

Office of the Assistant Secretary for Planning and Evaluation  
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OFFICE OF HUMAN SERVICES POLICY

# Early Care and Education Arrangements of Children under Age Five

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## KEY FINDINGS

- Children under age five are about as likely to participate in nonparental care arrangements as they were in the mid-1990s.
- Children in nonparental care are now more likely to participate in center programs and less likely to receive care from family child care providers.
- Children in families with income both above and below 200 percent of the poverty threshold experienced a decline in family child care
- Children are less likely to be in care arrangements that require out-of-pocket financial contributions from their families than they were two decades ago.

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## Introduction

Obtaining quality, safe, and reliable early care and education (ECE) for children under age five is a significant issue for families, policy makers, care providers, and advocates. ECE arrangements enable parents to work or pursue training and education to contribute their skills in the labor force. For children, ECE can promote developmental growth and improve social skills. Deciding which child care arrangements to use is important to families and can be influenced by factors such as availability, children's developmental needs, and family members' earnings and work schedules. As the COVID-19 pandemic brings changes and challenges to the entire child care industry, it is useful to understand how child care has evolved over the past decades.

In this second brief of ASPE's series on the changing cost of child care, data from the National Household Education Survey Program's Early Childhood Program Participation (NHES-ECPP) surveys are analyzed to examine how nonparental ECE arrangements for children under age five have changed over the last two decades and whether families are more likely to pay out-of-pocket expenditures toward these arrangements. This analysis includes data collected for 1995, 2001, 2005, 2012, and 2016. This period includes the expansion of refundable tax credits and subsidized child care to low-income families, the expansion of state prekindergarten programs, and policy changes to cash assistance programs such as increased work requirements and time limits implemented after the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. Collectively, these policy implementations were intended to increase the employment opportunities of low-income families and to increase their income from earnings.

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## Types of Nonparental Child Care Arrangements

Center programs—includes preschools, child care centers, Head Start programs, prekindergarten programs, and other early childhood programs. Some programs require fees from participating families, while other programs do not.

Relative child care—includes paid and unpaid care from grandparents, aunts and uncles, siblings, or other relatives.

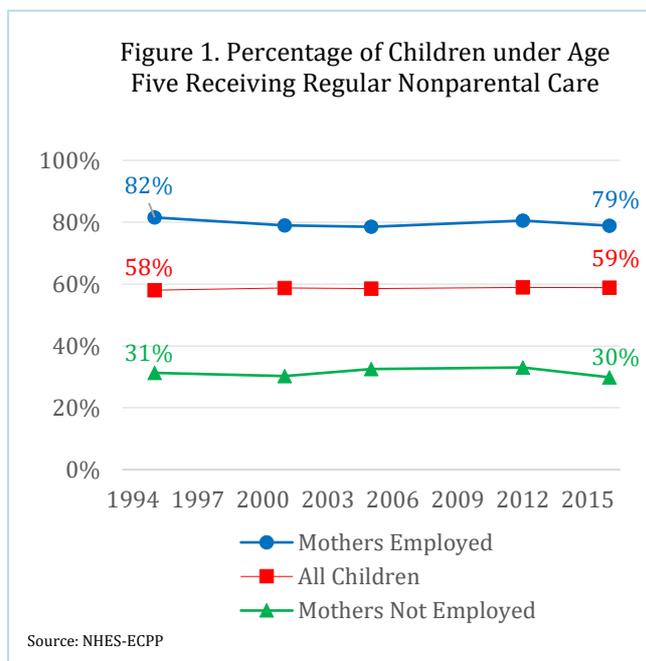
Family child care—includes paid care from nonrelatives in homes other than where the child resides. Many, but not all, of these settings are licensed by state or local governments.

Other nonrelative child care—includes paid or unpaid care from nonrelatives in the child's home, such as nannies, au pairs, or other persons. This category also includes unpaid nonrelative care from friends, neighbors, and other persons in homes other than where the child resides. These settings may or may not be licensed by state or local governments.

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## Children under Age Five Were About as Likely to Receive Nonparental Child Care in 2016 as They Were in the Mid-1990s

Children under age five are about as likely to participate in nonparental care arrangements as they were two decades ago (Figure 1). In all five of the NHES-ECPP surveys between 1995 and 2016, almost six out of ten children under age five regularly participated in some type of child care at least one time per week. See the box above for definitions of types of care.



Children with employed mothers remained much more likely to be in care arrangements than children whose mothers were not employed. However, the percentage of children with employed mothers who were in regular care arrangements decreased three percentage points from 82 percent in 1995 to 79 percent in 2016.<sup>1</sup>

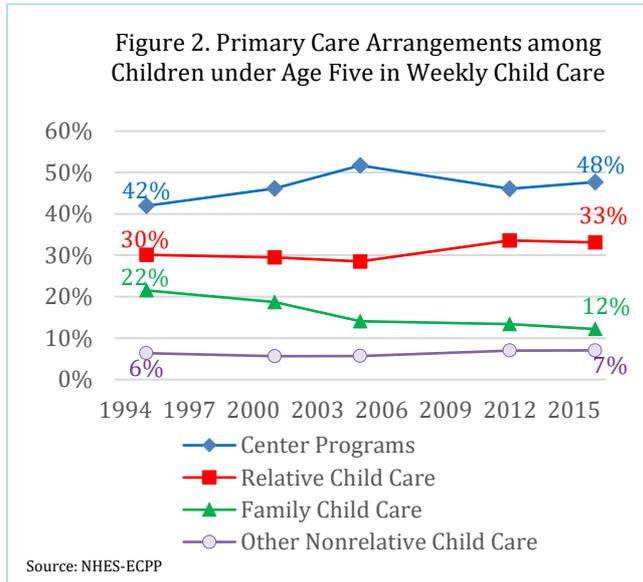
Consistently across the surveys between 1995 and 2016, about three in ten children under age five whose mothers were not employed participated in nonparental child care.

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<sup>1</sup> All statistical comparisons made in this report are significant at  $p < .05$  (i.e., a 95 percent confidence interval).

## Participation in Center Programs Increased While Child Care from Family Child Care Providers Decreased

Since the mid-1990s, children’s participation in various care arrangements has shifted (Figure 2). Between 1995 and 2016, the percentage of children receiving their primary care<sup>2</sup> from center programs increased six percentage points from 42 percent in 1995 to 48 percent in 2016<sup>3</sup>. This



includes participation in preschools, child care centers, Head Start programs, prekindergarten programs, and other early childhood programs. Care by relatives, such as grandparents, aunts and uncles, siblings, or other relatives, increased from 30 percent in 1995 to 33 percent in 2016.

During the same period, the percentage of children receiving care in family child care settings decreased 10 percentage points from 22 percent in 1995 to 12 percent in 2016. The percentage of child care that occurred in other nonrelative child care settings, including care from nonrelatives in the child’s home and unpaid nonrelative care from friends and neighbors, remained statistically unchanged at around six to seven percent.

## All Income Groups Had Lower Participation in Family Child Care

Since the mid-1990s, the types of care arrangements for children under age five shifted from family child care to other types of care. Among children with family incomes under 200 percent of the federal poverty threshold, the share receiving their primary care in family child care settings decreased from 17 percent in 1995 to 10 percent in 2016, a difference of seven percentage points (Figure 3). The corresponding change in the distribution of low-income children in relative child care and center programs during this period was too small to affirm with statistical confidence.<sup>4</sup> In 2016, 40 percent of children in this group participated in center programs, while 45 percent received their primary care from relatives.

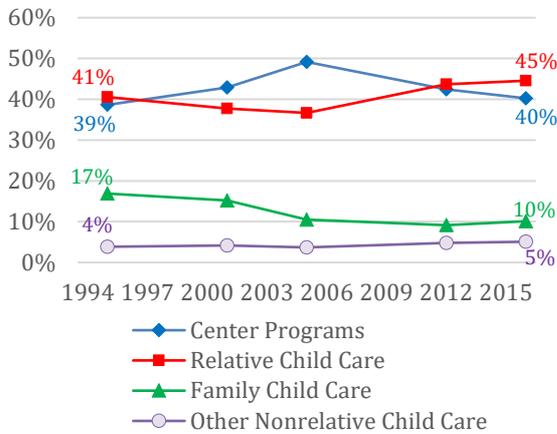
For comparison, Figure 4 presents the primary care arrangements of children in families with incomes at or above 200 percent of the federal poverty threshold. The share of children under age five that participated in family child care decreased between 1995 and 2016 from 25 to 13 percent, a difference of 12 percentage points. The resulting redistribution of care arrangements is evident in increased participation in center programs and care from relatives. The share of children receiving their care in center programs increased seven percentage points from 44 to 51 percent. The share receiving care from relatives increased five percentage points from 22 to 27 percent. The share receiving care in other nonrelative child care arrangements remained steady at 8 percent.

<sup>2</sup> The primary care is the type of arrangement in which the children spend the most hours per week.

<sup>3</sup> As shown below in Figures 3 and 4 this trend is evident only in families at or above 200 percent poverty. Families below 200 percent poverty were not significantly more likely to be in center programs in 2016 than they were in 1995.

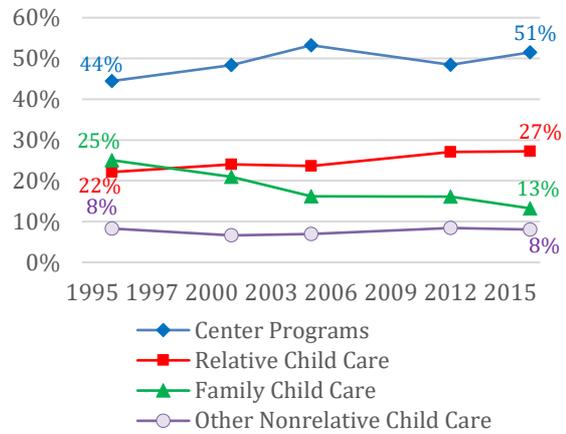
<sup>4</sup> For children with family incomes below 200 percent of the federal poverty threshold, the joint participation in either relative care or center programs between 1995 and 2016 was statistically significant ( $p < .004$ ). However, the corresponding increases in relative care ( $p < .13$ ) and center programs ( $p < .55$ ) were not statistically significant when evaluated individually. This occurred because the sample size was large enough to confirm a statistical difference when the groups were combined, but the sample sizes of the groups individually were too small to detect a statistical difference.

Figure 3. Primary Child Care Arrangements among Children under Age Five and in Families with Incomes below 200% Poverty



Source: NHES-ECPP

Figure 4. Primary Child Care Arrangements among Children under Age Five and in Families with Incomes at or above 200% Poverty



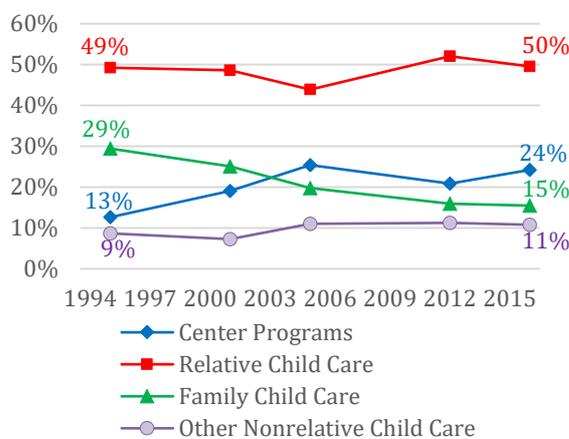
Source: NHES-ECPP

## All Age Groups Experienced Declines in Family Child Care, Stability in Relative Child Care, and Increases in Center Programs

The changes over time in the distribution of care types varied by child age, as shown in Figures 5 through 7. The share of relative child care arrangements remained stable across ages. Infants were more likely to be in care with relatives than other age groups, and about half of infants received care from these arrangements. For children ages one and two, relative care arrangements remained constant at around 37 percent. For children ages three and four, the share receiving care from relatives remained stable at about one in five children.

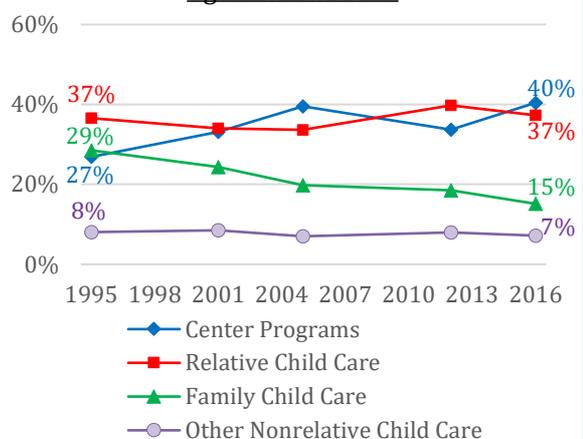
All age groups experienced decreases in family child care and increases in care from center programs. For infants, participation in family child care decreased 14 percentage points from 29 percent in 1995 to 15 percent in 2016. This decrease was offset by participation in center programs, which increased 11 percentage points from 13 percent in 1995 to 24 percent in 2016.

Figure 5. Primary Child Care Arrangements for Infants



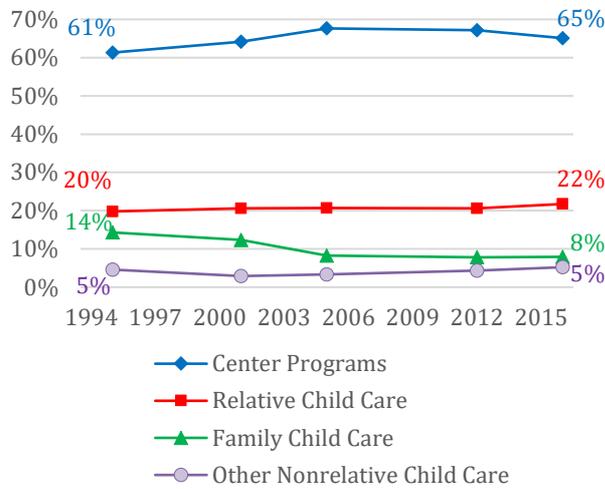
Source: NHES-ECPP

Figure 6. Primary Child Care Arrangements for Children Ages One and Two



Source: NHES-ECPP

Figure 7. Primary Child Care Arrangements for Children Ages Three and Four



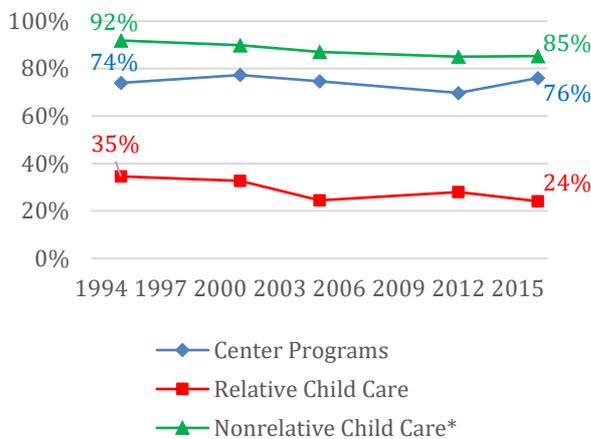
Source: NHES-ECPP

The percentage of children ages one and two participating in family care arrangements decreased 14 percentage points, from 29 percent in 1995 to 15 percent in 2016. During this same period, the percentage of children ages one and two in center programs increased 13 percentage points from 27 percent in 1995 to 40 percent in 2016.

Changes in participation in various types of care also occurred for children ages three and four. While center programs were the most common type of care arrangement throughout this period for this group, the share of children in center programs increased four percentage points from 61 percent in 1995 to 65 percent in 2016. At the same time, participation in family child care decreased six percentage points from 14 percent in 1995 to 8 percent in 2016.

### Children Are Less Likely to Be in Arrangements Where Their Families Contribute Out-of-Pocket Expenditures

Figure 8. Percentage of Arrangements That Required Fees from Families of Children Receiving Care by Type of Care



\* Includes family child care

Source: NHES-ECPP

Many child care arrangements require that participating families contribute out-of-pocket expenditures toward the cost of care.<sup>5</sup> In Figure 8, the categories of family child care and other nonrelative child care are combined into one category.

The percentage of children in nonrelative care with out-of-pocket expenses decreased from 92 percent in 1995 to 85 percent in 2016, a difference of 7 percentage points. Similarly, the percentage of children whose families paid for relative child care fell from 35 percent in 1995 to 24 percent in 2016, a decline of 11 percentage points. In contrast, for children in center programs, about three out of four children were in settings requiring out-of-pocket expenses.

<sup>5</sup> Sometimes outside organizations such as governments, not-for-profits, friends, or families pay for part or all of the costs of children care. For Figure 8, only children in families that contribute at least some out-of-pocket expenditures toward the cost of care are considered to be in “arrangements requiring fees from the families”. This excludes children in care arrangements where the expenditures were paid solely by outside persons or organizations.

## Consistency with Other Data

The decreases in family child care shown in the NHES-ECPP data are consistent with trends from other data sources. For example, an analysis of child care licensing data found that the number of licensed small family child care homes fell by 48 percent from 2005 to 2017, and the number of larger family child care homes decreased by 21 percent.<sup>6</sup> The Census Bureau found similar results using the Survey of Income and Program Participation (SIPP) in its series *Who's Minding the Kids?*<sup>7</sup> Although the Census Bureau's methodology differs from that of the NHES-ECPP, the main findings of decreased participation in family child care and increased participation in center programs are also found in the SIPP data.

Decreasing participation in family child care settings is also noticeable in national child care subsidy data from the ACF-801 file of state administrative data submissions to the Office of Child Care at the U.S. Department of Health and Human Services. The share of subsidized children in family care settings decreased six percentage points from 26 percent in 2005 to 20 percent in 2016, while the percentage of children in center programs increased 13 percentage points from 62 percent in 2005 to 75 percent in 2016.<sup>8</sup>

The Administration for Children and Families (ACF) at the U.S. Department of Health and Human Services sponsors the National Survey of Early Care and Education (NSECE), which is the most sophisticated survey documenting child care providers and participants in the United States. The NSECE collected data for 2012, and ACF is preparing to release a second round of data collected for 2019. When this round of data becomes available, it will provide valuable information on how child care arrangements are changing, including variations in the usage of child care and shifts in the numbers and types of child care providers. More information can be found at <https://www.norc.org/Research/Projects/Pages/national-survey-of-early-care-and-education.aspx>.

## Discussion

This analysis shows how nonparental care arrangements of children under age five have changed over two decades. Although the percentage of young children receiving regular care from persons other than their parents remained stable at almost 60 percent during this period, young children are more likely to receive care from center programs or relatives than they were in the mid-1990s, and they are less likely to receive care in family child care settings. When children participate in nonparental care settings, their families are less likely to pay for these arrangements than in the past.

These findings should be interpreted in the context of federal and state policymaking focused on improving the quality of subsidized early care and education. The period covered by this analysis corresponds with a period of substantial increases in the number of children served in state-funded Pre-K programs<sup>9</sup>, which could have influenced care arrangements for parents of three and four year old children, and increases in the number of families receiving child care subsidies. Future work should continue to examine the impact of the decline in family child care in relation to family needs around flexibility, such as the needs for care during non-traditional

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<sup>6</sup> National Center on Early Childhood Quality Assurance (2019), *Addressing the Decreasing Number of Family Child Care Providers in the United States*. Available at <https://childcareta.acf.hhs.gov/resource/addressing-decreasing-number-family-child-care-providers-united-states>. The family child care homes quantified by the National Center on Early Childhood Quality Assurance include providers of child care services for children of different ages, not just children under age five.

<sup>7</sup> Lynda Laughlin (2013), *Who's Minding the Kids? Child Care Arrangements: Spring 2011*. U.S. Census Bureau. Available at <https://www.census.gov/prod/2013pubs/p70-135.pdf> (Table 3 on page 9).

<sup>8</sup> Kendall Swenson (2019), *The Cost of Subsidized Child Care: 2005 to 2016*. Office of the Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services. The research brief and the data cited here are available at <https://aspe.hhs.gov/pdf-report/cost-subsidized-child-care-2005-2016>.

<sup>9</sup> National Institute of Early Education Research, *The State of Preschool*, Editions 2002-2019. Available at <http://nieer.org/state-preschool-yearbooks>.

working hours, and care for mixed-age children, which some families may prefer. It is also noteworthy that the data analyzed for this paper covers a time period before the implementation of the CCDF Final Rule (2016) associated with Child Care and Development Block Grant Act of 2014 (CCDBG). Analyses of post-implementation data from states are needed to examine the effects of multiple policies set forth in the Rule, and the impact of implementation on both providers across settings and families making decisions about care.

In addition to policies related to Pre-K and subsidized child care arrangements, efforts to strengthen both quality and family-friendly practices in a mixed delivery system that serves infants through pre-school aged children will benefit families across the socioeconomic spectrum. Additional research should focus on how changes in the economy and government regulations impact the types of child care arrangements available to families and how they influence the well-being and educational outcomes of children.

It is also important to note that the trends in child care arrangements reported here may change during and after the COVID-19 pandemic when both families and providers will be making choices based on health and safety. Future research on the effect of the COVID-19 pandemic on child care arrangements would contribute to the literature and help policymakers understand how the pandemic has impacted families' demand for ECE arrangements and the care options available to them.