

Preschool Children, Mothers' Employment Status and Child Care Choices: Findings from the National Survey of America's Families

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National Findings

Data from the 1997 and 1999 National Survey of America's Families on the employment patterns and child care choices of mothers with preschool children (under age 5) were analyzed for families with low-income (at less than 150 percent of the federal poverty level), mid-range income (at 150-299 percent of poverty), and upper-range income (at 300 percent or more of poverty).¹

- 1. Low-income preschoolers are least likely to have a mother who is married or who has a high school diploma.** Nationally, 60 percent of low-income preschoolers had a mother with a high school diploma, compared to 86 percent of children in families with mid-range incomes, and 97 percent of children in families with upper-range incomes. In 1999, 57 percent of low-income preschoolers had married parents versus 85 percent of those in families with mid-range income and 94 percent of those with upper-range incomes.
- 2. Women with preschoolers remain a difficult population to engage in full-time employment.** Almost two-thirds of mothers of low-income preschoolers are not employed at all. This did not change during early TANF implementation, with 64 percent of children not having an employed mother in 1997 and 63 percent not having an employed mother in 1999. There was, however, a slight increase in mothers employed full time, rising from 16 percent in 1997 to 19 percent in 1999.
- 3. The majority (57 percent) of low-income preschoolers with employed mothers are not in full-time child care, and those in full-time care are more often in low-cost relative care.** For unsubsidized low-income families, costs of full-time care of preschoolers with relatives averaged \$129 a month in 1999 versus \$302 a month for non-relative full-time care.
- 4. The subsidized child care choices contrast sharply with those of non-subsidized low-income mothers.** In 1999, 48 percent of unsubsidized low-income preschoolers in full-time care were in relative care compared to 10 percent of preschoolers with subsidies from the welfare department, social service agencies and other agencies. In 1999, 21 percent of unsubsidized low-income preschoolers were in group care while more than two-thirds of TANF-type subsidized preschool children were in non-group care.

Milwaukee County Urban Findings

Milwaukee County was the only county to be oversampled in the NSAF 1997 and 1999 surveys, and Wisconsin was one of the 13 states separately surveyed. Wisconsin also imposed a very strict work test for the welfare population in Milwaukee County as early as 1996, which for the first time required participation of women with children as young as 13 weeks at very high levels of engagement and which resulted in dramatic decreases in the AFDC caseload.

1. **Milwaukee County low-income preschoolers were much less likely to have a mother who was married or who had a high school diploma than children in rural and smaller urban areas of the state.** When Milwaukee County is compared to the rest of Wisconsin, only 35 percent of low-income preschoolers have married parents, in comparison to 53 percent in the “balance of Wisconsin.” In Milwaukee County 56 percent of low-income preschoolers have a mother with a high school diploma, in comparison to 75 percent in the “balance of Wisconsin.”
2. **Employment levels of mothers of preschoolers were considerably higher in Wisconsin and in Milwaukee County than in the rest of the nation,** with significant differences between Milwaukee County and the “balance of Wisconsin.” In Milwaukee County 51 percent of preschool children from low-income families did not have an employed mother in 1999, compared to 39 percent in the “balance of Wisconsin” and 63 percent in the national survey. In Milwaukee County 28 percent of low-income preschoolers had a mother employed full-time (40 hours or more), compared with 39 percent in the “balance of Wisconsin” and 19 percent in the national survey.
3. **Despite the imposition of a strict work requirement for mothers of preschoolers receiving income support, employment levels for mothers of low-income preschoolers did not change in Milwaukee County in 1997 and 1999, remaining at 51 percent.** The percent of low-income preschoolers with mothers employed full-time appears to have increased from 22 percent in 1997 to 28 percent in 1999.

Introduction

Welfare employment programs have historically excluded mothers with young children from work requirements, in part because subsidized child care costs for this population are very high and the likelihood of employment success relatively low. Most recent welfare reform efforts to reduce public assistance caseloads focused first on strategies targeted to those parents already employed (whether reporting income or not), families with older children, and parents with higher levels of education -- in other words those families most likely to leave welfare without expensive public intervention. The welfare population with younger children is still commonly seen as a difficult one to serve, particularly when headed by a single mother with a lower level of education. Engaging an increasing portion of this population in employment will have a considerable fiscal impact on welfare reform expenditures.

The report focuses special attention on the estimated 5.8 million preschoolers in 1999 from low-income families, examining their parents' marital status, mother's employment status, family child care choices, subsidies and costs. The estimated use of public subsidies supported by TANF (Temporary Assistance for Needy Families) and CCDF (Child Care and Development Fund) and the potential impact of engaging a larger share of mothers with preschool children in employment are explored, using the 1997 and 1999 surveys as a description of the early TANF experiences.

I. Employment Patterns of Mothers with Preschool Children Have Changed Little

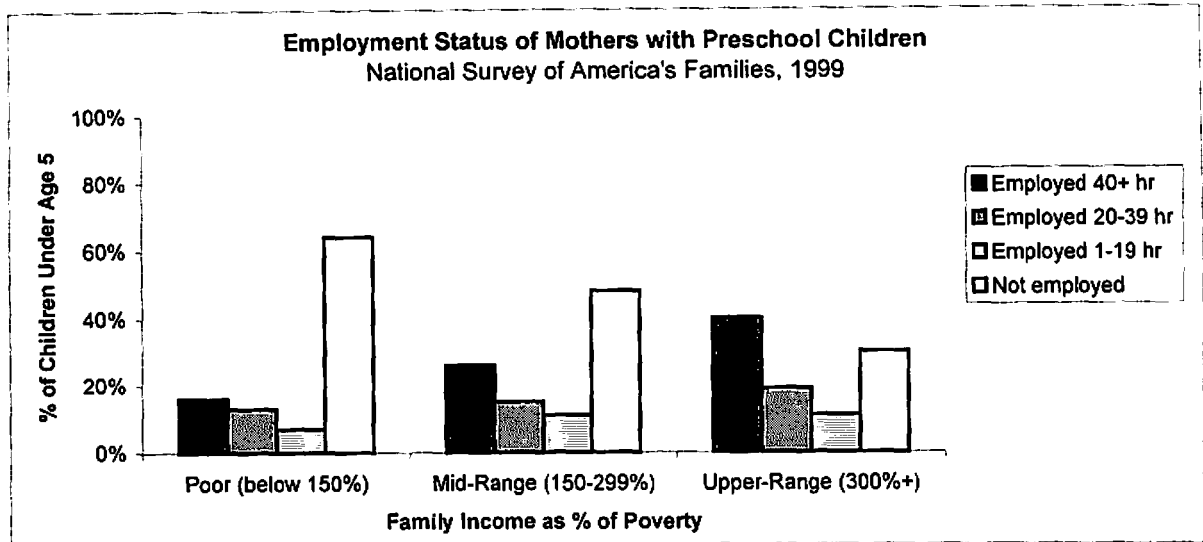
The employment rates of mothers of preschoolers were compared for the 1997 and 1999 surveys.

- The majority of low-income preschoolers did not have an employed mothers. In 1997, 64 percent of preschoolers from low-income families did not have an employed mother and in 1999, 63 percent did not have an employed mother.
- For preschool children from low-income families, the percentage of mothers employed full-time did show a slight increase, from 16 percent in 1997 to 19 percent in 1999, while the percentage with a mother employed part-time remained the same (25 percent).
- For preschool children in mid-range income families (with income at 150-299 percent of poverty), the percent with employed mothers rose from 26 percent in 1997 to 30 percent in 1999, and those with mothers employed from 20-39 hours a week rose from 15 percent to 17 percent.

Status of Children Under Age 5 by Income Level and Mother's Employment
National Survey of America's Families, 1997 and 1999

1997 SURVEY				
	Family Income as % of Poverty Level			ALL
	Less than 150%	150-299%	300% or above	
Estimated total number of children	6.1 million	5.3 million	6.6 million	17.9 million
% of children in 2-parent families	57%	85%	95%	79%
Percent of children where mother is:				
Employed full-time (40+hours)	16%	26%	40%	28%
Employed 20-39 hours/week	13%	15%	19%	16%
Employed 1-19 hours/week	7%	11%	11%	9%
Not employed	<u>64%</u>	<u>48%</u>	<u>30%</u>	<u>47%</u>
TOTAL	100%	100%	100%	100%
1999 SURVEY				
	Family Income as % of Poverty Level			ALL
	Less than 150%	150-299%	300% or above	
Estimated total number of children	5.8 million	5.9 million	7.1 million	18.7 million
% of children in 2-parent families	57%	85%	94%	80%
Percent of children where mother is:				
Employed full-time (40+hours)	19%	30%	40%	30%
Employed 20-39 hours/week	13%	17%	21%	17%
Employed 1-19 hours/week	5%	8%	9%	8%
Not employed	<u>63%</u>	<u>45%</u>	<u>30%</u>	<u>45%</u>
TOTAL	100%	100%	100%	100%

- Over half of the preschool children whose mothers were employed full-time in 1999 were in upper-range income families with income at 300 percent of the poverty level or above.



Economic well-being, the mother's employment status and child care needs have much to do with marital status.

- When both parents are employed full-time in two-parent families with preschoolers, their earnings usually exceed eligibility income limits for TANF/CCDF-subsidized child care.
- Children in families with income at 300 percent of poverty or above usually have married parents (94 percent do) and often have both parents employed (64 percent do). For 35 percent of the children both parents are employed 40 hours or more per week.
- Children in poorer families are much less likely to have married parents at home (57 percent). In only 15 percent of cases are both parents employed and in 7 percent of cases both parents are employed full-time.
- For the population with income at 150-299 percent of poverty, the majority of children (85 percent) are in 2-parent families, 39 percent are in families with both parents employed and 18 percent are in families with both parents employed full-time.

Marital Status in Household of Children Under Age 5
National Survey of America's Families, 1999

	Family Income as Percent of the Poverty Level:		
	Less than 150%	150-299%	300% or above
Married parents	57%	85%	94%
Married parents, both employed	15%	39%	64%
Married parents, both employed 40+ hours/week	7%	18%	35%

Full-time employment levels are very low for the mothers of preschoolers and do not appear to differ much for children under age 2 compared to children ages 2-4.

- Low-income mothers of children under 2 were employed full-time in 18 percent of cases and mothers of 2, 3 and 4 year olds were employed full-time in 19 percent of cases in 1999.
- Children in families at 150-299 percent of poverty showed somewhat higher rates of employment, with 24 percent of mothers employed for children under age 2 and 34 percent of mothers employed for preschool children ages 2-4 in 1999.
- Employment rates were highest for families with income at 300 percent of poverty and above; 39 percent of infants and toddlers (under age 2) had an employed mother and 41 percent of preschool children (ages 2, 3 and 4) had an employed mother in 1999.

Employment Patterns of Mothers of Children Under Age 2 and Ages 2-4 Years
National Survey of America's Families, 1999

	Family Income as Percent of the Poverty Level:		
	Less than 150%	150-299%	300% or above
Children under age 2 whose mothers are:			
Employed full-time (40+ hours per week)	18%	24%	39%
Employed 20-39 hours per week	14%	17%	21%
Employed 1-19 hours per week	6%	9%	8%
Not employed	62%	50%	32%
TOTAL	100%	100%	100%
Children ages 2-4 whose mothers are:			
Employed full-time (40+ hours per week)	19%	34%	41%
Employed 20-39 hours per week	13%	16%	21%
Employed 1-19 hours per week	4%	7%	9%
Not employed	64%	43%	29%
TOTAL	100%	100%	100%

Even half-time (plus) employment of mothers is limited among the population of children under five.

- For children under age 2, 14 percent of children in low-income families had mothers employed 20-39 hours per week, as did 17 percent of children in mid-range income families and 21 percent of children in upper-income range families.
- The employment rates are similar for mothers of children under age 2 and mothers of children ages 2-4.

II. Child Care Choices for Preschool Children by Age

While employment patterns are similar for mothers of preschool children regardless of age, child care choices clearly differ. For very young children (under age 2) with mothers working 20 or more hours per week, the child is much more likely to be at home and have no outside child care than is the case for preschoolers ages 2-4. This is particularly the case for two-parent families.²

- The highest percentage of children under age 2 whose employed mothers placed them in full-time child care occurred in low-income families, where 42 percent of children with mothers employed 20 or more hours per week were in full-time care.
- The second highest usage of full-time child care for employed mothers of children under age 2 occurred in the upper-range income families where 37 percent of children were in full-time care in 1999.
- The lowest percentage of infants and toddlers in full-time care occurred for employed women in families with mid-range incomes, where 33 percent of children under age 2 were in full-time care.
- Those young children with no care arrangements accounted for 26 percent of children under 2 in low-income families with employed mothers, 29 percent in mid-range income families, and 25 percent for upper-range income families with employed mothers.

**Hours of Care for Children of Mothers Employed 20 or More Hours per Week
National Survey of America's Families, 1999**

Children Under Age 2	Family Income as Percent of the Poverty Level:		
	Less than 150%	150-299%	300% or above
Hours per week in care:			
None	26%	29%	25%
1-19	11%	15%	12%
20-39	21%	22%	26%
40 and above	<u>42%</u>	<u>33%</u>	<u>37%</u>
TOTAL	100%	100%	100%
Children Ages 2, 3 and 4			
Hours per week in care:			
None	18%	15%	12%
1-19	13%	18%	12%
20-39	26%	22%	33%
40 and above	<u>43%</u>	<u>45%</u>	<u>43%</u>
TOTAL	100%	100%	100%

For those children in care for 40 or more hours per week, relatives are the clear choice for infants and toddlers (under age 2) and non-relative care for preschoolers ages 2 and above.

- Relative care was the clear choice for very young children – selected for over half (57 percent) of infants and toddlers of employed mothers in poor families, 49 percent of infants and toddlers in mid-range income families, and 36 percent for upper-range income families.
- Older preschoolers (ages 2, 3 and 4) were much less likely to have full-time child care arrangements in a relative setting. About 25 percent of preschool children were in full-time relative care across income groups, with 26 percent in relative care among low-income families, 32 percent for mid-range income families, and 20 percent for upper-range income families.

**Type of Care Giver for Children in Full-Time Care
(with Mothers Employed 20 or More Hours per Week, Care Subsidized or Not)
National Survey of America's Families, 1999**

Children Under Age 2	Family Income as Percent of the Poverty Level:		
	Less than 150%	150-299%	300% or above
Type of full-time care giver:			
Relative caregiver	57%	49%	36%
Group center	27%	22%	25%
Non-relative caregiver	19%	27%	29%
Children Ages 2, 3 and 4			
Type of care:			
Relative caregiver	26%	32%	20%
Group center	30%	40%	48%
Non-relative caregiver	18%	19%	19%

Totals do not add up to 100 percent. In some cases children use a combination of providers to obtain 40 hours of care and in other cases two providers each give the child 40 hours or more of care.

III. Subsidized Child Care for Preschoolers

Families in the National Survey of America's Families were asked to indicate the source of child care payments when others help pay for part or all of their child care expenses. Sources may include the welfare department, social service agencies, other agencies, parents, employers, sliding fee scales, etc. and reflect care subsidies given to the family. While TANF/CCDF was not identified as the source of funding, it is likely to include subsidies provided by the welfare department, social service agencies and other agencies.

- The number of preschoolers in one of these types of TANF/CCDF-related subsidies totaled 720,166 in 1997 and 973,592 in 1999. In 1997, 257,029 of these children were in full-time care (39 or more hours per week) and in 1999, 458,114 of these children were in full-time care with subsidies that appeared to be TANF/CCDF-related.
- Children in one-parent families made up 83 percent of preschoolers with a subsidy in 1997 and 77 percent of preschoolers with a subsidy in 1999.
- In 1997, 43 percent of the child care subsidies for preschool children were going to families where the mother was not employed. The percent of children with non-employed mothers decreased to 29 percent by 1999. Conversely, from 1997 to 1999, the share of subsidies going to children with full-time employed mothers increased from 27 percent to 39 percent.

Employment Status of Mothers of Preschool Children Receiving Subsidized Child Care
National Survey of America's Families, 1997 and 1999

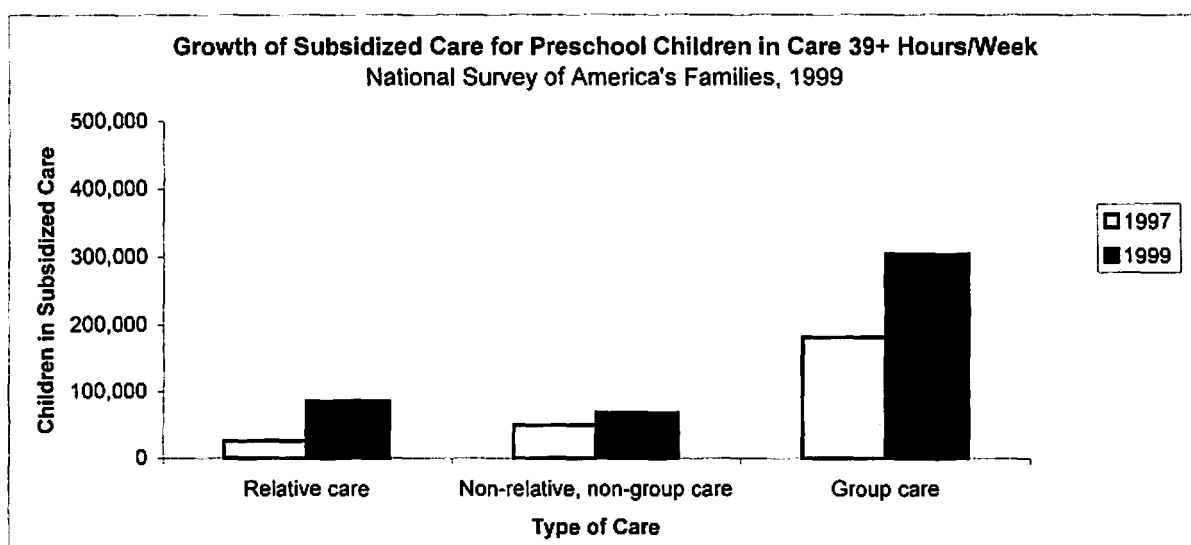
Mother's Employment Status	1997	1999
Not employed	43%	29%
Employed 1-19 hours per week	4%	5%
Employed 21-39 hours per week	26%	27%
Employed 40+ hours per week	27%	39%
TOTAL	100%	100%

- Group care was the clear choice or assignment for those in full-time and part-time subsidized care.
- In 1997, 71 percent of preschool children in subsidized full-time care were in group care settings. In 1999, 66 percent of preschool children in subsidized full-time care were in group care settings.
- Part-time subsidized care (20-39 hours per week) showed similar patterns, with 64 percent in non-relative care, mostly in group centers, and 38 percent in relative care.

Type of Care for Preschool Children Receiving Subsidized Child Care
National Survey of America's Families, 1997 and 1999

Type of Care (39 or More Hours per Week)	1997		1999	
	Percent	Number	Percent	Number
Relative care	10%	25,634	19%	85,958
Non-relative, non-group care	19%	49,461	15%	68,345
Group care	71%	181,934	66%	303,811
TOTAL	100%	257,029	100%	458,114

- The number of preschool children in subsidized care increased dramatically, from 257,029 in 1997 to 458,114 in 1999.



- An increasing share of subsidized children had a parent contributing to child care costs, with 33 percent having monthly payments of more than \$100 in 1997 and 47 percent having monthly payments of more than \$100 in 1999.

TANF/CCDF funding appears to have had a significant impact on the choices or assignments of low-income children to child care by age as well.

- In 1999, those families indicating that they received child care financial assistance from the welfare department, social service agency or other agency showed 68 percent of children under age 2 in group care, compared to only 19 percent for non-TANF/CCDF funded low-income families, 22 percent for children in mid-range income families, and 25 percent for children in upper-range income families.
- Similarly, for children ages 2, 3 and 4, those who were TANF/CCDF-funded care also had the highest percentage in full-time group care. Over half (53 percent) used group care, compared to 27 percent of other lowest-income non-TANF/CCDF

families, 40 percent of families with income 150-299 percent of poverty, and 48 percent of better-off families.

**TANF/CCDF Impact on Child Care Choice/Assignments for Preschool Children
National Survey of America's Families, 1999**

	TANF/CCDF Population* (Subsidized Care)	Family Income as % of Poverty:		
		Less than 150% (non-subsidized) (Non-Subsidized Care**)	150- 299%	300% or above
Children under Age 2				
Type of full-time care:				
Group	56%	10%	19%	26%
Non-relative caregiver	22%	18%	26%	30%
Out-of-home relative	9%	12%	43%	21%
In-home relative	4%	44%	11%	14%
Combination of settings	9%	16%	1%	9%
TOTAL	100%	100%	100%	100%
Children Ages 2, 3 and 4				
Type of full-time care:				
Group	51%	22%	32%	46%
Non-relative caregiver	12%	20%	20%	21%
Out-of-home relative	12%	22%	17%	11%
In-home relative	3%	12%	18%	6%
Combination of settings	22%	24%	13%	16%
TOTAL	100%	100%	100%	100%

*The TANF/CCDF population was estimated from those families with subsidized child care from the welfare department, social service agency or other agency.

**Non-subsidized families are those without any help or sliding fee schedule.

IV. TANF/CCDF Subsidies and the Demand for Low-Income Child Care

Most of the 5.8 million low-income children under 5 years of age in 1999 were likely not eligible for employment-related TANF/CCDF child care subsidies because families members were not employed at required levels. State eligibility requirements for the TANF/CCDF subsidy vary considerably, but typically in two-parent families both parents are required to work full-time. In the 1999 NSAF Survey, 57 percent of low-income children under 5 years of age were in two-parent families.

Most low-income two-parent families do not appear eligible for TANF/CCDF child care subsidies.

- Of the 3.3 million preschoolers in low-income two-parent families in 1999, only 25 percent of the children had both parents employed and only 13 percent (about 428,700 children) had both parents employed 34 or more hours per week. Of these children, only 198,500 children were in full-time child care.

Fewer low-income children in one-parent families have a mother employed full-time.

- Of the estimated 2.5 million low-income preschool children in single-parent families, only 24 percent (or 583,255) had a mother employed full-time (40 or more hours a week) and another 19 percent had a mother employed at least half-time (20-39 hours a week), while over half (53 percent) had a mother who was not employed.
- In addition, only 413,800 (71 percent) of the 583,255 low-income children with single-parent mothers employed full-time were in child care full-time. Of these, a third (139,200) received a subsidy from the welfare department, social service agency or other agency.

V. How Much Do Unsubsidized Working Mothers Pay for Child Care

Most discussions of child care costs, co-payments and rate structures revolve around the costs of government-regulated care. Federal and state initiatives have emphasized upgrading the quality of child care through accreditation and increasing the capacity of licensed care centers to meet the child care demands of the TANF populations entering the workforce.

The National Survey of American Families provides a rich data base from which to examine the largely unasked questions of what unsubsidized families are willing to pay for child care and what type of care they choose, i.e., the demand side of the child care equation. In both the 1997 and 1999 surveys, child care choice, hours of parents' employment and child care usage were detailed. The survey also collected data on family expenditures for child care and the degree to which families' child care costs were subsidized by the welfare department, sliding fee scales or other sources.³

The surveys showed patterns and costs for full-time day care for 1997, the year just prior to implementation of TANF, and then again in 1999 during a time of rapidly declining welfare rolls. Of particular concern here is the population of young children (under age 5) requiring full-time care while their mothers are employed.

The 1997 and 1999 NSAF surveys detail the spending patterns and child care choices for children of employed mothers with no subsidies. These data provide a useful picture of what unsubsidized families are willing to spend for full-time child care. For children under age 5 in full-time unsubsidized care, the following patterns emerge:

- Families at all income levels are increasingly choosing lower-cost relative child care options, and as a result, the costs families are paying for child care do not appear to be increasing.

Preschool Children in Full-Time Unsubsidized Child Care
National Survey of America's Families, 1997 and 1999

	Year	Family Income as % of Poverty Level			
		Less than 150%	150-299%	300% or above	ALL
Average monthly total costs of child care for the family*	1997	\$232	\$304	\$501	\$400
	1999	\$205	\$290	\$455	\$369
% in full-time care with relatives	1997	35%	31%	15%	23%
	1999	48%	41%	25%	33%
% in full-time group care	1997	18%	29%	49%	38%
	1999	17%	18%	39%	33%
% in non-relative, non-group care	1997	40%	26%	28%	30%
	1999	21%	22%	23%	23%

Note: Child care costs are reported for all children in the family. Percentages do not total 100 because in some cases combinations of care settings are used which total 40 or more hours.

- Families choosing relative care for a preschooler had average costs that were one-half of the costs of non-relative care.
- In 1999 almost half of low-income children in full-time unsubsidized care were in the care of relatives, where monthly child care costs averaged \$129 for the entire family. Thirty-eight percent of low-income children were in non-relative child care, with costs averaging \$302 per month. The remainder of children were in a combination of care settings.
- For mid-range income families overall costs averaged \$290 per family in 1999. However, for the 41 percent who chose relative care in 1999, costs averaged \$156 a month, while those 40 percent choosing non-relative care reported costs averaging \$415 a month. (The balance of families used a combination of care.)
- Upper-range income families showed the strongest interest in non-relative care: non-relative care was selected 62 percent of the time, with total family expenditures averaging \$477 in 1999. Relative care was used 25 percent of the time, with family child care costs averaging \$189 per month.

Average Monthly Costs of Unsubsidized Child Care for All Family Members by Type of Care
National Survey of America's Families, 1997 and 1999

Type of Care	Year	Family Income as % of Poverty Level:			
		Less than 150%	150-299%	300% or above	ALL
Full-time child care with relatives	1997	\$153	\$169	\$247	\$192
	1999	\$129	\$156	\$265	\$189
Full-time child care with non-relatives	1997	\$279	\$367	\$549	\$468
	1999	\$302	\$415	\$533	\$477

- Full-time relative care often does not result in costs to the family and consequently lower average child care costs compared to non-relative care.
- Overall rates for relative and non-relative care showed no evidence of increasing. However, higher income families appeared to be willing to pay considerably higher rates for full-time care.
- Many low-income employed families with preschoolers in relative care may be unwilling to switch to TANF/CCDF-approved providers, for reasons of whom they trust to care for their children, flexibility of care, and of cost.

Because of the way the NSAF was constructed, child care costs are only reported for the amount paid for all child care for all children in the family. It is therefore possible that the child care costs for a family with a preschooler include costs for other preschool or school-age children. In the 1997 survey it is possible to identify the number of preschool children in the family.

- Few preschoolers (33 percent) in families paying for full-time care for more than one child under age 5 had two children who were preschoolers.
- With the exception of low-income children, those who were in families with more than one preschooler in 1997 paid considerably more in costs. In mid-range income families, child care costs for families with only 1 preschool child averaged \$256 a month compared to \$398 a month for families with 2 or more preschoolers. In upper-range income families, total child care costs averaged \$411 a month for families with only 1 preschool child and \$716 a month for families with 2 or more preschoolers.

**1997 Average Family Monthly Costs of Unsubsidized Child Care
for Families with Children under Age 5 in Full-Time Care
National Survey of America's Families, 1997**

	Family Income as % of Poverty Level			
	Less than 150%	150-299%	300% or above	ALL
Families with only 1 preschool child	\$237	\$256	\$411	\$342
Families with 2 or more preschool children	\$225	\$398	\$716	\$518

¹ The National Survey of America's Families collected information on children, adults (under age 65) and families living in non-institutionalized settings. Low-income households were oversampled, and special samples were conducted for Milwaukee County and for the State of Wisconsin. This analysis focused on preschoolers with a mother either in a single-parent or a two-parent household; children with no mother in the household were excluded from the analysis (i.e., children of single-parent fathers, in foster families or in families with no biological or adoptive parent present). The employment status of the mother was the focus of analysis; if the mother was not the most knowledgeable adult responding, her employment status was taken from the appropriate adult data. Family income levels were for the prior year. For a detailed description of the survey and methodology, see the Urban Institute's website at www.urban.org/Content/Research/NewFederalism/NSAF/Overview/NSAFOverview.htm.

² In the NSAF, relative care does not include care by a parent or other family member living in the household. Only child care by non-household members is considered in the analysis.

³ The NSAF provides a child-based analysis of the type of child care and hours in care. Data on child care costs are aggregated for the family unit.