

Child Care Assistance: A Discussion and Review of the Literature

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Summary

Generally viewed as a non-critical work support program, funding for Child Care Assistance has been buffeted about due to economic upswings and downturns and the variable attention quality child care and early learning has received from policy-makers, the media and advocates. This variability has been evident in Minnesota as well as other states where child care funding is sometimes seen as a critical work support (as in the case of the passage of federal Welfare Reform) and other times as non-critical when lean budgetary times arise and states must balance budgets. This review of the literature on family investment and family stress theories has offered an overview of how CCAP might be viewed as just one of the complex set of factors that can influence family functioning and child well-being when young children require care. CCAP is best viewed as part of this dynamic whole rather than examined in isolation.

Relationship to Policy and Practice

Child care assistance has been found to be linked with child well-being, both directly through providing a stable and enriching environment for the child as well as indirectly, through a reduction of parental stress and the support of parental employment. Lack of child care is a factor in repeat welfare use among mothers who leave welfare (Harris, 1996) and child care stability has been shown to reduce worker absenteeism. Single mothers with young children who receive childcare assistance were 40% more likely to still be working after two years (1990 Survey of Income and Program Participation). Furthermore, former welfare recipients fared even better, with 60% more likely to be employed after two years if they received child care help than those who did not (Boushey, 2002). Therefore, the implication for policy is that giving single mothers (both on an off welfare) access to affordable child care increases the likelihood that they will be employed, and thus, reduce or even prevent dependence on welfare services.

Background

The purpose of the Child Care Assistance Program is to provide financial subsidies to help low income families pay for child care in the private market so that parents may pursue employment or education leading to employment. The program also helps to ensure that children from low income families are well cared for and prepared to enter school ready to learn. States may set many of the eligibility requirements of the program within parameters identified in federal regulations. Program funding at the state level is a combination of federal and state dollars, and local investments.

The Child Care Assistance Program (CCAP) includes a number of subprograms. Families who currently participate, or recently participated, in the Minnesota Family Investment Program (MFIP) are served through the MFIP and Transition Year child care programs. The Basic Sliding Fee (BSF) program helps families who are not currently or recently connected to the MFIP program pay child care costs. Families may select any regulated child care provider. The amount of the child care subsidy is determined by the care required to support the parents work and / or school schedules and the rate paid to the provider. Minnesota's BSF program has limited or "capped" funding - in contrast to MFIP and Transition Year child care which serves all those who are eligible. There are often more eligible families for the BSF Child Care Assistance Program than can be served with existing funds, leading to waiting lists. During calendar year 2003, Minnesota served 11,313 families with 20,325 children in the BSF Program (Garceau, 2006).

Economic downturns in the late 1990's and early 2000's prompted many states to reduce their expenditures for public programs in general, and child care assistance programs in particular. By June 2004, 32 states – including Minnesota – had either cut their Child Care Assistance Programs or intended to do so by 2004 (Parrott, 2003). In 2003 all counties in Minnesota had to cut child care assistance families who were no longer eligible because income eligibility limits had been lowered to save money. Other reductions to child care assistance were made due to reductions in county allocations. Some counties could not afford to continue to pay for child care for all of the families on their programs once they were notified of reductions in their state allocations and of the cost-savings policy changes.

Literature Brief

Child Care Assistance and Investment and Stress Theories

Two theories have dominated research on child outcomes as they relate to economics: family stress and investment theories. Family stress theory involves the ways in which economic stress will affect parent-child interaction. Investment theory focuses on the materials and resources that parents are able to purchase to meet the child's physical and developmental needs.

The family economic system is characterized by direct and indirect effects in which Child Care Assistance Programs (CCAP) plays a role. As an economic support, CCAP contributes

to the parent's ability to work and pay the bills that meet the family's needs. One direct effect is represented by the money that is saved by the receipt of BSF Child Care Assistance that is subsequently available for other family needs. The amount of CCAP benefit paid on behalf of a child is a function of family income, family size, the number of children in care, and the cost of care being used, so it does vary by family. Child well-being as it relates to CCAP can be affected indirectly through the reduction of family stress through the financial support provided by the program, the support to parental employment, and the parent's ability to purchase quality child care that they might not otherwise be able to afford. Considerable literature describes quality child care as care that is reliable, stable, and promotes the child's development in various ways that have short- and long-term positive effects on academic outcomes. Better quality child care helps parents obtain and keep jobs since they are subsequently less stressed, more reliable employees.

Costs of Child Care

Whether or not child care is available to working parents is in good part a function of affordability, and there is evidence that many families are paying a high proportion of their earnings towards child care. Because child care costs are insensitive to the number of working parents in the family, single-parent families (having one wage earner) pay an average of 16% of their earnings towards child care costs, compared to dual-earner families who pay 7% (Giannerelli et al, 2001). A 2004 statewide survey of child care use in Minnesota found that families with the lowest incomes (those earning less than \$20,000 annually), paid a much higher percentage, around 28%. The study found that the average weekly cost for child care in Minnesota during 2004 was \$111 (Chase et al, 2005). A 2003 analysis of the affordability of child care arrangements based on family income in relation to state median income and the current price of care in the Minnesota market revealed that only .5% of centers and .8% of family child care would be affordable (within 10% of income) to families with incomes at 50% of the state median income.

Parental Employment and the Role of Child Care

Lack of child care is a factor in repeat welfare use among mothers who leave welfare (Mullan Harris, 1996) and child care stability has been shown to reduce worker absenteeism (Philips, 2004). A "good" job (characterized by whether the parent is satisfied with the job, whether the job is complex and a good use of their skills, or whether wages are sufficient) can influence the quality of the home environment, in turn influencing children's behavior (Moore et al, 1997; Menaghan et al, 1995; Jackson et al, 2000). Maternal employment at sufficient wage levels (more than \$7.50 per hour in a 1997 study) was associated with lower levels of behavioral problems in children. Behavior problems can affect school performance in the long-term and negatively affect cognitive development (Moore and Driscoll, 1997). There is evidence that the responses of children to changes in employment can vary as a function of age. The mental health of teens has been shown to improve with maternal entry into the work force and deteriorate upon loss of that employment or during frequent job disruptions. Negative psychological responses include increased conflict with parents, depression, and anxiety (Chase-Lansdale et al, 2003; Kalil et al, 2005). While the availability of child care may not appear to affect teens, it may affect

them indirectly if they have younger siblings that they are required to care for when their parents work.

Does Child Care Assistance Make a Difference for Parental Employment?

Studies of the relationships between child care subsidy programs and employment indicate that having help paying for child care may improve employment outcomes for parents. A 2002 study (using national data from the 1990 Survey of Income and Program Participation) found that single mothers with young children who received help paying for child care were 40% more likely to still be working after two years. Former welfare recipients fared even better with 60% more likely to be employed after two years if they received child care help than those who did not (Boushey, 2002). A three-state study of former TANF mothers who received child care subsidy showed a decrease in their likelihood of ending employment over a range of 25-43% (Lee et al, 2004).

Economics and Children

Until the last few decades, researchers were unable to clearly identify and articulate the exact mechanisms by which poverty was bad for children. Investment theory recognizes the material ability of families with sufficient resources to purchase the books, clothes, food, activities and other items that provide for a learning-rich environment. Poor families are less likely to be able to provide these resources. Family stress theory is built upon the premise that a parent's inability to adequately provide for and meet the needs of their children produces parental stress, anxiety, and depression. This impaired psychological state affects parent-child interaction and results in parental irritability, harsh punishment, withdrawal, or neglect. Using scales to measure economic pressure and financial stress researchers have repeatedly examined the indirect paths by which poverty and economic tension negatively affect child outcomes. Maternal depression resulting from economic stress is consistently found to contribute to poor self-regulation among teens, low cognitive ability in preschoolers, and overall poorer mental health among children. This was true across states, economic classes (including higher income families who lost significant income), and even across different international economic systems (Conger et al, 1992; Brody et al, 1994; Conger et al, 1995; Duncan et al, 1998; and Solantaus, 2004).

Economics, Child Harm and Self-Care

The relationship between economic hardship and child harm is also indirect. Many have acknowledged the over-representation of poor families in child protection systems and speculate that this is due to a degree of bias in communities, the visibility of families who are already known to public systems such as public assistance (welfare), or both. A Chicago study of 700 families who lost welfare income during 1995 showed that there was an increase in child welfare involvement of families in the wake of the loss of public economic support. Along with higher rates of domestic violence, children were supervised less often as parents went out in search of work, food, or because a previous child care arrangement was no longer affordable (Shook, 1999). Some have speculated that the rising costs of child care are directly responsible for increased rates of self care (Belsie, 2000).

In spite of the challenges to study, there is evidence that self-care can have serious negative consequences. An examination of children who were in a high category of self-care (11 hours per week) showed that they were 1.5 to 2 times as likely to score high on assessments of risk-taking, anger, family conflict, and stress compared to children who were in zero hours of self-care each week (Dwyer et al, 1990). Those who study older children frequently cite the high crime hours that occur after school as a primary reason to make safer, supervised time available to working families with pre-teens and older children (Juvenile Justice Bulletin, 1999).

Economics and School Outcomes

Education is another area of child development that is indirectly affected by economic stress and poverty. Research from the United Kingdom points to the social factors that make school an unpleasant place to be for poor children. This sense of separateness is magnified when young children whose families do not enforce regular school attendance are seen as engaging in “pre-criminal” (truant) behavior (Gleeson, 1994). A more recent American study revealed a similar dynamic of subtle yet important feelings among children with attendance problems in that they were picked on, they did not feel they fit in, and they had a hard time getting to school because of parental conflict (Campbell et al, 2005). Parents of young children with school attendance problems reported that they tended to forget about getting their children to school when they were preoccupied with money concerns (Zhang, 2003). In another examination of the school attendance problems of children it was revealed that a common reason for absenteeism was poor child health (Sutphen, 1996).

School attendance problems in young children are seen as a very strong predictor of future impaired school engagement and increased likelihood of having future attendance problems - a precursor to school drop-out. A retrospective study showed that high school dropouts began having attendance problems as early as first grade and that the child’s early home environment and early care giving were predictors of school engagement (Lehr, 2004). The multi-faceted nature of school attendance is examined in a review of the literature by Teasley (2004), in which several economic factors are associated with truancy, including socioeconomic status (which is related to the quality of the neighborhood and physical health of the child) and sometimes the need for students to remain home to care for younger siblings because parents cannot afford to pay for child care.

Child Care Quality

Quality care usually costs more and if there are insufficient resources in the community, there is a substantial decrease in the likelihood of finding high quality child care in the local market. If quality child care does exist, it may be out of reach for many families. Middle-income families may not have access to high quality care because they are not eligible for the child care subsidies that poor families can access, yet do not have high enough incomes to pay the full price of high quality care (Phillips et. al., 1994; Giannarelli et al, 2003; Ramey

and Ramey, 2000). The cost of child care is not a direct indicator of quality. However, it is a fair assessment to say that not all child care is of high quality and that higher quality care, when it is present in the market, tends to cost more. Conversely, not all cheap care is of poor quality, but a parent is less likely to be able to purchase high quality care for very little.

The role that child care plays in the outcomes of young children has been well researched. Longitudinal studies of children who received high quality care in early years have shown these children to have better cognitive, language, and behavior skills in later school years and even into adulthood (Peisner et al, 1999; Campbell et al, 2002; Schweinhart, 2004) and formal, more highly regulated care has been associated with better cognitive child outcomes (Yoshikawa, 1999). In an examination of the protective nature of child care for poor children who face family-based risk factors, high quality child care was consistently found to produce good child outcomes and poor quality care produced poor outcomes (Shonkoff et al, 2000).

Discussion

Generally viewed as a non-critical work support program, funding for Child Care Assistance has been buffeted about due to economic upswings and downturns and the variable attention quality child care and early learning has received from policy-makers, the media and advocates.

This variability has been evident in Minnesota as well as other states where child care funding is sometimes seen as a critical work support (as in the case of the passage of federal Welfare Reform) and other times as non-critical when lean budgetary times arise and states must balance budgets. This review of the literature on family investment and family stress theories has offered an overview of how CCAP might be viewed as just one of the complex set of factors that can influence family functioning and child well-being when young children require care. CCAP is best viewed as part of this dynamic whole rather than examined in isolation.

Because of this complexity, research on the contribution of CCAP towards the outcomes of children should control for as many other factors as possible beyond receipt of CCAP to determine the degree to which it does in fact play an important role in family stability and functioning (and ultimately, child well-being), as the literature implies. Research should, whenever possible, include nuances of family and personal experience since program data alone cannot accurately represent all contextual aspects of a family's experience. If research supports the relevant role of CCAP, the program may hold the potential to meet multiple needs in a complex family system – as an employment support as well as a support to family economic stability and access to child development resources – a significant benefit to working families and a relative bargain for tax payers.

Selected References for Additional Readings

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Potential Guest Speaker

Anita M. Larson

Anita joined the Center in early 2005 as the Minn-LInK Coordinator. The Minn-LInk project is a unique resource for students and faculty who want to do research on child welfare using administrative program data. Minn-LInK's objectives include informing policy, practice, and adding to current knowledge about how children and families are faring who use Minnesota systems. Current studies focus on adolescents and early disability

identification in young children. Prior to coming to the University, Anita worked for 16 years in direct human services practice, policy analysis and planning, and public and non-profit agency consulting. She has an MA in Human and Health Services Administration. Her office is in 212 Peters Hall and can be reached at 612-625-8169.