Leaving Welfare for Employment: The Role of Child Care Subsidies for White, Hispanic and African American Families

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Fundamental understanding: child care integral to implementation of welfare reform

- Some form of care necessary for welfare recipients to acquire and maintain employment
- Child care affordability major issue for low income families
- Employability of former welfare recipients depends on availability and use of child care subsidies
- Recognized by federal and state policy
- Billions of dollars appropriate for child care subsidies
Study of Philadelphia metropolitan welfare leavers

- Conducted in collaboration with PA Department of Public Welfare.
- Funded by William Penn Foundation
- Longitudinal, comparative study of White, Hispanic and African American welfare leavers
- Compares subsidy use, subsidy eligibility and subsequent employment
Sample

- Sample from lists of recent welfare leavers (two months off TANF) provided by PA DPW
- Lists stratified by race and ethnicity
- Final sample: 658 welfare leavers.
- Approximately equal numbers of White, Hispanic and African American welfare leavers
Survey

- Time one: subsidy utilization survey: focus on barriers to and utilization of child care subsidies
- Time two: employment outcome: 6–8 months later, focus on employment outcomes
Subsidy eligibility

- Majority of subsidy leavers: not subsidy eligible because not employed at time of leaving TANF (52%, n=342)
- Most leavers not eligible for subsidies did not use child care (76%, n=260)
- Subsidy eligibility: major barrier to subsidy use and child care use
Subsidy users (among subsidy eligible leavers)

- > African American leavers among subsidy users
- < White or Hispanic leavers among subsidy users
- > Hispanic representation among non-subsidy users
- > employment among subsidy users
- > income among subsidy users: average of $460 more per month
- Both subsidy users and non-users poor
African Americans welfare leavers compared to White or Hispanic welfare leavers

- education
- Use of housing subsidy
- Use child care while on TANF
- Use child care subsidies while on TANF
- Use child centers
- Use licensed and registered care
No racial and ethnic variation in attitudes towards

- Welfare
- Child care subsidies
- Child care
Multivariate analysis: statistically significant predictors of child care subsidy use

- Factors increasing subsidy use
  - Being African American
  - Worked the same days each week
  - Received food stamps
  - Received child care subsidy while on TANF

- Factors decreasing subsidy use
  - Received economic support from family and friends
  - Received treatment for mental illness
Follow up study: focus on stability and change in child care and subsidy use

- Continuity in receiving subsidies (59% in time 1 and time 1)
- Continuity in not using child care (69% in time 1 and time 2)
- Non-child care users (time 1) unlikely to acquire subsidy in time 2 (10%)
- Non subsidized child care users (time 1) more likely to acquire subsidy in time 2 (35%)
Employment

- Continuity in employment (71% employed in time 1 and time 2)
- Continuity in unemployment (75% unemployment in time 1 and 2)
- Child care users more employment at time 2 (68%)
- Subsidy users more employment at time 2 (69%)
- Subsidy use predictor of employment at time 2 (increased likelihood of employment by 148%)
Employment

- Employment barrier to subsidy use
- Non-subsidy use barrier to child care use
- Non-child care use barrier to employment
- Critical linkages between subsidy use, child care use and employment.
- Should employment among welfare leavers be automatic condition for subsidy?
- Will lack of subsidy subsequently doom employment prospects for welfare leavers?
Race and ethnicity

- Race major part of explanation of child care subsidy use
- African Americans more likely to use subsidies as well as licensed/registered care
- Lack of other differences among groups based on race and ethnicity
- Race and ethnicity operating through subsidy and child care use may influence different rates of success among African American, White and Hispanic welfare leavers