

FACT SHEET

Expanding Child Care Subsidies to Parents in Education and Training

Implications of a Hypothetical Expansion of Child Care Assistance

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Making **child care assistance** more accessible to parents with low incomes seeking education and training **can reduce barriers to better employment opportunities**

A policy that provides adequate funding, reduces restrictions on eligibility, and allows parents to use the kinds of child care options they need would **quadruple the number of student parents getting child care assistance**

Student parents who are able to complete their credential because of child care assistance would see a **26 percent increase in earnings the year after they get their credential**

Education and training are critical tools for improving job prospects and earnings for people with lower educational attainment and who earn lower wages. Yet many adults face barriers to enrolling in and completing education and training programs. And parents who may want to enroll in education or training face the additional challenge of finding and affording child care.

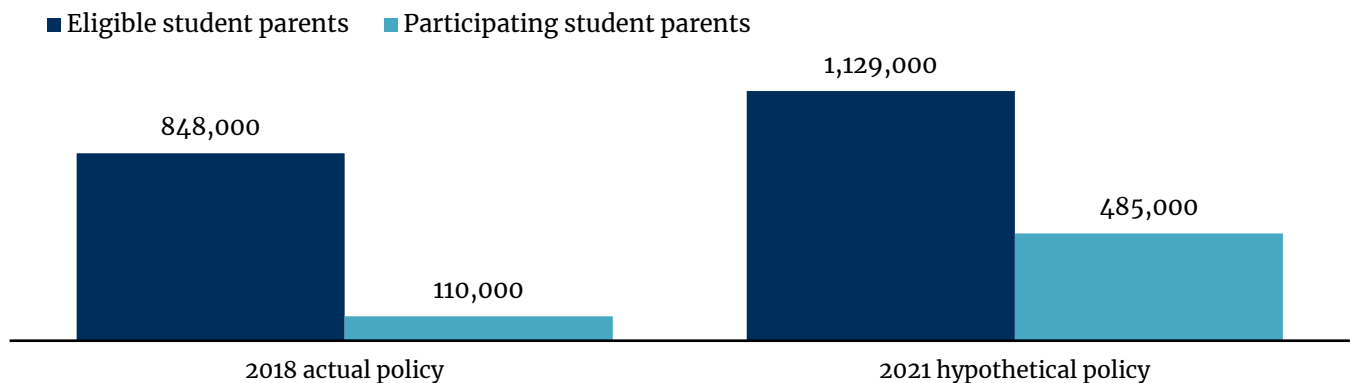
The main federal program that subsidizes child care—the Child Care and Development Fund, or CCDF—can provide assistance to parents with low incomes who are in school or training as well as to working parents. But for three reasons, not many student parents receive help from CCDF: (1) funding levels for CCDF are insufficient to serve all the eligible families, and student parents are usually a lower priority; (2) state policies, such as a requirement that student parents work or limitations on the types of credentials they can obtain, create additional restrictions for student parents; and (3) there are limitations on using funds for some of the types of child care most likely to be available to parents during the times and schedules they need to attend school. (See the Additional Readings section for more information on state eligibility restrictions.)

What Would Happen if We Reduced Barriers to Child Care Assistance for Student Parents?

Using the Urban Institute’s Analysis of Transfers, Taxes, and Income Security (ATTIS) microsimulation model combined with survey data and information on the CCDF caseload, we explored a hypothetical policy that reduced these three barriers to child care assistance for student parents who were otherwise eligible.¹ Eligible parents are those who meet their state’s income eligibility guidelines, have children younger than age 13, and need help paying for child care so they can attend school or get training. Key findings from our analysis include the following:

- **Relatively few student parents received subsidies in 2018.** In 2018, under existing state restrictions and funding levels, 110,000 student parent families nationwide received child care assistance, a small share of the total caseload of about 1 million families getting child care subsidies (The number of student parent families excludes families who also received Temporary Assistance for Needy Families benefits and whose education and training were likely linked to that program’s requirements). Overall, only 13 percent of all student parents who were eligible for child care assistance under *state* rules participated in CCDF in 2018.²

FIGURE 1
Number of Student Parents Eligible for and Receiving Subsidies in 2018 (Actual Policy) versus 2021 (Hypothetical Policy)



Sources: The estimate of eligibility in 2018 under the actual policies and the estimates of both eligibility and participants in 2021 under the hypothetical policies are from the ATTIS microsimulation model applied to either 2018 ACS data or 2018 ACS data projected to 2021. The count of participants for 2018 is the authors’ calculation from [Child Care and Development Fund administrative data](#), US Department of Health and Human Services, Administration for Children and Families, Office of Child Care, version 2, February 17, 2022.

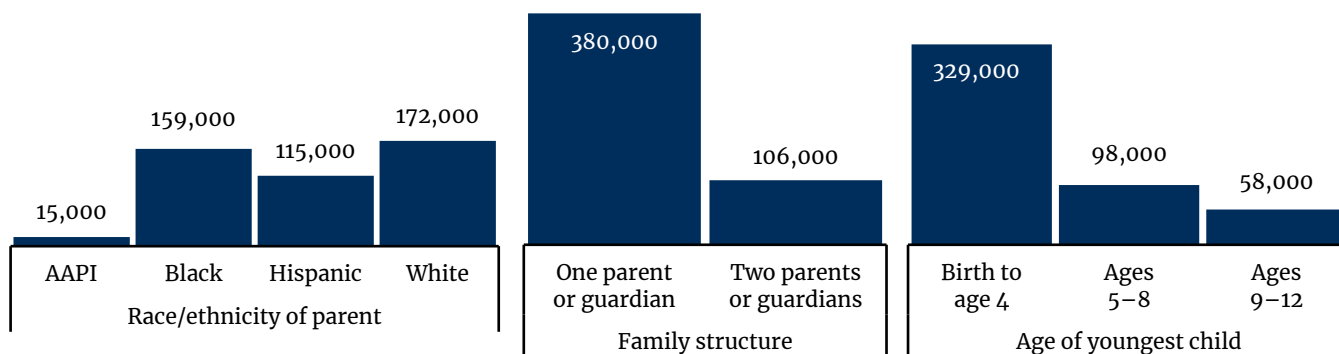
Notes: All estimates refer to the average month of the year. Families eligible for CCDF through their participation in work-related activities under the TANF program are not counted.

¹ Our modeling of a hypothetical policy included specific assumptions about its impact. To learn more about our methodology, please see the appendix in the report upon which this fact sheet is based.

² This is not comparable to the more commonly cited participation rate, which is based on those whose incomes fall below the maximum allowable income limits under *federal* rules.

- A policy expansion that would have provided sufficient funding for subsidies, reduced state eligibility restrictions (including an elimination of work requirements), and allowed student parents to access subsidies for the kinds of child care they need would have significantly increased both the number of parents who were eligible for and the number of parents participating in the program in 2021. As shown in figure 1, implementing this hypothetical policy change in 2021 would have led to a 33 percent increase in eligible student parent families relative to 2018. In addition, we estimate that the total number of student parent families participating in the child care subsidy program would quadruple under the hypothetical policy. Participating families are those who are eligible, apply for, and are able to receive child care subsidies. Both estimates include student parents who were already in school but were not previously eligible and student parents who are newly able to enroll in school because of the availability of child care assistance.
- Of the student parents who would receive child care assistance in 2021 under the hypothetical policy, three out of five would have been student parents of color, almost four-fifths would be single parents, and two-thirds would be parents of children younger than age 5. As shown in figure 2, of the 485,000 student parents who would receive child care assistance in 2021 under the hypothetical policy, about 60 percent would be parents of color: 33 percent would be Black, non-Hispanic; 24 percent would be Hispanic; and 3 percent would be Asian Americans or Pacific Islanders. Seventy-eight percent would be single parents; and 68 percent would have their youngest child be younger than age 5, 20 percent would have a youngest child ages 5 to 8, and 12 percent would have a youngest child ages 9 to 12.

FIGURE 2
Number and Characteristics of Student Parents Who Would Get Child Care Assistance under the Hypothetical Policy



Sources: The estimates of participants in 2021 under the hypothetical policies are from the ATTIS microsimulation model applied to 2018 ACS data projected to 2021.

Notes: AAPI= Asian American and Pacific Islander. AAPI, Black, and White are non-Hispanic. Estimates refer to the average month of the year. Non-Hispanic individuals reporting more than one race or reporting a race other than white, Black, or AAPI are included in the total but not included in a racial/ethnic group.

- **We project that student parents who complete their credential because of child care assistance would increase their annual earnings 26 percent in the year after completing it, and the poverty rate among the children in these families would drop 4 percentage points.** Our model assumes that not all student parents receiving child care assistance would complete their credential. Among parents who complete their credential because of child care assistance, average annual earnings are projected to rise by \$5,400 in the year after they gain their credential, a 26 percent increase in what they would otherwise earn. This projection applies only to the year after the parent gains the credential. Completing a credential would improve parents' earnings trajectories over time, resulting in greater economic mobility and cumulative benefits. We also estimate that the rate of child poverty among this subset of families would fall by almost 4 percentage points—from 27.2 percent to 23.5 percent—in the first year after the parent earned their credential.

What Are the Policy Implications of These Findings?

These findings examine the effect that three policy changes could have on student parents: (1) additional investments in child care, (2) reducing state eligibility restrictions for student parents including an elimination of work requirements, and (3) allowing parents to use their subsidies to purchase care that meets their needs (including relative care and home-based options that may be exempt from licensing). We find that these policy changes could have a positive impact on employment, earnings, and child poverty for parents interested in seeking additional education or training to improve their employment and earnings. However, these policy changes are only one component of addressing the broader challenges facing student parents, especially parents of color, as they seek to improve their wages and employment. Policymakers should consider broader strategies to accomplish this goal, such as making higher education more affordable, helping address financial challenges student parents face while trying to go to school, and supporting efforts to strengthen career paths that can lead to higher wages.

*This fact sheet summarizes findings from **Implications of Providing Child Care Assistance to Parents in Education and Training**, a WorkRise research report that can be accessed at <https://bit.ly/34G2rmT>.*

ADDITIONAL READING

State Child Care Assistance Policies for Parents in Education and Training
Sarah Minton, Victoria Tran, and Kelly Dwyer <https://urban.is/3CmtfVr>

Helping Parents Access Child Care for Education and Training
Christin Durham, Shayne Spaulding, Gina Adams, and Semhar Gebrekristos <https://urban.is/3CIWLuw>

Bridging the Gap: A Project Examining Child Care's Intersection with Postsecondary Education and Workforce Development
Gina Adams and Shayne Spaulding <https://urban.is/3IR3sr9>

The Analysis of Transfers, Taxes, and Income Security (ATTIS) Model
Archana Pyati <https://urban.is/35yDGcO>

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