

STRATEGY



## CHILD CARE SUBSIDIES

Child care subsidies are one of the six most effective strategies that a state can implement to make sure children get off to a healthy start and thrive, and that promote greater equity in child wellbeing.

Child care subsidy programs provide financial assistance to help make child care more affordable for low-income families. The federal government recommends that states set base reimbursement rates at the 75th percentile using a recent market rate survey in order to provide affordable and equitable access to child care.

The most rigorous research studies show that receipt of child care subsidy and greater state subsidy spending per child:

IMPACT OF CHILD CARE SUBSIDIES	EVIDENCE OF IMPACT
Increases enrollment in formal child care settings	<ul style="list-style-type: none"> <li>• Subsidy recipient families were 2.0 to 3.8 times more likely to choose center-based care over informal care</li> <li>• Infants and toddlers in households with lower parental education attainment had 86 percent higher odds of enrolling in center-based care than multiple care arrangements when state subsidy spending increased by \$1000 per low-income child</li> </ul>
Increases maternal employment and education attainment	<ul style="list-style-type: none"> <li>• A 10% increase in Child Care and Development Fund subsidy expenditures led to a 0.7% increase in the employment of low-income mothers</li> <li>• A \$1000 increase in state subsidy spending per low-income child led to a 3 to 4 percentage point increase in the likelihood of maternal employment</li> <li>• Subsidy receipt predicted a 13 percentage point increase in the likelihood of mothers increasing their education level</li> </ul>
Increases a family's economic security	<ul style="list-style-type: none"> <li>• Subsidy receipt led to an increase in monthly earnings by 105%</li> </ul>

► Go to [pn3policy.org/clearinghouse](https://pn3policy.org/clearinghouse) for the comprehensive evidence review on child care subsidies.

[pn3policy.org](https://pn3policy.org)

The prenatal period to age 3 is the most sensitive and rapid period of growth for the brain and body. State policy choices have a substantial impact on the wellbeing of infants, toddlers, and their parents, and on promoting equity among children. See the *Prenatal-to-3 State Policy Roadmap* at [pn3policy.org/roadmap](https://pn3policy.org/roadmap) for more information on the most effective policies and strategies states can implement to help children thrive from the start.