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## Summary of the Rigorous Research on Child Care Subsidies

Child care subsidy programs provide financial assistance to help make child care more affordable for low-income households with parents who are working or enrolled in education or training programs. Subsidy programs also aim to promote parental choice of care arrangements, support the supply and enrollment of children in high-quality care, and subsequently improve child development.



### EMERGING EVIDENCE FOR IMPACTS ON CHILD AND FAMILY WELLBEING

Subsidy programs are financed through a combination of federal and state funds, but the programs are administered by states. States have considerable flexibility in setting rules on program policies and administration (e.g., eligibility requirements, application procedures, family copayment levels, and provider policies).

Families with low incomes face barriers to accessing affordable, reliable, and high-quality child care, especially for young children from Black, Hispanic, and indigenous communities. Child care subsidy programs may support social equity by providing greater access to child care among families who need the services the most. Additionally, these programs allow more parents to work or complete education and training programs, which can increase parents' resources and reduce stressors on the family. Higher levels of family resources and access to high-quality and affordable child care can stimulate children's early brain development and result in improved long-term child outcomes.

States can support child care subsidy programs using a combination of strategies. Growing research suggests that expanding income eligibility, lengthening the recertification period, and reducing family copayments can help promote families' access to child care services and child care stability.

### EVIDENCE-BASED POLICYMAKING

The Prenatal-to-3 Policy Impact Center at Vanderbilt University analyzes rigorous evidence to determine which policies are proven to produce positive outcomes for young children, their families, and society. Our comprehensive review of evidence demonstrates that child care subsidies can provide families access to needed services, support parents' ability to work (particularly mothers), and provide sufficient resources for families and children to thrive.

## RIGOROUS STUDIES FIND THE FOLLOWING IMPACTS

### Subsidy programs help families in need gain access to child care services.

- Higher state subsidy spending per child (of \$1,000) led to higher odds of enrollment in a single, center-based care arrangement by 86%, rather than multiple care arrangements.
- A \$100 higher annual state subsidy spending per child led to a 4% increase in licensed, private child care capacity.

### Child care subsidies allow parents, particularly mothers, to return to work.

- A 10% increase in Child Care Development Fund subsidy expenditures led to a 0.7% increase in mothers' employment rate.
- Higher annual state subsidy spending per child (of \$1,000) led to an increase in the likelihood of maternal employment by 3.5 percentage points.

### Child care subsidies promote sufficient household and family resources.

- Subsidy receipt led to an increase in monthly earnings by 250%.

#### For more information on child care subsidies:

- For more information and citations for the above-referenced studies, please refer to our comprehensive Evidence Review on child care subsidies: <https://pn3policy.org/policy-clearinghouse/child-care-subsidies/>.
- Refer to our Prenatal-to-3 State Policy Roadmap for state progress and variation: <https://pn3policy.org/pn-3-state-policy-roadmap-2024/us/child-care-subsidies/>.
- Refer to our state strategy checklist for necessary considerations to maximize the effectiveness of child care subsidies: <https://pn3policy.org/state-policy-lever-checklist-subsidies/>.