

RESEARCH REPORT

Implications of Providing Child Care Assistance to Parents in Education and Training

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WorkRise

Created with ATTIS



WorkRise is a research-to-action network on jobs, workers, and mobility hosted by the Urban Institute. WorkRise aims to rebuild a more equitable and resilient labor market that expands economic opportunity and mobility for low-wage workers.

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Executive Summary

Supporting low-wage workers' access to education and training is a critically important tool for facilitating better employment, higher earnings, and economic mobility overall, and that support has become even more important given changes in the nature of work and the labor market because of the COVID-19 pandemic. Education and training opportunities can be of particular importance to Black and Hispanic adults, who have faced greater barriers to education and economic opportunity because of structural racism and who have faced greater challenges during the pandemic. And for those adults with lower incomes who are parents *and* students, finding and paying for child care while they are in school can present an insurmountable barrier to gaining new skills and improving their family's financial security.

This report explores the potential implications of a hypothetical policy change that makes child care assistance through the Child Care and Development Fund (CCDF)—the nation's primary child care assistance program for families with lower incomes—more available to families in which the parents are in school or training (student parents). This hypothetical policy change has three components: providing sufficient funding to serve all eligible parents who want assistance, relaxing current education and training-related eligibility constraints (including work requirements for student parents), and ensuring resources can be used to pay for the kinds of child care they need. Using the Urban Institute's Analysis of Transfers, Taxes, and Income Security (ATTIS) microsimulation model, we find the following:

- According to an analysis of CCDF caseload data in 2018,
 - » About 110,000 families nationwide were getting child care assistance for education and training not related to cash assistance receipt; this group is a small proportion of the total caseload of about 1 million families getting child care subsidies.¹ However, the share varied widely across states: for example, among families receiving CCDF-funded subsidies who were not also receiving cash assistance, the share receiving subsidized child care while parents were in school or training ranged from less than 5 percent in 10 states to 20 percent or more in 4 states.

- » Only one in eight (13 percent) of all student parents who were eligible for child care assistance *under state rules* participated in CCDF.
- Making subsidies more available in 2021 by implementing a hypothetical policy that reduces restrictive eligibility rules related to education and training, provides sufficient funding, and lets parents use the care that works best for them is estimated to allow about 185,000 additional parents who are already students to become eligible for CCDF assistance and to allow 167,000 additional parents to begin an educational program.
- The hypothetical policy is estimated to more than triple the national student parent CCDF participation rate to 43 percent.
 - » This impact would be the largest among Black, non-Hispanic student parents, whose participation rate would rise from 15 to 51 percent, and among student parents who are Asian American or Pacific Islanders, whose CCDF participation rate would increase from 8 to 44 percent. The impact is still sizeable among other parents, including white, non-Hispanic student parents, whose participation rate would rise from 12 to 43 percent and Hispanic student parents, whose participation rate would rise from 14 to 35 percent under the hypothetical policy.
- Making child care assistance more available to student parents has the potential to result in a total of almost a half million (485,000) low-income student parents receiving child care assistance (a number that is more than four times larger than the 2018 figure of 110,000). Two-thirds of those parents are estimated to be student parents of color.
- Although not all student parents who get help paying for child care under the alternative policy would successfully earn their credential, providing child care assistance does remove one of the key barriers student parents face to completing a degree. For those who are able to complete their credential because of child care assistance, the policy is projected to improve their earnings and reduce child poverty rates in the following ways:
 - » Among the parents projected to benefit economically from the alternative policy, average annual earnings are projected to rise by \$5,400 in the year after

they gain their credential, resulting in earnings 26 percent higher than would otherwise be the case. This projection applies only to the year after the parent gains the credential; the increases would likely change these parents' earning trajectories over time.

- » Among the children whose parents are estimated to be able to complete a program because of the new policy (who would not otherwise have completed the program) the poverty rate is estimated to fall from 27.2 percent *if the parents had not been able to complete the degree*, to 23.5 percent under the alternative policy. This projection applies to *only the children in families receiving CCDF assistance under the new policy in a single year*. If the policy remained in effect, additional families would likely join the program each year; the total number of children raised out of poverty in part because of the policy would grow with each year the policy was in place.

This exploration illustrates the role that child care supports can play in supporting the ability of parents with lower incomes to gain greater skills and credentials. However, it is important to recognize that this is a hypothetical set of policy changes. In reality, our current system is not funded at levels that can serve all those who are eligible, many states have policies that restrict eligibility for student parents, and the current child care subsidy system seldom pays for child care providers that are able to take care of children during the irregular schedules and nontraditional hours that student parents are likely to need. In addition, the child care crisis caused by the pandemic means that child care is in even shorter supply and harder to find.

Furthermore, student parents face other challenges in their efforts to complete school and training and obtain well-paying jobs. As a result, a broader set of strategies would be necessary to achieve better employment outcomes for more parents, including making higher education more affordable; helping address the financial challenges that student parents face while trying to go to school by ensuring that their basic needs for food, housing, and health care are met; and supporting a strong path to employment with higher wages.

In conclusion, the findings suggest that (1) additional federal investments in child care, (2) a focused effort to relax state eligibility restrictions for student parents (including requirements in some states that student parents must also work), and (3) steps to ensure that student parents can use their subsidies to purchase the care that meets their needs

(including relative care and home-based options that may be exempt from licensing) are policy actions that could have an impact on the employment and earnings of parents seeking further education and training and that could in turn affect the future poverty levels of their children. However, although child care is a necessary support for many student parents, and although the policy outlined in this paper could help make a difference in their financial well-being, research also suggests that it will be necessary to address other barriers to success and opportunity faced by many parents, particularly parents of color.

In the remainder of this report, we first provide background on the economic realities that families with lower incomes face, why we focus on education and training, the importance of education and training for parents with low incomes, and the child care barriers those parents face. Next, we lay out our research questions for that analysis and briefly describe our approach and methods. (A fuller description of our microsimulation model, approach, and assumptions are provided in the appendix.)

We then provide our findings, which are laid out in three sections:

- What do we know about the participation of student parents in the child care subsidy system in 2018 and the policies that shaped their participation?
- What would have happened to eligibility and subsidy participation in 2021 if an alternative policy and funding scenario had been implemented that made child care assistance available to student parents?
- What might the alternative policy mean for the future employment and earnings of those benefiting from it and for future poverty levels for their children?

We conclude with a discussion of the policy implications of this work.

Overview of the Issue

The COVID-19 pandemic created an unprecedented economic crisis, one that disproportionately affected low-wage workers and communities of color (most clearly Black, Hispanic, Native American, and immigrant communities) in both job loss and in many cases slower economic recovery (Bateman and Ross 2021; Brown 2020; Kochhar and Bennet 2021).² This disproportionate impact is related to (and has contributed to) the significant inequities that people of color face because of systemic barriers to gaining economic, social, and political power, or structural racism (Castro et al. 2021; Hancock et al. 2021).³ The barriers caused by structural racism have contributed to communities of color having lower levels of education, employment, and wealth and income, and higher levels of poverty.

This report focuses on the challenges faced by parents, including parents of color, in the current challenging environment. To set the context for the analysis presented in this report, in the following sections we briefly describe the economic realities and challenges facing parents overall and parents of color, the importance of education and training to support their economic well-being, and the challenges they can face finding affordable quality child care. We also lay out the current policy realities that constrain their ability to get assistance paying for child care to allow them to attend school or training.

The Economic Realities Facing Low-Wage Parents and Parents of Color

Strategies to support the economic stability and mobility of parents with low incomes, including parents of color, are particularly important given both the scope of the challenges they face and the reality that poverty and financial insecurity can affect their children's longer-term outcomes. Specifically, those economic realities are as follows:

- **Many parents and children are experiencing poverty.** In 2020, across all adults and children in families with children younger than 18, the US Census Bureau estimates that 15.7 percent had regular cash income below the federal poverty level (FPL). For

people in families without children, the poverty rate was less than half of that, at 7.2 percent.⁴

- **Parents with low incomes often have lower levels of education.** Forty-two percent of parents with income below the FPL have a high school education or less; 81 percent of single mothers with income below the FPL have a high school education or less (Durham et al. 2019).
- **Parents, and particularly parents of color, face employment challenges because of the COVID-19 pandemic.** As noted, the systemic barriers to educational and employment opportunities that communities of color have faced are related to the disproportionate impact of the pandemic on those communities. This reality is true for *parents* of color as well: Black and Hispanic parents have reported significantly larger drops in employment than have white parents during the pandemic. Analysis of Current Population Survey⁵ data shows that between October 2019 and October 2020, the relative drop in employment was three times higher for Black mothers and four times higher for Hispanic mothers than it was for white mothers. The data show similar, but smaller, differences for fathers.⁶
- **Economic challenges can have longer-term effects on children,** thus affecting the economic well-being and success of the next generation. For example, children who experience poverty for parts of or most of their childhood are more likely to experience poverty in adulthood (Ratcliffe and Kalish 2017) and are more likely to face challenges that lead to longer-term difficulties and barriers to success (Brooks-Gunn and Duncan 1997).

Why Focus on Education and Training for Parents?

Ensuring that parents receive the necessary education and training to advance is important for several reasons, including the following:

- **Higher levels of education are associated with lower unemployment and higher earnings,** a pattern that has continued to hold through the pandemic-induced economic crisis.⁷

- **Higher levels of education are associated with smaller racial gaps in earnings and employment**—a reality that has also been seen in labor force data during the pandemic. Specifically, a study of racial employment patterns during the pandemic found that “unemployment levels and unemployment rate differences are lowered, and both racial and ethnic gaps are reduced, with additional educational credentials” (Hardy and Logan 2021).
- **Additional education or training is likely to become even more important for low-wage workers in the coming years because of changes in the labor market**, as some researchers suggest that low-wage workers will likely be displaced in the future and that they will likely need to shift “to occupations in higher-wage brackets that require different skills to be employed” (Lund et al. 2021).
- **Higher levels of education for parents can translate to better outcomes for children.** Children of parents with higher levels of education are more likely to have early academic success and go to college themselves (Attewell and Lavin 2007; Baum, Ma, and Pavea 2013; Deprez and Dodson 2018; Hensly, White, and Reichlin Cruse 2021; Monaghan 2017).

Historically, education and training have been seen as key ways to improve job prospects and earnings. The economic upheaval caused by the pandemic and its disproportionate impact on low-wage workers has led a variety of experts to call for policy actions to support the economic recovery and mobility of low-wage workers and workers of color (Bateman and Ross 2021; Broady, Macklin, and O’Donnell 2020; Jobs for the Future 2021; Lund et al. 2021).⁸

The actions recommended by various researchers and organizations include strengthening education and training systems and making workforce development supports more available to low-wage workers. Although the analysis presented in this report focuses on the impact of addressing one particular barrier to education and training for low-wage parents (access to affordable quality child care), experts calling for additional investments in those systems highlight multiple strategies needed to improve work and address inequality. Those strategies include improving the quality and relevance of workforce development supports, supporting reforms in higher education, and addressing labor market inequities (Holzer 2021; Jobs for the Future 2021; Lund et al. 2021).

What Are the Child Care Barriers Faced by Parents in Education and Training?

In this research, we focus on a key barrier to education and training for parents with lower incomes and lower wages: specifically, even before the pandemic, low-wage workers who were parents faced significant challenges in being able to improve their skills because of a lack of child care options (Adams et al. 2014).⁹

What Do We Know about Student Parents and Their Child Care Needs?

A review of research on parents in education and training provides the following insights in the incidence and characteristics of that population:

- **For the 2015–16 school year, more than one in five college students were parents.** The majority (70 percent) of those student parents were female, and more than one-half of student parents had children that were younger than age 6 (Reichlin Cruse et al. 2019).¹⁰ More than 25 percent of all female students in college had children, and 62 percent of female student parents were single mothers. The share of female college students who were mothers was higher for Black female students than for Hispanic, white, or Asian female students (Anderson 2020; Reichlin Cruse et al. 2019).
- **Student parents are much more likely to leave higher education before graduating than are students who are not parents, with child care cited as one of the key challenges they face.** The likelihood of leaving higher education before graduating is higher among those attending community college, single parents, Black student parents, and student parents of infants, and it appears to be even higher among student parent fathers. Child care is cited as one of the key challenges that parents face (Reichlin Cruse, Contreras Mendez, and Holtzman 2020). A study of female community college students in Mississippi found that two out of five of the female student parents surveyed reported taking at least one break from college, and almost 60 percent reported that having access to more affordable child care would have helped them persist (Hess et al. 2014).
- **Student parents appear particularly vulnerable to having to leave school because of the pandemic, and child care challenges are a major contributor.** Although there

are no national data on the decline in enrollment among parents in education and training due to the pandemic, experts suggest that student parents may be particularly vulnerable to having to leave school because they may need to prioritize employment, they may lose child care, and they may be in precarious financial situations (Manze et al. 2021; Reichlin Cruse, Contreras Mendez, and Holtzman 2020; White and Reichlin Cruse 2021). A poll conducted in the fall of 2020 found that college students with children were more likely than students without children to have considered withdrawing from classes during the COVID-19 crisis, with child care challenges being one of the major reasons.¹¹

Although this paper focuses on the child care challenges, it is important to recognize that student parents can face a number of other challenges to enrolling in and completing education and training programs, including paying for tuition and books; balancing school (and often work) schedules and family responsibilities; and meeting their family's basic needs for food, shelter, and health care (Goldrick-Rab, Welton, and Coca 2020; Reichlin Cruse et al. 2020).

Why Is Child Care Challenging for Student Parents?

Child care is an important support for parents seeking education and training. Studies have documented the importance of access to quality child care in facilitating success in parents' education or training (Hamilton and Gueron 2002; Goldrick-Rab and Sorensen 2010; Taniguchi and Kaufman 2005). Despite its importance, however, accessing child care has been challenging for parents overall as well as for parents who need child care to allow them to participate in education and training. This issue has several aspects to it:

- **Accessing quality affordable care is challenging for all parents.** Long-standing challenges for all parents include the high cost of care, limited public investments, insufficient availability of high-quality care, and scarcity of supply of child care for populations such as infants and toddlers, parents working nontraditional hours, children with special needs, and children in rural areas (Henly and Adams 2018; US Department of the Treasury 2021).
- **Student parents can face challenges with child care affordability.** Student parents can face high costs of care, which can be particularly challenging given they are likely to be earning less (if they are combining work and school) or not earning an

income at all (Anderson 2020). A study of student parents who were also working found that the subset who paid for care reported paying 14 percent of their income for child care (Sandstrom et al. 2019). This is significantly higher than the 7 percent that is recommended by the federal CCDF child care assistance program.¹²

- **Student parents face barriers in trying to access child care assistance.** As is described more in the next section, student parents are often a low priority for child care assistance programs because inadequate funding of the child care subsidy system forces states to make trade-offs as to who can get the limited resources available. Furthermore, child care subsidy programs can be complex to access and may impose burdensome paperwork requirements, which can create additional barriers for parents both in trying to initially access child care assistance and in keeping it (Adams and Matthews 2013; Adams and Pratt 2021).
- **Student parents may be more likely to need care for irregular schedules and nontraditional hours.** Student parents may not only need child care during “traditional” work hours (i.e., 9 a.m.–5 p.m. on weekdays) or for a consistent schedule during a given week. Both scheduling demands create challenges for licensed child care programs that generally provide care during traditional weekday work hours and for child care centers that are less likely to accept children who do not need full-time care (OPRE 2015). This can make it more challenging for student parents unless they are able to find family, friends, or neighbors to care for their children. The previously mentioned study of student parents who were employed found that they were more likely to use unpaid relative care (Sandstrom et al. 2019) when compared with young parents who were employed but not going to school. As we discuss later in this report, however, it is much harder for parents to access child care subsidies to use those legally unlicensed settings (Adams and Dwyer 2021).
- **The pandemic inflicted additional damage to the already fragile child care sector** (US Chamber of Commerce Foundation 2020), and the resulting child care crisis has underscored the essential nature of child care to support work and the economy.¹³ These challenges have made it even more difficult for parents trying to attend school or training who have had to balance remote learning with caring for their children at home (Manze et al. 2021). During the COVID-19 pandemic, undergraduate female student parents reported higher rates of difficulty in obtaining reliable child care than did male student parents (Cameron et al. 2021).

Research Questions and Approach

In this section we provide a description of the general focus for this paper, the questions that we address, and an overview of our approach and our microsimulation model. The section concludes with a brief description of issues to be aware of in reading our findings. More details on our technical approach can be found in the appendix.

Our Focus

This analysis focuses on the impact of expanding child care subsidies from CCDF, which is the primary federal–state child care assistance program for parents needing child care to allow them to attend education and training (box 1).¹⁴ We refer to these parents as “student parents” for simplicity. Using microsimulation modeling, we examine the following question:

- What would be the impact on subsidy participation and longer-term outcomes of making child care assistance from CCDF available to income-eligible families who need child care to allow them to attend education and training? To explore this question, we examined the following:
 - » To set a baseline, how many families were eligible for and/or receiving subsidies from CCDF to support education and training in 2018, which is the most recent year for which detailed data are available? What was the policy context that framed the likelihood that eligible student parents would get subsidies (also known as the participation rate)?
 - » How many student parents might have received subsidies if we had implemented a new policy in 2021 that funded the program at levels that would assure that all of those eligible student parents who wanted to participate would be able to get assistance, relaxed the range of current state restrictions on eligibility for child care assistance for student parents (such as work requirements, time limits, grade requirements, vocational requirements, and so forth), and allowed parents to access subsidies for the kind of child care they need?

BOX 1**Understanding the Child Care and Development Fund**

The Child Care and Development Fund (CCDF)—also sometimes referred to as the Child Care and Development Block Grant (CCDBG)—is a federal block grant program administered through the US Department of Health and Human Services. It provides states with funds to help families with low incomes pay for child care with subsidies, and it supports investments in improving quality and expanding supply.^a The program subsidizes care for children who are younger than age 13 and for teenagers with special needs.

Although the federal government establishes key parameters, states have flexibility in setting policies within those parameters, including in policy areas such as eligibility, parent copayment levels, provider payment policies and practices, and quality and supply initiatives. Providers who care for children receiving subsidies through CCDF must meet requirements outlined by the federal government and specified by each state.

Before the pandemic relief funds were allocated, the amount of funding available for CCDF during fiscal year 2021 was set at almost \$8.8 billion.^b In 2020 and 2021, however, Congress authorized more than \$50 billion in new funds (to be spent over multiple years) for states to spend through CCDF and other mechanisms to stabilize and support child care as part of the various COVID-19 pandemic relief packages.^c

As this report was being drafted, Congress was debating passage of major federal child care legislation and significant new investments. The version of the legislation that was under discussion in the fall of 2021 would significantly expand funding for child care assistance and make it more available to income-eligible parents needing help paying for child care to attend school or training programs.^d The outcome of this legislation was unclear at the time of publication.

^a “Introduction to CCDF,” US Department of Health and Human Services, Administration of Children and Families, Office of Child Care, Early Childhood Training and Technical Assistance System, accessed August 10, 2021.

^b “GY 2021 CCDF Allocations (Based on Appropriations),” US Department of Health and Human Services, Administration of Children and Families, Office of Child Care, May 27, 2021.

^c Child care funds were included in three pandemic relief packages: (1) \$2.5 billion for CCDF in the Coronavirus Aid, Relief, and Economic Security Act from March 2020—see “Information Memorandum: CCDF-ACF-IM-2020-01,” US Department of Health and Human Services, Administration of Children and Families, April 29, 2020; (2) \$10 billion for CCDF in the Coronavirus Response and Relief Supplemental Appropriations Act of 2021—see “Program Instruction: CCDF-ACF-PI-2021-01,” US Department of Health and Human Services, Administration of Children and Families, February 12, 2021; and (3) the American Rescue Plan allocated \$15 billion for CCDF and another \$24 billion in stabilization funds for providers in and out of the subsidy system to support supply building. See “ARP Act Child Care Stabilization Grants,” US Department of Health and Human Services, Administration of Children and Families, Office of Child Care, May 10, 2021, and “ARP Act CCDF Discretionary Supplementary Funds,” US Department of Health and Human Services, Administration of Children and Families, Office of Child Care, June 10, 2021.

^d The most recent draft of the child care legislation at the time this paper was being written can be found at “HELP Committee Posts Updated Build Back Better Text Ahead of Bipartisan Parliamentary Discussions,” US Senate Committee on Health, Education, Labor and Pensions, December 11, 2021.

- » What might be the longer-term implications of this alternative policy scenario for the future employment and earnings of parents benefiting from this 2021 policy change, and what might be its implications for child poverty?

We conclude with a discussion of the implications of these findings for policy and practice as policymakers work to address the child care crisis that was revealed and worsened by the pandemic and consider how to support an equitable economic recovery.

The ATTIS Microsimulation Model and Our Approach

To examine the hypothetical policy, we used the Urban Institute’s ATTIS microsimulation model to estimate the effects on the number of families eligible for CCDF subsidies for purposes of education and the portion receiving the subsidies. We also compute the extent to which higher educational attainment might increase future employment and earnings, if parents who obtain a new credential were able to work and earn at the same level as parents who currently have that credential. ATTIS includes a highly detailed simulation of the CCDF program and can simulate changes in employment.

This analysis is intended to help policymakers understand the *potential* impact of increasing access to child care subsidies for parents seeking education and training. As with any estimates based on a hypothetical scenario, it is necessary to make many assumptions; different assumptions would have produced different estimates. We describe some of our key assumptions in box 2 and provide a more detailed discussion of our methodology in the appendix.

BOX 2**Key Assumptions**

This analysis requires several assumptions about the likely impact of the policy scenario. Some of the key assumptions follow; for a more complete discussion, including the research on which each of the assumptions is based, see the appendix.

- The types of state eligibility requirements related to a parent’s specific educational program (e.g., degree field, credit-hours, or grades; see figure 1) could not be modeled directly. We assume that these types of restrictions result in between 10 and 25 percent of parents’ educational activities being ineligible for CCDF subsidies, depending on the extent of the restrictions; under our hypothetical policy where these requirements are relaxed, we assume that in all states, 10 percent of educational activities would be considered ineligible for subsidies.
- The new policy is assumed to increase by 20 percent the number of parents potentially eligible for CCDF subsidies who enroll in an education or training program.
- Under the new policy, among families eligible for CCDF subsidies due to education or training, three groups are assumed to enroll in the program: (1) all of the families assumed to start an education or training program because of the availability of the subsidy; (2) all of the families who paid for unsubsidized child care prior to the new policy; and (3) half of the student-parent families who are not paying for child care but who would not owe any copayment if they enrolled.
- Receiving CCDF subsidies while enrolled in school is assumed to increase the likelihood of completing a degree program by 20 percentage points.

Incorporating Dynamic Changes Due to the COVID-19 Pandemic

One of the biggest challenges in this analysis was to ensure that we appropriately incorporated the complexities and changes to the labor market caused by the pandemic. To assess the potential extent of CCDF eligibility and enrollment under the hypothetical policy within the current economic environment, we use data on US households that have been projected to approximate economic circumstances during 2021. (Full data for 2021 will not be available until late in 2022.) The projections were guided by available data on 2021 employment rates by numerous characteristics, including sex, age group, race, ethnicity, educational attainment, citizenship status, parent status, and occupation. However, given the extraordinarily dynamic and unprecedented economic changes related to the pandemic, it is clear that our best efforts to account for the impacts of the pandemic will by definition be imperfect.

Findings

In this section we present the findings from our analysis of the impact of the new alternative policy and funding scenario described earlier. Specifically, we compare data from 2018—the most recent year for which actual caseload data are available—with projections of what would have happened in 2021 with the alternative policy. Because complete data for 2021 will not be available until fall 2022, the data used for 2021 are based on prepandemic information with adjustments to reflect the impact of the pandemic. We present our findings in three sections, each addressing one of the questions laid out previously:

- What do we know about participation of student parents in the child care subsidy system in 2018 and the policies that shaped participation?
- What would happen to eligibility and subsidy participation in 2021 if an alternative policy and funding scenario had been implemented making child care assistance available to student parents?
- What might the alternative policy mean for the future employment, earnings, and child poverty levels of those benefiting from it?

What Do We Know about Participation of Student Parents in the Child Care Subsidy System in 2018 and the Policies that Shaped Their Participation?

The first issue to lay out is what we know about the extent to which student parents benefited from the subsidy system in 2018—the most recent detailed administrative data available—so that readers can understand how many student parents were being served by CCDF and the eligibility rules that applied to them. This information provides an important baseline for understanding the impact of the alternative scenario explored in this analysis.

Student Parents Needing Child Care Assistance Face More Barriers to Getting Subsidies Than Do Employed Parents

When examining the policy context shaping the ability of student parents to access child care subsidies before the pandemic, it is clear that these parents can face two challenges. First, states are likely to give greater priority for limited subsidy funds to parents who are employed because CCDF funding levels only allow the program to serve a fraction of those eligible (Adams et al. 2014, Chien 2021). Second, states have traditionally imposed a variety of additional eligibility requirements on parents seeking child care subsidies while they are pursuing postsecondary education (Adams et al. 2014; Minton et al. 2019). As shown in figure 1, in 2017, for example, 18 states limited the kind or number of degrees that parents can pursue while getting assistance, 10 states had work requirements for student parents, 7 states required the program to lead to a degree, 7 states required the program to have a vocational component, and 7 states imposed time limits on degree programs. Five states required parents to attend a qualifying institution, four had grade minimums for students, three had minimum hour requirements, and two limited school attendance in two-parent families.¹⁵

As discussed in Adams et al. (2014), those requirements vary widely. Some of them—such as work requirements, time limits, and minimum hours of participation—appear inconsistent with the challenges facing student parents; the realities they face in balancing work, school, and caring for their children; and the design of innovative workforce initiatives. As we show later, work requirements appear to significantly limit participation because under the alternative policy scenario that relaxes work requirements for student parents, eligibility rises significantly in states that require student parents to work. Other restrictions, such as degree requirements or grade minimums, can be challenging for student parents who face additional barriers and are trying to balance their work, school, and family responsibilities, and thus they may require some flexibility and tailoring of the requirements to the needs of families. Finally, some requirements, such as those related to vocational content or type of institution, are likely put in place to maximize the quality and usefulness of the education and training opportunities though little is known about the effectiveness of this strategy.

FIGURE 1

States with Additional CCDF Eligibility Requirements for Non-TANF Parents in Postsecondary Education and Training Activities, 2017



Source: Minton, Tran, and Dwyer (2019), with authors’ modifications.

Notes: For the purposes of this table, Washington, DC, is counted as a state. Number labels represent the number of states. TANF = Temporary Assistance for Needy Families.

That policy context—both the lower priority given to parents in education and training, and the eligibility restrictions—in combination with the challenges outlined earlier, contributes to the relatively small proportion of the CCDF caseload that is made up of parents in education and training in most states. Table 1 presents data on the CCDF caseload in 2018, both for families that were receiving cash assistance from the Temporary Assistance for Needy Families (TANF) program¹⁶ and for families that were not receiving cash assistance. (Overall, families receiving TANF made up only 12 percent of all families receiving CCDF assistance in 2018.¹⁷) The data are presented separately for families receiving TANF because states have workforce development requirements for TANF recipients and they often provide child care assistance to families that need it to meet their TANF work and training requirements; some states also provide child care to families receiving TANF through programs other than CCDF. As a result, it is useful to look separately at the extent to which states serve families that need child care for education and training activities even if they are not receiving TANF because that is an area of discretion for states and can be indicative of their active support for this population.

A review of the 2018 CCDF caseload data shows that states vary widely in the extent to which they provide child care assistance to parents for education and training purposes

and in the extent to which their TANF population made up the majority of the parents receiving child care assistance for education and training purposes. As shown in table 1:

- **In 2018, nationally, only one in eight (13 percent) of all non-TANF parents getting child care assistance was getting subsidies to support education and training.** This proportion ranged from less than 5 percent in 10 states to 20 percent or more in 4 states.
- **In 2018, more than 25 percent of all parents getting child care assistance for education and training were receiving TANF, though in some states those parents make up the vast majority of parents getting assistance for education and training.** Overall, 27 percent of parents who received child care assistance for education and training were TANF recipients. This figure also varied widely across states; in 4 states, families receiving TANF made up 80 percent or more of the caseload of parents getting child care assistance for education and training, whereas in 13 states, that share was 5 percent or less.
- **Nationwide, in 2018, three out of five parents getting child care assistance for education and training were also working, though this varied widely across states.** About 60 percent of all parents getting child care assistance for education and training were working while going to school and were receiving subsidized child care for both employment hours and school or training hours. Again, this proportion varied widely across states. In 2018, 10 states reported that more than 85 percent of the CCDF caseload of parents in education and training were also working, whereas 20 percent or less of the parents receiving CCDF for education and training were also working in 11 states.

TABLE 1**Parents Served in CCDF to Support Education and Training by TANF Status, by State, 2018**

	Parents receiving child care assistance for education or training				Percent of state CCDF caseload served at least in part due to parents' school/training			% of families receiving subsidies for education or training that receive TANF	% of families receiving subsidies for education or training that are also working
	Education or training only		Education or training and employment		Non-TANF	TANF	Total		
	Non-TANF	TANF	Non-TANF	TANF					
Alabama	300	400	400	100	5	35	8	43	43
Alaska	<100	<100	200	100	13	29	15	25	87
Arizona	<100	0	300	400	3	36	6	58	98
Arkansas	100	200	100	0	7	89	13	47	20
California	8,700	4,200	4,300	1,100	12	34	14	29	29
Colorado	700	100	100	2,100	10	82	27	71	74
Connecticut	0	300	0	100	0	50	4	100	31
Delaware	300	<100	1,000	<100	15	8	15	5	78
District of Columbia	100	100	200	500	15	34	25	71	82
Florida	1,800	200	16,600	1,400	27	74	29	8	90
Georgia	1,300	100	300	0	16	50	17	8	18
Hawaii	100	100	100	100	9	33	13	40	52
Idaho	200	0	500	0	15	0	15	0	72
Illinois	1,500	300	1,700	<100	5	14	5	10	49
Indiana	700	0	800	0	10	— ^b	10	0	53
Iowa	300	0	0	0	2	— ^b	2	0	0
Kansas	100	0	300	<100	7	20	7	2	84
Kentucky	200	<100	1,500	<100	14	31	15	2	87
Louisiana	500	100	1,100	<100	16	49	17	9	67
Maine	100	<100	200	<100	11	8	11	1	75
Maryland	300	400	500	700	13	46	23	58	64
Massachusetts	1,500	1,300	0	0	6	43	9	46	0
Michigan	100	<100	2,100	600	11	42	13	23	95
Minnesota	400	200	1,300	200	14	15	14	20	72
Mississippi	1,100	500	300	0	21	100	27	27	17
Missouri	800	300	1,000	<100	11	52	13	15	48

Montana	100	400	300	<100	16	88	31	58	41
Nebraska	200	100	300	200	7	18	9	32	64
Nevada	<100	<100	<100	<100	4	1	1	33	57
New Hampshire	100	200	0	0	5	30	9	57	0
New Jersey	1,600	700	1,400	0	10	66	11	18	38
New Mexico	1,300	500	800	100	20	51	23	22	33
New York	600	4,100	200	900	2	19	8	87	19
North Carolina	900	100	1,500	<100	7	7	7	5	60
North Dakota	100	<100	100	<100	9	20	10	14	47
Ohio	700	300	6,200	3,200	15	23	17	34	91
Oklahoma	1,000	500	400	<100	9	43	11	28	23
Oregon	<100	<100	<100	500	1	63	8	93	88
Pennsylvania	800	1,900	4,100	1,500	9	65	13	41	68
Rhode Island	<100	300	0	0	1	65	6	92	0
South Carolina	1,200	0	100	0	19	— ^b	19	0	5
South Dakota	100	100	200	<100	15	66	19	27	51
Tennessee	300	1,900	1,100	2,200	16	72	37	75	61
Texas	3,100	2,400	3,200	300	13	49	16	30	38
Utah	<100	0	200	0	4	0	4	0	97
Vermont	1,000	<100	<100	<100	25	59	25	1	5
Virginia	300	200	400	200	12	10	11	40	57
Washington ^a	900	700	18,200	1,100	76	83	77	9	92
West Virginia	800	200	1,100	100	9	27	11	17	55
Wisconsin	<100	0	100	0	2	0	2	0	96
Wyoming	<100	0	0	0	2	0	2	0	0
All	35,800	23,500	74,600	18,000	13	34	15	27	61

Source: Authors' tabulations of publicly available [Child Care and Development Fund administrative data](#) federal fiscal year 2018 (the "801" data), US Department of Health and Human Services, Administration for Children and Families, Office of Child Care, version 2, released February 17, 2022.

Notes: The data apply to the average month of federal fiscal year 2018. The tabulations include all families reported by the states as served by their CCDF-funded programs, even if the program pools CCDF funds with other funds. However, families receiving CCDF because of involvement with child protective services are not included in the counts. The publicly available CCDF "801" data provide a sample of the states' case records, and are weighted to represent each state's total cases; the numbers for a particular characteristic may therefore deviate somewhat from the actual counts. Numbers are rounded to the nearest hundred; percentages are based on unrounded numbers.

^a The unusually high number of families in Washington's CCDF caseload that are recorded as receiving CCDF assistance for purposes of education suggests that there is a unique aspect to either the program or the way in which cases are recorded in the administrative data.

^b According to this state's administrative data, the CCDF caseload does not include any families receiving TANF.

Relatively Small Proportions of Eligible Student Parents Receive Child Care Assistance

Our analysis of state CCDF administrative data from 2018 and estimates of those eligible for child care assistance suggests that participation rates were substantially lower for student parents than for the general population of eligible parents. Specifically, participation was as follows (see also table 2):

- **In 2018, 13 percent of student parents who were eligible for child care subsidies under their state eligibility rules are estimated to have received subsidies.** In the average month of 2018, we estimate that 848,000 student parents were eligible for child care assistance *under their state CCDF policies*, and only 110,000 were served.¹⁸ In contrast, the overall participation rate of all families eligible for subsidies under state rules, rather than solely those who are student parents, suggests that CCDF serves about 20 percent of all families eligible *under state rules*.¹⁹ (Note that the share of eligible families being served is lower when participation rates are calculated based on those eligible under *federal* rules because states usually set lower income limits than the maximum levels allowed by the federal government—the participation rate based on the maximum allowable income limits under federal law is the most commonly cited. Also, the estimated overall rate of 20 percent includes all families served by the states’ CCDF-funded programs, even if those programs are partly supported by non-CCDF funds.)
- **Participation rates vary across different racial and ethnic groups of student parents.** Eligible Black, non-Hispanic student parents and Hispanic student parents are estimated to have had slightly higher participation rates (15 and 14 percent, respectively) than eligible white, non-Hispanic student parents (12 percent). Eligible Asian American and Pacific Islander (AAPI), non-Hispanic student parents had the lowest rate at 8 percent.²⁰
- **Participation rates are higher for student parents with children under age 5.** The share of eligible student parents with at least one child younger than age 5 who receive CCDF assistance is substantially higher than that of eligible student parents whose youngest child is ages 5 through 8—17 percent compared with 10 percent, respectively. Among eligible student parents whose youngest child is age 9 or older, the participation rate appears to be very small, at only 2 percent.

TABLE 2**Student Parent Eligibility for and Receipt of CCDF Subsidies, 2018 Baseline**

	Among Families with Parents Currently Enrolled in School		
	Eligible under state policies ^a	Receiving subsidies ^a	% of eligible families receiving subsidies (participation rate)
Total student parent families	848,000	110,000	13
Children ≤ 12 in these families	1,389,000	178,000	13
Families by characteristics			
<i>Race/ethnicity^b</i>			
AAPI non-Hispanic	27,000	2,000	8
Black non-Hispanic	239,000	35,000	15
Hispanic	245,000	34,000	14
White non-Hispanic	298,000	35,000	12
<i>Family structure^c</i>			
One parent or guardian	659,000	92,000	14
Two parents	189,000	17,000	9
<i>Age of youngest child^d</i>			
Birth to age 4	513,000	86,000	17
Ages 5–8	211,000	21,000	10
Ages 9–12	124,000	3,000	2

Sources: Estimates of eligibility in 2018 are from the ATTIS microsimulation model applied to 2018 US Census Bureau American Community Survey (ACS) data. Caseload data are authors' calculations of [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; and the Urban Institute's ATTIS microsimulation model.

Notes:

^a All estimates refer to the average month of the year. The counts of families receiving CCDF assistance due at least in part to education and training exclude approximately 41,000 families also receiving cash aid from TANF.

^b Race/ethnicity is shown for the parent considered the head of the assistance unit for the eligible population and for the youngest child in care for the participating population. AAPI = Asian American and Pacific Islanders. 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. In the tabulations of the 801 data, participants with unknown race/ethnicity were distributed among the other racial/ethnic groups proportionally.

^c In the counts of the participating families, the small number of units in which no family head is identified are classified as neither single-parent nor two-parent households. Those cases are counted in the total.

^d In the counts of the participating families, cases in which valid birthdates were not coded for the children are excluded from the counts by age of youngest child but are included in the total.

What Would Happen to Eligibility and Subsidy Participation under an Alternative Policy and Funding Scenario?

In this step of the analysis, we assess the impact of an alternative policy scenario that has three components: (1) making funds available to serve all eligible student parent families that want assistance, (2) reducing the extent to which student parents face additional eligibility restrictions such as those described earlier,²¹ and (3) assuming that parents can access the care they need. Our analysis examines the impacts of the alternative policy and funding scenario on the number of eligible student parents and their participation as of 2021, then compares these estimates with the 2018 data presented previously.

How Would the Alternative Policy Scenario Have Affected the Number of Eligible Student Parent Families if Implemented in 2021?

Assessing the additional number of families that would have been eligible for subsidies if the alternative policy had been implemented in 2021 involves examining four questions:

1. **How many families would have been eligible in 2021 under existing policy and funding?** The first step is to estimate how many families with children younger than age 13 have parents who were enrolled in education or training that would potentially qualify for CCDF-funded subsidies in their state in 2021 under existing state policies and have income below their state's eligibility limits. As shown in table 3, we estimate that over three-quarters of a million student parent families (777,000) would be eligible for child care subsidies under current state rules in the average month of 2021. This number includes families with student parents who are not also employed, families with one parent employed and another parent who is a student, and families with one parent who is in school while also employed. These families have almost 1.3 million (1,269,000) children younger than age 13 whose child care needs could potentially be supported. The figure of 777,000 families is somewhat lower than the number we estimated as eligible under current policies in 2018 (848,000) because (1) we assume that school enrollment was somewhat lower in 2021 than it was in 2018 given the drop in enrollment due to the pandemic and (2) in states requiring that student parents also have employment, there might be lower eligibility in 2021 because of lower employment levels in 2021.

The population estimated to be eligible for CCDF for purposes of education or training in 2021, under current law, was estimated to include almost 270,000 non-Hispanic white families, 233,000 Hispanic families, 214,000 non-Hispanic Black families, and 22,000 AAPI non-Hispanic families. When looking at the families by parent’s education levels at entry, the largest group of eligible student parent families—379,000 families—was made up of parents who have some college education but no degree. An estimated 606,000 were single-parent families, and 467,000 had a child younger than age 5. Note that the effort to reengage the “some college but no degree” population to return to education has been getting increased attention on the part of policymakers and practitioners as a priority in recent years (Eyster and Gebrekristos 2018).²²

- 2. How many families in which parents are currently in school would have become newly eligible if state work and education-related requirements were relaxed?** The second question to examine is the impact of relaxing the additional state restrictions on eligibility for student parents described earlier—work requirements and other policies that limit eligibility (for example, establishing degree limits, time limits, or scholastic requirements)—for those student parents who were already enrolled in school or training. Specifically, we made the following changes: (1) student parents would no longer have to also be working to be eligible for child care subsidies during their education hours, and (2) all states would have some requirements related to the type or extent of education, but the extent of those restrictions would be at the lower end of the restrictions in current policies.

Eliminating work requirements for student parents in 2021 and relaxing other educational requirements is estimated to result in 185,000 families (304,000 children) becoming eligible for subsidies *among those with parents already in school*, an increase of 24 percent. The hypothetical policy changes appear to have the largest impact for parents living in states that, under the baseline policies, had work requirements for student parents to receive child care assistance for their in-school hours. Overall, the number of eligible student parent families living in states with work requirements for student parents is estimated to more than double, from 87,000 eligible families under existing state policies to 186,000 eligible families (an increase of 99,000) if scholastic and work requirements were relaxed. In contrast, across all the states without work-hour requirements for student eligibility,

eligibility estimates would have increased by about 12 percent, from 690,000 to 776,000 (an increase of 86,000).

In general, the patterns seen for this step by race and ethnicity and other family characteristics are likely to be affected by whether some groups of families are concentrated in states with more or fewer eligibility restrictions and whether their personal characteristics meant they were constrained by those restrictions. For example, our analysis suggests that Black, non-Hispanic student parent families with lower incomes were less likely to live in states that had work requirements for student parents to be eligible for subsidies, although they were more likely to live in states with a greater extent of scholastic requirements for student parents (e.g., degree or grade requirements).

One subgroup that shows a large relative increase in eligibility because of the relaxed requirements is two-parent families. The analysis shows an additional 56,000 CCDF-eligible student parents in two-parent families (married or unmarried) due to the relaxation of eligibility requirements, an increase of 33 percent from the baseline. In contrast, the relaxed requirements are estimated to increase eligibility in one-parent families 21 percent. The difference is because among student parents with lower incomes, those who are married or living with their children's other parent are somewhat less likely to be working (probably because the other spouse or partner is working) and therefore more likely to *become* eligible when work requirements are no longer imposed.

- 3. How many more parents would have enrolled in school because of the availability of subsidies, thus becoming eligible for child care assistance?** Next, we estimate how many parents might have enrolled in school in 2021 if they were able to get help paying for child care. Based on survey data on the relationship between availability of child care and the ability of student parents to remain in school (Hess et al. 2014; Sick, Vilter, and Spaulding 2019) we assumed that the full availability of CCDF-funded subsidies for purposes of parent education would increase the number of students 20 percent among families that would be eligible for the subsidies. Using that approach, we estimated that another 167,000 families (281,000 children) might have parents who would have enrolled in school and become eligible for CCDF assistance for their children during the parents' school hours.

4. **What would have been the total impact on the eligible population of student parents?** The final step is to estimate the total number of additional families that would have been eligible under our alternative policy scenario in 2021 by adding the families that were added in each of the preceding steps to those that were already eligible. This step results in the number of *eligible* families increasing by 352,000 (584,000 children) from the estimate under baseline policies in 2021, to an overall total of more than 1 million student parent families (1.13 million families/1.85 million children) projected to be eligible for child care assistance under this policy scenario—an increase of 45 percent. The estimated number of eligible families in 2021 under this policy is also 33 percent higher than the estimated 848,000 families eligible in 2018 under the actual policies in that year (table 2). (As mentioned, without any policy change, we expect fewer student parents in 2021 because of pandemic-related enrollment declines.)

TABLE 3**Estimated Changes in the Number of Student Parent Families Eligible for CCDF Subsidies in 2021 under the Alternative Policy and Funding Scenario**

	Student parents already enrolled and eligible under existing policies	Additional number eligible among parents already enrolled in school if requirements relaxed ^a	Additional number eligible due to more parents enrolling in school	Increase in eligibility (number)	Increase in eligibility (percent)
Total student parent families	777,000	185,000	167,000	352,000	45
Children ≤ 12 in these families	1,269,000	304,000	281,000	584,000	46
Families by characteristics					
<i>Race/ethnicity of parent^b</i>					
AAPI non-Hispanic	22,000	6,000	6,000	12,000	55
Black non-Hispanic	214,000	44,000	54,000	98,000	46
Hispanic	233,000	49,000	43,000	92,000	40
White non-Hispanic	270,000	72,000	58,000	129,000	48
<i>Education of parents before new credentials</i>					
Less than high school diploma	84,000	15,000	19,000	34,000	40
High school diploma	81,000	20,000	18,000	38,000	47
Some college, no degree	379,000	86,000	90,000	176,000	46
2-year degree	124,000	34,000	21,000	55,000	45
4-year degree or more	109,000	30,000	18,000	48,000	45

	Student parents already enrolled and eligible under existing policies	Additional number eligible among parents already enrolled in school if requirements relaxed ^a	Additional number eligible due to more parents enrolling in school	Increase in eligibility (number)	Increase in eligibility (percent)
<i>Family structure</i>					
One parent or guardian	606,000	128,000	123,000	252,000	42
Two parents	171,000	56,000	44,000	100,000	58
<i>Age of youngest child</i>					
Birth to age 4	467,000	113,000	94,000	207,000	44
Ages 5–8	195,000	42,000	43,000	85,000	43
Ages 9–12	115,000	30,000	30,000	60,000	52
<i>In states with work requirements for students under existing policies</i>					
No	690,000	86,000	136,000	222,000	32
Yes	87,000	99,000	31,000	130,000	149

Source: Urban Institute’s ATTIS microsimulation model applied to 2018 ACS data that have been projected to 2021.

Notes: All estimates refer to the average month of the year. Numbers are rounded to the nearest thousand; percentages are based on unrounded numbers. Families eligible for CCDF assistance through their participation in work-related activities under the TANF program are not counted as student parents in this tabulation.

^a The hypothetical policy assumes that no state will require students to also be working, and that all states will apply only a limited number of scholastic restrictions (e.g., based on degree, number of classes, or grades).

^b AAPI= Asian American and Pacific Islanders. 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.

How Many and What Proportion of Eligible Student Parent Families Would Likely Receive Assistance in 2021 Under the Hypothetical Policy?

The next question involves exploring the extent to which the changes in eligibility and availability of funding to serve families suggested in our alternative policy would have changed the *caseload* of student parent families receiving child care assistance in 2021, as well as their likelihood of getting assistance. Under our hypothetical policy, there would be sufficient funding for any family wanting CCDF assistance for purpose of education or training, and parents would be able to get a subsidy for the care they needed. Nevertheless, some parents might choose not to enroll. For example, if another adult is in the home when the student parent is in school, the family might prefer to keep that approach rather than becoming involved in the subsidy system.

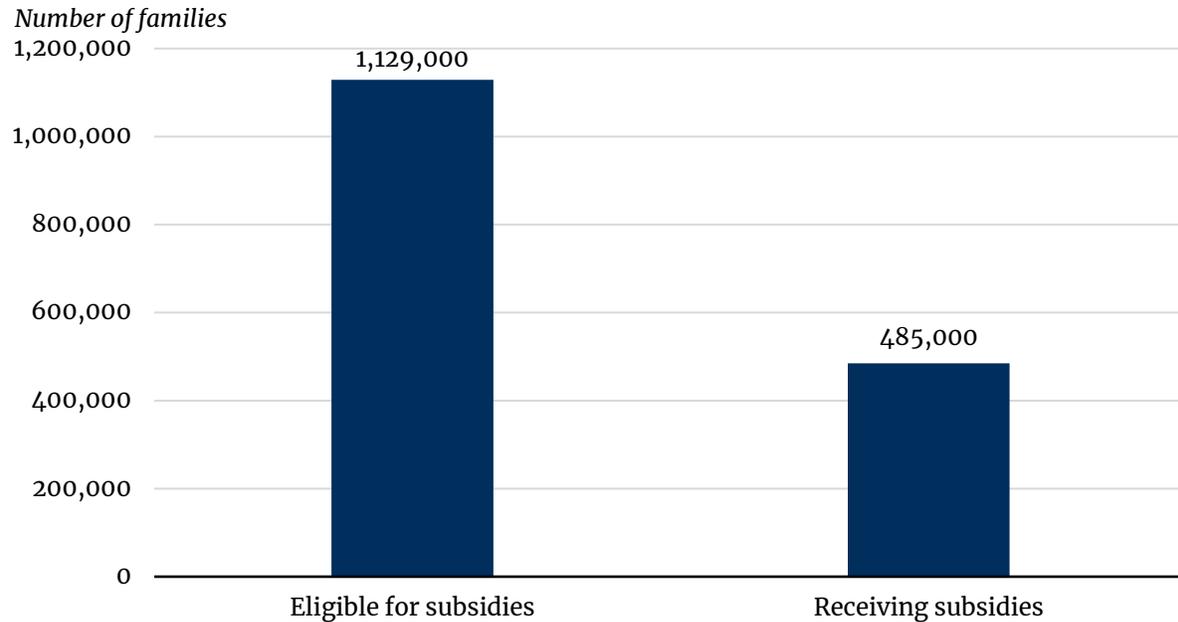
Although it is impossible to know what the uptake would be, for the purposes of this exercise, we built upon earlier work (Giannarelli et al. 2019) and assumed that the following eligible families would have enrolled in CCDF in 2021 under the hypothetical policy:

- all families likely to have received subsidies under the standard policies (using probabilities of participation for families with different characteristics observed in prior analysis);
- all eligible families (both newly eligible and previously eligible but not served) that were already paying for nonparental child care;
- half of the eligible families (both newly eligible and previously eligible but not served) whose incomes are low enough so they would not owe any copayment according to their state's copayment rules; and
- all families who are newly eligible because a parent is assumed to start school because of the policy.

Those assumptions, combined with the projections of student parent eligibility, suggest a total of 485,000 families would receive CCDF assistance for purposes of school or training in 2021 (figure 2 and table 4) under our hypothetical policy.

FIGURE 2

Estimated Number of Families Eligible for CCDF Subsidies for Purposes of School or Training and Receiving CCDF Subsidies for Purposes of School or Training, Hypothetical Policies, 2021



Source: Urban Institute’s ATTIS microsimulation model applied to 2018 ACS data that have been projected to 2021.

Notes: The hypothetical policy assumes that no state will require students to also be working, all states will apply only a limited number of other eligibility restrictions (e.g., based on degree, number of classes, or grades), there will be sufficient funding for all eligible applicants, and parents will be able to use the care that best meets their needs.

Other key points based on the projected 2021 caseload data, shown in the next section on table 4, are as follows:

- The projected caseload as a proportion of the 1.13 million student parents who would have been eligible under the alternative scenario in 2021 **results in a projected participation rate of 43 percent of eligible student parents being served.**
- Black, non-Hispanic student parents are projected to reach a participation rate of over 50 percent in 2021 if the proposed policy changes were put into effect, both AAPI, non-Hispanic and white, non-Hispanic parents are projected to reach participation levels of 43 percent, and Hispanic parents are projected to reach a participation rate of 35 percent.
- Student parents with children younger than age 5 are projected to have a participation rate of 49 percent, compared with 35 percent for children ages 5 to 8 and 33 percent for children ages 9 to 12.

The subgroup participation rates are closely tied to our assumptions. For example, the high participation rate among families with children younger than school age is because of our assumption of full participation among CCDF-eligible student parents who would otherwise be paying for child care. Because payment for nonparental child care is more likely for families with younger children, families with children younger than age 5 were also more likely than student parent families with only older children to be assumed to want the subsidy if it was available to them.

How Do the Eligibility and Participation Estimates under the Alternative 2021 Policy Scenario Compare with the 2018 Findings?

A comparison of the previously detailed findings from 2018 (on the number of eligible student parents under existing policy, those being served, and the participation rates) with the projected changes in each of those metrics under the proposed alternative policy in 2021 shows that the alternative policy and funding scenario would have a major impact on student parents' access to child care assistance, nationally, in every state, and across families with different characteristics.

Looking first at the national level in table 4, we find that the overall participation rate for student parents would rise from 13 percent in 2018 to 43 percent in 2021 with full funding and relaxation of state eligibility and student parent work requirements—an increase of 30 percentage points. The number of families eligible for CCDF assistance for purposes of education or training would rise by 281,000 (an increase of 33 percent from the 2018 eligibility estimate under baseline policies to the 2021 estimate with the hypothetical policies), and the caseload would rise by 375,000 (a four-fold increase). The relative increase in the caseload is so much larger than the relative increase in eligibility because our hypothetical policy allows many previously eligible families to begin receiving subsidies in addition to allowing families to become newly eligible.

Examining these patterns across families with different characteristics makes it evident that the alternative policy scenario would have a significant impact on the number of eligible parents, the number who would get assistance, and the participation rate, for every category. However, the size of the impact does vary, with significant impacts on Black, non-Hispanic and AAPI, non-Hispanic parents, and still sizeable but smaller

impacts on white, non-Hispanic and Hispanic families. Specifically, we estimate the following (table 4):

- Black, non-Hispanic and AAPI, non-Hispanic student parents would experience increases in their CCDF participation rate of 36 and 35 percentage points, respectively.
- White, non-Hispanic student parents would experience a slightly smaller increase—31 percentage points—in their participation rate, and Hispanic student parents would experience a still sizeable but smaller increase of 22 percentage points in their participation rate.

We also find sizeable changes in the number of eligible families, caseloads, and participation rates when examining other family characteristics. Most notable is the significant increase in the participation rate for families with preschool-age children, whose participation rate is projected to increase by 38 percentage points under our assumptions.

TABLE 4**Changes between Baseline and Alternative Policy by Characteristic**

	Under 2018 baseline			Under alternative policy situation 2021			Change between baseline and alternative		
	Eligible	Caseload	Participation	Eligible	Caseload	Participation	Eligible	Caseload	Participation (percentage-point increase)
Total student parent families	848,000	110,000	13%	1,129,000	485,000	43%	281,000	375,000	30
Children ≤ 12 in these families	1,389,000	178,000	13%	1,853,000	786,000	42%	464,000	608,000	30
Families by characteristics									
<i>Race/ethnicity^a</i>									
AAPI non-Hispanic	27,000	2,000	8%	34,000	15,000	43%	7,000	13,000	35
Black non-Hispanic	239,000	35,000	15%	311,000	159,000	51%	72,000	124,000	36
Hispanic	245,000	34,000	14%	325,000	115,000	35%	80,000	81,000	22
White non-Hispanic	298,000	35,000	12%	399,000	172,000	43%	101,000	137,000	31
<i>Family structure^b</i>									
One parent or guardian	659,000	92,000	14%	858,000	380,000	44%	199,000	288,000	30
Two parents	189,000	17,000	9%	271,000	106,000	39%	82,000	89,000	30
<i>Age of youngest child^c</i>									
Birth to age 4	513,000	86,000	17%	674,000	329,000	49%	161,000	243,000	32
Ages 5–8	211,000	21,000	10%	280,000	98,000	35%	69,000	77,000	25
Ages 9–12	124,000	3,000	2%	175,000	58,000	33%	51,000	55,000	31

Sources: Estimates of eligibility in 2018 under the baseline policies and estimates of both eligibility and caseload 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. Caseload data for 2018 are authors' calculations of [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. Numbers are rounded to the nearest thousand; percentages are based on unrounded numbers.

Families eligible for CCDF through their participation in work-related activities under the TANF program are not counted as student parents in this tabulation.

^a Race/ethnicity is shown for the parent, except in the case of the 2018 caseload data, for which the race/ethnicity of the youngest child is shown. AAPI= Asian American and Pacific Islanders. 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. In the tabulations of the 801 data, participants with unknown race/ethnicity were distributed among the other racial/ethnic groups proportionally.

^b In the counts of the participating families in 2018, the small number of units in which no family head is identified are classified as neither single-parent nor two-parent households. Those cases are counted in the total.

^c In the counts of the participating families in 2018, cases in which valid birthdates were not coded for the children are excluded from the counts by age of youngest child but are included in the total.

What Might the Alternative Policy Mean for Future Employment, Earnings, and Child Poverty?

Our final analysis here differs from the previous sections because it presents the results of a question that involves assumptions about issues that are much more uncertain. In this section, we explore the possible implications of the alternative scenario described earlier for the longer-term outcomes for student parents and their children. In particular, what might this alternative scenario mean for the ability of student parents to complete their credential, for their ability to become employed or get a better job, and for their future earnings? What might it mean for the likelihood that their children will live in a family with income below the federal poverty level? This analysis involves more uncertainty because we do not know the types of higher education barriers or opportunities that student parents will face, the job market that they would enter, or the earnings they might achieve. And although these questions would have always involved uncertainty, those uncertainties are even greater given the complexities of the pandemic-era economy and possible recovery. In addition, child care is only one barrier that student parents encounter when completing their education and getting their credential, getting a job, and earning more. Therefore, although it is useful to explore those questions, it is important to understand that the findings in this section should be seen as exploratory rather than definitive.

To explore the potential changes resulting from the alternative policy, we project the future earnings of student parents who are assumed to gain a credential under the hypothetical policy who would not have gained it under existing policy. Some parents in that group would not have gained a new credential without the new policy, because without the child care subsidies, they would not have started the program. Other parents are already in a program in 2021 but the child care subsidies helped them complete the program. We assume that the likelihood of a student parent completing a degree within six years is increased by 20 percentage points when child care subsidies are provided. (See the appendix for more discussion.)

Among the parents viewed as completing a program who would not otherwise have done so, we project their future earnings two ways: first without the new credential and then with it. Conceptually, the projections can be viewed as considering earnings in the seventh year following a parent's enrollment. Both scenarios consider that parents who are

in school in 2021 and who are not working or are working only part time or part year might begin to work or begin to work full time and full year after they are no longer in school (after they have either graduated or left without graduating). However, because the likelihood of employment and the likelihood of full-time and full-year employment both increase with education, we project more employment among these parents in the scenario in which they completed a new degree or program. We also assume that, on average, parents gaining employment will earn the median for their characteristics and their education level, meaning that earnings are higher under the second scenario. Finally, we assume that even for parents who do not increase their weeks or hours of work (that is, they were either already working full time and full year, or they remain working part time or part year), about half will receive a pay raise in the scenario when they have a new credential. The pay raises are based on differences in median hourly pay by educational attainment, controlling for sex, race, and ethnicity. (See the appendix for more information.)

Exploring the Potential Implications for Student Parents' Earnings and Employment

We first explore the potential of the alternative policy in shaping the future earnings and employment of student parents (table 5). As discussed, if the new policy had been instituted in 2021, we estimate that an additional 270,000 parents of children younger than age 13 would newly enroll in school because of the availability of the subsidy in that year. Among those parents projected to become students because they can receive CCDF assistance, and the parents who were already students but who could newly obtain subsidies under the policy, we assume that an additional 20 percent would complete their program within six years because of the support provided by the subsidy. This assumption would increase the number of student parents completing their programs within six years by 193,000.²³ Note that this projection reflects only the cohort of student parent families that were able to get assistance in 2021; if the policy were to continue, additional families would be likely to join the program each year, which would increase the total number of student parents experiencing benefits with each additional year of the program.

Under the employment assumptions, of the 193,000 student parents assumed to complete their program who would not have been able to do so without the support of the child care subsidy, we project that 101,000 would have higher earnings in the future year

when they have the new credential, compared with what their earnings would have been without the new credential. On average, their annual earnings (in 2021 dollars) would be \$5,400 higher in the seventh year, which presumably would affect their longer-term earnings trajectory. In relative terms, among the parents projected to benefit economically, average annual earnings are projected to be 26 percent higher than would otherwise be the case. However, as noted, there is a significant degree of uncertainty about these estimates, and it is possible that the student parents that are the focus of this analysis may face other challenges that reduce the likelihood of those outcomes.

Under the assumptions, we find that the average increases for the parents obtaining higher earnings vary by educational level, with the largest increase for those parents who started with a high school diploma and obtained a two-year degree and for those who started with a two-year degree and obtained a four-year degree. In each of those cases, average earnings among the group are about \$8,000 higher than if the new credential had not been obtained. This increase results in relative gains of 48 percent in average earnings for those parents with a high school degree who gain a two-year degree, and relative gains of 37 percent in average earnings for parents who move from a two-year degree to a four-year degree. The differences reflect different likelihoods of full-time and full-year employment at different education levels, and differences in the relative change in pay rates from one education level to the next.

Considering the three largest racial/ethnic groups, the average earnings increase is similar across the groups, but it is lowest for Black, non-Hispanic parents; the average annual earnings of Black, non-Hispanic parents in this group increase by \$4,500, compared with the \$5,400 overall average—a relative increase of 20 percent in average earnings. Both white, non-Hispanic and Hispanic parents saw higher increases in both average annual earnings (\$5,500 and \$5,600, respectively), amounting to relative increases of 27 percent for both groups. The differences are primarily attributable to differences in starting educational levels of the different groups of student parents, combined with different likelihoods of full-time and full-year employment even at the same educational level and different starting pay.

TABLE 5**Estimated Increases in Future Educational Attainment, Employment, and Earnings among Parents who Benefit from a Hypothetical Expansion of CCDF for Purposes of Education in 2021**

	Additional parents trying to attain a new credential	Additional parents graduating within 6 years	Parents with more employment or earnings by year 7 due to the new credential ^a		
			Number of parents	Average increase in annual earnings	Average increase as percent of average earnings without new credentials
Total student parent families with children ≤ 12	270,000	193,000	101,000	\$5,400	26%
Families by characteristics					
<i>Race/ethnicity of parent^b</i>					
Black non-Hispanic	74,000	54,000	31,000	\$4,500	20%
Hispanic	74,000	52,000	27,000	\$5,600	27%
White non-Hispanic	99,000	71,000	34,000	\$5,500	27%
<i>Education of parents before new credentials</i>					
Less than high school diploma	32,000	23,000	11,000	\$4,200	25%
High school diploma	28,000	22,000	12,000	\$8,400	48%
Some college, no degree	142,000	94,000	54,000	\$4,000	18%
2-year degree	35,000	29,000	15,000	\$8,300	37%
4-year degree or more	32,000	26,000	8,000	\$6,700	30%

Source: Authors' calculations using the Urban Institute's ATTIS microsimulation model.

Notes:

^a Parents who gain a higher level of education are assumed to have the same likelihood of working full time and full year as parents currently at that level, and many parents with a new credential begin to earn higher wages. Dollar amounts are in 2021 dollars.

^b Non-Hispanic individuals reporting more than one race or reporting a race other than white or Black are included in the total but not included in a racial/ethnic group.

Exploring the Implications of the Alternative Scenario for Child Poverty Rates

The final issue to explore is whether the alternative scenario would have any effect on the rates of child poverty (table 6). Based on the projections that more student parents would complete their degrees and that a portion of those student parents would gain new employment or higher earnings that they would not otherwise have obtained without the new credential, we also project a reduction in child poverty for the children of those student parents.

Of the 397,000 children whose parents are estimated to be able to complete a program because of the new policy (who would not otherwise have completed the program), 27.2 percent are projected to be in families with cash income below the FPL *if the parents had not been able to complete the degree.*²⁴ (The high poverty rate is because all of those families are receiving CCDF assistance, a large portion of whom have incomes below the FPL.) However, with the new earnings, that poverty rate is reduced to 23.5 percent. In numeric terms, 14,000 children would see their family income raised from below to above the FPL. This projection applies to *only the children in families receiving CCDF assistance under the new policy in a single year*. If the policy continued, additional families would likely join the program each year; the total number of children raised out of poverty due in part to the policy would grow with each year the policy was in place.

The number of children in families with income below the FPL is projected to fall for all the largest racial and ethnic groups, with the largest reduction in both percentage and numeric terms for Hispanic children. Differences by race and ethnicity could be partly attributable to differences in whether the families with income below the FPL have income that is relatively close to the FPL or far below it.

TABLE 6**Projected Poverty Rates for Children Following Completion of Educational Program by Parents due to the New CCDF Policies**

	Children Birth to Age 12 in 2021 with a Parent Projected to Complete a Program within 6 Years due to the New Policy			
	Number of children	Poverty rate in 6 years without the policy	Poverty rate in 6 years with the policy	Change in number of children with family income below poverty level
All children in this group	397,000	27.2%	23.5%	-14,000
Race/ethnicity of child^a				
Black non-Hispanic	105,000	33.5%	30.1%	-4,000
Hispanic	126,000	26.5%	21.0%	-7,000
White non-Hispanic	127,000	22.5%	19.6%	-4,000

Source: Authors' calculations using the Urban Institute's ATTIS microsimulation model.

Notes: Poverty is assessed with the official poverty measure, which compares a family's regular cash income during the year with the applicable official poverty threshold. The computation of poverty status assumes that parents who gain a higher level of education are more likely to work full-time and full-year and to earn higher wages than would have been the case without the credential. Elements of future income other than earnings are assumed to be the same as in 2021, with the exception that unemployment compensation no longer includes additional federal eligibility and payments.

^a Non-Hispanic individuals reporting more than one race or reporting a race other than white or Black are included in the total but not included in a racial/ethnic group.

Why We Are Not Calculating the Budgetary Cost of the Proposal

The budgetary cost of the policy scenario discussed in this paper is obviously an important question for policymakers interested in considering making child care subsidies more accessible to parents needing child care assistance to support their education and training. However, we are unable to project the cost of the scenario given the lack of data to inform what types of care student parents would use, how many hours of care they would need in their arrangements, how much states would reimburse providers for such care, and the amount that states would recoup through parent copayments. A number of these issues are unknown because we have no data from our current system on which to build given that we are proposing a new set of policies that differ from those currently in place. Those uncertainties are even greater given state policy changes during the pandemic, which make it even more challenging to build in assumptions on the basis of current policy.

Conclusion and Policy Implications

Supporting education and training among low-wage workers has long been seen as a critically important tool to facilitating better employment, higher earnings, and economic mobility. Experts suggest that it will be particularly important in the coming years for workers to have access to education and training because of changes in the nature of work and the labor market, including those changes that are due to the pandemic. Furthermore, given the extra barriers to education and economic opportunity that communities of color have faced because of inequities caused by structural racism and the hard hit they have taken because of the pandemic, addressing barriers to education and training is an important way to support greater equity in access to better employment and training opportunities.

Although supporting the economic mobility of low-wage workers overall is important, parent workers face extra barriers if they are interested in gaining greater skills and education to better their employment prospects. Therefore, it can be particularly important to support parents who are seeking to improve their economic prospects because investing in their skills and education can not only benefit them in the short term, it can also have implications for their children's well-being and longer-term success. Child care barriers are key among those to address—barriers that our current public child care assistance system does relatively little to address because of inadequate funding and restrictions on eligibility.

Therefore, it could be beneficial to explore the possibility of extending child care assistance to more parents seeking education and training. This report presents the findings of that exploration: specifically, the implications of making child care assistance from CCDF available to income-eligible families who need child care to allow them to attend education and training. This would be accomplished by implementing a hypothetical policy change that includes (1) funding CCDF at levels that allowed all eligible parents who wanted assistance to get it, (2) relaxing state policies that put additional limits on eligibility and getting rid of work requirements for student parents, and (3) paying for the kinds of child care that parents need. We explored how many parents would be eligible under this alternative scenario, how many would enroll in the subsidy system, and what this might mean for their employment, earnings, and poverty trajectory.

Our findings show that implementing the alternative policy in 2021 would result in a 45 percent increase in the number of eligible student parents relative to what we think would otherwise be the case in 2021. Compared with the actual situation in 2018, we project that implementing the hypothetical policy in 2021 would produce a four-fold increase in the number of student parents receiving assistance and a three-fold increase in the participation rate among eligible student parents (from 13 percent to 43 percent). The increase in participation rates would be the most dramatic for Black, non-Hispanic student parents. Further, although only a subset of those who would be able to get subsidies to pay for child care in 2021 to help them attend education or training are projected to gain a credential within six years, average earnings among those projected to have increased earnings could be 26 percent higher than without the new credential. Finally, for the children whose parents saw an increase in earnings or employment, their cash poverty rate could fall by 3.7 percentage points.

In summary, these findings suggest that additional federal investments in child care, a focused effort to relax state eligibility restrictions for student parents and to eliminate work requirements for student parents, and steps to ensure that student parents can use their subsidies to purchase the care that meets their needs (including relative care and home-based options that may be exempt from licensing) are policy actions that could have an impact on employment, earnings, and child poverty.

Note that although this alternative policy could help improve the financial well-being of student parents who benefit from the subsidy, it is only one component of addressing the broader set of challenges and inequities facing student parents, especially parents of color. As a result, a broader set of strategies would be necessary to support greater equity in wages and employment, including 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.

Moreover, this policy scenario is hypothetical; in reality, many policies, funding decisions, and economic factors come into play, such as the following:

- The alternative policy considered in this report assumes both sufficient funding and a reduction of state eligibility policies that place extra restrictions on the ability of student parents to get child care assistance. At the time this report was being written, Congress was debating passage of major federal child care legislation and

investments that would have addressed funding levels and required states to make subsidies available to a range of parents in education and training. The outcome of this legislation was unclear at the time of publication.

- This scenario assumes that parents will be able to get subsidies to pay for the care they need. Yet this assumption may be overly optimistic for two reasons:
 - » First, the current subsidy system limits funds from going to the child care settings that are most likely to be willing and able to serve families during the irregular and nontraditional schedules they are likely to need, namely legally unlicensed home-based providers and in-home caregivers such as relatives (Adams and Dwyer 2021). To the extent that our public systems continue to limit subsidy access for the care that student parents need to support their ability to go to school, the outcomes projected in this paper will be more difficult to achieve. Identifying ways to help families use subsidies to access these caregivers while ensuring the safety and well-being of their children would be an important step to this end.
 - » Second, even before the pandemic, the supply of quality affordable child care was inadequate, with families and communities facing particular barriers in finding care (Thomson et al. 2020). However, the pandemic has significantly exacerbated those challenges because across the country providers have had to close, reduce services, or increase fees (US Chamber of Commerce Foundation 2020). As a result, the estimates we project here do not reflect the supply challenges that many parents currently face. The previously mentioned uncertainty around federal action in supporting and sustaining the supply of child care also makes future developments in this area less clear.
- The alternative scenario examined in this paper assumes that eligible student parents who want a subsidy would be able to get one. However, research has demonstrated that the process of getting and keeping a subsidy can be challenging, with significant levels of client burden and administrative burden (Adams and Matthews 2013). Furthermore, those administrative barriers can be particularly challenging for Black and Hispanic parents who face additional constraints because of the inequities caused by structural racism (Adams and Pratt 2021).

- The estimates of possible impact of the alternative policy are based on a range of assumptions about access to educational opportunities, availability of employment, the kinds of wages that these parents will be able to earn, and so forth—assumptions that were built upon existing research and data. However, the economic upheaval caused by the pandemic has underscored the uncertainty that our country is facing in all those areas and has made the reliability of these assumptions somewhat less certain.
- Student parents, and particularly student parents who have faced extra challenges because of barriers to opportunity, are likely to face challenges—ranging from food insecurity to inadequate housing or health care to additional family responsibilities, and so forth—that are likely to make it harder for them to graduate and become employed at a decent wage. Research suggests that strategies that take a more comprehensive approach to supporting student parents, such as helping to ensure that their basic needs for food and housing are met and that they have case management and peer supports, can support student parent’s ability to attend and complete college (Frank 2017; Green 2018; Michigan Partners Project 2013; Pendleton and Atella 2020; Smith, Karp, and Osche 2016).

In conclusion, the economic upheaval and labor market challenges caused by the pandemic have highlighted the significant challenges facing many families experiencing poverty and earning low wages and have highlighted the barriers faced by many families because of structural racism and the resulting inequities. Those developments have also created additional urgency for strategies to help low-wage parents gain new skills to help them move forward in the job market and earn more to support their families.

Our findings suggest that reducing barriers to child care assistance (and therefore allowing those parents to get additional education and training), could play a significant role in helping those parents onto a stronger and more economically viable trajectory and could be of particular benefit to parents who face barriers related to structural inequities. However, although child care is a necessary support for many student parents, and the policy outlined in this paper could help make a difference for their families, research on the needs of those families suggests that it will also be necessary to address other barriers to success and opportunity faced by parents, particularly parents of color.

Appendix: Methodology

This technical appendix describes how we used the Urban Institute’s Analysis of Transfers, Taxes, and Income Security (ATTIS) microsimulation model to assess the impact of making child care subsidies more available for families with lower incomes and for those families with parents who are attending an educational program. First, we briefly describe key features of ATTIS and then discuss issues specific to this analysis, including the microlevel data on families and children that we used as the foundation for our simulation analysis, adjustments to student status in the data, the methods for simulating CCDF eligibility, how we projected whether student parents eligible for CCDF under the alternative policy would want to enroll in the program, and how we assessed the potential increase in employment and earnings due to the hypothetical policy.

ATTIS Microsimulation Model

ATTIS is a comprehensive microsimulation model used to study the US social safety net and the economic well-being of families and individuals. Developed with initial funding from the Casey Foundation and ongoing funding from the Robert Wood Johnson Foundation, ATTIS uses data on US households from the American Community Survey (ACS). The ACS is a very large survey; the version of the survey available for public use includes information on about 1.2 million households, allowing detailed national-level analysis as well as state-level analysis.

ATTIS includes representations of all the key benefits supporting families with lower incomes, including cash assistance programs, nutrition programs, and programs that make housing, utilities, or child care more affordable. This analysis primarily used the capabilities of ATTIS to simulate the CCDF program—the primary source of federally funded child care subsidies for families with lower incomes.

Data Used for the Simulation Analysis

This project required data on the characteristics and economic circumstances of US households in both 2018 and 2021. Our source of 2018 household data was the 2018 ACS. We

used those data to estimate the numbers and characteristics of families eligible for CCDF-funded subsidies in 2018. (We focused the prepandemic analysis on 2018 because that is the most recent year for which we had access to CCDF administrative data, which allowed us to tabulate the numbers and characteristics of families receiving CCDF-funded subsidies for purposes of parents' schooling or training.²⁵)

In the case of 2021, however, the ACS data file will not be available until fall 2022. The 2020 ACS data are available, but they are considered experimental because of data collection issues related to the pandemic.²⁶ Therefore, to take into account the 2021 levels of employment and earnings—which directly affect eligibility for CCDF—our 2021 analyses use a special version of the 2018 ACS that was previously developed by Urban Institute researchers to allow real-time poverty projections. The methods, described in more detail in Wheaton, Giannarelli, and Dehry (2021), involved modifying the 2018 ACS data to come as close as possible to 2021 for population (by state and personal characteristics), income levels, and employment. The employment modifications were aligned to detailed spring 2021 data from the Current Population Survey regarding employment rates by age group, race, ethnicity, citizenship status, educational attainment, sex, marital status, parent status (whether a person was a parent of a young child, an older child, or not a parent), and occupational group. The employment modifications also achieved close correspondence with spring 2021 data on the numbers of jobs by state and industry. A gradual increase in employment throughout the year is also modeled, based on February 2021 projections from the Congressional Budget Office (Congressional Budget Office 2021).

Data on Student Status

This analysis is focused on a subset of families: those in which the parents are engaged in education. The ACS survey asks whether each person is enrolled in school, but the enrollment of parents appears to be somewhat underreported. Among parents of children age 12 or younger, the 2018 ACS survey data identified 3.0 million parents as being students, in contrast to the 4.0 million who appear to be enrolled in either academic programs or occupational/vocational programs at some point during the year according to our analysis of the first year of data from the 2018 panel of the Survey of Income and Program Participation.²⁷ The ACS might not pick up some parents' educational

involvement for various reasons, including the fact that the ACS does not ask about training and only asks about school enrollment in the three months prior to the survey.

To compensate for the underreporting in the prepandemic data, we imputed school enrollment to additional parents to reach the targeted number of 4.0 million in the 2018 data. The imputations captured existing variations in parents' enrollment by key demographic characteristics, including higher likelihoods of being in education for mothers, Black parents, younger parents, and parents whose current educational attainment is either some college without a degree or a two-year degree.

For our estimates of CCDF eligibility due to student status in 2021, we modified the data in two steps. For our initial estimates, we incorporated the fact that educational enrollment appeared to be lower in 2021 than in prior years because of the pandemic. We adjusted the incidence of enrollment among parents of children age 12 or younger to a figure of 3.6 million based on an assumption that the number of parents of children age 12 or younger was about 10 percent lower in 2021 than it had been before the pandemic.²⁸

However, if the hypothetical policy had been in place in 2021, we assume that it would have increased parents' ability to be enrolled in educational programs. Specifically, we assume a 20 percent increase in the number of parents with children age 12 or younger in families financially eligible for CCDF at any point during the year who were also enrolled in education or training during the year. The assumption of a 20 percent increase in enrollment for this group is based on prior research that has found a connection between child care availability and parents' availability to remain in school. Among young parents in the 1997 panel of the National Longitudinal Survey of Youth, 15 percent reported that they needed to leave school at least once by the age of 30 because of child care or pregnancy-related needs (Sick, Vilter, and Spaulding 2019). A study of mothers enrolled in a Mississippi community college found that 24 percent took a break from college and reported that more affordable child care would have helped avoid that break (Hess et al. 2014). Because neither study included the full population of student parents with lower incomes or focused on an individual year, the assumption of a 20 percent increase because of the pandemic is an approximation that could be either too high or too low.

Simulating CCDF Eligibility

ATTIS models eligibility for CCDF subsidies in detail, following both the overall federal policies and each state's actual policies, obtained from the CCDF Policies Database.²⁹ In other words, for every family in the survey data, the model applies a set of eligibility rules to determine whether the family appears eligible for CCDF subsidies. Because families' circumstances may change during the year, the model assesses eligibility month by month. In all states, a family is potentially eligible if (1) there is at least one child who is no older than age 12 or who has special needs, (2) any parent or guardian who is present is in an eligible activity in that month, and (3) the family's monthly income is under the applicable income limit for a family of its size in its state of residence. The precise income limits vary across states, but they cannot exceed 85 percent of the state median income for each family size. Many other aspects vary also across the states, including the maximum age at which a teenager with special needs may be eligible for subsidies, the definition of the family unit for purposes of eligibility determination (e.g., whether older siblings are included), and whether any kinds of income are excluded. The model captures all these policies in as much detail as possible using the survey data.

The policies regarding CCDF eligibility for students were particularly important for this project. Although the most common parental activity that is covered by child care subsidies is employment, all states consider being in school or training an eligible parent activity in at least some circumstances. However, states may impose various additional requirements before considering a student parent eligible for CCDF, and our simulations took those limitations into account. The simulation of CCDF eligibility prior to the policy changes, in 2018, captures the fact that six states required all student parents to also be working to qualify for CCDF assistance during their school hours, and another six states placed that requirement on postsecondary students. The states with this policy also establish a minimum required number of hours of work per week for student parents, and that variation is also captured in the simulation.

States may also impose requirements related to the type or amount of schooling (e.g., requirements related to the degree field or number of credit hours), the duration of the program, or indications of progress such as grades. In other words, even if a parent is in school and has income under the maximum limit, the family might be ineligible for child care subsidies related to the parent's school time if one of those additional requirements is not met. Because the ACS does not have detailed information on parents' schooling, and

because it was outside the scope of this work to impute that information, the impact of these scholastic requirements on CCDF eligibility is approximated. Using information from the CCDF Policies Database, we categorized states by whether their scholastic requirements appear more restrictive or less restrictive, with a separate determination made for secondary students and postsecondary students. In the 2018 simulation, we assume that when the restrictions are less restrictive, 10 percent of students do not meet the requirements, and that when the restrictions are more restrictive, 25 percent do not meet the requirements. In the simulation of the alternative policy, using the 2021 data, the employment requirements on students are all removed, and all states are modeled as having less-restrictive scholastic requirements for parents working toward either a secondary or postsecondary credential.

Simulating Whether Families Eligible for CCDF to Support Education under the Hypothetical Policy Would Enroll

Our hypothetical policy assumes there would be sufficient funding for any family wanting to receive child care subsidies while a parent is engaged in school or training (either as the only reason for needing subsidies, or together with needing subsidies while parents are working). One general point regarding our enrollment estimates is that all of our projected enrollment figures are intended to reflect all families served by the states' CCDF-funded subsidy programs, even if those programs include funds not technically considered CCDF funding.³⁰

The first step was to estimate 2021 CCDF enrollment in the absence of any policy change among the families eligible at least in part due to student status. The imputation of 2021 “baseline” enrollment began with the ATTIS model’s standard procedures for modeling CCDF enrollment among eligible families, which capture variations in the likelihood of enrollment by race and ethnicity (in general, Black, non-Hispanic families have a higher CCDF participation rate than other racial groups, and Hispanic families generally have a lower participation probability than non-Hispanic families), family structure (CCDF-eligible single-parent families have a higher probability of participation than two-parent families), and children’s ages (CCDF-eligible families with preschool-age children have a higher probability than those with only school-age children).

For this application, we focused on the portion of the caseload receiving CCDF assistance at least in part because they were enrolled in a formal educational or training program. We developed a projected caseload figure for that group of families, assuming that actual 2021 CCDF enrollment for purposes of education and training was about the same as 2019 enrollment in states that do not require student parents to also be employed (because a student parent who lost employment would remain eligible for CCDF), but somewhat lower than 2019 enrollment in states that do have that requirement.³¹ Based on the 2019 data and that assumption, we project that in the average month of 2021, approximately 100,000 families a month received CCDF subsidies at least partly because of a parent's enrollment in a formal educational or training program. (In some states, additional families may be counted as receiving subsidies for purposes of education or training due to their involvement with the TANF program's work-related activity requirements, even if they are not enrolled in a formal education or training program; those families are not included in our counts.) We adjusted the model's initially projected 2021 caseload for this group, state by state, to come sufficiently close to the projected number.

The hypothetical policy would allow more families to be eligible for CCDF for purposes of parent education and would allow any student parent wanting the subsidy to receive it. Some portion of the newly eligible families would choose to enroll, and some portion of previously eligible families would also enroll—for example, if they previously wanted a subsidy but they had not been able to obtain it. Nevertheless, not all families eligible for subsidies would necessarily want to enroll in the program. For example, a family might have alternative care arrangements with a family member (e.g., a grandparent caring for the child while the parent is at work) and prefer to continue using those arrangements. In addition, for families that also have earnings (either because there are two parents and one is working while the other is in school, or because a single parent is both working and in school), enrollment in CCDF might involve paying a copayment, and the family's other option could require a lower payment than the CCDF copayment.

Because no state has provided a full entitlement to child care subsidies for purposes of education and training of the type hypothesized here, there is no definitive information on the extent to which families would take up the benefit. Therefore, our simulation of the CCDF caseload of student parents under the hypothetical policy is based on three assumptions. First, we assumed that all of the parents assumed to enroll in school or

training in response to the new policy would also enroll in subsidies. Second, we assumed that any family eligible for CCDF in 2021 at least in part for purposes of parent education would enroll if it was paying out of pocket for child care in the absence of a subsidy; in most cases, the copayment computed by the CCDF program would be the same or lower than the family's unsubsidized expense.³² Third, we assumed that among the eligible student parents not already receiving CCDF assistance who would owe no CCDF copayment (because their income is lower than the level at which their state requires a copayment), half would enroll. These assumptions result in a participation rate of 43 percent among families eligible for CCDF in the average month of 2021 under the hypothetical policy due at least in part to education (and excluding families receiving TANF who qualify solely due to their involvement in a TANF work-related activity that is not captured as education in the survey data). This participation rate could be higher or lower than the actual portion of families eligible for CCDF due to education or training that would want to enroll.

Assumptions about Graduation Status

Because higher educational attainment is associated with lower levels of unemployment and higher earnings, the availability of child care subsidies for purposes of education has the potential to improve families' future economic situation. Although in some cases, partial completion of a program might improve a parent's employment or earnings outcomes, we simulate education-related improvements only among parents who complete their program.

Therefore, to model the potential economic effects, the first step is to identify parents who graduate from a program because of the policy who would not have graduated without it. We assume that with current policy, the overall probability of a student parent attaining their new credential or degree within six years of enrollment is about one-third.³³ Based on data from Contreras-Mendez and Cruse (2021), we model somewhat lower probabilities of graduation for fathers compared with mothers, lower rates for parents who are Black, non-Hispanic compared with parents of other races/ethnicities, and lower rates for parents who have an infant.³⁴

Further, we assume for this analysis that the availability of child care subsidies would increase by 20 percentage points the chance of a student parent completing the new credential within six years. This assumption is based on information from three studies:

- A study at one community college found an on-time graduation rate of 8 percent for student parents of children younger than age 6 who did not use the on-campus child care center, compared with 28 percent for student parents whose children used the center, which suggests an increase in the graduation rate of 20 percentage points.³⁵
- Among student parents who participated in a university program that included child care, their 83 percent graduation rate was almost the same as the 85 percent graduation rate for all undergraduate students at that campus, suggesting an impact from the child care support of greater than 20 points (Gault and Cruse 2017).
- A program started in 2016 at three Georgia campuses that included child care for student parents found that 48 percent of participants had earned their degree by summer 2019 and 23 percent were still actively enrolled and on track to graduate (Quality Child Care for Children 2020). With the overall likelihood of student parents completing their degree at approximately 33 percent, this suggests an increment in graduation rates of between 15 and 38 percentage points.

Although each of these studies focuses on a particular program and may not be fully generalizable to our national hypothetical policy, all of them suggest that child care could have a substantial impact on helping student parents to finish their programs. Our assumption that the likelihood of graduation within six years would be 20 percentage points higher is within the range suggested by these analyses.

For each student parent, we probabilistically impute whether the parent would have gained a new credential or degree within six years both without the new policy and with the new policy. The results suggest that among parents of children younger than age 12 in 2021 taking advantage of the hypothetical expansion of CCDF access for student parents, 193,000 additional parents could gain an additional degree or credential within six years because of the policy. This number includes a portion of the parents who are assumed to start a program because of the availability of the subsidy and a portion of the parents who were already enrolled in school but would not otherwise have graduated within six years.

Potential Increases in Employment and Earnings

To consider how new degrees or credentials could improve families' employment and earnings, we focus on the parents who are estimated to complete their degrees under the new policy who would not have done so without the new policy, either because the new policy induced them to begin their program or because the new policy facilitated their completion of the degree. However, the extent to which obtaining an additional degree or credential would increase parents' future employment and earnings is uncertain. The available research is generally focused on specific programs and groups, in contrast to the broad reach of the hypothetical policy considered in this paper. We consider the changes that *could* occur following graduation, under the following assumptions:

- For parents not working in 2021, their likelihood of employment in the future year is the same as the overall employment rate for a parent with their sex, race, ethnicity, and educational attainment. Their hourly earnings are assumed to be at the median for those characteristics. If they have attained a new degree, their likelihood of employment and their earnings would both be higher than if they had not attained the new degree.
- For parents working part time or part year in 2021, their likelihood of working full time and full year in the future year is the same as the overall likelihood of full-time and full-year work among employed parents with their sex, race, ethnicity, and educational attainment. If they have attained a new degree, that likelihood will be higher than if they had not attained the new degree.
- Among parents who graduate, who were already working in 2021 and who are not assumed to increase their weeks or hours of work in the future year, we assume that about one-half move to a higher-wage job, with the increase based on the difference between the median hourly pay for parents at their new educational level compared with the prior educational level, including variations by race and ethnicity.

These assumptions could be overstating the actual new employment that would occur, if student parents with new credentials do not wind up working to the same extent as parents who obtained those credentials earlier.

After we impose those assumptions, we can tabulate the parents with increased employment and earnings because of the policy. Among families in which a parent gains a degree or credential because of the new policy, we also tabulate the reduction in the portion of children in families with income below the FPL.

Notes

- ¹ The caseload figures in this report do not include families receiving subsidies for the purpose of child protective services; references to the total caseload do include all other families served by states' CCDF-funded programs, even when those programs are partially supported through non-CCDF funds. However, the figure of 110,000 student parent families in 2018 excludes families who also received Temporary Assistance for Needy Families benefits and whose education and training were likely linked to that program's requirements. Further, our estimates of student parent families in 2021 exclude families whose education or training is part of their TANF program requirements.
- ² Gabriel Sanchez, Robert Maxim, and Raymond Foxworth, "The monthly jobs report ignores Native Americans. How are they faring economically?" *The Avenue* (blog), Brookings Institution, November 10, 2021, <https://www.brookings.edu/blog/the-avenue/2021/11/10/the-monthly-jobs-report-ignores-native-americans-how-are-they-faring-economically/>. Also, for more information, see "While Their Employment Has Bounced Back Since the Height of the Pandemic, Immigrants Are Not Optimally Positioned for the US Economic Recovery," Migration Policy Institute, September 30, 2021.
- ³ Charles Kamanski, "US immigration policy: A classic, unappreciated example of structural racism," *How We Rise* (blog), Brookings Institution, March 26, 2021.
- ⁴ "Federal poverty level" or "FPL" in this report refers to the federal poverty thresholds, which are used to assess poverty according to the official poverty measure. The official poverty rate for people in families with children younger than 18 is from table B-2 of "Income and Poverty in the United States: 2020," <https://www.census.gov/library/publications/2021/demo/p60-273.html>. The official poverty rate for people in families without children is the authors' computation using other data in the table. (The statistics refer only to people who are related to the head of the household.)
- ⁵ The Current Population Survey, sponsored jointly by the US Census Bureau and the US Bureau of Labor Statistics, is the primary source of labor force statistics for the population of the United States.
- ⁶ Gina Adams and Sarah Minton, "Three steps state child care agencies can take to support an equitable economic recovery," *Urban Wire* (blog), Urban Institute, March 4, 2021, <https://www.urban.org/urban-wire/three-steps-state-child-care-agencies-can-take-support-equitable-economic-recovery>.
- ⁷ For more information, see "Employment Projections: Education Pays" from the US Bureau of Labor Statistics.
- ⁸ Martha Ross and Nicole Bateman, "Six takeaways on how young adults find good jobs," *The Avenue* (blog), Brookings Institution, November 14, 2018, <https://www.brookings.edu/blog/the-avenue/2018/11/14/six-takeaways-on-how-young-adults-find-good-jobs/>.
- ⁹ See Urban's body of work on this at <https://www.urban.org/policy-centers/cross-center-initiatives/building-america-workforce/projects/bridging-gap>.
- ¹⁰ For data, see <https://nces.ed.gov/datalab/> from the National Center for Education Statistics.

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- ¹¹ Jonathan Rothwell, “College student caregivers more likely to stop classes,” *Gallup Blog*, Gallup, January 29, 2021, <https://news.gallup.com/opinion/gallup/328970/college-student-caregivers-likely-stop-classes.aspx>.
- ¹² “Financial Assistance: Family Copayment Contributions,” Administration for Children and Families, accessed December 16, 2021, <https://childcareta.acf.hhs.gov/ccdf-fundamentals/family-copayment-contribution>.
- ¹³ See “The US Child Care Crisis Explained,” Center for American Progress, July 14, 2021.
- ¹⁴ Our estimates include those enrolled in occupational/vocational training for licenses or certifications, as well as those enrolled full time or part time in academic education. Parents who are enrolled in education at least once in a calendar year are counted.
- ¹⁵ These data present the CCDF policies in effect on October 1, 2017. If states have made more recent changes to their policies, those are not reflected here. The policies presented here are for adult (non-teen) parents who are not TANF recipients. Teen parents and TANF recipients often have different, and less restrictive, eligibility rules for qualifying for child care subsidies through CCDF and related programs. For more information, see Minton, Tran, et al. (2019).
- ¹⁶ In the simulated eligibility data and in the simulated 2021 caseload data, a small number of parents receiving TANF are counted as students if they are in a type of education that could qualify for CCDF subsidies for a person not enrolled in TANF. However, parents receiving TANF who are eligible for CCDF based on their participation in a TANF work-related activity requirement are not counted as students (although they could be counted as students in some states’ administrative data).
- ¹⁷ “FY 2018 Preliminary Data Table 16: Average Monthly Percent of Families Reporting Income from TANF,” Department of Health and Human Services, Administration for Children and Families, Office of Child Care, December 3, 2019, <https://www.acf.hhs.gov/occ/data/fy-2018-preliminary-data-table-16-average-monthly-percent-families-reporting-income-tanf>.
- ¹⁸ Our estimates of families eligible for CCDF for purposes of education include families that also have earnings—either because a single parent is both working and in school, or because there are two parents and one is working while the other is in school. We count these families as *eligible* for purpose of parental education even though, under the current policies, they might have obtained a subsidy only for their work hours. When we estimate enrollment under the hypothetical policy, we assume that any family receiving CCDF subsidies that has both work hours and school hours would receive the subsidy for both.
- ¹⁹ Participation rate estimates vary with the data source and concepts. Using estimates of CCDF eligibility developed by Urban Institute researchers using Current Population Survey data, Chien (2021) estimates that the children receiving subsidies from either CCDF or certain other federal sources equal 15 percent of the children who *could* be eligible if all states set their income limits at the maximum allowed by federal law, and equal 23 percent of all children actually eligible under their state’s policies. Unpublished Urban Institute analysis applying the ATTIS model to 2018 American Community Survey data gives a participation rate of 20 percent among children meeting all state eligibility rules, and considering families served by all funding in CCDF programs (not only funding classified as CCDF) but not including other types of federal support for child care.
- ²⁰ Research on CCDF participation rates among has generally found that Hispanic families who are eligible for CCDF have a lower participation rate than eligible non-Hispanic families. (See, for example, Macartney and Ghertner, 2021.) This analysis of student parent families (who are not receiving TANF benefits) shows a different pattern—with participation rates for Hispanic and

Black non-Hispanic families being almost the same. Some possible reasons for the different pattern include differences in the characteristics or needs of student parent families who are eligible for CCDF compared with families eligible for CCDF due solely to employment, differences in the racial and ethnic makeup of states with more or fewer student parents served by CCDF, and the fact that the student parent analysis does not include families eligible for CCDF due to their receipt of TANF.

- ²¹ Because the survey data did not provide detailed information on a parent’s educational activities (e.g., the degree field, number of classes, duration of the program, grades or other progress indicators, and so on) we approximated the impact of states with more-extensive restrictions changing to less-extensive restrictions. States were categorized as having either more-extensive or less-extensive restrictions of these types based on information in the CCDF Policies Database (Minton et al. 2021), with a separate assessment of their policies for students pursuing a high school degree versus a post-high school degree. We assumed that when the restrictions were less extensive, 10 percent of students would not qualify based on those restrictions, and that when the restrictions were more extensive, 25 percent would not qualify.
- ²² “Institutions nationwide reengaging ‘some college, no degree’ students,” *Clearinghouse Today Blog*, National Student Clearinghouse, August 10, 2020, <https://www.studentclearinghouse.org/nscblog/institutions-nationwide-reengaging-some-college-no-degree-students/>.
- ²³ We assume that the current probability of a student parent completing the program within six years is 33 percent with some variations by race/ethnicity and age of youngest. The receipt of CCDF assistance while a student is assumed to raise the probability to an average of 53 percent. See appendix A for sources.
- ²⁴ Poverty is assessed with the official poverty measure, which compares a family’s regular cash income during the year to the applicable official poverty threshold. The computation of poverty status without the policy assumes that these parents did not obtain the credential, and that their future earnings are the same as 2021 earnings in real terms. Other elements of future income are assumed to be the same as in 2021, with the exception that unemployment compensation no longer includes additional federal eligibility and payments. The computation of poverty status with the new policy assumes that parents who gain a higher level of education have the same likelihood of working full time and full year as parents currently at that level, and that many of those parents will begin to earn higher wages.
- ²⁵ A sample of the CCDF program’s case-level administrative data is made publicly available on the website of the [Child and Family Data Archive](#). The data for federal fiscal year 2018, version 2, made accessible February 17, 2022, are the most recent available on the site.
- ²⁶ See “2020 American Community Survey 1-Year Experimental Data Release,” US Census Bureau, November 30, 2021.
- ²⁷ We counted parents of children 12 or younger as students if they were enrolled at least once during the year, in either high school, college, postgraduate education, or “vocational, technical, or business school beyond high school level.” The first wave of the 2018 panel of the Survey of Income and Program Participation was conducted in early 2018, so the one-year reference period primarily referred to 2017.
- ²⁸ The estimate of 4.0 million enrolled parents of children 12 or younger is based on our tabulations of data for 2017 from the first year of the 2018 panel of Survey of Income and Program Participation. According to the [National Student Clearinghouse Research Center](#), spring enrollment in community colleges declined by 2.3 percent from 2019 to 2020, and by 9.5 percent from 2020 to

2021; in total, community college enrollment fell by 11.6 percent from spring 2019 to spring 2021. Across all types of schools, the declines were 0.5 percent from 2019 to 2020 and 3.5 percent from 2020 to 2021. Because parents are more likely to be enrolled in two-year programs, we assumed that the number of parents of children 12 or younger who were enrolled in a program in 2021 was 3.6 million, 10 percent lower than the 4.0 million computed from the pre-pandemic Survey of Income and Program Participation data.

- ²⁹ The CCDF Policies Database is maintained by the Urban Institute under funding from the US Department of Health and Human Services, Administration for Children and Families, Office of Planning, Research, and Evaluation. For more information on the CCDF Policies Database and state policy variations, see <https://ccdf.urban.org>.
- ³⁰ For example, 1.1 million families received subsidies from CCDF-funded programs in the average month of fiscal year 2017, according to our tabulations of the program’s case-level administrative data. However, in states that “pool” other funds with CCDF funds, the program’s published caseload figures count only the percentage of families equal to the percentage of the total funds that are CCDF funds. This results in a published caseload figure of 790,000 families receiving subsidies that were funded by CCDF dollars in the average month of fiscal year 2017.
- ³¹ For aggregate information on the portion of the 2019 CCDF caseload receiving subsidies at least in part due to school or training, see [FY 2019 Preliminary Data Table 10, Reasons for Receiving Care, Average Monthly Percentage of Families](#), on the website of the Office of Child Care. The distribution of student parent families between those with and without TANF income is obtained from our tabulations of the case-level administrative data for FY 2018, obtained from the Child and Family Data Archive; the case-level data for FY 2018 are the most recent available for public use.
- ³² This aspect of our assumptions is similar to what we assumed in a prior ATTIS analysis of a hypothetical change (Giannarelli et al. 2019). Child care expenses are not reported in the ACS data. We impute the incidence and level of child care expenses to come very close to the incidence and level observed in Current Population Survey data. The econometric equations take into account numerous demographic characteristics of the family and incorporate state variation in child care costs.
- ³³ According to analysis of data from the National Center for Educational Statistics by the Institute for Women’s Policy Research (2017), 32 percent of mothers who are students graduate within six years, compared with 57 percent for women who are not mothers.
- ³⁴ The analysis by Contreras-Mendez and Cruse (2021) shows differences in the likelihood that parents leave school without a degree prior to six years, by characteristics. We convert this information to likelihoods of persistence and compute the relative differences in those rates by characteristic. We assume that the relative differences in graduation rates are the same as the relative differences in the rates at which parents either graduate or persist.
- ³⁵ Mary Ann Demario, “Student Parents and the Opportunity to Support Multiple Generations of Families,” *Insights & Outlooks*, Higher Learning Advocates, September 23, 2020, <https://higherlearningadvocates.org/2020/09/23/student-parents-and-the-opportunity-to-support-multiple-generations-of-families/>.

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STATEMENT OF INDEPENDENCE

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