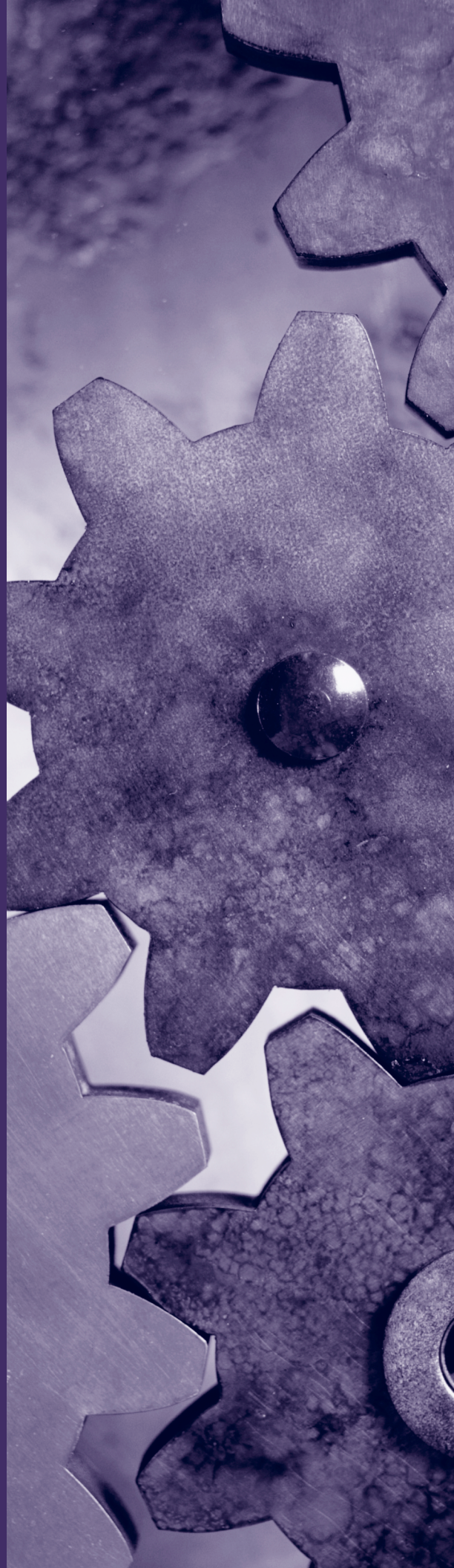


Child Care Subsidies and Leaving Welfare

*Policy Issues and
Strategies*

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Acknowledgments

We are very grateful for the generous support of the Child Care Bureau, Administration on Children, Youth and Families, U.S. Department of Health and Human Services (grant number 90YE0018), as well as the matching funds provided by The John D. and Catherine T. MacArthur Foundation (through the Urban Institute's *Assessing the New Federalism* project), which made this report possible. The contents are solely the responsibility of the authors and do not represent the official views of the funding agencies, nor does publication in any way constitute an endorsement by the funding agencies.

Analysis for this report was completed by the authors along with Anita Zuberi. The authors are grateful for the assistance of Pamela Holcomb, Kathleen Snyder, Patti Banghart, and Sara Bernstein. The authors would also like to thank Fiona Blackshaw, David Edie, Suzanne Freed, Mark Greenberg, Dawn Ramsburg, Matthew Stagner, and Karen Tvedt for their helpful comments on earlier versions of the report. The authors also extend a special thank you to the many state and local TANF and child care administrators and caseworkers, as well as other local experts, who provided information for this study.

This report is supported in part by the Urban Institute's *Assessing the New Federalism* project, a multiyear effort to monitor and assess the devolution of social programs from the federal to the state and local levels. Olivia Golden is the project director. The project analyzes changes in income support, social services, and health programs. In collaboration with Child Trends, the project studies child and family well-being. *Assessing the New Federalism* is currently supported by The Annie E. Casey Foundation, The Robert Wood Johnson Foundation, the W.K. Kellogg Foundation, The John D. and Catherine T. MacArthur Foundation, and The Ford Foundation.

Executive Summary

The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 and the welfare-to-work program established by it—Temporary Assistance for Needy Families (TANF)—moved many individuals from the welfare rolls into jobs. While many factors contribute to individuals’ success in the labor market, child care can be a particularly critical component of a worker’s move from welfare to sustained employment. All adult welfare recipients have children—and many have young children—and unless child care is available it is impossible for most to keep their jobs. However, the nature of employment among low-wage workers can make it difficult to obtain appropriate child care arrangements—low wages often limit the amount parents can pay for child care; job loss and turnover are frequent, making stability difficult; and work hours are often during nonstandard times when child care options are limited.

Federal and state programs have played an important role in making child care more affordable during the transition from welfare to work by providing subsidies—usually in the form of vouchers—to help low-income families pay for all or most of the cost of child care. Prior to 1996, families receiving cash assistance who were enrolled in work or training programs, and families leaving welfare for work, were entitled to child care assistance. PRWORA eliminated the entitlement to subsidies for these families, established a single program (known as the Child Care and Development Fund, or CCDF), and gave states the flexibility to determine their own priorities for child care subsidies, including for those families leaving welfare. However, most states continue to see families leaving welfare as a priority group to receive child care assistance.

Despite the priority given to welfare leavers, research has shown that child care subsidies are used at lower levels than might be expected by those leaving welfare for work. 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. Given the importance of child care assistance in supporting employment, this paper explores why welfare leavers are not using subsidies and identifies potential strategies to ensure that those who need subsidies are able to access them. To address

this issue, it examines what is known about child care needs and subsidy use among those leaving welfare for work, as well as state and local policies that shape subsidy use among this population.

Our study reviews state policies regarding child care subsidies for welfare leavers based on telephone discussions with policymakers, experts, and policy researchers at the national level. We also examined how child care subsidies were implemented in selected localities by conducting telephone discussions with administrators and line staff from welfare and child care agencies in 11 local sites. Finally, we conducted focus groups with parents in four of these sites to learn about their experiences with the welfare and child care systems. (This paper is part of a larger three-part study of interconnections between the child care subsidy and TANF welfare-to-work systems.)

State-Level Choices Regarding Child Care Subsidies

Although PRWORA eliminated the entitlements for subsidies for families receiving cash assistance and welfare leavers, most states—recognizing that the period immediately after leaving welfare can be challenging for parents trying to establish themselves in the workforce—continued to place a high priority on ensuring that families moving from welfare to work were able to obtain child care subsidies. States did so in one of two ways. First, because a number of states did not have sufficient funds to serve all eligible applicants, they usually continued to give first priority for subsidies to families transitioning off welfare and those receiving cash assistance. In these states, families without a connection to the welfare system were lower priority and were more likely to end up on a waiting list if the state had insufficient funds to serve all eligible applicants. Second, some states made a commitment to serve all eligible individuals who applied. These states eliminated the priority status given to families connected to the welfare system but provided adequate funding to serve this population as well as other low-income working applicants.

Implementation of Child Care Subsidies at the Local Level

At the local level, providing child care subsidies to welfare leavers generally involves two separate processes—informing them about the benefit and ensuring that the child care agency obtains necessary information about the 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.

Reasons and Potential Strategies for Addressing Low Child Care Subsidy Use

Several factors appear to 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—particularly the availability of 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 assistance.* 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 that it is too difficult to obtain 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 that there are no unnecessary barriers.
- *Burdensome parental requirements.* Parental requirements to maintain 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 has to do with what parents are required to do to retain their subsidy during this transition—for example, in-person visits to agencies and reapplying for care. And part of the burden of the additional requirements comes from the timing and frequency of the requirements, not necessarily only what is involved for each step. 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 can help to reduce the parental requirements for receiving a subsidy.
- *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.

This research also suggests some larger issues must be addressed 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 all eligible families that apply for services. This creates a difficult situation for state and local administrators, who have little incentive to actively increase 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 interviews is that families transitioning from welfare to work do not appear to be a significant focus for those engaged in child care policy. Child care policy has in some ways moved toward a more holistic view of low-income families, as seen in the movement by some states to eliminate priority groups and to try instead to serve all families below a particular income level. This is understandable, given in many ways welfare leavers are not dissimilar to other equally low-income families that also need child care assistance. Yet it also appears families leaving welfare face a unique set of circumstances that may warrant more focused attention.

Child Care Subsidies and Leaving Welfare

Policy Issues and Strategies

The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 and the welfare-to-work program established by it—Temporary Assistance for Needy Families (TANF)—moved many individuals from the welfare rolls into jobs.¹ One critical factor to the long-term success of welfare reform is the ability of workers to sustain employment and advance in the workplace. While many factors contribute to individuals’ success in the labor market, child care is a particularly critical component of a worker’s move from welfare to sustained employment. All adult welfare recipients have children—and many have young children—and unless affordable child care is available, it is impossible for most to keep their jobs.

Federal and state programs have played an important role in making child care more affordable during the transition from welfare to work by providing subsidies—usually in the form of vouchers—to help families pay for all or most of the cost of child care. These vouchers can be used for any legal child care provider, including relatives.² However, these subsidies are used at lower rates than might be expected by those leaving welfare for work. 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. Given the importance of child care assistance in supporting employment, it is vital to examine why welfare leavers are not using subsidies, and to identify strategies to ensure that those who need subsidies are able to access them.

This paper examines several primary research questions regarding child care subsidies for those leaving welfare for work. (This paper is part of a larger three-part study of interconnections between the child care subsidy and TANF welfare-to-work systems. See appendix 3 for more information on the larger study.) The primary research questions examined in this paper follow:

1. What is known about those leaving welfare for work and the importance of child care for this population?

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2. What is known about the availability and use of subsidies among families leaving welfare?
 3. What are state and local policies (in selected sites) for providing subsidies to welfare leavers?
 4. What are some possible reasons behind the low use of child care subsidies among welfare leavers, and what are some potential strategies for improving the use of subsidies for those who need and want them?

We examined these issues in several ways. We reviewed state policies regarding child care subsidies for welfare leavers and held telephone discussions with policy-makers, experts, and policy researchers at the national level to discuss the retention of child care subsidies as parents transition off cash assistance. We examined how these issues played out at the administrative and policy levels in selected localities by having telephone discussions with administrators and line staff from both the welfare agency and child care agency in 11 local sites in the winter of 2001–2002.³ Finally, we conducted focus groups in four of these sites with parents in the summer and fall of 2003 to learn about their experiences with the welfare and child care systems. We talked with two groups of parents—welfare recipients currently receiving child care subsidies and parents who had recently left TANF and were still receiving child care subsidies.⁴

This paper begins with a discussion of the characteristics of families leaving welfare for work, with particular attention given to their employment patterns and child care needs, and the availability of and usage rates for federal child care subsidies for this population. Next, findings from the telephone discussions with administrators and line staff in the 11 sites are presented—including state-level policies and local-level policies on how participants were informed about the availability of child care subsidies and what procedures individuals had to follow to obtain and maintain the subsidy. The paper concludes with a discussion of the possible reasons behind low subsidy use among welfare leavers, and potential strategies for improving subsidy use.⁵

Moving from Welfare to Work: The Importance of Child Care

Since the passage of PRWORA, a significant number of welfare recipients have found jobs and the cash assistance caseload has declined substantially. Studies of those leaving welfare find that about 60 percent have left the rolls for employment, with 70 percent working at some point during the year they left welfare (Acs and Loprest 2004).⁶ Child care is clearly an important issue for these families as they enter the labor market: over two-thirds have two or more children and a similar proportion have a child under the age of 6 (over half of these have a child under age 3) (Loprest and Zedlewski 1999).

Despite successfully finding jobs, most welfare leavers face a number of realities that have important implications for their child care needs:

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- *Wages are low and few people experience a growth in earnings over time.* One study with a nationally representative sample found that those who left TANF for work in 2002 had a median wage of \$8.06 per hour (Loprest 2003a), with most concentrated in clerical/administrative and service jobs (Nightingale 2002). In addition, about 52 percent of those who left welfare in 1999 had incomes below the federal poverty level (Loprest 2002a). Furthermore, while some leavers experience modest wage increases, earnings gains are often realized by working more hours or weeks in a year (Acs and Loprest 2004). Given welfare leavers' low incomes and limited potential for earning more, affording critical work supports such as child care can be difficult.
 - *Job loss, job changes, and returns to welfare are common.* Various studies show that about a quarter of recipients who become employed stop working within three months and at least half are no longer working within a year (Strawn and Martinson 2000). Some of these individuals end up returning to the cash assistance rolls—in a national survey, of those who left welfare between 2000 and 2002, 25 percent were back on welfare in 2002 (Loprest 2003a). Research has consistently shown that child care problems contribute to job loss and returns to welfare for low-wage workers. State studies of employed former welfare recipients found that between 15 and 40 percent of parents have left a job or are not working because of child care problems (Wilkins 2002). In another multisite study, child care was the most frequent barrier outside the workplace to keeping a job, with 34 percent of welfare recipients reporting it as a problem (Rangarajan 1998). Frequent job changes are also common among welfare recipients. One study of women on welfare found they held an average of 6.5 jobs over a 10-year period (Hershey and Pavetti 1997). Frequent job changing can make it challenging to maintain stable child care arrangements.
 - *Many former welfare recipients work nonstandard hours or have changing schedules.* One national study of former welfare recipients found that over one-quarter worked night shifts (Loprest 1999), and another study of welfare leavers in three cities found that one-third worked nonstandard hours or changing schedules (Rangarajan, Schochet, and Chu 1998). Formal child care programs—such as child care centers—are less likely to offer care during such nonstandard hours as evenings and weekends, and many do not offer part-time attendance and payment options. Families working nonstandard hours or variable work schedules may have to use a variety of child care settings to cover the range of hours that care is needed. Research has found many parents use family, friend, and neighbor care in this situation, though it suggests parents vary in how often these choices are because of a preference for this type of care, a lack of other options, or both (Collins and Carlson 1998).
 - *Leaving welfare is usually linked to a change in family employment or circumstances that can affect child care needs.* Moving from welfare to work is a dynamic process, and child care needs can change during that move. For example, the transition off welfare is likely related to the family experiencing a change that could alter its child care needs—such as becoming employed, increasing work hours, changing place of

employment, and so on. This change in circumstance can also change a family's need for child care assistance.

These issues underscore the importance of helping low-income families leaving welfare access affordable and quality child care. Such child care arrangements help parents stay in their jobs, but are also critical because evidence suggests children's short- and long-term development are related to the quality of their non-parental care and low-income children in particular can benefit from good-quality care settings (Phillips and Adams 2001; Vandell and Wolfe 2000). In addition, one of the key policy changes enacted under PRWORA is a 60-month limit on the total amount of time parents can receive federal cash assistance (although states can set shorter time limits or use their own funds to provide benefits beyond this period). Time limits on federal cash assistance range from 21 to 60 months depending on the state, with a few using state dollars to extend benefits beyond 60 months.⁷ The limiting of cash assistance has further heightened the importance of ensuring families that need child care and other key work supports are able to obtain them in order to remain employed and prevent returning to welfare.

The Availability and Use of Federal Child Care Subsidies

In recent decades, federal policies have recognized the importance of child care in moving families from welfare to work by allocating funds to states to provide subsidies to low-income families that need child care assistance (with some type of state match required). These subsidies are usually in the form of vouchers to help families defray all or most of the cost of purchasing child care. Although policies and funding have changed over time, subsidy policies have generally focused on three groups of families: those on welfare, those leaving welfare for work, and low-income working families with no immediate connection to the welfare system.⁸

Before 1996, federal law was designed to maximize the likelihood that families would have child care assistance while they moved from welfare to work. Specifically, the law contained two entitlements for child care assistance: one for families on welfare that were participating in work activities, and one for up to 12 months of child care assistance for families that had left welfare because of increased earnings (called Transitional Child Care, or TCC). This law meant states were required to serve any eligible family in either of these categories that applied for child care assistance.⁹ Because there was no entitlement to child care assistance for low-income working parents who were not transitioning off welfare and funds were limited, states and localities often had waiting lists for child care subsidies for this population.¹⁰

PRWORA fundamentally altered state requirements for child care assistance. For families leaving welfare, as well as those receiving cash assistance, the entitlement to

assistance was eliminated. Instead, PRWORA established a single program (by restructuring the Child Care and Development Block Grant, or CCDBG, which is now known as the Child Care and Development Fund, or CCDF) and gave states greater flexibility to determine their own priorities for child care subsidies, including for those families leaving welfare. PRWORA also provided additional child care funding to states and allowed them to use their TANF funds for child care (see appendix 2 for more detail on CCDF). This change resulted in overall increases in funding and children served during the late 1990s (Adams and Rohacek 2002).

Despite this change, most states—recognizing that the period immediately after leaving welfare can be challenging for parents trying to establish themselves in the workforce—continued to place a high priority on ensuring that families moving from welfare to work were able to obtain child care subsidies. As is described in greater depth in the next section, states did so in one of two ways. First, because a number of states did not have sufficient funds to serve all eligible applicants, they usually continued to give first priority for subsidies to families transitioning off welfare and those receiving cash assistance. In these states, families without a connection to the welfare system were lower priority and were more likely to end up on a waiting list if the state had insufficient funds to serve all eligible applicants (Parrott and Mezey 2003).¹¹ Second, some states were committed to serving all eligible individuals who applied. These states eliminated the priority status given to families connected to the welfare system, but provided adequate funding to serve this population as well as other low-income working families.

Studies have shown that for families that receive them, child care subsidies are an important employment support. In one national study (Loprest 2002b), families that received government child care subsidies were significantly less likely to return to welfare than families that did not (about 15 percent with subsidies returned to welfare compared with about 25 percent without subsidies). A study of low-income workers in three states found child care subsidy use was strongly correlated with employment retention. Although the study could not establish a direct causal link, those receiving subsidies were 25 to 43 percent less likely to end employment (Lee et al. 2004).

Despite the importance of child care subsidies, their usage rates among those transitioning from welfare to work has been surprisingly low, given these families' priority status. For example, a recent study using administrative data from three states found use of child care subsidies among income-eligible TANF recipients and leavers never exceeded 35 percent (Lee et al. 2004).¹² These findings are corroborated by several state studies of welfare leavers that found only 7 to 43 percent used child care subsidies (Acs and Loprest 2004; Schumacher and Greenberg 1999). In the average study, about 20 percent of families used this type of assistance (Acs and Loprest 2004). While the child care data in the state studies of leavers were somewhat problematic in terms of

response rates, small samples, and question wording, all consistently showed low subsidy use.¹³

It is not possible to determine from these studies whether these low rates reflect low usage patterns for families while they are *on* TANF that do not change when they leave cash assistance, or whether they reflect parents actually *losing* subsidies during the transition. (For example, some families leave welfare for employment without informing the welfare department that they are working.¹⁴ In these cases, particularly if the parents were not receiving child care subsidies while on TANF, they may be unaware or may not receive appropriate information about the availability of subsidies.) There is relatively little research in this area, though what research exists suggests both these patterns may occur and they may vary across states. Specifically, a study in three states found in two states, eligible parents receiving TANF were no more likely to use subsidies than those who left; in the third, subsidy usage was lower among families that left TANF (Lee et al. 2004).¹⁵

Interestingly, these findings contrast with what we see for other government benefits for working families, where usage has been not only generally higher but also increasing among families leaving welfare (although usage is still lower than among families receiving cash assistance). According to a national survey (Loprest 2003b), receipt of Medicaid, including enrollment in the State Children's Health Insurance Program, was 64 percent among children of welfare leavers in 2002 (increasing from 57 percent in 1999) and 48 percent among adults (up from 41 percent in 1999). Food stamp participation among welfare leavers was lower, at 35 percent in 2002, but up from 28 percent in 1999.

There have generally been limited efforts to improve participation in the child care subsidy program among welfare leavers, particularly when contrasted to those for food stamps and Medicaid, because of several factors. Unlike CCDF, food stamps and Medicaid are entitlements and have received more attention from federal, state, and local policymakers to increase participation levels among welfare leavers.¹⁶ In contrast, the CCDF does not have sufficient funds to serve all eligible families, states have the discretion to determine whom they will serve (within federal guidelines), and several states have waiting lists of families that want services. Moreover, unlike child care assistance, most families typically receive food stamps and Medicaid while on cash assistance and thus may be more aware they will continue when they leave TANF.

It is unclear why transitioning families do not access child care subsidies, although possible reasons suggested in previous research include a lack of knowledge about subsidies, complicated administrative procedures to get and retain them, and use of relative or friend care, which may reduce the need (or incentive) to seek subsidies because the care is sometimes provided free or for a nominal fee (Adams, Snyder, and Sandfort 2002; Schumacher and Greenberg 1999). The remainder of this paper examines the policies and procedures for obtaining child care subsidies when leaving welfare for work,

discusses in more detail the potential reasons for not using subsidies, and provides suggestions for improving usage rates.

How Child Care Subsidies for Transitioning Families Are Implemented at the State and Local Levels

To set the context for understanding child care subsidy usage patterns for those leaving welfare for work, it is useful to understand both state policies regarding eligibility and duration of benefits and local administrative processes for providing child care subsidies to welfare leavers, along with what parents are required to do in this process. The state-level information below is based on a broad review of state policies in all states, as well as discussions with state and local administrators and line staff from both the welfare agency and child care agency in 11 states and localities during winter 2001–02. Information on the operation of subsidy programs at the local level is based on interviews in these 11 sites. Information from the parents' perspective is from focus groups with parents in four sites, unless otherwise noted.

State-level choices

The Child Care and Development Fund gives states considerable discretion in determining key aspects of how to provide child care assistance for families transitioning from welfare to work. Because the entitlement was eliminated, states no longer have to guarantee child care assistance to families leaving welfare. Rather, they have the authority to determine the priority given to families transitioning from welfare to work, both the duration and level of the benefit, and the availability of subsidies after the transitional benefit ends.¹⁷

Most states currently give high priority for child care assistance to working families leaving TANF (U.S. Department of Health and Human Services 2004). As of 2002, nearly all states (45) had specific policies in place to provide child care subsidies for parents transitioning off cash assistance.¹⁸ Some states “guaranteed” child care subsidies to transitioning families for a specified period after they left welfare—meaning subsidies were provided as long as the individual remained eligible based on their income and work status and fulfilled other necessary requirements. Others opted to “prioritize” subsidies for these families—that is, while they were given priority over other low-income families, these families would be placed on a waiting list if the state had insufficient child care funds. Other states did not have specific policies in place to provide child care assistance to families leaving welfare, but guaranteed subsidies for all low-income families that met income and categorical eligibility criteria. In effect, this ensured subsidies for transitioning families.

The 11 sites in this study showed a range of state policies regarding prioritizing welfare leavers for child care assistance that was similar to those for all states. As of March 2000,

Table 1. How Long Families Leaving Welfare Retain Priority Status for Child Care Subsidies

One year	Two years	No priority period
Birmingham, AL	Miami, FL	Denver, CO
Boston, MA	San Diego, CA	Detroit, MI
Houston, TX ^a		Milwaukee, WI
Jackson, MS		Seattle, WA
Minneapolis, MN		

Source: Adams et al. (2002).

Note: State policies current as of March 2000.

^a Families receive one year of subsidies if they leave TANF because of earned income; they receive 18 months of subsidies if they are not mandated to participate in the TANF employment and training program and leave TANF voluntarily.

most sites in our study (7 of 11) retained a “transitional child care concept,” guaranteeing subsidies or giving priority to families leaving welfare for a specified period (Adams et al. 2002).¹⁹ This transitional period lasted for either one year (Birmingham, Boston, Houston, Jackson, and Minneapolis) or two years (Miami and San Diego), as shown in table 1.

When this transitional period ended, most states in this study allowed parents to keep subsidies through their low-income child care subsidy program as long as they complied with all requirements and continued to meet all eligibility criteria (i.e., their income fell below income cutoffs and they continued to meet categorical requirements such as work or training)—therefore giving them priority over other families on the child care waiting list. However, in two sites, there was no guarantee that parents would retain their subsidies if adequate child care funding was not available when their transitional period was over. If there was no funding for post-transition child care subsidies, these parents would lose their assistance, although they would be put on a special waiting list and receive priority (over other low-income families that had not received TANF) to receive subsidies if funds became available.

Four states—Colorado (Denver), Michigan (Detroit), Wisconsin (Milwaukee), and Washington (Seattle)—did not give special consideration for families leaving welfare but provided subsidies to all low-income eligible applicants, effectively guaranteeing child care for TANF leavers (Adams et al. 2002). In Wisconsin, for example, child care subsidies were guaranteed to all low-income families with income at or below 200 percent of the federal poverty level if they met the relevant categorical eligibility criteria.

Local-level policies and practices

While states establish the general parameters regarding who receives child care subsidies and the duration of this assistance, the actual process through which parents obtain child care subsidies when moving from welfare to work takes place at the local level.

This paper discusses two primary aspects of providing child care subsidies to those leaving welfare for work: informing parents about their eligibility for, and the availability of, child care subsidies; and ensuring that those families receiving subsidies continue to receive them after leaving TANF for work (which generally involved actions by both parents and agency staff).²⁰ In addition, we look briefly at the subsidy application process for those families that were not receiving subsidies when they were on TANF but needed them after leaving assistance, as well as the parents' responsibilities for retaining subsidies during the months after leaving TANF.

How these steps were accomplished varied considerably across the 11 study sites and are described in detail below. Overall, while some sites appeared to have a relatively simple process for informing and helping parents maintain their child care subsidies when leaving welfare, or for families to apply, others had far more complicated processes that involved several administrative steps and/or multiple caseworker interactions.

Informing individuals about the availability of child care subsidies

One of the ongoing questions facing program staff is how and when to tell TANF parents and TANF leavers that child care subsidies are available after they leave cash assistance. This is particularly challenging for several reasons: TANF parents may not remember this information if they are told too early in the welfare-to-work process, as they have other information and issues to deal with; parents leaving TANF may be under particular stress, since they are facing losing cash assistance and are dealing with the complexities of their new situation (i.e., new job, new responsibilities, and so on); and parents who did not receive subsidies while on TANF but face new child care issues because of a new job or change in hours may not know about subsidies or be connected with them. In addition, parents who leave TANF may lose contact with the TANF agency—particularly if they leave welfare for employment without informing program staff—making it difficult to notify them of their possible eligibility for subsidies. Finally, low-income parents in general may face other communication barriers, such as literacy or language challenges.

Generally, program staff in the 11 study sites reported that those leaving welfare learned about subsidies either through a notice sent by mail when TANF cases were closed (Houston, Jackson, Miami, Minneapolis, and San Diego) or through in-person meetings with their case managers when they became employed or left TANF (Detroit and Seattle). In some cases, agency staff reported that parents learned about maintaining child care during this transition through both in-person meetings and notices in the mail (Birmingham, Boston, Denver, and Milwaukee). In some sites, workers mentioned the availability of subsidies after leaving welfare as early as initial intake or orientation to the welfare system. Administrators in Birmingham noted their effort to reach transitional families that may not have known about subsidies by including on the low-income child care application questions specifically asking if parents had received TANF in the past six months. If parents responded “yes,” they retained priority status for the purposes of child care subsidy eligibility and could bypass waiting lists.

Interestingly, despite efforts to inform parents of their continued eligibility for child care subsidies after leaving welfare, some parents in the focus groups who were receiving subsidies and still receiving cash assistance knew very little about what would happen to their subsidies once they left TANF. Although parents in these sites could retain subsidies when they left TANF as long as they were employed and met income eligibility guidelines, many parents in our focus groups were confused. Some mistakenly thought they would lose subsidies when they left TANF and others thought they would go on a waiting list. In fact, across the sites where focus groups were held, parents were able to receive subsidies when they initially left welfare.²¹ As is discussed more below, research suggests this confusion may be because parents did not retain this information (perhaps due to the flood of information they get at various stages while on welfare) or because caseworkers sometimes failed to tell them about their eligibility.

These kinds of misperceptions have also been found more broadly among low-income families. One study found significant levels of inaccurate perceptions about eligibility for child care subsidies among those eligible in a low-income area of Philadelphia (Shlay et al. 2002). Not surprisingly, this study also found parents receiving subsidies had a somewhat more accurate understanding of the subsidy policies (though they still had a significant level of misunderstanding). This suggests that parents on TANF who did *not* receive subsidies might have an even greater level of confusion about whether they could receive subsidies after leaving TANF than the parents in our focus groups (all of whom were receiving subsidies).

It is important to note that while some focus group participants in each site had little or no knowledge about post-TANF child care subsidies, others were more familiar with these transitional benefits. Those knowledgeable about these services appeared to be parents who had left TANF before, had asked their case managers about post-TANF benefits, or had friends or family members who had already transitioned off TANF (Snyder, Bernstein, and Koralek 2006).

Parent and agency staff responsibilities for retaining child care subsidies as parents leave TANF

What parents have to do to receive child care subsidies when leaving welfare has important implications for whether they continue to receive this assistance. Past studies have found the requirements parents had to complete to obtain subsidies sometimes discouraged them from receiving them (Shlay et al. 2002; Wilkins 2002). Here we examine both what parents already receiving subsidies in our 11 sites had to do to *retain* subsidies during the transition off welfare and what the child care and TANF welfare-to-work agencies handled during this process.

Retaining subsidies while leaving welfare can be somewhat complicated. It often requires some type of connection between two separate agencies—the TANF welfare-to-work and child care systems—as welfare leavers move from one system to the other.

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- Because they are responsible for closing a case when an individual takes a job and leaves cash assistance, staff at the *TANF welfare-to-work agency* generally play a role in helping individuals retain their child care subsidies. Specifically, program staff often issue an authorization of some sort that notifies the child care agency that the family is leaving TANF and is eligible for subsidies.²²
 - At some point during parents' transition from welfare, the *child care subsidy agency*—which administers the subsidy program and distributes funds to individuals or child care providers—must be informed of the change in status and obtain information from parents that is used to adjust subsidy levels and assess copayments.²³ Given that the transition off welfare is likely to be accompanied by a change in work status and income, families' subsidy levels and fees are likely to be affected (Adams et al. 2002).

Table 2 highlights the process for retaining child care subsidies in each of our study sites and is followed by a discussion of these issues. To obtain a subsidy, all sites required parents to provide information about their employment and income to the child care subsidy agency at some point, but they varied both in what this entailed (i.e., how many visits and office interactions were needed) and in how quickly after leaving welfare it had to occur. The approaches used by the study sites can be grouped into three levels of effort: approaches in which caseworkers handled most of the transfer of information, and parents initially had few requirements; approaches that relied less on caseworkers and required parents to contact the child care agency to provide eligibility information; and approaches that relied more heavily on parents to transfer information from one system to the other.

Minimal parent action required. Some systems greatly simplified the “handoff” from TANF to child care, placing minimal burden on parents leaving welfare. In these programs, parents did not need to complete any paperwork, provide documentation, or meet with child care subsidy workers during the initial transition, and welfare agency staff were responsible for informing child care staff about parents' change in status:

- Continued receipt of child care subsidies after leaving welfare was automatic in Detroit; parents could continue to receive subsidies until they no longer met income and other eligibility guidelines. There was no “handoff” between systems or workers—the TANF case manager was charged with making necessary modifications in the computer system to ensure continued subsidy receipt, and no additional paperwork or documentation was required from parents. Copayments were waived for the first 90 days after leaving TANF.
- Milwaukee and Seattle also had “seamless” systems with an automatic continuation of child care subsidies for welfare leavers. As long as parents met income and other eligibility requirements, their subsidies would continue. Copayments were adjusted as soon as families reported a change in income in Milwaukee. In contrast, copayments in Seattle were only adjusted at recertification (unless income declined, in which case copayments would be reduced sooner).

Table 2. Procedures for Maintaining Child Care Subsidies When Leaving TANF

Site	Process
Birmingham	<ul style="list-style-type: none">■ TANF case manager sent a new subsidy referral to the child care agency.■ Child care agency assessed copayment and continued subsidy until recertification (within three months of leaving TANF). <p><i>Parent responsibilities: Contact child care agency within three months of leaving TANF to recertify subsidy.</i></p>
Boston	<ul style="list-style-type: none">■ TANF employment services worker issued new subsidy authorization and sent it to child care agency.■ Child care agency issued subsidy voucher. <p><i>Parent responsibilities: Contact TANF employment services worker to set up transitional benefits, including child care subsidy, and contact child care agency to provide verification documents and receive voucher.</i></p>
Denver	<ul style="list-style-type: none">■ TANF case manager let specialized child care worker know TANF case was closing (this worker was the liaison between the TANF case manager and the low-income program child care worker).■ Specialized child care worker requested necessary documentation from TANF case manager and gave it to low-income child care worker, who issued the subsidy. <p><i>Parent responsibilities: None.^a</i></p>
Detroit	<ul style="list-style-type: none">■ Automatic continuation of subsidy: case manager simply continued the subsidy. <p><i>Parent responsibilities: None.</i></p>
Houston	<ul style="list-style-type: none">■ TANF employment worker contacted the TANF eligibility worker, who determined eligibility for transitional subsidies. Upon determination of eligibility, the TANF agency sent information to the child care agency, which then sent a letter to parents informing them of their copayment.^b <p><i>Parent responsibilities: None.</i></p>
Jackson	<ul style="list-style-type: none">■ TANF case manager sent letter to parent saying the case was closing and he or she needed to apply for transitional child care. Parent would come to welfare office and complete applications. Parents did not have to meet with case manager to do this.■ When application was processed, parent would come to office and pick up certificate, which had to be completed by provider and returned to welfare agency. <p><i>Parent responsibilities: Visit TANF office to complete application, return to pick up certificate, and make sure provider completes certificate and returns it to welfare agency.</i></p>
Miami	<ul style="list-style-type: none">■ Subsidies could be authorized by a TANF eligibility worker or a case manager.■ Case manager sent parents a letter telling them to come in to receive transitional child care. When parent came in, case manager would issue referral, which parent would bring to child care worker. <p><i>Parent responsibilities: Come in, get referral, and bring it to child care worker.</i></p>
Milwaukee	<ul style="list-style-type: none">■ Automatic continuation of subsidy: TANF case manager made necessary changes in computer system. <p><i>Parent responsibilities: None.</i></p>
Minneapolis	<ul style="list-style-type: none">■ TANF agency would send parents a termination notice.■ Child care agency would send parents a form to contact agency to set up transitional care. <p><i>Parent responsibilities: Contact child care agency to continue subsidy.^c</i></p>

Table 2. (Continued)

Site	Process
San Diego	<ul style="list-style-type: none"> ■ TANF case manager informed child care worker when parents' TANF cases were closing. ■ Child care worker interviewed parent and assessed eligibility. ■ Parent assigned to a new child care agency. <p><i>Parent responsibilities: Meet with child care worker for eligibility determination.</i></p>
Seattle	<ul style="list-style-type: none"> ■ Automatic continuation of subsidy: child care workers would note changes in computer system. <p><i>Parent responsibilities: Report any changes in circumstance, including income, to TANF and child care agencies within 10 days.^d</i></p>

^a In the past, parents were required to contact the child care agency and submit a new application for subsidies. As of August 2001, parents no longer had to reapply for child care after leaving welfare.

^b Previously, parents were required to contact the subsidy agency to receive services (they would receive a letter from the TANF office telling them to do so). That policy changed before our visits, so parents no longer had to call the subsidy agency—though some parents still did (likely because they transitioned off TANF when a call was required).

^c In reality, parents may not contact the child care agency until subsidy recertification. As subsidies were continued until notification of a change in status, parents would not lose their subsidies.

^d Parents could actually wait until recertification to report changes because subsidy continuation was automatic.

- In Houston, the TANF welfare-to-work agency contacted the TANF eligibility workers when an individual left assistance because of employment and, after determining subsidy eligibility, would send necessary information to the child care agency, which notified parents of any new copayment requirements.
- Birmingham also had a simple process for parents. If parents were already receiving a child care subsidy when their TANF case closed, a new subsidy referral was automatically sent from the TANF agency to the child care agency.²⁴ Appropriate modifications, such as calculation of copayments, were made and parents were notified by mail in 10 days; no additional documentation was required from parents until they met with the child care agency for subsidy recertification, which occurred within three months of leaving TANF.
- Similarly, the TANF agency in Denver provided the necessary documentation to the child care agency. TANF case managers would inform a specialized child care worker when cases were closing—this worker served as a liaison between TANF case managers and child care workers. The specialized worker was responsible for compiling all necessary documentation from TANF case managers and providing it to low-income child care workers, who would issue the subsidies. Parents did not need to visit the child care agency until the end of their subsidy authorization period (which could be as long as six months later).

This is not to say that parents in these sites never had to contact the subsidy agency after leaving welfare. Parents did need to contact the child care agency to recertify or

adjust their subsidies, but in some sites (such as Denver and Seattle) were allowed to wait until their next recertification period before having to take action, thereby keeping their subsidy (and copayment) at its current level. As of 1999–2000, most of these sites required parents to recertify at least every six months (Adams et al. 2002).

Some parent action required. One site (Minneapolis) required parents leaving welfare to immediately contact the child care agency to provide information needed to keep their subsidies, though there appeared to be some flexibility in how this requirement was implemented. While parents were notified shortly after leaving welfare that they were supposed to contact the child care agency with the information needed to adjust their subsidy, agency respondents reported that in reality parents could wait until their subsidy recertification period (as much as six months after leaving TANF) to contact the child care worker. However, what this actually meant for parents is somewhat unclear. First, it is unclear whether parents knew they had this flexibility (i.e., they would report immediately if they did what they were told). Second, Minneapolis was one of the few sites that required parents to repay the agency if they failed to report a change in income or employment status that resulted in overpayment of their child care subsidy (i.e., not paying sufficient copayment) (Adams et al. 2002). This policy could have created a disincentive for parents to wait for the recertification period to contact the agency.

Reliance upon parents to transfer information. Finally, four sites (Boston, Jackson, Miami, and San Diego) required significantly more of parents to retain subsidies. In these sites, parents had to visit the welfare and/or child care agency in person one or more times, and (in some cases) had a significant level of responsibility for transferring information to the child care worker when the TANF case closed. In some cases the requirements were very similar to the processes parents needed to complete for subsidy recertification.

- Parents in Jackson had to come into the welfare office once their cash assistance case was closed to complete a new application (and bring pay stubs if their information in the computer was not current). The TANF case manager created a new subsidy certificate, which the parent needed to pick up during a separate office visit. The parent then took the certificate to the child care provider for completion and returned the completed certificate to the welfare office.
- Similarly, parents in Miami needed to bring proof of income (i.e., pay stubs) to their TANF case manager and pick up a new referral for child care. They then needed to deliver the referral to the child care worker. These two workers were colocated, so this process could be completed in a single visit as long as the TANF case manager and child care worker were available on the same day.
- In Boston, parents needed to contact their employment services worker (who also handled transitional benefits) by phone to receive a new child care authorization. The employment services worker faxed the child care worker a copy of the referral, but

respondents reported that there were so many faxes in the child care office that they encouraged parents to hand-deliver the authorization to the child care agency. Parents met with the child care worker for eligibility verification and receipt of a new child care voucher.

- In San Diego, TANF case managers informed parents' Stage 1 child care worker when parents' TANF cases were closing.²⁵ This child care worker interviewed parents and assessed their eligibility for Stage 2 child care and, if eligible, assigned the clients to a Stage 2 child care agency and gave the new worker all necessary eligibility information. Parents then had to make one office visit to their child care worker at the TANF agency to bring their most recent pay stubs when their TANF case closed.²⁶

Other research suggests in-person visits can present significant difficulties for low-wage workers, as visits require parents to take time off work. This is challenging for those leaving welfare for work, as they are likely to be in jobs that provide little vacation or leave (Acs and Loprest 2004), or they are new employees and are concerned about creating a bad impression with their employer (Adams et al. 2002). In addition, the study of low-income eligible parents in Philadelphia found more than a third of eligible parents not receiving subsidies did not apply because of perceived hassles with the application process, with the biggest barrier being having to take time off work to apply (Shlay et al. 2002). Yet it is important to recognize there are some reasons agencies find in-person appointments useful—including the ability to develop personal relationships with parents and the ability to explain requirements clearly, which can lessen errors and other problems later (Adams et al. 2002).

Parent responsibilities when applying for subsidies after leaving TANF

Another issue regarding the administration of child care subsidies is the application procedures for parents who did not receive subsidies while they were on TANF, but applied for cash assistance after they left (still during the priority period). This process generally involved applying for subsidies directly with the agency responsible for child care subsidies. While this study did not focus on this issue directly, previous work by the Urban Institute examined this issue in the same 11 sites (plus 6 others) in 1999–2000 (Adams et al. 2002).

As with the procedures for seeking subsidies when leaving cash assistance, application processes could differ depending on location. Some sites had relatively simple application processes, which could be completed by mail or phone, while others required one or more in-person visits. Sites also varied significantly in the amount of paperwork and documentation required—from relatively simpler forms and minimal documentation, to significantly more complex forms or extensive documentation requirements. As described above, our research found that a number of parents reported significant challenges with in-person visits, and respondents voiced concerns with extensive paperwork requirements.

Parent responsibilities for retaining subsidies after leaving TANF

Finally, some requirements that parents face in the period after they leave TANF may affect their usage patterns during that time. Again, while this study did not address this issue directly, earlier research by the Urban Institute in these same sites found that parents receiving child care subsidies had to periodically recertify eligibility to retain subsidies, and often had to report any interim changes in their circumstances that could affect their subsidy—such as any changes in income, job hours, family status, provider, and so on (Adams et al. 2002). These issues could affect how much parents need to pay in copayments, the hours of care parents need, the level of reimbursement the state will pay, and where the payment goes, and thus affect whether the subsidy is at the appropriate level.

This study also found significant variation in what sites required of parents for recertification and interim reporting, as well as how often they were required to undertake this effort. For example, some sites required parents to come into the office in person, while others allowed parents to meet these requirements by phone. Some sites required parents to undertake these efforts frequently, while others were more flexible about timing. Staff reported that failure to recertify was the most common reason for terminating subsidies. Whether this failure to recertify was a result of the recertification process is unclear, although other studies have found burdensome requirements in this area can make it difficult for parents to retain subsidies (Shlay et al. 2002).

The sites also varied in how they handled subsidy receipt when parents experienced a job loss. Some sites moved more quickly than others to terminate subsidies, and others gave parents more time to find a new job before terminating subsidies. For example, welfare leavers in one site were not allowed to receive subsidies for job search, while welfare leavers elsewhere were given subsidies for 30 to 45 days of job search. As discussed above, given that frequent job turnover and irregular hours are common among welfare leavers, these policy decisions can be critical in determining whether parents can retain subsidies. In addition, the loss of a subsidy when a parent loses a job can have implications for the parent's ability to find a new job, as well as for the child's development if it results in unstable child care arrangements.

Understanding and Addressing Low Subsidy Use among TANF Leavers

Across the country, welfare and child care systems continue to evolve as policymakers and administrators grapple with how to address the use of child care subsidies among welfare leavers. The extent of concern and focus on this issue was mixed overall, and varied widely across our study sites. Some administrators and line staff told us they did not think there was a problem with the use of child care subsidies among families leaving welfare and strongly believed most parents who were eligible and needed subsidies took advantage of available child care assistance.²⁷ Yet several respondents across all

respondent types (national experts, state and local administrators and staff, and parents) believed there were eligible parents who needed assistance and were not receiving subsidies. Also, several of our 11 sites had taken steps to address this issue, suggesting they believed this was a problem. However, it is important to note that some states and localities reported they had little incentive to actively increase subsidy use among welfare leavers because they had insufficient resources to serve the eligible families already applying.

This section examines the reasons for not using child care subsidies and some possible policy strategies to address these reasons. Overall, the reasons for low subsidy use among welfare leavers can be grouped into four major categories: lack of awareness of subsidies, a personal decision to not use subsidies, burdensome parental requirements to obtain subsidies, and complex administrative structures and staffing arrangements. Some of these reasons are amenable to policy solutions, while others are less likely to be affected by policy strategies.

We discuss each of these reasons along with some policy strategies developed to address them, as summarized in table 3 below. While none of these strategies is a cure-all, they all offer examples of ways to modify the welfare and child care subsidy systems to improve access to subsidies for parents leaving welfare. However, it is important to

Table 3. Reasons and Potential Strategies for Addressing Low Child Care Subsidy Use among Welfare Leavers

Reason for low subsidy use	Potential strategies
Lack of awareness about the availability of subsidies after TANF	<ul style="list-style-type: none"> ■ Ensure that clients are notified early and often about post-TANF subsidies ■ Automatically notify parents about subsidies when they leave cash assistance ■ Improve outreach to welfare leavers ■ Develop other mechanisms to “catch” families after they leave welfare ■ Clarify that subsidies are available for child care by family, friends, and neighbors
Personal decision not to use subsidies (i.e., due to stigma, or use of family, friend, or neighbor care)	<ul style="list-style-type: none"> ■ Create a distinct image for child care subsidies ■ Examine requirements for family, friend, and neighbor care
Burdensome parental requirements	<ul style="list-style-type: none"> ■ Minimize what parents have to do to keep subsidies during the transition ■ Delay the timing of new parent requirements for some period after leaving TANF ■ Delay the onset of copayments ■ Simplify the application process ■ Minimize office visits and increase the use of mail, phone, and fax to report information for both application and interim reporting ■ Help parents retain subsidies through periods of job loss
Complex administrative and staffing arrangements	<ul style="list-style-type: none"> ■ Create a specialized transitional child care worker within the child care agency ■ Create a specialized transitional benefits worker within the TANF agency ■ Colocate child care staff at the TANF agency ■ Focus on proper and timely processing of TANF terminations

keep in mind that most policy changes involve trade-offs. For example, a change that reduces burden on parents by limiting the number of contacts they need to make with the child care agency may increase staff responsibilities by requiring them to transfer information between workers. Others are more win-win situations. For example, automatically extending child care subsidies to welfare leavers who leave welfare owing to increased earnings can reduce the burden on both parents (who do not need to reapply for subsidies) and staff (whose workload is reduced by not having to process new applications for welfare leavers), though it would certainly increase how many parents receive subsidies (even briefly) while they are not working and potentially increase the possibility of improper payments.

Note that the information in this section is drawn from several sources, including issues found in our study of the 11 localities, a review of other research on the use of subsidies among welfare leavers, state CCDF plans, and discussions with policymakers and others on policy strategies states or localities have implemented to improve subsidy use for this population. Given this broad approach, this section of the paper draws on the policies and practices of many states—not just the 11 discussed earlier.

Lack of awareness about the availability of subsidies after TANF

As described earlier, a lack of knowledge about child care subsidies appears to be a key issue among families transitioning off TANF. Studies have found that 25 to 40 percent of working welfare leavers were unaware of the availability of child care subsidies (Schumacher and Greenberg 1999; Wilkins 2002). Administrators and line staff in several sites in this study noted they had encountered parents who did not know they were eligible to receive transitional child care benefits, with parents only finding out about their transitional child care benefits if they came to the child care office to seek help paying for child care after leaving welfare. Focus groups also indicated that parents did not always know whether they could receive subsidies after leaving TANF. There are a number of possible reasons for parents' lack of awareness about subsidy eligibility after leaving welfare:

- Parents may not always be told by program staff about their ability to receive subsidies after leaving welfare, what they have to do to obtain them, or in what time frame they have to act (i.e., how long they have priority status) (Adams et al. 2002). While in some cases this may be a failure of staff to inform parents, in other cases it may be because the TANF agency may not know the individual is leaving cash assistance for work—parents may just close their case without providing a reason. This makes it difficult for program staff to provide appropriate information on the availability of child care subsidies at the point that individuals need it.
- Parents may forget information they heard during the initial stages in the TANF welfare-to-work process about the availability of post-TANF subsidies because of the sheer volume of information they receive at eligibility determination and their need

to focus on more immediate services and requirements. They may face similar challenges absorbing information when they leave welfare (Snyder et al. 2006).

- Some parents do not apply for subsidies because they mistakenly believe they cannot receive them for the kind of child care they use (e.g., for relative care) (Shlay et al. 2002).
- Parents' perceptions are highly influential, and they may often rely on information—which may be incorrect—they hear from people they trust, including friends and family, rather than the welfare office. For example, a perception persists in some communities that parents will lose child care when they leave welfare (Shlay et al. 2002; Snyder et al. 2006).
- As the TANF and child care systems continue to evolve and adapt, eligibility policies and requirements may change. The requirements and policies clients were originally told may change several times over the course of their time on public assistance and confuse parents (Shlay et al. 2002).

Improving both how and how often parents are notified of the availability of subsidies after leaving welfare may increase their likelihood of keeping (or getting) child care assistance as they leave welfare. Some states and local jurisdictions may consider to enhance the flow of information to TANF leavers include the following:

- *Ensure that TANF clients are notified early and often about post-TANF subsidies.* Given the confusion among TANF clients receiving subsidies (and the likely greater confusion among those who are not), it seems important to identify *numerous* places in the TANF welfare-to-work process where parents can be told or reminded that they can keep their subsidies after leaving welfare or that they will be a priority for services if they need subsidies after they leave. This maximizes the likelihood they will hear and retain this information.
- *Automatically notify parents.* One option is to develop mechanisms—that are not dependent on agency staff to personally provide information—to automatically inform families about child care subsidies when they leave cash assistance. For example, when the child care agency in Birmingham is notified a family is leaving TANF, it automatically sends a letter informing the family it may be eligible for child care subsidies. This strategy would be effective for both those parents who had subsidies while on TANF and those who did not use subsidies while on TANF but will face a need for subsidies once they leave.
- *Improve outreach to welfare leavers.* Another strategy to increase the knowledge of child care subsidy programs is intensive outreach efforts—such as print or media campaigns, links with other community agencies or programs, phone hotlines, or online services.²⁸ These efforts hold promise; similar strategies were used recently for the State Children's Health Insurance and food stamp programs, and they (in combination with other strategies) successfully increased enrollment (Wooldridge et al. 2003;

Zedlewski 2004). In addition, several child care resource and referral agencies have been conducting outreach to families transitioning off TANF, including those in New Jersey and Massachusetts, to inform them about the availability of child care subsidies.

- *Use other mechanisms to “catch” families after they leave welfare.* Some administrators have modified their child care subsidy applications to try to catch families that have left welfare but either were not receiving subsidies at the time of exit or experienced a lapse in their subsidy. For example, in Birmingham, “receipt of TANF in the last six months” was added to the child care application to ensure that families that have recently received cash assistance receive subsidies if needed. This strategy also works regardless of whether parents received subsidies while on TANF.
- *Clarify that subsidies are available for child care by family, friends, and neighbors.* Given the research suggesting parents may not know they can receive subsidies to pay for relatives and other legally unregulated providers (also known as family, friend, and neighbor care), it is also important to ensure that parents know they can receive financial assistance for these settings. This issue can be somewhat challenging for administrators, as they may not want to pay for something that would be available for free anyway. However, parents may be paying for such care out of pocket, and ensuring that they know they can obtain subsidies to cover the costs would be important.

A personal decision to not use subsidies

For various personal reasons, parents may consciously decide to not use child care subsidies after leaving welfare. They may be reluctant to use public benefits because of the stigma attached to program participation (Rosenberg, Nagatoshi, and Roper 2003). Some parents who were on welfare decide to discontinue their receipt of child care subsidies because they choose to no longer rely on government benefits. This may be because of the intrusive nature of program requirements, onerous eligibility and reporting requirements (discussed below), negative experiences with public benefits systems, and/or competing demands for parents’ time (Shlay et al. 2002). By the time parents leave cash assistance, they may prefer to end all attachment to the larger welfare system.

Alternatively, some parents may decide not to use subsidies because they can obtain free or low-cost care from family, friends, or neighbors. There are a number of reasons parents may use this type of care, including preferring more familial and familiar caregivers or caregivers from a similar cultural, ethnic, and/or language background; preferring the flexibility or convenience of this option; facing constraints (particularly financial ones) in finding good quality formal child care options; and working during nonstandard hours, such as nights and weekends, when many formal centers do not operate (Anderson, Ramsburg, and Rothbaum 2003; Collins and Carlson 1998). In addition, parents may not seek subsidies for this type of care because providers may not meet the health and safety criteria states can require of some informal providers or may not want to go through the hassle of certification. Despite these issues, it is important to not

assume that parents using friends and families for child care do not need a subsidy. They may have ended up using this form of care because they did not know they could receive a subsidy and were unable to afford other arrangements, and/or may be paying for this care out of pocket.

While these issues regarding personal choice are among the most complex to address, there are some options program administrators may consider:

- *Create a distinct image for child care subsidies.* Many families on TANF perceive child care subsidies as part of the welfare system (Snyder et al. 2006). This perception is not surprising, given our research found several sites had worked to minimize how often parents have to deal with multiple agencies, and had concentrated many of the child care subsidy functions for TANF parents with the TANF welfare-to-work staff (Adams et al. 2006). Yet this perception may contribute to the stigma some TANF leavers associate with subsidy receipt. One way to lessen this stigma would be to identify child care subsidies more as a work support than as a welfare service, which could lessen this stigma. Agencies may consider “marketing” the subsidy program as a work support distinct from TANF to encourage families to retain subsidies.
- *Simplify requirements for family, friend, and neighbor care.* Sites vary considerably in how they approach this type of care and in the level of health and safety protections they put in place for nonrelative caregivers legally exempt from licensing.²⁹ This issue is challenging, as administrators must balance the need to help parents use such caregivers if it is the best choice for them, while ensuring that the funds are used accountably and for settings that are (at least) safe for the child. Nonetheless, given the wide variation of approaches, sites might examine whether any of their requirements create a particular burden that may be unnecessary for the protection of the child or for administrative purposes.

Burdensome parental requirements

The parental requirements to maintain or obtain a child care subsidy when moving from welfare to work can—depending upon what the site requires—end up placing a significant burden on potential recipients and discourage use of subsidies (Adams et al. 2002; Shlay et al. 2002). An additional challenge for welfare leavers is that they are moving from a system (TANF welfare-to-work) where program staff typically play a larger role in making sure that the subsidy issues are handled and reporting requirements understood to a system (child care as it is implemented for non-TANF recipients) that requires more individual initiative on these issues.

As described earlier, sites varied in what they required parents to do to either retain their subsidy during and after the transition off welfare, or to obtain a subsidy after leaving TANF. For example, sites differed in what they required (i.e., reapplication or recertification) and what that process entailed (i.e., phone contact or in-person visits). Also,

part of the burden of the additional requirements comes from the timing and frequency of the requirements, not necessarily only what is involved at each step—sites varied in *when* they required parents to apply or recertify (immediately or with a delay), and how often parents had to be in contact after leaving to keep their subsidy. Some requirements can become less burdensome if parents are given adequate time to complete them, rather than facing the issue when they are leaving welfare and already dealing with the immediate challenges involved with losing cash assistance or—in some cases—starting a new job. The cumulative impact of these decisions can make it more or less challenging for parents to obtain and keep subsidies during this critical period.

In addition to these general requirements, respondents identified copayments as a requirement that can be challenging for parents. While many states exempt families *on* TANF from paying copayments (or require only minimal amounts), when parents leave TANF they may be faced with copayments for their child care subsidy. Many respondents noted that some parents cannot afford the new copayment and other fees associated with non-TANF child care subsidies—particularly in the vulnerable period right after leaving TANF when they are facing uncertainties and financial challenges. This additional financial burden may be more than some parents can afford, forcing them to find other, less expensive arrangements for their children (Wilkins 2002).

There are several strategies states and localities can consider to address these issues:

- *Minimize what parents have to do to keep subsidies during the transition.* It is important to realize that although some of our sites automatically extended subsidy *eligibility* for TANF leavers, parents still had to do something to keep their subsidies—such as contact the agency, recertify eligibility, and so on. Strategies to reduce parent requirements include having information transferred between TANF and child care agency staff rather than requiring parents to transfer the information (such as the procedures in Birmingham, Denver, Detroit, Houston, Milwaukee, and Seattle), as well as minimizing the need for in-person visits, documentation, and other requirements.
- *Delay the timing of new parent requirements for some period after leaving TANF.* Some sites also gave parents some time after leaving TANF before requiring them to contact the agency for eligibility recertification or subsidy adjustments. For example, in Birmingham, Denver, and Seattle, parents could wait until their regular recertification time, which was usually at least a few months after leaving welfare.
- *Delay the onset of copayments.* To ease the financial burden associated with copayments, several states opted to waive aspects of their subsidy requirements for a specified period after families leave welfare. For example, copayments were waived for welfare leavers in Michigan during the first 90 days after they left cash assistance, and parents in Seattle did not have to pay higher copayments until their recertification.
- *Simplify the application process.* As described earlier, sites varied widely in how easy it was to apply for subsidies. Given child care needs can change as parents face new

employment situations in the months after leaving TANF, it is important to try to make subsidies accessible even to those welfare leavers who may not have used subsidies previously. Simplifying the application process by minimizing the number of visits required (and supporting phone or mail interactions) and reducing documentation and paperwork can help facilitate subsidy access (Adams et al. 2002).

- *Minimize office visits and increase use of mail, phone, and fax to report information.* Given the limited time available to working parents, developing mechanisms to help them retain or obtain subsidies with minimal effort is important. While it is important to obtain appropriate information from parents, strategies that limit how often parents must take time from work to meet reporting requirements are likely to make it more possible for parents to continue their child care subsidies (Adams et al. 2002).
- *Help parents retain subsidies through periods of job loss.* Allowing parents to retain child care subsidies during a job search provides them with a place for their children so they can focus on getting a job—and can be important for improving their chances of finding a job and staying off welfare. In addition, these policies can help minimize breaks in subsidy, which can not only make it easier for the parent to work but can also have two additional benefits. First, it could potentially benefit children because it could help to minimize disruptions in their child’s care setting, which can affect children’s healthy development. Second, it is likely to benefit child care providers, who otherwise must make the difficult decision to either stop providing service to the child and find another child to fill that slot, or continue to serve the child without being assured that they will be paid.

Complex administrative structures and staffing arrangements

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. The administrative complexity of the transition process may have implications for parents beyond the additional paperwork, office visits, or verification documents required to obtain subsidies. For example, in some sites in this study, some child care workers had difficulty keeping up with paperwork for families transitioning off welfare, resulting in lost information and clients losing their child care subsidies. In another site, inadequate computer systems in the child care agency similarly resulted in lost information and termination of some clients’ subsidies as they transitioned off TANF. Some parents in our focus groups reported delays in payment once they began their transitional period that stemmed from delays in paperwork and information transfer. All these scenarios and the resulting termination of subsidies can jeopardize a family’s child care arrangement(s) and parents’ employment.

Aside from efforts to minimize parental responsibilities, some states and localities have modified their administrative and staffing structures in an effort to improve services to parents leaving welfare, including providing proper support when program rules change over time. These strategies include the following:

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- *Specialized transitional child care worker within the child care agency.* One option is to develop a specialized child care worker who deals with all cases transferred from the TANF agency. This staff person serves as the link between TANF case managers and low-income child care workers to ensure that all necessary information is transferred. In Denver, for example, transitional child care workers requested all necessary documentation from TANF case managers and transferred it to child care workers responsible for the low-income child care program.
 - *Specialized transitional benefits worker within the TANF agency.* A specialized transitional worker at the TANF agency can be a useful way to oversee parents during their transition off welfare to ensure continued receipt of benefits. These post-employment case managers focus on the needs of TANF leavers, including referrals to benefits such as child care subsidies and resolution of issues pertaining to these benefits. Such workers could also reassess the child care needs of the TANF leavers who are *not* receiving subsidies to ensure that their new employment situation has not changed their child care needs.
 - *Colocated child care staff at the TANF agency.* Many localities have found it useful to colocate child care staff at the TANF agency to improve subsidy retention. For example, respondents in Birmingham reported that having a fully staffed child care office located at the welfare office improved the child care agency's ability to process child care subsidies and prevent families from "falling through the cracks" as they transition off TANF.
 - *A focus on proper and timely processing of TANF terminations.* Administrators noted that by emphasizing the importance of processing paperwork for TANF terminations and subsidy referrals in a timely and efficient manner, they were able to increase parents' retention of subsidies. This can be done through training of staff, improving the flow of paperwork, conducting cross-staff training, building rapport across agencies, or enhancing computer systems and their ability to communicate across agencies.³⁰

In addition, research suggests that sites can implement several other administrative strategies to support better client service. These include ensuring that staff have case-load sizes that allow them to respond to parents and process cases efficiently, the training necessary to do their jobs accurately and efficiently, and access to computer systems that help them communicate and process cases effectively. Finally, while somewhat challenging to address, there is also some indication that agency leadership can play a critical role in supporting good client service (Adams et al. 2002). All of these issues can also make a difference for parents, as some parents do not want to use subsidies because they have had poor experiences with agencies or program staff (Shlay et al. 2002).

Conclusion

Child care is a key work support that can help those leaving cash assistance for work keep their jobs and avoid returning to welfare. The increasing numbers of families leav-

ing TANF, and the time limits on cash assistance, mean that it is critical to ensure that welfare leavers who need child care subsidies and other key work supports are able to obtain them. These realities have resulted in an increased focus on helping families access some key work supports—such as food stamps and Medicaid—and use of these benefits has been rising among this population. Yet the use of child care subsidies among welfare leavers is lower than might be expected, and there has generally been little focus on helping TANF leavers access child care assistance.

This paper examines what is known about child care needs and subsidy use among welfare leavers, and about state and local policies that shape subsidy use among this population. It explores the possible reasons for low subsidy use and potential policy solutions. Some of these reasons include a lack of awareness of subsidies, personal reasons not to want to use subsidies, what parents have to do to obtain and keep subsidies, and administrative issues that can affect subsidy use. While the paper finds certain policies and practices can make subsidy use more challenging for this population, it also finds creative policy strategies have been developed at the state and local levels across the country to address these issues. This innovation is promising, as it suggests (as noted by one study respondent) that there is less of a need for innovation in this area than a need for greater awareness of the various strategies that programs use 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. The funding situation creates a difficult situation for state and local administrators, who have little incentive to actively 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. Child care assistance is fundamentally different than food stamps and Medicaid, which are entitlements. Funding limitations also create more pressures for state and local administrators to tightly tie eligibility for subsidies to employment, to ensure that families that are not working are not accessing subsidies, and to maximize resources available to other families in the workforce.³¹ However, given the high job turnover rates among the low-wage workforce, this strategy may well result in families losing subsidies when they lose their jobs, making it more difficult for them to find new jobs.

Another challenge suggested through our interviews is that families transitioning from welfare to work do not appear to be a significant focus for those engaged in child care policy. While this is likely also related to the funding limitations mentioned above, respondents suggested that eliminating the entitlements under PRWORA has resulted in a less “categorical” perspective of the subsidy population than had previously been the case. Instead, child care policy has in some ways moved toward a more holistic view of low-income families, as seen in the movement by some states to eliminate priority groups and to try instead to serve all families below a particular income level. This

change in focus is understandable, in that in many ways welfare leavers are not that dissimilar to other equally low-income families that need child care assistance. On the other hand, there is no inconsistency between a goal of universal coverage/access and a focus on ensuring that certain higher-risk populations can access services. Such a focus may be warranted for families leaving welfare given the unique circumstances they face. In particular, they are highly vulnerable to job loss, and thus at particularly high risk of returning to welfare—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 can help them work and stay off welfare. This study suggests that several strategies could be implemented to help this vulnerable population access this vital work support.

APPENDIX 1

Key Features of the Temporary Assistance for Needy Families (TANF) Program

The welfare system was originally designed to provide cash assistance to low-income women to help them stay home to care for their children. Over time, this system has changed from one that focuses on income maintenance to one that focuses primarily on moving parents into the workforce. The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 set the course of a work-oriented welfare system by replacing the previous cash assistance program—Aid to Families with Dependent Children (AFDC)—with Temporary Assistance for Needy Families (TANF).

In addition to eliminating the entitlement to cash assistance for low-income families, TANF changed the nature of welfare by placing limits on the amount of time individuals could receive cash assistance and requiring states to move more individuals into employment. While enacting these important policy changes, PRWORA also gave states considerable flexibility in how they implemented their TANF programs. As described below, many used this flexibility to establish a mix of policies designed to promote and reinforce employment among welfare recipients.

Work Requirements

The TANF program provides incentives to states to move individuals into work, primarily by establishing stringent federal participation rates. States are required to have a specified portion of their TANF caseload either working or participating in program activities for a specified number of hours each month. The work and work-related activities that “count” toward the participation requirement include a range of job preparation activities such as job search, job readiness classes, community service, and, under much more limited circumstances, education and training. Unsubsidized employment also can count toward work requirements, as long as individuals do not become ineligible for TANF because of their earnings. Many states have adopted a more generous treatment of recipients’ earned income (allowing them to receive cash assistance at higher earnings levels) as another way to encourage work. As a result of these participation requirements, states have strong incentives to help TANF families access key

support services, such as child care, to allow them to participate in program activities, find jobs, and leave welfare.

Time Limits and Sanctions

Another way TANF promotes work is by limiting the amount of time individuals can receive assistance. Under TANF, parents can receive cash assistance for up to 60 months, but states can set shorter time limits. States can also penalize individuals for not participating in program activities as required by reducing or eliminating their cash assistance. However, states cannot sanction parents with a child under the age of 6 if they have a demonstrated inability to obtain affordable and suitable child care arrangements within a reasonable distance from their home or work.

Exemptions from the Work Requirements

TANF employment services are provided to parents receiving cash assistance, although states may, but are not required to, exempt certain types of individuals or groups from participating in work-related activities. Specifically, states have the option to exempt parents with a child under age 1 from the TANF work requirements, although they can set shorter or longer exemption periods, and these parents are not included in the calculation of the participation rate (individuals exempted for other reasons, such as illness or incapacity, are included in the denominator of the rate).

APPENDIX 2

Overview of Child Care Subsidies

The federal government significantly increased its involvement in child care subsidies in the late 1980s and 1990s. Federal actions during that period established the framework of the current child care subsidy system. A primary focus of the child care subsidy system is to support work for low-income families—both to help families leave welfare and to help prevent welfare receipt. A secondary focus is on supporting the quality and infrastructure of the child care system for all families—a function implemented principally through funds dedicated for this purpose, though states struggle with whether and how to focus their subsidy funds on this issue (Adams and Rohacek 2002).

Funding and Administrative Structure

Child care subsidies and other child care activities are primarily funded by the federal Child Care and Development Fund (CCDF), related state funds, and funds from the TANF block grant that states have chosen to spend on child care assistance. These funds are not sufficient to serve all eligible families, and more than one-third of states have waiting lists of eligible families who want assistance (Ewen and Hart 2003). States use various mechanisms to target services, including setting income eligibility thresholds below federal limits, prioritizing among eligible families, and limiting outreach about subsidies.

While the federal government provides basic guidelines, states have a significant amount of discretion in whether they contribute state funds (and in the amount they invest), as well as how they organize and administer subsidies. As a result, there is wide variation across states (and sometimes localities) in funding levels, administrative approaches, policies (such as eligibility cutoffs, payment rates, and parent fee levels), and practices. Local subsidy agencies can also vary widely—from state and local government social service agencies to community agencies such as child care resource and referral agencies and other nongovernmental organizations or designated agencies.

Eligible Population

Subsidies are designed to reach a broader group of low-income families than simply those on TANF. Indeed, data from a study of 16 states found that most families receiving subsidies are *not* on TANF (Collins et al. 2000). Target populations include TANF recipients working to get off TANF, former TANF recipients, low-income parents at risk of going on welfare, and parents needing child care because of special circumstances, such as being in the child protective services system or being a foster parent. Generally, states give the highest priority to current and former TANF recipients (and in some cases families in the child welfare system) and give low-income parents with no recent welfare involvement lowest priority. Eligibility for subsidies is usually based on income and parental work status (or participation in a TANF-related work activity). With federal funds, states can set their income eligibility cutoffs as high as 85 percent of state median income, though almost all states set their cutoffs below this level.

Parent Choice

Subsidies are typically administered by giving parents a voucher to use at the child care provider of their choice, though some states use some of their funds to pay for contracts with providers to pay for slots for children. “Parental choice” is a key principle of the subsidy system. Under state voucher programs, parents can use any legal provider willing to accept their child and the subsidy, including child care centers, family child care homes (care in the home of a nonrelative), relative caregivers, and in-home caregivers. Vouchers can be used for programs legally exempt from licensing (such as relative caregivers, in-home caregivers, and—depending on the state—smaller family child care providers), though states must have basic health and safety protections in place for exempt providers (except for certain relatives).

Subsidy Design

Subsidy agencies usually enter into an agreement with the chosen provider to pay some of or all the costs of child care for a particular child, as long as the price does not exceed a maximum level set by the state. While the subsidy is usually thought of as going to the parent, the actual subsidy is generally a payment made directly to the provider that operates through a parental choice mechanism. Some states pay parents directly if they use license-exempt providers with the expectation that the parent will pay the provider. States also typically charge parents a copayment, based on a sliding fee scale, though some states exempt the lowest income families (such as those who are on TANF) from having to pay a fee. For more information on providers and subsidy policies, see Adams and Snyder (2003).

APPENDIX 3

Overview of Study Methodology and Design

This report is part of a three-part study that explores how the child care and welfare systems intersect as families enter the TANF system and move from welfare to work. The overall study examines this intersection from the perspective of agencies and clients. This appendix describes the overall study and research design in greater depth.

The overall study occurred in three phases and examined three research questions:

- Phase 1: What are the key points of intersection between child care and TANF/welfare-to-work systems for TANF clients who need child care? For example, what are the steps in the process for TANF parents as they try to access and retain subsidies when moving from welfare to work? How do different localities structure and staff these intersections? What factors affect coordination between the systems?
- Phase 2: What do we know about subsidy retention when TANF clients leave welfare? For example, what do we know about welfare leavers and their child care needs? How do states or sites handle this transition in terms of helping families retain child care subsidies? What factors can explain low subsidy use among this population, and which of these factors might be amenable to policy solutions?
- Phase 3: What are TANF parents' experiences with accessing and retaining subsidies as they move from welfare to work? What can we learn about their experiences with applying for subsidies, finding a provider, meeting ongoing requirements, and the transition off welfare?

In all these areas, we focus on the implications of these findings for program administrators, caseworkers, community experts, and parents.

This research was conducted by a cross-disciplinary team that combined Urban Institute researchers who were expert in TANF welfare-to-work systems and implementation, and researchers who were expert in child care subsidy systems and implementation.

The overall study builds directly on data collected as part of the 1999–2000 child care and welfare/employment case studies of the *Assessing the New Federalism* (ANF) project.

These initial ANF case studies were conducted in 17 sites across 12 states. One set of the ANF case studies examined how the child care subsidy system worked for families (including families on TANF), while the other examined how parents applied for cash assistance and participated in welfare-to-work activities.

For the overall study, we chose to focus on 11 of the original 17 sites, across 11 states. These sites were Birmingham, Alabama; Boston, Massachusetts; Denver, Colorado; Detroit, Michigan; Houston, Texas; Jackson, Mississippi; Miami, Florida; Milwaukee, Wisconsin; Minneapolis, Minnesota; San Diego, California; and Seattle, Washington.

The first step of this research was to reanalyze the data from the child care and welfare case studies in conjunction with each other to obtain a baseline picture of the client flow in each of the 11 focal sites, specifically examining how parents entered and moved through the systems. We identified points in the client flow where the welfare-to-work and child care systems interconnected, as well as gaps in the existing data.

We then conducted semi-structured telephone discussions with key welfare and child care respondents in each site to obtain a more complete picture of the administrative structures and caseworker responsibilities in both systems, what parents had to do to get and keep subsidies as they moved through the welfare system, and coordination issues and challenges. Respondents included state and local welfare and child care administrators, as well as two to four TANF case managers per site, a TANF staff member familiar with TANF eligibility processes, and at least one child care staff member familiar with subsidy processes for TANF families. The number of individual and group discussions conducted in each site varied depending on how the local offices were structured. Where multiple local agencies managed the welfare-to-work program, we chose one focal office, generally the office with the largest caseload.

For phase one of this study, we then analyzed the data from this collection effort that were relevant to TANF clients *while they were in the welfare-to-work system*. These data provide a comprehensive and in-depth look at each step of the process for TANF clients as they applied for cash assistance, were connected to work activities, and were connected to child care subsidies, as well as what happened as they experienced the various changes inherent in the welfare-to-work system (i.e., changing work activities). We examined the administrative structures states and sites established to manage the intersection of these systems, the roles of the subsidy and the welfare-to-work agencies and staff in each step of the process, and what parents were required to do. We also examined the factors that affect coordination and communication between the TANF welfare-to-work and child care systems.

For phase two, which focuses on subsidy retention when leaving welfare, we focused on the data for these 11 sites that were relevant to TANF clients *as they moved off welfare*. We also examined existing research on welfare leavers and subsidy patterns, reviewed different state policies regarding child care subsidies for welfare leavers, and

interviewed national experts to discuss the retention of child care subsidies as parents transition off cash assistance.

Phase three involved looking in more depth at the connections between the welfare-to-work and child care subsidy systems from the perspective of parents. We chose 4 sites from the original 11 (Denver, Miami, Jackson, and Houston), and conducted focus groups during summer and fall of 2003. We chose sites that varied in their administrative approaches, connections between the welfare and child care systems, client flow path, and individual caseworker responsibilities. These focus groups were with parents receiving TANF and child care subsidies, as well as with parents who had left TANF within the previous year and were still receiving child care subsidies.

Participants in our focus groups with TANF clients were asked about their experiences with child care subsidies, with special emphasis on their experiences setting up subsidies, finding a provider, having the provider approved, and requirements for retaining subsidies while on TANF and while leaving TANF. Participants in our transitional focus groups were asked about their experiences retaining subsidies once they left TANF, and whether their experiences with subsidies after leaving TANF differed from their experiences while on the TANF program.

Notes

1. See appendix 1 for background on PRWORA and the TANF welfare-to-work program.
2. See appendix 2 for background on the federal-state child care subsidy program.
3. These sites were Birmingham, Alabama; Boston, Massachusetts; Denver, Colorado; Detroit, Michigan; Houston, Texas; Jackson, Mississippi; Miami, Florida; Milwaukee, Wisconsin; Minneapolis, Minnesota; San Diego, California; and Seattle, Washington. These localities are all major metropolitan areas, and thus the findings may not reflect issues that arise in more rural areas.
4. Focus groups were held in Denver, Houston, Jackson, and Miami.
5. There are also three appendices: appendix 1 provides background on PRWORA and welfare-to-work systems, appendix 2 provides background on federal-state child care subsidy programs, and appendix 3 discusses the research design and methodology.
6. More recent data indicate that the rate of leaving welfare for work is declining in part due to the weakened economy (Loprest 2003a).
7. According to the Welfare Rules Database, accessed December 2004.
8. States can also prioritize children involved in the child protective services or child welfare systems.
9. In states that were unable to serve all eligible families that applied, these families could obtain subsidies even while other low-income families not on welfare could not.
10. See, for example, Ebb (1994).
11. This is one way of rationing scarce child care resources. Others include setting lower income eligibility cutoffs and minimizing outreach efforts (Adams and Rohacek 2002).
12. Roughly half of single mothers in the sample became eligible for subsidies during the study period.
13. For example, the studies are characterized by small sample sizes and survey questions that are either confusing or inconsistent (Schumacher and Greenberg 1999). There is also variation across studies in how samples are defined, when and how welfare leavers are surveyed, and survey response rates.
14. According to the most recent federal statistics (<http://www.acf.hhs.gov/programs/ofa/annualreport6/chapter10/10figjdata.htm>), only 17 percent of TANF case closures are coded as due to employment, even though based on leavers studies one would expect that half or more of case closures are due to employment (Acs and Loprest 2004).

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15. Another study of current and former welfare recipients in California found very low rates of subsidy use (Meyers, Heintze, and Wolf 1999).
 16. States undertook efforts to increase former recipients' knowledge of their eligibility for Medicaid and food stamps and to ease their administrative difficulties by simplifying forms, providing off-hours appointments, and making it possible to redetermine benefits by the Internet or telephone. Legislative changes to the federal food stamp program in 2001 allowed states to ease that program's reporting requirements.
 17. The federal government provides guidance on some of these issues, as is described more in appendix 2. For more information on the level of copayments and reimbursements established by states, which are not covered in this paper, see U.S. Department of Health and Human Services (2003).
 18. According to the Welfare Rules Database, accessed October 20, 2004.
 19. Birmingham (Alabama), Boston (Massachusetts), Houston (Texas), Jackson (Mississippi), Miami (Florida), Minneapolis (Minnesota), and San Diego (California).
 20. This included parents who were receiving subsidies while on assistance because they were working (but not earning enough to leave assistance) or participating in work activities.
 21. As discussed earlier, in two sites (Houston and Jackson) parents *may* be put on a waiting list for subsidies at the *end* of their transitional child care period.
 22. The first report in this overall study found that in several sites, the welfare-to-work agency and staff played a major role in getting and retaining subsidies for families in the welfare-to-work process, while the role of the child care agency was much smaller and in some sites involved no contact with parents (Adams et al. 2006).
 23. In Jackson, the welfare agency is responsible for administering child care subsidies for TANF recipients and families transitioning off TANF.
 24. This process was nearly identical to the initial and ongoing subsidy referral processes while parents were on TANF.
 25. The child care system in California had a three-stage child care delivery system managed by multiple agencies. Stage 1 child care was dedicated to "unstable" CalWORKs cases, Stage 2 was for CalWORKs clients that had "stabilized," and Stage 3 was for former CalWORKs clients transferring from Stage 2. Stage 1 child care was managed by the county welfare office, while Stages 2 and 3 were divided between the county agency and two private contracted agencies. When families move from each stage depended partly on the funding available. For example, in theory clients should have stayed in Stage 1 funding for about six months, but some respondents reported that because of limited funding for Stage 2, clients might have stayed in Stage 1 longer. The transfer from Stage 2 to Stage 3, however, corresponded to the client transitioning off CalWORKs.
 26. Parents' cases were transferred to one of three agencies that handled Stage 2 child care. We did not collect data on the process following referral to the Stage 2 child care agency.
 27. Some respondents believed that welfare leavers did not use subsidies because they were no longer eligible—for example, because their children were no longer eligible for child care subsidies due to their ages, because they moved, or because they made too much money. While ineligibility is likely to be a reason for some families, the welfare leavers research described earlier in this paper suggests that there are eligible families among welfare leavers that do not receive subsidies.
 28. For a summary of outreach strategies used to inform eligible families about child care subsidies, see Ganow (2000).
 29. States are required under the CCDF to have at least minimal health and safety protections for legally unregulated caregivers, except for grandparents, aunts, and uncles. States vary in their

approach to this requirement; some states have more stringent protections (such as home inspections) and others have minimal requirements (such as signing a paper stating that the caregiver meets certain state or local regulatory requirements).

30. For a more detailed discussion of coordination and communication issues across welfare-to-work and child care subsidy agencies and staff, see Adams et al. (2006).
31. Administrators also are clearly concerned about minimizing improper payments, which is another reason for the tight calibration of subsidies to eligibility. See Adams and Snyder (2003) for more discussion of the trade-offs involved in this area.

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