

Frontiers in Child Care Research
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SESSION 6

What are we learning about the relationship between subsidy and welfare-to-work systems and policies, and the child care and employment patterns of low-income parents?

This session will provide an opportunity to discuss recent research on the implications of multiple levels of subsidy policy and practice for the employment and child care patterns of low-income parents. The discussion will focus on two interrelated types of subsidy-related research and their implications for child care and employment: (1) subsidy administration issues (such as the implications of devolution of child care subsidy management, as well as the strong interconnections between child care and TANF/welfare-to-work systems); and (2) child care subsidies and subsidy policies.

Facilitator: J. Lee Kreader, National Center for Children in Poverty, Columbia University

Discussants: Gina Adams, The Urban Institute

Lucy Jordan, University of Washington

Deanna Schexnayder, Ray Marshall Center for the Study of Human Resources, University of Texas at Austin

Lisa Gennetian, MDRC

Discussants: Deanna Schexnayder, Gina Adams, Lisa Gennetian, and Lucy Jordan

Deanna Schexnayder

Texas Child Care Subsidy Program after Devolution to the Local Level

Overview

- State of Texas conducted an economic analysis of devolving child care policy authority to 28 local workforce boards in September of 1999.
- Incomes of the families ranged from low to high.
- Project team collected data 2 years prior to and 4 years following devolution.

These data included:

- Child care subsidy policies and program participation;
- Local workforce board structure and other features;

- Financial allocation and payment information;
- TANF and UI wage administrative data;
- Provider and market rate data; and
- County characteristics and economic data.
- Variations across board areas and over time are reported here; econometric analysis is currently being conducted.

Findings

- Income eligibility ceilings and share of low-income children served vary among the 28 local board areas, but all areas are only serving a fraction of those in need.
- Boards' ability to secure local matching funds improved over time.
- Local policies varied considerably in the first 2 years after devolution.
- In response to funding shortages, many boards lowered eligibility ceilings and increased parent co-payment rates. The State "froze" reimbursement rates.
- Initially, local boards were required to spend 4 percent of their funds on quality initiatives. However, because local boards were required to serve more children with subsidy dollars, the requirement for local expenditures on quality initiatives was removed.
- Share of care by Texas Rising Star (tiered reimbursement) providers increased in early years, but leveled off in 2003. Other efforts to maintain quality varied by board area.
- Boards varied widely in their perceptions of the policy flexibility available to them (3 - high flexibility; 4 - flexibility with some constraints; 5 - little flexibility; 8 - no flexibility).

Questions

- How equitable is a devolved system for poor children across Texas and across the United States?
- Given restrictions of TANF priority, State performance measures, and limited funding, how much authority do local boards have?
- Do local policy differences translate into differential outcomes for families and markets? This question is currently being investigated.

Gina Adams

Child Care Subsidies for TANF Families: The Nexus of Systems and Policies

Research Questions

- What are the administrative intersections between TANF welfare-to-work and child care?
- What do parents and agencies do for TANF clients to get and keep subsidies as they move from welfare to work?
- What are key coordination issues and strategies faced by child care and TANF agencies as they pull these services together for TANF families?
- What are the implications for agencies and clients of these issues?

Research Design

- The research was conducted by an interdisciplinary team of researchers, including experts in child care and experts in welfare-to-work.
- It built upon data collected for the child care and welfare-to-work case studies in 1999 from The Urban Institute's *Assessing the New Federalism Project*.
- The study was conducted in 2001-2002, included 11 sites, and involved phone interviews with child care and welfare-to-work caseworkers and administrators.
- Findings discussed here are the first phase of a three-part study.

Findings

- Linking child care and welfare-to-work involves connecting highly complicated and devolved systems (e.g., TANF, child care subsidy, and welfare-to-work) to serve to clients experiencing variable and dynamic trajectories from welfare-to-work.
- The sites varied widely in their administrative approach.
- There was no clear "best approach," instead, client burden and administrative coordination issues appear to be more related to infrastructure, policies, and practices.
- TANF/welfare-to-work staff often had the responsibility for at least some (sometimes many) child care subsidy functions.
- The ease of the process for clients and agencies depended on the cumulative impact of requirements for authorization, recertification, and adjustment of subsidies for interim changes, and their frequency.
- The sites employed various coordination and communication strategies to link agencies and services – they were generally satisfied with their efforts, though did have some problems to report.
- Sites varied in how tightly they tied eligibility for child care subsidies to participation in work-related activities.
- Agencies reported most parents knew which providers they wanted, although there was indication from some workers and (some parents) that this was not always the case.
- Several sites required parents to start work-related activities less than 2 weeks after meeting with the welfare-to-work case manager.
- Several sites provided relatively little information or counseling about finding child care unless parents reported a problem.

Questions and Challenges

- What are the implications of welfare-to-work workers assuming child care subsidy management responsibilities?
- How can policy best support the ability of TANF parents to choose high quality, stable child care arrangements, given the following considerations:
 - The short timeframe parents have to find care;
 - The dynamic trajectory and short-term nature of many welfare-to-work activities;
 - The tight link between parental participation in work activities and subsidy receipt;

- The mismatch between the formal child care market and these realities;
- How can “best practice” be assessed when the services being examined involve three highly complex, very different, and very devolved systems?

Lisa Gennetian

How Policies toward Low-Income Families Shape Child Care Use

Analyses

- This study incorporated a different approach than the first two presenters’ studies.
- Study data from random assignment studies testing 21 welfare and employment programs included the following:
 - Earnings supplements;
 - Mandatory employment services;
 - Time limits;
 - Expanded child care assistance; and
 - 20,000 welfare and low-income families.
- Child care outcomes from follow-up surveys included the following:
 - Family-level child care decisions and costs; and
 - Type of care used for children aged 1–9.
- Ethnographic studies included the following:
 - New Hope: 38 families in Milwaukee; and
 - Project on Devolution and Urban Change: 116 families in Cleveland and Philadelphia.

Findings: Employment, Use of Care, and Subsidies

- Programs increased employment and produced corresponding increases in families’ use of paid child care but effects on employment did not line up with effects on use of child care subsidies.
- Programs that offered expanded child care assistance increased parents’ subsidy use, lowered out-of-pocket costs, and reduced employment-related problems with child care.
- Many welfare recipients who leave welfare for employment do not report using a child care subsidy. But subsidy use appears to decrease transition time to employment, particularly for low-wage earners.
- From parents’ perspective, flexibility is a crucial component of the child care subsidy system.

Findings: Type of Care Arrangements

- Parents reported using the following types of care arrangements:
 - Siblings and relatives, as centers are not open late;
 - Only close relatives, as there was distrust of non-relatives;
 - Only center care, as it was more convenient; and
 - A patchwork of care, where unregulated or minimally regulated care plays a central role.
- Study attempted to make links between center care and child outcomes.

Challenges and Open Questions

- Programs with expanded child care assistance increased the use of center care more than home-based care, whereas programs without expanded assistance increased the use of home-based care more than center care.
- Programs had no effect on use of Head Start.
- What are the direct effects of child care subsidy policies on child care and employment? How do these policies affect quality and stability of care?
- Do and how do child care subsidy policies affect children's cognitive and socio-emotional development?
- How can child care subsidy policies and welfare and employment policies be designed to optimally match family values and routines with unpredictable and nontraditional work schedules?

Lucy Jordan**Child Care Subsidies and Entry to Employment Following Childbirth***Study Design*

- Secondary data analysis of Fragile Families and Child-Well Being Study included 3 waves, 20 cities, and 15 States.
- The study combined measures of child care subsidy generosity and availability (i.e., expenditures, subsidy priority systems, income eligibility limits, parent co-payment and provider reimbursement rate).
- Two separate questions include: (1) timing of entry to employment, and (2) child care stress and job stability.

Findings

- TANF subsidy priority (increase likelihood of receiving a subsidy);
- Higher income eligibility limits (increase likelihood of receiving a subsidy);
- Higher reimbursement rates (decrease likelihood of receiving a subsidy); and
- Higher CCDF/TANF funding (decrease likelihood of receiving a subsidy).

Questions

- How well do current measures of child care policy match the policy goals? How can child development and employment-related goals be reconciled?
- How can subsidy systems best support work for mothers with young children?
- How should priorities for who receives subsidies and for how long be determined?
- How can we best measure and record these items across multiple locations?

Discussion*Subsidy Use*

- Regarding the general low rate of subsidy use, subsidies are one of several programs available to parents. What accounts for this? Texas found employed

parents with children under 6 are leaving TANF. The reasons are not known. However, there is an ethnographic study that should be useful regarding care types available and job requirements, attitudes of family towards child care, and preference towards different child care types.

- Some States do not make child care available unless families work for a certain number of hours.
- Several families were using multiple programs such as Head Start and Pre-K as child care, but these arrangements were not measured as subsidized child care.
- National Survey of American Families (NSAF) also shows low rates of subsidy use.
- Subsidies can be issued by children's age, but what is true for children age 2 and under? It will be a different use of child care and other programs.

Parents, Families, and Subsidy Use

- Approximately 20 percent of families report they do not require subsidies, and policymakers do not know why. Could it be a misunderstanding about reimbursement?
- There may not be a good definition for parents regarding subsidy. Some report they do not receive subsidies but that their children are "getting help" from their center, which is technically a subsidy.
- More discussion is needed about how policymakers are asking questions and what parents mean by their answers.
- Use of licensed care increases over time, and parents have more stabilized situations.
- In some cases, parents do not seek assistance until they realize center care is costly; they then seek assistance with expensive care.
- Sometimes we are asking the system to make it easier for parents and providers; they do not see the funding stream to know how it "breaks out." Providers do not know which children are under which funding silo.
- Can the trends at the ground level be better reflected at the policy system level? Policymakers should be more comprehensive in their thinking.
- One of the system's goals is to be seamless in appearance to the parents. Presently, policymakers are working to include Head Start and Pre-K.
- There is value in understanding the complexities of peoples' lives through ethnographic studies.

What Is a Subsidy?

- Common problem describing what a subsidy is. Head Start funds were not considered as subsidies so they could be compared to child care subsidy dollars.
- How are relatives defined? Subsidies are helping to pay for child care by paying relatives.
- Some policies emphasize child development (e.g., Head Start). In others, employment is considered a higher priority.
 - CCDF requires employment or training activity for parents; child development is a goal, although secondary.
 - Policies must meet both goals.

- Policymakers should define goals clearly; the argument for either goal being in the foreground or background is implicit in many policies.
- One of *Good Start, Grow Start*'s explicit goals is to collaborate with States on child development and school readiness.
- Potential for disconnect between employment and child development. "Spells" for subsidy are often 3–6 months. How much can child development be affected in so short a time?

Other Discussion Points

- May be effective to use nontraditional hours of child care well.
 - Literature on child development that addresses when mothers should re-enter the labor force should be consulted.
 - At-home infant care should be examined.
 - What are the policy implications?
 - Can both policies be reached equally?
- Questions to address at a future meeting include:
 - Are children's needs being met?
 - What is happening in the children's home?
 - What is the level of quality in a child care program?

Relevant Studies

- Question: Is anyone examining the impacts of TANF time limits on TANF and child care assistance?
- One study addressed waiver timelines; the results did not reveal an anticipated impact on children's development and family (but revealed enormous variety). Parents are increasing their employment.
- Another study in Texas investigated TANF time limits, which did not reveal the impact on employment or child care subsidy use. Three-fourths of people in the subsidy system are not TANF recipients.
- Others include Urban Institute's case studies, which provide qualitative information and a Chapin Hall study that examines these issues across three States.
- CCB funds Abt and other associates to conduct random assignment studies on subsidy and quality.
- Announcement: The first of the subsidy use series (not Head Start) will be posted on the *Research Connections* Web site within the next month.

Questions Posed by Presentations, Organized by Topic

Children

- How equitable is a devolved system for poor children?
- Do and how do) child care subsidy policies affect children's cognitive and socio-emotional development?
- How do these different policies affect quality and stability of care?
- Do local policy differences translate into differential outcomes for families and markets?

TANF

- How should priorities for who gets subsidies, and for how long, be determined?
- What are the implications of welfare-to-work workers taking on child care subsidy management responsibilities?
- Given restrictions of TANF priority, State performance measures, and limited funding, how much authority do local boards (counties or other local governments) have?
- How can policy best support the ability of TANF parents to choose high quality, stable child care arrangements, given the following:
 - The short timeframe parents have to find care;
 - The dynamic trajectory and short-term nature of many welfare-to-work activities;
 - The tight link between parental participation in work activities and subsidy receipt; and
 - The mismatch between the formal child care market and these realities

Cross Services

- How should “best practice” be assessed when service involves three highly complex, different, and devolved systems?
- How can these items be best measured and recorded across multiple locations?
- How well do current measures of child care policy match the policy goals?
- How can child development and employment-related goals be reconciled?

Employment and Child Care

- How can child care subsidy policies and welfare and employment policies be optimally designed to match family values and routines with unpredictable and nontraditional work schedules?
- What are the direct effects of child care subsidy policies on child care and employment?
- How can subsidy systems best support work for mothers with young children?

Other “Burning” Questions

- How can nontraditional and unpredictable work schedules of low-income families be viewed in terms of their need for quality care? Given the important focus on child development, how can greater dialogue and collaboration across these two fields be encouraged (welfare-to-work and child care)?
- How can more work be incorporated on the definition of subsidy from parent/provider perspective that cuts across CCDF, Head Start, Pre-K, etc.?
- What are the sources of subsidy funding (beyond TANF, etc.) that are not being utilized or that have not been “tapped?”
- How do TANF time limit cases in child care fare as income-eligible child care bases?
- Is there a study on who authorizes subsidy and how this influences policy? For example, some States may have social workers work with families on subsidies.

Subsidies have lost priority, and there are fewer individual services to families who are having problems. Pressure exists now for subsidy policymakers to change rules to match food stamps and medical programs so the workers do not have to learn so many different rules.

- The research focus on child care subsidies may be too narrow. Perhaps a more useful emphasis for policy is to broaden the research question to: What are low-income parents (TANF and non-TANF) doing to get help in accessing or paying for care, and to what extent do child care subsidies assist parents in this effort?