

# 2019 NSECE Snapshot: Child Care Cost Burden for U.S. Households with Children Under Age 5

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Of the 15.3 million U.S. households with children under age 5 in 2019, nearly 60% used non-parental child care and early education (CCEE) regularly<sup>1</sup>. For many of these families, affordability of CCEE is a key consideration. One key indicator of affordability is a household's **child care and early education cost burden**--the percentage of income that parents pay as out-of-pocket costs for regular child care and early education.

Nationally representative data from the 2019 National Survey of Early Care and Education (NSECE) allow us to calculate child care and early education cost burdens for all households with children under age 13. A household's CCEE cost burden includes its total expenditures on regular child care and early education for all children in the household up to age 13. Cost burdens can be analyzed for households with different characteristics, like ages of children and income.

## Overview of the Data

This NSECE snapshot examines child care and early education cost burdens for households that used regular CCEE and had at least 1 child under age 5 (0 to 59 months). Cost burdens are compared across 4 income levels (below 100% of the federal poverty level (FPL), 100-200% FPL, 200-300% FPL, over 300% FPL). Cost burdens include **all** CCEE expenses of the household for any child under age 13 (not just those for children under age 5). For example, for a household with a 3- and a 6-year-old, the costs for both children were added to calculate CCEE cost burden.

In the exhibit below (see next page), child care and early education cost burdens are reported in 5 levels, ranging from the lowest level ( $\leq 0\%$  cost burden, or "zero cost burden") where households had no out-of-pocket costs for CCEE, to the highest level ( $>20\%$  cost burden) where households spent over 20% of annual income on CCEE. Within the lowest (zero) cost burden level, 2 subcategories are shown based on type of provider: zero cost burden households using only individual providers (e.g., relatives, friends, family child care providers), and zero cost burden households using at least one organizational (center-based or other organizational) provider (e.g., Head Start).

## KEY TERMS

**Regular Child Care and Early Education** - non-parental child care and early education (CCEE) occurring at least 5 hours/week.

**Individual Provider**- paid or unpaid individuals (e.g. relatives, friends, family child care providers) that provide CCEE to 1 or more children in a home-based setting.

**Organizational Provider** - a center or other organization (e.g. after-school program, church) that provides CCEE in a non-residential setting.

**Child Care and Early Education Cost Burden** - % of household income spent on regular CCEE for all children under age 13.

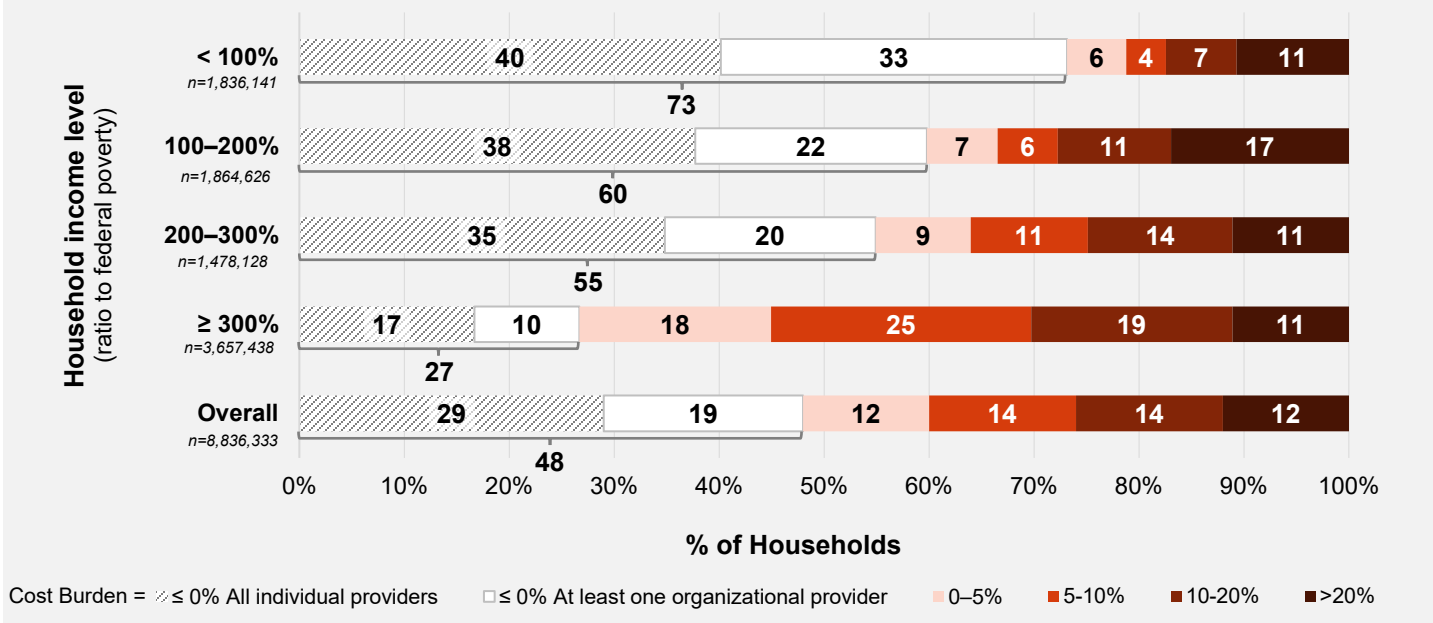
## Summary Findings

Overall, the data show that child care and early education cost burdens range substantially for households with different income levels. Also, while a majority of low-income households (below 100% FPL and 100-200% FPL) have no out-of-pocket CCEE costs, low-income households that do pay for CCEE experience widely varying cost burdens, with many spending over 10% of their incomes on CCEE. This variability signals that the factors driving households' CCEE costs may not be the same for all low-income households, which may be contributing to very different cost burden levels among economically insecure households with young children in the U.S.

<sup>1</sup>Source: National Survey of Early Care and Education (NSECE), 2019 Household Survey.

## Percentage of households that used regular child care and early education and had at least one child under age 5, in each cost burden level by household income level

Source: 2019 NSECE Household Survey



### What do the data show?

- ▶ **Many households rely on no-cost child care and early education.**  
 About half (48%) of all households with young children that used regular CCEE had no out-of-pocket costs (zero cost burden). Among households with zero cost burden, a majority (60%) used only individual providers compared with 40% using an organizational provider.
- ▶ **For households that do pay out-of-pocket for child care and early education, 26% incurred cost burdens over 10%.**  
 14% of all households spent between 10-20% of their income on CCEE, and another 12% of all households spent over 20% of their income on CCEE.
- ▶ **While the distribution of cost burdens differs by income level, there are households in all income levels spending over 10% of their income on child care and early education.**  
 Cost burdens greater than 10% are most prevalent for households in the 3 incomes groups above the poverty line (100-200% FPL, 200-300% FPL, and >300% FPL), affecting at least 25% of households in each of these groups.
- ▶ **Households below the poverty line (<100% FPL) are the most likely to have no out-of-pocket CCEE expenses, and also face high cost burdens when paying for CCEE.**  
 While 73% of households under 100% FPL had no out-of-pocket costs, another 18% of households below the poverty line incurred cost burdens in excess of 10%.
- ▶ **Households with incomes just above the poverty line (100-200% FPL) are the most likely to face cost burdens over 20%.**  
 17% of households with incomes 100-200% of FPL spent over 20% of their income on CCEE, compared to 11% of households in the other 3 income groups (above and below the poverty line).
- ▶ **When using no-cost CCEE, households below the poverty line (<100% FPL) are more likely to use an organizational provider than those just above the poverty line (100-200% FPL).**  
 Among households with zero cost burden, 33% of households under 100% FPL used an organizational provider compared with 22% of households with incomes between 100-200% FPL.