High-quality, nurturing, and affordable child care is essential to support children and their parents. A large body of evidence demonstrates the importance of high-quality early environments as critical determinants of school readiness, cognitive and social outcomes, and later educational and career success for children living in low-income households.
High-quality, nurturing, and affordable early education and care (henceforth: child care) is essential to support children and their parents. A large body of evidence consistently demonstrates the importance of high-quality early environments as critical determinants of school readiness, cognitive and social outcomes, and later educational and career success for children living in low-income households.1-3 High-quality child care is also critical to enable parents to work and/or further their education, as parents want to know their child is safe and nurtured while in the care of others. However, high-quality child care, especially for infants and toddlers, can be difficult to access for a variety of reasons. For many families, the interrelated barriers of cost, location, hours, and availability of high-quality child care may restrict parents’ ability to pursue work, training, and/or education — a condition referred to as “child care constraints”.4,5

Lack of access to high-quality, affordable child care — a perennial concern of many parents — is increasingly gaining political traction among policymakers and the media. A recent national poll reported 71 percent of parents experience challenges finding quality, affordable child care, independently of their income level.6 For those with children under five years old, this increases to 83 percent.6 Given the growing public will to address child care quality and cost, this report examines data collected by Children’s HealthWatch at the frontlines of pediatric care to give us insight into the profile of families using informal compared to center-based care as well as the health and financial impact of experiencing child care constraints. Based on the research results, we suggest policy solutions to improve access to high-quality child care for young children, particularly for those from families with low incomes.

When we examined barriers to accessing care, we found that families experiencing child care constraints had worse child and parent health as well as multiple family hardships, including difficulty affording food, utilities, and housing, than those without child care constraints. These findings indicate the need for multi-faceted policy interventions and public investment that address multiple barriers to accessing child care, while promoting high-quality care across settings and sustainable pay for child care workers.
Barriers to child care impact the health and financial stability of families

Research has shown that a child’s early years are the most important for brain development. Over 90 percent of lifetime brain growth occurs during this period, making it a critical time to focus on developmentally appropriate skills, including language, communication, social, and emotional skills. High-quality child care supports growth and development during this critical period while also keeping young children safe and healthy. Despite this evidence, free public early education and care is not available in the U.S., with some exceptions in local school systems, until a child enters kindergarten after age 5. While the cost of child care varies by age, setting, and geography, national data show families making the state median income would have to spend on average 18 percent of their income on child care for an infant, and 13 percent of their income on child care for a toddler. This cost burden is even higher for families with multiple children. For those with lower incomes, these proportions would be even higher. In 2018, the cost of child care in three out of four U.S. regions — Midwest, Northeast, and South — consumed the greatest proportion of household budget compared to other expenses, including housing, college tuition, transportation, food, and healthcare. Financial instability and hardship related to these stressors can negatively impact health, as families are forced to make budget tradeoffs between basic needs. Given the impact child care has on the budgets of families with moderate incomes, it is highly likely this trend is exacerbated among families with low incomes.

Cost is not the only barrier. Licensed high-quality child care can also be geographically limited and/or mismatched with the hours or schedule of care needed. This is particularly true for families with low incomes that face
transportation barriers and/or work jobs with inconsistent or atypical work hours. Due to the mismatched hours and limited locations of child care, many parents are compelled to limit career or education aspirations in order to care for their child. Data indicate that in 2016, nearly 2 million parents either quit a job, did not take a job, or changed their job as a result of problems getting child care. Another study conducted in 2018 demonstrated that 77 percent of parents of children under five experienced negative career impacts (such as passing up a job or promotion, working fewer hours, or not being able to pursue new skills) due to child care considerations. This sacrifice may place families at risk for poor health outcomes, as they are unable to consistently participate in the workforce or attain higher levels of education or training that lead to higher paying jobs, both of which are tied to lifetime earning potential and positive health outcomes.

High-quality child care is associated with better health outcomes and higher educational attainment, but it is currently not available to all

High-quality child care plays an important role in offsetting the adversity and hardship often experienced by families with low incomes, who are disproportionately families of color. However, despite evidence and widespread recognition of the critical role of high-quality early child care, less than half of low-income children have access to high-quality programs — due to constraints such as cost, location, and hours — that could dramatically improve children’s development and future opportunities. Research indicates that children who receive high-quality early childhood care and education have improved math, language, and social skills as they enter school, require less special education, attain higher levels of education, have higher earnings, and have fewer interactions with the justice system. These all have immediate and lifelong implications for the child’s health and well-being, as well as the health and financial stability of the larger community.

Family characteristics differ by child care setting

Child care arrangements and the reasons some families opt for one setting over another varies. While some parents may prefer for their infant or young child to be cared for by a family member, for other families, inability to access early education in formal, licensed settings, means parents need to find alternative solutions — this is often informal care in a family member, friend or neighbor’s home, known as “Family, Friend and Neighbor Care” (FFN). While formal child care centers are required to conform to state or other standards of care, FFN are not, which may result in wide variation in the quality of FFN. Despite the high prevalence of FFN, little research exists that describes characteristics of families who use FFN. In order to promote high-quality environments that foster children’s growth and development regardless of setting, it is important to understand key characteristics of families that utilize FFN and formal care, in order to effectively advocate for appropriate strategies that promote quality of care.

Unlike children who attend center-based care, children in family, friend and neighbor care are hard to track and study given the informality of these settings. The Children’s HealthWatch dataset, therefore, provides a rare opportunity to understand the characteristics of families whose young children are in various child care settings. Children’s HealthWatch, a pediatric research and public policy network, interviews primary caregivers of young children receiving medical care in urban hospitals in 5 US
cities — Baltimore, MD, Boston, MA, Little Rock, AR, Minneapolis, MN, and Philadelphia, PA. Caregivers — overwhelmingly parents — reported on family demographics, child and parent health status, family material hardships, public program participation, as well as the type of child care they used, if any, child care subsidy receipt, and their ability to access child care. Between 2003 and 2018, 18,498 parents of children ages 6 weeks to 48 months utilizing FFN or center-based care were interviewed. Parents who cared for their child at home were not included in this sample. In order to better understand the hard-to-study population of families using family, friend, and neighbor care compared to those in formal child care centers, families were categorized into three groups — those using relative care (relative who lives in parent’s house, relative who lives in another house), non-relative care (friend, neighbor, sitter, nanny), or center-based care. Among the sample of 18,498 parents, 43.6% used relative care, 8.4% used non-relative friend or neighbor care, and 48% used center-based care.

We examined demographic differences between families of children in each of these settings and found the groups differed significantly along several dimensions. Findings are demonstrated in the graphic on the following page.

**DEFINITIONS**

**Child care constraints:** When difficulties obtaining child care inhibit parents’ ability to work and/or further their education

**Household food insecure:** When families lack access to enough food for all members to lead active, healthy lives because of insufficient family resources

**Child food insecure:** When children experience reductions in the quality and/or quantity of meals because parents can no longer buffer them from inadequate household food resources

**Energy insecure:** When families have limited or uncertain access to enough home energy (e.g. heat, electricity) to sustain a healthy and safe life

**Unstably housed:** When families experience one or more of the following: being behind on rent in the past year, moving twice or more in the past year, or experiencing homelessness during the child’s lifetime
# Child Care Settings

## Demographic and Socioeconomic Characteristics

### Overall Sample

- **Parents have post-high school education:**
  - Parents: 40%
- **Age of Child:**
  - < 1 year: 21%
  - 1 - 2 years: 34%
  - 2 - 4 years: 35%
- **Parents employed:**
  - 74%
- **Parents married or partnered:**
  - 27%
- **Families have child care subsidy:**
  - 37%

### Relative Care

- **Parents have post-high school education:**
  - Parents: 35%
- **Age of Child:**
  - < 1 year: 37%
  - 1 - 2 years: 34%
  - 2 - 4 years: 29%
- **Parents employed:**
  - 78%
- **Parents married or partnered:**
  - 27%
- **Families have child care subsidy:**
  - 5%

### Non-Relative Care

- **Parents have post-high school education:**
  - Parents: 33%
- **Age of Child:**
  - < 1 year: 37%
  - 1 - 2 years: 31%
  - 2 - 4 years: 33%
- **Parents employed:**
  - 91%
- **Parents married or partnered:**
  - 38%
- **Families have child care subsidy:**
  - 7%

### Center-Based Care

- **Parents have post-high school education:**
  - Parents: 40%
- **Age of Child:**
  - < 1 year: 25%
  - 1 - 2 years: 34%
  - 2 - 4 years: 41%
- **Parents employed:**
  - 68%
- **Parents married or partnered:**
  - 24%
- **Families have child care subsidy:**
  - 65%
CHILD CARE CONSTRAINTS LINKED TO POOR HEALTH AND FINANCIAL INSTABILITY

Using the same core dataset but exploring a different and complementary research question, Children’s Health-Watch conducted a second analysis to more deeply understand the barriers that some parents might be experiencing with obtaining child care for their young children. Between 2003 and 2018, 17,865 parents of young children were interviewed. Children less than 6 weeks old, those with current or past participation in Early Intervention, and those participating in Supplemental Security Income (SSI) were excluded from analysis. Parents who cared for their child at home were also excluded. This analysis focused on parents’ answers to a question asking if problems getting child care made it difficult for them to work or study — a condition referred to as child care constraints.

In this sample, 23.4% of parents indicated a current experience of child care constraints. Non-white parents had higher rates of child care constraints compared to white parents. Households that experienced child care constraints had slightly lower average monthly incomes ($1,549/month compared to $1,721/month). These equate to annual household incomes of approximately $18,600 and $20,700. Families with a child care subsidy were less likely to experience child care constraints (27.1% compared to 72.9%). This indicates the protective role child care subsidies may play in mitigating child care constraints.

Of those who experienced child care constraints, 35.2% were unable to work or work additional hours, 6.4% were unable to attend classes, and 23.6% were constrained in both their work and studies. These results highlight the role that child care access may play in workforce participation.

Results showed that children in families experiencing child care constraints had worse health outcomes compared to those in families not experiencing child care constraints. The impacts of child care constraints also extended to adult health and household material hardship.
THE EXPERIENCE OF CHILD CARE CONSTRAINTS
— ADVERSELY IMPACTS HARDSHIP OUTCOMES, MATERNAL & CHILD HEALTH —

FAMILIES WITH CHILD CARE CONSTRAINTS

- Unstably housed
- Energy insecure
- Child food insecure
- Household food insecure
- Maternal depressive symptoms
- Parent fair/poor health
- Child developmentally at risk
- Child fair/poor health

FAMILIES WITHOUT CHILD CARE CONSTRAINTS

Odds of adverse outcomes

Parent fair/poor health: 1.57x
Child developmentally at risk: 1.6x
Child fair/poor health: 1.43x

PARENTS OF COLOR
— AT HIGHER RISK OF EXPERIENCING CHILD CARE CONSTRAINTS —

Parents who identify as non-Latinx Black: 1.21x
Parents who identify as Latinx: 1.23x
Parents who identify as other races/ethnicities: 1.38x
Parents who identify as non-Latinx white
Children, parents, and entire households were harmed when families experienced child care constraints

Compared to similar young children in families who did not experience child care constraints, young children in households that experienced child care constraints were:

- 43% more likely to be in fair/poor health
- 60% more likely to be developmentally at risk
- Twice as likely to be child food insecure

Compared to similar parents of young children who did not experience child care constraints, parents of young children in households that experienced child care constraints were:

- 57% more likely to be in fair/poor health
- 84% more likely to experience maternal depressive symptoms

Compared to similar families that did not experience child care constraints, families experiencing child care constraints had elevated risk of other hardships, and were:

- 127% more likely to be food insecure
- 84% more likely to be energy insecure
- 34% more likely to be unstably housed

Families of color were more likely to experience child care constraints

Compared to their non-Latinx white counterparts, parents of other races/ethnicities were at a greater risk of experiencing child care constraints:

- Non-Latinx Black parents were 21% more likely to experience child care constraints
- Latinx parents were 23% more likely to experience child care constraints
- Other races/ethnicities (non-white) were 38% more likely to experience child care constraints
CHILD CARE CONSTRAINTS HAVE A RIPPLE EFFECT ON FAMILY STABILITY, HEALTH, AND PARENTAL EMPLOYMENT

Barriers to accessing quality child care, particularly for families with low incomes, impact parents’ ability to work or further their education. Although many parents choose to stay home with their child and thus do not experience child care constraints, when a parent cannot work or attend classes as desired the entire household may suffer.

Child care is a public good that requires adequate public investment to meet the needs of millions of families facing child care constraints.

Public investment in the Child Care and Development Block Grant (CCDBG), Head Start, and Early Head Start creates opportunities for families across the country to access high-quality, affordable child care. Federal and state investment in these critical programs, however, is currently inadequate to meet the needs of families, particularly those with low incomes. Because child care subsidies and other early care services for families with low incomes are not entitlements like some other government assistance programs, the level of appropriated funding dictates the number of families that are able to access assistance. While the 2014 reauthorization of CCDBG highlighted the significant need and political will to focus on child care safety and quality improvement, it failed to provide sufficient funding to help states meet this need and provide child care assistance to all eligible families. In 2018, Congress authorized a long-overdue funding increase of CCDBG. However, few of these funds were dedicated to expanding the subsidy program. Despite the large injection of money, CCDBG remains underfunded with appropriated funds still $1 billion below FY2001 levels, after adjustment for inflation. This severe underfunding, in concert with ongoing population increases, demonstrate a strong need to increase appropriations to CCDBG. In addition, it is vital to push for state prioritization of the child care subsidy program — in addition to quality improvement and increased child care worker pay — to adequately address the reality of need. Research shows that child care workers who are better paid stay in jobs longer and are less stressed. As a result, they form stronger relationships with the children they care for, which in turn contributes to the child’s health and development. There is an opportunity to address this gap in access to quality, affordable care and adequate pay for workers through sustained, increased public investment.

In addition to CCDBG, public investments in Head Start (ages three to five) and Early Head Start (ages zero to three) can support the child care needs of low-income families. However, these programs similarly remain underfunded. Furthermore, publicly funded formal child care programs tend to only offer half or full day schedules within traditional working hours, and thus do not fit the needs of many working families, most particularly those working jobs with fluctuating or nontraditional work hours — common occupations of many families with low income.
Quality care is achievable in the FFN setting through targeted outreach and availability of comprehensive services and resources

Unlike formal child care settings, guidelines and standards for quality care in FFN have not yet been explicitly established, in part due to the difficulty of identifying children and families using such care. However, many communities have begun to organize free resources and activities that promote safe, nurturing environments and child development, such as safety materials, playgroups, and story time groups designed specifically for FFN providers and children. While many parents using informal care seek out these resources, the difficulty of engaging an undefined group of parents and providers who are not part of one unified system should be recognized. Understanding the FFN audience, and how they self-identify, is critical to effectively reach and engage these populations to support the quality of care. The descriptive findings from our study begin to fill this gap in knowledge by describing key characteristics of parents that utilize FFN. These findings may be used to inform tailored outreach and continued evaluation and identification of FFN utilizers and strategies to best engage them and leverage existed trusted community partners and institutions.
The policy recommendations detailed below require increased public investment at the federal and state level to meet ongoing needs, support the financial stability of families, providers, and child care workers, and improve child and family health. These include sustainable upstream investments and solutions, as well as incremental improvements that will address barriers families face now. We recommend the following:

1. **Place family voices at the center of policy discussions on ways to improve early education and care policies.**
   Recognizing that families are the experts in deciding the child care options, costs, hours, and availability that work best for themselves, ensuring they are at the table in policy discussions is critical for enacting policies that respond to their realities.

2. **Provide universal access to high-quality child care beginning in infancy and eliminate the child care subsidy waitlist.**
   Public universal early care and pre-k, starting at birth, will offset financial burden and improve health and economic outcomes across the lifespan. Furthermore, it will eliminate the cost barrier that contributes to child care constraints families face. Other high-income countries that have implemented expansive access to child care and/or universal subsidies, such as provinces of Canada and the Scandinavian countries, have seen significant health and economic improvements for parents and their children as well as “spillover benefits” for society. Research shows universal access to high-quality child care is associated with increases in parent workforce participation and children’s adult outcomes including health, wealth, and labor contribution.” 20,21

3. **Increase public investment in Head Start and Early Head Start programs.**
   Through federal investment, Head Start/Early Head Start provides premiere, high-quality care to income eligible families, as well as comprehensive services that effectively support the health and well-being of entire households. However, despite extensive research indicating the success of the program, inadequate funding limits the number of families able to participate, and the daily hours of care provided are not adequate to support parental work hours. Furthermore, Head Start programs are facing a workforce crisis, challenged to fill classrooms with qualified educators and retain educators given low salaries. With increased funding, Head Start programs could more sustainably and adequately compensate child care workers, offer access to additional families currently on the waitlist, and, ideally, expand hours of care.

4. **Increase public investment in CCDBG in order to expand availability of child care subsidies, improve quality of care, and offset provider costs.**
   Funding for early child care programs has failed to meet need, limiting families’ ability to access affordable, high-quality, and appropriate care that meets their needs and preferences. Through adequate investment in CCDBG — the major federal funding stream for child care assistance and quality...
improvement — families will be more able to access affordable, high-quality, and appropriate care that meets their needs and preferences. In addition, increased funding directed to child care providers through quality improvement initiatives will offset the high cost to provide child care and pay qualified early child care workers a livable and competitive wage.

5. **Update child care subsidies to match the true cost of providing child care.**

The true cost of providing quality formal child care includes minimum state licensing standards, quality compliance and improvement, and workforce pay. However, child care subsidies are insufficient to cover these costs; currently, child care subsidies only meet the average cost of care in three states.\(^\text{22}\) As a result, providers may accept subsidies below the actual cost of care they are providing to ensure spots are filled, or, conversely, might not accept subsidies because the amount they receive would not sustainably cover the true cost of care and compensation. Updated child care subsidies that match the true cost of care will help to alleviate cost burden of the provider, and may enable them to more sustainably meet quality and licensing standards while providing competitive and adequate pay to workers. This approach may also expand the capacity of providers to accept more subsidies, and thus increase availability of care, providing more options for families to fit their needs and preferences. These changes, in concert with other opportunities to ensure the child care workforce is adequately compensated, are necessary for the wellbeing of both providers and the children for whom they care.\(^\text{23}\)

6. **Limit co-payment fees for child care subsidies to no more than 7 percent of families’ income for families with incomes above 100 percent of the federal poverty line, and eliminate the co-payment fee for families with incomes below 100 percent of the federal poverty line.**

Although child care subsidies significantly offset the cost of child care for eligible families, the copayment requirement can still place a financial burden on low-income families. Capping child care subsidy copayments at 7 percent of families’ income for those above 100 percent of the poverty level is in line with the Department of Health and Human Services recommendation for affordable child care, and can alleviate some of this financial burden. For families with extremely low incomes below 100 percent of the poverty line, the child care subsidy copayment should be eliminated altogether in acknowledgement of the limited budgets and resources available to these households.

7. **Ensure availability of comprehensive services and resources for families that utilize informal care, such as FFN.**

Provision of funds to help communities offer free resources and activities that promote safe, nurturing environments and healthy child development are essential for ensuring quality care across informal child care settings. These resources and opportunities should be tailored to meet the need and capacities of identified informal care utilizers, and leverage trusted, existing community partnerships and institutions to increase their uptake.
8. **Simplify the child care assistance application and recertification process to increase usage and continuity of care arrangements.**

Often eligible families do not apply for or recertify their child care subsidy due to confusing processes and extensive administrative burden. Given the importance of continuity of care for child social, mental, and physical development, this places children at risk for poor health and educational outcomes. Simplifying the application and recertification process and linking subsidies with other benefit programs will create more efficient systems and support families. Furthermore, establishing more flexible authorization approaches for families with fluctuating work hours would promote continuity of care and ease of program participation.

9. **Implement a more gradual decline in child care assistance benefits that avoids an abrupt reduction or loss of subsidy and provide a smooth off-ramp for families in the workforce.**

When families increase earnings and therefore move above income eligibility, they can quickly be cut off of child care assistance. This abrupt loss of benefits as a result of increased earnings — known as the cliff effect — can prohibit families from accepting a raise, taking a higher paying job, or working more hours, and thus discourages economic growth and mobility. Furthermore, when families abruptly lose assistance, they do not have adequate time to adapt to new income realities, and may report serious child care constraints and inability to afford care or other basic needs. To address this, longer phase-out periods should be implemented to support stability and continuity of care while parents adjust to new incomes and budgets.

10. **Establish paid parental leave for a minimim of twelve weeks or more for all working parents.**

Taking leave from work following the birth or adoption of a child has significant short- and long-term maternal and child health benefits. While all employees are entitled to parental leave by law, this is typically unpaid time away from work, and therefore is often not a realistic option, particularly for families with low incomes. To support working families, it is essential that paid parental leave is made available regardless of tenure in their position and number of employees hired by their employer. This will eliminate risk of hardship and financial instability due to suspended pay, and promote positive health outcomes for parents and their child.

**FUTURE RESEARCH**

Future research should analyze access to child care for particularly at-risk populations and communities, such as children with special health care needs and areas with limited access to child care, and utilize a racial equity framework to ensure policies adequately target those most impacted by poverty and child care constraints. Future research should also take a longitudinal approach to analyze the long-term health impact of child care access, and continue to identify characteristics of parents that utilize informal care versus formal care, and potential differences in child behavior/development for children in FFN vs center care.

This research indicates the role child care subsidies may play in mitigating child care constraints. Future research should investigate this role more substantially to inform policies and funding streams associated with subsidies.
Quality child care in early childhood is essential for the healthy growth and development of children. Families choose various settings that best fit their needs and preferences, including informal FFN care. To ensure quality across settings, it is essential that tailored comprehensive services and resources are made available at the community level that appropriately engage families utilizing informal care. Additionally, many families face multi-faceted barriers to accessing necessary care, often resulting in child care constraints. To address barriers to child care and expand its access and availability, it is critical that currently stagnant funding streams are increased to match ongoing need. Furthermore, funding needs to be directed to providers to reflect the true cost of care, including quality improvement and sustainable wages for child care workers. When all families have access to high-quality child care they can afford, our country benefits from improved child health and development, better parental health, and increased work productivity. Ensuring child care is a public good is critical to securing this future.
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