WEST COAST POVERTY CENTER

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West Coast Poverty Center
UNIVERSITY OF WASHINGTON
A Partnership of the SCHOOL OF SOCIAL WORK,
the DANIEL J. EVANS SCHOOL OF PUBLIC AFFAIRS and the COLLEGE OF ARTS AND SCIENCES

Poverty Research Flash

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Child Care: Who Gets What From Government?

Background. American families are increasingly dependent on nonparental child care, and many struggle to afford the high cost of that care. This new study by Alesha Durfee and Marcia K. Meyers is among the first to measure the distribution of the full package of government child care assistance received by families in the United States. Their research identifies the share and profile of families that receive the three main types of government child care assistance – tax credits, means-tested subsidies and public preschool programs – and estimates the average value to families of that assistance.

Methods. The findings are based on three data sources: Survey data from a random sample of 1,500 families in New York City provides information on the type of child care assistance received; New York City public child care expenditure data contribute the approximate value of that child care assistance to individual families; and a tax simulation program provides estimates of tax-based assistance. Durfee and Meyers use a logistic regression approach to identify the probability of a family's receiving any assistance and the probability of its receiving each of the three forms of assistance (tax credits, subsidies and public preschool). They then estimate the value of that assistance using OLS regression with the subset of families reporting assistance. The OLS coefficients are used to estimate the total assistance received by families who vary in their socio-demographic characteristics.

Key Findings. The authors find that 41% of families with children age five and under receive some form of government assistance over a one year period. Many families have overlapping assistance, receiving both subsidies and tax credits, for example. Tax credits are the most common form of assistance, received by 25% of families, but average only $851 annually per recipient family. While subsidies are the least common, received by only 10% of families, they provide the greatest benefit ($7,100). With respect to the characteristics of recipients, the study reveals a surprising outcome: poor families (those with income less than 75% of the federal poverty line) are not significantly more likely to get assistance than those with greater income (300% of poverty), and a substantial share of low income families receive no assistance at all. Although poor families receive a larger child care benefit, adjusting for both the probability and value of assistance reveals that families with incomes under 75% of poverty receive only about $1,400 more per year than families with incomes greater than 300% of poverty. These findings raise questions about the distribution of government child care assistance, and suggest a need for further research to explore why some eligible families are receiving help, but others are not.

Highlighting New Poverty Research

by Alesha Durfee and Marcia K. Meyers

"Who Gets What From Government? Distributional Consequences of Child-Care Assistance Policies", published in the *Journal of Marriage and Family,* Vol. 68 (August 2006).

Alesha Durfee is an Assistant Professor in the Department of Women and Gender Studies at Arizona State University. Marcia Meyers is a Professor at the School of Social Work and the Evans School of Public Affairs at the University of Washington, and is Center Director and a Senior Faculty Affiliate of the West Coast Poverty Center.

The West Coast Poverty Center's "POVERTY FLASH" highlights new research by Center faculty affiliates on causes, consequences, and effective policy responses to poverty, with an emphasis on changing labor markets, demographic shifts, family structure, and social and economic inequality. More information about the West Coast Poverty Center is available from our website: www.wcpc.washington. edu

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Poverty Research Flash

The West Coast Poverty Center serves as a hub for research, education, and policy analysis leading to greater understanding of the causes and consequences of poverty and effective approaches to reducing it in the west coast states. The Center, located at the University of Washington, is one of three regional poverty centers funded by the U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Education (ASPE). More information about the West Coast Poverty Center is available from our website: www.wcpc.washington. edu

Poverty Research Flash 2008-01

Child Care: Who Gets What From Government?

New research from Alesha Durfee and Marcia K. Meyers

Key findings:

- Based on a New York City sample, 41% of families with children age five and under receive some form of government assistance with child care over a one year period.
- Many families have overlapping assistance, receiving both subsidies and tax credits, for example.
- Tax credits are the most common form of assistance, received by 25% of families, but average only $851 annually per recipient family. While subsidies are the least common, received by only 10% of families, they provide the greatest benefit ($7,100).
- When all forms of assistance are considered, poor families (those with income less than 75% of the federal poverty line) are not significantly more likely to get assistance than those with greater income (300% of poverty),

For more information about this study, see inside.