Federal Subsidies Critical to Low-Income Families Facing Rising Child Care Costs

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Average monthly child care expenses for low-income families, 2005 and 2011.

DURHAM, N.H. – Low-income families have been hit hard by the rising cost of child care in America, and federal child care subsidies are one of the most important ways to mitigate rising child care costs that, for some households, now represent more than a third of their annual income, according to new research from the Carsey Institute at the University of New Hampshire.

The new research is presented in the Carsey Institute policy brief “Child Care Subsidies Critical for Low-Income Families Amid Rising Child Care Expenses.” The research was conducted by Kristin Smith, family demographer at the Carsey Institute and research assistant professor of sociology at UNH, and Nicholas Adams, a research assistant at the Carsey Institute and a doctoral student in sociology at UNH.

“Child care represents a considerable expense for poor and low-income working families in America, regardless of location. Many low-income families depend on child care subsidies to maintain employment, but affordable, high-quality child care is also important to the well-being of our children. Because many working families struggle to make ends meet, child care assistance not only helps families pay the bills, but also provides an opportunity for child development for their children,” the researchers said.

The researchers found:
• Average monthly child care expenditures increased by 26 percent from 2005 to 2011 among families with employed mothers and children under the age of 6. This increase was evident in urban areas but not rural places.
• Across place, low-income families -- those living at or below 200 percent of poverty -- with children paid a larger percentage of family income on child care. For example, rural, low-income families paid 18 percent of their family incomes on child care, whereas urban families with higher incomes paid only 8 percent.
• Employed, poor mothers with child care expenses spent more than one-third of their incomes on child care in 2005 and 2011.
• Low-income families receiving child care subsidies had lower child care expenditures in 2005 and 2011 than did similar families who did not receive child care subsidies.

“With the looming threat of funding cuts, high child care expenses can become an even greater burden and affect more families. Maintain funding for the Child Care and Development Block Grant should be a strong focus of state and federal policy,” the researchers said.

This research relies on data from the Survey of Income and Program Participation collected in the spring of 2005 and spring of 2011 by the U.S. Census Bureau.

The complete Carsey Institute report about this research is available at http://carseyinstitute.unh.edu/publication/753.

The Carsey Institute conducts policy research on vulnerable children, youth, and families and on sustainable community development. The institute gives policy makers and practitioners the timely, independent resources they need to effect change in their communities. For more information about the Carsey Institute, go to www.carseyinstitute.unh.edu.

The University of New Hampshire, founded in 1866, is a world-class public research university with the feel of a New England liberal arts college. A land, sea, and space-grant university, UNH is the state's flagship public institution, enrolling 12,200 undergraduate and 2,300 graduate students.

GRAPHICS
Average monthly child care expenses for low-income families, 2005 and 2011
http://www.unh.edu/news/img/carsey/childcare1.jpg

Average monthly child care expenses among low-income families, by subsidy receipt, 2005 and 2011
http://www.unh.edu/news/img/carsey/childcare3.jpg

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