



Child care assistance and nonstandard work schedules



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ABSTRACT

Child care is a necessary work support for many American families, but can be prohibitively expensive for those with low incomes. The federal government provides assistance through direct child care subsidies, but only a fraction of eligible families are in receipt. One factor that may limit access to child care assistance is work schedule. Research suggests that mothers with nonstandard work schedules use relative care more and day care centers less than those with standard work schedules. Research also shows that child care subsidies are disproportionately used for day care centers. This suggests that mothers who work nonstandard schedules may be less likely to receive child care assistance, but little empirical work addresses this question directly. Using data from a cohort of urban, unmarried mothers, this study explores the direct and indirect relationship between work schedule and receipt of child care assistance. The findings suggest that nonstandard work schedules reduce the odds of receiving child care assistance; a relationship mediated entirely by less day care center use among nonstandard schedule workers. The results imply that more flexible child care assistance is needed to meet the needs of these workers, possibly provided outside of the direct-subsidy system.

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1. Child care assistance and nonstandard work schedules

With 61% of all children under age 5 in the United States in some type of regular child care arrangement, child care is a necessary work expense for many American families (Laughlin, 2013). But research shows that child care can present difficulties for many mothers, especially low-income mothers (Ananat & Phinney, 2004; Hauan & Douglas, 2004; Laughlin, 2007; Usdansky & Wolf, 2008), and that these problems can be a barrier to employment (Ananat & Phinney, 2004; Hauan & Douglas, 2004; Kimmel & Powell, 2006).

One of the main problems with child care is cost, accounting for one-third or more of household expenses for working low-income families (Laughlin, 2013). Government assistance to help pay for child care can be an important work support and can help reduce poverty. Research shows that child care subsidies can reduce out-of-pocket costs (Forry, 2008; Teitler, Reichmann, & Nepomnyaschy, 2002), and increase employment (Ahn, 2012; Blau, 2003; Danziger, Ananat, & Browning, 2004; Han & Waldfogel, 2001; Tekin, 2005). But the current system faces a number of challenges, including how well it meets the needs of parents who work nonstandard schedules.

The current child care assistance system for low-income families in the United States primarily relies on direct government-funded subsidies that can be used to partially pay for child care. The Child Care Development Fund (CCDF) (and to some extent the Temporary Assistance for Needy Families (TANF) Program) fund subsidies for income-eligible and

working families, including those in approved work or education activities (US DHHS, 2013). Estimates suggest that over 14 million children in low-income families are federally-eligible for child care assistance, but the current program serves only 15% (Chien, 2015). Through a block grant system, states have flexibility in setting eligibility standards, which are often more restrictive than the federal standards. Even using state eligibility rules, only 25% of eligible children receive a subsidy (Chien, 2015).

Research suggests that a number of factors contribute to who does and does not receive a subsidy, but little empirical work explores the relationship with work schedule, even though it seems to be an important factor. Research shows that subsidy recipients disproportionately use day care centers (Crosby, Gennetian, & Huston, 2005; Henly, Ananat, & Danziger, 2006; Johnson, Ryan, & Brooks-Gunn, 2012; Ryan, Johnson, Rigby, & Brooks-Gunn, 2011; Tekin, 2005), and nonstandard hour workers are less likely to use day care centers than relative or informal care (Burstein & Layzer, 2007; Enchautegui, Johnson, & Gelatt, 2015; Han, 2004; Henly et al., 2006; Kimmel & Powell, 2006). According to federal statistics, approximately 70% of CCDF subsidy recipients use day care centers, while only one-quarter of all children under five in regular child care are in similar settings (Laughlin, 2013; USDHHS, 2013).

Several possible reasons explain the disproportionate use of day care centers among subsidy recipients. Subsidies likely allow parents to afford more expensive day care centers (Crosby et al., 2005; Ryan et al., 2011), and once day care centers are made affordable parents may prefer the stability or quality (Lowe & Weisner, 2004). But other factors, such as availability of care and convenience certainly play a role (Crosby et al., 2005; Ryan et al., 2011). Preferences may also play

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a role, with some choosing relative care over day care and then not needing a subsidy for relative care (Burststein & Layzer, 2007; Meyers & Jordan, 2006).

The way that states implement the CCDF may also favor day care centers, with state-regulated care more likely offered by day care centers (Hofferth 1996; Shlay, Weinraub, Harmon, & Tran, 2004). State policies for provider licensing and registering may favor, and in many cases directly encourage, day care centers over relative and informal providers (Minton, Durham, & Giannarelli, 2014), which may limit those who accept child care subsidies. Day care centers can also serve as a gatekeeper, helping families apply for child care subsidies once they express an interest in their care (Burststein & Layzer, 2007).

Given that child care subsidies are disproportionately used at day care centers, it seems reasonable that nonstandard hour workers, who use relative and informal care more than day care centers, would be less likely to receive a child care subsidy. Some might argue that the disproportionate use of relatives for child care among nonstandard hour workers negates the need for child care assistance, since relative care is assumed to be no cost. However, data suggest that while many do not pay, almost 55% of mothers with a three year old who used a relative for child care still had some child care costs (Fragile Families Public Use Dataset). Child care subsidies can also be important for nonstandard hour workers because they may limit child care problems and employment disruptions (Urdansky & Wolf, 2008). If nonstandard hour workers have difficulties accessing child care assistance, they may have fewer financial resources, more employment problems, and worse quality child care.

Little research, however, directly assesses the relationship between work schedule and child care assistance receipt. To address this gap, this study used data from the Fragile Families and Child Wellbeing Study to empirically test whether child care subsidy receipt among unmarried urban working mothers with children in non-parental care differs depending on their work schedule. Nonstandard work schedule was defined as working evenings, nights, weekends, or different times each week. The hypothesis was that workers with nonstandard schedules were less likely to receive child care assistance, because they were less likely to use day care centers compared to those working standard schedules.

The sample was restricted to low-income (under 200% of the federal poverty level) working, unmarried mothers to better approximate a subsidy-eligible population and a multivariate mediation model was constructed using structural equation modeling to test the study hypothesis. The remaining sections review the literature on the benefits of child care assistance to low-income working families, as well as the existing research on determinants of subsidy receipt, including work schedule. Section 2 provides a description of the data and methods used for the current study. Section 3 presents the results, and Section 4 discusses the policy implications and conclusions.

1.1. Benefits of government child care assistance

Typical annual child care costs can range from \$5000–\$10,000 or more depending on where one lives (Laughlin, 2013). This translates into a substantial portion of many households' budgets. According to data from the US Census Bureau, average weekly child care costs for families with a child under 5 were \$179 in 2011, or \$9236 annually (Laughlin, 2013). Even among families in poverty, child care expenses averaged almost \$100 per week in 2011 (for those who had expenses), or \$5160 annually, accounting for 30% of their household budget (Laughlin, 2013).

Child care assistance can provide a number of benefits to families with child care costs, including reduced economic hardship, increased employment, and better quality child care. As one might expect, research shows that child care assistance reduces out-of-pocket child care costs (Forry, 2008; Teitler et al., 2002). Studies show that when out-of-pocket child care costs are reduced, work becomes more

attractive. In a review of the literature, Blau (2003) concludes that lowering the cost of child care increases maternal employment, with studies showing a range of effects depending on the analytic approach. Han and Waldfogel (2001) showed that lower child care costs increased the employment rate of unmarried mothers by between 5 and 21% depending on the size of the subsidy. Tekin (2005) found that subsidy use increased maternal employment by 15% and Ahn (2012) found that subsidy receipt among low-income mothers increased the probability of employment by 6.7%.

Research has also linked subsidy receipt to increased earnings and increased months worked (Danziger et al., 2004). Increased work effort that results from child care assistance can benefit families by increasing income in the short-term, as well as the long-term through returns to increased labor market experience. Work also reduces poverty and dependence on government assistance, which can have important positive effects on children (Brooks-Gunn & Duncan, 1997).

Child care assistance can have other benefits as well. Research shows that child care assistance can influence the type of child care arrangement, which in turn can affect quality. Subsidy receipt is associated with more use of day care centers (Crosby et al., 2005; Henly et al., 2006; Johnson et al., 2012; Tekin, 2005) and center-based care is generally considered better quality than relative care, with some research suggesting that subsidy recipients receive higher quality care than eligible non-recipients because they are more likely to use day care centers (Johnson & Ryan, 2012; Ryan et al., 2011). However, the research is mixed on the extent to which subsidies lead to higher quality care, highlighting the importance of focusing on quality among providers that accept child care subsidies (Herbst & Tekin, 2015). The research is also mixed on the effects of child care in general on child outcomes. Bernal and Keane (2011) found that non-parental child care led to worse outcomes for children than parental care, although this was entirely driven by informal care. Day care centers were found to be better for child outcomes than informal care (Bernal & Keane, 2011). Herbst (2013) also found that non-parental care led to negative effects on child cognitive development. But other research suggests that high-quality care can positively impact child outcomes so long as the number of hours is not too high (Belsky, 2011; US DHHS, 2006). This suggests that access to child care assistance can improve child wellbeing if it results in higher quality care.

1.2. Determinants of subsidy use

Although child care assistance has been linked to positive employment outcomes for mothers, few likely-eligible low-income families receive it. According to federal data, only 15% of federally-eligible children received subsidized care through the Child Care Development Fund (CCDF) or other related funding in FY 2011 (Chien, 2015). Preferences play a role with as much as half of eligible recipients in one survey indicating that they did not need or want a subsidy (Shlay et al., 2004), but preferences do not entirely explain the low take-up rate.

Other factors associated with non-receipt of child care subsidies include rationing by states, limited knowledge of subsidy programs among eligible recipients, and difficulties navigating the system (Herbst, 2008). Lack of knowledge was also found to be a contributing factor in a survey of eligible but non-participating subsidy recipients in Philadelphia, where three-fourths said they needed help with child care expenses but just over half said they were aware of their eligibility (Shlay et al., 2004). Prior TANF and other public benefit receipt have also been found to increase the likelihood of subsidy receipt among eligible populations, suggesting that mothers who avoid welfare programs are less likely to receive child care subsidies (Herbst, 2008). Among families with children of pre-school age, higher income was associated with subsidy receipt and those who received a subsidy were less interested in cost (Johnson, Martin, & Brooks-Gunn, 2011). However, none of these studies explored whether mother's work schedule was related to subsidy receipt.

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