision of high-quality and affordable child care.

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ENDNOTES

^a Data source: U.S. Bureau of Labor Statistics. Current Population Survey, Annual Social and Economic Supplements.

^b The term “families” in this brief refers to households with children. As defined here, low-income families are those with incomes below 150 percent of the federal poverty line during the prior year. For example, a single parent with two children with an income of less than \$21,741 in 2002 would fall under this category. Poverty thresholds vary depending on the number of adults and children living in a household. For a listing of 2002 poverty thresholds see U.S. Census Bureau, <http://www.census.gov/hhes/www/poverty/threshld/thresh02.html>. We use this definition since it is the approximation for low-income families often used by the Administration for Children and Families within the U.S. Department of Health and Human Services, the federal agency that administers the Child Care and Development Fund subsidy program, which targets low-income families.⁶

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