

Child Care Policy Research Consortium 2011
Session C2: Parental Perception of Child Care Subsidies

Title: Child care subsidy use in low-wealth, rural settings

Authors: Allison De Marco, Lynne Vernon-Feagans, and the Key Family Life Project Investigators

Background and Purpose. Child care subsidies allow low-income families to access care that enables employment or employment-related activities such as education and training. Research on subsidies has found positive effects for both employment (Blau & Tekin, 2007), job quality (e.g. Fuller et al., 1993; Tekin, 2005), and child development (Loeb et al., 2005). In this project we examine use of child care subsidies in a unique sample of families in rural, low-wealth communities, a population that has received limited attention in the child care literature. With a more thorough understanding of subsidy use in rural settings we will be better equipped to craft outreach, quality improvement efforts, and policies responsive to the realities of rural life.

Method. We use data from the longitudinal Family Life Project (FLP), a representative sample of predominantly low-income, nonmetropolitan families in North Carolina and Pennsylvania (n=1292), oversampled for African American and low-income families. Data was collected when the children were 6, 15, 24, and 35 months old. Extensive data was collected on demographics, economic well-being, child care participation, public assistance use, and information about maternal work experiences. Analysis of subsidy data indicated that many income-eligible families were not taking up child care subsidies. As a result we added a number of questions to the interim phone calls between major data collection points to learn why these families were not using subsidies.

Results. Approximately 70% of the FLP sample was income-eligible for child care subsidy at each time point and yet only 23-33% took-up subsidies. In bivariate analysis, compared to the income-eligible who did not use subsidies, families who were income-eligible and using subsidies were more likely to be employed and worked more jobs at all time points, at 24 months they worked more hours, received higher pay, and reported lower job satisfaction, and at 35 months their jobs were less self-directed. Based on the phone call data, almost 70% of the FLP families were aware of the availability of subsidies to help pay for child care and most had learned about the program through the Department of Social Services or from family and friends. Among those who were ever income-eligible for subsidy most did not take up the benefit because they did not use child care (52%), did not think they were eligible (28%), held personal beliefs that prevented them from taking up subsidy (2%), were placed on the waiting list and never got a slot (7%), or for other reasons (11%). Personal beliefs included not trusting others to provide care, feeling embarrassed to see if they qualified, and preferring their child to be with a parent/relative. Other reasons for not using subsidies included receiving free care from relatives, hearing there was a long waiting list and deciding not to bother, feeling it was too much hassle, and using a provider who wouldn't accept subsidies. More families in North Carolina, a greater proportion of whom were African American, were ever income-eligible for subsidy, 87% compared to 71% in Pennsylvania. More of these NC families also took advantage of subsidy benefits. Fewer PA families were ever on waiting lists for subsidy, 12% vs. 36% in NC. Waiting list stays were also much longer in North Carolina, over 35 weeks in NC compared to less than 12 in PA.

Conclusions and Implications. Child care subsidies are a crucial support for employment among the working poor, yet few were receiving the services for which they were eligible in the FLP. There is evidence in the FLP that the use of subsidies is beneficial to the work experiences of poor, rural mothers who are able to work more hours and earn higher incomes than their counterparts who do not take up

subsidies. However, their work experiences continue to be challenging, characterized by lower job satisfaction and low levels of self-direction. Outreach is needed to improve subsidy take-up rates as well as additional funding to lessen wait list stays. Further, although we didn't directly assess stigma, it has been shown to limit participation in means-tested government programs, like child care subsidy (Moffitt, 1983). Stigma is produced by the ways such programs are implemented, including negative interactions with case workers and long wait times (Stuber & Schlesinger, 2006). Efforts should be made to address these shortcomings in the system.