

The dynamics of child care subsidy use: A collaborative study of five states ^[1]

Author:

Meyers, Marcia K.; Peck, Laura R.; Davis, Elizabeth E.; Collins, Ann; Kreader, J. Lee; Georges, Annie; Weber, Roberta; Schexnayder, Deanna T.; Schroeder, Daniel G. & Olson, Jerry A.

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AVAILABILITY

Available in print for order (see SOURCE) and online for download.

- News release, summary and full report ^[3]

Excerpts from executive summary:

The federal welfare-reform legislation enacted in 1996, the Personal Responsibility and Work Opportunity Reconciliation Act, gave states and communities new challenges and new opportunities for meeting the needs of low-income families and children. The intensity of these challenges and the importance of these opportunities are especially striking in policies for subsidized child care.

In developing subsidy policies, both federal and state policy officials have had to act in the absence of good information about subsidy use among low-income families. Although some (but not all) states are able to use administrative data to obtain basic information about the population using subsidies at a point in time, they have been unable to extend these analyses to examine in great depth the characteristics of families or their patterns of child care use.

Of particular importance, cross-sectional data have not provided information about the dynamics of subsidy use. Given persistent low earnings, parents leaving welfare (and other low-skilled working parents) are likely to remain eligible for means-tested child care assistance for a relatively long period. At the same time, however, their participation in short-term employment preparation activities, turnover in employment, and variable earnings may make it difficult for these families to remain continuously eligible for subsidy assistance. Burdensome application and recertification processes may create additional barriers to continuous subsidy receipt. For parents, instability in subsidy receipt may mean the difference between keeping and losing a job, and, for those employed, between self-sufficiency and poverty. For children, instability in subsidy receipt may contribute to instability in care arrangements, which developmental experts identify as a risk to healthy socio-emotional development.

To advance knowledge and understanding about the dynamic use of child care subsidies, this study used data from five states (Illinois, Maryland, Massachusetts, Oregon and Texas) to address the following questions about child care subsidy use and cross-state variation:

- What are the characteristics of children and families who receive subsidies?
- What services do subsidized children and families in these states receive?
- How continuous is subsidy receipt; i.e., how long do spells of subsidy receipt last?
- What is the duration of subsidy use; i.e., how likely is it that children who end a spell of subsidy receipt subsequently begin another?
- How stable are children's care arrangements while they are in the subsidy system?

Related link: Child Care Policy Research Consortium ^[4]

Region: United States ^[5]

Tags: economics ^[6]

poverty ^[7]

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