

# How Much Did Households in the United States Pay for Child Care in 2012?

## An Examination of Differences by Household Income

### Key Findings

- Using some form of nonparental care for children under age 6 was most common in higher-income families.
- In households with incomes of less than 300 percent of the federal poverty level (FPL), the most common regular, nonparental care type for infants and toddlers was unpaid individual care. In higher-income households, it was center-based care.
- Three-to-five-year-olds in regular nonparental care were most likely to be using only center-based care, compared to all other care types; however, using only center-based care for 3-to-5-year-olds was more common in higher-income households than in lower-income households.
- In 2012, households with children under age 6 that paid for at least one regular nonparental care arrangement for any of their children (through age 13) spent, on average, 20 percent of their household income on care. In comparison, households with only older children (only children 6-to-13 years old) spent, on average, 10 percent of their household income on care.
- Among households with children under age 13 that paid for at least one regular nonparental care arrangement, poor households (income of less than 100 percent of the FPL) spent 33 percent of their income on care, whereas higher-income (at or above 300 percent of the FPL) households spent 11 percent of their income on care.<sup>1</sup>
- Among households with children under age 13 that paid for at least one regular nonparental care arrangement, the actual dollar amount spent on care increased with household income: Poor households spent the least (average of \$97.30/week) and higher-income households spent the most (average of \$143.70/week).

<sup>1</sup> To learn more about the FPL, see <https://www.census.gov/topics/income-poverty/poverty/guidance/poverty-measures.html>.

## Data and Methods

This Snapshot is based on information collected by the National Survey of Early Care and Education, a nationally representative study of American households and early care and education providers conducted in 2012. The information in this Snapshot is based on a report on nonparental care usage and costs from the NSECE household survey (NSECE Project Team, 2016).

This Snapshot focuses on care for children under age 13. Household costs are calculated based on how much a household paid, in total, for children's regular nonparental care arrangements.<sup>2</sup> Regular nonparental care arrangements are those that a child attended for at least 5 hours per week, not including K-8 schooling. Households may use only free care arrangements, a combination of free and paid care, or only paid care arrangements. Only households that had out-of-pocket costs for care are included in the average cost estimates.

For households with multiple children, household costs include the costs for all children in care (age 0-13). In the case of children with multiple care arrangements, this includes the cost of all regular care arrangements combined. In cases where there is subsidized care, cost calculations include only the out-of-pocket costs to parents. Using these methods allows for an accurate and comprehensive estimate of regular child care costs at the household level.

Though comparisons by household income are presented throughout this Snapshot, tests to identify statistically significant differences were not conducted.

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**To better understand how much households with different financial means were spending on care, households with at least one child under age 13 are grouped into four categories:**

- Poor households—income of less than 100 percent of the federal poverty level, or FPL; approximately 7,640,000 households<sup>3</sup>
- Low-income households—income of 100 to 199 percent of the FPL; approximately 6,510,000 households
- Moderate-income households—income of 200 to 299 percent of the FPL; approximately 4,430,000 households
- Higher-income households—income of 300 percent or more of the FPL; approximately 10,900,000 households

## How much did households pay for nonparental care in 2012?

Households with children under age six who paid for regular nonparental care spent, on average, approximately 20 percent of their household income on care for all of their children in 2012.<sup>4,5</sup> In contrast, households that only had children age 6 or older and paid for regular nonparental care spent, on average, 10 percent of their household income on care.<sup>6</sup> Care costs can vary widely, depending upon factors such as the number and ages of children in the family, type(s) of care arrangements used, whether care arrangements are free or subsidized, and other characteristics of the arrangement, such as quality. Households that used only free care, such as unpaid care from family members or friends,

<sup>2</sup> Each *child-provider pair* is a different arrangement. For example, a child may have one arrangement in a Head Start program and a second arrangement with a neighbor.

<sup>3</sup> Estimated number of households are based on weighted estimates from the National Survey of Early Care and Education.

<sup>4</sup> This information is taken from Tables 24.1–24.2 of the report *Early Care and Education Usage and Households' Out-of-Pocket Costs: Tabulations from the National Survey of Early Care and Education* (NSECE Project Team, 2016).

<sup>5</sup> Expenses are at the level of the household. Thus, expenses reflect any payments for care for 3-to-5-year-olds as well as their older siblings (under 13 years).

<sup>6</sup> This information is taken from Table 24.3 of the report *Early Care and Education Usage and Households' Out-of-Pocket Costs: Tabulations from the National Survey of Early Care and Education* (NSECE Project Team, 2016).

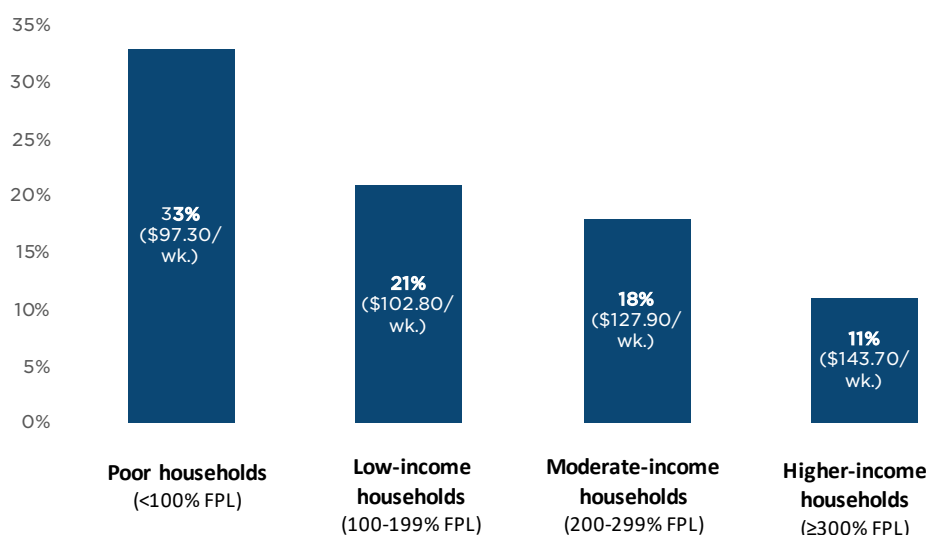
publicly funded programs (e.g., Head Start, public pre-K), or fully subsidized care, are not included in the average cost estimate.

## Did child care expenses vary by household income?

Households with fewer financial resources spent a greater proportion of their income on care than households with more financial resources, as shown in Figure 1. Notably, among households with children under age 13 that paid for at least one regular nonparental care arrangement, poor households (with incomes less than 100 percent of the FPL) spent 33 percent of their income on care, whereas higher-income households (with incomes equal to or greater than 300 percent of the FPL) spent 11 percent of their income on care.

The actual dollar amount spent on care by households with children under age 13 that paid for at least one regular nonparental care arrangement increased with household income: Poor households spent the least (average of \$97.30/week) and higher-income households spent the most (average of \$143.70/week). Whereas higher-income households spent a lower proportion of their income on care, they spent more money for fewer hours of care.<sup>7</sup>

**Figure 1. Proportion of Weekly Household Income Spent on Regular Nonparental Care for all Children Under Age 13, by Household Income Level**



***Among households with children under age 13 that paid for regular nonparental care, poor households spent a larger percentage of their income on care, compared to higher-income households.***

Source: NSECE Project Team, 2016. Tables 21.1–21.4 (Household-Level Estimates of Weekly Cost and Cost Burden for Regular ECE, by Household Poverty Ratio).

Note: Dollar amounts in parentheses represent the average household-level cost of care in each income level. The sample was restricted to households with at least one regular nonparental care arrangement and any out-of-pocket costs for regular nonparental care. Regular nonparental care arrangements are those that a child attended for at least 5 hours per week, not including K-8 schooling. Costs for K-8 schooling are not included in the weekly cost of care. For information on federal poverty levels (FPL) the year of data collection (2012), see <https://www.census.gov/data/tables/time-series/demo/income-poverty/historical-poverty-thresholds.html>.

The households depicted in Figure 1 are those that had out-of-pocket costs for nonparental care. Households' costs can vary greatly based on their specific arrangements, such as whether they used a combination of free and paid care, or used only paid care. Some households may have paid for just 5 hours of care per week for one child, whereas other households may have paid for 50 hours per week (or more) for multiple children. For example, a household may have used a free center-based program for the three-year-old and paid a neighbor to watch an eight-year-old for an hour after school each

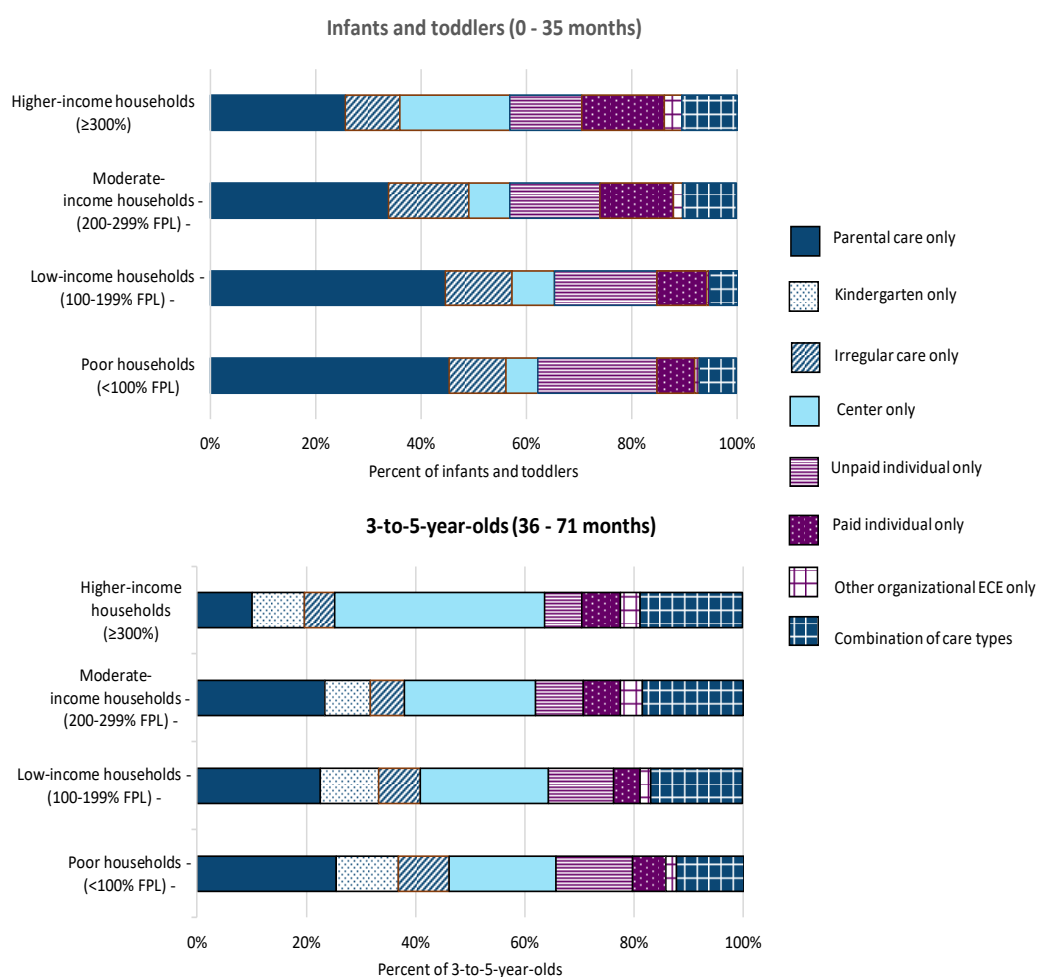
<sup>7</sup> To learn more about the number of hours children were in care by household income, see Tables 6.1 and 21.1–21.4 of the report *Early Care and Education Usage and Households' Out-of-Pocket Costs: Tabulations from the National Survey of Early Care and Education* (NSECE Project Team, 2016).

day. Alternatively, a household may have used a paid center-based program for their three-year-old and paid for an after-school program for their eight-year-old for three hours each day.

## What types of care arrangements did households use for their children under age 6 in 2012?

Families used various types of care for their children. These included individual providers, center-based early care and education (ECE), and other ECE programs (e.g., those that provide after-school care, drop-in care, care during church activities, or specific recreational activities). Some families used combinations of care for one or more of their children. These combinations typically included a paid and an unpaid provider. The proportion of children cared for in each arrangement type varied by child age and household income, as shown in Figures 2 and 3.<sup>8</sup>

**Figure 2.** Share of Infants/Toddlers and 3-5-Year-Olds Using Various Care Types, by Household Income and Child Age



Source: NSECE Project Team, 2016. Tables 13.1.1–13.1.2 (Common Combinations of Care, Child-Level Estimates, Age 0 through 35 months, by Household Poverty Ratio) and Tables 13.2.1–13.2.2 (Common Combinations of Care, Child-Level Estimates, Age 36 through 71 months, by Household Poverty Ratio).

Note: Irregular care is care that was used fewer than 5 hours per week. Due to the inclusion of five-year-olds in kindergarten in these data, “only kindergarten” is included in this figure, and all nonparental care types may include care used by children who were in kindergarten, such as before-school and after-school care. “Other organizational ECE only” refers to drop-in or single activity care or lessons, church child care during services, and recreational activities. Combinations of care types include regular (at least 5 hours per week) care from multiple types of providers.

<sup>8</sup> These data are also presented in a complementary resource in this series, Snapshots from the NSECE: How much did households in the United States pay for child care in 2012? An examination of differences by child age (Forry, Madill, & Halle, 2018)

For infants and toddlers in 2012:

- **Using some form of nonparental care for infants and toddlers was most common in higher-income families.** Forty-five percent of infants and toddlers in poor households were in parental care only. In contrast, only 26 percent of infants and toddlers in higher-income households were in parental care only.
- **Among infants and toddlers in nonparental care, the most commonly used care type varied by household income.** In households with incomes of less than 300 percent of the FPL, the most common, regular, nonparental care type for infants and toddlers was unpaid individual care. In higher-income households, it was center-based care.
- **Higher-income households were more likely to use multiple types of care for infants and toddlers than lower-income households.** In poor and low-income households, 7 and 5 percent of children, respectively, were in multiple types of care. In moderate- and higher-income households, 10 and 11 percent of children, respectively, were in multiple types of care. Children may also be in multiple arrangements of the same type (e.g., unpaid care provided by an aunt and another provided by a grandmother). This type of care combination is not reflected in the “combination of care types” category.

For 3-to-5-year-olds in 2012:

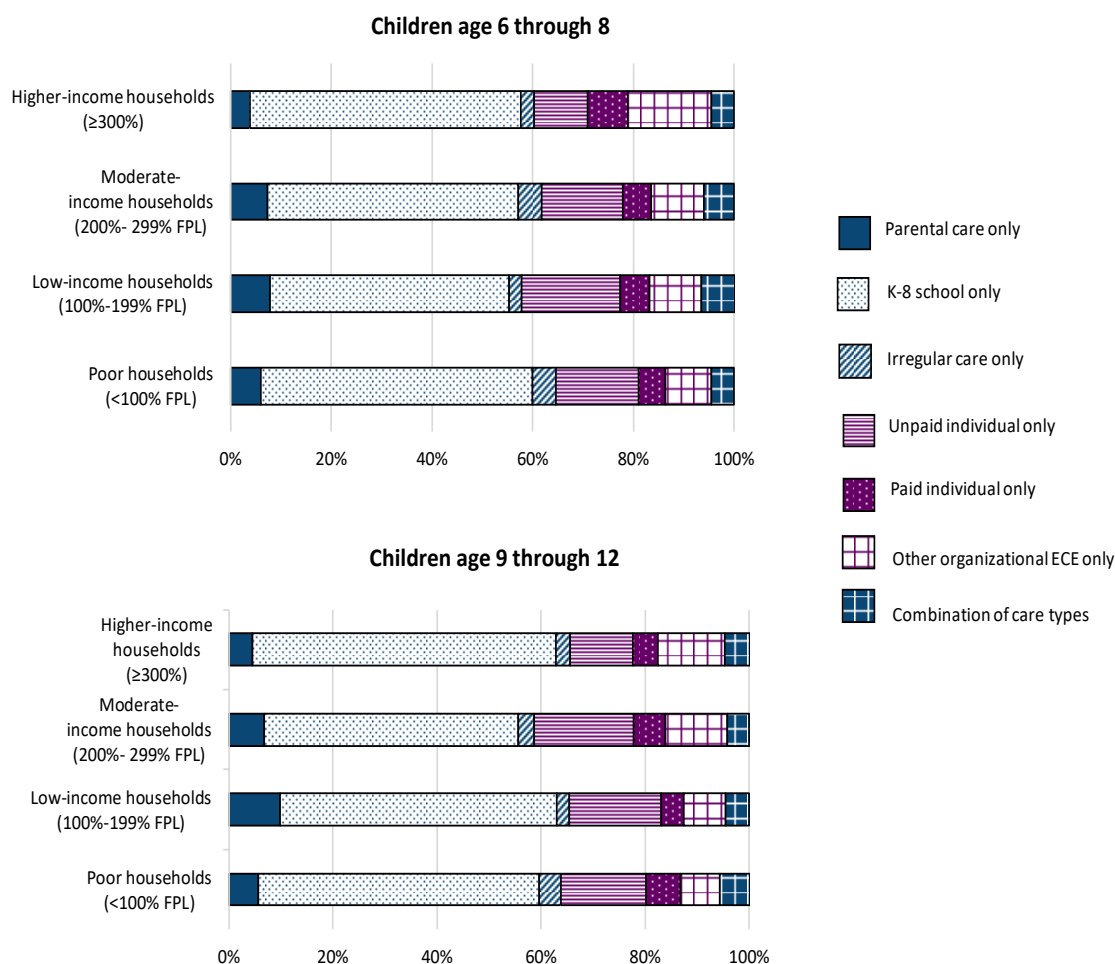
- **Using some form of nonparental care for 3-to-5-year-olds was most common in higher-income families.** Among poor households, 26 percent of 3-to-5-year-olds were in parental care only. In contrast, in higher-income households, only 10 percent of 3-to-5-year-olds were in parental care only.
- **Among 3-to-5-year-olds in nonparental care, the most commonly used care type was center care only.** Using center care only was most common in higher-income households. Twenty percent of 3-to-5-year-olds in poor households were in center care only, compared to 39 percent of 3-to-5-year-olds in higher-income households. In contrast, a higher proportion of 3-to-5-year-olds in poor households used only unpaid care provided by an individual, compared to 3-to-5-year-olds in higher-income households (14 percent vs. 7 percent, respectively).
- **A greater proportion of 3-to-5-year-olds in higher-income households were cared for in multiple types of care, compared to those in lower-income households.** Twelve percent of 3-to-5-year-olds in poor households used multiple types of care, compared to 19 percent of 3-to-5-year-olds in higher-income households. For all 3-to-5-year-olds in households with income less than 300 percent of the FPL, the most common combination of care types was center care plus an unpaid individual provider. For higher-income families, combinations including more than one type of paid care were more common.<sup>9,10</sup> As with infants and toddlers, 3-to-5-year-olds may also be in multiple care arrangements within one type of care. This type of care combination is not reflected in the “combination of care types” category.

<sup>9</sup> These calculations were based on information from Tables 17.2.1.1–17.2.1.4 of the report *Early Care and Education Usage and Households’ Out-of-Pocket Costs: Tabulations from the National Survey of Early Care and Education* (NSECE Project Team, 2016).

<sup>10</sup> To learn more about the combinations of care used for children age 36–71 months, see Table 16.2 of the report *Early Care and Education Usage and Households’ Out-of-Pocket Costs: Tabulations from the National Survey of Early Care and Education* (NSECE Project Team, 2016).

# What types of care arrangements did households use for their school-age children in 2012?

**Figure 3.** Share of School-age Children Using Various Combinations of Care, by Household Income and Child Age



Source: NSECE Project Team, 2016. Tables 13.3.1-13.3.2 (Common Combinations of Care, Child-Level Estimates, Age 72 through 107 months, by Household Poverty Ratio) and Tables 13.4.1-13.4.2 (Common Combinations of Care, Child-Level Estimates, Age 108 months and up, by Household Poverty Ratio).

Note: All nonparental care types may include care used by children in K-8 school, such care used before and after school. Irregular care is care that was used fewer than 5 hours per week. "Other organizational ECE only" refers to before- or after-school care provided by an organization, drop-in or single activity care or lessons, church child care during services, and recreational activities. The category of "center only" is not included because the NSECE's center-based care category was restricted to care used by children younger than 72 months of age; school-age children who used child care centers for before- or after-school care were classified as using "other organizational ECE." Combinations of arrangements include regular (at least 5 hours per week) care by multiple types of providers.

For school-age children (ages 6 through 12) in 2012:

- Relying on "other organizational ECE only" (e.g., before- and after-school care provided by an organization, drop-in or single activity care or lessons, church child care during services, and recreational activities) was especially common among school-age children in higher-income households. "Other organizational ECE only" was the most common nonparental care type for school-age children in higher-income households. In contrast, the most common nonparental care type for school-age children in households with incomes of less than 300 percent of the FPL was "unpaid individual only."

## Reference

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NSECE [National Survey of Early Care and Education] Project Team. (2016). *Early Care and Education Usage and Households' Out-of-pocket Costs: Tabulations from the National Survey of Early Care and Education (NSECE)*. OPRE Report #2016-09. Washington DC: Office of Planning, Research and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services. Retrieved from <https://www.acf.hhs.gov/opre/resource/early-care-education-usage-households-out-of-pocket-costs-tabulations-nsece>

## Other Snapshots in this Series

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Forry, N., Madill, R., Shuey, E., Halle, T., Ugarte, G., & Borton, J. (2018). *Snapshots from the NSECE: How Much Did Households in the United States Pay for Child Care in 2012? An Examination of Differences by Child Age*. OPRE Report #2018-110. Washington, DC: Office of Planning, Research and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services.

Madill, R., Forry, N., & Halle, T. (2018). *Snapshots from the NSECE: How Much Did Households in the United States Pay for Child Care in 2012? An Examination of Differences by Community Urbanicity*. OPRE Report #2018-111. Washington, DC: Office of Planning, Research and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services.

## Suggested Citation

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