

**Child Care Policy Research Consortium Annual Meeting  
Renaissance Washington, D.C. Hotel  
April 13–16, 2004**

**SESSION 13**

**How do subsidies affect employment options and outcomes for low-income families?**

Theme: Families

Facilitator: Elizabeth Davis, University of Minnesota

Discussants: Mairead Reidy, Chapin Hall  
[Marcie Jefferys](#), University of Minnesota  
Julie Press, Temple University

Scribes: Jay Fagan, Temple University  
Sheri Azer, National Child Care Information Center

**Marcie Jefferys and Elizabeth Davis Presentation, *Working in Minnesota Report***

- Referring to page 6 of report: Employment ratio: less than one means CCAP recipients underrepresented; greater than one means overrepresented
- On page 7 of report: MFIP is TANF

**Mairead Reidy Presentation: *Child Care Subsidy Use and Employment Outcomes of TANF Mothers During the Early Years of Welfare Reform: a Three-State Study***

- There were policy differences across States:
  - Child care subsidies—
    - Income threshold
    - Priority status for TANF families
    - Waiting lists
    - Copayments
  - TANF—
    - Size of max TANF grant
    - Earnings disregard
    - Exemptions from TAF work requirement

- Comment: Remember to take into account State medium income
- Results:
  - Half of TANF entrants become eligible for subsidy.
  - Subsidy use does not exceed 35 percent of eligible TANF entrants in any of the three States.
- Table 3—Take-up rates increase the longer the person is on TANF. (Newer data showing taking up earlier.)
- Table 5—Urban less like to use; African Americans more likely; Hispanic less likely; families with younger children more likely; increased number of children in family increases use.
- Table 7—Use subsidy within 2 quarters of eligibility. Use of subsidy decreased likelihood of ending employment. Strong correlation between subsidy use and employment—not causal.
- Next steps/future concerns: correlations vs. causality; selection issues
- For a copy of report, contact mreidy@uchicago.edu

**Julie E. Press, Jay Fagan, and Lynda Laughlin Presentation, *Child Care Subsidies and Work Schedules for Low Income Mothers***

- The problem: Look at what happens once mothers have subsidies and are in the workplace.
- Discussion: Negative social capital.
- Question: Why is there a difference between teen daughter impact with and without subsidy? *Possible answers:* Less financial stress, teens free to stay home? Selection criteria—215 are subsidy eligible, but 41 percent got subsidy?

**National Evaluation of Welfare to Work Strategies NBRC study**

- Looked at outcomes beyond work.
- Negative outcomes for teenage children helping to care for young children—might be a good place to look.
- Selection issues—areas of concern:
  - Eligible and who is taking up
  - Implies causality; could be a lot of family characteristics
  - Selection issues (e.g., in PA having to apply for support)

**Group Discussion/Q&A**

**Questions:**

- What issues did you control for—selection correction? Other kinds of variables available?
- Is there a compounding effect; e.g., education, work history, and employment training?
- Who?
- Issue of child care subsidy used while in training associated with greater return to welfare (lower paying jobs, jobs not as stable).

Answer: Need to look at different data in individual States since they are getting different data. Some administrative data is good when first given at application, but isn't updated over time.

Question: Do you have information on work schedules?

Answer: None of three have information on work schedules. Check Massachusetts or Wisconsin for data on work schedules.

Defining term: (Urban Institute) Eligibility isn't subsidy eligibility, it is work eligible—what are implications of policy of 6-month take-up?

Question: Do you have data on other benefits they are getting?

Answer: No, we don't have that information.

Other questions:

- Reframing the debate—are the wages going up over time?
- Are they staying in low-ceiling jobs?