

## Factors Associated with Obtaining Child Care Subsidies

### Description

This session focused on research findings concerning factors associated with initial subsidy access, as well as related findings on why subsidies sometimes are not obtained. Participants were encouraged to read *Predictors of Child Care Subsidy Use*, a literature review by *Research Connections* prior to the session.

### Facilitator

Steve Anderson, University of Illinois at Urbana-Champaign

### Discussants

- Anne Shlay, Temple University
- Stephanie Schaefer, Fight Crime: Invest in Kids
- Gina Adams, Urban Institute
- Robert Goerge, Chapin Hall Center for Children, University of Chicago

### Scribes

- Lynda Laughlin, Temple University
- Meredith Willa, Child Care and Early Education *Research Connections*

### Issues

- What demographic, social, economic, and programmatic factors have been associated with initial receipt of child care subsidies?
- What are the reasons, identified by research, that eligible families do not access subsidies?
- What policy parameters appear to be of greatest importance when examining child care access issues?
- What additional research questions are most needed to refine existing evidence on factors associated with subsidy access?

### Documents in the Session Folder

- Predictors of Child Care Subsidy Use (Literature Review)
- Predictors of Child Care Subsidy –Table of Methods and Findings
- Predictors of Child Care Subsidy Use (Power Point presentation)
- Key Policies That Affect Access to Subsidies (Power Point Presentation)
- Factors Associated with Obtaining Child Care Subsidies: Administrative and Census Data (Power Point Presentation)

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## Discussion Notes

### Introduction

- The focus of this session is on initial access rather than retention.
- We will examine systemic bias in who uses subsidies—what might these be:
  - \* Socio-demographic
  - \* Economic (income, types of work, shift work)
  - \* Policy/Program variables (outreach of states, complexity of procedures)

### Presentation: Stephanie Schaefer

This presentation sets the context for discussion based on a published paper entitled *Predictors of Child Care Subsidy Use Literature Review* by *Research Connections*

#### Background

- What outcomes are associated with subsidy use?
- The review looked at 13 policy-relevant studies from universities and research organizations.
  - \* Focus on post-1996 studies
  - \* Studies with examples of eligible families
  - \* Variety of approaches

#### Key Findings – Four Theme Categories

##### 1) Parent and Child Characteristics

- Small number of studies – initial findings, not definitive
- Children's age – preschool children more likely to receive subsidies than older children
- TANF status – Families who receive TANF (Temporary Assistance to Needy Families) more likely to receive subsidies (strong relationships)
- Race – black more likely than white to receive subsidies, Hispanic not conclusive
- Marital – single parents more likely to use subsidies

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- Income, family size, and education level – not conclusive
- 2) Child Care Categories
- Center-based care users more likely to use subsidies
  - Informal care: In home care users less likely to use subsidies
- 3) Parents' Expectations
- Inconsistent results
  - Beliefs about work from 2 studies:
    - \* Common lack of knowledge and misinformation
    - \* Inconsistent relationships between knowledge and subsidy receipt
- 4) Parents' Experience with System
- Administrative hassles – those with higher tolerance more likely to use subsidies
  - Eligible parents may not use when first eligible but will later (takes time to learn how to navigate system)

#### Methodological Issues: Reliability and Validity

- Lack of standardized measurement
- Vague or inconsistent definitions of categories and key constructs
- Inconsistent state definitions of variables in administrative data
  - \* Definitions may not mean what they appear to, e.g. full time = 5 hours
  - \* State policy differences on TANF issues, e.g. earning levels, eligibility
  - \* Difficult to make cross-state comparisons

#### Issues for Further Study

- Families that get subsidies but not TANF
- Race and ethnicity as underlying factors that drive subsidy pattern differences
- Inconsistencies in findings on family size, education, and income
- Family-level patterns: e.g. number of children in subsidy program, Head start and Pre-K

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- State policy variations and TANF policies – difficulties in synthesizing studies with different policy contexts and incomparable methods

**Presentation: Gina Adams**

Introduction

- We are focusing on key policies that affect access to subsidies – though it is important to recognize that many policies also affect retention of subsidies, so this discussion overlaps with the other session at the conference that focuses on subsidy participation.
- We do not know a lot about the relative importance of these areas (itself an important area of further research).

Overarching policy parameters

- Funding parameters affect:
  - \* How much money is available in the state
  - \* Where state sets eligibility cutoffs
  - \* Whether eligible families can get assistance if they apply
    - What if money is not available for all who are eligible?
    - Does funding increase, decrease, or freeze intake or the waitlist?
  - \* State outreach
- Eligibility parameters are critical in affecting who can get subsidies.
  - \* Where is income cutoff set? There is wide variation across states in the ceiling level.
  - \* Eligibility is also based on age of child, work or work-related activities, and work level.
  - \* Employment criteria are defined differently by different states.
  - \* Fluctuating work patterns are particularly challenging in determining eligibility, so the time period states use to assess income or work is important.

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- \* Have states committed to serving all eligible applicants? What do they do if they don't have sufficient funds (i.e. freeze intake, implement waiting lists, reduce eligibility or increase copays or decrease rates)?
- State and local policy parameters also affect initial access through outreach and application processes
  - \* Do parents know what's available and whether they are eligible?
  - \* Where are applications: On-line, in community agencies, with providers, in R&Rs?
  - \* How complex is the paperwork: are original documents required?
  - \* Is application linked to other systems such as Food Stamps that could also create barriers or, conversely, make it easier (e.g., one-stop shopping for services)?
  - \* Is the application form available in languages other than English?
  - \* Is there assistance with forms and submission processes (e.g., electronic signature issues)?
  - \* How do parents submit applications – do they have to go in person? (Agencies see pros and cons of in-person visits – some agencies feel it can reduce errors but others feel it is unnecessary administrative hassle.)
  - \* Are there multiple caseworkers involved?
- Access to subsidy is not as much of an issue for TANF families; instead, issues raised appear to be slightly different:
  - \* Parents are informed but don't have time to find formal care;
  - \* Access means something different in this context.
- How are parents treated within system? The extent to which parents see the system as responsive, respectful, and not stigmatizing is likely to affect access.

Other policy areas may affect access as well.

- The extent to which child care subsidies are seen as welfare is likely to limit participation – willingness to use it can be stigma.
  - \* Research suggests that the blurring of the lines between welfare and child care (based on recent UI research) may create a situation where parents

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don't understand that there is a difference between welfare and child care subsidies.

- \* Implication: Parents don't realize they can stay on child care subsidy when they leave welfare.
- The value of the subsidy to parents seems likely to affect access and use.
  - \* Higher use of center-based care among subsidized parents suggests that this is the case.
  - \* Policies that can affect the value of a subsidy include:
    - Size of parent's copay vs. free or low-cost alternatives;
    - State policies on family, friend and neighbor care that can make subsidies attractive or unattractive to FFN providers.

#### Conclusion:

- We have a lot to learn about the relative role of policies. It's hard to say definitively which policies have the greatest impact on the services received.
- This area is challenging to research due to variations in state and local policy.
- What lessons are to be learned from other similar benefit programs?

#### **Presentation: Robert Goerge**

##### Introduction

This presentation will focus on how to produce large, high quality datasets that combine Census survey and child care administrative data to study subsidy participation and effects.

##### Key Issues

- Surveys do some things well, administrative data analysis does others well – we need to combine the two approaches.
- Most of the research on child care subsidy use has been with TANF populations instead of the general low-income population.
- Low-income families who have never been on TANF are becoming a greater priority.

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- The Three City Study includes data on child care subsidy use.
- The Census Bureau has the largest amount of survey data with rich demographic information on low-income families.
- American Community Survey (ACS)
  - \* The current project is linking ACS with subsidy, TANF and UI (Unemployment Insurance) wage data.
  - \* ACS is a cross-sectional survey.
  - \* ACS has drawbacks; administrative data compensate for some of them.
  - \* It's a good model for point-in-time analysis.
- Longitudinal data
  - \* The challenge is to look at longitudinal information (e.g. unemployment), following families to see if they keep subsidy, return to TANF, experience household structure changes, etc.
  - \* The Census Bureau's Survey of Income Program Participation (SIPP) is ending; other datasets might need to be enhanced.
  - \* Linking administrative data to such datasets is needed.
  - \* Goerge and colleagues are collaborating directly with Census Bureau for this purpose.
- Issues from ACS
  - \* Determining who is parent, establishing eligibility
  - \* Pinpointing eligibility over time as things change – monthly vs. quarterly vs. annually (Low incomes often don't change that much)
  - \* Possibilities for subsidy impacts:
    - Effect on employment
    - Outcomes tracked by administrative data (e.g. educational, or receipt of health care from Medicaid data)
    - Relation to other programs (e.g., client eligibility for Food Stamps or WIC (Women, Infants, and Children food program))
- Other Issues:
  - \* Non TANF families, race, and ethnicity
  - \* Education, income, and family size
  - \* Family characteristics
  - \* Head Start and pre-k issues reported by ACS
  - \* Policy variations

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**Presentation: Anne Shlay**

Introduction

- It's interesting to hear the term "administrative hassles" being used frequently – that has become a conceptual framework for looking at utilization issues.
- Why are income-eligible families not applying?
- This presentation will focus on survey issues and qualitative data issues.

Current study:

- Funded by William Penn Foundation in Pennsylvania
- Local study, so there are no cross-state issues
- Welfare leavers sampled from list
  - \* African American, White, and Hispanic (largely Puerto Rican)
  - \* 200 in each group
- Primary data collection experience, 3 waves of data
- Following leavers at 3 points in time (hope to follow forever)
  - \* 1<sup>st</sup> wave survey of subsidy utilization completed
    - Look at transition to non-welfare child care subsidy system
    - Transition process, attitudes toward welfare, etc.
    - Looking at when it works, doesn't, and why, and analyzing the data by race and ethnicity
  - \* 2nd wave studies employment: Link subsidy with employment outcomes 3 months later
  - \* 3rd wave studies preferences using factorial survey instrument
  - \* Methodological article published in *Early Childhood Research Quarterly*
- Multiple, cross cutting goals:
  - \* Examine effect of race, ethnicity, culture, country of origin on subsidy use;
  - \* Move away from anecdote;
  - \* Examine why welfare experience is a good predictor of child care subsidy use;

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- \* Examine the hassles in using the system;
- \* Examine role of employment and subsidy use: Are users more likely to be employed? Do they earn higher wages?
- \* Is subsidy use associated with preferences for welfare? Kith and kin care? Having subsidies as public benefit? Income supplements and housing?
- Observations:
  - \* We looked at the process of transferring subsidy eligibility when leaving TANF.
  - \* Many leavers are not employed; non child care users are largest group.
  - \* People are not using subsidies even though there is supposed to be automatic transition.
  - \* There are great racial and ethnic variations.
  - \* Survey methods may not be the best way to explain outcomes – surveys just show where parents are at given point in time, not why or how they got there.
  - \* Subsidy utilization barriers:
    - Policies do not adequately respond to cultural differences and issues.
    - How are policy variables treated in different cultural contexts?
    - Include qualitative or ethnographic component in survey studies for more complete understanding.

### Open Discussion

Comment: What are costs relative to the benefits? View copay as a cost, also cost of application process (including "hassle") vs. benefit you're getting. If there are no costs to access, why are there low take-up rates? Similarly, different states make application process tradeoffs between program integrity, improper payments. How can the process be simple without jeopardizing integrity? Take-up/utilization is low. What would be an appropriate rate? Do we expect it to be 50% or closer to 100%, given take-up rates of other programs?

#### Gina Adams

Hassles are transaction costs, and transaction costs are critical (e.g. may equal a day off work, eventually jeopardize job). There is state variation along many dimensions: what is needed, allowable and acceptable. The language around "take-up rates" or "participation rate" works for entitlement, not for subsidies –

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we should be very careful in how we use this terminology. Participation rate shouldn't be applied to this field since it's not an entitlement. Focus on TANF families most likely to access subsidies - with leavers, we don't know how many got subsidies before they left.

Anne Shlay

There is subsidy use both on and off TANF. The take-up issue depends on your values. Social Security had a policy goal to end elderly poverty, and has. What are goals for child care subsidies (e.g., access to high quality care, especially for children at risk)? A reasonable goal is for every eligible family to have access to subsidy. Value spin on the questions: get parents working, but also effects on child.

Question: Is anyone looking at state policy impact on local policies?

Gina Adams

We don't know how to study state variations, since approaches between states differ. There is significant local variation even within a single policy context. We didn't measure this in the current study, but my gut sense is that local leadership, agency priority, and management is one cause of variations. Some states take directive from the Child Care Bureau and pass it on to the localities. It's a question of how to get good management and allow local flexibility.

Anne Shlay:

We may be finding that there is link between child support orders and subsidy use, an impact of child support policies on subsidy. NSAF asked parents why they had thought about getting subsidies but didn't. A non trivial number said they didn't want to turn in the child's father for child support.

Question: What kinds of match rates are there between ACS and CCDF (Child Care and Development Fund) administrative data?

Robert Goerge

Matching is extremely successful, better than Medicaid. There is up to 95% agreement on Social Security numbers between Census and administrative data.

Question: Research needs to look at relative impact of policies on access and utilization. What methodology would you use?

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Gina Adams

I don't know. It would be very challenging, as they are entangled in particular communities, look very different across different local agencies. It would be possible, but would have to be designed very carefully and with a strong focus on implementation.

Question: In the cross-state study, were policy parameters put in?

Robert Goerge

We're not looking at specific policies in ACS. Populations of recipients are very different demographically and with regard to policy contexts. We don't have enough variation to look at specific policy differences.

Comment: Anticipated differences in work participation based on policy changes – study findings may be sensitive to these variables.

Robert Goerge

ACS data have already been collected.

Anne Shlay

The subsidy utilization study was initiated before new rates were implemented in Pennsylvania. This may affect our findings.

Gina Adams

If we want to understand access issues, we need to understand how systems work together. What are the research opportunities, given that we don't understand the current environment? Who is coming into TANF but wasn't there before? It varies a lot by state. We need senior child care researchers who really know the TANF and employment systems as well. Different systems use very different language. TANF focuses on employment, not child care.

**Burning Issues and Key Points from Audience**

- Variations between states
- Local and within-state variations
- Methodological issues: how to measure receipt, how to use other methods e.g. qualitative, ethnographic approaches
- Ethnic/cultural issues and preferences
- Different definitions in various studies and policy arenas

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- How to understand link between child care subsidy programs and other benefit programs
- "Hassles" or transaction costs
- Appropriateness of "take up" as a measure – what should the optimum take up level be?

End of Session

*Breakout session notes are brief summaries of issues, findings and ideas discussed by participants and do not necessarily reflect the views of the Child Care Bureau or other members of the Child Care Policy Research Consortium.*

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