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REVIEWS OF RESEARCH  
LITERATURE REVIEW

## PREDICTORS OF CHILD CARE SUBSIDY USE

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The Reviews of Research series synthesizes research on selected topics in child care and early education. For each topic, Reviews of Research provides an in-depth Literature Review and a summary Research Brief. Also, for each, a companion Table of Methods and Findings from the literature reviewed is available on the *Research Connections* web site: [www.childcareresearch.org](http://www.childcareresearch.org).

### What We Know

- ▶ Families with children ages birth through 5 are more likely to use subsidies than families with children ages 6 and over.
- ▶ Families who currently receive or are transitioning from cash assistance are more likely to use child care subsidies than those with no recent history of cash assistance.
- ▶ Single-parent families are more likely than two-parent families to use subsidies.
- ▶ African-American mothers appear more likely to apply for and use child care subsidies than mothers from other racial/ethnic backgrounds
- ▶ Families using center-based care appear more likely to use child care subsidies than families using other forms of care.
- ▶ Parents with higher tolerance for the hassles that families may encounter in applying for and maintaining child care subsidies appear more likely to use subsidies.

This literature review examines research addressing the basic question: “What family and child care characteristics are associated with the use of child care subsidies?” After taking into account policies and practices that govern who may use child care subsidies, what factors tend to predict which eligible families will actually use assistance to help pay for the care and education their children need while parents work or participate in education and training? While more families are using child care subsidies in recent years, the rate of use remains relatively low; what distinguishes the families that use these services?

## WHAT ARE CHILD CARE SUBSIDIES?

Child care subsidies aim to support both parents’ employment and children’s development. As described more fully in the introduction to this series, the major—but not sole—public funding source for subsidies is the Child Care and Development Fund (CCDF),<sup>1</sup> created in 1996, along with the overhaul of the nation’s welfare/cash assistance program through the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA). CCDF consolidates four earlier federal programs—three welfare-related and one not—and includes both federal and state funds.<sup>2</sup> Additional federal funding comes from the Temporary Assistance for Needy Families (TANF) cash assistance program created by PRWORA,<sup>3</sup> either transferred by states into CCDF or spent directly on child care. A number of states also provide child care subsidy funds beyond those required by CCDF. Other federal and state programs that assist large numbers of low-income parents in caring for and educating their children while they work or attend school and training generally do not fall within the definition of “child care subsidy” in research included in this review.<sup>4</sup>

The CCDF gives states wide latitude in setting income and activity eligibility standards, family copayment levels, provider payment rates, and other policies (See *Introduction to Child Care Subsidy Research* for a full explanation of CCDF). Within the broad group of low-income working families potentially eligible for subsidies, states serve three sub-groups:

families currently receiving cash assistance (TANF), families transitioning off TANF, and low-income families with no recent TANF history but at risk for TANF dependency. At different points in time, the same family may be in all three subgroups.<sup>5</sup> Although no longer required to do so, states typically continue subsidy guarantees—held over from the predecessor federal programs—for families receiving TANF and during a post-TANF period. Some states provide subsidies to all state-eligible families who apply, giving the same priority to families without a recent TANF connection as to TANF and former TANF families.

## INITIAL RESEARCH ON CHILD CARE SUBSIDY USE

Research on subsidized child care in the United States—still a young field—has expanded since the mid-1990s (See *Introduction to Child Care Subsidy Research*).

Some early work exploring the broad question of who uses child care subsidies was done within studies of multi-faceted, pre-PRWORA welfare reform initiatives. Also, several post-PRWORA “leavers” studies—of families “leaving” welfare—look at levels of child care subsidy use among these families and at differences between those who do and do not use subsidies.

Federally funded research focused specifically on subsidy programs began before the 1996 welfare reforms, with some of the first studies conducted by *Child Care Policy Research Partnerships*, starting in 1995 with funds from the Administration for Children and Families (ACF) in the U.S. Department of Health and Human Services. More waves of child care policy research followed welfare changes, funded in part by CCDF funds set aside for research. The federal Child Care Bureau and the Office of Planning, Research, and Evaluation, both within ACF, also commissioned several large-scale studies, noted in *Introduction to Child Care Subsidy Research*, to examine aspects of the operation of the new Child Care and Development Fund.<sup>6</sup> As recognition of the importance of child care subsidies has spread, other federal agencies, states, and private foundations have also supported research in the area.

Much of the early research on use of CCDF subsidies has been descriptive, providing initial profiles of subsidy populations and subsidized providers within single states or across multiple states.<sup>7</sup> Although useful in understanding systems, studies that look only at families receiving subsidies cannot explain how subsidized families compare to families outside these systems.

## CURRENT POLICY LANDSCAPE

Annual spending on child care subsidies from CCDF and TANF-related sources reached more than \$11 billion in 2004 (Field Initiated Child Care Research Projects, 2004). Dollars spent and families and children served through CCDF and related subsidies grew rapidly in the years just after the creation of the CCDF in 1996 and more slowly later (Collins, Layzer, & Kreader, forthcoming).

Despite the growth in subsidy use, there are some signs that many states face more demand than they are able to meet. A General Accounting Office (GAO) survey covering January 2001 through early 2003 found half the states provided child care assistance to all state-eligible applicants and half did not. During this period of economic downturn and tight state budgets, of the 35 states that made changes that could affect the availability of child care assistance—i.e., changes to income eligibility ceilings, family co-payments, and provider payment rates—23 decreased availability, nine increased availability, and three made a mix of changes. The GAO further observed that when states lack resources to cover all applicants, they often give TANF and transitioning families priority over other low-income working families (U.S. General Accounting Office, 2003).

By 2002, according to one study, children from families leaving TANF and families without TANF connections accounted for the majority of families receiving subsidies (Collins et al., forthcoming). In part, this reflected rapidly falling TANF caseloads after passage of PRWORA. Data are not yet available to show how these proportions may have changed since 2002, when national TANF caseloads stopped their rapid decline.<sup>8</sup>

## CRITERIA FOR SELECTION OF STUDIES FOR REVIEW

In preparing this literature review, the authors scanned research from a wide range of sources—academic institutions, research organizations, and state agencies—and considered both peer-reviewed and other reports—published and about to be published. Several criteria of equal importance guided the selection process. An initial selection criterion was study completion since the 1996 passage of PRWORA and establishment of the Child Care and Development Fund. Policy research published since this watershed in child care policy has the highest value to policymakers and researchers alike.<sup>9</sup> A related criterion was a report's policy relevance.

Thirteen studies were chosen for review, based on these guidelines. While drawn from a variety of research approaches (described below), the chosen works use sound methodologies, with analyses that support their conclusions. As noted above, to identify predictors of child care subsidy receipt, studies need samples of potential subsidy-eligible families—some of whom take up subsidies and some of whom do not. Thus research selected for this synthesis generally looks at broad groups of eligible families, not just at groups receiving services.

A table on the methods and findings of the 13 studies accompanies this review. The table summarizes groups studied and questions asked in these reports, as well as methods, data, and findings. (See *Predictors of Child Care Subsidy Use—Table of Methods and Findings*, at [www.childcareresearch.org](http://www.childcareresearch.org).)

## DESCRIPTION OF STUDIES

Research in this area is fairly recent and, to date, somewhat limited in scope. Researchers have used a variety of approaches to learn more about the factors that influence subsidy receipt. Some have used large datasets about families, obtained from administrative data or surveys made available in recent years, that include information about whether families use subsidies. These studies often start with models that

first determine the factors that increase the probability that someone will use a subsidy, and then quantify the predicted effects of those factors on subsidy use. Some researchers have conducted additional analyses of datasets that were constructed originally to answer other questions, such as those used in pre-TANF evaluations of welfare reform initiatives.

Some researchers have used qualitative methods, such as ethnographic studies. This research uses qualitative information gathered from in-depth interviews and structured focus groups to glean insights and understanding from the perspective of families who participate in the subsidy program. Findings from these types of studies are difficult to generalize, although they provide valuable in-depth understanding.

### Populations Studied and Welfare Status

One key aspect of this body of literature is the population studied. Eight of the papers reviewed here studied welfare populations exclusively (Danziger, Ananat, & Browning, 2003; Huston, Chang, & Genetian, 2002; Knox, London, Scott, & Blank, 2003; Lee et al., 2004; Lowe & Weisner, 2001; Meyers, Heintze, & Wolf, 1999; Schumacher & Greenberg, 1999; Witte & Queralt, 2002). The remaining five papers studied a broader low-income population that included families who had no TANF history, as well as families who were receiving or had once received TANF (Adams, Snyder, & Sandfordt, 2002; Blau & Tekin, 2001; Burstein et al., forthcoming; Shlay, Weinraub, Harmon, & Tran, 2002; Shlay, Weinraub, Harmon, & Tran, 2004).

It is not surprising that a majority of the studies focused on welfare populations, since the research literature on child care subsidies in many respects has evolved from the more longstanding welfare research literature, and since a major policy goal of federal subsidy programs, especially those preceding the CCDF, has been to enable families to leave welfare for work. Some evidence suggests that, in keeping with this goal, subsidies have largely been assured for those families receiving cash assistance and not assured for other low-income families.<sup>10</sup>

There may be important differences between families receiving or having moved off welfare and low-income families without any welfare history who use subsidies. Since much of the research reviewed here has studied TANF populations, and since families without a connection to TANF may differ in meaningful ways from families using TANF, including their use of subsidies, this report will highlight the sample composition of the studies reviewed with respect to TANF status.

### Methods

The studies reviewed employed a variety of methodological approaches. See Table 1 for a list of reviewed studies and research approaches.

### Administrative Data Studies

Three of the studies reviewed here examined data from agencies administering child care subsidy programs. Of the administrative data studies reviewed, one was a single-state study (Meyers et al., 1999) and two were multi-state studies (Lee, et al., 2004; Witte & Queralt, 2002).

Administrative data is a valuable source of information collected from existing management information systems used by state agencies to administer programs. Researchers using administrative data are able to capitalize on valuable information about child care subsidies already contained in this existing data source. Some studies have linked child care administrative data with data from other programs and agencies, such as TANF and Unemployment Insurance data (Lee et al., 2004) or with other local or census data, enhancing the value and reach of the child care data.

Administrative data have several limitations. Since the data are collected for program administration purposes, they do not necessarily contain all the elements that researchers would include were they designing the data collection, such as outcomes data. There may also be local-level variations in how specific variables in the administrative database are defined. Also, by definition, administrative data are not available for families that do not participate in public programs.

**Table 1: Types of Studies Reviewed**

<b>Type of Study/Method</b>	<b>Studies Reviewed</b>
<i>Administrative Data Studies</i>	Meyers et al., 1999; Lee et al., 2004 ; Witte & Queralt, 2002
<i>Survey Studies</i>	
National Surveys	Blau & Tekin, 2001; Burstein et al., forthcoming
Smaller-scale Surveys	Danziger et al., 2003; Meyers et al., 1999; Shlay et al., 2002; Shlay et al., 2004; Schumacher & Greenberg, 1999
<i>Welfare Experimental Studies</i>	Huston et al., 2002
<i>Qualitative Studies</i>	
Ethnography	Knox et al., 2003; Lowe & Weisner, 2001
Focus Groups	Adams et al., 2002; Shlay et al., 2002

Note: Several studies used multiple methods; these studies are included under both applicable methodological categories.

## Surveys

Many of the studies reviewed used survey data on the use of child care subsidies. Two used nationally representative surveys, and the remaining studies used smaller-scale surveys. Designed for research purposes, surveys typically contain more information on outcomes than administrative data do. Surveys are able to include those not receiving subsidies along with those receiving subsidies in their samples, thus enabling comparisons between subsidy recipients and nonrecipients on factors related to subsidy use. Surveys also have limitations. National household surveys, designed to answer a broad array of research questions, typically have only a few questions on the specific topic being studied, and as such often cannot provide depth in a specific topic, subsidy use in this case.

### *National Surveys*

Two of the studies (Blau & Tekin, 2001; Burstein et al., forthcoming) reviewed employment data from national surveys, the National Survey of America's Families (NSAF) and the National Study of Child Care for Low-Income Families (CCLIF). National surveys such as these have an important strength: findings from these studies either actually or approximately represent populations studied.

The NSAF, conducted by the Urban Institute beginning in 1997, is one of the few national household surveys collected after the 1996 welfare reform that includes information on child care subsidies. The NSAF is nationally representative of America's families and also allows analysis of 13 individual states. The 1997 and 1999 waves of the survey asked numerous questions about child care. There were, however, some reported problems with participants' responses to a NSAF question about receiving assistance paying for care that led to underreporting on some forms of child care assistance related to subsidy use.<sup>11</sup>

The CCLIF, conducted by Abt Associates and the National Center for Children in Poverty, focuses on 25 counties or county groupings, in 17 states, representing more than 90 percent of poor children in the United States. The Community Survey component is a random-digit-dialing telephone survey of 2,500 low-income working families with children under age 13—100 in each of the 25 study communities. Conducted between August 1999 and July 2000, the CCLIF study focused primarily on child care.

### *Smaller-Scale Surveys*

Five studies employed smaller-scale surveys on subsidy use (Danziger et al., 2003; Meyers et al., 1999;

Shlay et al., 2002; Shlay et al., 2004; Schumacher & Greenberg, 1999). Of these, four involved data collection from a single state or locality. The fifth study, Schumacher and Greenberg, synthesized findings from 17 state studies of families leaving welfare. Schumacher and Greenberg (1999) note, however, that the 17 state welfare “leaver” studies they reviewed are of variable quality, so some caution must be used with these findings.

### Welfare Experimental Studies

One paper reviewed was based on child care subsidy use in the context of several pre-TANF experimental studies testing potential changes to the welfare system (Huston et al., 2002). In this paper, the authors analyzed data from three welfare reform experiments to identify predictors of child care, child care subsidies, and barriers to employment. The experimental design of the original study provides strong explanatory power; however, the child care subsidy data included in these welfare experiments are somewhat limited since child care was not the focus of the study.

### Qualitative Studies

Four of the studies used qualitative methods to explore child care subsidy use. A major strength of qualitative studies is that they allow researchers to obtain more in-depth, ‘thick descriptions’ of the phenomena under study. They are well suited for documenting and conveying the perspective of those directly affected by subsidy programs. These studies, however, are not intended to provide representative samples. Labor-intensive, they often study only narrow geographic areas, limiting their generalizability.

#### *Ethnography*

Two of the studies employed ethnographic methods to better understand child care subsidy use (Knox, London et al., 2003; Lowe & Weisner, 2001). In ethnographies, researchers seek a detailed, “insider” understanding of the context being studied, through participant observation and interviews. Both of these studies also happen to be embedded within a larger

welfare experimental project, described above (Huston et al., 2002). Although the sub-samples for the ethnographic studies were not randomly selected, being drawn from nationally representative samples distinguishes them from most other ethnographic studies.

#### *Focus groups*

The final two studies used focus groups to explore subsidy use (Adams et al., 2002; Shlay et al., 2002). Focus groups allow researchers to probe a topic in depth with respondents in a small-group setting. Adams and colleagues (2002) conducted a series of focus groups in 12 states with TANF parents using subsidies, non-TANF parents using subsidies, and subsidy caseworkers. Shlay and colleagues (2002) conducted four focus groups with low-income parents in the Philadelphia area on reasons why parents do not use subsidies.

### Combined Methods Approaches

Finally, it is worth noting that several of the studies cited above combined more than one of the above methodological approaches to study child care subsidy use. For example, Meyers et al. (1999) used survey and administrative data, and Shlay et al. (2002) used focus group and survey data. (Each of these studies was described above in both relevant categories.) Studies using multiple methods and data sources benefit from the multiple reports of a phenomenon being studied.

## EMERGING THEMES

To date, the body of research conducted on subsidy use is too small to be the basis for any definitive statements. Some studies show correlations consistent with one another, but often questions are not asked in similar ways, and the populations studied are very different. With these caveats, early findings from research are described below. See Table 2 for a categorical list of the findings.

**Table 2: Categories of Themes Emerging Across Studies**

<b>Categories of Themes Across Studies</b>	<b>Studies Reviewed</b>
<i>Parent and Child Characteristics</i>	
Children's Age	Burstein et al., forthcoming; Danziger et al., 2003; Huston et al., 2002; Lee et al., 2004; Meyers et al., 1999
TANF Status	Blau & Tekin, 2001; Burstein et al., forthcoming; Shlay et al., 2002
Mother's Race and Ethnicity	Blau & Tekin, 2001; Burstein et al., forthcoming; Danziger et al., 2003; Lee et al., 2004
Family Composition	Burstein et al., forthcoming; Danziger et al., 2003; Huston et al., 2002; Meyers et al., 1999; Shlay et al., 2002; Shlay et al., 2004
Family Size	Burstein et al., forthcoming; Danziger et al., 2003; Huston et al., 2002
Education Level	Blau & Tekin, 2001; Burstein et al., forthcoming
Income	Burstein et al., forthcoming; Huston et al., 2002; Shlay et al., 2002
<i>Child Care Characteristics</i>	
Use of Center-Based Care	Burstein et al., forthcoming; Schumacher & Greenberg, 1999; Shlay et al., 2002; Shlay et al., 2004
Use of Informal Care	Burstein et al., forthcoming; Schumacher & Greenberg, 1999; Shlay et al., 2002; Shlay et al., 2004
<i>Parents' Expectations and Beliefs about Subsidies and about Work</i>	
Beliefs about Work and Use of Subsidies	Huston et al., 2002; Lowe & Weiser, 2001
Information about Subsidies and Related Subsidy Rules	Meyers et al., 1999; Schumacher & Greenberg, 1999; Shlay et al., 2002
<i>Parents' Experiences with the Subsidy System</i>	
Administrative Challenges	Adams et al., 2002; Knox et al., 2003; Shlay et al., 2002
Passage of Time	Lee et al., 2004; Witte et al., 2002

Note: Several studies treat multiple themes; these studies are included under all applicable thematic categories.

## Parent and Child Characteristics

Among studies that examine the characteristics of families applying for or receiving subsidies, it appears that having a preschool-age child and having a history of TANF receipt are related to subsidy use. The "TANF effect" appears very strong. Parent and child characteristics are presented here in descending order of the strength of the findings.

### Children's Age

Several studies indicate that families with preschool-aged children (ages birth through 5) are more likely

to receive subsidies than families with older children. Four of these studies focused on TANF populations, while only one examined on a broader low-income sample.<sup>12</sup>

In most of these studies, the before-school years were categorized into two age ranges (ages birth–2 and 3–5), as distinguished from school-age children (ages 6 and over). One exception was the study by Burstein and her colleagues (Burstein et al., forthcoming). Their analysis distinguished infants (under age 1) from toddlers (ages 1–2) and older preschoolers (ages 3–4) and also looked at both application for subsidies and subsidy receipt. These researchers

found that families with older preschoolers were more likely to have applied for a subsidy, whereas families with infants and with school-age children were less likely to have applied for a subsidy. The authors also found that families with a toddler (ages 1-2) were more likely to receive subsidies than families with a preschooler (ages 3-4). The findings from this study are particularly notable because, of the studies with significant results by children's age, it has the sample with the broadest representation: a national study of low-income families in 25 communities representing more than 90 percent of poor children in the United States.

### TANF Status

Of the reviewed studies, three that drew samples from the populations of both TANF and non-TANF families found a strong relationship between current and past TANF receipt and the use of subsidies (Blau & Tekin, 2001; Shlay et al., 2002; Burstein et al., forthcoming).

### Mother's Race and Ethnicity

Three studies indicate that mothers who are black are more likely than mothers who are white to apply for or receive subsidies (Blau & Tekin, 2001; Burstein et al., forthcoming; Lee et al., 2004). Two of these studies employed a broad low-income sample (Blau & Tekin, 2001; Burstein et al., forthcoming), whereas the third (Lee et al., 2004) focused on TANF families only. A fourth study, of Michigan welfare families, similarly finds that families using subsidies were more often African American, and those not using subsidies were more likely to be white (Danziger et al., 2003). However, African Americans in this sample were also more likely to be low income. One study (Blau & Tekin, 2001) finds that Hispanic families are less likely to apply for or receive subsidies than white or non-Hispanic families; another (Lee et al., 2004) finds this same pattern of subsidy take-up for Hispanic families as compared with white families in one state (Illinois), but not in the two other states studied (Maryland and Massachusetts).

### Family Composition

Several studies show that single-parent families are more likely to use subsidies than two-parent families (Shlay et al., 2002; Burstein et al., forthcoming; Danziger et al., 2003; Shlay et al., 2004). Of these studies, one (Danziger et al., 2003) sampled only families receiving welfare. While several other studies did not report greater likelihood of use by single parents, the families in these studies all had welfare histories, and therefore consisted primarily of single parents (Huston et al., 2002; Meyers et al., 1999). Further, in most states, nonwelfare families using subsidies are also largely single parents, since few two-earner families—with adults working enough overlapping hours to need child care—have earnings low enough to be eligible.

### Family Size

Although a few studies found a positive relationship between larger families and subsidy use, the evidence overall is inconsistent. For instance, larger families who participated in one welfare reform initiative were more likely to use subsidies, but this tendency did not hold true in the second welfare initiative also studied (Huston et al., 2002). Another study of welfare families in Michigan found that those using subsidies had the highest average number of children (Danziger et al., 2003). Descriptive data in the study of low-income families with working mothers showed that families with more children had a greater tendency to use subsidies, but this relationship was not reported as significant in further analysis (Burstein et al., forthcoming).

### Education Level

The studies had mixed findings related to the role played by parents' education levels in subsidy receipt. While Blau & Tekin (2001) found that mothers who complete high school are more likely to receive a subsidy than are high school dropouts, Burstein et al. (forthcoming) did not show a direct relationship between education and subsidy receipt among families eligible for subsidies. Both of these studies examined broad low-income populations.



## Income

The studies reviewed also showed inconsistent findings about the relationship between income and subsidy receipt. These different findings may reflect different populations studied and different policy environments. Among families taking part in two welfare reform evaluations, families with lower prior earnings were more likely to receive subsidies (Huston et al., 2002). Among low-income African-American families in Philadelphia who were eligible for subsidies, those with higher earnings were slightly more likely to receive subsidies (Shlay et al., 2002). In contrast, Burstein and colleagues (forthcoming), in a national study of low-income families, showed no relationship between household income and application for subsidies among eligible families.

## Child Care Characteristics

Four of the research reports reviewed considered the relationship between types of child care arrangements used and subsidy receipt (Shlay et al., 2002; Shlay et al., 2004; Burstein et al., forthcoming; Schumacher & Greenberg, 1999). Of these reports, only Schumacher and Greenberg (1999), an analysis of welfare leaver studies, focused solely on families with welfare history. The remaining three studies examined low-income samples.

## Use of Center-Based Care

All of these reports found families that used center-based care were more likely to apply for or use subsidies than families using other types of arrangements. Shlay and colleagues (2004), in a survey of low-income African-American parents in Philadelphia, found that those receiving subsidies were much more likely to use center care, with about three-fourths of the subsidy-recipient families using center care, versus only one-fourth of the nonsubsidized families.

## Use of Informal Care

Informal child care can take several different forms and is defined differently in different studies. Informal care—also known as family, friend, and neighbor

care or kith and kin care—includes child care provided by relatives or friends, in the child's home or the provider's. The definition also usually includes license-exempt family child care, the care of multiple children in an unregulated provider's home. Licensed or regulated family child care, by contrast, is most often considered formal child care. Most studies distinguish informal care from regulated family child care (for example, Burstein et al., forthcoming), while other studies combine licensed family child care with out-of-home informal care (Shlay et al., 2004).

Families who used relative care in the child's own home were less likely to apply for subsidies than families using family child care or center care (Burstein et al., forthcoming). Reviewing studies of families leaving TANF, Schumacher and Greenberg (1999) conclude that overall, most of the families who do not receive subsidies report that they rely on friends and family for child care, while families who received subsidies more often used center care.

## Parents' Expectations and Beliefs About Subsidies and Work

Three of the studies reviewed discussed at least one of the following: the role played by parents' knowledge of the subsidy system, parents' expectations and beliefs about work and family, and other aspects of family life that make parents more or less likely to use subsidies. Findings from these studies are inconsistent, again perhaps reflecting the studies' different populations and policy environments.

## Beliefs About Work and Use of Subsidies

Participants in two welfare reform experiments were asked about their values related to work and family and about other social characteristics (Huston et al., 2002). For participants in one of the evaluations, believing in the priority of work over family, having barriers to work, and believing that one is in control of one's life (i.e., having high mastery scores) were associated with less subsidy use. The other welfare-reform evaluation found few relationships between personal or social characteristics and child care subsidy use.

Another paper, an ethnography of child care and child care subsidy use embedded in a welfare experiment, sheds a little more light on parents' beliefs related to use of subsidies (Lowe & Weisner, 2001). In exploring why many families did not use subsidies, the authors identified four key themes around families' incorporation of subsidy use into their daily routines: sets of material and social resources (such as money or social capital); values and beliefs regarding parenting and child care; amounts of congruence and conflict in the interests of family members; and degree of stability and predictability in day-to-day activities. For example, many families in this study did not use child care subsidies because they preferred unregulated relative care, which best fit with their beliefs and values about proper childrearing, but the authors report that study families generally could not use subsidies for this type of care.<sup>13</sup>

### Information about Subsidies and Related Eligibility Rules

Schumacher and Greenberg (1999), reviewing studies of families leaving TANF, posited that the relatively low levels of subsidy receipt could be explained in part by the lack of knowledge of subsidies and misinformation about eligibility rules reported by survey respondents. A study in Philadelphia (Shlay et al., 2002), however, showed similar high levels of misinformation among eligible families receiving and not receiving subsidies. Meyers et al. (1999) found that, among mothers in California receiving cash assistance, those who knew about subsidies were more likely to receive them, but knowledge of welfare's work rules had no effect on subsidy receipt.

In a subsequent analysis, Shlay and colleagues (2004) found that fully 50 percent of the subsidy-eligible families surveyed incorrectly believed that they were not eligible. Probing further, the authors learned that the most frequent misunderstanding was about income eligibility, with many families believing that to be eligible they needed lower incomes than was the case.

### Parents' Experiences with the Subsidy System

Three of the reviewed studies used open-ended, qualitative approaches to learn about families' impressions of the subsidy system. A fourth used administrative data to track take-up rates among families who were eligible to receive subsidies. A fifth used a survey to explore the barriers to using subsidies that families encountered. The studies that looked at factors related to subsidies found that access issues (hassle factors) might play a role in determining who gets subsidies, but do not always explain why some families are willing to undergo whatever hassles are related to subsidy use, while others are not.

### Administrative Challenges

In a study of families in the Philadelphia area, families who were eligible for subsidies reported that they did not receive them because they believed that: they did not need them, were not eligible, the application process created too many hassles, or subsidy receipt would interfere with their choice of care (Shlay et al., 2002). In a subsequent survey study, Shlay and colleagues (2004) found that barriers in the application process or in dealing with the subsidy system were major reasons families reported not using subsidies. Among eligible families who correctly believed that they were eligible and reported that they needed the assistance, reasons for not using subsidies were: hassles in applying, such as the need to take off from work or provide supporting documentation (37 percent); hearing—incorrectly—that there were long waiting lists for subsidies (31 percent); and bad experiences with other programs (20 percent).

Reviewing information from nonrepresentative focus groups of subsidy recipients conducted in 12 states, Adams et al. (2002) concluded that access to and retention of subsidies can be particularly complex for some parents, including parents who experience many changes in employment or income status in short periods of time, parents who face other challenges, such as language or transportation barriers, and parents working their way off TANF. One ethnographic study on child care subsidy use among families in experimental welfare programs also found

that administrative obstacles made using and maintaining subsidies difficult for families (Knox et al., 2003). The authors found that the logistical effort required to maintain care arrangements was a hidden cost of care for parents that may prevent them from using subsidies. Also, families felt they could not count on subsidies due to changes in work schedules or incomes that could make them suddenly ineligible. And finally, bureaucratic procedures and unsupportive staff attitudes in subsidy agencies often discouraged parents from using subsidies.

### *The Passage of Time*

Studies of administrative data show that some families eligible for subsidies may not use them immediately upon becoming eligible, but do use them later (Witte & Queralt, 2002). For instance, in Illinois, while 11 percent of the TANF recipients used subsidies at the time when data were first collected, nearly 57 percent of the same group used subsidies two years later (Witte & Queralt, 2002). Another study (Lee et al., 2004) found that subsidy take-up rates among eligible former TANF recipients increased over time in two states (Illinois and Massachusetts), but not in a third (Maryland).

## METHODOLOGICAL ISSUES

Several methodological issues in research on use of child care subsidies became apparent from the review of the literature. This section discusses issues beyond those related to specific methodological approaches mentioned above, in Description of Studies.

### Lack of Standardized Measurement

One issue is the lack of standardized operational definitions of constructs across studies. For example, in examining the types of child care families used, some studies considered center care, family child care, and informal care as three distinct categories, whereas other studies looked only at center care and informal care, and—departing from usual practice—considered regulated family child care a subset of informal care. Another example is the different ways studies

grouped children by age. More standardization within the field about the categories of key constructs would reduce confusion and facilitate comparisons.

The lack of standardization is often driven by state policy differences and therefore is difficult to avoid altogether. Researchers can try to overcome such challenges by collecting data in ways that preserve the most refined categorization and also allow for the collapsing of data into multiple categories.

### Reliability and Validity Issues

Child care research literature generally does not employ validated measures. This is usually appropriate since many of the key variables under study are characteristics of the families studied, such as type of child care used, or ethnicity, rather than psychosocial constructs that require refined instrumentation.

Researchers in this area do, however, face reliability and validity issues. A potential reliability problem in using administrative data is inconsistent use of administrative data definitions within a state; different locations may use different definitions. Administrative data can also present validity issues, such as when data definitions, created for administrative purposes, do not mean what they may appear to mean (e.g., full-time child care may be defined as five or more hours per day, not the more commonly understood definition of a full work day). Researchers using administrative data need to be alert to these concerns and consult with knowledgeable administrators about them.

State policy differences can create additional reliability and validity issues for cross-state comparisons. The state differences inherent in federal programs such as CCDF and TANF that allow much state discretion mean that the same term can be defined very differently in different states. For example, state variation in how much income TANF recipients are allowed to earn results in very different maximum earnings levels for TANF families across states and, thus, different definitions of what it means to be a family receiving TANF.<sup>14</sup> These differences must be addressed to arrive at appropriate and accurate cross-state comparisons.

Reliability and validity concerns also arise with survey data. For example, in the National Survey of America's Families, researchers have reported a validity issue with one of the questions about receiving child care subsidies (Giannerelli et al., 2003). Some families' responses to this item are inconsistent with their responses to other questions on receipt of child care assistance in the survey. This suggests that families did not understand the question as asked. This also represents a reliability issue, in that different respondents interpreted and answered the same question differently.

## ISSUES FOR FURTHER STUDY

In the course of this literature review, several issues emerged that have not been adequately addressed to date and which warrant further study.

### Non-TANF Families and Subsidy Use

When taken as a whole, this body of literature more accurately generalizes to TANF families who use subsidies than to low-income families not connected to TANF who participate in the child care subsidy program. As noted throughout, families who have not received TANF have been studied less frequently than TANF families. Additional studies are needed that sample the full spectrum of low-income families eligible for subsidies in the context of policies in each state studied.

### Race and Ethnicity

These studies find African-American families are more likely than white families to use subsidies. Some studies also show Hispanic families are less likely to use subsidies, although this finding was less consistent and needs further study. None of the studies reviewed, however, provides much insight into what may underlie differences in subsidy use patterns by race and ethnicity. Among the possible underlying factors are culturally-based differences in child care preferences and differential access to subsidies. Additional research is needed to explore the underlying factors that

may be driving racial and ethnic differences in patterns of subsidy use.

### Education, Income, and Family Size

The studies reviewed here present mixed findings on the relationships between subsidy receipt and parent education levels, family income, and number of children in a family. These areas also invite further study.

### Family-Level Patterns of Subsidy Use

Many of the studies in this review present findings on characteristics of families using subsidies and/or children in subsidized care. They do not offer findings on children in the context of their families—usually focusing neither on all the children subsidized nor all the children (subsidized and unsubsidized) in a family. Thus, studies are needed that examine potential differences in subsidy use within families of varying characteristics. For example, one study of subsidized families (to be included in a future review covering research on families' experiences with subsidies) has found major differences in child care choices depending on the number of subsidized children in a family. (Witte, Queralt, & Long, 2004).<sup>15</sup>

### Relation to Head Start and Prekindergarten

For the most part, these studies do not address how child care subsidy use relates to use of Head Start, Early Head Start, and prekindergarten programs. Operated as separate systems, these different programs are typically studied separately. Yet, in the broadest sense, they are interrelated; together, these programs comprise the bulk of publicly financed early care and education in the United States.<sup>16</sup> Understanding how these programs do and do not interrelate is particularly important in understanding the experiences of children and families who may participate in several of these programs simultaneously.

Studying the interrelation of these different early childhood programs poses challenges, particularly when using administrative data, which generally document only one program. Integrating administra-

tive data from these different early childhood programs with one another and with Census or survey data would enable researchers to gain a better understanding of how child care subsidy use relates to use of other publicly funded early childhood programs.

## Policy Variation

As described above, there is considerable variation in how states have formed and implemented their child care subsidy policies. The same is true for state TANF policies. Furthermore, policies change over time within states. Findings about subsidy use may be affected by variations in state TANF and child care subsidy policies that create different contexts for families in different states.

The variation in states' policies poses a challenge in summarizing findings from multiple studies conducted in different states or groups of states at different times. Several key features of the state policy context, such as the breadth of subsidy eligibility or the market competitiveness of the subsidy rate, may have an impact on subsidy use. These and other aspects of the state policy context and their impact on subsidy use warrant further study.

## STUDIES TO WATCH FOR IN THE FUTURE

A new study led by the Chapin Hall Center for Children at the University of Chicago—in partnership with the U.S. Bureau of the Census, the Jacob France Institute at the University of Baltimore, the National Center for Children in Poverty at Columbia University, and the Ray Marshall Center for the Study of Human Resources at the University of Texas at Austin—and funded by the U.S. Child Care Bureau, is examining patterns of subsidy use among all eligible families in three states. *Employment and TANF Outcomes for Low-Income Families Receiving Child Care Subsidies in Illinois, Maryland, and Texas* will blend nonpublicly available, individual-level census data with individual-level administrative data from child care subsidy, TANF, and Unemployment Insurance in these states. Doing so will enable researchers to distinguish differences in patterns of subsidy take-up,

characteristics of subsidized families and children, as well as subsidy impact among current TANF families, former TANF families, and low-income families without recent TANF histories in states with varying child care and TANF policies.

*Child Care Quality—Does Partnering with Head Start Matter?* is a new study being undertaken by the Education Development Center with U.S. Child Care Bureau support; it will conduct a three-year investigation in Ohio to examine observed quality and children's school readiness in centers with and without Child Care/Head Start partnerships. In the process, the study will compare basic characteristics—including subsidy eligibility/receipt—of children and families enrolled in partner and nonpartner centers.

## SUMMARY AND CONCLUSIONS

Over \$11 billion spent each year on child care subsidies supports parents' employment and children's development. A growing body of research—employing a range of methodologies and data sources—has begun to identify the characteristics and child care arrangements of low-income families and children most likely to participate in subsidy programs. Although child care subsidy research is still a young field, preliminary findings on predictors of child care subsidy use are emerging. Summarized in this review and the accompanying table of methods and findings available at [www.childcareresearch.org](http://www.childcareresearch.org), they include the following:

- ▶ Families with preschool children (ages birth through 5) are more likely to use subsidies than families with school-age children (ages 6 and over).
- ▶ Families who currently receive or formerly received TANF cash assistance are more likely to use child care subsidies than those with no recent history of cash assistance.
- ▶ Single-parent families are more likely than two-parent families to use subsidies.
- ▶ African-American mothers appear more likely to apply for and use child care subsidies than mothers from other racial/ethnic backgrounds.

- ▶ Research to date suggests that families using center-based care may be more likely to use child care subsidies than families using other forms of care.
- ▶ Research on hassles that families encounter—or fear they will encounter—in applying for and maintaining child care subsidies suggests that parents with higher tolerance for these frustrations may be more likely to use subsidies.<sup>17</sup>

The studies cited in this review more often look at families with TANF histories than those without. Additional research is needed to more fully understand families who use subsidies but have not received cash assistance. More study is also needed to better understand the relationships between subsidy use and parent education levels, family income, and family size, as well as patterns of subsidy use within families. Future research is needed, too, to understand the cultural and other factors underlying differences in subsidy use across racial and ethnic groups. All research in this area must pay close attention to the state policies that affect subsidy use. Finally, for a comprehensive understanding of the experiences of low-income families and children with early care and education, researchers must ask a broader question than who uses child care subsidies. They must also ask who uses all forms and combinations of publicly supported child care and early education, particularly Head Start and state prekindergarten.

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## ENDNOTES

1. The Child Care and Development Fund was created by 1996 and 1997 amendments to the Child Care and Development Block Grant. The name “Child Care and Development Fund” does not appear in legislation and is the name adopted by the Department of Health and Human Services to refer to the consolidated funds.

2. Aid to Families with Dependent Children Child Care, Transitional Child Care, and At-Risk Child Care—previously authorized under Title IV-A of the Social Security Act—were consolidated with the Child Care and Development Block Grant

3. TANF, created by PRWORA, replaced the earlier Aid to Families with Dependent Children program.

4. As described in the series introduction, these include the federal Head Start and Early Head Start programs, programs supported by Title I of the Elementary School Education Act, 21st Century Learning Centers, and state prekindergarten programs. Federal and state Dependent and Child Care Tax credits are also beyond the scope of this research.

5. A current TANF family may become a former TANF family, and a family with no recent TANF history may begin to receive cash assistance from the TANF program.

6. The ACF Office of Planning, Research, and Evaluation (OPRE) funded and the CCB in ACF oversaw the first two rounds of Child Care Research Partnerships; the CCB funded and oversaw round three. OPRE funded and oversaw the National Study of Child Care for Low-Income Families; CCB funds and, with OPRE, oversees the Evaluation of Child Care Subsidy Strategies, an experimental study; CCB funds and oversees another experimental study, the QUINCE project [Quality Interventions for Early Care and Education].

7. Examples include: Collins, A. M., Layzer, J. I., & Kreader, J. L. (forthcoming). *National Study of Child Care for Low-Income Families: State and Community Substudy: Final report*. Cambridge, MA: Abt Associates; Piecyk, J. B., Collins, A., & Kreader, J. L. (1999). *Patterns and growth of child care voucher use by families connected to cash assistance in Illinois and Maryland* (Child Care Research Partnership Report No. 2). New York: Columbia University, National Center for Children in Poverty.

8. See *Introduction to Child Care Subsidy Research* in the Reviews of Research series for more detail on the trends described above.

9. Some studies completed after (and informed by) PRWORA analyzed data that had been collected in the course of studies of pre-PRWORA welfare reform initiatives.

10. As noted above, during the economic downturn early in this decade, states were less likely to restrict subsidy eligibility for TANF and former TANF families than for other subsidy-eligible families. U.S. General Accounting Office. (2003) *Child care: Recent policy changes affecting availability of assistance for low-income families* (GAO-03-588). Washington, DC: U.S. General Accounting Office.

11. For a discussion of responses to child care financial assistance questions in NSAF, see Giannarelli, L., Adelman, S., & Schmidt, S. (2003). *Getting help with child care assistance* (Occasional Paper No. 62). Washington, DC: Urban Institute.
12. One study looked at families in California using cash assistance. See Meyers, M. K., Heintze, T., & Wolf, D. A. (1999). *Child care subsidies and the employment of welfare recipients* (Working Paper No. 15). Berkeley: University of California, Berkeley, UC Data Archive & Technical Assistance. Another used data from an experimental study of welfare reform initiatives in two states (Project New Hope, in Milwaukee, Wisconsin, and the Minnesota Family Investment Program). See Huston, A. C., Chang, Y. E., & Gennetian, L. (2002). *Family and individual predictors of child care use by low-income families in different policy contexts* (The Next Generation Working Paper Series No. 9). New York: MDRC. A third examined welfare families in Michigan (See Danziger, S. K., Ananat, E. O., & Browning, K. G. (2003). *Childcare subsidies and the transition from welfare to work* (National Poverty Center Working Paper Series No. 03-11). Ann Arbor: University of Michigan, National Poverty Center.), while a fourth studied TANF mothers in Illinois, Maryland, and Massachusetts. See Lee, B. J., Goerge, R., Reidy, M., Kreader, J. L., Georges, A., Wagmiller Jr., R. L., et al. (2004). *Child care subsidy use and employment outcomes of TANF mothers during the early years of welfare reform: A three-state study*. Chicago: University of Chicago, Chapin Hall Center for Children. The fifth study examined the child care use of low-income families with working mothers using nonparental care. See Burstein, N., Layzer, J. I., Cahill, K., Werner, A., & McGary, N. (forthcoming). *National Study of Child Care for Low-Income Families: Patterns of child care use among low-income families*. Cambridge, MA: Abt Associates.
13. In this Milwaukee study, subsidies generally could be used only for licensed or state-certified care, and could not be used for uncertified relative care. State policies vary, however, and subsidies may be used for care by uncertified relatives in most states. See Lowe, E. D., & Weisner, T. S. (2001). *"You have to push it--who's gonna raise your kids?": Situating child care and child care subsidy use in the daily routines of lower-income families* (The Next Generation Working Paper Series No. 7). New York: MDRC
14. This is called an "income disregard" policy.
15. Questions that require a child-level analysis present a complicated set of issues around selection of a random child. Statistical methods have been developed to deal with issues that arise when nonindependent subjects (e.g., children from the same family) are included in an analysis. See Guo, S., & Wells, K. (2003). Research on timing of foster care outcomes: One methodological problem and approaches to its solution. *Social Service Review*, 77(1), 1-24. More work is needed to explore the most appropriate method to create the analysis sample when the research question is best addressed at the family level.
16. Another publicly-funded component of early care and education in the United States is Title I preschool.
17. Research on experiences of families, children, child care providers, and communities will be examined in more depth in a subsequent review in this series.

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