



Child care assistance and child care use

Fundamental facts from the
2004 Minnesota child care survey



Most households with low incomes do not receive child care assistance.

- 19 percent of households with low incomes report currently receiving a child care subsidy.
- Three-quarters of households with low incomes receiving a subsidy have some out-of-pocket child care expenses, compared with half of households with low incomes without a subsidy.

More households with low incomes are aware of child care assistance than five years ago.

- 72 percent of households with low incomes are aware of state subsidies to help pay for child care, up from 57 percent five years ago.
- However, 35 percent of households eligible but not receiving a child care subsidy say they are not aware of the subsidy.

Child care assistance supports use of center-based care.

- 57 percent of households with low incomes receiving a child care subsidy use center-based care as their primary arrangement.¹
- That compares with 18 percent for households with low incomes without a subsidy and 33 percent for households with incomes above 200 percent of poverty (about \$40,000 for family of four).
- Households with low incomes receiving child care subsidies choose child care due to quality more than cost considerations, compared with their counterparts without subsidies.

Child care assistance helps families with low incomes gain access to quality child care.

Families with low incomes with child care subsidies, compared with families with low incomes without child care subsidies:

- Choose child care due to quality considerations more than cost.
- Tend to rate the quality of their child care arrangements higher; for example, giving higher ratings to the creative activities, the knowledge of the caregiver about their children and their needs, and not watching too much TV.

continued

Child care assistance helps families with low incomes gain access to quality child care.

The Minnesota Child Care Assistance Program (CCAP) makes payments to FFN caregivers for child care provided to participating MFIP and families with low incomes.

- License-exempt caregivers register with counties and undergo a background check. This is called legal, nonlicensed care and is often offered by family, friends and neighbors (FFN) who are not subject to Minnesota child care licensing and regulatory requirements.
- Caregivers are limited to caring for relatives or children from one other family, but without a limit to the number of children being cared for at the same time.
- Caregivers are paid 80 percent of the licensed family home provider hourly reimbursement rate.
- 4 percent of FFN caregivers receive payments from CCAP.
- Among families with low incomes surveyed, 28 percent of those participating in CCAP use FFN care as their primary child care arrangement, compared with 65 percent for those without a child care subsidy and 42 percent for families with higher incomes.
- Based on CCAP administrative data, 32 percent of CCAP children in Minnesota Family Investment Program (MFIP) families used FFN care in fiscal year 2005 (recorded as the last provider they used during the year).

The number of children in subsidized FFN care fell sharply between 2003 and 2005.

- The number of children in FFN subsidized care grew from 9,244 in 1997 to about 30,000 in 2003.
- By 2005, the number dropped to about 16,800.
- Almost all (93 percent) of the CCAP caseload reduction of approximately 8,000 children in MFIP families between 2003 and 2005 were decreases in FFN use.

Child care assistance linked to child care resource and referral.

86 percent of those receiving child care assistance are aware of help from CCR&R to seek and select quality child care, higher than their counterparts without subsidies (61 percent) and households with higher incomes (67 percent).

¹ This center-based category includes all types of center-based care, including child care centers, Head Start and before- and after-school programs. When the analysis includes only the child care centers, the percentages drop to 43.6 percent for households with low incomes with child care assistance, 9.4 percent for those without a subsidy and 22.3 percent for households with higher incomes. The Child Care Assistance Program (CCAP) encourages eligible families to apply to Head Start but does not reimburse any Head Start-only expenses. Families may use child care provided in partnership with Head Start, which may be subsidized through CCAP.

The subsample of households with low incomes with a child care subsidy has 94 households and a sampling error of plus or minus 10 percent. The sampling error does not diminish the statistical significance but should be taken into account when generalizing results or making population estimates.

FOR MORE INFORMATION:

Download fact sheets and full research reports—*Child Care Use in Minnesota and Family, Friend and Neighbor Caregivers*—at www.wilderresearch.org. 2004 Minnesota statewide household child care survey funded by the Minnesota Department of Human Services and conducted by Wilder Research, Richard Chase study director.

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