



# ARE WE MAKING PROGRESS?

## TRENDS IN THE U.S. CHILD CARE SUBSIDY PROGRAM

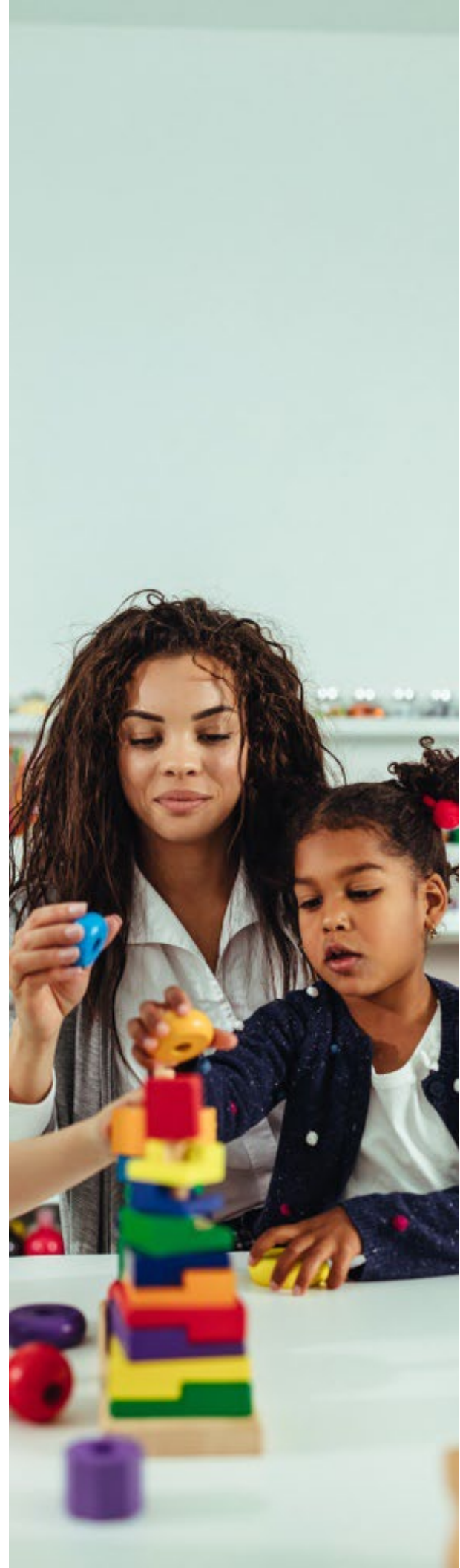
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It is no longer news that families across the nation have had a hard time finding child care. One reason for this ongoing issue has been a significant drop in the number of providers. From 2007 to 2017 across the country, almost 100,000 more licensed child care providers closed their businesses than opened one (Office of Child Care, 2019). This decline in the number of providers was exclusively among those who provide care within their own homes (home-based providers), while the number of child care centers over the same time slightly increased. As previous research shows (Halle et al., 2009), Black, Hispanic, and families with low incomes tend to prefer home-based care. Thus, these trends may block access to quality child care for disadvantaged families more than other families.

Families with low income tend to use home-based care because center-based care is often unaffordable to them (Baldiga et al., 2018). Additionally, home-based care tends to have more flexibility and offer more nonstandard hours than child care centers (Adams, 2019), which is important to parents that have to work different shifts and have work schedules that change with little notice, like many families with low income do. Finally, many areas do not have child care centers nearby, or do not have enough, relying on home-based providers to fill the gap. The shrinking number of home-based providers could disproportionately hurt families that cannot afford child care centers, as well as those in more rural and underserved areas.

One way to help increase access for families with low income is the Child Care Development Fund (CCDF). The CCDF provides dollars to states to subsidize quality child care for under-resourced children and families. Each state administers their own CCDF program, and they set the eligibility requirements and payment policies. With subsidized care, some families can overcome the financial barrier to centers. Some may still prefer home-based care and the hours of care they provide, or still cannot afford center-

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based care even with assistance. As with the rest of the nation, many more CCDF families used centers in 2019 (79%) than in 2009 (68%). This could mean that the most disadvantaged may have fallen out of CCDF programs, not because they no longer need it, but because they cannot find affordable care, or care with a preferred provider.

A new PPA report explores the trends in family use of CCDF programs from 2009 to 2019 by race, ethnicity, and socioeconomic status. Specifically, we examined whether the rise of center-based child care has influenced subsidy use by Black, Hispanic, and low-income families.

### **Enrollment among families deeper into poverty has declined.**

During the 10 years studied, the number of families living with incomes below 50% of the poverty line who received child care assistance decreased by 80,000, or 32%. The number of families with incomes above 50% of the poverty line who received assistance decreased by only 5%.

This decline does not appear to be due to a reduction in home-based care usage, as a larger proportion of families with incomes below 50% of the poverty line who received child care assistance used centers every year. Instead, this is likely due to a declining child poverty rate, as well as federal and state policy changes that impacted who was eligible for assistance. During this time, many states expanded their income-eligibility thresholds to allow families with higher wages to enroll in their CCDF programs. However, some states also restricted eligibility with other criteria, such as number of hours worked in a week or what other approved activities counted. These policy changes appear to have prevented families with incomes below 50% of the poverty line from accessing child care, as the percentage of enrolled families at this income level dropped from 31% to 26%.

### **Hispanic families are less likely to enroll in CCDF programs than white families.**

Hispanic families remain underrepresented among CCDF programs. Although the number of Hispanic families enrolled in CCDF programs has increased over the years, this growth is more reflective of the population change. Nationally, the Hispanic population increased by 13% from 2009 to 2019 (IPUMS, 2023), while the percentage of Hispanic families that participated in CCDF programs decreased from 2.7% to 2.5%.

### **Black and Hispanic families receiving CCDF are less likely to use center care than white families.**

We found that Black and Hispanic families enrolled in CCDF programs, just like Black and Hispanic families without assistance, are less likely to use center-based care than white families. The percentage of center-based Black families with assistance declined more than that of white families each year. While controlling state-level differences, Black families made up 0.5% less of the total share of center-enrolled families every year from 2009 to 2019, while white families made up 0.1% less every year. Hispanic families meanwhile were a larger share of those with subsidies using centers (21% in 2009 to 23% in 2019). The percentage of Black families enrolled in CCDF programs (centers, home-based, and in-home providers) remained relatively unchanged during these years.

### **All families' use of child care centers has increased.**

A larger percentage of all families in CCDF programs used center-based care in 2019 than in 2009. This is true for Black, Hispanic, and white families, and the rate of change did not meaningfully differ for any of



these groups. However, Black and Hispanic families were significantly less likely to use centers than white families in 2009, meaning that there is still a difference, with white families more likely to use center care.

## Conclusion

Through this research, we found that more families that are Black, Hispanic, and below the poverty line that were enrolled in CCDF programs utilized centers than in the past. However, a lingering gap in usage compared to white families and families with higher income remains. As of right now, we cannot say what happened to the families that left the closed home-based providers (e.g., they instead went to center-based providers, they turned to informal, unregulated care, a parent left the job market to take care of their children). To resolve this question, more research is needed to track the decisions made by families who are eligible for CCDF assistance. Moreover, additional analyses would help to understand how states' stricter eligibility criteria may have prevented under-resourced families from receiving high-quality care.

*This report was supported by the Administration for Children and Families (ACF) of the United States (U.S.) Department of Health and Human Services (HHS) as part of a financial assistance award (Grant #: 90YE0281) totaling \$99,885 with 100 percent funded by ACF/HHS. The contents are those of the author(s) and do not necessarily represent the official views of, nor an endorsement, by ACF/HHS, or the U.S. Government. For more information, please visit the ACF website, [Administrative and National Policy Requirements](#).*



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