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Executive Summary

The *National Study of Child Care for Low-Income Families* was a 10-year research effort conducted in 17 states and 25 communities within those states. The study was designed to provide Federal, state and local policy makers with information on the effects of Federal, state and local policies and programs on child care at the community level, and on the employment and child care decisions of low-income families. It also provides insights into the characteristics and functioning of family child care, a type of care frequently used by low-income families, and the experiences of parents and their children with this form of care.¹

The study was initiated in the wake of sweeping welfare reform legislation enacted in 1996. There are three components to the study. The first looked at how states and communities implement policies and programs to meet the child care needs of families moving from welfare to work, as well as those of other low-income families; how these policies change over time; and how these policies, as well as other factors, affect the type, amount, and cost of care in communities. Second, the study investigated the factors that shape the child care choices of low-income families, and the role that child care subsidies play in those choices. Finally, the study examined, in depth and over a period of 2½ years, a group of families that use various kinds of family child care and their child care providers, to develop a better understanding of the family child care environment and to what extent the care provided in that environment supports parents' work-related needs and meets children's needs for a safe, healthy and nurturing environment. This report focuses on the second component of the study.

Study Reports

An interim report on the first component of the study, the State and Community Substudy, has already been released. A final report on this component of the study will be released this fall. The Wave 1 Report on the third study component, the Neighborhood Substudy, *Care in the Home*, (ACF, 2007) was released in February 2007. A final report on the Neighborhood Substudy will be released this fall.

Contents of this Report

This report presents results from the second component of the study, the Community Survey. Conducted in 2000, it was a random-digit-dialing (RDD) survey of low-income families (with annual incomes below 200 percent of the Federal Poverty Level), with children under the age of 13 in the 25 study communities. The 25 communities were selected to be representative of counties nationally with a child poverty rate of 13.8 percent or more. A screening interview was administered to 6,160 of such families to identify 2,710 families that used non-parental child care while they were working. From these families, the study gathered information on the factors that influenced parents' decisions about child care, and how these decisions affected their ability to find and retain a job or participate in educational or training programs, as well as information about the stability and continuity of child care.

¹ In this study, family child care was defined as care by an adult, related to the child or unrelated, in that adult's own home and outside the child's own home.

Child care arrangements can be classified in several ways: by location (child’s own home, another person’s home, a child care center); by caregiver (relative or non-relative); and by financial arrangement (paid or unpaid). For the purpose of this study, we used a five-way categorization as shown below:

Mode of Care	Location	Caregiver
1. Center care	Child care center, preschool, afterschool program, etc.	Unrelated adult
2. Home-based care	Child’s own home	Relative
3. Home-based care	Relative’s home	Relative
4. Family child care	Provider’s home	Unrelated adult
5. Non-relative care	Child’s own home	Unrelated adult

Summary of Findings

- Forty-four percent of children under age 13 in low-income families experienced some form of non-parental child care (in addition to school) while their mothers were working or in school (Exhibit 1).*** Another 16% with employed mothers did not use non-parental care, either because the mother worked at home or during school hours, because another parent cared for the child during mothers’ work hours, or because the child cared for himself or herself.

Parental Work Schedules

- Of the low-income mothers employed outside the home, only 27% worked regular hours and schedules.*** The remainder worked irregular schedules or during non-standard hours. Non-standard work hours were even more common among partners and spouses.

Type and Amount of Non-Parental Care Used

- Care by a relative was the most common non-parental care arrangement for children in low-income families.*** Almost one-third were cared for in the relative’s home; another 18% were cared for in the child’s home by a relative. Just under 25 percent were in center-based care. Relative care was more likely to be chosen for infants and toddlers, by mothers with less formal education who worked irregular hours, by larger families, by minority families and by those who had relatives living nearby or in the same household².
- Most children (88%) were in a single non-parental care arrangement.*** Multiple care arrangements were more common for infants than for other age groups.
- More than half of children under age 5 were in care for more than 30 hours a week.***

² For more detail, see Exhibit 4.1 in the full report

Choosing a Child Care Arrangement

- **Parents reported that the most important considerations in choosing a care arrangement were: the safety of the child; the convenience (e.g., hours, location) of the arrangement; and the family's relationship with the provider.** Considerations related to the child's development were also frequently cited but were rarely the primary consideration.
- **Families rarely turned to a formal referral source for help in finding care.** Almost half of those who used family child care or care by an unrelated adult in the child's home knew the caregiver as a friend or neighbor. A friend or neighbor was most often the referral source for center care.

Paying for Child Care

- **Forty-three percent of low-income families that used non-parental care paid nothing for the primary care arrangement.** However, when all care arrangements for all children under 13 in the household were considered, the percentage of those who paid nothing dropped to 35 percent.
- **For those who did pay for care, the average cost per hour of care ranged from \$1.95 an hour for care by a relative in the child's own home to \$2.89 an hour for care by an unrelated adult in the child's own home.**
- **Families that paid for care spent an average of 17% of monthly income on child care.** Families living at or below the Federal Poverty Level (FPL) spent 22 percent of their income on child care compared with 10 percent spent by those families with incomes close to or at 200 percent of FPL.

Experience with Child Care Subsidies

- **Sixteen percent of low-income families that used non-parental care were receiving a child care subsidy at the time of the interview.** The proportion varied by income level; 20 percent of those living at or below the Federal Poverty Level received a subsidy compared with 11 percent of those with incomes just below or at 200% of poverty. Families with children in center care were much more likely to receive a subsidy than those who used care by a relative (37% vs. 9%).
- **More than one-third (39%) of income-eligible families had had some contact with the subsidy system.** In addition to those receiving a subsidy at the time of the interview, some families had received one in the past, had applied and been denied, or had been put on a waiting list.
- **Application for and receipt of a subsidy occurred more frequently among Black families, single parents and recent TANF recipients.** Families that were more likely to use non-relative child care were also more likely to apply for and receive subsidies, as well as families with toddlers and preschoolers, those who used center care or non-relative family child care, and mothers with more formal education.

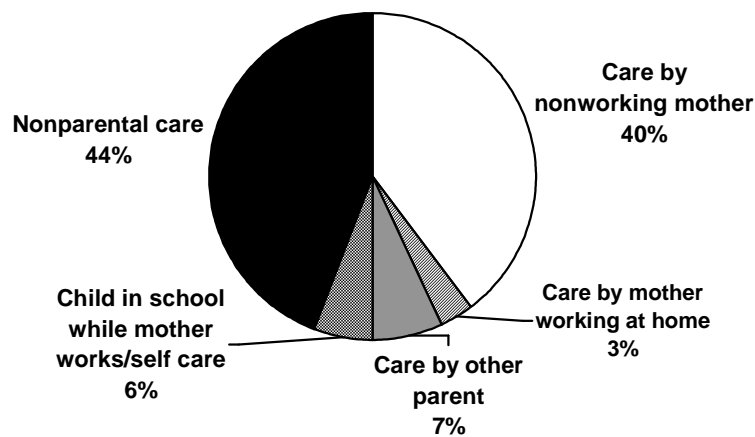
- ***Receipt of a subsidy did not determine parents' choice of a child care arrangement.*** Rather parents chose an arrangement, based on a variety of considerations, and then applied for a subsidy.

Child Care in Low-Income Families

Of all children under age 13 in low-income families, 56 percent were cared for only by a parent. This total included: 40 percent whose mothers did not work; 3 percent whose mothers worked at home; 7 percent who were cared for by their father while their mother worked; 5 percent who were in school when their mother worked, and required no additional care; and 1 percent who looked after themselves after school (Exhibit 1).

The remaining 44 percent of children received some non-parental care. Of these, 20 percent were looked after by a relative; 6 percent were in family child care with a non-relative; 3 percent were cared for by an unrelated adult in the child's home, and 15 percent received care in a child care center, preschool or after-school program.

Exhibit 1
Care Arrangements for Low-Income Children



The use of non-parental care differed somewhat by the age of the child, with younger children being slightly more likely to have a nonworking mother. Over half of all children under the age of one had a stay-at-home mother, 44 percent had nonworking mothers, an additional 3 percent had mothers who worked at home, and 7 percent were cared for by their fathers while their mothers worked. The remaining 44 percent were in non-parental care. Older children were more likely to have a working mother, with the proportion of nonworking mothers declining from 44 percent for infants to 38 percent for school-age children. However, school-age children were less likely than any of the younger groups to be in non-parental care, either because their mothers' work hours coincided with school hours or because their mothers worked from home. Also, in a small proportion of families, the children cared for themselves after school.

Not surprisingly, mothers with fewer children were more likely to be in the workforce. The proportion of *nonworking mothers* increased from almost a third (32%) among families with only one child, to more than half (52%) among families with four or more children. Low-income families with more children are likely to find it increasingly difficult to make informal care arrangements with relatives and, without the aid of a subsidy for child care, may find the cost of child care matches or exceeds what they can earn.

Even when mothers worked, those with a single child were more likely to arrange care by the other parent or work only when the child is in school than mothers with more children. The use of non-parental care was about the same (48% to 50%) for families with one, two or three children, but declined for families with four or more children (Exhibit 2).

Exhibit 2
Low-Income Families By Work/Child Care Status and Number of Children

Work/Child Care Status	Number of children in family				All families
	1	2	3	4 or more	
	%	%	%	%	%
Nonworking mother	31.8	38.1	41.8	52.2	37.2
Working mother, no non-parental care	18.6	14.4	9.7	6.4	14.7
Working mother, non-parental care	49.6	47.5	48.5	41.4	48.1
Total	100.0	100.0	100.0	100.0	100.0

Ethnic differences in mother's employment status and use of non-parental child care were striking and not accounted for by differences in family size. Black families were much less likely to have a nonworking mother and much more likely to use non-parental care for their children than either White or Hispanic families (Exhibit 3).

Exhibit 3
Low-Income Families by Work/Child Care Status and Ethnicity

Work/Child Care Status	Ethnicity			All families
	Non-Hispanic	Non-Hispanic	Hispanic	
	White	Black		
	%	%	%	%
Nonworking mother	39.9	22.4	42.8	37.2
Working mother, no non-parental care	15.6	13.0	14.8	14.7
Working mother, Non-parental care	44.5	64.7	42.4	48.1
Total	100.0	100.0	100.0	100.0

Characteristics of Low-Income Families That Used Non-Parental Child Care

A majority of the low-income mothers who used non-parental child care lived with a spouse, partner or other adult. Thirty-nine percent of the families were headed by a couple consisting of the children's mother and her spouse or partner (not necessarily the children's father) with no other adults present. An additional 18 percent, however, included the mother's parents, siblings, or other related or unrelated adults. These families were typically small, with two-thirds containing one child or two children.

While White, non-Hispanic families were the single largest group (36%) of low-income families using non-parental care for their children, together Black and Hispanic families constituted the majority (57%) of non-parental child care users, in proportions much larger than their representation in the general population.

To participate in the survey, families had to have annual incomes below 200 percent of the Federal Poverty Level (FPL). Half (49%) had incomes below the FPL, and 10 percent had incomes between 185 percent and 200 percent of the FPL. At the time of the interview, 20 percent were receiving food stamps, and 11 percent had received some TANF payments in the prior year. Sixty percent of families reported that they claimed earned income tax credits in the previous year.

Parental Employment

Nearly all (96%) of the mothers interviewed had worked for pay at some time in the past; most mothers (77%) were currently employed at one job, 6 percent were employed at more than one job, and 17 percent were not working.³ Those who were employed at the time of the interview worked an average of 35 hours in the week preceding the interview, earning an average of \$323 per week.

Only 27 percent of employed mothers worked regular hours. The remaining 73 percent of mothers worked on an irregular schedule or non-standard hours. Specifically, with a good deal of overlap,

- 39 percent worked different hours from one day to another;
- 40 percent worked different hours from one week to another;
- 14 percent worked at seasonal jobs; and
- 56 percent worked evenings, nights, or weekends.

Thirty-nine percent of families included a partner or spouse. In most of those families (82%), the partner or spouse was employed. Nonstandard hours of employment were even more common among partners and spouses. Eighty-one percent of employed spouses or partners worked non-standard schedules compared with 73 percent of employed mothers.

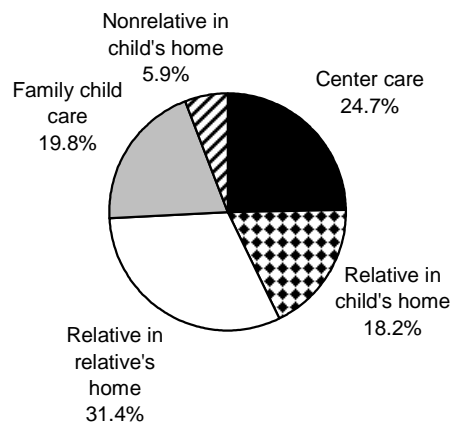
³ Those not working were in school, job training or engaged in job search.

These schedules constrain the choice of child care arrangement. Center care, for example, is rarely available evenings, nights, or weekends, or for irregular and changing hours. In particular, centers find it economically disadvantageous to provide care for children part-day or on a changing schedule, since they are licensed for a specific number of full-time slots and would find it difficult to match two part-time arrangements that together made one-full-time slot. And, indeed, in this survey, single mothers working irregular hours were substantially less likely to choose center care than those working regular hours (24% versus 38%).

Non-Parental Child Care Arrangements of Low-Income Families

Of the five types of non-parental child care arrangements described earlier, and across all ages of children, the most common *primary mode of non-parental care* (that is, the arrangement in which the child spent the most time when not in school) used by low-income families was *care by a relative in the relative's home*, which accounted for 31 percent of children (Exhibit 4). The next most common mode was center care (25%). Family child care and care in the child's home by a relative accounted for 20 and 18 percent of children respectively, leaving 6 percent of children cared for in their own homes by non-relatives.

Exhibit 4
Primary Mode of Non-Parental Child Care



The care arrangement varied by age of child. Family child care was an equally common choice for all age groups, ranging from 19 percent for school-age children to 21 percent for infants. Use of center care, however, was much more common for preschoolers (39%) than for the other age groups. Care in the child's own home, either by a relative or by an unrelated adult, was substantially more common for infants and school-age children than for other age groups.

Families in different ethnic groups differed markedly in their choice of non-parental child care arrangement. While 27 percent of White and 31 percent of Black non-Hispanic children were in center care, only 14 percent of Hispanic children were in this care arrangement. The great majority of children (88%) were in a single non-parental care arrangement, and virtually all of the rest were in two arrangements. Multiple non-parental arrangements were more likely for infants than for other age groups. Additional arrangements beyond the primary one did not markedly change the distribution of children among modes of non-parental care.

The amount of time spent in non-parental care by the age of the child. While only 43 percent of children under age 13 in non-parental care were in care for more than 30 hours a week, the percentage was influenced by *school-age children*, most of whom were in school for most of the time that their mothers were working. Over a quarter (26%) of school-age children were in non-parental care for 10 hours a week or less. Among *children under age 5*, however, more than half (56% of infants and toddlers and 59% of preschoolers) were in care over 30 hours a week, and only 10 to 13 percent were in care for 10 hours a week or less.

Choosing a Child Care Arrangement

Respondents were asked to say in their own words why they chose their child's primary care arrangement. The most significant factors affecting parental choice were *safety, practical considerations (most often location and hours available)* and *the family's relationship with the provider*. Each of these broad categories was cited by 17 to 20 percent of respondents as the single most important consideration, and was mentioned as an important factor by 35 to 51 percent of respondents.

Reasons given varied little across income groups. Parents with family incomes below 100 percent of FPL were 8 to 10 percentage points less likely to mention cost, and 5 to 7 percentage points less likely to mention child development than either of the other two income groups. Ethnic variations, however, were striking. White mothers were 13 percentage points more likely than either Black or Hispanic mothers to mention cost as an important factor, while Hispanic mothers were 12 to 13 percentage points more likely than either of the other two groups to mention safety. Hispanic mothers were also markedly more likely to mention their relationship with the provider as an important factor, and less likely to mention child development considerations.

Mothers who were not using relative care were asked how they first learned about the child's provider. For *family child care* and *in-home non-relative care*, nearly half of mothers (46% to 49%) already knew the provider as a friend or neighbor, and most of the rest (34% to 37%) were referred by relatives, friends, or neighbors. Advertising and agency referrals each comprised only 4 to 6 percent of information sources. By contrast, only 15 percent of *center care* users knew the provider beforehand. Many (37%) were referred by a neighbor or friend.

The amount of time it took mothers to confirm an arrangement after they started looking was influenced by two factors: the mother's difficulty in finding a satisfactory arrangement, and the flexibility of the provider. Thus, for half of the mothers who used *relative care*, it took no time at all to make final arrangements, and only one-third took as long as a week. Two-thirds of *center care* users, by contrast, took a week or more to make final arrangements, and one-third took over a month. Time needed for users of *non-relative care in the child's home* or of *family child care* fell somewhere between, with about 40 percent of arrangements settled in less than a week.

Fewer than a quarter of respondents (23%) would have preferred an alternative care arrangement for their children. This percentage ranged from 20 to 21 percent for mothers using center care and relative care respectively, to 26 to 29 percent for mothers using family child care and an unrelated caregiver in the child's home. Overall, 45 percent of mothers had visited some other

arrangement, and 31 percent found at least one satisfactory alternative.

To the extent that parents would have preferred something different, at the time they made their child care arrangement, it appears that parents would rather have had their child in “more structured” arrangements. Some mothers whose children were not in center care would have preferred their child to be in a center: Twelve percent who were using family child care, and 9 to 10 percent of those using relative care and in-home non-relative care would have preferred a center-based arrangement. It seems likely that these families were unable to use center care because of considerations such as cost, availability of a slot, and/or the mothers’ work schedules. Smaller proportions, 6 and 7 percent, of those using relative care and non-relative care in the child’s home, would have preferred to use a family child care arrangement. On the other hand, 8 percent of mothers who used center care would have preferred to stay home with their children. This alternative was preferred by 4 percent or less of mothers using non-center care.

Paying for Care

The study looked at the cost of child care in three ways. For the primary care arrangement of the child who was the focus of the interview, cost per hour and per week was calculated. To determine the full burden of child care costs, however, the cost of care for all children and for all arrangements was calculated and expressed as a percentage of annual household income.

On an hourly basis, the most expensive mode of care was by an unrelated adult, either in the child’s home or in the caregiver’s home (family child care). The average cost per hour ranged across modes, from \$0.76 and \$0.94 for care by a relative in the child’s own home and in the relative’s home, respectively, to \$1.69 and \$1.71 for home-based care by an unrelated adult (family child care and care by an unrelated adult in the child’s own home). ***However, 43 percent of all families and 58 to 64 percent of families that use relative care paid nothing for the primary child care arrangement discussed in the interview.*** When families that paid nothing for care were excluded from the analysis, the average cost per hour ranged from \$1.95 and \$2.06 for care by a relative in the child’s own home and in the relative’s home respectively to \$2.06 and \$2.89 for home-based care by an unrelated adult.⁴

The *weekly cost* of care naturally varied between full-time and part-time users. Full-time care cost roughly twice as much as part-time care on average, though the pattern varied somewhat across modes (Exhibit 5). It is notable that, on a weekly basis, full-time care was substantially more expensive for family child care than for non-relative care in the child’s own home.

As a final measure of the cost of care, the study examined the amount that families pay for all child care arrangements for all children in a month. Comparing this with reported household income gives us a measure of the *burden* of child care costs.

⁴ For more detail, see Exhibit 4.6 in the full report.

Exhibit 5
Mean Weekly Fee for Primary Arrangement by Mode of Care and Full-Time versus Part-Time Care

	Full-time		Part-time	
	Mean weekly fee including those who pay nothing	Mean weekly fee excluding those who pay nothing	Mean weekly fee including those who pay nothing	Mean weekly fee excluding those who pay nothing
Center care	\$44.30	\$57.78	\$29.83	\$36.70
Care by a relative in the child's home	\$26.91	\$50.85	\$11.72	\$39.05
Care by a relative in the relative's home	\$33.18	\$55.04	\$14.21	\$35.83
Family child care	\$59.55	\$63.84	\$26.85	\$35.95
Care by an unrelated adult in the child's own home	\$34.69	\$62.81	\$24.39	\$40.95
All modes	\$41.27	\$58.19	\$20.10	\$37.74

Overall, 35 percent of families paid nothing for any of their child care arrangements and, of the remaining 65 percent, roughly equal proportions pay from one to 10 percent of their income, 11 to 20 percent, and more than 20 percent (Exhibit 6). On average, families (including those who spent nothing) spent 11 percent of their monthly income on child care. Once again, these proportions were strongly influenced by the large proportion of families that paid nothing for child care. When those families were excluded from the analysis, the average proportion of monthly income spent on child care was 17 percent. This average includes families whose out-of-pocket costs were lower than they would otherwise have been, because they received a subsidy for child care.

Exhibit 6
Proportion of Income Spent on All Child Care Arrangements by Number of Children in the Family

Proportion of Income	Number of Children				
	1	2	3	>3	All
	% of families	% of families	% of families	% of families	% of families
0	39.7	31.6	33.4	31.8	35.3
1 to 10 percent	23.8	22.2	25.1	28.6	23.8
11 to 20 percent	19.8	22.3	18.6	21.7	20.9
21 percent or more	16.7	23.0	22.9	17.9	20.0
Mean burden	9.6	12.5	12.1	11.4	11.1
Mean burden excluding families who pay nothing	15.9	18.3	18.2	16.7	17.2

The proportion of income spent on child care varied strongly by income level. Although households living at or below the FPL in poverty were quite likely to spend nothing on child care (38%), those who did pay for care spent, on average, 22 percent of their monthly income on child care. One-third of families with incomes between 101% and 185% of the FPL paid nothing for care. Families in this income category who did pay for care spent 15 percent of their income on it. Thirty-one percent of families with incomes between 185 percent and 200 percent of FPL paid nothing for care, while those who did pay for care spent 10 percent of their income.

Child Care Subsidies

Overall, 17 percent of respondents received a child care subsidy or voucher at the time of the interview. This proportion varied as expected with household income, ranging from 11 percent for those with incomes between 185 and 200 percent of the FPL up to 20 percent for those with incomes at or below the FPL.

Some respondents received assistance from other sources in paying for their child care. Of those who were not subsidized, almost one-quarter (23%) were helped by the child's other (non-resident) parent; friends, relatives, and others made contributions in a few cases. Among those who were receiving subsidies, contributions from the child's other (non-resident) parent were received much less frequently (8%).

Many low-income families that did not receive child care subsidies at the time of the study had at least some experience with them. In addition to the 17 percent who were receiving subsidies, an additional 9 percent had received them in the past, another 9 percent had applied but had not received a subsidy (they may have been found ineligible, or placed on a waiting list), and 3 percent had applications pending. The remaining 62 percent of families had never applied.

Mode of care is strongly related to subsidy status. Families with children in centers were much more likely to receive subsidies (31%), and those using relative care much less likely (9%), than those using non-relative in-home care or family child care (15% and 17% respectively).

Who Applied and Who Received Subsidies?

Overall, 39 percent of income-eligible families had had some contact with the child care subsidy system—they had received a subsidy in the past, had applied but been denied, had been put on a waiting list, or were receiving benefits when interviewed. This rate varied markedly across groups of households.

Applications were more common among families whose youngest child was a toddler or preschooler (43% and 46%) than among families whose youngest child was an infant or school-aged (34% and 35%). Black families were much more likely to have applied (52%) than White or Hispanic families (28% and 36%). Mothers with more formal education were more likely to have applied than those with less education. Mothers born in this country were substantially more likely to have applied than mothers who immigrated here (42% versus 21%).

Families with more children were more likely to have applied than those with fewer children. Single-parent families were substantially more likely to have applied than those headed by a couple. The absence of other related adults was also associated with a greater likelihood of having applied.

Mothers in school or training were less likely to have applied than those who were working. Lower income was mildly associated with a greater likelihood of applying, while recent TANF receipt was a strong predictor. In fact, 58 percent of TANF recipients had applied—a greater fraction than any other subgroup examined.

Applications were more common among those with a child in center care (54%) and in non-relative family child care (40%) than among those with a child in either relative care or non-relative in-home care (26% to 35%).

Subsidy receipt, like application, was more common among Blacks, single mothers, and recent TANF recipients. Immigrants were much less likely to receive subsidies. In addition, several subgroups that were more likely to use non-relative child care were also more likely to be receiving subsidies, including families in which mothers had more formal education and families without infants.

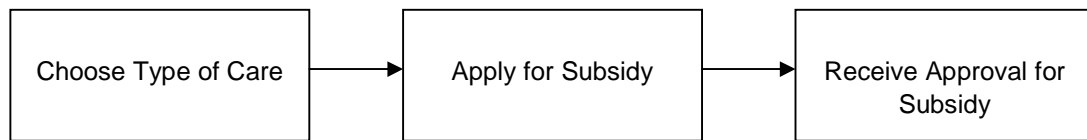
Subsidy Receipt and Choice of Child Care Arrangement

Child care subsidies lower the price of care for families that receive them. Subsidized parents pay co-payments plus any additional charges from providers. Since subsidies lower the price of care for recipients, some researchers have estimated the effects of subsidies by modeling how lowering or raising the price of care will affect the type of care a family selects. These studies found that subsidies that reduce the effective price of formal care (centers and family child care homes) will lead to an increase in the use of these forms of care and a decrease in the use of care by relatives. Similarly, subsidies that lower the price of center-based care will increase the use of centers and decrease the use of family child care by families receiving such subsidies. *The problem with this line of research is that the models assume everyone receives a subsidy; they do not take into consideration the low take-up rate for child care subsidies and all the factors that affect parents' decisions to apply for child care subsidies.* Subsidies' primary effect on the choice of care arrangements is presumably for those families that actually receive a subsidy. In addition, while this research may show the potential relationships between subsidies and types of care selected, it does not illuminate the direction of the relationship: i.e., does the use of subsidies result in the use of center-based care, or does formal care use result in subsidy use?

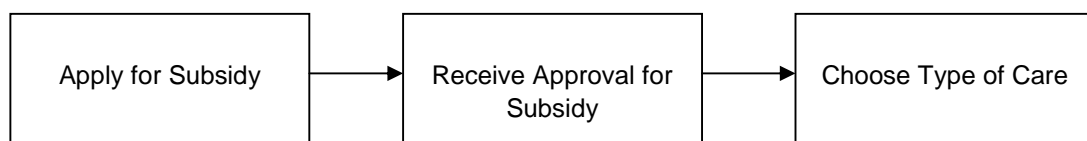
To address this gap in the literature, the study directly examined the effects of subsidy receipt on the type of care chosen, using a subset of data on families that were receiving subsidies at the time of the interview. The initial analyses showed that both subsidy application and receipt were strongly correlated with the type of care used. However, the observed relationship could occur for one of two reasons: either subsidies caused families to select a mode of care or the selection of a particular mode of care caused families to use subsidies. In the first scenario, families choose a more formal and more expensive form of care and then apply for a subsidy to help pay for it. They may apply for the subsidies because they hear about them from their providers, who may be more likely to know about subsidies than would relatives and neighbors. They also may be more willing to apply for subsidies than families who use less expensive care; co-payments often are the same regardless of the price of care, so the size of the co-payments for some families may be much more than the cost of relative care and other informal care. In the other scenario, a family applies for subsidies without a specific arrangement in mind, and then shops for care. The family finds that, with the additional purchasing power of the subsidy, center care is affordable so it is selected. If the family had not received a subsidy, it might have selected less expensive, and therefore less formal care. Exhibit 7 shows the alternative logic models.

Exhibit 7 Subsidy Application, Subsidy Receipt, and Child Care Arrangements

Logic Model 1



Logic Model 2



To identify the more likely of the two scenarios, the study considered the role played by parental considerations in choosing child care. The survey *Child Care for Low-Income Families* included a set of variables that indicated parents' priorities in choosing a child care arrangement for their child: relationship with the provider, child's cognitive development, safety, and so on. Research shows that these variables are powerful predictors of the type of care that a family chooses. If subsidy receipt determines the type of care selected, then the path of causation would be closer to Model 2 — parents would first apply for a subsidy, the value of the subsidy would be part of the mix of their considerations about the type of child care preferred, and then they would choose and use a mode of care. On the other hand, parental considerations might lead a parent to choose a specific form of care. For example, parents of a preschool child might prefer a center-based arrangement because they were concerned that the child be prepared for school. The selection of an arrangement might then lead them to apply for and receive a subsidy (Logic Model 1).

Multiple regression analyses that included subsidy and parent preferences found both to be significant. Both scenarios were then tested through analyses that included and then excluded parent preferences. The analyses supported the logic of Model 1, and provide evidence that *subsidy receipt does not significantly affect the type of care chosen by families that receive subsidies*. Instead, it is more likely that parents first decide on the mode of care, and are not influenced in this choice by whether or not they receive a subsidy.

Discussion

At the heart of the Community Survey are a set of related questions:

- What types of non-parental child care arrangements do low-income families choose for their children?
- What are the reasons for their choices? and
- How do child care subsidies affect their choices?

While a number of other large-scale surveys have provided information to answer the first question, there are few that have addressed the second and third questions. Underlying the questions are a set of concerns about the extent to which financial resources determine child care decisions and about whether help, in the form of a subsidy for the child care arrangement, changes those decisions. If low-income families choose relative care for their children because the arrangement costs little or nothing, do they switch to regulated care once they receive a subsidy?

The responses to the survey questions, and the results of the multivariate analyses, suggest that there are a number of influences on those decisions, in addition to cost. Parents' decisions to use relative care are strongly influenced by the age of the child, the number of children for whom they need care, their desire to have someone who shares their values care for the child, and the hours for which they need care.

Parents may be more likely to choose relative care for infants and toddlers because regulated care for children of this age is more expensive and scarcer than for older children, but also because they are more anxious about this first care arrangement and feel more comfortable with a relative. As children reach preschool age, and as parents focus more on readiness for school, these preferences may change in favor of non-relative care, and the use of non-relative care for preschoolers may change parents' decisions about where to place their other children. For school-age children, parents who have relatives nearby may choose this form of care because care is needed for only a few hours a day, and is not as burdensome as care for younger children.

Regardless of the age of the child, relative care (or care by a friend) may be the only choice available in many cases if parents need child care for a short period each day, either because their child is in school or because they work a small number of hours, or if they have an irregular work schedule. Regulated providers are licensed to serve a specific number of children, making it economically disadvantageous to serve a child who needs care for a few hours a day or for one or two days a week.

Once parents have made the decision to place the child in care outside the family circle, they face the choice of family child care versus center-based care. Household income does not appear to determine this decision, but parents for whom the cost of care, the safety of the child and their comfort with the caregiver were the most important considerations were more likely to choose family child care.

While parents in this study who used using center care were more likely both to apply for and to receive a child care subsidy, the results of the multivariate analyses show that subsidy receipt did not significantly affect parents' choice of child care arrangement. Rather, it seems likely that families who selected a more formal mode of care, such as center-based care, for some of the reasons discussed above, applied for subsidies as a consequence of that decision. Center staff may be more knowledgeable about the subsidy system and, without help from the provider, parents may be unaware of the range of child care arrangements that would be eligible for subsidies.

To say that subsidies did not determine parents' choice of arrangement is not to suggest that they had no effect. Those parents with incomes below the Federal poverty level who paid for child care spent, on average, 22 percent of their monthly income on it. Often they used assistance from a relative or friend to pay for child care. While the majority of parents who received a subsidy

were required to make an additional payment to the provider, subsidy receipt greatly reduced the financial burden on families and allowed the poorest working parents to keep more of the income they had earned. Finally, receipt of subsidies may have had effects on employment or on the continuity of child care that the study was not designed to address.