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Report to the Ranking Minority Member, Subcommittee on Children and Families, Committee on Labor and Human Resources, U.S. Senate

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# WELFARE REFORM

# States' Efforts to Expand Child Care Programs

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**Health, Education, and Human Services Division**

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The Honorable Christopher J. Dodd
Ranking Minority Member
Subcommittee on Children and Families
Committee on Labor and Human Resources
United States Senate

Dear Senator Dodd:

Under welfare reform legislation passed in 1996, many more welfare families, including those with very young children, will be expected to seek and keep jobs than ever before. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193) made sweeping changes to national welfare policy by ending the Aid to Families With Dependent Children (AFDC) program, under which $19.9 billion in payments were made in calendar year 1996 to a monthly caseload of about 4.6 million families with about 8.7 million children. In its place, the act created Temporary Assistance for Needy Families (TANF) block grants, which provide federal funds to states to help needy families. To avoid financial penalties, states must place 25 percent of adults receiving TANF benefits in work and work-related activities in fiscal year 1997. This required participation rate rises to 50 percent in fiscal year 2002, representing a much more stringent work requirement than existed under previous law.

Recognizing the important role that child care plays in helping families support themselves through work, the Congress revised existing child care subsidy programs to provide states greater flexibility in developing programs that support low-income parents' work efforts. The new law combined four programs with different target populations into one program—the Child Care and Development Block Grant (CCDBG)—with a single set of eligibility criteria and requirements.[1] Although named CCDBG in the legislation, this program is now called the Child Care and Development Fund (CCDF). This block grant will make up to about $20 billion in federal funds available to the states for child care programs

[1]Three of the four child care programs—(1) AFDC/Job Opportunities and Basic Skills Training program (JOBS) child care, which provided child care assistance to welfare families involved in work or approved education or job training activities; (2) Transitional Child Care, which provided 1 year of child care assistance to families leaving AFDC because of employment; and (3) At-Risk Child Care, which assisted low-income working families who were deemed to be at risk of becoming dependent on welfare without child care assistance—were repealed. The new law modified the fourth existing child care program, the CCDBG, which previously had assisted families with incomes at or below 75 percent of the state median income who were working or in approved education and training.

between fiscal years 1997 and 2002. These changes are expected to increase opportunities for states to support low-income parents' efforts to work by operating child care programs for all eligible families—including both welfare and nonwelfare families—through one integrated system rather than through several separate programs.

The act's sweeping changes raise many questions about how states will implement subsidy programs to help an increasing number of low-income families meet their child care needs. To provide information on states' programs, you asked us to determine (1) how much federal and state funds states are spending on child care subsidy programs and how they are allocating these resources among welfare families, families making the transition from welfare to work, and working poor families; (2) how states are trying to increase the supply of child care to meet the projected demand under welfare reform; and (3) the extent to which states are changing standards for child care providers in response to welfare reform.

To respond to this request, we focused on the efforts of seven states—California, Connecticut, Louisiana, Maryland, Oregon, Texas, and Wisconsin—to modify their child care subsidy programs under the new welfare reform law. These states represent a range of socioeconomic characteristics, geographic locations, and experiences with state welfare reform initiatives. In addition, we reviewed information about the child care subsidy programs of all 50 states and the District of Columbia contained in the new CCDF plans they submitted to the Department of Health and Human Services (HHS).[2] We performed our work between December 1996 and October 1997 in accordance with generally accepted government auditing standards. See appendix I for further discussion of our methodology.

## Results in Brief

The seven states we reviewed have used federal and state funding to increase overall expenditures on their fiscal year 1997 child care subsidy programs, with increases ranging from about 2 percent to 62 percent over fiscal year 1996 expenditures. Six of the seven states also reported an increase in the number of children served under these programs, although detailed data on the extent of this expansion are not available. All seven states expected to meet the fiscal year 1997 child care needs of families required to work under welfare reform and those of families transitioning off welfare. The states vary, however, in the extent to which they will

[2]For convenience, we count the District of Columbia as one of "51 states" in sections of this report that discuss information from the District and the 50 states' CCDF plans.

provide subsidies to nonwelfare, working poor families, and all seven states are unable to fund child care for all families meeting the federal eligibility criteria who might benefit from such assistance. To allocate their limited resources, states are controlling access to their child care programs through various state-defined criteria or by the manner in which they distribute subsidies to families. The seven states' ability to meet child care needs beyond fiscal year 1997 is unknown and will depend partially on future state funding levels for child care as well as changes in demand for child care subsidies resulting from welfare reform's work participation requirements.

To meet the future demand for child care among welfare families required to work and to address existing difficulties with finding certain types of child care, states have initiated various efforts to expand the supply of providers. These efforts include new provider recruitment; fiscal incentives for providers and businesses to establish or expand child care facilities; and initiatives to increase the use of early childhood development and education programs, such as Head Start and prekindergarten programs, as partners in child care delivery. For now, the seven states report that the supply of child care providers will generally be sufficient to meet the needs of welfare parents required to work. However, in the future, additional providers may be needed as states comply with the work participation requirements of federal welfare reform and increasing numbers of welfare families become employed. The seven states do not know whether their efforts to expand the supply of providers will be sufficient to meet the increased demand expected to result from welfare reform.

As state child care subsidy programs expand, some states are making incremental changes to strengthen their standards for child care providers. For example, Texas plans to increase the minimum number of staff required at licensed child care centers between 1997 and 1999. Also, some states are conducting criminal background checks on providers generally exempt from regulation and licensing to better ensure the health and safety of children in this informal type of care. Nonetheless, some child care advocates and officials remain concerned that efforts to expand the supply of providers will result in larger numbers of children in care of unknown quality. The effect of welfare reform on states' efforts to protect children in child care still needs to be assessed.

## Background

The cost of child care often creates an employment barrier for low-income parents attempting to support their families through work. To help low-income families meet their child care needs, the Congress authorized four child care subsidy programs between 1988 and the passage of the new welfare reform legislation. Under three of these programs—AFDC/JOBS Child Care, Transitional Child Care, and At-Risk Child Care—states were entitled to receive federal matching funds based on their own expenditures. States could receive matching federal funds through an open-ended entitlement for AFDC/JOBS and Transitional Child Care expenditures but were limited in the amount of matching federal funds for expenditures on At-Risk Child Care. For the fourth program—the CCDBG—states received capped federal allocations without state spending requirements. Under the previous child care programs, federal and state program guidelines determined that AFDC clients were entitled to child care assistance if they met the necessary work, education, or training requirements or left AFDC because of employment, while non-AFDC clients received child care subsidies if funds were available. Funding from federal and state governments for these four child care programs totaled about $3.1 billion in fiscal year 1995, the most recent year for which data were available.

Our previous work has suggested that child care subsidies can be an important factor in poor mothers' decisions to find and keep jobs.[3] Yet we found that the multiple and conflicting requirements of the four previous programs discouraged states from creating systems that gave continuous help with child care needs as families' welfare status changed. In addition, in part because of state budget constraints, states often emphasized meeting the needs of welfare families, who were entitled to subsidies, rather than those of nonwelfare families who, although not entitled to aid, were often at risk of losing their jobs and going on welfare because of lack of assistance with child care costs.

The new CCDF provides federal funds to states for child care subsidies for families who are working or preparing for work and who have incomes of up to 85 percent of a state's median income, which is an increase from 75 percent under previous law. This consolidated program with one set of eligibility criteria primarily based on income affords greater opportunities for a state to operate an integrated child care system. Such a system, often called a seamless system, could enable all potentially eligible families—welfare clients whose welfare status may change over time as

[3]Child Care: Child Care Subsidies Increase Likelihood That Low-Income Mothers Will Work (GAO/HEHS-95-20, Dec. 30, 1994).

well as families who do not receive welfare benefits—to access program services under the same procedures, criteria, and requirements. Such programs could enhance parents' abilities to achieve and maintain self-sufficiency and promote continuity of care for their children.[4]

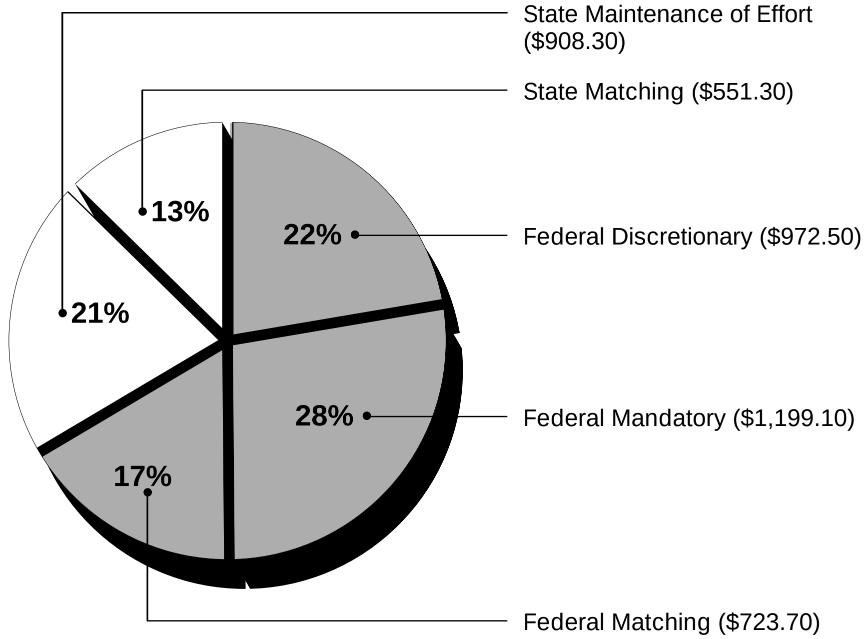
The CCDF provided states with about $3 billion in federal funds in fiscal year 1997—$605.7 million more than was available in 1996 under previous law. In the future, the amount of federal CCDF funds available could rise from about $3.1 billion in fiscal year 1998 to about $3.7 billion in fiscal year 2002. Each state's yearly federal allocation consists of separate discretionary, mandatory, and matching funds.[5] A state does not have to obligate or spend any state funds to receive CCDF discretionary and mandatory funds. However, to receive matching funds—and, thus, its full CCDF allocation—a state must maintain its expenditure of state funds for child care programs at specified previous levels and spend additional state funds above those levels.[6] As figure 1 shows, states are entitled to receive a total of about $2.2 billion in federal discretionary and mandatory funds without spending any of their own funds. An additional $723 million in federal matching funds is available for states that continue child care investments from their funds. If states obligated or spent the state funds necessary to receive their full allocation, the various CCDF funding streams would make a total of about $4.4 billion in federal and state funds available for state child care programs in fiscal year 1997.

[4]Child Care: Working Poor and Welfare Recipients Face Service Gaps (GAO/HEHS-94-87, May 13, 1994).

[5]A state's discretionary fund is allotted according to formulas specified in the CCDBG Act while its mandatory allocation is based on the federal share of its expenditures for AFDC/JOBS Child Care, Transitional Child Care, and At-Risk Child Care for fiscal year 1994 or 1995 or the average of fiscal years 1992-94. The matching fund is distributed on the basis of the former At-Risk Child Care formula. The Congress appropriated $13.9 billion in mandatory and matching funds for fiscal years 1997 to 2002. During the same period, an additional $6 billion in discretionary funds is authorized to be appropriated in annual increments of $1 billion.

[6]To access federal matching funds, a state must (1) obligate its entire amount of mandatory funds by the end of the fiscal year; (2) maintain state child care expenditures at its 1994 or 1995 level (whichever was higher) for its AFDC/JOBS Child Care, Transitional Child Care, and At-Risk Child Care programs; and (3) spend additional state funds.

**Figure 1: CCDF Funds Available for Fiscal Year 1997**




Note: In millions. Percentages do not add to 100 because of rounding. Total = $4,355 million.

Source: Administration for Children and Families, HHS.

The CCDF provision that states may provide child care assistance to families whose income is as high as 85 percent of the state median income (SMI) allows states to assist families at both the lowest and more moderate income levels. Nationwide, for fiscal year 1997, 85 percent of SMI for a family of four ranged from a low of $31,033 in Arkansas (1.93 times the federal poverty level) to a high of $52,791 in Connecticut (3.29 times the federal poverty level).[7] At the same time, the CCDF requires states to use at least 70 percent of their mandatory and matching funds to provide child care to welfare recipients, those in work activities and transitioning from welfare, and those at risk of going on welfare. It also requires that a substantial portion of discretionary funds and of the remaining 30 percent

[7]As of Mar. 1997, the federal poverty level for a family of four was $16,050 in the 48 contiguous states and the District of Columbia, $20,070 in Alaska, and $18,460 in Hawaii.

of mandatory and matching funds be used to assist nonwelfare, low-income working families.[8]

Other provisions of the new welfare law that require states to place increasing numbers of welfare families in work activities may provide incentives for states to focus child care resources on welfare families. Families now receive assistance through the new TANF block grants, which have a federally mandated 5-year lifetime limit on assistance and require that families be working if they have been receiving TANF benefits for 2 years or longer.[9] In addition, states risk losing some of their TANF allocations unless they place specified percentages of welfare families in work activities. The new law also required that 25 percent of a state's entire adult TANF caseload participate in work and work-related activities in fiscal year 1997, and the required rate increases by 5 percentage points annually to 50 percent in fiscal year 2002.[10]

Along with these requirements, the welfare law provides states the flexibility to transfer up to 30 percent of their TANF block grant allocations to the CCDF, or use TANF funds directly for child care programs.[11] In addition, states may spend more state funds for child care than the amount required in order to draw down the federal funds. The new welfare reform law requires states to spend at least 4 percent of their CCDF expenditures on activities to improve the quality and availability of child care and to limit their administrative costs to 5 percent of their funds.

[8]Although the CCDF will require states to report to HHS on this issue in the future, the data are not yet available to show whether welfare or other low-income families are being served. HHS is not providing guidance to the states on how to distribute these funds, nor does it intend to regulate beyond the statutory requirements on this issue.

[9]According to HHS officials, many states have time limits of between 2 and 5 years, and some states have implemented work requirements to begin earlier than the federal 2-year limit.

[10]A separate and much higher minimum work participation rate is specified for two-parent families: 75 percent in fiscal year 1997, rising to 90 percent in fiscal year 1999. States' minimum work participation rates are lowered if their welfare caseloads decrease. Specifically, each state's minimum participation rates are reduced by an amount equal to the number of percentage points by which the state's welfare caseloads have declined since fiscal year 1995.

[11]TANF funds that are transferred become part of the CCDF, and all CCDF rules apply to the use of those funds. TANF funds used directly for child care and not transferred to the CCDF are subject to TANF time limits and work participation requirements. Further, TANF funds used directly for child care are not subject to CCDF requirements, including health and safety standards for providers.

## States Are Expanding Child Care Subsidy Programs for Low-Income Families

All seven states we reviewed are expanding their child care subsidy programs to assist low-income families with their child care needs. Between fiscal years 1996 and 1997, each of the seven states increased its overall expenditures on child care subsidy programs, with most of them also increasing the number of children served under these programs. However, because of limited resources, only some of the seven states planned to serve all families meeting state eligibility requirements, while none of them planned to make child care subsidies available to all families meeting federal eligibility guidelines who might benefit from such assistance. To manage their finite child care resources, these seven states have limited access to their programs through various means, including family copayments or limited income eligibility criteria. In the near term, because of additional federal funds for child care and declining welfare caseloads, states expect to meet their welfare-related child care needs. However, they are uncertain about meeting future child care needs because of the unknown impact of increasing work participation requirements under welfare reform, the capping of federal funds, and unknown future levels of state funding.

### States Are Expanding Child Care Subsidy Programs to Meet Current Needs

In response to welfare reform, the seven states are expanding their funding for child care programs. As table 1 shows, combined federal and state child care funding in the seven states will increase by about 24 percent, from about $1.1 billion in fiscal year 1996 to about $1.4 billion in fiscal year 1997.

**Table 1: Combined Federal and State Funds Available for Child Care Subsidies and Associated Costs, State Fiscal Years 1996 and 1997**

| State | Total federal and state funding for states' fiscal years FY 1996 | FY 1997 (projected) | Percentage increase |
|---|---|---|---|
| California | $677.6 | $855.5 | 26 |
| Connecticut | 71.3 | 101.2 | 42 |
| Louisiana[a] | 37.2 | 60.5 | 62 |
| Maryland | 54.2 | 55.1[b] | 2 |
| Oregon | 76.0 | 85.0[c] | 12 |
| Texas | 166.0 | 180.3 | 9 |
| Wisconsin | 63.0 | 87.0[d] | 38 |
| **Total** | **$1,145.3** | **$1,424.6** | **24** |

Note: Dollars in millions. State and federal fiscal years differ. Six of the seven states' fiscal years run from July 1 through June 30. Texas' fiscal year is September 1 through August 31. The federal fiscal year is October 1 through September 30.

[a]Louisiana data are for the federal fiscal year.

[b]Maryland's fiscal year 1997 funding is actual.

[c]Includes $17.2 million in TANF funds used for child care.

[d]Includes $13 million in TANF funds used for child care.

Source: GAO analysis of data from state child care administrators.

CCDF provisions allow states to operate their child care programs exclusively with federal funds, thereby reducing or eliminating the state funds used for child care and reducing their child care programs. Nevertheless, the seven states we reviewed intend to spend at least enough state funds to qualify for the maximum amount of federal CCDF funds available for child care. Similarly, a July 1997 survey of states by the American Public Welfare Association (APWA) indicated that 47 of the 48 states that responded were planning to spend sufficient state funds to draw down all available federal funds.[12] Table 2 shows the amount of state funds that the seven states plan to use for child care in their states' fiscal year 1997.

[12]John Sciamanna and Elena Lahr-Vivaz, The Child Care Challenge: States Leading the Way (Washington, D.C.: Government Affairs Department, APWA, July 1997), p. 1.

**Table 2: Estimated Expenditures of State Funds for Child Care Subsidies for State Fiscal Year 1997**

| State | Estimated expenditure of state funds in state FY 1997 | Expenditure of state funds required to obtain all available federal CCDF funds in federal FY 1997 | Estimated expenditure of state funds in state FY 1997 exceeding expenditure required to obtain all available federal CCDF funds in federal FY 1997 |
|---|---|---|---|
| California | $542.9 | $189.1 | $353.8 |
| Connecticut | 59.8 | 27.3 | 32.5 |
| Louisiana | 10.0 | 10.0 | 0 |
| Maryland | 28.5[a] | 37.0 | 0[a] |
| Oregon | 38.1 | 16.7 | 21.4 |
| Texas | 67.7[a,b] | 67.7 | 0[a] |
| Wisconsin | 22.8[a] | 25.8 | 0[a] |

Note: Dollars in millions.

[a]Because state and federal fiscal years sometimes differ, some states will not spend enough state money during state fiscal year 1997 to receive the full federal allocation during this year. However, they expect to spend sufficient state funds to do so by the end of the next federal fiscal year.

[b]Figure reflects expenditures or obligations of state funds.

Source: GAO analysis of data from state child care administrators and HHS.

States are expanding their child care programs through various combinations of federal and state funds. Texas and Louisiana will increase state funding for child care during federal fiscal year 1997 to obtain their full allocation of federal CCDF funds. California, Connecticut, and Oregon have also increased their state funding and will exceed the amount required to maximize their federal CCDF allocation.[13] Nationwide data from the APWA survey show that 20 of 48 responding states have appropriated or plan to appropriate state funds beyond the levels necessary to obtain their full federal CCDF allocations.[14]

Some states are using the flexibility provided under welfare reform to fund child care programs. For those states that have experienced welfare caseload declines in recent years, more funds are available per family in

[13]According to Connecticut officials, state funds represent about 95 percent of the increase in Connecticut's total child care expenditure between state fiscal years 1996 and 1997.

[14]Sciamanna and Lahr-Vivaz, p. 2.

fiscal year 1997 from TANF than were available from AFDC, Emergency Assistance, and JOBS before welfare reform because federal TANF allocations are based on previous federal expenditures in the state for these programs. While Wisconsin will expand its child care funding by 38 percent between state fiscal years 1996 and 1997, the increase will come from federal, not state, funding sources. Because of significant declines in TANF caseloads over the last few years, Wisconsin will use $13 million directly from its TANF block grant for child care. Similarly, Oregon, another state that has recently experienced substantial welfare caseload declines, plans to use $17.2 million directly from its TANF block grant for child care during state fiscal year 1997. Other states, including Texas, Connecticut, and California, also expect to use some TANF funds for child care programs in the future.[15] Similarly, 12 of 48 states responding to the APWA survey indicated they would transfer TANF funds to the CCDF; 2 said they would spend money for child care directly from the TANF block grant; and 1 plans to transfer some TANF funds to the CCDF and use some TANF funds directly on child care programs.[16]

According to child care officials, additional child care funds from these various federal and state sources have allowed most of the seven states to expand the number of children served under their child care subsidy programs. Detailed data on the number of children served in fiscal years 1996 and 1997 that are comparable across all seven states are not available. However, some data indicate that six of the seven states reviewed increased the number of children served under these programs by an average of about 17 percent between fiscal years 1996 and 1997. Only Maryland experienced a decrease in the number of children served under its child care programs during this period. According to a Maryland child care official, the decreased number of children resulted from an unexpected decline in AFDC caseloads combined with cost containment measures that froze non-AFDC child care in an effort to reduce a projected deficit. Although the state had some additional funds available for child care, they were not sufficient to both cover the increased costs of child care and provide benefits to additional families.

## States Use Various Means to Allocate Limited Child Care Resources

Even though the seven states are expanding their programs, they are still unable to provide child care subsidies for all families meeting federal eligibility criteria who might benefit from such assistance. A recent Urban Institute study estimated that only about 48 percent of the potential child

[15]California expects to expend about $114 million of TANF funds on child care in state fiscal year 1997-98.

[16]Sciamanna and Lahr-Vivaz, p. 2.

care needs of low-income families would be met if states maximized federal dollars available under welfare reform.[17] To allocate resources, states have controlled access to their child care subsidy programs through state-defined criteria or by the manner in which they distribute child care subsidies to families. Key factors that states are using to allocate their program resources include the following:

- setting maximum family income for eligibility,
- requiring family copayments,
- providing guarantees, or entitlements, to specific groups,
- establishing priorities for specific groups,
- committing state resources to specific groups,
- establishing provider reimbursement rates, and
- instituting time-limited benefits.

For additional information on how the seven states' programs use these key factors to control access to child care subsidies, see appendix III. In addition, states may close programs to new applicants or maintain long waiting lists when their resources do not meet the demand for child care services.

## Income Eligibility Criteria and Copayments Are Key Factors Used to Limit Program Access

Income eligibility criteria and family copayments for child care are important means of limiting program access. Although the CCDF allows states to extend eligibility for subsidized child care to families earning up to 85 percent of SMI, not all states extend their eligibility to this level. Of the seven states, only Oregon has established income eligibility limits that allow subsidies for families with incomes this high. Louisiana will increase its eligibility to this level in fiscal year 1998.

Income eligibility criteria can be misleading, however, since eligibility does not guarantee access to services. States with a relatively high income ceiling may not actually provide services to many families at the high end of the eligible income range. Because states use other factors in combination with their income eligibility criteria to allocate resources,

[17]Sharon Long and Sandra Clark, The New Child Care Block Grant: State Funding Choices and Their Implications (Washington, D.C.: The Urban Institute, July 1997). The researchers made the following assumptions: (1) income eligibility was based on the number of families with incomes less than 150 percent of the federal poverty level in the 1996 Current Population Survey, a figure that encompasses most, but not all, eligible families; (2) an approximation of the number of children in paid child care arrangements was based on the number of children in low-income working families using nonrelative care in the 1992-93 Survey of Income and Program Participation; and (3) families in the current AFDC caseload who have earnings are all working the number of hours required under welfare reform law. However, according to the researchers, since some of the families in the current AFDC caseload with earnings will likely need to increase their hours worked, the study underestimates the increased need for child care under welfare reform.

even though families apply and have incomes below the state established ceiling, they may not obtain child care subsidies.

For example, states also use family copayments for child care services to control access to child care subsidies and manage child care funds. Copayments from subsidized families can help states offset some of the costs of child care subsidies and thereby increase the number of families that states can afford to serve. In addition, some child care officials believe that copayment requirements, particularly for welfare families who also face work participation requirements, reinforce the concepts of self-sufficiency and responsibility for managing household budgets. According to some child care experts, however, if the family share of the cost of child care is too high a percentage of household income, a family may not be able to afford subsidized child care even if it is eligible under state eligibility rules. In some instances, the required copayment may ultimately become so large that families seek child care outside the state subsidized system.

Wisconsin and Oregon both rely primarily on income as a means of determining eligibility for child care subsidies. Wisconsin has established relatively low entry-income eligibility criteria, coupled with copayments designed to make subsidized child care accessible to all eligible families. Wisconsin lowered its entry-income eligibility level, which was 75 percent of SMI before welfare reform, to about 53 percent of SMI for a family of three under the CCDF.[18] In addition, Wisconsin's copayments range from 6 to 16 percent of a family's gross income in an effort to make the program more affordable for all eligible families. With these new program requirements, Wisconsin expects to serve all income-eligible families with no waiting lists, in accordance with its welfare-to-work philosophy, which bases aid on parents' demonstrated efforts toward self-support.

In Oregon, where welfare reform efforts are also focused on self-sufficiency for all low-income families, eligibility for child care subsidies has been extended to three-person families with income up to 85 percent of SMI. This relatively high entry-income eligibility is offset, however, by a relatively high family copayment level that discourages higher-income families from remaining in the subsidized child care program. Here, the family copayment requirements rise as incomes rise and can ultimately reach over 30 percent of family income. Given current budget constraints, Oregon officials said that the copayment serves to

[18]Some states, including Wisconsin, have more generous income eligibility levels for families who are already in their child care program. Wisconsin families may remain in the state's subsidized system until their income exceeds about 65 percent of SMI.

effectively target child care subsidies to the state's poorest families, who pay proportionately lower copayments.

Wisconsin and Oregon's child care programs, which are primarily based on income eligibility, are integrated, seamless programs that enable all potentially eligible families to access program services under the same procedures, criteria, and requirements. The CCDF gives states the opportunity to create and operate such seamless child care programs to accommodate their work-based welfare reform efforts. Unlike the previous four federal child care funding programs, which segmented working low-income families into different service categories on the basis of welfare status, the CCDF provides flexibility that allows states to eliminate such artificial distinctions and create integrated programs that serve all families in similar economic circumstances.[19] Such programs are important to ensure that families who have never been on welfare are not penalized for their work efforts and that families can move easily from welfare to self-sufficiency.

In addition to the seven states we reviewed, other states also appear to be moving toward the creation of seamless programs. A study of child care in the 10 states with the largest welfare populations found that 3 of these states—Illinois, Michigan, and Washington—plan to develop child care programs with eligibility primarily based on income.[20] In these three states, all families with income under state-established income ceilings will be eligible for subsidized child care, regardless of their welfare status.

## Some States Will Give Priority to Welfare and Former Welfare Families

Some of the seven states we reviewed will continue to provide subsidies that target different groups of low-income families. Although all seven states expect their child care resources to be sufficient to meet welfare-related child care needs in fiscal year 1997, they vary in the extent to which they can provide subsidies to the nonwelfare working poor. For the near term, Louisiana, Maryland, Oregon, and Wisconsin report that they have sufficient funds to serve all families who seek services and meet state eligibility requirements, and, to date, they have not had to decide how to allocate funds among the different low-income groups. However, according to Louisiana state officials, many nonwelfare, working poor families are not aware that the state's child care waiting lists have been eliminated and that they are eligible for subsidies under this program.

[19]We previously reported on problems with such service gaps and artificial distinctions in GAO/HEHS-94-87, May 15, 1994.

[20]See Margy Waller, Welfare-To-Work and Child Care: A Survey of the Ten Big States (Washington, D.C.: The Progressive Policy Institute, July 1997).

Therefore, many eligible Louisiana families may not yet have applied for child care subsidies, and the demand could exceed the state's resources in the near future.

The remaining states—California, Connecticut, and Texas—said they have insufficient resources and are not currently serving all nonwelfare families who meet individual state eligibility requirements. California allocates funds specifically for welfare-related child care and although revising its separate programs into one child care system as of January 1998, still expects to operate distinct components for its welfare and nonwelfare populations. Because California's resources are limited, it has over 200,000 families—mostly the nonwelfare working poor—on its waiting list for child care subsidies, and families may wait up to 2 years.[21] Texas operates one child care program funded by multiple funding streams that are essentially invisible to clients and child care providers. However, Texas targets portions of its funds to current and former welfare recipients and provides greater access to care for some groups, such as JOBS participants. Texas' waiting list for subsidized child care contained about 37,000 children as of June 1997.

Although it plans to create a seamless child care program in the future, Connecticut currently operates three separate subsidy programs for welfare-related child care and serves its nonwelfare population through a fourth program that pays higher subsidy rates. However, because of limited resources, Connecticut's nonwelfare child care program has been closed to applicants since 1993, except for two periods when about 5,000 new applicants were processed, although not all were approved.[22]

## Reimbursement Rates and Time Limits Are Also Used

States also manage child care funds by limiting reimbursement rates for providers. The AFDC/JOBS Child Care, Transitional Child Care, and At-Risk Child Care programs required states to conduct biennial market surveys to establish reimbursement rates for providers.[23] However, although states conducted these surveys as required, some reimbursed providers on the basis of relatively old surveys. Lower reimbursement rates allow states to

[21]This count may overstate the need because families who already receive TANF child care may also be on these waiting lists for care received through a program component targeted to nonwelfare families. Also, children may be double-counted if families have registered them for care in more than one location. California officials noted that the state intends to fully fund the child care necessary for welfare recipients to participate in welfare-to-work activities and to transition to work.

[22]Connecticut's program for nonwelfare families has remained open for teen parents completing high school and for families who exhausted their 12 months of transitional child care.

[23]Although the requirement for a state survey did not apply to the former CCDBG, some states used these same surveys for setting rates for CCDBG programs.

provide subsidies to more families than they could serve if current market rates were used. However, according to some researchers, reimbursement policies can make a difference in parents' child care options, particularly in how easily parents can obtain care and in how willing providers are to accept children who receive subsidies.[24]

At the time of our review, of the seven states reviewed, only Wisconsin and California were using the most current market rate surveys—those conducted in 1996—to establish reimbursement rates for their providers. Although the remaining five states were basing provider rates on market surveys conducted in 1991 or 1992, three had already updated or intended to update these surveys, while one indicated that it might revise its rate-setting methodology in the future. HHS is proposing that states also conduct biennial market surveys for the new CCDF and that they base rates for any 2-year period on surveys conducted not earlier than the previous 2-year period.

Finally, at least one of the seven states is considering instituting time limits so more families have the opportunity to benefit from child care subsidies. Although some states have time limits for specific types of care, none of the seven states categorically limits the number of years a family can receive child care subsidies. In fact, some states have removed previous limits on the length of time that families transitioning from welfare can receive subsidies. In these states, if a subsidized family never exceeds the state's maximum income eligibility criteria, it may continue to receive subsidies for years—until its youngest child becomes too old for program benefits, providing continuity of care for this family. However, with limited resources available, other families may be excluded from such benefits.

## States' Ability to Meet Future Child Care Needs Is Unknown

The seven states reported that increased federal funds for child care and declining welfare caseloads were helping them expand their child care subsidy programs this fiscal year. Also, some states with declining welfare caseloads have additional TANF funds this year that they can use for child care subsidies. As a result, states reported that they could meet the immediate child care needs of welfare families and those of at least some other low-income families.

[24]See Helen Blank, "Child Care in the Context of 'Welfare Reform,'" Child Care in the Context of Welfare "Reform" (New York City: Cross National Studies Research Program, Columbia University School of Social Work, 1997).

The states' ability to fund child care programs adequately in the long term, however, remains unknown. It will depend on the impact of various factors on the demand for child care—such as the size of TANF caseloads and work participation rates—as well as on future levels of federal and state child care funding. Although TANF caseloads have generally been falling, this trend may not continue. Also, TANF's requirement that states place increasingly higher percentages of their caseloads in work activities, combined with the capping of federal child care funds, could strain the states' capacity to expand child care programs in future years. Moreover, in the longer term, states may face additional pressures to provide child care assistance to support working families who are no longer eligible for time-limited federal cash assistance under TANF. As demand for child care subsidies increases, states will have to make difficult decisions about the levels and allocations of scarce resources. These pressures could be mitigated by any funds that become available from further possible reductions in TANF caseloads or from healthy state economies that increase the seven states' revenues.

Most of the seven states had not established funding levels for child care subsidy programs beyond 1997 at the time of our review, so their ability to meet future child care needs has not been determined.[25] The effect of welfare reform's work participation rates on demand for subsidized child care will not fully materialize for several years. The challenges states will face in meeting the required work participation rates will vary on the basis of previous welfare caseload reduction and current work participation levels among their welfare caseloads. For example, Oregon and Wisconsin have already experienced significant caseload reductions and, as a result, will face lower participation requirements, as allowed under TANF rules.[26] Moreover, these states already have a higher proportion of their welfare caseloads in welfare-to-work activities than do the other states reviewed. The other states, such as California, have experienced smaller percentage reductions in their caseloads and have placed proportionately fewer participants in welfare-to-work activities.

[25]In fall 1997, Wisconsin approved a state budget that will provide $177 million for child care in 1998-99, a tripling of the funds available at the beginning of fiscal year 1996-97.

[26]In any given year, the participation rate that a state must meet is reduced by the number of percentage points its caseload has fallen between that year and fiscal year 1995.

## States Are Initiating Efforts to Ensure Adequate Supply of Providers

The seven states we reviewed expect demand for child care subsidies to increase under welfare reform as more families become subject to work requirements and as states attempt to provide assistance to other nonwelfare working poor families. These states also recognize that certain types of child care arrangements on which working welfare families are likely to rely, such as those involving infants or nonstandard hours, are already scarce in some areas. Consequently, they have initiated a variety of efforts to expand their supply of providers. In addition, the states expect that informal child care arrangements will remain an important child care option for many low-income working families. Although the provider supply appears to be adequate to meet families' immediate needs, the states do not know whether it will be adequate to meet low-income families' long-term child care needs.

### Demand for Child Care Subsidies Is Expected to Increase Under Welfare Reform

As we previously reported, more welfare participants are likely to need child care assistance as states try to meet the new work participation requirements under welfare reform.[27] The child care administrators in the seven states we reviewed also expect this to occur. Although most of the states have not formally estimated how much the demand for child care is expected to increase over the next few years, some data suggest that the increase could be significant. For example, in the seven states, several of which had initiated their own welfare reform efforts before federal welfare reform, the number of children served by the federally funded Transitional Child Care program for families leaving welfare because of employment grew from 21,112 to 27,673—about 31 percent— between fiscal years 1993 and 1995. In Oregon, which began in 1992 to require more welfare parents to participate in welfare-to-work activities and has emphasized child care assistance as a way to help welfare and other low-income families support themselves through work, the number of children served by the state's Employment-Related Day Care program increased from 9,005 to 21,322—137 percent—from July 1992 to February 1997.[28] Connecticut has estimated that an additional 5,000 TANF-related families will need child care assistance during its next two fiscal years, and Maryland estimates the number of families needing child care will more than double from 1997 to 1999. Oregon, Texas, and Wisconsin sometimes offer child care assistance in lieu of immediate cash benefits to families who apply for welfare.

[27] Welfare Reform: Implications of Increased Work Participation for Child Care (GAO/HEHS-97-75, May 29, 1997), pp. 1, 4, 5.

[28] Oregon's Employment-Related Day Care program served both families who left AFDC for employment and nonwelfare low-income working families.

## Some Types of Child Care Are in Shorter Supply

Although six of the seven states expect that the general supply of child care will be adequate to meet short-term needs, all the states reported that certain types of child care already can be difficult to find. These types include child care for infants, sick children, and children with special needs, as well as child care during nonstandard hours or in rural areas. According to some child care administrators, child care providers are less inclined to offer these types of care for various reasons. For example, providing infant care can involve more staff-intensive or less profitable arrangements. We previously reported that shortages of such types of child care can make it difficult to meet the child care needs of working welfare families.[29]

Some child care administrators are concerned that the work participation requirements of federal welfare reform could particularly exacerbate existing problems in finding infant care. Under federal welfare reform legislation, states may opt to exempt single welfare parents with infants under 1 year old from work participation requirements. Four of the seven states we reviewed—Connecticut, Louisiana, Maryland, and Texas—have chosen to grant such an exemption. In contrast, Oregon and Wisconsin have chosen to exempt welfare parents from work requirements only until a child is 3 months old. In California, individual counties decide the child's age up to which parents are exempted from work requirements, which can range from 3 to 12 months. Consequently, the demand for infant child care in these last three states may be greater than in the four other states.

Requiring welfare families to work could also increase the demand for child care during nonstandard work hours. According to some child care experts and researchers, many welfare parents, because of their low job skills and experience, are likely to find jobs in the service industry, working at hotels, restaurants, hospitals, and discount department stores where nonstandard hours and shift work are common.[30] However, child care arrangements corresponding to these work hours are generally more difficult to find in more regulated settings, such as child care centers,

[29]See Welfare to Work: Child Care Assistance Limited; Welfare Reform May Expand Needs (GAO/HEHS-95-220, Sept. 21, 1995), pp. 4-6, and GAO/HEHS-97-75, May 29, 1997, pp. 8-10.

[30]Department of Labor, Women's Bureau, Care Around the Clock: Developing Child Care Resources Before 9 and After 5 (Washington, D.C.: Department of Labor, 1995); Institute for Women's Policy Research, Welfare to Work: The Job Opportunities of AFDC Recipients (Washington, D.C.: Mar. 1995); C. Lee, S. Ohlandt, and A. Witte, Parents Receiving Subsidized Child Care: Where Do They Work? (Tallahassee, Fla.: Florida Children's Forum, 1996).

which generally operate on a standard business schedule and only during weekdays.[31]

## States Are Addressing Shortages and Preparing for Increased Demand Through Various Initiatives

Recognizing the challenges of the increasing child care demand among welfare families required to work and the difficulties in finding certain types of care, the seven states are pursuing diverse activities to expand the supply of child care. The states are funding these activities in part through the CCDF, which requires them to spend at least 4 percent of their total allocations on activities to improve the availability and quality of child care.[32] Planned activities include efforts to recruit new providers, fiscal incentives to establish or expand child care facilities, and collaboration with early childhood development and education programs. Most of the seven states are also planning to fund activities that involve or expand child care resource and referral agencies (CCR&R), organizations that assist states in developing strategies to increase child care capacity and help families find child care. In some of the states, particularly California and Oregon, local planning organizations are also involved in activities to expand child care in cooperation with the state. According to documents that the 50 states and the District of Columbia submitted to HHS detailing their plans for implementing programs under the CCDF, 48 states plan to fund activities involving CCR&Rs.

All seven states are funding efforts to support and encourage the entrance of new child care providers into the market. Specifically, the seven states plan to fund activities involving training and technical assistance for existing or potential child care providers. In some states, such as California, Oregon, Texas, and Wisconsin, these programs involve such forms of assistance as offering formal accreditation and scholarships and helping develop mentor relationships for child care providers in an attempt to make the field more attractive to potential entrants. California funds separately support training programs targeting providers of care for school-aged children, care for infants and toddlers, and family child care. In Oregon, counties are funneling state grants at the local level to child care providers for start-up and ongoing program operations and to CCR&Rs for activities that increase and stabilize the supply of child care. These grants emphasize infant and toddler care, school-aged child care, nonstandard hours care, and extended day care linked with Head Start or

[31] We previously reported on difficulties associated with care during nonstandard hours in GAO/HEHS-95-220, Sept. 21, 1995, and GAO/HEHS-97-75, May 29, 1997.

[32] States support some of these initiatives, including those involving facility construction, with state funds that are not used as a match for CCDF funds.

other preschool programs. Some states, such as California, Texas, and Wisconsin, are also experimenting with programs to train TANF recipients to become child care providers. These programs aim to help welfare recipients meet their work participation requirements while simultaneously increasing the supply of child care providers. According to the CCDF plans of the 51 states, California, Connecticut, Maryland, and Wisconsin, along with 15 other states, plan to offer funds to help child care providers increase staff compensation. In addition, all 51 states plan to fund efforts involving training and technical assistance for existing or potential child care providers.

Some states are working to engage the private sector in expanding or improving the provider supply. Six of the seven states we reviewed plan to make grants or loans available to providers or businesses to establish or expand child care facilities. For example, Connecticut has recently established a Child Care Facilities Loan Fund that provides grants or loans to help providers meet state and local standards. The fund offers three loan programs: tax-exempt bonds for constructing, renovating, or expanding nonprofit child care facilities; loan guarantees for capital and noncapital loans; and a small revolving loan program for noncapital loans. Connecticut also offers tax credits for businesses to establish child care facilities on or near their work sites. Maryland funds a grant program to help registered family child care providers comply with regulations and to enhance or expand their child care services. The National Conference of State Legislatures reported a variety of similar approaches that state lawmakers have used to create incentives for employers to provide child care assistance and make the work environment responsive to family needs. These approaches include loan and grant programs, corporate tax incentives, policies to require or encourage developers to set aside space for child care centers in business sites, and information referral and technical assistance to increase private sector involvement.[33] Overall, according to their CCDF plans, 38 of the 51 states plan to make grants or loans available for establishing or expanding child care facilities.[34]

Finally, some of the seven states are also attempting to expand child care opportunities through increased collaboration between the child care

[33]Shelley L. Smith, Mary Fairchild, and Scott Groginsky, Early Childhood Care and Education: An Investment that Works (Denver, Colo., and Washington, D.C.: National Conference of State Legislatures, Jan. 1997).

[34]For a detailed discussion of several states' approaches to helping finance child care facilities, see Anne Mitchell, Louise Stoney, and Harriet Dichter, Financing Child Care in the United States: An Illustrative Catalog of Current Strategies (Kansas City, Mo.: Ewing Marion Kauffman Foundation, and Philadelphia, Pa.: The Pew Charitable Trusts, 1997), pp. 97-111.

community and existing early childhood development and education programs, such as Head Start and preschool programs.[35] The economic circumstances of welfare families and families with children eligible for Head Start or some state-subsidized preschool programs are often similar.[36] Consequently, many welfare families who are required to participate in work activities could place their children in such programs to help meet their child care needs. However, most Head Start and preschool programs are not currently structured to meet the needs of working families. For example, Head Start programs are generally open to children between the ages of 3 and 5 and are half-day, school-year programs, while working welfare families may have younger children and generally need full-day, year-round programs. Similarly, preschool programs are generally open only during the school year and are restricted to children of certain ages.

Some of the seven states' collaborative initiatives involve expanding local Head Start or other preschool programs so that they offer services on the full-day, full-year basis that working welfare parents need. At the time of our review, several of the seven states had already received Head Start collaboration grants from HHS to explore such initiatives, and Head Start received additional funds for this purpose in fiscal year 1997.[37] However, according to some child care experts, differences between child care and Head Start program requirements and philosophies can make such collaboration difficult.

## Informal Providers Will Continue to Be Important in Meeting Child Care Needs

Child care administrators and researchers expect that informal providers will meet some of the increased demand for child care. States differ in their definition of and requirements for informal providers, many of whom are relatives. In addition, neighbors and family friends who provide care in their own or the child's home are considered informal providers, who are

[35]Head Start is a national, federally funded program that provides comprehensive developmental and social services for low-income preschool children and their families. HHS awards Head Start grants to local public or private nonprofit agencies to operate local Head Start programs, which involve education, parental involvement, and health and social services. For more information on Head Start, see Head Start: Research Provides Little Information on Impact of Current Program (GAO/HEHS-97-59, Apr. 15, 1997).

[36]The Head Start Statistical Fact Sheet issued by HHS's Head Start Bureau reports that 61.9 percent of Head Start families had annual incomes of less than $9,000 and 77.7 percent had incomes of less than $12,000 during the 1995-96 operating period. According to an estimate by the Congressional Research Service, the median maximum gross income for the states in July 1996 over which a family would not be eligible for AFDC benefits was $14,364 for a family of three and $16,032 for a family of four.

[37]The Head Start Statistical Fact Sheet reports that, in the 1995-96 operating period, 61 percent of Head Start programs already provided some child care services directly or through arrangement with other child care providers.

usually subject to fewer registration, certification, or regulatory requirements than other more formal child care providers, such as child care centers.[38] In some states, informal care arrangements are widely used by welfare families. For example, in Connecticut, state officials estimated that about 80 percent of welfare families using child care services used such informal arrangements. Similarly, state officials in Oregon estimated that nearly half of their JOBS program clients used informal care.[39]

Regardless of income level or subsidy status, families choose informal child care arrangements over more formal providers for various reasons. Researchers report that some families prefer informal child care providers because they offer more flexible arrangements than formal providers—particularly, care during nonstandard work hours or on weekends.[40] In other instances, informal providers may be geographically close to parents, solving transportation problems associated with getting children to and from their providers. In addition, some families prefer informal providers because they are trusted and well known, are willing to care for infants, or charge lower fees than formal providers. Some researchers believe that many welfare families who are required to work will be more likely to choose informal child care arrangements, since they are likely to find work during nonstandard work hours, experience transportation difficulties, need infant care, or earn less than other parents and be unable to afford more formal arrangements.[41] Nevertheless, as discussed in the next section, some child care officials and advocates are concerned about the relative lack of standards for informal child care providers, despite the benefits they offer some families.

[38]Not all states subject informal providers to registration requirements. As a result, some states maintain few data on the frequency of, or individuals involved in, these arrangements.

[39]What we refer to as “informal care” in these two states is noninstitutional child care arrangements that are not subject to state licensing or regulatory requirements. In Connecticut, such informal care refers to child care provided in a child’s own home or in a relative’s home. In Oregon, such informal care refers to arrangements involving providers who (1) care for children from one family only, (2) care for three or fewer children from more than one family, (3) are relatives of the children cared for, (4) care for children fewer than 70 days in a calendar year, (5) give care in the home of a child, or (6) are under age 18.

[40]Ellen E. Kisker and Christine M. Ross, “Arranging Child Care,” The Future of Children, Vol. 7, No. 1 (Los Altos, Calif.: Center for the Future of Children, The David and Lucile Packard Foundation, spring 1997), and Arthur C. Emlen and Paul E. Koren, Patterns of Flexibility (Portland, Ore.: Portland State University, for the Oregon Child Care Research Partnership, Mar. 7, 1997, and Apr. 8, 1997).

[41]Kisker and Ross, “Arranging Child Care,” The Future of Children; Emlen and Koren, Patterns of Flexibility; and Deborah A. Phillips, ed., Child Care for Low Income Families: Summary of Two Workshops (Washington, D.C.: National Academy Press, 1995).

## States' Success in Expanding Provider Supply Is Unknown

Welfare and child care program officials in six of the seven states report that with the additional funds available under the CCDF, the supply of child care appears so far to have kept pace with increases in demand. They noted that they have granted few exemptions from work requirements because of unavailability of child care, and most did not expect to grant such exemptions on a large scale in the near future. According to welfare and child care program staff in some states, instances of parents with problems finding child care arrangements have involved children with special needs, infants, or families living in remote locations. In these cases, some welfare and child care program staff report that they have generally made alternative arrangements for parents to meet work requirements, rather than granting exemptions. In addition, most of the seven states are emphasizing the use of CCR&Rs to help families find suitable child care arrangements. Therefore, for the near term, the supply of providers appears adequate to meet demands resulting from welfare reform.

In the longer term, however, as the full effects of work participation requirements materialize and states' welfare reform programs evolve, the adequacy of the child care supply is uncertain. Questions remain about how much child care will actually be needed and how the child care market will respond over time to increased demand. Moreover, it is not yet known how effective the efforts of these and other states will be in increasing the supply overall and for those types of care often in short supply.

# Most States Are Maintaining or Increasing Standards for Child Care Providers

Under the new welfare reform law and CCDF regulations, states retain primary responsibility for the regulation and oversight of child care providers.[42] As under the former CCDBG, states must still establish minimum child care standards for CCDF-subsidized care in the areas of physical premise safety, control of infectious disease, and provider health and safety training.[43] Some advocates and researchers are concerned that states may lower standards for providers to ease their entry into the expanding child care market. They are also concerned that welfare families, with their lower incomes and inexperience with child care

[42]For providers who are regulated, all states set minimum health standards (for example, immunization requirements) and minimum safety standards (for example, building and fire code requirements). Many states regulate other programmatic aspects of care, such as the ratio of staff to children, provider qualifications, and organization of the facility. Specific requirements, however, vary from state to state. See Child Care: States Face Difficulties Enforcing Standards and Promoting Quality (GAO/HRD-93-13, Nov. 20, 1992).

[43]Under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, states are permitted to exempt certain relatives—grandparents, great grandparents, aunts, uncles, and siblings who live in a separate residence from the child in care—from health and safety requirements.

choices, may be more likely—or feel pressured by state policies—to choose informal child care arrangements that are subject to fewer regulatory requirements than are other types of providers. Furthermore, advocates note that informal care arrangements may offer fewer developmental opportunities for children.[44]

Some of the seven states are making incremental changes to their standards for child care providers as they expand their child care subsidy programs. Most of these changes will tend to maintain or strengthen existing standards. According to some child care officials, pressure from the public regarding abuse or neglect in child care settings is encouraging states to strengthen, rather than weaken, standards for child care providers. For example, to encourage and reward efforts to improve quality, Wisconsin has initiated a statewide requirement that maximum reimbursement rates for child care providers be set 10-percent higher for child care programs accredited as meeting high-quality standards. Similarly, APWA reported that its survey of all states showed that quality standards have generally been maintained and, in many cases, enhanced.

Some of the seven states may be making changes in staffing ratios at child care facilities and in the size of their state regulatory staff. For example, Texas officials reported that between 1997 and 1999 they will phase in a new requirement that will increase the number of staff per child served at licensed child care centers. As of September 1997, the ratio of staff to infants changed from one staff person for five infants up to 6 months old to one staff person for four infants. In September 1999, Texas plans to increase the minimum staff required for children aged 13 to 17 months from one staff person for six children to one staff person for five children.

To be effective, standards for child care providers must be enforced. Enforcement is important to ensure that standards are maintained and children receive adequate care. Recognizing this, none of the seven states plans to reduce the size of its staff responsible for inspecting or regulating child care providers. In fact, in the last year, Wisconsin has increased the number of regulatory and inspection staff from 46.5 to 60. Nevertheless, some child welfare advocates remain concerned about the adequacy of

[44]See Helen Blank, "Child Care in the Context of Welfare 'Reform,'" Child Care in the Context of Welfare "Reform," and Helen Blank, Helping Parents Work and Children Succeed: A Guide to Child Care and the 1996 Welfare Act. Also, the National Institute of Child Health and Human Development (NICHD) recently reported on the importance of quality child care, defined as care involving a high degree of positive interaction between caregivers and children, on young children's cognitive development and use of language in Mother-Child Interaction and Cognitive Outcomes Associated with Early Child Care: Results of the NICHD Study, a poster symposium presented at the Biennial Meeting of the Society for Research in Child Development, Washington, D.C., April 1997.

state enforcement of standards for child care providers. We previously reported, for example, that 20 states did not conduct at least one unannounced visit to each child care center every year.[45] Appendix II provides additional information on state regulatory staffing.

Generally, not all child care providers in a state are equally regulated. Parents can choose from three types of child care settings: in-home care, where a child is cared for in the child's home; family care, where the child is cared for in the home of a provider; and center care, where a child is cared for in a nonresidential setting. Additionally, care can be provided in family child care or in-home settings by someone related to the child other than the parents, which is called relative care. Most states regulate only a small portion of their providers and may exempt a significant number of providers from their standards. Also, in-home care and care provided by relatives are almost always exempt, although a relative provider must be at least 18 years old to receive CCDF-funded subsidies. Other types of child care that states may exempt are those sponsored by religious organizations, in government entities like schools, or operating for part of the day. Further, for those providers that are regulated, different standards apply to different types of providers. Centers generally must meet more rigorous standards than other types of providers, in that states license and conduct regular inspections of the facilities. Standards for family providers vary among the states, but family providers generally receive fewer inspections than child care centers.

To address concerns about informal child care providers who generally are regulated only minimally, some states impose additional requirements on those that receive subsidies. For example, to better ensure the safety of children in informal care arrangements, California and Oregon conduct background checks on the criminal histories of subsidized providers, some of whom are otherwise exempt from regulatory or licensing requirements. In one state, such checks on informal providers have revealed that about 10 percent of the applicants were known criminals. In these instances, after due process, the state refuses to reimburse the provider if his or her appeal is denied and works with the parents to find other, more appropriate care for their children. Additionally, to help monitor providers who care for children receiving subsidies more closely and prevent fraud, Maryland, Oregon, and Wisconsin reimburse most of these providers

[45] Child Care: States Face Difficulties Enforcing Standards and Promoting Quality (GAO/HRD-93-13, Nov. 20, 1992).

directly instead of issuing reimbursements to parents and expecting the parents to reimburse the provider.[46]

One of the seven reviewed states, Wisconsin, recently created a new category of child care provider that is subject to less stringent training requirements than its other categories of providers are. Wisconsin imposes training requirements on all licensed and certified providers. Until recently, certified day care providers, who received subsidies and cared for three or fewer unrelated children under the age of 7 primarily in the providers' homes, were required to complete 15 hours of training before receiving permanent certification. To help meet the expected demand for child care from welfare clients who are expected to work, Wisconsin now has an additional category of day care providers who are "provisionally certified." These providers are subject to the same inspection requirements as are regularly certified day care providers but are not required to complete any training. Provisionally certified providers are reimbursed at two-thirds the rate of regularly certified day care providers. According to Wisconsin officials, however, standards for these provisionally certified providers are still among the highest in the nation for small family day care settings that are exempt from state licensing. Further, provisionally certified providers who complete 15 hours of training receive a 50-percent increase in reimbursement rates, an incentive that many providers are exercising.

The effect of welfare reform on states' efforts to regulate and ensure that children receive quality child care is as yet unknown. As we previously reported, fiscal pressures could ultimately lead states to devote fewer state resources to monitoring and regulating child care providers in the future.[47] Some child care advocates and researchers are also concerned that decisions to expand the supply of state-subsidized child care could create more providers that are exempt from state licensing or regulatory requirements, leaving no protection in place for children in these settings.[48] Further concerns are that some low-income families may choose informal child care arrangements over more regulated providers because these arrangements are less costly.

[46]In its July 23, 1997, proposed regulations for the CCDF, HHS strongly discourages, but does not prohibit, cash payments to parents for child care.

[47]See Child Care Quality: States' Difficulties Enforcing Standards Confront Welfare Reform Plans (GAO/T-HEHS-94-99, Feb. 11, 1994).

[48]Blank, Helping Parents Work and Children Succeed, p. 23.

It is not yet known what types of child care providers will be used by families affected by welfare reform. As the supply of child care providers grows to meet the new demand, some of the growth may be in that part of the market that states already exempt from standards. Increasing numbers of children may be placed with child care providers about which states have little information. As we noted in 1994 as welfare reform was being considered, assessing state efforts to protect children in child care in the face of expanding child care services is critical.[49]

## Conclusions

Child care subsidy programs are critical to the success of states' overall welfare reform efforts. The infusion of additional federal funds for child care has provided states with an opportunity to better meet the child care needs of low-income families. Our findings from seven states provide an early indication that these states are using additional federal dollars and their own funds to expand their child care programs to serve both increasing numbers of welfare recipients required to work and at least some of the working poor. In addition, states are making efforts to further increase the supply of child care. At the same time that states are expanding their programs and attempting to increase supply, they appear to be maintaining child care standards and enforcement practices.

It is too early to know, however, how effective states' programs will be in meeting the child care needs of low-income families. Even as states began to expand their programs, they already faced tough choices about balancing the needs of welfare and nonwelfare families in ways that best support families' work efforts. In addition, although states have many initiatives under way to expand the supply of child care providers, the outcomes of their efforts are not yet known. It is also too early to assess the types of child care that states and parents will rely on as more and more parents are expected to support themselves through work. States' efforts to increase the number of children receiving child care services while at the same time ensuring safe care for children will deserve attention as welfare reform evolves.

States' initial efforts under welfare reform have been assisted by declining welfare caseloads, which have provided some states with additional funds to invest in child care. Much remains unknown, however, about the impact of economic conditions, TANF caseload size, work participation requirements, and the capping of federal child care funds on child care demand and states' ability to fund programs over the long term. An

[49]GAO/T-HEHS-94-99, Feb. 11, 1994.

economic downturn could cause welfare caseloads to rise at the same time that states are required to place increasing percentages of their caseloads in work activities. These pressures could force states to use more funds for welfare benefits and, thus, make it difficult for them to maintain current levels of child care spending as welfare reform progresses.

## Comments From HHS and the States and Our Evaluation

We obtained comments on a draft of this report from HHS and child care officials in the seven states we reviewed. HHS officials said that the report's findings reflect some of the child care issues that they have heard across the country, such as states facing difficult choices in balancing the child care needs of welfare and nonwelfare families to best support these families' work efforts; concerns about the ability of and opportunity for all families to select safe, high-quality child care; the gap between the supply and demand for infant and school-aged child care and child care during nonstandard work hours; and the impact of economic conditions, work participation requirements under federal welfare reform, and capped federal child care funds on state efforts to expand the supply of safe, high-quality child care. HHS officials also noted that this report and earlier GAO reports are important in identifying the critical role child care plays in the lives of working families. HHS' written comments appear in appendix IV.

State officials generally agreed with our report and some provided information on recent developments in their child care programs, which we noted in the report as appropriate. We emphasize that our findings present an early look at states' child care programs and that states will continue to modify them as their welfare reform efforts progress.

HHS and the states also provided technical comments, which we incorporated in the report as appropriate.

As agreed with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days after its issue date. At that time, we will send copies of this report to the Secretary of Health and Human Services, the Chairmen and Ranking Minority Members of the House Committees on Ways and Means and Education and the Workforce, and the Chairmen and Ranking Minority Members of the Senate Committees on Finance and Labor and Human Resources. We will also make copies available to others upon request.

If you have any questions concerning this report or need additional information, please call me on (202) 512-7215. Major contributors to this report are listed in appendix V.

Sincerely yours,

Mark V. Nadel
Associate Director, Income Security Issues

# Contents

## Tables



## Figure



### Abbreviations

| | |
|---|---|
| AFDC | Aid to Families With Dependent Children |
| APWA | American Public Welfare Association |
| CCDBG | Child Care and Development Block Grant |
| CCDF | Child Care and Development Fund |
| CCR&R | child care resource and referral agency |
| HHS | Department of Health and Human Services |
| JOBS | Job Opportunities and Basic Skills Training program |
| NICHD | National Institute of Child Health and Human Development |
| SMI | state median income |
| TANF | Temporary Assistance for Needy Families |

# Scope and Methodology

To meet our objectives, we focused our work on the efforts of seven states—California, Connecticut, Louisiana, Maryland, Oregon, Texas, and Wisconsin—to modify their child care subsidy programs under the new welfare reform law. We chose these states because they represent a diverse range of socioeconomic characteristics, geographic locations, and experiences with state welfare reform initiatives. According to U.S. Bureau of the Census and Department of Health and Human Services (HHS) estimates, the states ranged in population from about 3.2 million (Oregon) to about 31.9 million (California) in 1996; in median income for three-person families, from about $33,377 (Louisiana) to about $52,170 (Connecticut) in fiscal year 1997; and in overall poverty rates, from 8.5 percent (Wisconsin) to 19.7 percent (Louisiana) in 1995. Some states, such as Wisconsin, have had reform initiatives in place for several years that include elements similar to those in federal welfare reform legislation, such as time limits for welfare benefits and work participation requirements; others, such as Louisiana, have been operating more traditional cash assistance programs with welfare-to-work components and were beginning more extensive reform efforts in fiscal year 1997.

We obtained information from the seven states through a combination of site visits, personal interviews, telephone conversations, and written correspondence involving officials from state and county child care, budget, regulatory, and welfare offices. We also reviewed program data and documents. In addition, we interviewed and obtained data from representatives of child care and resource and referral agencies (CCR&R) and child advocacy organizations. We did not independently verify the data we obtained from these various sources.

To obtain nationwide data on state child care subsidy programs under welfare reform, we reviewed the Child Care and Development Fund (CCDF) plans submitted to HHS by all 50 states and the District of Columbia. We also reviewed work conducted by a variety of researchers, experts, and other organizations related to federal and state welfare programs and child care subsidy programs.

# Background Information on Seven States

| | State median income (three-person family), FY 1997[a] | Estimated percentage of population in poverty, 1995[b] | Monthly average number of AFDC families, FY 1996[c] |
|---|---|---|---|
| California | $40,954 | 16.7 | 895,960 |
| Connecticut | 52,170 | 9.7 | 58,117 |
| Louisiana | 33,377 | 19.7 | 70,581 |
| Maryland | 48,679 | 10.1 | 74,106 |
| Oregon | 37,323 | 11.2 | 33,444 |
| Texas | 35,759 | 17.4 | 254,953 |
| Wisconsin | 41,145 | 8.5 | 60,058 |

| Estimated population under 13 years of age in poverty as of 7/1/96[d] | Estimated federal payments and allocations to states for child care, federal FY 1996 (in thousands)[e] | Estimated maximum federal allocation for CCDF child care, federal FY 1997 (in thousands)[f] | Maximum monthly AFDC grant (three-person family with one parent) 1/96[g] | Maximum monthly child care payment for children under age 2, 2/96[h] | Number of licensed providers, 1997[i] | Number of inspectors and regulatory staff for child care facilities, 1997[j] |
|---:|---:|---:|---:|---:|---:|---:|
| 1,116,343 | $214,804 | $309,577 | $607 | $1,068 | 64,972 | 424.0 |
| 57,261 | 27,681 | 34,522 | 636 | 325[k] | 6,567 | 25.0 |
| 171,190 | 48,483 | 53,260 | 190 | 238[l] | 11,826 | 18.6 |
| 95,922 | 41,896 | 50,172 | 373 | 662 | 14,369 | 100.0 |
| 64,072 | 32,345 | 37,571 | 460 | 450 | 13,442 | 14.5 |
| 689,857 | 168,281 | 209,799 | 188 | 482 | 21,381 | 250.0 |
| 80,123 | 38,725 | 53,294 | 517 | 600 | 4,806[m] | 60.0 |

[a]Source: GAO analysis of HHS, Administration for Children and Families, “Notice of Estimated State Median Income for FY 1997,” Federal Register, Vol. 61, No. 54 (Mar. 19, 1996).

[b]Source: U.S. Bureau of the Census, Poverty 1995, Table B, “Percent of Persons in Poverty, by State: 1993, 1994, and 1995” (Washington. D.C.: U.S. Bureau of the Census, 1996).

[c]Source: Administration for Children and Families, HHS.

[d]Source: GAO analysis of data from U.S. Bureau of the Census, “ST-96-19 Estimates of the Population of U.S. and States by Single Year of Age and Sex” (Washington, D.C.: U.S. Bureau of the Census, July 1, 1996), and Poverty 1995, Table B.

[e]Source: GAO analysis of data from the Administration for Children and Families, HHS, presented in tables 10-13, 10-15, and 10-22 of the 1996 Green Book: Background Material and Data on Programs Within the Jurisdiction of the Committee on Ways and Means (Washington, D.C.: Committee on Ways and Means, U.S. House of Representatives, Nov. 4, 1996). Includes payments for AFDC, Transitional Child Care, and At-Risk Child Care and allocations for Child Care and Development Block Grant (CCDBG) funds based on estimated preliminary data.

[f]Source: GAO analysis of data from “Estimated FY 1997 State Allocations for the Child Care and Development Fund,” Administration for Children and Families, HHS. To receive all federal CCDF funds allocated, states must maintain their own spending at the greater of fiscal year 1994 or 1995 spending levels and provide a state match for a portion of the federal funds.

[g]Source: Data from the Congressional Research Service presented in table 8-12 of the 1996 Green Book.

[h]Source: Data from the Administration for Children and Families, HHS, presented in tables 10-14 and 10-16 of the 1996 Green Book. Some states pay additional funds for a special needs child. Excludes CCDBG programs.

[i]Source: GAO analysis of “State Profiles,” prepared by the National Child Care Information Center at the Annual Meeting of State Child Care Administrators, July 14-15, 1997, Washington, D.C. Based on data from the 1997 Child Day Care Center Licensing Study and the 1996 Family Child Care Licensing Study, Children’s Foundation, and state officials. Includes licensed child care centers and family child care providers.

[j]Source: State child care administrators.

[k]Applies only to families receiving TANF assistance. Payments to transitional and nonwelfare families are subject to market-based limits. Also, higher limit ($435) applies to children with special needs.

[l]No statewide limit for At-Risk Child Care.

[m]Plus an additional 4,000 “certified” family child care homes.

# Key Elements of Seven States' Child Care Subsidy Programs Affecting Coverage of Low-Income Families as of July 1, 1997

| | State guarantee or entitlement of child care subsidies to specific groups of low-income families | State priority for providing child care subsidies to eligible low-income families | Maximum annual income level at initial application for 3-person family, as % of SMI[a] and in $ |
|---|---|---|---|
| California | State intends to provide sufficient funding for child care assistance to TANF families who are working or transitioning to work.[c] | For California Department of Education programs, priority is given to (1) child protective services and (2) families with lowest incomes (by special needs, then time on waiting list); for California Department of Social Services programs (TANF), priority is given to TANF recipients or transitional families. | 75% of SMI; $30,036 |
| Connecticut | None, but state treats TANF child care funding as an entitlement. | Priority is given to (1) working TANF and transitional families; (2) teen parents completing high school; (3) pregnant women in substance abuse programs; (4) special needs children or families with incomes less than 25% of SMI; (5) children in protective services or foster care and families with multiple children in child care; and (6) other eligible families. | 75% of SMI; $39,168 |

| Maximum annual income level at redetermination for 3-person family, as % of SMI[b] and in $ | Minimum and maximum monthly copayment rate for 3-person family, expressed in $, % of family income, or % of cost of care | Time limit for family to receive subsidies | Maximum monthly reimbursement rate to providers (center-based care) | Year of market rate survey upon which state bases current reimbursement rate |
|---|---|---|---|---|
| 75% of SMI; $30,036 | No copayment is required if income is below state poverty level (50% of SMI); for others, from $2/day if income is 50% of SMI to $20.80/day if income equal to or greater than 100% of SMI. | Former TANF families may not receive transitional child care benefits longer than 2 years after losing eligibility for TANF.[d] | Maximum regional (county) rates are set at 1.5 standard deviations above mean market rates; for Los Angeles: $490 for child 6 years old or older, $602 for child 2-5 years old, $797.50 for child under 2 years old. | 1996 |
| 75% of SMI; $39,168 | No copayment is required for TANF recipients; for others, 2% to 10% of income. | None | For Hartford: $420 ($105/week) for school-aged and pre-school children; $580 ($145/week) for infants/toddlers. | 1991 |

(continued)

| | State guarantee or entitlement of child care subsidies to specific groups of low-income families | State priority for providing child care subsidies to eligible low-income families | Maximum annual income level at initial application for 3-person family, as % of SMI[a] and in $ |
|---|---|---|---|
| Louisiana | Guaranteed to TANF families in work activities if funds available. | Priority is given to children with special needs and families whose eligibility for transitional child care has expired before other eligible low-income groups. | 75% of SMI; $26,100[e] |
| Maryland | None | Priority is given to (1) TANF families, (2) transitional families, and (3) families at risk of welfare dependency. Within each group, children with disabilities receive priority. | 38% of SMI; $18,409 |
| Oregon | State intends to provide sufficient funding for child care assistance to TANF families who are working or making a transition to work and to other families who are eligible. | Copayment structure effectively gives priority to poorest of working low-income families; additional priority given to teen parents, migrant and seasonal farm workers, and children at risk because of prenatal substance abuse. | 85% of SMI; $33,012 |

| Maximum annual income level at redetermination for 3-person family, as % of SMI[b] and in $ | Minimum and maximum monthly copayment rate for 3-person family, expressed in $, % of family income, or % of cost of care | Time limit for family to receive subsidies | Maximum monthly reimbursement rate to providers (center-based care) | Year of market rate survey upon which state bases current reimbursement rate |
|---|---|---|---|---|
| 75% of SMI; $26,100[e] | No copayment is required if income is below poverty; 10% to 100% of the cost of care if income is above poverty. | 1 year for transitional families; none for others. | $216.50 for child under 2 years old; $238.50 for child 2 years old or older. | 1991 |
| 46% of SMI; $22,436 | No copayment is required for TANF recipients; for others from $3 to $291, depending on income, region of state, and age of child. | None | For Baltimore: $369 for regular child; $411 for special needs child; $704 for infant. | 1991, but all rates increased 5% in January 1997; new rates planned that will be based on 1997 survey. |
| 85% of SMI; $33,012 | No copayment is required for TANF recipients and for high-risk very low income populations (see priority); for others, from $25 to $632 (31% of income up to $2,042) and 100% of cost of care (if income is greater than $2,042). | None | For Portland: $350 for school-aged child; $350 for pre-school; $480 for toddler; $495 for infant; $495 for special needs.[f] | 1992, increased by 5% in 1994 to reflect market changes.[g] |

(continued)

| | State guarantee or entitlement of child care subsidies to specific groups of low-income families | State priority for providing child care subsidies to eligible low-income families | Maximum annual income level at initial application for 3-person family, as % of SMI[a] and in $ |
|---|---|---|---|
| Texas | State guarantees child care to former TANF families transitioning to work. | No priorities, but groups are "targeted" by separate funding allocations: (1) entitlement for transitional families fully funded by state; (2) legislature appropriates separate funds for TANF; (3) child care funds remaining allocated to "at-risk" groups, such as teens, child protective services, and general low-income families. | 75% of SMI; $27,484 |
| Wisconsin | None | No priorities are assigned since all eligible low-income families are being served. | 53% of SMI; $21,996 |

| Maximum annual income level at redetermination for 3-person family, as % of SMI[b] and in $ | Minimum and maximum monthly copayment rate for 3-person family, expressed in $, % of family income, or % of cost of care | Time limit for family to receive subsidies | Maximum monthly reimbursement rate to providers (center-based care) | Year of market rate survey upon which state bases current reimbursement rate |
|---|---|---|---|---|
| 75% of SMI; $27,484 | No copayment is required for TANF recipients; for others, 9% of gross income for families with one subsidized child and 11% of gross income for families with two or more subsidized children. | 2 years for parents in post-secondary education; 1 year for transitional families; none for others. | Local area market rates set at levels to purchase 75% of area slots. | 1991, but rates increased in early 1997 because of federal minimum wage increase. |
| 65% of SMI; $26,660 | 6%-16% of gross income | None | County-specific market rates set at levels to purchase 75% of county slots. | 1996 |

[a]SMI = state median income.

[b]States periodically redetermine a family's eligibility for subsidies once it starts receiving those subsidies. In some states, such as Maryland and Wisconsin, the income eligibility criteria for families at redetermination are less restrictive than at initial application.

[c]TANF = Temporary Assistance for Needy Families.

[d]Effective January 1998; families remain eligible for transitional child care until their income exceeds 75% of the state median income.

[e]Louisiana increased its maximum income eligibility criteria to 85 percent of SMI for a family of three in October 1997.

[f]Oregon increased its monthly reimbursement rates in October 1997.

[g]Oregon approved a 6% increase for 1997-98.

Source: GAO analysis of data from state child care administrators and state CCDF plans submitted to HHS.

# Comments From the Department of Health and Human Services

DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

Washington, D.C. 20201

DEC 17 1997

Mr. Mark V. Nadel
Associate Director,
Income Security Issues
United States General
Accounting Office
Washington, D.C. 20548

Dear Mr. Nadel:

Enclosed are the Department's comments on your draft report, "Welfare Reform: States' Efforts to Expand Child Care Programs." The comments represent the tentative position of the Department and are subject to reevaluation when the final version of this report is received.

The Department appreciates the opportunity to comment on this draft report before its publication.

Sincerely,

June Gibbs Brown

June Gibbs Brown
Inspector General

Enclosure

The Office of Inspector General (OIG) is transmitting the Department's response to this draft report in our capacity as the Department's designated focal point and coordinator for General Accounting Office reports. The OIG has not conducted an independent assessment of these comments and therefore expresses no opinion on them.

**COMMENTS OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES ON THE U.S. GENERAL ACCOUNTING OFFICE'S DRAFT REPORT, WELFARE REFORM: STATES' EFFORTS TO EXPAND CHILD CARE PROGRAMS (GAO/HEHS-98-27)**

General Comments

The Department appreciates the opportunity to comment on the General Accounting Office's (GAO) draft report, "Welfare Reform: States' Efforts to Expand Child Care Programs" (GAO/HEHS-98-27).

The findings in this report reflect some of the child care issues that we hear across the Nation.

- Most States are only meeting a portion of the present child care needs of the (non-welfare) working poor, and no State has plans to serve all families that meet Federal eligibility requirements. With the required increase in numbers of families transitioning off welfare, States are facing even tougher choices about balancing the child care needs between welfare and non-welfare families to best support these families' work efforts.

- States are increasing efforts to expand the supply of child care providers, but there is concern regarding whether some families, particularly those transitioning off welfare, will have the ability and opportunity to select safe, quality child care.

- There is a gap between child care demand and known supply, particularly for infants, and school-aged children, and for child care during non-standard work hours.

- While an expanding economy and decreasing public assistance caseloads have facilitated additional child care funding, there is much as yet unknown about how the impact of economic conditions on public assistance eligibility, work participation requirements, and the capping of Federal child care funds will affect State and community efforts to expand the supply of safe, quality child care for all low-income families.

Taken together, these findings indicate that low-income families, particularly those who are not receiving public assistance, have great difficulty in accessing safe, quality child care. Increased child care assistance is a critical investment for both families moving off welfare and low-income families struggling to meet the demands of work and family life. This report reinforces GAO's earlier work which found that because there are child care shortages, particularly for infants, school-aged children, sick children and children with special needs, and for child care for non-traditional work hours--State and local administrators face difficulties in meeting the child care needs of welfare parents attempting to achieve self-sufficiency through welfare to work transition programs.

Title VI of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) provides an important opportunity for States and localities to plan a more comprehensive child care system that responds to the needs of all families and helps promote safe and healthy child care for children of all ages.

The Department's Administration for Children and Families (ACF) is continuing to encourage its partners in the States and communities to increase investments in child care and to consider these five principles when planning for child care.

- Invest in quality and supply-building initiatives.
- Expand child care assistance, balancing the needs of both the families transitioning off public assistance and the low-income working families.
- Develop linkages to promote comprehensive services to children and families.
- Leverage private sector involvement and support.
- Evaluate child care needs, resources, and progress.

We believe that this report, and earlier GAO reports, are important in helping identify how critical child care is in improving the lives of working families. The Child Care Bureau within the Administration for Children and Families looks forward to working with GAO and will continue to build on GAO's report findings, as well as other related research, in sharing these findings with States and other interested entities.

# GAO Contacts and Staff Acknowledgments

## GAO Contacts

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## Acknowledgments

In addition to the persons named above, David G. Artadi coauthored the report and contributed significantly to all data-gathering and analysis efforts.

# Related GAO Products


Welfare Reform: Three States' Approaches Show Promise of Increasing Work Participation (GAO/HEHS-97-80, May 30, 1997).

Welfare Reform: Implications of Increased Work Participation for Child Care (GAO/HEHS-97-75, May 29, 1997).

Head Start: Research Provides Little Information on Impact of Current Programs (GAO/HEHS-97-59, Apr. 15, 1997).

Early Childhood Programs: Multiple Programs and Overlapping Target Groups (GAO/HEHS-95-4FS, Oct. 31, 1995).

Welfare to Work: Child Care Assistance Limited; Welfare Reform May Expand Needs (GAO/HEHS-95-220, Sept. 21, 1995).

Early Childhood Programs: Many Poor Children and Strained Resources Challenge Head Start (GAO/HEHS-94-169BR, May 17, 1995).

Early Childhood Centers: Services to Prepare Children for School Often Limited (GAO/HEHS-95-21, Mar. 21, 1995).

Child Care: Child Care Subsidies Increase Likelihood That Low-Income Mothers Will Work (GAO/HEHS-95-20, Dec. 30, 1994).

Child Care: Promoting Quality in Family Child Care (GAO/HEHS-95-93, Dec. 9, 1994).

Child Care: Working Poor and Welfare Recipients Face Service Gaps (GAO/HEHS-94-87, May 13, 1994).

Infants and Toddlers: Dramatic Increases in Numbers Living in Poverty (GAO/HEHS-94-74, Apr. 7, 1994).

Child Care Quality: States' Difficulties Enforcing Standards Confront Welfare Reform Plans (GAO/T-HEHS-94-99, Feb. 11, 1994).

Poor Preschool-aged Children: Numbers Increase but Most Not in Preschool (GAO/HRD-93-111BR, July 21, 1993).

Child Care: States Face Difficulties Enforcing Standards and Promoting Quality (GAO/HRD-93-13, Nov. 20, 1992).

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