



Child care subsidies post TANF: Child care subsidy use by African American, White and Hispanic TANF-leavers

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ABSTRACT

With welfare reform, appropriations for child care subsidies have increased with the goal of increasing the employability of welfare leavers while promoting children's access to quality, affordable child care. Yet, not all low-income eligible families use child care subsidies. Understanding which low-income families use child care subsidies and which do not will provide initial insights into the nature and effectiveness of the child care subsidy system. Does the child care subsidy program equally serve families from diverse cultural backgrounds? What family and demographic factors are associated with child care subsidy use? We compared child care subsidy experiences of equal numbers of African American, White, and Hispanic TANF-leavers in five counties in and around Philadelphia. Fifty-five percent of African American TANF-leavers, 43% of White TANF users, and 45% of Hispanic TANF users were not eligible for subsidies because they were not employed upon leaving welfare. Of those families eligible for child care subsidies, 78% of the eligible African American TANF-leavers, but only 49% of the White, and 45% of the Hispanic TANF users used subsidies. Similarly, 85% of the subsidy-eligible African American families used child care, but only 70% of the white and 67% of the Hispanic subsidy-eligible families used child care. Thus, African American families were more likely than other families to be eligible for subsidies, to use them when eligible, and to use child care when eligible. While race/ethnicity was the primary predictor of subsidy usage, an additional predictor for all families of not using subsidies was having economic support from relatives and friends. For African Americans, prior use of public subsidies and for Whites, the absence of mental health problems also predicted subsidy usage.

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1. Introduction

The Child Care and Development Fund (CCDF) was intended to support welfare reform by providing child care support to families receiving Temporary Assistance for Needy Families (TANF) to help them transition off TANF to employment (Child Care Bureau, 2005). Child care subsidies facilitate the provision of child care while parents on TANF are in training, education, or work programs to help them to prepare to move off TANF. Child care subsidies also help families immediately after leaving TANF to continue employment activities that will permit them function independently.

Child care subsidies are believed to be a critical factor in enhancing the success of TANF-leavers' ability to develop a more permanent involvement with the labor market and to provide children with quality, affordable care. In this sense child care subsidies are intended to strengthen families in mutually reinforcing ways though enabling parents to model employment behavior while providing children with early childhood educational experiences that will get them school

ready. Yet little is known about how child care subsidies operate in practice to support parents transitioning off welfare.

In this paper, we examine whether child care subsidies function effectively as tools to support the transition off TANF equally for all low-income families. We address two fundamental issues associated with families accessing and using child care subsidies upon leaving the TANF rolls. The first issue is *subsidy eligibility*. Immediately after leaving TANF, do families maintain their subsidy eligibility status? That is, do they have jobs that enable them to maintain their subsidy eligibility? Does eligibility status vary with the race and ethnicity of the TANF-leaver? In the first part of the paper, we address whether child care subsidies are available to TANF-leavers to assist them in acquiring and maintaining employment during the period while transitioning off TANF. We also examine whether subsidies are more widely used by members of some racial and ethnic groups than other groups.

The second issue is *child care subsidy use*. Do TANF-leavers eligible for subsidies use the subsidies for which they are eligible? Do TANF-leavers use alternative nonsubsidized child care or do they just go without? Does the use of subsidized care vary with family social characteristics and experiences? Does use of subsidized care vary by the race and ethnic identity of the TANF-leaver? Race and ethnicity are central social characteristics in this investigation.

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Race and ethnicity have been socially carved out as dimensions of stratification based on varying trends in immigration and of course, forced immigration due to slavery (Lieberson, 1980). Race and ethnicity are socially constructed; seeing race is learned within a social context (Anderson & Massey, 2001; Glenn, 1998). For example, Irish immigrants were considered a racial group distinct from “other” Whites until large numbers of Black residents began to move to largely northern cities. The creation of whiteness and non-whiteness are intimately tied to people’s opportunities and access to basic goods and services (Rothenberg, 2002).

Racial and ethnic groups are also spatially and therefore socially separated. Although segregation levels have been decreasing, they remain high, particularly for Black and Hispanic households (CensusScope.org., 2010). Basic decisions and choice sets take place in a social and cultural context that is spatially bound (Wilson, 1996, 2009).

It is within this racialized context that access to child care subsidies needs to be examined. Because subsidies are the policy mechanism through which welfare leavers can access safe and higher quality child care while they are at work, racial and ethnic differences in access to and use of child care subsidies need to be understood and addressed.

Research shows large racial and ethnic differences in the types of child care arrangements used by African American, White, and Hispanic households (Capizzano, Adams, & Ost, 2006). According to research using the National Survey of American Families, African Americans use center care the most, Hispanics the least, and Whites somewhat in between. Hispanic families use relative care the most, while both Whites and African Americans use relative care the least. Choices of these arrangements are those most seriously affected by access to subsidies (Lawrence & Kreader, 2005; Schaefer, Kreader, & Collins, 2005). Radey and Brewster (2007) maintain that much of the differences in child care arrangements can be explained by non-racial variables such as income and family composition. Based on findings from the Fragile Family and Child Wellbeing Study, Radey and Brewster speculate that a good deal of the differences in child care choices might disappear in the absence of this income disadvantage. However, this income disadvantage is what necessitates the need for child care subsidies in the first place. Disadvantage and access to child care subsidies cannot be separated. Investigating the extent to which families from different ethnic and racial backgrounds differentially access subsidies may shed light on the processes that underlie ethnic differences in child care usage.

1.1. Child care subsidy utilization

Although policy recognizes the centrality of child care subsidies in supporting employment (U.S. General Accounting Office, 2003), subsidy utilization rates (often referred to as “take-up” rates) tend to be low, typically reaching less than one third and never reaching more than half of eligible families (Collins, Layzer, Kreader, Werner, & Glantz, 2000). A meta analysis of TANF-leavers showed subsidy utilization rates ranging from 3% to 28% (Schumacher & Greenberg, 1999). The 1999 National Survey of America’s Families showed that approximately 21% of low-income families received some kind of help for child care assistance from the government or other organization (Giannarelli, Adelman, & Schmidt, 2003). Using data from the 2002 National Survey of America’s Families to simulate child care subsidy eligibility, Herbst (2006) reported that only 14% of families in their sample were subsidy recipients, although nationally, 28% of households were subsidy-eligible. For single female-headed households, 52% were found to be subsidy-eligible, and 22.5% were subsidy recipients (Herbst, 2006). In their survey of African American subsidy-eligible families in low-income Philadelphia neighborhoods, Shlay and her colleagues found that 33% of subsidy-eligible respondents received a child care subsidy (Shlay, Weinraub, Harmon, & Tran, 2004). Combining administrative records with survey data, Witte and Queralt (2002) reported take-up rates of 40% to 50% in Rhode Island and Illinois.

1.2. Factors that affect child care subsidy utilization

What is the source of the wide variability of findings about child care subsidy utilization rates? Witte and Queralt (2002) argue that the variation reflects differences in places, policies, methods, and sample characteristics.

The simple answer is that there is no single take-up rate. The take-up rate varies widely across methodologies and samples. It also varies across time, as the number of eligible families changes due to changes in social welfare programs (e.g., welfare reform) and in the economy (Witte & Queralt, 2002: 21).

At one level, the variation in subsidy utilization reflects the existence of barriers to subsidies that vary by state as well as by local area. These include subsidy administration and regulations including reimbursement rates and co-payment levels, hassles and transaction costs associated with acquiring and maintaining subsidy use, and the availability of other private assistance including free or discounted care (Schaefer et al., 2005; Shlay et al., 2004). In their multi-state study, Collins et al. (2000) concluded that access to subsidies for low-income families is complicated by differences in the systems that administer subsidies for TANF and non-TANF families and by the different rules for accessing child care subsidies within each system. Early on, the rapid infusion of massive amounts of federal dollars for these subsidies compounded complications in the administrative processes related to these subsidies; changing budgetary issues also create uncertainty and confusion from year to year.

Child care subsidies are not entitlement programs. Although some states are willing to serve all eligible families, typically the amount of funding is capped, limiting subsidy availability to families despite eligibility (Adams, Weinraub, & Shlay, 2006). In addition, subsidy eligibility is accompanied by more limitations than other benefit programs, including work requirements, child age, and income requirements. Therefore, *a priori* barriers exist in the delivery of child care subsidies by virtue of how subsidy policy is defined and constructed.

Adams, Snyder and Sandfort (2002a,b) detail the multiple ways in which parents are required to interact with the subsidy system, and the many ways in which accessing and retaining a child care subsidy can be a very slippery slope. Factors getting in the way of acquiring and maintaining a subsidy include rude or insensitive caseworker interactions, inaccessibility of the caseworker’s office, interactions with multiple agencies, required in-person and multiple in-person agency visits, and excessive paperwork. In addition, in some states, families need to recertify eligibility every six months and after any change in employment. In documenting the ways in which bureaucratic procedures discourage subsidy use, Knox, London, Scott, and Blank (2003) cite the requirement for families to reapply repeatedly for benefits to determine income eligibility status over the course of a year, different application agencies during and after receiving TANF, and mountains of paperwork. Indeed, the subsidy experiential process can be seen as an amalgam of hassles. According to Shlay et al. (2004), 37% of child care subsidy-eligible parents report that the hassles associated with applying for a subsidy are the main reason they did not use a subsidy.

Low reimbursement rates may also operate as barriers to subsidy use (Collins et al., 2000; Witte & Queralt, 2002). These are the rates reimbursed to child care providers for serving subsidy-eligible clients. If these rates are unacceptably low, providers may elect not to serve the subsidized child. Since 2001, 28 states increased their reimbursement rates, and four states decreased their reimbursement rates. For many states, reimbursement rates remained well below the going local market rates (U.S. General Accounting Office, 2003). Reimbursement rates are difficult to set for relative and in-home care because their informal nature does not easily indicate the market rate for this type of care. Rates are often set lower for relative and in-home care

than for other types of care, disadvantaging in-home and relative care (Collins et al., 2000).

Child care co-payments (payments made by parents in addition to the subsidy payments) are additional potential policy-related barriers to subsidy use. Co-payments are the amount of money a family must pay to the provider. Although the co-payment varies by state, co-payment levels are adjusted by family income. If co-payment levels are too high or if co-payments rise precipitously with increased income, the value of the subsidy is reduced, and families may choose not to use a subsidy (Collins et al., 2000).

At another level, individual family characteristics are related to whether or not they use subsidies (Schaefer et al., 2005). Parents with more education (Blau & Tekin, 2007), single parent families (Danziger, Ananat, & Browning, 2003; Shlay et al., 2004), and families with younger children (Blau & Tekin, 2007; Huston, Chang, & Gennetian, 2002; Lee et al., 2004; Meyers, Heintze, & Wolfe, 1999) are more likely to use subsidies than other families. Knowledge about subsidy availability, attitudes towards government assistance and welfare, and family mental health and coping styles may be additional characteristics that affect subsidy usage.

Prior welfare experience may provide families with greater knowledge about the availability of subsidies (Blau & Tekin, 2007; Fuller, Holloway, & Liang, 1996; Huston et al., 2002; Shlay et al., 2004; Witte & Queralt, 2002). To apply for a child care subsidy, parents must be aware of the existence of child care subsidies, and they must be cognizant that they may be eligible. Lack of this knowledge operates as an important barrier (Meyers et al., 1999; Schumacher & Greenberg, 1999; Shlay et al., 2004). Parents who received child care subsidies while they were on TANF and then came off TANF may find the process of applying for or maintaining subsidies more manageable than other low-income families with no prior history of welfare receipt. Similarly, childhood histories of growing up on welfare may make the process of applying for subsidies more acceptable. At the same time, bad experiences with other public assistance programs is a reason people report for not using child care subsidies (Shlay et al., 2004).

People who use center care are more likely to receive child care subsidies (Schumacher & Greenberg, 1999; Shlay et al., 2004). It is unclear if people who prefer center care are more likely to apply for subsidies or if center care providers are more likely to provide information about subsidies to the families they serve.

Finally, cultural factors may also operate as barriers to subsidy use. If particular groups prefer certain types of care that parents believe are not supported within the subsidy system (Lowe & Weisner, 2001; Shlay, 2006), families may avoid subsidies. For example, Latino families' apparent preference for informal care has been offered as an explanation of lower subsidy utilization rates among Latino families (Fuller, Holloway, & Liang, 1996; Holloway & Fuller, 1999). Similarly, African American families' preferences for center care have been used to explain their comparatively higher subsidy utilization rates (Blau & Tekin, 2007; Danziger et al., 2003; Lee et al., 2004). Particular families' value systems and a belief in family self-reliance may lead some families to see subsidy use as stigmatizing, causing them to reject all forms of government support (Shlay, Weinraub, & Harmon, 2007).

In this study, we examined factors predicting subsidy eligibility, child care subsidy use, and use of child care in three samples of recent TANF-leavers – African American, White, and Hispanic families. No studies to date have specifically examined differences in family use of child care subsidies as a function of race/ethnicity, nor have differential factors within ethnic groups been examined. Yet, this information can shed light on observed differences in the take-up rates across states, and help identify why different groups participate differentially in the subsidy system. Similarly, previous studies have not examined the reasons families may have chosen not to accept the subsidies to which they are entitled. Although Shlay et al. (2004) found that many low-income families who do not use subsidies report that they feel that they do not need subsidies for child care, few researchers have

followed up this finding to understand why families report not needing subsidies. Is it because non-subsidy users receive economic support from family and friends? Is it because they do not have regular employment schedules that promote the use of regular subsidized child care? We investigate these variables, as well as two others that may be relevant. Are mental health problems more prevalent among eligible non-subsidy users? And finally, do families avoid child care subsidies because they believe that children are best cared for in their home setting?

2. Method

We interviewed recent TANF-leavers to learn about their use of child care subsidies and their experiences with the child care subsidy system using a specially designed 30 minute telephone interview. To understand individual differences within and across racial/ethnic groups, we asked questions concerning parents' beliefs and attitudes about subsidy usage, their need for subsidy, and specific difficulties they experienced with applying for and maintaining subsidy use.¹ Recent subsidy leavers are not affected by waiting lists in the Commonwealth of Pennsylvania.

2.1. Sample recruitment and selection

Names of potential participants were obtained from monthly lists of TANF-leavers provided by the Pennsylvania Department of Public Welfare (DPW). These lists contained names and contact information for people living in the five county (Philadelphia, Montgomery, Bucks, Delaware, and Chester) area of Southeastern Pennsylvania who had terminated their cash assistance two months earlier. Names and numbers on these lists were randomly selected to be called if they were over 18 years old, had responsibility for a child under the age of five, and identified as either African American, White or of Hispanic descent. All interviews were conducted via Computer Assisted Telephone Interviewing and were conducted in both English and Spanish. Calls were made during the weekday, weeknights and on weekends. Up to 65 attempts were made for contact before the phone number was removed from the queue. Data were collected from April to October 2005. Each respondent received a \$20.00 postal money order for completing the telephone survey.

The lists of TANF-leavers provided by the Commonwealth contained unequal numbers of families from each race/ethnic group. Using the distribution of race and ethnicity in the first month of calls as a gauge, we estimate that 15% of the TANF-leavers were Hispanic, 16% were Non-Hispanic White, and 69% were Non-Hispanic African American. We established a goal of recruiting at least 200 respondents for each racial/ethnic group, assigning callers to continue calls within any given week until the goal was reached. Respondent's race and ethnicity were confirmed during the call. The final sample of 658 TANF-leavers included 228 African American, 215 White, and 215 Hispanic parents. Due to the greater prevalence of African American families on the TANF-leaver list, the sample of African American families was obtained in the shortest amount of time. Nevertheless, the response rate was relatively similar across the three groups of

¹ The design process for this survey occurred in three stages. We began by meeting with key informants to understand the process by which parents who stop receiving TANF benefits transfer (or do not transfer) into the public child care subsidy system operated by Child Care Information Services. Next, we conducted three focus groups with White, African American, and Hispanic welfare recipients to help us identify the most salient issues facing parents with young children as they transitioned from welfare to the labor force. The goal was to learn about the range of experiences mothers had when leaving the welfare system, how they managed child care for their children, and the overall effects of the transition on them and their families. Finally, questions for the survey were developed and piloted on a small sample before finalizing the survey.

Table 1
Demographics and background characteristics of recent welfare leavers by race and ethnicity (N = 658).

Characteristic	Non-Hispanic African American N = 228	Non-Hispanic White N = 215	Hispanic N = 215	F or χ^2
Gender				
% Female	97.4	96.7	93.0	
Age of respondent				
Mean	26.1	26.2	25.8	
SD	6.4	5.7	6.0	
Marital status				20.3**
% Single, never married	88.6	76.7	72.6	
% Married	3.9	8.4	10.7	
% Divorced	3.1	4.2	5.6	
% Separated or widowed	3.5	10.7	11.2	
% Living with spouse or partner	13.1	24.7	27.9	15.75***
Residing county				111.84***
% Philadelphia	79.4	48.8	92.6	
% Suburban	20.7	51.1	7.4	
% Born in the U.S.	99.1	97.7	67.9	132.14***
Ethnic identity ^a				
% Puerto Rican	–	–	83.0	
% Other	–	–	17.0	
Monthly household income (\$) ^a				
Mean	1466.9	1381.5	1395.6	
SD	996.5	1028.7	933.0	
No. of children				
Mean	2.1	1.9	2.1	
SD	1.3	1.2	1.1	
Age of target child				
Mean	1.7	1.37	1.39	
SD	1.3	1.3	1.3	
% Using child care subsidy	43.0	21.4	20.5	35.1**
Health of target child				
% In intensive care when born	15.8	14.9	13.0	
% With condition limiting regular activities	5.7	5.1	6.5	
Education level				32.90***
% Less than 12th grade	21.5	34.8	39.6	
% 12th grade or GED	61.4	40.0	40.9	
% Some college/associate's degree	15.8	17.7	14.0	
% Bachelor's degree or higher	0.8	2.4	2.4	
% Families received cash assistance when respondent was growing up	54.8	28.8	58.6	45.55***
% Treated for mental health in past six months	8.8	28.4	14.0	32.38***
% Received economic support from family and friends	27.6	35.3	18.6	15.11***
% Works the same day each week	48.7	40.0	35.3	8.98**
% Received food stamps	75.4	69.8	69.3	
% Believes children are best cared for in-home	61.1	78.1	79.1	23.16***

Note: only significant scores are shown. * $p \geq .05$. ** $p \geq .01$. *** $p \geq .001$.

^a Ethnic identity was only asked of those who reported being of Hispanic descent.

families. It was 62.5%, 64%, and 72% respectively for the African American, White, and Hispanic groups, with an overall response rate of 64%.²

2.2. Participant characteristics

Sample characteristics for each group are presented in Table 1. Most of the participants were female (96%). They ranged in age from 18 to 57 years ($M = 26$, $SD = 6$). The vast majority of the sample was single and never married. The average household had two children; the average age of the target child selected for this study was one and a half years old. Most parents reported their child to be in good to excellent health (92%), 15% were in intensive care when they were born, and 6% reported having a condition that limited their regular activities in some way.

African Americans, non-Hispanic Whites, and Hispanics differences on several characteristics. A greater percentage of the White (24.7%) and Hispanic participants (27.9%) were living with a spouse

or partner than were African Americans (13%). Residency differed among the groups, with 51.1% of the White families living in suburban counties as opposed to 20.7% of the African American and 7.4% of the Hispanic families. A greater proportion of African American families were using child care subsidies while on TANF. Most of the White and African American families were born in the U.S., but only 67.9% of the Hispanic families were born in the U.S. Education level also differed among the groups. African American respondents were more likely to have completed 12th grade or received their GED (61.4%) than the White (40.0%) or Hispanic respondents (40.9%). Half of the African American and Hispanic respondents (54.8% and 58.6% respectively), but only 28.8% of the Whites reported receiving cash assistance while growing up. African Americans were less likely to have reported that they received treatment for mental health problems in the last six months than Hispanics or Whites (7%, 11% and 21% respectively).

2.3. Child care arrangements

We defined child care as a regular arrangement used for at least 10 h per week whether or not there was a charge for the service. It did not include care provided by a spouse or partner, the child's other parent, or occasional babysitting. Forty-eight percent of parents reported using a child care arrangement. Of these, 42% reported

² Because the participants had just recently terminated TANF, telephone contact information provided by the Commonwealth DPW was still valid for many families.

Table 2
Child care subsidy eligibility of TANF-leavers by race and ethnicity.

	Eligible	Ineligible	Total
Non-Hispanic African American			
N	126	102	228
%	55%	45%	100%
Non-Hispanic White			
N	93	122	215
%	43%	57%	100%
Hispanic			
N	97	118	215
%	45%	55%	100%

$\chi^2(2, N = 658) = 7.47, p < .05$.

using a child care center, 21%, a family day care home, and 38%, relative care. On average, children were in care 33 h per week ($SD = 13.4$). Parents paid, on average, \$32 per week for the target child's care ($SD = 43.2$). Twenty-nine percent reported receipt of a child care subsidy at the time of the survey. There were no race or ethnic differences in the child care arrangements used.

2.4. Data analyses

Subsidy usage and eligibility usage for all families and for subsidy-eligible families were estimated using weighted averages reflecting the differences in the frequency of each group in the TANF-leaver population. Differences between racial/ethnic groups were tested using chi-squares or t-tests for independent measures. Logistic regression analysis was used to test for the independent contributions of TANF-leaver characteristics and experiences on subsidy use for the group of subsidy-eligible TANF-leavers. Logistic regression analysis was used because the dependent variable is binary (1 = received a child care subsidy), and all of the independent variables in the equation were also binary variables. Regressions were performed for the sample as a whole, then with race/ethnicity as an interaction term, and finally, for each of the groups individually. Reported are only results significant at least at the $p < .05$ criterion.

3. Results

3.1. Child care subsidy eligibility and subsidy use

If TANF-leavers did not use child care subsidies, it may have been because they were not eligible to receive them. Thus, we first examine the eligibility status of the participants. Eligibility was defined using one of the state's regulations for subsidy eligibility at the time of recruitment into the study – employment at a job for at least 25 h per week.³ Using a weighted average (18% of the welfare leavers on our call lists were Hispanic; 19% were White, and 64% were African American), we estimate the overall percentage of subsidy-eligible TANF-leavers in this population to be 51%. However, this estimate may be misleading, because subsidy eligibility differed as a function of race and ethnicity. As Table 2 indicates, African American TANF-leavers (55%) were more likely to be eligible for subsidies than either White (43%) or Hispanic (45%) TANF-leavers ($\chi^2(2) = 7.47; p < .05$).

A large number of TANF-leavers in our sample (45% of the African American families, 57% of the White, and 55% of the Hispanic) were not subsidy-eligible. These TANF-leavers were ineligible for subsidies

³ This was the minimum requirement for subsidy eligibility in the Commonwealth of Pennsylvania at the time of the survey. Other eligibility requirements are listed in Table 1. The eligibility rule we used was consistent with the regulations introduced after July 2005, with one major exception: We assumed that parents would have to work at least 25 hours. However, post July 2005, parents only had to work 20 hours with hours spent in school counting toward that requirement.

Table 3
Subsidy use by race and ethnicity among eligible TANF-leavers.

	Using subsidy	Not using subsidy	Total
Non-Hispanic African American			
N	98	28	126
%	78%	22%	100%
Non-Hispanic White			
N	46	47	93
%	49%	51%	100%
Hispanic			
N	44	53	97
%	45%	55%	100%

$\chi^2(2, N = 316) = 29.40, p < .01$.

because they were not employed at the time they left the TANF system. Thus, many TANF-leavers did not use child care subsidies because they did not meet minimum state eligibility requirements related to employment.

Using a weighted average, we estimate the overall percentage of subsidy-eligible TANF-leavers using subsidies to be 67%. Again, this average across the three groups may be misleading. Table 3 presents data regarding subsidy use among subsidy-eligible TANF-leavers as a function of race and ethnicity. African American subsidy-eligible families were more likely to use child care subsidies (78%) than White (49%) or Hispanic subsidy-eligible families (45%) ($\chi^2(2) = 29.40; p < .01$). Thus, not only were African American TANF-leavers more likely to be eligible for subsidies, but they were also more likely to use them when they were eligible.

Were TANF-leavers who were eligible for a child care subsidy more likely to use child care? The answer is yes. Table 4 presents subsidy eligibility and child care use by race and ethnicity. Subsidy-eligible African American TANF-leavers were more likely (85%) to use child care than either eligible White (70%) or Hispanic (67%) TANF-leavers ($\chi^2(2) = 23.125, p \leq .000$). Thus, not only were African American TANF-leavers more likely to be eligible for subsidies, they were also more likely to use them when they were eligible, and they were more likely to use child care when they were eligible for subsidies. When White families were not eligible for subsidies, they were more likely than other families to use child care (32% versus 24% for African Americans and 16% for Hispanics). When Hispanic families were not eligible for subsidies, they rarely used child care (16%). This may reflect that Hispanic families do not use child care unless they are employed.

3.2. Predictors of subsidy use among subsidy-eligible welfare leavers across all three race/ethnic groups

Subsidy use among all subsidy-eligible TANF-leavers not only varied with race and ethnicity, but also varied with child care usage pre- and post TANF. As indicated by the data presented in Table 5, TANF-leavers who used child care, who received a child care subsidy, who used a child care center, and who used a registered or licensed child care program while on TANF were more likely to use a child care subsidy after leaving TANF. Not surprisingly, after leaving TANF, those families using child care, using a child care center, and using a registered or licensed child care program had a much higher probability of using subsidies post TANF than other TANF-leavers.

Table 6 shows that subsidy users were more likely to work the same day each week (73% versus 52%). Non-subsidy users were more likely to have been treated for mental health problems in the last six months than subsidy users (20% versus 8%), to receive economic support from family and friends (27% versus 14%) and to believe that children are best cared for in a home setting (76% versus 61%).

What are the independent effects of each of these predictor variables? We examined variables that might have the most direct effects of whether or not families might apply for and use child care

Table 4
Child care subsidy eligibility and child care use of TANF-leavers by race and ethnicity.

	Using child care		Not using child care		Total	
	N	%	N	%	N	%
Non-Hispanic African American						
Eligible	107	85%	19	15%	126	100%
Not Eligible	24	24%	78	76%	102	100%
Non-Hispanic White						
Eligible	65	70%	28	30%	93	100%
Not Eligible	39	32%	83	68%	122	100%
Hispanic						
Eligible	65	67%	32	33%	97	100%
Not Eligible	19	16%	99	84%	118	100%

$\chi^2 (2) = 23.125, p < .000.$

subsidies and entered these into a regression along with race and ethnicity as predictors of subsidy receipt. Table 7 presents the results of logistic regression analyses (B coefficients and odds ratios) examining the effects of these characteristics and experiences on child care subsidy use for the group of *subsidy-eligible* welfare leavers with no interaction terms included. Race was the strongest predictor of child care subsidy use among subsidy-eligible welfare leavers, even controlling for other variables. African Americans were more likely to use child care subsidies to purchase child care than White or Hispanic subsidy-eligible TANF-leavers ($p < .05$). Being African American increased the odds of receiving a subsidy by 189%. Receiving economic support from family and friends was associated with a reduced probability of receiving a subsidy by 47%. Mental health had a significant and negative influence on child care subsidy receipt. Being treated for mental health problems decreased the odds of receiving a child care subsidy by 45%. Working the same day each week increased the probability of receiving a child care subsidy by 102%. Trends were seen with food stamp receipt and using a child care subsidy while in TANF. TANF-leavers were somewhat more likely ($p = .09$) to use a child care subsidy if they were receiving food stamps. Welfare experiences may have also been part of the explanation for why

Table 5
Child care while on TANF and post TANF by eligible subsidy users and non-users.

	Using subsidy n = 188	Not using subsidy n = 128	t (314)
Used child care while on TANF			2.58*
N	124	65	
%	66%	50%	
Used center care while on TANF			3.96***
N	59	16	
%	48%	24%	
Registered/licensed program while on TANF			4.20***
N	71	21	
%	57%	39%	
Child care assistance while on TANF			3.25**
N	99	44	
%	80%	34%	
Child care on regular basis post TANF			17.36***
N	188	49	
%	100%	38%	
Used center care post TANF			9.84***
N	104	10	
%	56%	20%	
Registered/licensed program post TANF			13.01***
N	127	10	
%	68%	8%	

Note: shown are significant t-test scores only.

* $p < .05$.
*** $p < .001$.
** $p < .01$.

Table 6
Attitudes, mental health, work and welfare experience for eligible subsidy users and non-users.

	Using subsidy n = 188	Not using subsidy n = 128	t (314)
Treated for mental health in last six months			-2.89**
N	16	25	
%	8%	20%	
Received economic support from family and friends			-2.40*
N	27	34	
%	14%	27%	
Works the same day each week			3.68***
N	137	67	
%	73%	52%	
Received Food Stamps			
N	156	96	
%	83%	75%	
Believes children best cared for in-home setting			-2.83**
N	114	97	
%	61%	76%	

Note: shown are significant t-test scores only.

** $p < .01$.
* $p < .05$.
*** $p < .001$.

people received or did not receive a child care subsidy post TANF. Receiving a child care subsidy while on TANF also tended to increase the odds of receiving a child care subsidy by 62% ($p = .066$). Believing children are best cared for in a home setting did not affect subsidy receipt.

Again, when considering the predictors of subsidy receipt in the context of race and ethnicity, differences in predictors among the groups emerged. When we ran the regressions including interaction terms, we found that the predictors of subsidy receipt differed depended on the race/ethnicity of the groups. Three interaction terms were significant—African American ethnicity \times mental health ($B = -2.295, df = 1, p < .048$); Hispanic ethnicity \times mental health, ($B = -2.29, df = 1, p < .025$); and African American ethnicity \times receipt of subsidy while on TANF ($B = 2.436, df = 1, p = .001$). Only for White families was being treated for mental health problems in the last six months a significant predictor of subsidy receipt. Similarly, only for African American families did receipt of subsidy while on TANF predict receipt of child care subsidy post TANF (results of the individual regressions for each race/ethnic group confirm these findings and are available upon request).

Table 7
The effects of race and ethnicity and other factors on child care subsidy receipt among subsidy-eligible families (N = 316).

Variable	B coefficient (standard error)	Odds ratio
African American ^a	1.063* (.322)	2.894
Hispanic ^a	-.243 (.313)	.785
Treated for mental health problems in last six months	-.795* (.384)	.451
Received economic support from relatives and friends	-.757* (.329)	.469
Works the same days every week	.706* (.265)	2.027
Receives Food Stamps	.530 ¹ (.311)	1.699
Received child care subsidy while on TANF	.483 ¹ (.263)	1.621
Believes children are best cared for in-home setting	-.396 (.284)	.673
Constant	-.530 (.460)	.589

Note: this table reports logistic regression analyses for main effects only. For the regressions run with interaction terms, significant interaction terms are reported in the text.

Cox and Snell $R^2 = .173$, Predicted = 71.2%, $\chi^2 = 59.866^{**}$.

^a Omitted variable = White respondents.

* $p < .05$.
¹ $p < .10$.

4. Discussion

Child care subsidies are believed to be a critical tool in the welfare reform system. They are intended to enable TANF-leavers to function independently and develop a more permanent attachment to the labor market. In this study, we examined whether child care subsidies function differentially to support the transition of African American, White and Hispanic families off TANF. We addressed two fundamental issues associated with families accessing and using child care subsidies upon leaving the welfare rolls — subsidy use and subsidy eligibility.

In this sample, about 36% of all TANF leaving families reported receiving a child care subsidy. This figure is congruent with previous uptake estimates documenting the low receipt of subsidies for subsidy-eligible families (Collins et al., 2000; Giannarelli et al., 2003; Herbst, 2006; Schumacher & Greenberg, 1999; Shlay et al., 2004; Witte & Queralt, 2002).

More significantly, we found that the majority of recent White and Hispanic TANF-leavers in our sample — 57% and 55% respectively — were not eligible by the state to receive a subsidy. These welfare leavers were ineligible for subsidies because they were not employed at the time they left the TANF system.

At the surface, it appears logical to connect the award of child care subsidies to people who have already succeeded in obtaining employment. How can families succeed in leaving the welfare system if so many TANF-leavers cannot acquire support for child care and participate in the labor market? Leaving the welfare system is the precise time when families are most vulnerable. If families do not successfully transition to the child care subsidy system upon leaving the welfare system, it is less likely that they will gain access to subsidies later if and when they obtain employment.

Why were families not using the child care to which they were entitled? Previous reports provide partial answers to this question (Adams et al., 2002a,b; Knox et al., 2003; Shlay et al., 2004; Witte & Queralt, 2002). All else equal, receiving economic support from family or friends was negatively related to child care subsidy use. Perhaps TANF-leavers who received economic help from family or friends preferred to rely on private forms of support rather than public forms such as child care subsidies. Alternatively, perhaps those parents who were not getting subsidies were forced to rely on private forms of support. Working the same days each week also predicted child care subsidy use. This may reflect the fact that parents with predictable, regular employment are most likely to rely on subsidized child care. The direction of effects here is open to question. Does regular employment encourage mothers to seek subsidized care? On the other hand, do the parameters of subsidized care encourage mothers to seek jobs with regular weekly hours? It is likely, however, that mothers with regular work hours were more likely to use center care, and this is the care used most commonly preferred by families on child care subsidies. Finally, receiving food stamps was a factor that tended to predispose families to use a child care subsidy. Families may be predisposed to use child care subsidies when families receive another subsidy tied to purchasing a particular good necessary for family survival (in this case food). Both subsidized food and child care are necessary economic supports for surviving employment in a low wage economy.

However, the most important factor influencing not only who was eligible for subsidies, who used child care, and which subsidy-eligible families used subsidies, was race. Being African American was the strongest predictor of child care subsidy use among subsidy-eligible welfare leavers, even controlling for other variables. Not only were African American welfare leavers more likely to be eligible for subsidies, but they were also more likely to use them when they were eligible. Being African American increased the odds of receiving a subsidy among subsidy-eligible families by 189%. This race effect may indicate the interplay of cultural factors tied to race and ethnicity

that influence the use of child care subsidies and child care more specifically. It may also indicate different relationships of racial and ethnic subgroups to various aspects of the child care market (e.g., regulated care providers).

Some of the characteristics associated with subsidy use in our study are also associated with being African American. For example, African American families were more likely to use a child care subsidy while on TANF and to use registered or licensed care, characteristics also associated with increased use of child care subsidies post TANF. White and Hispanic welfare leavers were much less likely to use registered or licensed care or use a child care subsidy while on TANF. Therefore, these differences suggest that unmeasured cultural variations in views about child care may have contributed to these differences in subsidy use as well as group differences in relationships with and accessibility to the child care market. Not only did race and ethnicity predict subsidy usage, but also some of the predictors of using subsidies were different for families of different backgrounds. Only for African Americans did receiving a child care subsidy while on TANF predict receiving a subsidy after TANF. This may be a function of the greater incidence of African American families using child care subsidies while still on TANF. In contrast, for White families, being treated for mental health problems in the previous six months negatively predicted use of child care subsidies after leaving TANF. Although the White mothers were healthy enough to find and maintain employment, their greater engagement in mental health treatment, compared to African American and Hispanic TANF-leavers, may have made managing subsidized care too overwhelming for these already stressed parents.

That race and ethnicity play a role in the acquisition of child care subsidies after leaving TANF raises additional questions that require more research. Do families that vary by race and ethnicity choose to use subsidies to give them access to the types of child care they prefer?

This research cannot answer this question. Our research documents that race and ethnicity play a role in subsidy acquisition, and, to some extent, differences in family backgrounds and circumstances may contribute to these differential use patterns. However, differences in child care preferences may not fully account for differences in subsidy usage. Recent research on child care preferences shows that although families that vary by race and ethnicity use different types of child care (Capizzano, Adams, & Ost, 2006), their preference structures do not differ. When accounting for many of the specific attributes of child care such as the characteristics of the provider and setting, families do not exhibit clear preferences for difference type care types (Shlay, 2010). Research on race and ethnic differences in child care selection and subsidy uptake rates needs to focus on the dynamic relations between child care subsidy use, child care selection, and the role of different background factors such as mental health on family coping patterns. Although the research to date has focused on child care outcomes, i.e. the acquisition of subsidies, of center care, of relative and the like, it has not focused on the decision-making process by which families make those choices. Such research would require a qualitative framework that examines how families think about child care. New research suggests that trust is a major factor in how families make child care (Levine, unpublished manuscript). In-depth qualitative interviews give voice to how families define trust in terms of different types of child care (Chaudry, 2004).

4.1. Limitations of these findings

The strength of this study was our ability to contact TANF-leavers by telephone and acquire the necessary data. Our response rates were reasonable, and we detected no differences in response rates among the African American, White and Hispanic families. Yet, our findings may be restricted to the particular geographic area — Philadelphia and its surrounding four suburban counties — and to the particular period

of our data collection – April to October 2005. Welfare policies in the Commonwealth have changed since we collected these data, as has the economic tenure of the times. These factors may limit the generalizability of our findings to possibly more diverse TANF-leavers of today.

5. Conclusions

Using information from a sample of African American, Hispanic and White TANF-leavers living in the Philadelphia metropolitan region in 2005, we examined whether TANF-leavers were able to acquire those child care subsidies deemed so important for their success in the labor market.

Clearly, the overwhelming number of TANF-leavers who neither utilized child care subsidies, nor used child care at all, points to a critical fault line in the transition from welfare to the non-welfare based child care subsidy system. The majority of our White and Hispanic samples were ineligible for a child care subsidy; most of these families used no regular form of child care. TANF-leavers ineligible for subsidy neither used child care nor were they employed. If child care is indeed a crucial ingredient to successfully leaving TANF for work and for children to gain access to quality, affordable child care, the findings of this study do not bode well for welfare reform. This study points to the failure of a system in which many TANF-leavers do not to acquire the subsidies that are intended to assist them in the acquisition and maintenance of employment.

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