

Child Care Subsidies & Family Self-Sufficiency Outcomes

2008 Annual CCPRC Meeting, August 1, 2008

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Purpose of Session

- **To explore three innovative studies that examine the relationship between subsidy use and subsidy policies and employment outcomes for low-income parents;**
- **To engage in discussion about the implications of these studies for policy-makers, researchers and future research.**

The Role of Child Care Policies in Subsidy and Employment Durations

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Presented to
Child Care Policy Research Consortium
August 1, 2008



Texas Child Care Policy Context

Statewide throughout study period:

- TANF Choices recipients have priority for subsidies and are exempt from co-payments
- Child care subsidies are not guaranteed for non-TANF recipients, with waiting lists in some areas

Statewide before devolution in September 1999:

- Income eligibility limits - lower of 150% of FPL or 85% SMI
- Co-payment - 9% of income for 1 child; 11% for 2 or more
- Reimbursement rates were set at state level but varied based on local market rates

Research Questions

- Which combinations of child care subsidy policies did local areas adopt after devolution from the state to the local level?
- Which local policy choices were associated with
 - longer child care subsidy duration
 - longer employment duration for families receiving subsidies
 - less turnover among facilities providing care

Data and Methods

Data

- Statewide longitudinal data from 1997-2003
 - Child care subsidy participation and demographics
 - Local funding allocations
 - Employment records
- Local subsidy policies, 1999-2003
- Contextual economic and community variables

Methods

- Cluster analysis to determine variation in local policy choices following devolution
- Cox proportional hazards regression models with time-varying covariates
 - Probability of exit from subsidy
 - Probability of exit from employment

Policy Choices After Devolution

Local Workforce Board Policies: Sept 1999- Aug 2003

N > 28 because some boards changed policies more than once during period

Local Board Action	Number of Boards*	Share of Board-Months
Kept baseline policies	5	45%
Increased maximum reimbursement rates (to moderate levels)	12	14%
Increased reimbursement rates and income eligibility ceiling	7	11%
Increased co-payment	8	8%
Increased income eligibility ceilings	5	7%
Increased income eligibility and family co-payments	4	7%
Increased income eligibility limits and reduced family co-payments	3	8%

Employment Spell Lengths

Median duration of new employment spells beginning after devolution for adults receiving subsidies (October 1999-August 2003)

All	6.0 quarters
Started subsidy for employment	7.6 quarters
Started subsidy for TANF/Choices	5.2 quarters

Policy Factors Related to Employment Duration

Longer

- Combination of increased income eligibility limits and increased co-payments (only if subsidy started for employment)

Shorter

- Increased reimbursement rates (only if subsidy started for employment)

Non-Policy Factors Related to Longer Employment Duration

- Youngest child is school aged
- White
- Full-time care
- Subsidy was used for employment purposes
- Continued receipt of subsidy during employment
- Family home provider
- Self-arranged care (TANF only)
- Employed in health care industry

Conclusions

- All policy changes from the baseline resulted in longer subsidy duration than baseline policies
 - Local policy variables had stronger effects on subsidy spells that began due to employment rather than TANF
 - Increasing co-payments + income eligibility limits had the strongest effects on subsidy duration
- Fewer subsidy policies had any effect on employment duration; non-policy factors explained most variation
 - Effects only found for non-TANF/Choices families
 - Higher income eligibility limits + increased co-pays were linked to longer employment; increased reimbursement rates linked to shorter employment

Policy Implications

- Variation in size, complexity and characteristics of local workforce boards are comparable to the diversity faced by states in selecting combinations of subsidy policies
- Findings are most relevant to states that give priority to TANF families and do not guarantee subsidies to all applicants
- Adds to growing body of literature linking subsidy use for employment purposes to successful outcomes
- Study fills gap in literature by identifying which policy combinations *within* the subsidy program are associated with longer subsidy and employment durations and more stable providers

Future Research Needed

- Why employed families begin using subsidies
- Relationship between environment for making policy decisions and family/provider outcomes
- Given statistical limitations of models used to measure interplay between subsidy use and employment, would need random assignment studies to determine causality
- Findings from this study point to policy combinations to include in such studies

Employment and TANF Outcomes for Low- Income Families Receiving Child Care Subsidies in Illinois, Maryland, and Texas

Grant Award No. 90YE0070

PROJECT SUMMARY

Through a unique collaboration between the U.S. Census Bureau, the Chapin Hall Center for Children at the University of Chicago, the National Center for Children in Poverty at Columbia University, the Jacob France Institute at the University of Baltimore, and the Ray Marshall Center at the University of Texas at Austin, this project blended individual-level Census and administrative data records in Illinois, Maryland, and Texas to examine:

- Who is eligible for the child care subsidy?
- Who uses the child care subsidy?
- How does the subsidy aid different groups of low-income families in their quest for economic independence?

RESEARCH TEAM

U.S. Census Bureau

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Illinois

Chapin Hall Center for Children at the University of Chicago
(Project Manager)

Robert Goerge, Lucy Mackey Bilaver, Allison Harris, Kerry Franzetta

Maryland

The Jacob France Institute at the University of Baltimore

Jane Staveley, David Stevens

National Center for Children in Poverty at Columbia University

Lee Kreader

Texas

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Deanna Schexnayder, Daniel Schroeder

RESEARCH QUESTIONS

- **What are the factors related to child care subsidy use among CCS-eligible, low-income families in 2000?**
 - What are the take-up patterns of the child care subsidy?
 - Is there a time lag between eligibility and take-up?
 - How do CCS take-up patterns differ for different groups of low-income families?
 - What are the individual, family, and community factors related to patterns of subsidy take-up rates over time among those eligible? Is the extent and timing of take-up related to community characteristics? Is take-up lower in communities with higher rates of poverty and single parenthood?

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- **What is the relationship between subsidy use and employment outcomes?**
 - How do employment outcomes differ between those who use the child care subsidy and those who do not?
 - What is the relation between CCS use and the duration of employment, that is, are those individuals who use the child care subsidy employed for longer periods than those who do not?
 - Among those who cycle on and off TANF, are there differences between those who use the subsidy and those who do not in the length of time between leaving and returning to TANF? Does child care subsidy use mean a lower propensity to reenter TANF?

Eligibility Model

- The state partners and the Census Bureau built a CCS eligibility model that took into account differences in income eligibility rules across and within states.
- We distinguished among the following three groups of low-income working families because subsidy use has been shown to differ across these groups:
 - those who are currently receiving TANF and working or in work activities
 - those who have recently left the TANF program
 - those who have had no recent contact with the TANF program (frequently referred to as the working poor)
- An eligibility model matrix was developed for each group based on each state's rules governing the eligible family unit, children eligible for CCS, family income ceilings at application and recertification, sources of family income counted for eligibility, service rationing, categorical eligibility.

Preliminary DRAFT Results

Rates of Child Care Subsidy Participation

- In Illinois, the 22-percent rate of CCS participation was approximately 3 times the rate of CCS participation in either Maryland (8 percent) or Texas (7 percent).
- In all three states, those who had received TANF with 3 months of the ACS survey participated in the CCS at higher rates than those who had not received TANF around the time of the survey.
- Across states and marital statuses, we found higher levels of CCS participation among younger parents than older parents, and among non-Whites than among Whites.
- Patterns of CCS participation that emerged for unmarried parents include higher levels of participation among females than among males, and among parents with less than a high school education than among parents with at least a high school diploma.

Rates of Child Care Subsidy Participation (con't)

- We could only examine the relationship between citizenship and CCS participation in Illinois and Texas, and we found far higher levels of participation among citizens than noncitizens.
- Unmarried parents with a child age 0 or 1 exhibited lower levels of CCS participation than their counterparts whose youngest child was age 2 or older.
- For both married and unmarried parents in all three states, we found higher levels of CCS participation among parents with a child in preschool than among parents without a child in preschool, and among parents with three or more children under age 13 than among parents with fewer than 3 children under 13 (except for married parents in Texas).
- Unmarried parents who worked late hours had higher levels of CCS participation than those who worked early or standard hours.

Multivariate Analysis: Point in Time CCS Participation

- TANF receipt was associated with higher levels of CCS participation at a point in time.
- Parents residing in major urban areas in Illinois, Maryland and Texas had lower odds of CCS participation than their counterparts living in the other ACS-sampled areas of the states, and the effect was stronger for married parents than unmarried parents.
- We found the following characteristics of unmarried parents associated with increased odds of CCS participation at a point in time in all three states: young age (24 or younger versus 25 or older); non-White (versus White); increased disability of the parent; and low educational attainment.
- Few family or work characteristics of the respondent were associated with point-in-time CCS participation across states.

Multivariate Analysis: CCS Participation Over Time

- Living in an urban area was related to reduced CCS participation over time.
- Across the three states, factors associated with a reduced likelihood of CCS participation over time include older age (35 or older) at the time of the interview, and White race.

Employment Outcomes: Employment Termination

- **CCS receipt was associated with longer employment spells.**
- **TANF receipt was associated with shorter employment spells.**
- **Low educational attainment was associated with shorter employment spells.**
- **Three other characteristics of the individual respondent were consistently related to employment termination across the states: urban residence; younger age (24 or younger), and Black race were associated with an increased likelihood of terminating an employment spell.**
- **Having a child under age 2 was associated with shorter employment spells in all three states.**

Employment Outcomes: Exceeding the Income Ceiling

- **CCS recipients were less likely to lose CCS eligibility by exceeding the income ceiling.**
- **Low educational attainment was associated with reduced odds of exceeding the income ceiling for CCS eligibility in all three states.**
- **Having at least three children under age 13 was associated with reduced odds of exceeding the income ceiling in all three states.**

Evaluation of Child Care Subsidy Strategies: Year 1 Results of Experiments in Illinois and Washington

Project by Abt Associates in Partnership with MDRC
August 1, 2008

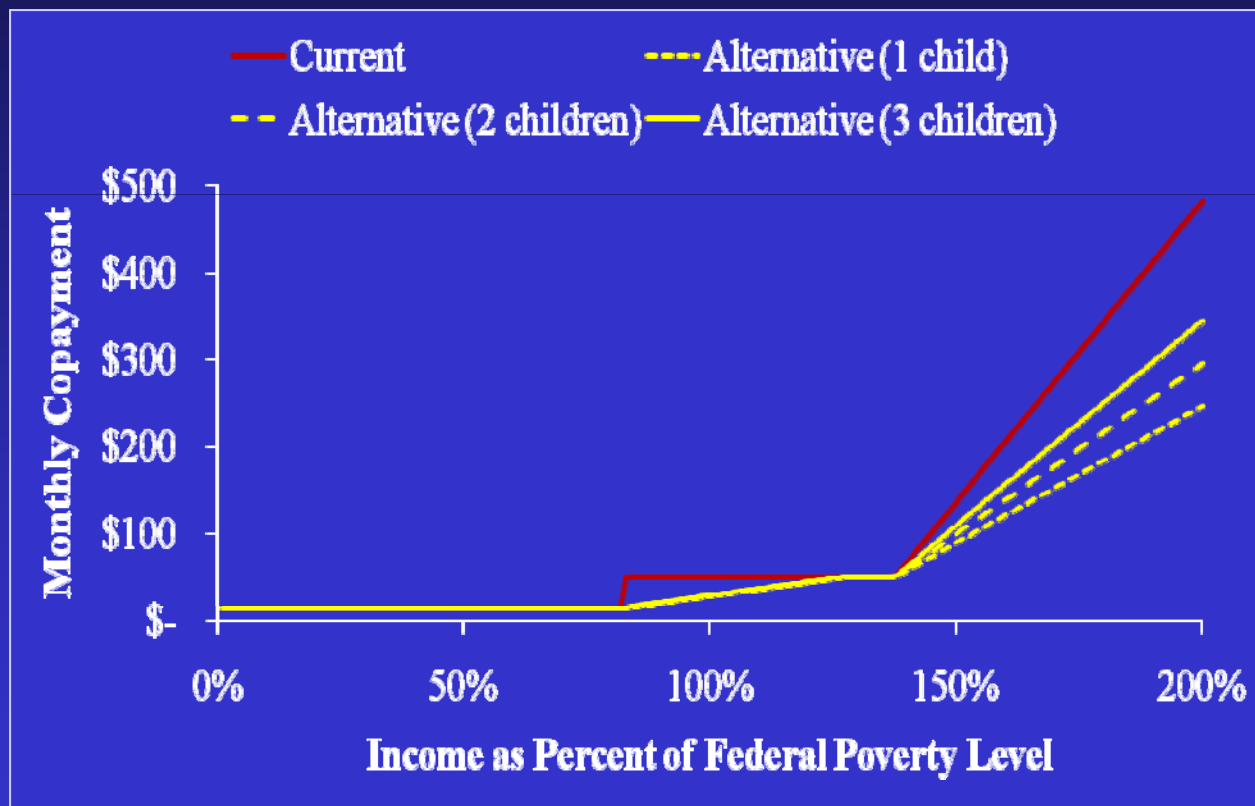
Overview of the study

- Child care subsidies designed to support both employment and child development and states have great flexibility in allocating subsidy funds.
- How do decisions about who gets subsidies and how much they should pay affect employment and child care arrangements?
- 2 of the project's 4 sites address this issue using a random assignment design.
- Illinois: Tests of
 - Subsidies for families over state income guidelines
 - Longer redetermination period
- Washington: Test of reduced copayments

Design

- Illinois: What is the effect of receiving a child care subsidy on child care, employment, and income?
 - Sample: 1,844 families who applied for subsidies with incomes over the states' limit (50% SMI)
 - Random Assignment between May 2005 and May 2006
 - Program group is approved to receive subsidies for up to 2 years
 - Half of program group gets 1-year certification
- Washington: What is the effect of a lower co-pay on child care, employment, and income?
 - Sample: All families who applied or reapplied for subsidies in a three-week period
 - Program group used alternative co-payment scale

Washington's Alternative Co-Payment Schedule



Data Collection

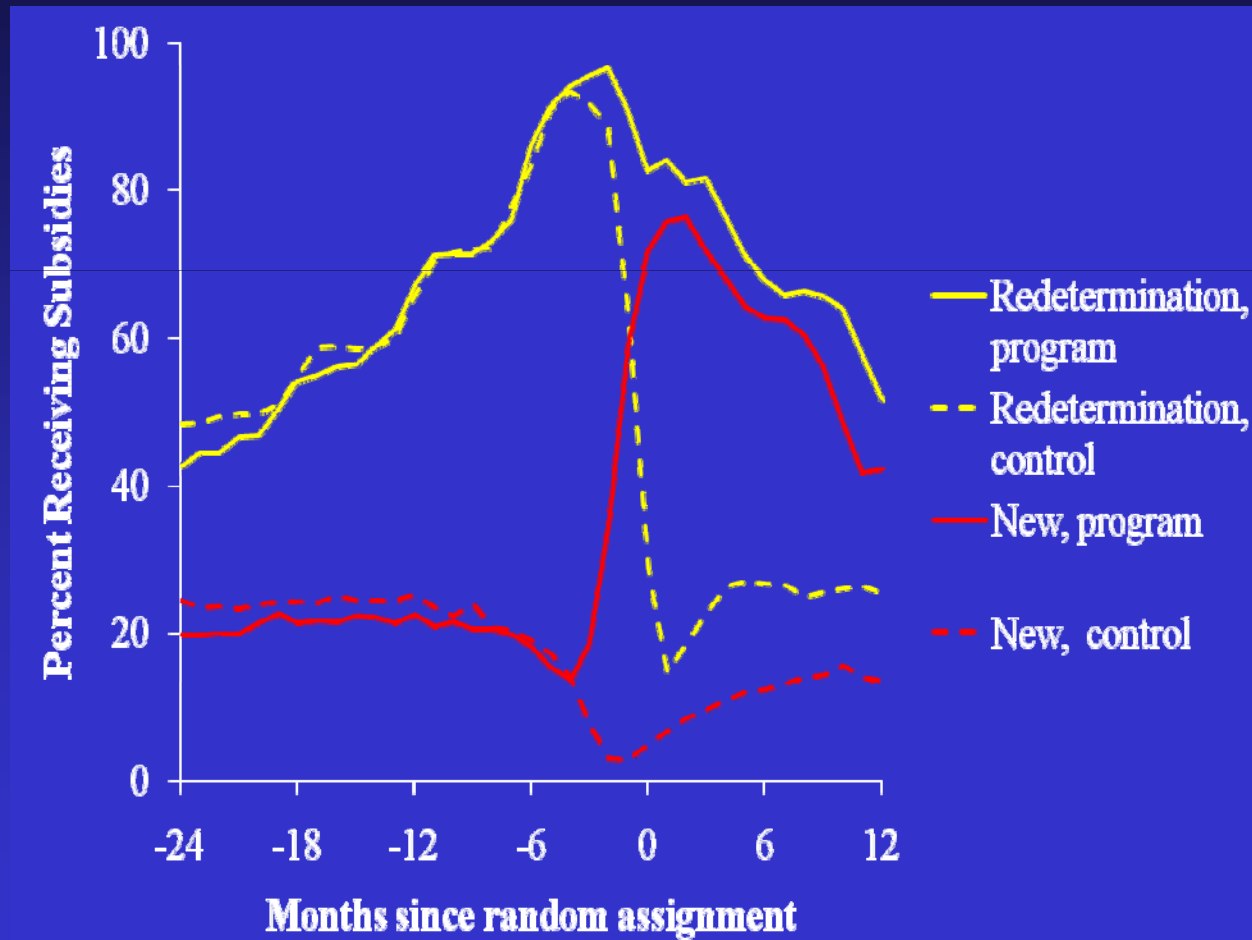
- Administrative data from child care subsidies, Unemployment insurance employment and earnings, and Public assistance (TANF and Food Stamps)
- Interviews with parents about their child care and employment histories.

These are first year findings based only on administrative data.

Findings

- Families in both states received more subsidies in the program than the control group.
- From the administrative data, we see no effect on earnings.
- There may be an effect on child care but we don't have these data yet.

Illinois – Subsidy Receipt



Washington – Subsidy Receipt



Policy Implications

- There are difficulties testing effects of policies on these outcomes in “real life” because studies test changes that states would/could reasonably do.
- Need to think carefully about context and what is being tested.
 - Population being studied (IL: Families who are employed with incomes over 50% of SMI. WA: Families most advantaged by co-pay are between 142-200% of FPL.)
 - Other child care subsidy policies (IL: amt of co-pay; WA: reimbursement rates)
- We don't know yet the affects of experiments on child care arrangements.

Implications

- More research of this type is needed but we need to think carefully about what we should test and how we should test it.
- We need to have reasonable expectations about the affects of marginal changes.

Cross-Cutting Implications for Discussion

Implications for policy-makers

- Which findings are consistent across studies and with prior research?
- Given variations across states and communities, are findings likely to extrapolate to other policy contexts?
- To the extent these studies show a connection between policies and increased use of subsidies, and between subsidy use and duration of employment—but not increased earnings, what are the implications?
- These studies focus on employment outcomes. How should we be thinking about the relationship between employment and child care outcomes?

Cross-Cutting Implications for Discussion

Implications for researchers and future research

- Promising methodologies—linking administrative data sets; ability to examine variations among families and policy contexts.
- Need for standards and definitions that will allow for easier comparisons across states.
- Use of experimental design to examine important questions—challenges and opportunities