

Child Care Assistance That Meets the Needs of All Poor Working Families

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In the United States, the safety net for poor families is largely conditioned on work. This makes child care critical. [Research](#) shows that more child care assistance would benefit poor families by increasing maternal employment and reducing economic hardship. But even if government spending were increased, the current system of child care subsidies may not serve all poor families well, especially those who work outside of normal business hours (“nonstandard schedules”).

A dialogue about the best way to deliver child care assistance to poor families is important. And while several reforms are possible, refundable child care tax credits may be most effective at targeting poor working families with more child care resources..

In order to work, poor families must find someone to care for their child at no cost (like a relative), find resources to pay for it, or forgo work altogether. Forgoing work is often not possible nor desirable. And finding stable, full-time child care at no cost can be difficult.

U.S. Census [data](#) shows that almost half of mothers with a child under five pay for child care. Yet, many poor families don’t get help. According to federal [data](#), only 41 percent of poor children (with family income below poverty level) received child care assistance in FY 2011.

Currently, child care assistance for poor families involves subsidies paid directly to families, which they can use to partially pay for child care. Through the Child Care Development Fund (CCDF), the federal government provides block grants to states. States combine federal dollars with their own money to administer assistance. In FY 2014, state and federal child care funding totaled \$8.4 billion and covered 1.4 million children in the average month. A child care tax credit is also available to working families, but because it is not provided unless income taxes are owed, poor families do not benefit from it.

One problem with the current system is how it serves workers with nonstandard schedules, which make up a sizeable portion of poor workers. According to [research](#) by Maria Enchautegui and colleagues at the Urban Institute, almost one-third of working mothers in poverty work a nonstandard schedule. This can influence receipt of child care assistance. In a recent [study](#), I found that those working nonstandard hours were less likely than those with standard hours to receive child care assistance; a relationship that was entirely due to less use of day care centers.

This finding was unsurprising since research shows that families who receive child care subsidies primarily use them at day care centers ([72 percent](#) of CCDF children received care in a center in FY 2014). And nonstandard hour workers are less likely to use day care centers because centers typically don’t operate outside of normal business hours.

Higher use of day care centers among CCDF families might simply reflect the fact that subsidies make centers more affordable. But state implementation may also play a role. Informal providers that offer flexible care (such as babysitters, friends, and neighbors) may find it difficult to accept subsidies due to regulations, and some states may not allow subsidies for informal care at all.

Several ideas have been proposed to address this issue. One is to ensure that states license and regulate providers that offer care during nonstandard hours. CCDF reauthorization in 2014 encouraged states to do as much; a difficult task that the law does not require or hold states accountable for doing. And new health and safety requirements included in reauthorization may have the unintended consequence of actually making it harder for informal providers to offer subsidized care.

Another potential solution is to legislatively mandate that employers use fair scheduling practices as a way to help workers with child care arrangements, such as offering more predictable hours and flexible schedules. It’s difficult to imagine what this might look like in practice, and it runs the risk of employers

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discriminating against hiring women. And even if implemented, it's unclear whether fair scheduling would help nonstandard hour workers gain more access to child care assistance, since they would still need off-hour care.

Instead, we may need to recognize that not all families can be served well by CCDF. CCDF may be better suited to provide quality, subsidized care for children at a day care center. For poor workers (including many nonstandard hour workers) who find that day care centers don't meet their needs, expanding and making refundable the child and dependent care tax credit, for example, may offer a better alternative.

Given that the social safety net in America is primarily built on work, child care for poor families is critical. Finding ways to provide more child care assistance targeted at poor working families, such as a refundable tax credit, is equally essential.

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