



RESEARCH BRIEF #54

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The U.S. Child Care Subsidy Program Is Underused but Well-Positioned to Promote Racial Equity

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Child care is expensive and difficult to find, especially for infants and toddlers.¹⁻³ In Virginia in 2019, the annual cost of center-based care for an infant was \$14,778, or 47% of the median income for a single-parent household.⁴ Compared to their higher-income peers, children from lower-income families are less likely to attend center-based early care and education arrangements, which tend to be more expensive but provide more stability and are of higher average quality than home-based arrangements. This contributes to further disparities in school readiness and later outcomes.¹

Many low-income working families are eligible for subsidies that help pay for child care. In 2018, state and federal governments spent \$10.3 billion on child care subsidies to serve an average of 1.9 million children each month, with most subsidies in the form of portable vouchers that can be used for child care of a family's choice. Child care subsidies have a range of benefits for families that receive them, including increased parental employment and the increased likelihood of using regulated and center-based care.⁵⁻⁷ Nationally, however, only about 15% of eligible children (by federal rules) received them in 2018, and child care participation rates vary by age, race and ethnicity.⁸ Poorer children, those younger than 6, and non-Hispanic Black children were more likely to receive subsidies relative to their slightly higher-income, school-age, or non-Hispanic White, Hispanic, and Asian counterparts.⁸ Recent research has highlighted concerns of racial equity in the existing systems for applying for and receiving child-care subsidies.¹⁰

This study uses administrative data from the Commonwealth of Virginia to document how child care subsidy participation varied by age and race/ethnicity in 2019.

KEY FINDINGS

- Children are least likely to receive subsidies when they are infants and toddlers, despite infant/toddler care being the most expensive form of care and highly important to development in the first 3 years of life.
- Non-White children are more likely to receive child care subsidies than White children, suggesting subsidies may help promote racial equity in access to affordable child care.

Infants and Toddlers Are Least Likely to Receive Subsidies

As shown in Figure 1, only 12% of children participating in the child care subsidy system in Virginia in 2019 were under the age of 2, despite the high expense of child care during the infant and toddler years. A large share of subsidy participants (38%) were school-aged (6 to 17 years old) and received subsidies to support before/after school and summer care. Approximately equal proportions of participants were 2 to 3 years old (25%), or 4 to 5 years old (24%; preschool aged), with each of these age groups containing about twice as many participating children as those under 2 years of age.

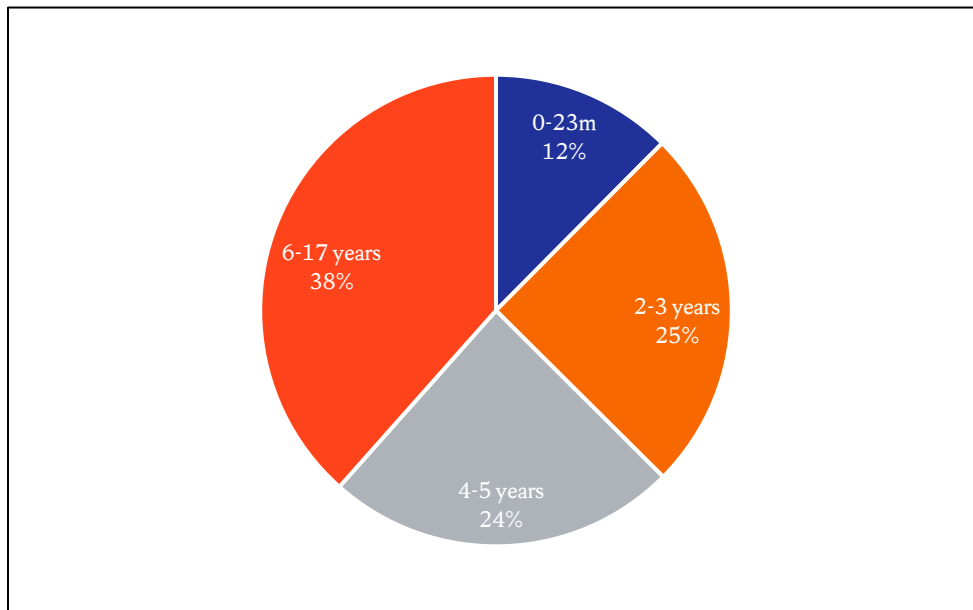


Figure 1: Age Distribution of Child Care Subsidy Participants

Data Source: Virginia Longitudinal Data System, N=30,034; 2019

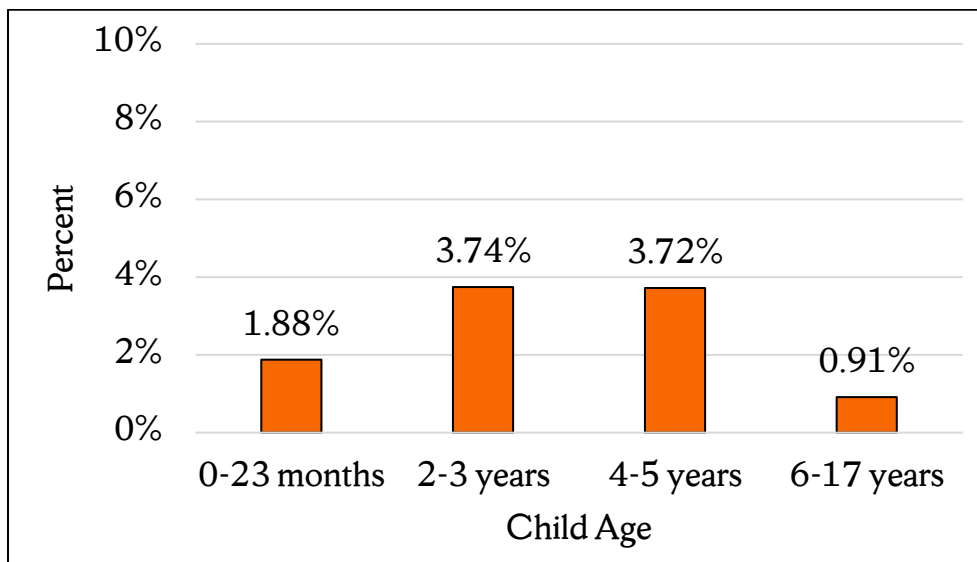


Figure 2: Percentage of Total Virginia Children Receiving Child Care Subsidies by Age

Data Source: Virginia Longitudinal Data System (N=30,034) & U.S. Census Bureau (N=419,602); 2019

Similarly, the child care subsidy program reaches fewer total Virginia children under age 2 than those aged 2 to 5. As shown in Figure 2, only 2% of infants and toddlers in the state received subsidies in 2019 compared to 4% of children aged 2 to 3 and 4 to 5. Less than 1% of children aged 6 to 17 participated in subsidies. Across all ages, subsidy participation rates were very low, even when considering eligibility requirements for subsidies.

Non-White Children Are More Likely to Receive Subsidies

We find child care subsidy participation patterns by child race and ethnicity in Virginia are similar to those found nationally. As shown in Figure 3, about 8% of non-Hispanic White children aged 0 to 5 who were enrolled in any Virginia Department of Social Services (DSS) program available to low-income households received subsidies in 2019, the lowest of any racial/ethnic category. This is compared to 16% of non-Hispanic Black children, 11% of Hispanic children, and 10% of children of other racial or ethnic groups of the same age. Among children aged 0 to 5, the child care subsidy program reached about 2.5 Hispanic or non-White children for every one non-Hispanic White child in 2019. These racial and ethnic participation differences were larger among school-age children, where we found that child care subsidies reached about three Hispanic or non-White children for every one non-Hispanic White child in 2019.

Previous research suggests that Black children are more likely to live in low-income households¹¹ and to enroll in center-based settings than their peers,⁹ both of which may drive a greater financial need for subsidies.

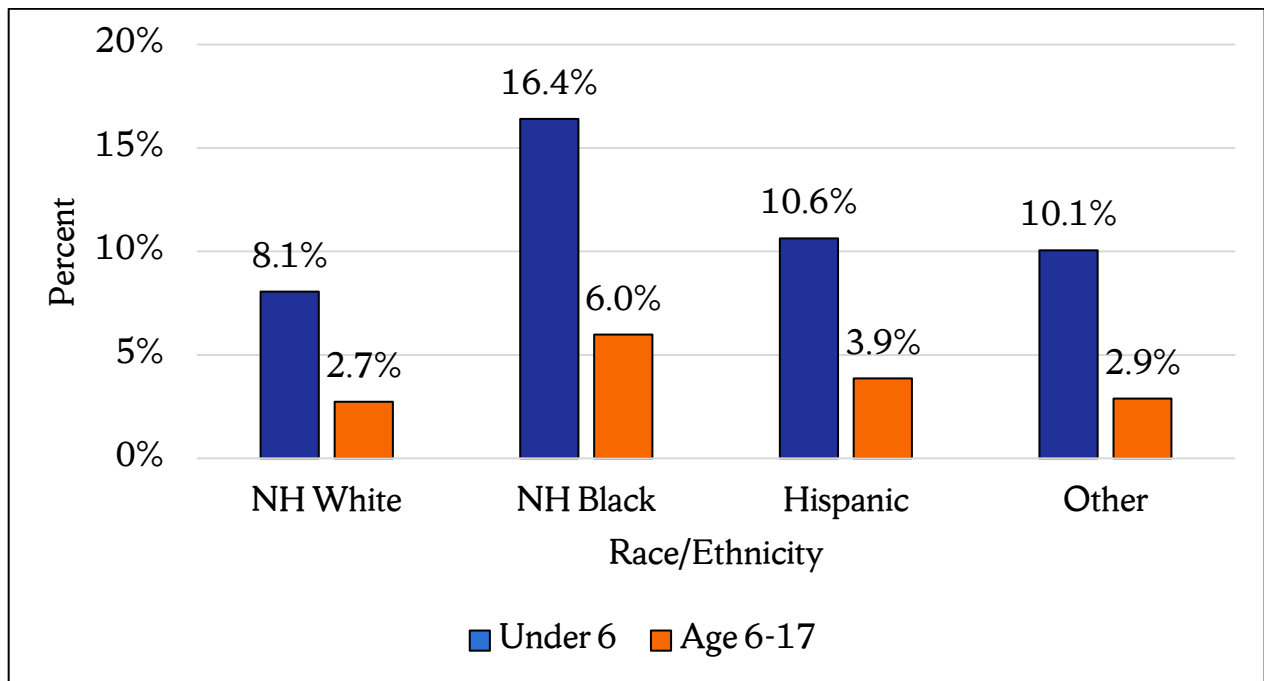


Figure 3: Percentage of Virginia DSS Children Receiving Child Care Subsidies by Race/Ethnicity

Data Source: Virginia Longitudinal Data System, N=419,602; 2019

The Child Care Subsidy Program Needs Further Investment

Research increasingly demonstrates the importance of the first years of life in promoting later life health, education, and economic outcomes.^{12,13} High-quality early care and education experiences can support young children's development, reduce disparities in health and achievement, and improve parental labor force participation.^{1,14-16}

Our findings suggest that the child care subsidy program reaches a diverse group of families but few very young children. Its low enrollment relative to its need demonstrates considerable room to expand coverage. Policies currently being debated, such as the American Families Plan and the Build Back Better Act, would substantially increase federal investment in child care, reaching more low- and moderate-income families and supporting the recovery of families and the child care sector in the wake of the COVID-19 pandemic. Policymakers should continue working to expand the subsidy system with attention to racial equity in access to and participation in various child-care options.¹⁰

Data and Methods

Data on child-care subsidy receipt and social service program participation comes from the Virginia Longitudinal Data System. Virginia population data comes from the U.S. Census Bureau.

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