Child Care Subsidies and TANF

A Synthesis of Three Studies on Systems, Policies, and Parents

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This report synthesizes the findings of three studies by a team of Urban Institute researchers who were involved in different phases of the research. Each report produced as part of this multiphase study gives attribution to the full list of those—both within and outside the Urban Institute—who gave their time and wisdom to comment on each report, and thus contributed to this product. We especially want to express our gratitude to the many state and local TANF and child care administrators and caseworkers, other local experts, and parents who provided their time and energy to provide information for this study.

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Child Care Subsidies and TANF
*A Synthesis of Three Studies on Systems, Policies, and Parents*

Over recent decades, policymakers have recognized that helping parents on welfare pay for child care is essential to help them move from welfare to work. As such, child care subsidies that help defray some of or all the cost of child care have consistently been an integral part of federal and state welfare reform efforts (box 1). They were a major focus of the 1996 welfare reform legislation, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), and the cash assistance and welfare-to-work program it established (the Temporary Assistance to Needy Families, or TANF, program). Although TANF families make up a relatively small proportion of the families that receive child care subsidy funding (with some additional families receiving child care support through TANF direct spending), child care is a key component of TANF welfare-to-work programs’ efforts to help families move toward self-sufficiency.

Although the connection between child care as a work support and the TANF program’s mandate to help welfare recipients obtain employment is conceptually simple, the actual processes and policies used by states and localities to ensure child care assistance is available for TANF families moving from welfare to work is far more complicated. The complexity arises in part because child care subsidy and TANF welfare-to-work programs represent two devolved systems that differ in their goals, target populations, administrative structures, and policy frameworks.

Despite the critical role child care subsidies play in welfare-to-work efforts, little research has examined how sites have approached putting these services together for families. The Urban Institute engaged in a multiyear study to help fill the information gap about the complex interactions of these two systems on behalf of welfare families (box 2). This study occurred in three phases.

The first phase, conducted in 2001, examined these issues from the perspective of welfare-to-work and child care administrators and staff in 11 local sites, and documented how these systems were set up and connected, the factors that aided or impeded coordination between the systems, and the processes TANF clients needed to
complete as they moved through the welfare-to-work and child care subsidy systems while on welfare. (The findings from this phase are reported in Gina Adams, Pamela Holcomb, Kathleen Snyder, Robin Koralek, and Jeffrey Capizzano, Child Care Subsidies for TANF Families: The Nexus of Systems and Policies [Washington, DC: The Urban Institute, 2006].)
The second phase of the study examined a range of issues around subsidy use among parents who leave TANF. It included data from these 11 sites, as well as an examination of research on welfare leavers and subsidy patterns, a review of state policies regarding child care subsidies for welfare leavers for a range of states, and interviews with national experts to discuss the retention of child care subsidies as parents transition off cash assistance. (The findings from this phase are reported in Gina Adams, Robin Koralek, and Karin Martinson, Child Care Subsidies and Leaving Welfare: Policy Issues and Strategies [Washington, DC: The Urban Institute, 2006].)
The third phase used focus groups in four of the 11 sites to explore the connections between the welfare-to-work and child care systems from the perspective of parents. These focus groups were made up of parents currently receiving TANF and child care subsidies, as well as parents who had left TANF within the previous year and were still receiving child care subsidies. (The findings from this phase are reported in Kathleen Snyder, Sara Bernstein, and Robin Koralek, *Parents’ Perspectives on Child Care Subsidies and Moving from Welfare to Work* [Washington, DC: The Urban Institute, 2006].)

This document highlights overarching issues and themes that emerged from all three phases of this study, including those facing administrators and agencies working to provide these services to parents, and the implications of these issues for TANF clients and their children.

**Issues to Note**

There are several issues to be aware of in reading this report. In particular, the research approach taken in this project has some unique strengths. It represents one of the first in-depth examinations of how states handle the intersection of the welfare-to-work and child care services and systems. It also examines these issues from multiple perspectives, including administrative and frontline staff, staff from child care subsidy and TANF/welfare-to-work agencies, and (in four sites) the perspective of parents. This study also relies on a multistate, multisite approach. This approach is necessary because the devolution of the child care and welfare-to-work systems creates enormous variation from site to site in policies, practices, and administrative approaches.

Despite these strengths, however, there are challenges in interpreting data collected through this research approach. We note three in particular:

1. These data provide important insights into issues facing agencies and parents in these localities but should not be assumed to be more broadly representative. Findings about agencies or policies in particular sites may be specific to the local study sites, a particular office within that site, or particular respondents. Therefore, these findings are not necessarily representative of the policies and practices in other local agencies or offices within each site, of other sites within the state, or of the state overall. Similarly, we only spoke with parents who were receiving subsidies, meaning (by definition) they had successfully navigated the process of getting TANF and child care. These parents therefore are not representative of those parents for whom the process was too difficult. These data were also gathered through focus groups, and parents who attend such groups may not be representative of all parents.

2. Because data from the first phase of the study were collected through telephone discussions with program administrators and caseworkers, it was not possible to examine first-hand the implementation of the policies and practices discussed. This is important, given research on both child care and welfare implementation has con-
sistently shown a gap between the reported policies of local agencies and how these policies are implemented and experienced by clients. We gained insight into some of these issues through the focus group phase of this project.

3. Finally, these data provide a point-in-time picture (winter 2001/2002). Given the evolution of policies and practices in both TANF and child care subsidies, certain site-specific details likely have changed between 2001 and 2005. Nonetheless, while some specifics may no longer be true for a particular site, the overall patterns and findings continue to be indicative of the issues and challenges facing sites in their efforts to bring together these systems.

Overall, this study provides initial insights into the complex interactions of these two systems and lays useful groundwork for future research in this area. It highlights the key points of intersection between the systems and points out potential places of friction from the perspectives of agency staff and parents, as well as strategies used to minimize administrative inefficiencies and client burden. It was beyond the scope of this project to actually assess or evaluate how different approaches were working in any particular site. However, this study highlights several important issues worth further examination, and it lays a broad-based and comparative framework for researchers and policymakers to conduct more intensive and empirical assessments of these policies from the perspective of agencies and clients.

**Overarching Issues and Themes**

This study contains 12 overarching findings with important implications for agencies, TANF clients, and policymakers.

**Child care subsidies are critical for families receiving TANF benefits.**

Focus group participants spoke at length about the important role that child care subsidies play for their families. Subsidies were viewed as a vital source of financial help that made it possible for parents to engage in welfare-to-work program activities and employment. Focus group participants also noted subsidies were important for their children because subsidies allowed parents to place their children in care where their children could be safe and learn. Overall, the significant role subsidies play for these families underscores the importance of ensuring families can access these services and are supported in their efforts to leave TANF and become self-sufficient.

**Connecting child care to TANF welfare-to-work services presents administrative challenges, and there is enormous variation in how sites set up their administrative structures to manage this process.**

Helping families moving from welfare to work access child care subsidies can be very challenging from the agency perspective. States and localities must coordinate several
different services, systems, and (in some sites) service providers—including those providing child care subsidies, TANF cash assistance, and TANF employment-related activities. Also, participating in work activities can be a nonlinear and dynamic process that varies significantly across welfare parents. This makes for a very challenging environment within which the welfare-to-work and child care subsidy systems have to monitor changes, ensure parents comply with program requirements, and coordinate subsidy efforts. These variations in participation patterns on an individual and caseload-wide basis make linking child care subsidies to work activity participation inherently more difficult than if all welfare parents followed the same welfare-to-work participation path at the same time and pace.

Sites varied enormously in how they approached this challenge through administrative structures and staffing, key policies, and coordination strategies. For example, even when looking narrowly at how sites packaged the child care and welfare-to-work case management functions for those parents who were participating in both systems, sites adopted a range of approaches:

- Two sites relied on a single agency and one set of workers to perform both TANF welfare-to-work case management and child care eligibility and subsidy management.
- Two sites relied on a single agency to administer the TANF and child care subsidy programs but divided responsibility for welfare-to-work case management and child care eligibility and subsidy management between two different kinds of workers.
- Six of the 11 sites used multiple agencies and multiple workers. In these sites, one agency was responsible for the welfare-to-work case management functions and another agency was responsible for the child care–related functions.

**Issues around client burden and administrative coordination appeared less related to how sites set up their administrative structures and more related to particular policies, infrastructure issues, and implementation practices.**

While this study found significant variation in how sites set up their child care and welfare systems administratively, it did not uncover an overall “better” or “worse” administrative approach in terms of either client burden or administrative issues. Instead, each approach appeared to have strengths and weaknesses, according to assessments offered by welfare and child care staff respondents.

In general, we found the administrative complexity and client burden reported across sites had far less to do with the organizational structure of the local sites’ systems (i.e., the number of agencies and workers) and more to do with other issues—such as staffing decisions, policies about what parents were required to do at each stage, and infrastructure issues (such as management information systems). It appears sites have made choices about policies and practices that can make the process easier or more difficult for clients, and that these choices are independent of sites’ administrative approaches.
Further, policymakers often discuss the importance of “seamless” systems, which allow parents to deal with only a single system or set of workers at a point in time or over time (even if multiple systems are involved) to minimize client burden and transitions. However, this research suggests that all the administrative approaches examined in this study involved parents dealing with multiple agencies or workers (or changing from one set of workers or agencies to another) at some point. In other words, each approach had a “seam” at some stage. Some sites had separate child care and welfare-to-work systems for families while they were on TANF, some required parents to shift agencies or workers when they left TANF, and others had different agencies handling child care provider payments than client services.

Overall, this research suggests seamlessness is perhaps too elusive a goal to be practical under most circumstances. It may be more useful instead for policymakers and practitioners to identify the seam (or seams) in a particular model and minimize the ways in which the seam may either create greater client burden or increase the possibility of families losing child care subsidy services unnecessarily. As policymakers examine different tactics in setting up their administrative approaches to these systems, trade-offs relating to administrative complexity, staff burden, client burden, and quality of service all need to be considered.

There are many points of interconnection between the child care and welfare-to-work systems, and sites developed various strategies to improve coordination and communication between them. While staff generally felt the interconnections worked well, some problems remained.

A major focus of this study is to examine the points of interconnection between the welfare-to-work and child care systems as TANF parents move through each stage of the process—including their initial application for TANF cash assistance, their entry into work-related activities and connection to child care subsidies, their ongoing participation in work-related activities, and their move off TANF. This research found sites had taken several steps to make these various interconnections between welfare-to-work and child care function more smoothly. These included various strategies to address different problems. Some simplified the administrative process or burden, others helped ease the process for parents, and others did both. In particular, sites were experimenting with

- using different administrative approaches, in terms of how responsibilities were allocated across staff;
- colocating staff;
- developing enhanced information-sharing among workers, though shared management information systems (MISs) were still rare;
- cross-training staff;
- building intra- and interorganizational staff relationships and rapport; and
- streamlining requirements to minimize duplication for parents.
Agency respondents generally reported their systems worked fairly well, though some problems remained. Some areas of concern highlighted by respondents in different sites included challenges facing parents in having to interact with multiple workers or multiple visits (whether due to policy requirements or poor communication between workers); glitches in cross-staff communication resulting in reauthorization delays, inadvertent termination of subsidies, or payment problems (such as overpayments or underpayments); and whether parents had sufficient time to find care. Respondents also noted the challenges created for caseworkers by the lack of shared management information systems, high staff turnover rates, and—in some sites—the broad nature of the caseworker’s responsibilities.

In many sites, the TANF/welfare-to-work agency or staff were responsible for at least some child care functions, so the role of the child care subsidy agency or staff was limited.

The role of the child care subsidy agency in many sites was limited to approving authorizations, handling provider-related issues, and initiating recertification. In most sites, child care workers had no decisionmaking role in the subsidies for TANF clients; in some sites, the TANF clients never came into contact with a child care worker until they left welfare. Instead, the welfare-to-work case manager assumed many responsibilities related to child care for TANF clients: setting the length of the authorization period and the number of hours of child care TANF clients could receive, brokering information between the parent and the child care agency, taking on responsibility for some provider-related functions (in a few cases), and terminating subsidies.

The limited role of the child care subsidy agency for TANF parents raises a number of implications. In particular, parents in focus groups were often unable to differentiate between the administrative structures overseeing the delivery of TANF welfare-to-work services and child care subsidies. This suggests that—at least in the four sites where focus groups were held—streamlining services and processes can create a more seamless service delivery from the client perspective.

Further, interviews with agency staff and focus groups with parents made it clear that welfare-to-work case managers play a critical role in shaping the child care experience of parents. While giving welfare-to-work case workers so much responsibility for child care subsidy potentially streamlines the process for parents while they are on welfare, it also suggests it is important for the child care field to consider whether key elements of “child care-specific” knowledge—e.g., information on finding child care or child care providers—should be part of the training for welfare-to-work case managers. The child care field may also want to identify ways to help welfare-to-work caseworkers access this information on an ongoing basis. Finally, as mentioned above in the discussion about “seamlessness”, the decision to give more responsibilities to these workers may mean more attention should be given to helping parents make a smooth transition
to receiving child care subsidies once they leave welfare, particularly in sites where they do not deal with the child care worker while on TANF.

The child care subsidy and welfare-to-work systems are closely linked in the minds and lives of TANF clients.

Another theme, which is closely related to the preceding discussion about allocating child care responsibilities to the welfare-to-work case manager, is that parents in our focus groups often did not appear to distinguish between the welfare-to-work and child care subsidy systems, and considered the child care subsidies they received part of welfare and the new work requirements. In the words of one parent, they are “balled together.”

This finding has some important implications. First, a number of focus group participants in three of the sites thought becoming involved with TANF was a prerequisite for getting and keeping subsidies—in other words, that they would not be able to get subsidies otherwise. This belief appeared to provide an incentive for some parents to go on TANF. In theory, CCDF eligibility requirements in these three states allowed parents to receive subsidies even if not on TANF. However, given three of the four focus groups sites had waiting lists for subsidies for low-income families not on TANF, in reality parents in these sites would likely be unable to obtain subsidies quickly unless they were on TANF. This corresponds with federal requirements that states give priority to the lowest income families—a requirement that becomes operational when states do not have sufficient funds to serve all applicants.

Second, participants felt their TANF benefits were necessary to keep subsidies. In particular, when asked about requirements to keep child care subsidies, often participants’ first response was that they needed to keep up with their TANF work activity hours and reporting requirements. This perception has both positive and negative implications. For example, the message that parents need to follow TANF requirements to retain child care subsidies would seem to promote compliance with requirements (particularly given the importance many parents put on keeping their subsidies). However, it may also be related to the perceptions among some parents in our focus groups that they would lose their subsidies when they left welfare. (Again, these perceptions had some basis in fact. While all four sites allowed parents to retain subsidies for a priority period after leaving TANF, in two sites at the time of our visits, parents at the end of their post-TANF priority period were likely to lose subsidies and to be placed on a waiting list.) While not discussed by parents, this perceived link between TANF and child care subsidies may create an incentive for parents to stay on TANF; it also may help explain (at least in part) the low subsidy usage patterns among recent welfare leavers.

Third, the blurring of the lines between welfare-to-work services and child care may have other implications. In particular, research suggests that some families do not use
services that are associated with the stigma of welfare. As a result, the close relationship between child care and TANF may contribute to low subsidy use among parents after leaving welfare. Finally, blending the welfare and child care systems may mean parents face a more significant transition when they leave welfare, particularly in those sites where they will begin interacting with the child care subsidy agency for the first time.

To assess the ease or difficulty of the process for clients or administrative agencies, it is essential to examine what is required for each step of getting and retaining subsidies (application, authorization, recertification, and interim adjustments) as well as the cumulative impact of these requirements across all the steps and their frequency—all within the context of a dynamic welfare-to-work process.

Sites varied both in the relative simplicity or complexity of what clients and/or agencies had to do at each stage of the process—initial authorization, periodic recertification, and interim subsidy adjustments to respond to other changes in client circumstance—as well as in how often these processes occurred. In some sites, these processes were relatively simple or happened infrequently, while in others they were significantly more complicated or happened often. For example, in some sites parents were required to complete in-person visits with multiple caseworkers to address such issues as recertification, while in others these issues were handled administratively. Some sites required parents to provide duplicative paperwork, others did not. And sites were not necessarily consistent: in the same site, one process might be relatively simple and another more difficult.

Consequently, to assess the relative ease or difficulty of these requirements for clients or the administrative burden for agencies in any particular site (or for any particular agency), it is important to do three things:

- **Assess the difficulty of each step in the process.** For example, does it require parents to visit the office? Does it require parents to meet or contact multiple caseworkers? Does it require challenging or duplicative paperwork?

- **Examine the likely frequency of each step.** This is particularly important, given the dynamic employment patterns experienced by many TANF clients, who often experience a significant amount of change in their work activities or circumstances (and therefore would likely repeat these steps frequently).

- **Examine difficulty and frequency across all the steps to assess the cumulative impact and complexity.** And at that point, depending on the outcome, assess the necessity of those steps that appear most difficult, and identify any alternatives.

Figure 1 illustrates this issue. To assess the relative ease or difficulty for clients, consider the differences in the experiences of clients, as well as the burden for caseworkers,
Figure 1. Key Steps in Getting Child Care Subsidies for TANF Clients Moving from Welfare to Work: Policy Choices with Implications for Client Burden and Administrative Burden

<table>
<thead>
<tr>
<th>“Easier” requirement</th>
<th>“Harder” requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>One visit with welfare-to-work case manager</td>
<td>Multiple in-person visits with multiple caseworkers</td>
</tr>
<tr>
<td>Parent reports income, etc., to a single worker, who conveys the information to the child care subsidy worker</td>
<td>Parent must interact, in person, with one or more caseworkers</td>
</tr>
<tr>
<td>Authorization period set at one year</td>
<td>Authorization period set to shorter periods or to length of work activity (from a few weeks to a few months)</td>
</tr>
<tr>
<td>Require reporting of major changes to one worker; can be done by phone or mail</td>
<td>Full reauthorization process required for each change (described above)</td>
</tr>
<tr>
<td>Only adjust if family experiences major changes</td>
<td>Full reauthorization process (above) required for each change in job activity, work hours, etc.</td>
</tr>
</tbody>
</table>

Child care authorization process

Child care reauthorization process

Frequency of child care reauthorization

Interim subsidy adjustment process

Frequency of interim adjustments

"Easier" requirement

"Harder" requirement
if they were in a site that had the requirements on the left side of the figure versus a site that had the requirements on the right side. (While figure 1 provides only a hypothetical description of policy choices, the actual requirements in each box were found in the 11 study sites—and so are based on reality.)

Given the dynamic nature of participation in work activities, where sites fall on this continuum clearly has major implications for how difficult it is for parents to do what is necessary to keep their child care subsidy. Each additional step required of parents makes receiving and keeping subsidies more difficult, and increases the likelihood that parents will either be unable to meet the requirements or will make a mistake that jeopardizes their subsidy—an even more challenging problem when the step requires significant parent burden (such as an in-person visit). It also can create a disincentive for parents to access subsidies.

It is important to recognize the implications of these issues for agency staff, as many policy decisions that reduce client burden (such as fewer visits, less paperwork, and longer authorization periods) can also effectively reduce administrative burden. Yet from the agency perspective, some of these requirements can be essential—for example, some administrators suggest in-person visits allow parents to develop relationships with caseworkers, and others feel such requirements are necessary for workers to ensure that parents understand the requirements (which can in turn minimize error and delays) and avoid improper payments. The challenge is, therefore, to assess the requirements and to identify those that can be altered or redesigned while ensuring the agency has the most effective information and process and is fiscally responsible.

*Eligibility for child care subsidies is closely tied to participation in work-related activities. Sites varied in how tightly they connected these two services and how they addressed potential duplication between the systems. These variations have implications for administrative burden as well as for TANF parents, providers, and children.*

In all our sites, eligibility for a child care subsidy was contingent on the TANF client participating in a work-related activity. Sites varied in how tightly calibrated these two systems were—that is, whether subsidy authorizations were set based on the length of the work activity or a longer period, and how quickly parents lost subsidies if their circumstances changed. Focus group participants discussed challenges they had experienced as a result of policies that closely tied subsidy receipt to work participation. Some noted how short authorization periods were time-consuming because it meant continually needed recertifications. Another problem for some participants was how quickly their subsidies could be terminated after losing a job, potentially leading to breaks in their child care arrangement.

While it is understandable that agencies need to ensure parents do not receive subsidies when they are not eligible, the dynamic nature of each welfare recipient’s personal
trajectory from welfare to work suggests more tightly calibrated policies may produce some problematic results. To date, the extensive body of research undertaken to understand the effect of welfare reform has not examined this particular issue. In particular, it would be useful to explore further whether tighter calibration of child care results in clients experiencing breaks—albeit perhaps temporary—in their subsidies. Such breaks can not only cause more administrative burden for workers, but also are not in the best interest of the child (who needs the opportunity to develop a stable continuous relationship with his or her caregiver), the parent (for whom finding another provider can be difficult and time consuming), or the provider (who faces administrative challenges and potential loss of income when subsidized children stop and start their care). A related question worthy of further exploration is whether such tight calibration and monitoring of the subsidy is even necessary, given the intensity of the monitoring/fraud oversight process in the TANF system, or whether this level of effort leads to unnecessary duplication of oversight.

Many parents felt the requirements to obtain and keep subsidies were minimal, though some policies and practices appeared to pose challenges.

Many parents reported the process of getting and receiving subsidies (both while on TANF and leaving TANF) worked smoothly for them, they were able to navigate the system successfully, and they did not experience many problems in accessing and retaining care. For example, although parents leaving TANF had to assume additional requirements, most focus group participants did not consider these additions particularly burdensome. As mentioned in the phase one report of this study, many agencies had made a concerted effort to streamline the TANF and child care subsidy application and renewal processes to reduce burden on families. Focus group participant’s observations suggest these efforts were successful for at least some parents. However, it is important to remember that focus group participants only included parents who were receiving subsidies, and who therefore, by definition, had managed to make the system work for them. A conversation with parents who had not successfully made it through the process would likely provide a more complex picture.

Although getting and keeping subsidies (both while on TANF and after leaving TANF) worked smoothly for many focus group participants, some mentioned policies or administrative practices that created challenges. A number of these were related to specific policies in specific sites, or to the parent’s experience of how the program was actually implemented in particular sites. These issues included the challenges stemming from having to meet with multiple caseworkers, the tight calibration of subsidies to participation in work-related activities (and the subsequent breaks in subsidy associated with gaps in activities), difficulties getting providers set up in the subsidy system, difficulties changing providers, lack of coverage for evening and weekend care, and dealing with additional fees not covered by the subsidy. These issues are important because they may make it more difficult for parents to get or keep child care, or to get the child care they want—problems that seem likely to, in turn, affect parents’ ability to participate in work activities and to move off welfare.
Further study and attention should be given to examining whether TANF clients are given sufficient time and information to make informed and stable child care choices.

The challenges of finding care are not unique to TANF families; many parents encounter long waiting lists at child care centers or face challenges finding specific types of care, such as care during evenings and weekends or care for infants, toddlers, or children with special needs. However, TANF families may face particular challenges in finding care because they may lack experience with (and information about) finding care, time to find care, transportation, or the ability to pay extra child care costs providers may charge. They may also be more likely to have work schedules that require evening and weekend hours, when care can be scarce.

One of the most challenging and still unanswered questions this study raises is whether TANF clients are given the time and information they need to make informed and stable child care choices. Some policies and practices of the TANF welfare-to-work and child care systems make it even more challenging for parents who need time or assistance in finding care, and/or help understanding their options. Specifically, a number of our sites sought to engage TANF parents immediately in approved welfare-to-work program activities and required these parents to find care in less than a week and a half. Overall, sites provided parents relatively little direct assistance in finding and securing child care unless the parent indicated a problem (though a number of sites had policies to support parents who reported difficulties).

Interestingly, the question of whether parents had sufficient time and information was perceived very differently by caseworkers/agency staff and by parents. Caseworkers and agency respondents generally felt the process worked well and that most parents had sufficient time and information to find care. However, across the focus group sites, one of the main challenges reported by many families was finding child care before their work activity started. In particular, a number of parents across the sites reported they did not have enough time to find care and/or needed more information or assistance in finding care.

These findings suggest it might be useful for agencies to examine their policies and practices in this area to see if they can better support parents in their search for child care. This could include, for example, finding efficient ways to help families easily access child care resource and referral services (which many states support through the quality set-aside funds of the CCDF). Agencies may also want to examine their policies around the length of time families have to find care, and to work to identify families who may need additional time and assistance. These efforts are in the interest of local welfare-to-work and child care agencies, as they seem likely to support more stable child care arrangements, which in turn are likely more effective in supporting work participation and lessening the administrative burden associated with stopping and starting subsidies. And as noted earlier, minimizing breaks in subsidies is also an important benefit to parents and their children.
Parents were frustrated by limited information.

In addition to concerns about not getting information about finding care, some focus group participants expressed frustration with what they perceived as limited information about the child care services they might be eligible for and/or those they received. This included, for some parents, the belief that they were not actively offered information about their eligibility for subsidies. Other parents lacked information about whether their subsidies would continue after leaving TANF or about other support services. While it is unclear whether the problem is related to parents not receiving the information or not retaining it when given, it does suggest more attention to ensuring parents get key information at various times throughout the process is needed.

Policymakers and agencies should give additional attention and priority to helping welfare leavers get and retain subsidies.

Child care is a key work support that can help those leaving cash assistance for work keep their jobs and avoid returning to welfare. Because of the importance of child care for welfare leavers, most states provide subsidies to parents who leave welfare for work and who ask for subsidies, and make them a priority group to receive child care assistance if funds are limited. However, despite the priority given to welfare leavers, research has shown child care subsidies are used at lower levels than might be expected by those leaving welfare for work, though the data are poor. (Whether these low rates are because parents lose subsidies when they leave TANF or because parents aren’t using subsidies while on TANF either is unclear—the little research available on this issue suggests both answers can be true, depending on the state.) While strategies to increase the use of other federal work supports—such as food stamps and Medicaid—have received increasing attention from policymakers and program administrators, boosting the use of child care subsidies has received significantly less attention.

This study suggests several factors could contribute to the relatively low use of child care subsidies among working families, and different strategies can be used to address each issue. These include the following (in no particular order):

- **A lack of awareness of the benefit.** Lack of knowledge about child care subsidies appears to be a key issue among families transitioning off TANF. Parents may not always be told about the benefit or how to receive it (for example, some parents leave welfare for work without informing the welfare agency, making it difficult to provide appropriate information at the point individuals need it), they may forget about the subsidies given the wide range of information provided to them while on cash assistance, or they may misunderstand their eligibility for benefits after leaving TANF or their ability to use subsidies for informal child care arrangements. Strategies such as frequently notifying TANF recipients about the availability of subsidies (including automatic parental notification processes), improved outreach efforts, other mechanisms
to “catch” welfare leavers, and more emphasis on the availability of subsidies for child care by family, friends, and neighbors could improve knowledge about the program among those leaving welfare for work.

- *A personal decision not to use the benefit.* Parents may make a conscious decision to not use subsidies because of a stigma attached to program participation or because they are using care from family and friends (and may not feel they need subsidies or feel it is too difficult to get subsidies for these caregivers). Strategies that can be used to address this issue include creating a distinct image for child care subsidies and examining requirements for family, friend, and neighbor care to ensure there are no unnecessary barriers. When examining requirements for family, friend, and neighbor care, states must balance competing considerations of maximizing parental choice with the need to ensure children are in settings that meet basic health and safety requirements.

- *Burdensome parental requirements.* Parental requirements for maintaining a child care subsidy when moving from welfare to work can end up placing a significant burden on potential recipients and discourage use of subsidies. Some of this burden concerns what parents must do to retain their subsidy during this transition—for example, in-person visits, re-applying for care, and so on. Another part of the burden comes from the timing and frequency of the requirements, not necessarily only what is involved for each step.

  This study found that at the local level, providing child care subsidies to welfare leavers generally involved two separate processes—informing them about the benefit and ensuring the child care agency obtains necessary information about parents’ new status and earnings as they leave TANF. Localities differed significantly in how they implemented both these processes. Generally parents were informed about the subsidies either by mail or in an in-person meeting with TANF employment staff, or both, though some sites took additional steps to reach welfare leavers. Sites varied in how they ensured the child care agency had the necessary information about the family to continue subsidies. Some minimized parental requirements by placing most of the responsibility for transferring information on program staff, while others required parents to bear most of this responsibility, which sometimes involved multiple meetings and contacts with different program staff.

  Some strategies to improve subsidy use include minimizing what parents have to do to keep subsidies during the transition, delaying new requirements and the onset of copayments for some period after leaving TANF, simplifying the application process (which would simplify access for those who did not use child care subsidies while on TANF), and helping parents retain subsidies through periods of job loss.

- *Administrative and staffing structures that do not facilitate the use of subsidies.* The administrative procedures involved in losing cash assistance and retaining child care subsidies can be complicated—both for welfare and child care agencies and for workers—and can hinder participation. Aside from efforts to minimize parental responsibilities, modifying administrative and staffing structures can improve services to parents.
leaving welfare, including providing proper support when program rules change over time. Specific strategies in this area include designating a transitional child care worker within the child care agency, designating a specialized transitional benefits worker within the TANF agency, colocating child care staff at the TANF agency, and focusing on proper and timely processing of TANF terminations.

While certain policies and practices can make subsidy use more challenging for TANF families, creative policy strategies have been developed at the state and local level across the country to address these issues. This finding is promising, as it suggests there is less need for innovation in this area than for greater awareness of the various strategies programs are using to address these issues.

Yet this research also suggests some larger issues need to be tackled if the child care needs of this vulnerable population are to be addressed systematically. One overarching challenge is the lack of sufficient funding to serve eligible families that apply for services. This creates a difficult situation for state and local administrators, who have little incentive to reach out to improve subsidy use among welfare leavers who are not seeking subsidies if the result will be turning away other—often equally low-income and vulnerable—families that already want assistance.

Another challenge suggested through our discussions with national experts is that families transitioning from welfare to work do not appear to be a significant focus for those engaged in child care policy. Yet such a focus may be warranted for families leaving welfare, given the unique circumstances they face. In particular, they are clearly at particularly high risk of going back on welfare as they are highly vulnerable to job loss—yet the time limits mean this option becomes less and less available to them. Child care subsidies can play a critical role in helping stabilize at least one part of their lives, and help them work and stay off welfare.

**Conclusion**

It is clear that child care is essential for TANF clients to move from welfare to work, and that as a result, the TANF welfare-to-work and child care systems are highly interdependent and closely intertwined in the lives of TANF clients and the relevant agencies. This research project describes several ways these systems are interconnected—administratively, in policy, and for parents. It highlights the significant variation across sites in how they set up and structured the interconnection between these systems, and in the policies they set around the interplay of welfare-to-work and child care. And it explores how these systems work together in the lives of TANF clients and clients who have recently left TANF.

Throughout all phases of this study, we found promising practices as well as areas of concern. For example, while we found policies and practices that seemed likely to result
in significant levels of administrative complexity and client burden for families using sub-
sidies while participating in welfare-to-work activities, we also found policies and prac-
tices that seemed designed to minimize these problems. Similarly, we found policies that
seemed likely to support the use of child care subsidies among welfare leavers, as well as
those that seemed likely to make subsidy use more challenging. As a result, agencies look-
ing to simplify their administrative processes, reduce client burden, or support subsidy
use have numerous examples of sites that have developed strategies to accomplish this
end. Box 3 provides a guide for policymakers interested in examining their approaches
to providing subsidies to TANF families and TANF leavers.

We also found, once again, that it is important to talk with parents about how the
processes are working for them. While in some areas there was agreement between
agency respondents and parent respondents, in other areas (in particular around find-
ing care and having information about benefits) there was a discrepancy. This suggests
continued effort to talk with clients about these issues would help agencies see where
their policies may or may not be having the desired impact.

In conclusion, helping TANF clients obtain child care subsidies while moving from
welfare to work is clearly an area where states and local agencies have worked hard to
bring together services for their clients, even in the absence of good information on effec-
tive strategies and policies. And this research suggests these efforts are paying off,
though clearly challenges still remain. This research sets a framework for understand-
ing some of these issues and highlights several areas worthy of further exploration.
Examining these questions, and others raised by this research, could help policymakers,
administrators, and others interested in designing more effective service delivery sys-
tems and better supporting families moving from welfare to work.
Box 3. A Guide for Policymakers: Assessing the Complexity of Helping TANF Clients Obtain Child Care Subsidies While Moving from Welfare to Work

Given the enormous variation in how states and sites set up and deliver their child care, cash assistance, and welfare-to-work activities, it is not possible or realistic to prescribe a particular approach. However, there are ways agencies and advocates can identify and address some of the issues that may make accessing and retaining subsidies more challenging for families on TANF. In particular, policymakers can assess their particular approach by asking the following questions:

1. At what stage in the process do TANF parents hear they will have to find child care and they can receive a subsidy if needed? What information do they learn about subsidies at that point and from whom? When do parents learn the details about their work activity (i.e., the schedule and length of the activity) that they need to figure out what child care options will work best for them?

2. How easy or difficult is it for parents to apply for and receive a subsidy? What do they have to do, who do they have to meet with, and how many visits or workers does it involve? How much time and energy does it take?

3. How long do parents have to find child care? In particular, how long is it between when parents know the details of their work activity and when they have to start participating in the activity? Do caseworkers give parents the time suggested in policy, or do they encourage parents to start work more quickly?

4. What help do parents get in finding child care? In particular,
   - Are they given information about different child care options?
   - Are they given information on providers in their community? If so, what information is included—hours of operation, fees, whether the program has openings or has a waiting list, whether it requires an application fee, whether it provides transportation, etc.?
   - Is this assistance offered to all parents, or only to those who make it clear they want help? Is any effort made to actively reach out to parents with this information?
   - What do parents have to do to get this information—do they have to make an additional call or office visit?
   - Is this assistance made available to parents on an ongoing basis, or is it only at one point in time (i.e., when they enter the system)?
   - Do parents receive transportation assistance so they can visit the programs?
   - Who gives parents information/help with finding care and what kind of training or experience has this staff person received in this area?

5. How long can parents continue to receive their subsidy without having to recertify eligibility? Is it tied to the length of their work activity, and if so, does it appear to result in breaks in subsidy? What are the administrative and client costs of these breaks? What are the costs for the child in terms of continuity of care?

6. What triggers recertification or interim adjustment of the subsidy? What do parents have to do in this situation? Given the particular realities of the dynamics of TANF caseloads, what are the implications of these requirements for client burden?

7. What information is given to parents about their ongoing eligibility for subsidies when they leave TANF? When is this information provided?

Once the answers to these questions are determined, it is important to identify areas where parents may face particular challenges, and then, in turn, to examine the following questions:

1. What causes this challenge—state or local policy requirements? Local agency practices or leadership? Agency resources or infrastructure? Individual caseworkers? Some combination of the above?

2. Are these situations necessary from the perspective of the agencies? Are there other ways the state or locality can meet its needs while also meeting the needs of parents?
Note

1. The system has undergone several changes since 2001. For example, TANF caseloads have risen in some states and declined in others, and the use of TANF funds for child care has declined while federal allocations for child care have been essentially flat since 2002.