

Abstract: *How Do State-Level Ccdf Policies Shape Changes in Parental Work Hours and Income? (Society for Social Work and Research 30th Annual Conference Anniversary)*



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How Do State-Level Ccdf Policies Shape Changes in Parental Work Hours and Income?

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Background

New parents often face the dual challenge of caring for infants while maintaining stable employment—an equilibrium shaped in part by childcare support policies. The Child Care and Development Fund (CCDF) eases this burden by subsidizing childcare for low-income working families, yet state-level variations in policy design—such as eligibility thresholds, copayment structures, work requirements, and administrative complexity—may influence labor market outcomes differently. While past research has focused on childcare's developmental impacts, few studies have systematically examined how these institutional differences shape parental employment and income. This study investigates how state-level CCDF policies influence changes in working hours and labor income among low-income first-time parents.

Method

Using three waves (2017, 2019, 2021) of the Panel Study of Income Dynamics (PSID), we analyzed a sample of 712 respondents who became first-time parents between 2017 and 2021 and had household incomes below the national median in 2017. Two multiple regression models were conducted using STATA 18 to examine how state-level CCDF policy features relate to changes in working hours and labor income. Covariates included gender, race, baseline income, and employment status. Institutional factors were derived from the 2019 CCDF Policies Database and standardized using z-scores to generate four composite indices: (1) income eligibility threshold: higher income thresholds are considered more generous; (2) copayment design: including exemption criteria and copayment size in 6 different kinds of families; (3) work requirements: fewer work hours required are considered flexible. (4) administrative burden, encompassing the *psychological cost* associated with the days of being noticed for eligibility changes, the *compliance cost* of verifying extensive personal information, and the *learning cost* related to navigating diverse application methods.

Results

State-level policy variation explained 28.4% of the variance in working hours and 8.9% in income. More flexible work requirements were associated with greater increases in both work hours ($t = 2.89$, $p < .01$) and income ($t = 2.67$, $p < .05$). Higher income eligibility thresholds also predicted greater income gains ($t = 2.14$, $p < .05$). Conversely, broader copayment exemptions were associated with reduced work hour changes ($t = -2.09$, $p < .05$), suggesting that while they may alleviate costs, they do not necessarily incentivize labor force participation.

Discussion

This study highlights the impact of institutional design on family labor outcomes. Contrary to assumptions that stricter requirements promote workforce engagement, more flexible policies—especially lower work hour mandates and higher income thresholds—appear more supportive of employment and income growth among low-income new parents. These results align with previous findings that administrative and participation burdens may discourage program uptake or consistent employment, particularly among parents already facing time and resource constraints. Flexible policy designs may reduce stress, stabilize routines, and allow parents to engage more fully in the labor market. Therefore, our findings suggest that states prioritizing lower work hour requirements and higher income eligibility thresholds may more effectively support low-income new parents in maintaining or increasing their labor market engagement.

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