



Highlights of [GAO-10-344](#), a report to congressional requesters

Why GAO Did This Study

As Congress considers reauthorization of the laws which provide funding for the Child Care and Development Fund (CCDF), there is interest in understanding what accounts for recent trends in child care subsidy receipt among eligible families and what research says about subsidies' effects on parents' ability to obtain and maintain employment. The U.S. Department of Health and Human Services (HHS) administers CCDF, but states have flexibility in its implementation. As requested, GAO examined: (1) trends in federal estimates of the number and proportion of eligible children and families who receive child care subsidies, (2) factors that may affect trends in estimates of the number of children served, and (3) what is known about the extent to which access to subsidies supports low-income parents' employment.

To address these issues, GAO reviewed recent federal estimates of the number and proportion of eligible children and families served; conducted a survey of state child care administrators in 50 states and the District of Columbia; interviewed HHS officials, state officials in four selected states, and researchers and experts in child care subsidies; and reviewed research on the relationship between subsidy receipt and employment outcomes. GAO is not making recommendations in this report.

HHS generally agreed with the report and provided technical comments, which GAO incorporated as appropriate.

View [GAO-10-344](#) or [key components](#). For more information, contact Kay E. Brown at (202) 512-7215 or BrownKE@gao.gov.

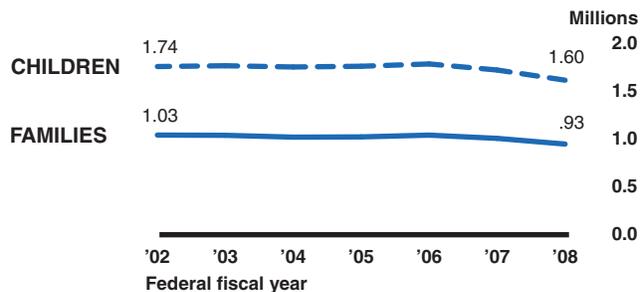
CHILD CARE

Multiple Factors Could Have Contributed to the Recent Decline in the Number of Children Whose Families Receive Subsidies

What GAO Found

From 2006 to 2008, the estimated average monthly number of children served by CCDF declined by about 170,000 (10 percent), after remaining relatively stable for a number of years. However, state data vary, as 34 states reported decreases in the number served during this period, while 17 states reported increases. Along with a decline in the number served by CCDF, an estimate for a key performance measure also shows a decline in the proportion of eligible children whose families received subsidies funded by key federal programs from 2006 to 2007. Overall, estimates indicate that annually about one-third or fewer of eligible children received subsidies funded by CCDF and other federal programs between 2004 and 2007. Estimates occur at this level partly because many states cannot serve all eligible families with available resources and partly because eligible families do not always seek subsidies.

Average Monthly Number of Children and Families Served by CCDF in Fiscal Years 2002-2008



Source: GAO analysis of HHS data.

HHS, state officials, and experts cited multiple factors that could have influenced the recent overall decline in children served by CCDF. These include state decisions about resource allocation, such as increasing provider payments, as reported in GAO's survey, or decreasing Temporary Assistance for Needy Families funds transferred to CCDF, as shown by expenditure data. Also, changes in state-level requirements and the recession may have affected the availability of providers. Finally, economic factors can affect the demand for subsidies, and the recession may have affected parents' child care choices or their ability to meet work-related requirements. However, since 2006, some states took actions that could increase access to subsidies, such as increasing income eligibility limits or extending eligibility to unemployed parents.

Research has linked access to child care subsidies to increases in the likelihood of low-income mothers' employment. Study results have varied in the extent to which subsidies affect employment, in part due to differences in data, scope, and methodology. Some research reviewed and experts interviewed indicated that the size of the effect on employment outcomes may vary based on other factors, such as child care options and employment flexibilities available to families. Experts also suggested that when child care prices increase, mothers may change their work hours or shift to lower-cost providers, for example, rather than exiting the labor force altogether.