

Child Care Assistance: Georgia's Opportunity to Bolster Working Families, Economy

By Melissa Johnson, Policy Analyst

Introduction

Georgia is now turning away people who apply for child care financial assistance through a state program designed to help low-income families due to worries the program itself could run short of money. Georgia's Department of Early Care and Learning said last Friday budget concerns are causing it to make the child care assistance unavailable to some previously eligible families.

The program¹ helped an average of 55,000 children in 2013 but is set to serve about 50,000 children this year.² Georgia served only a fraction of the 931,000 children in low-income families that likely needed quality child care in 2013, but couldn't afford it.³

This funding shortage is troubling news for Georgia's working families and economy because many low-income parents raising young children in the state are not able to afford the high cost of quality child care. Going without such care can prevent them from keeping jobs, focusing at work and getting a job if they do not have one.

To help more of its families afford quality child care, Georgia can:

1. Increase the income eligibility thresholds for child care assistance
2. Increase the reimbursement rates paid to child care providers
3. Decrease child care co-payments for families
4. Allow parents pursuing a postsecondary degree to receive child care assistance

Additional investment in child care assistance strengthens today's workforce in two ways. It helps Georgia's low-income working parents become better workers and helps unemployed parents join the ranks of the employed.

Nearly four in 10 of Georgia's working families with children are "low-income" families.⁴ A low-income family of three with one child earned less than \$37,502 in 2013.⁵ A preponderance of research shows child care assistance can help these families contribute more to the workforce and to their own finances by enabling parents to:

- Work with fewer child care-related disruptions, such as missed days, schedule changes and lost overtime hours
- Work more hours and stay employed longer
- Earn more income to support the family
- Stay employed at higher rates

Expanding child care assistance will also benefit Georgia's economy by helping some parents to rejoin the workforce. Low-income parents across the country who are not working cite "home and family reasons," such as taking care of children as their leading reason for not working.⁶ Assisting these parents with child care for a limited time period will allow more of them to work. A wealth of research shows that families who receive assistance with child care are more likely to work.

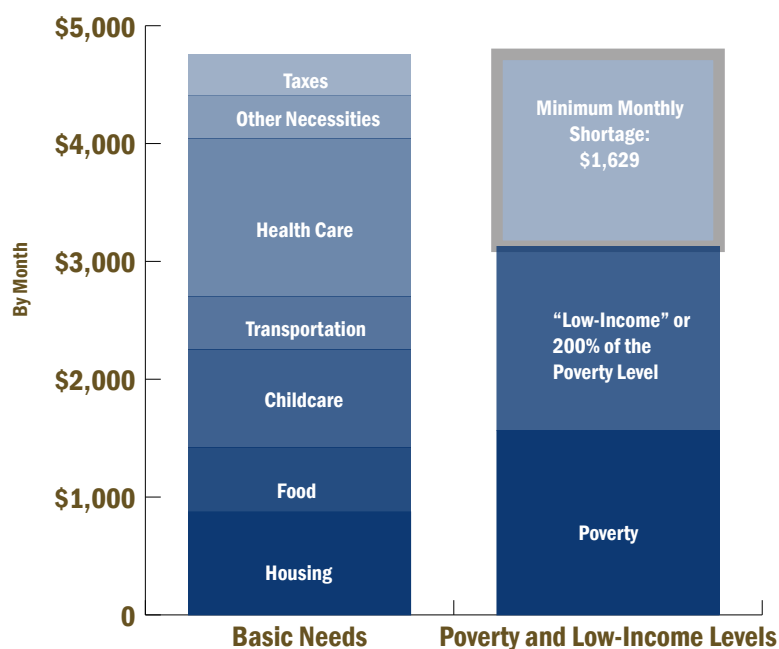
The woman came to us as a homeless single parent with two children. She used to work part-time at a well-known retailer, earning only the minimum wage. She could not afford her rent and had to survive by moving from one homeless shelter to the other. However, because of the subsidized child care she received from our organization, together with other supportive services, she had enough time to pursue a higher-paying job. She visited several job fairs held in the local community centers and ended up finding a public school bus driver position. During the training period, our organization continuously supported her child care; thus, she could concentrate on her bus driver exams and further training. After a few weeks, she passed all the courses and started to pick up school students in her bus. By consistently supporting her with child care whenever she needed, our organization could help her find a full-time job that ensured her progress toward self-sufficiency.

Asian American Resource Center,
Norcross, Georgia

Child Care Assistance Important for Struggling Low-Income Georgia Families

Georgia is home to nearly 544,000 families that qualify as low-income. Most of these families include workers, while others include jobless people who would like to work. Nearly 45 percent of Georgia families with children had low incomes in 2013.⁷

Low-Income Georgia Families Cannot Afford Basic Needs



Source: Economic Policy Institute Family Budget Calculator, 2013. Costs for one parent and two children in the Atlanta metro area.

Georgia also has a hefty share of low-income *working* families. Nearly 400,000 Georgia families work for most or all of the year, but still struggle to pay their bills on time. Nearly four in 10 of Georgia's working families with children are low-income, putting Georgia among the ten states with the highest proportions of low-income *working* families.⁸

More than 40 percent of Georgia's low-income working families with children are headed by single women. Paying for child care represents a particularly tough struggle for these families.⁹ The annual median income for a family headed by a single woman in Georgia in 2013 was \$28,003, compared to \$72,228 for married-couple.¹⁰ Families headed by single women are usually limited to one income-earner who must coordinate child care and shoulder the cost burden by herself.

Paying for Child Care is Daunting for Georgia's Low-Income Families

For low-income families who are already struggling to pay other bills, the high costs of child care are a severe financial strain. The average annual cost of center-based child care for an infant in Georgia is \$7,025. For a school-aged child, the average cost is \$3,585.¹¹ The cost of infant child care is more than two semesters of tuition during the 2014-2015 school year at many state universities, including Kennesaw State, Columbus State, and Savannah State.¹²

Low-income families tend to bear a heavier child care burden than families who are better off financially. Families living in poverty in the U.S. spend about 30 percent of their income on child care, while middle- and upper-income families spend an average of less than 7 percent of their income on child care.¹³ Average child care costs in Georgia can easily swallow nearly 40 percent of a low-income family's budget.

Low-Income Families Less Likely to Get Employer-Sponsored Child Care

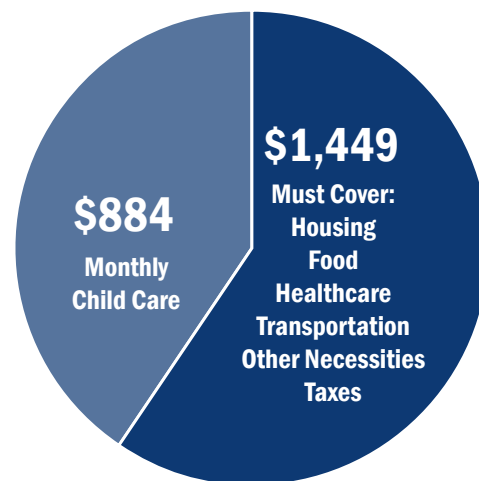
Most low-income families include workers, but their employers do not help with child care costs in most cases. Low-income workers are the least likely among all workers to have a job where either the full or partial cost of child care is subsidized. Only 5 percent of workers in the lowest-paying occupations can get child care assistance through their employer. Eleven percent of all U.S. civilian workers can get child care benefits.¹⁴

Downside to Child Care Provided by Family, Friends and Neighbors

Many low-income parents rely on family, friends and neighbors for child care because they cannot afford center-based or regulated care. These well-intentioned helpers are often not equipped to provide the same quality care parents with higher incomes can afford.¹⁵ One study of the country's low-wage parents found some worried about the quality of child care in informal settings. Some of these parents wanted more educational experiences for their children. This was especially true for parents of pre-school age children.¹⁶

Caregivers providing informal care can develop schedule conflicts, causing the parent a crisis on short notice. A third of parents in an Illinois study said their plan to rely on family, friends and neighbors would fall through at least once or twice a month. Then parents were forced to either recruit another family member or take time off work themselves, losing money and falling further behind.¹⁷

Child Care Can Equal Nearly 40% of Low-Income Family Budget



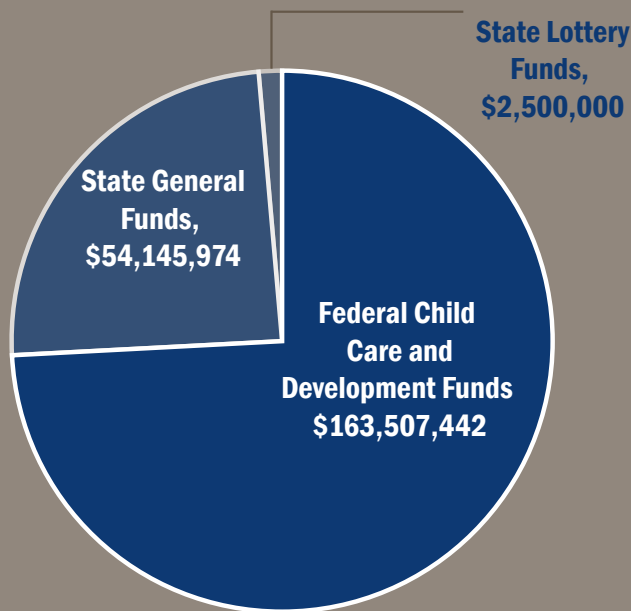
Source: Child Care Aware of America, 2013. Costs for two children: one infant and one of school age. Cost presented as proportion of family earnings of \$28,000 per year.

Child Care Assistance Program Funding

The vast majority of funding for Georgia's Childcare and Parent Services (CAPS) program comes from the federal government through the Child Care and Development Block Grant. The Child Care and Development Block Grant authorizes discretionary, mandatory and matching funds for Georgia and other states. This federal child care money is limited. Discretionary funds are allocated to states based on the number of children under age five, number of children receiving free and reduced-price lunches and the average state per capita income in relation to national per capita income. Mandatory funds are allocated based on federal child care spending in the early 1990s.

Matching funds are allocated to states based on the proportion of the children in the state under 13 years old compared to the national rate. Matching funds must be matched by the state. The state is also obligated to spend its money based on historical spending levels, or "maintenance of effort," to receive federal matching funds. Georgia provided the necessary state matching and maintenance of effort funds to receive all of its federal matching funds in recent years.

Georgia Child Care Assistance Mostly Federally Funded



Source: Department of Early Care and Learning, Fiscal Year 2014.

Georgia's Child Care Assistance Program Falls Short

Georgia operates the Childcare and Parent Services program to help families with the high cost of child care. The program pays providers to care for some low-income children younger than 13 years old.

To qualify for child care assistance under the program, parents must meet activity and income requirements. Parents can apply for assistance online and must reapply for assistance each year.

Activity Requirements Limit the Effectiveness of Child Care Assistance

Parents must work or attend a technical or vocational school for an average of 24 hours a week to meet the child care assistance activity requirement. A minor parent seeking child care assistance can attend middle school, high school or GED classes full-time to meet the activity requirement.¹⁸

- **Child care assistance is not available to parents while they pursue a postsecondary degree.** Child care assistance is available to parents attending technical or vocational school for only one year. Parents who pursue a two- or four-year postsecondary degree are not eligible for child care assistance when they are in school. Georgia is one of just eight states that do not offer child care to parents who pursue a postsecondary degree.¹⁹
- **Parents seeking to join the workforce do not qualify for Georgia's child care assistance program.** A Georgia parent looking for their first job, or returning to work after a long period without working is not eligible to receive child care assistance through the program.²⁰ That means no child care help to allow them time for job interviews. Fourteen states allow families to start receiving child care assistance while they are searching for a new job.²¹
- **Parents out of work the typical 21 weeks lose child care assistance.** Georgia families that already get child care assistance can continue to get it for up to eight weeks after a parent loses their job. This time period is crucial to provide consistent care to children while their parents search for a new job, but it is probably too short for many parents.

The typical unemployed person in Georgia is out of work for 21 weeks.²² Georgia parents out of work longer than the eight weeks covered must find other arrangements for their children. This is destabilizing for both children and parents.

Child Care Could Help Georgia Parents Earn Postsecondary Degree, Higher Pay

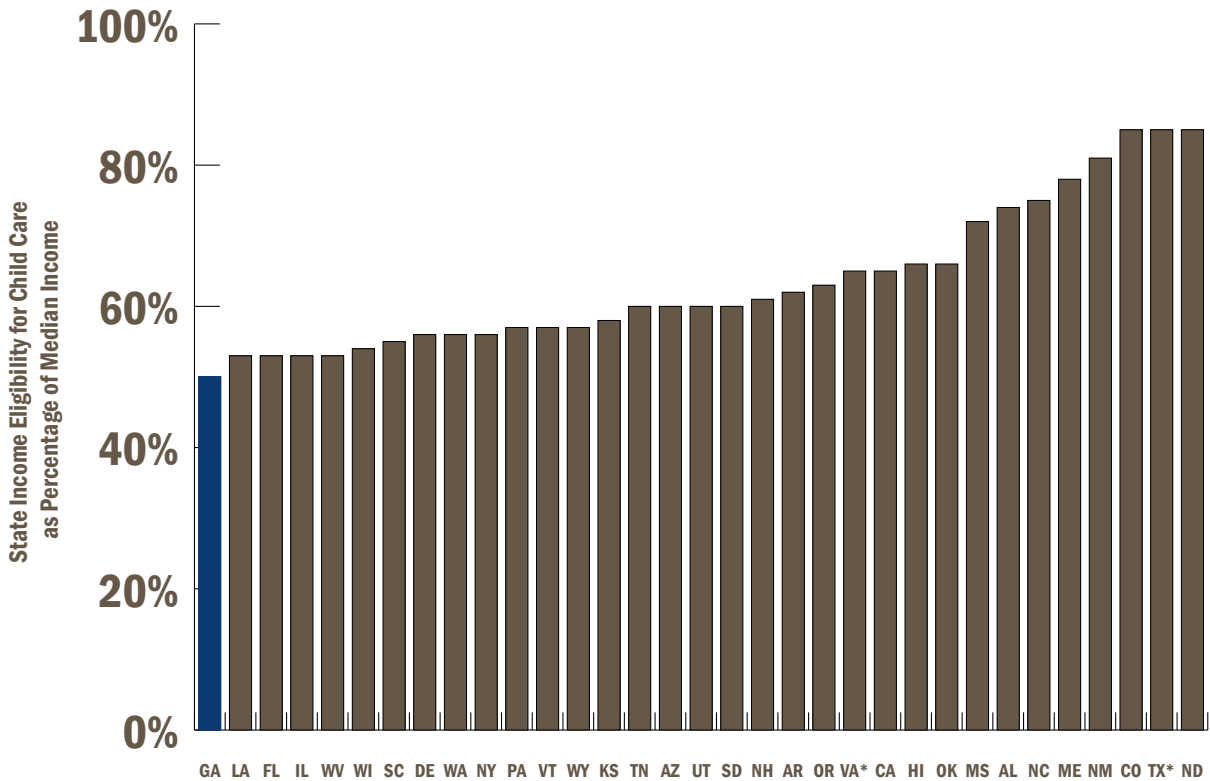
Education Level	Median Earnings
High School Diploma/Some College	\$31,234
Associate's Degree	\$38,287
Bachelor's Degree	\$53,400
Earnings Gap Between High School Diploma and Some College and Associate's Degree	\$7,053
Earnings Gap Between High School Diploma/Some College and Bachelor's Degree	\$22,166

Source: 2013 American Community Survey 1-year Public Use Microdata Sample (PUMS) files. Universe includes those who have positive earnings, working 35 or more hours per week.

Georgia's Income Requirements Much Harder to Meet Than Other States

Georgia parents qualify for child care assistance only at very low incomes. A Georgia family of three must earn under \$28,160, or less than half of the state median income, to qualify for child care assistance.

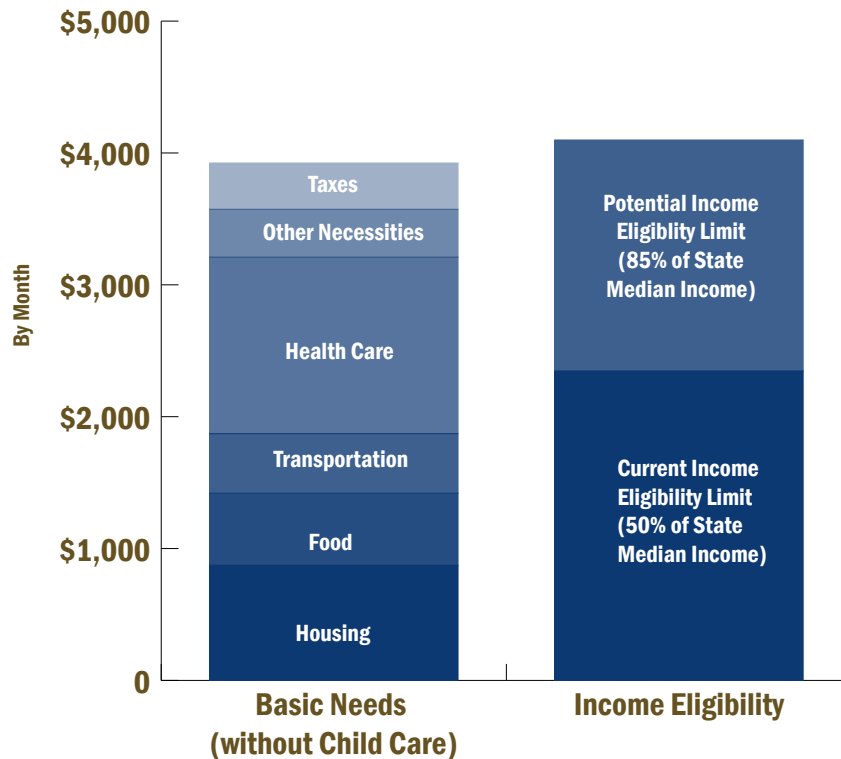
Georgia Has Tougher Income Eligibility Requirements than 32 other States



Source: Karen Schulman and Helen Blank, "Turning the Corner: State Child Care Assistance Policies 2014," National Women's Law Center, October 2014 (policies as of February 2014 for a family of three). * Colorado, Texas, and Virginia set income eligibility on local or regional levels. Rankings for those states are based on the maximum eligibility amounts.

- Georgia's income requirements for child care assistance are needlessly more difficult than those in 32 other states.²³** The federal Child Care and Development Block Grant allows states to increase income eligibility levels up to 85 percent of state median income. If Georgia increased its income eligibility cutoff to the maximum allowed by federal rules, families of three earning up to \$49,179 could qualify for child care assistance.²⁴

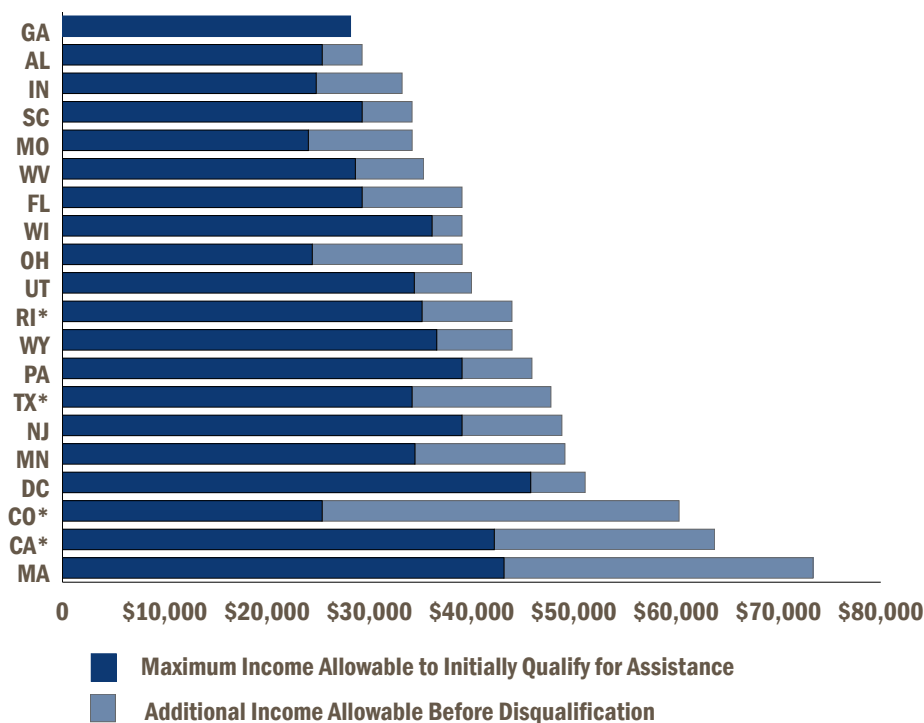
Maximizing Income Eligibility Helps Families Meet Basic Needs



Sources: Economic Policy Institute Family Budget Calculator, 2013. Costs for one parent and two children in the Atlanta metro area. American Community Survey, 2013, 1-year estimates

- **Georgia families face sudden loss of assistance, while other states phase it out.** A Georgia family of three that earns more than \$28,160 is immediately ineligible for child care assistance. Fifteen states, including neighboring South Carolina and Florida, allow families receiving assistance to continue some level of benefits even after their income exceeds the eligibility limit.²⁵ In three additional states, specific localities allow families to continue receiving assistance once they begin earning more money. This can motivate families to earn higher salaries and build a savings cushion for the long-term without the immediate fear of losing child care assistance.

Georgia Families More Abruptly Ineligible for Child Care Help



Source: Karen Schulman and Helen Blank, “Turning the Corner: State Child Care Assistance Policies 2014,” National Women’s Law Center, October 2014 (policies as of February 2014 for a family of three). *In California, only San Mateo and San Francisco allow families to receive assistance up to \$63,768. In Colorado, counties set their own income limits. The income eligibility limit shown for Colorado is the lowest in the range. Families in Colorado are allowed to continue to receive assistance for only six months after their income exceeds the initial eligibility limit. Rhode Island’s income eligibility limits shown are part of a 12-month pilot. In Texas, local workforce investment boards set income eligibility limits. The income eligibility limit shown for Texas is the lowest in the range. Some local workforce investment boards allow families an extended year of child care assistance up to a higher income than the initial eligibility limit, as long as the exit eligibility limit is not higher than 85 percent of state median income. Massachusetts allows additional income even greater than is shown in graphic for parents of children who require special needs

Georgia Parents Pay Higher Fees for Child Care Assistance than Other States

Georgia parents must also share in the cost of child care assistance in order to qualify for help. Parents must pay a weekly fee, or co-payment directly to their child care providers. The fee is based on family size, income level, and number of children in care.²⁶

For a Georgia family of three earning poverty level income of roughly \$1,649 per month, the monthly co-pay in 2014 was \$143. This co-payment is the 8th highest in the country.²⁷

Low Reimbursement Rates Limit Child Care Options

Georgia’s assistance program helps low-income parents afford child care through direct payments to providers. Child care options for low-income families correspond with the size of the payments.

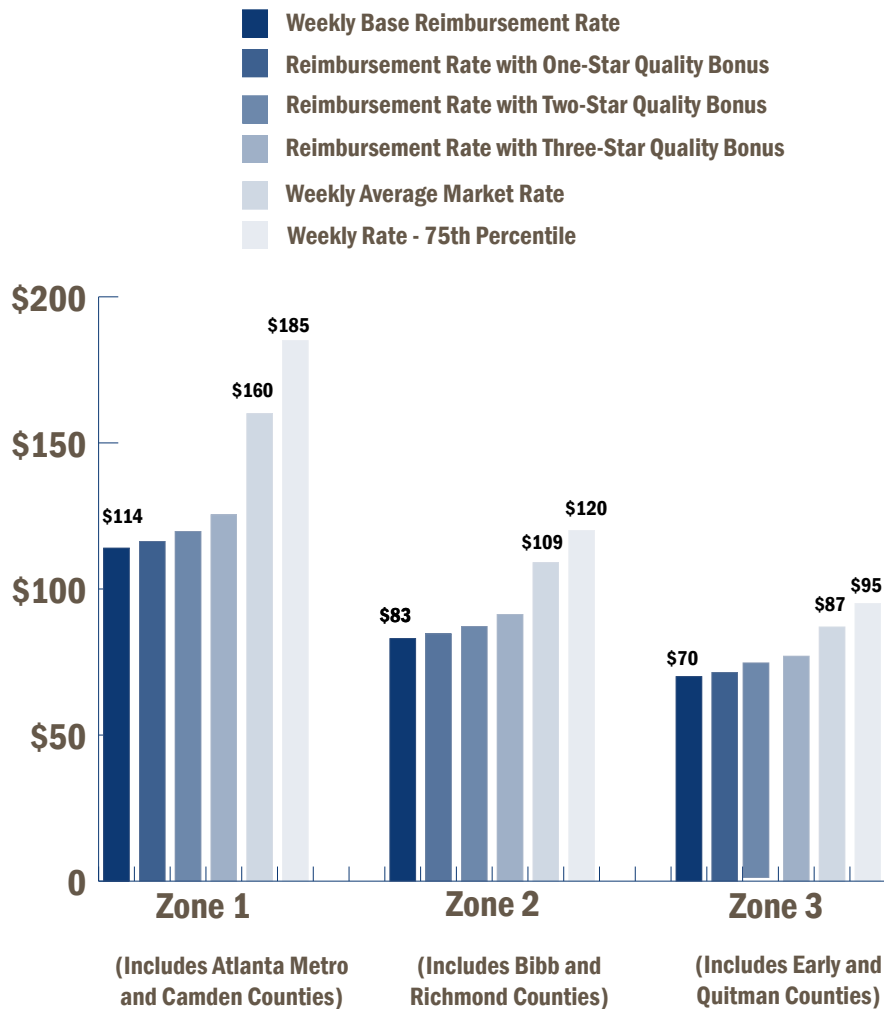
- **Georgia reimbursement rates set well below industry standard.** Reimbursement rates at the 75th percentile of market rates for child care are ideal. That level would help give parents receiving assistance access to the majority of nearby child care providers, making it easier for them to maintain a work schedule.

The base reimbursement rate in Georgia’s child care assistance program is \$494 per month for a four-year old in a metro Atlanta center.²⁸ That rate is \$290 lower than the 75th percentile of market rates in the area.²⁹ The reimbursement rate is just as low for a one-year-old child’s care in a center. These low reimbursement rates make it harder for parents to find a child care provider close to work and decreases the likelihood that children will receive quality care.

- **Even reimbursement rates for higher quality providers trail market average.** Georgia raised reimbursement rates for higher-quality providers July 2013. Child care providers that participate in the state’s voluntary Quality Rated program receive a star rating, with three stars reserved for Georgia’s highest quality providers.

Child care providers that do not participate in the Quality Rated program can receive the base reimbursement rate. Providers in the Quality Rated program receive a 2 percent bonus for a one-star rating, a 5 percent bonus for a two-star rating and a 10 percent bonus for a three-star rating. Even counting bonus payments, the state still pays top quality child care providers in metro Atlanta at a monthly rate lower than market average.³⁰

Child Care Provider Reimbursement Rates Below Market Average



Sources: Author’s calculation based on state assistance policy, Appendix A; Quality Rated Program Manual, Georgia Department of Early Care and Learning, Version 2.1; and Georgia Market Rate Survey, 2013. Figures based on licensed center care for a three-year old full-time during a weekday.

Georgia’s Child Care Policies Combine to Limit the Program’s Effectiveness

Georgia’s child care assistance program provided services to only 5.9 percent of the 931,000 low-income children younger than 13 years old in 2013. Other states with more generous policies, including neighboring North Carolina and Tennessee, are able to serve a slightly higher percentage of their low-income children.

Child Care Assistance Helps Parents be Better Workers and Higher Earners

A majority of low-income parents manage to work despite a lack of access to quality child care. More than 73 percent of Georgia children younger than 13 years old living in low-income families have working parents.³¹ For these parents, child care assistance could make them more dependable employees and increase family earnings over time.

Parents Who Receive Child Care Assistance Experience Fewer Work Disruptions

Without a consistent and reliable source of child care, parents are often left scrambling before work shifts to find safe supervision for their children. When those efforts fail, they could miss a workday, rearrange their work schedule, or miss out on overtime opportunities.

Forty-five percent of parents miss at least one day of work every six months due to a child care breakdown.³² These disruptions threaten parents' job security and cost businesses money. Child care-related disruptions cost U.S. businesses an estimated \$3 billion each year.³³

Child care assistance would provide parents access to reliable care for their children. Studies show when parents receive this assistance, they are less likely to interrupt their work schedules.

- Parents who received assistance were 48 percent less likely to experience a disruption in their ability to work their scheduled hours, according to a study done by researchers at the University of Maryland and ChildTrends, a nonprofit research center. The study controlled for other variables that may have caused a child care-related work disruption.³⁴
- Another study of low-income mothers in Philadelphia found the ones who received assistance were 56 percent less likely to report lost hours and schedule-related work problems. The study identified hardships that include work schedule conflicts, reduced work hours and loss of overtime opportunities.³⁵
- A Manpower Development Research Corporation (MDRC) study of families applying for child care assistance in Illinois found that families who received child care assistance were about 25 percent less likely to experience job-related problems due to child care arrangements. These problems included missing work, having to quit work or school, being unable to start work or school, or going to work late or early due to child care issues.³⁶
- A study of public employees in New York City says parents provided with child care assistance had a 17.8 percent decrease in disciplinary action at work compared to a control group that did not receive assistance. The Cornell University study found parents who received assistance also reported leaving work unexpectedly less often, concentrating better, being more productive at work and using fewer sick days to handle child care issues.³⁷

When we do intake interviews, we sometimes hear from parents about how they have been fired from a job because they missed too many days due to child care arrangements with friends and family falling through.

**Tyese Lawyer, President and CEO
Our House, Decatur, GA**

- One study of 21 different welfare and employment programs – including two in Atlanta – also found that access to expanded child care assistance significantly reduced work-related child care problems. These problems included not being able to work full- or part-time and having to miss work, reduce hours, or quit a job.

The study by the New York nonprofit MDRC defines expanded child care assistance as: (a) support of formal care, including on-site free care, expanded subsidies for the market cost of care, and caseworker encouragement to use formal care; (b) case management services for child care; (c) direct reimbursement to providers; (d) restriction of assistance to regulated care and (e) practices designed to ease transitions on and off welfare.³⁸

Having a consistent, reliable, quality source of early learning for children brings parents peace of mind, increased confidence, and allows them to focus on what they are doing at work without worrying about what's going on with their children.

**Tyese Lawyer, President and CEO
Our House, Decatur, GA**

Parents Who Receive Child Care Assistance Can Work More Hours, Stay Employed Longer

When parents with reliable child care consistently show up on time to work their entire scheduled shift, employers take notice. Employers are more likely to keep dependable parents on the job.

The opposite is also true. Parents who miss work or constantly change schedules due to child care challenges are more likely to be let go by their employers. This employee turnover comes at a cost, as businesses use resources and spend money each year to hire and train replacement employees. The typical cost of turnover is estimated at one-fifth an employee's annual salary.³⁹

Child care assistance can help parents afford reliable care for their children, so parents are more likely to stay employed longer when they receive the assistance. Many studies find a positive connection between child care assistance and longer periods of employment:

- Georgia State University researchers determined one in five mothers on the Georgia waiting list for child care assistance lost her job just a few months after applying for assistance. The researchers inferred that child care assistance improved job retention.⁴⁰
- A research study of national census data determined receiving government assistance with child care stimulated longer employment durations among women, regardless of marital status, or educational attainment. The Economic Policy Institute study says women of all educational levels are 40 percent more likely to stay employed after two years if they received child care assistance.⁴¹
- A University of Chicago study determined families in Illinois who received child care assistance were more likely to stay employed longer. The authors of the report say the risk a parent would stop working was 28 percent lower for people who received child care assistance compared with those who did not.⁴²
- Low-income single mothers with young children in Michigan who were also former welfare recipients were 82 percent more likely to be employed after two years if they got help paying for child care.⁴³

A parent came to me and stated that she was going to have to quit her job because she could not afford child care. The parent stated that she had just moved to Georgia and found a really good job that she believed she would really enjoy. She was in tears. She kept repeating that she did not want to return to her former home in another state.

We encouraged her to apply for child care assistance from the Department of Family and Children Services. The parent applied for the assistance, but faced the threat of losing her job until the assistance was approved.

Thankfully, the child care assistance was eventually approved and the parent was able to continue to work while her child was able to stay at the YWCA.

**Tomeki Hill,
Early Learning Academy Director,
YWCA of Greater Atlanta**

- A three-state study of single mothers with young children who received welfare during the early days of the program's reform found that they had longer stretches of employment with child care assistance. The University of Chicago study determined mothers in Illinois who receive child care assistance were typically employed about 26 months compared with nine months for those who did not receive assistance. The study found a consistently positive relationship between receiving child care assistance and employment duration across the three states in the study, Illinois, Massachusetts and Maryland.⁴⁴
- A researcher at the University of Houston studied national data to determine the probability a single mother would work full time increased to 53 percent from 38 percent if she received assistance with child care costs. The study also found single mothers who get child care assistance worked an average of 9.4 hours more per week than single mothers who did not receive assistance.⁴⁵

Parents Receiving Child Care Assistance Enjoy Higher Family Earnings

A consistent, safe child care arrangement gives parents the chance to work for longer periods of time with fewer interruptions. This steady work schedule gives low-income parents, especially hourly workers, the opportunity to earn more.

Many studies confirm parents who receive child care assistance earn higher family incomes than those who do not.

- A study that compares 52 Georgia mothers receiving child care assistance with 50 demographically similar Georgia mothers on waiting lists for the assistance identified a link between a lack of assistance and poverty. Families on waiting lists were six times more likely than families receiving assistance to report incomes less than half of the federal poverty threshold, now \$18,751 for a family of two adults and one child.⁴⁶

I had never thought of us as just a child care organization, but this summer when our bus broke down, I had more parents calling me saying that they could not go to work until we figured out our bus situation. They counted on us.

When we are not open, they do not have a support system. They cannot go to work and then they lose their job and get further behind.

**Kim Dennis, Executive Director
Create Your Dreams, Atlanta, GA**

- Researchers at the Urban Institute determined child care assistance is associated with an increase of 3.6 percent in self-sufficiency for single women with children. Self-sufficiency is defined as a ratio of family earned income to family needs. The gain translates into \$625 a year for a family headed by a single mother living at the poverty threshold. The researchers caution this is a conservative estimate of the true effect of child care assistance on self-sufficiency.⁴⁷
- A University of South Carolina researcher determined low-income working mothers in Wisconsin in families that receive sustained child care assistance enjoyed increased annual earnings. Annual earnings grew by \$7,500 in six years for mothers who got child care assistance for 25 months or more. Annual earnings grew by less than \$3,000 in six years for mothers who did not receive assistance.⁴⁸

High-quality child care and education are critical to parents' success in the workforce.

**Jasmine Miller,
Chief Operating Officer
The Center for Working Families, Atlanta, GA**

Child Care Assistance Helps Unemployed Parents Get Work

About 27 percent of Georgia children younger than 13 years old are in low-income families with all members out of work for most or all of the year.⁴⁹ Access to quality subsidized child care can help these families go to work.

The high cost of child care can create a huge obstacle for parents who want to work. Consider this scenario:

The average weekly cost of child care for a toddler in Georgia can range from \$88 to \$141, depending on the type of care.⁵⁰ A parent of a toddler considering a minimum wage job at \$7.25 an hour for 35 hours per week must factor in the 35 to 55 percent of her weekly earnings she'll spend on child care *and* pay for other necessities, including housing, food, transportation, work-appropriate clothing, baby supplies and toiletries. Parents must also ensure the child care they use is safe.

It is easy to understand why a family in this situation may choose to remain out of the workforce to care for their children until they are school-aged. These parents may be able to make do if they receive help from friends or family and other government aid, like food assistance.

Though these parents are making do, they are not thriving. They are losing critical work experience and the opportunity to better provide for their children.

Low-income parents are familiar with this tradeoff. Many studies say when parents receive help paying for child care, they are more likely to work:

The one component of my program that is mission-critical, where if I removed it, my mission does not get achieved, is my child care piece. Because if I take away the child care piece, then... my parents cannot sit in my training room all day and get education, job training, soft skills, job search, or job placement....If you take out child care, all the dominoes fall. I cannot employ or stabilize my families without child care.

**Sandra Torres-Keating,
Executive Director
Atlanta Children's Shelter**

- Researchers who compared 52 Georgia working poor families receiving child care assistance with 50 demographically similar Georgia families on the waiting list found an 18 percent higher employment rate for mothers who receive child care assistance than those who did not.⁵¹
- Mothers who received assistance with child care costs were 13 percent more likely to be employed than the ones who did not, according to a national study by researchers at Georgia State University and the University of North Carolina.⁵²
- The same Georgia State University researcher analyzed national data using a different method in another study to determine the effect of receiving child care assistance on single mothers' decisions to work. He found that receiving child care assistance increased the likelihood that a mother would work by 15.3 percent.⁵³
- A Middle Tennessee State University researcher studied national data on women who lived in poverty in the year preceding their children's births. The study determined potential child care costs reduced the likelihood the mothers would work after giving birth. A subsidy covering 30 percent of the cost of child care would increase the percentage of mothers who work two years after childbirth from 53.8 percent to 62 percent, according to the researcher's estimates.⁵⁴
- A University of Houston researcher determined the likelihood of a single mother with children younger than five working increased to 75 percent from 54 percent if she got help with child care costs. The national study also indicated that child care assistance increased the likelihood that all parents with young children would work, regardless of marital status.⁵⁵

Parents want to work; they know they need to work. There are just so many challenges blocking their success, including the high cost of child care.

**Eloise Williams,
Foundation 3 Program Manager,
Buckhead Christian Ministries
Atlanta, GA**

When we began providing subsidies for child care, we saw a 30 percent increase in employment of participants.

**Jasmine Miller,
Chief Operating Officer
The Center for Working Families, Atlanta, GA**

- Single mothers receiving child care assistance were 12 percent more likely to be employed compared to mothers on waiting lists for the help, according to an analysis of survey data from low-income single mothers in Kentucky.⁵⁶
- A child care subsidy that covers 100 percent of child care costs could increase the share of poor mothers who work by 15 percent, according to a Government Accountability Office study. The same study found paying 100 percent of child care costs would increase the share of low-income mothers with incomes up to 185 percent of the federal poverty level who work by 14 percent.⁵⁷
- A researcher at the University of Maryland studied national data on low-income single mothers with children under the age of 18 and found child care assistance to be associated with a 6.7 percent higher likelihood of being employed.⁵⁸
- Assisting with child care expenses could increase the employment of married mothers of children under six years old by 3 to 14 percentage points, according to a national data simulation study by Columbia University researchers. The same study estimated employment for single mothers could increase by 5 to 21 percentage points. In the model, based on census data, larger subsidies were associated with higher employment rates.⁵⁹
- A \$1,000 increase in the average annual child care assistance amount for working poor single mothers with children under 13 years old was associated with an 11 percentage point increase in the probability of employment, according to a study by researchers from Columbia University and the University of Washington.⁶⁰
- Former welfare recipient parents in Rhode Island were 3 percent more likely to work 20 or more hours per week and not receive cash assistance and receive child care assistance after the state substantially increased the maximum income allowed to receive child care and the provider reimbursement rates, according to another study.⁶¹

Recommendations

An avalanche of research makes it clear child care assistance helps parents to become better workers and higher earners. When parents are better workers, productivity can increase, turnover costs can decrease and working families can spend more money on necessities.

Child care assistance can help out-of-work parents regain employment. Returning parents to the workforce not only increases family income but also boosts Georgia's economy when they purchase goods and services and pay more in taxes. Georgia should take advantage of an opportunity to help individual families and the state's economy as a whole.

- 1. Increase Income Eligibility Thresholds.** More parents will qualify for assistance with child care if income threshold cutoffs are raised. Parents are more likely to work if accepting a job makes financial sense. More parents who are already working will also be less likely to experience a work interruption, more likely to work for longer periods and more likely to take home higher earnings if they receive assistance with child care costs.
- 2. Raise Rates Paid to Providers.** Quality child care costs money. Credentialed teachers are compensated for their services. Classroom sizes should be kept low. Parents who receive assistance will have more choices for quality child care if child care reimbursement rates to providers are raised. Higher-quality care benefits both children and the parents who are better able to focus at work.

Raising provider reimbursement rates can also increase the likelihood that some parents will work. A child care provider convenient to a parent's home or job makes it easier to report promptly to work. Aligning child care assistance payments with the market makes it more likely that conveniently-located providers will work with a parent receiving assistance.

- 3. Decrease co-payments for parents.** High co-payments create a barrier to parents who want child care assistance. Parents who qualify for assistance already struggle to pay for housing, food, health care and other necessities. That

does not leave room in their budgets to pay high fees. Lowering co-payments would allow more parents to reap the benefits of assistance, including fewer work interruptions, longer term employment and higher earnings.

- 4. Allow parents pursuing a postsecondary degree to receive child care assistance.** Georgia is one of just eight states that does not offer child care assistance to parents while they pursue a postsecondary degree. Offering this help to parents would benefit Georgia's economy.

Georgians with postsecondary education fare better in the job market. They are more likely to be employed and earn more money than their counterparts without degrees. Providing temporary child care assistance to parents pursuing degrees would pay dividends over the long term.

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Endnotes

¹ All references in this report to Georgia's child care assistance program refer to Georgia's Child Care and Parent Services Program.

² FY2013 Average Monthly Adjusted Number of Families and Children Served, Office of Child Care, U.S. Department of Health and Human Services; Georgia Department of Early Care and Learning.

³ Author's calculation based on data provided by the Working Poor Families Project, Analysis of American Community Survey, 2013 (Washington, D.C.: Population Reference Bureau). This number represents children under the age of 13.

⁴ Working Poor Families Project, Analysis of American Community Survey, 2013, (Washington, D.C.: Population Reference Bureau). "Families" are used in this analysis to represent married-couple or single-parent families with at least one child under age 18 present in the household. A family is defined as working if all family members age 15 and over either have a combined work effort of 39 weeks or more in the prior 12 months OR all family members age 15 and over have a combined work effort of 26 to 39 weeks in the prior twelve months and one currently unemployed parent looked for work in the prior 4 weeks.

⁵ Poverty Thresholds for 2013 by Size of Family and Number of Related Children Under 18 Years, U.S. Census Bureau. "Low-Income" is used throughout this paper to refer to parents, families, and children in families who are earning less than 200 percent of the federal poverty threshold.

⁶ Current Population Survey 2014 Annual Social and Economic Supplement, POV24. Among U.S. householders age 16 to 64 of families with related children under 18 years who did not work in the last year with incomes below 200 percent of poverty, "home and family reasons" was the leading reason given for not working.

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- ²⁰Jobless parents may be able to receive child care assistance by applying for the Temporary Assistance for Needy Families (TANF) program. Families must meet separate income, resource, and work requirements to qualify for TANF cash assistance. As of October 2014, there are 3,535 TANF families receiving subsidized childcare through the TANF Program. TANF families represent just one of several specific categories of families and children who receive priority if child care assistance funding is not available to serve all who apply. Georgia Department of Family and Children Services.
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