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Participants’ Perceptions of the Childcare Subsidy System

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This paper presents a focus group study of perceptions of cash assistance participants in Cuyahoga County, Ohio and the San Fernando Valley in California regarding childcare subsidy use, choices of care, and perceptions of quality. TANF participants discuss experiences in the subsidy system and indicate needs and preferences for childcare. Advocates, policy makers, and parents recognize the need for suitable childcare so that TANF recipients can go to work. However, discussants’ comments demonstrate one result of a changing, but not yet changed, social safety net. The authors explore strategies to address participants’ concerns—childcare systems that neither function as promised, nor offer quality of care that enhances child development and is safe and comforting for children.

Keywords: childcare, child care subsidy, social safety net, TANF, quality of child care, low-income families

Introduction

With the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996, Federal policy makers reaffirmed the importance of childcare in helping cash assistance recipients move into employment. Under PRWORA, existing childcare subsidies were consolidated into a single block grant—the Childcare and Development Fund (CCDF). In addition, overall
funding for childcare and flexibility of choices for use of those dollars was expanded (Blau & Tekin, 2001; Michel, 1999; Schumacher & Greenberg, 1999). New options allowed parents to use licensed childcare centers, regulated (licensed or certified) childcare homes, or informal, unregulated care with a family member or friend. While these choices responded to primary concerns of availability and accessibility of care for low-income families, they renewed a long-simmering debate regarding the quality of childcare offered. Several questions have arisen as part of the debate:

1. Should parents be able to choose informal, unregulated providers or should subsidy use be confined to regulated (licensed) providers?

2. Should some measure of quality of care be a primary criterion for subsidy receipt, and, if so, whose definition of quality should prevail—the definition of human service professionals or the definition of parents?

3. Should the childcare funding agency be responsible for assuring that children in subsidized care are safe, well cared for, and educationally stimulated, or is that a parental responsibility alone?

Each of the questions listed above remains unanswered and, therefore, the debate about the availability and accessibility of quality childcare is unresolved. Unfortunately, the result for poor women has been this: Developmentally appropriate, educationally sound, and safe childcare has not been obtainable. In the study described below, focus group participants offer insights that can be used to respond to this debate.

This research was one portion of a larger qualitative study that measured the perceptions of welfare recipients during a period of change in federal, state and local cash assistance programs. The study discussed here analyzed the experiences of cash-assistance recipients who had used the subsidized childcare system. Specifically, it explored the impact of reform upon the childcare choices of public assistance recipients. We report below the findings from our study. First, we review the literature on childcare subsidies, examining the usage of care among low- and moderate-income families and the barriers to usage.
The Childcare Subsidy System

Childcare for low-income families has been subsidized by the Federal government and by state governments since the mid-1960's. Head Start has been provided at no cost to eligible families. Other subsidies have assured that welfare recipients could obtain childcare while in school or job training as part of various work incentive programs. In 1988, under the Family Support Act, the Federal government combined childcare subsidies for welfare recipients (Aid to Families with Dependent Children-Child Care [AFDC-CC]) and those transitioning out of welfare for employment (Transitional Child Care). In 1990, the Federal subsidies were added for those at risk of losing employment and entering the welfare system (At-Risk Child Care). The Child Care & Development Block Grant (CCDBG) also was created to provide childcare for low-income families and improve the overall supply and quality of childcare in the states (Blau & Tekin, 2001). Provisions of PRWORA (P.L. 104-193) expanded and consolidated subsidies in 1996 into the Child Care Development Fund (CCDF), recognizing that reliable, safe childcare was essential for women transitioning from welfare to work and for maintaining employment (Adams, Snyder, & Sandfort, 2002; Blau & Tekin, 2001; Cabrera, Hutchins, & Peters, 2002; Coley, Chase-Landsdale, & Li-Grining, 2001; Kisker & Ross, 1997). The Fund provides money to states, allowing them great flexibility in formulating strategies for supporting childcare for low and moderate-income families (Child Care Bureau, 1999). However, significant evidence indicates that families face barriers in trying to access subsidies and quality care.

Accessibility

Families must apply for childcare assistance through the local TANF agency. Application procedures are often bureaucratic and complex. They require parents to appear in person to obtain and renew their eligibility, verifying income and/or participation in work-related activities with documentation. Childcare offices, for the most part, are open only during regular weekday business hours, so parents who work late shifts or attend night classes
are forced to miss work, training, or school to prove their eligibility. Thus, administrative complexity severely restricts access to and use of subsidies (Adams et al., 2002; Cabrera et al., 2002; Mensing, French, Fuller, & Kagan, 2000; Pearlmutter & Katona, 1998).

Availability

Low-income families have traditionally chosen kith and kin as providers for their very young children (Brayfield, Deich, & Hofferth, 1993; Coley et al., 2001; Fuller, Kagan, Caspary, & Gauthier, 2002; Phillips, 1995). These informal (and usually unregulated or unlicensed) arrangements generally provide flexible hours and accommodate the needs of parents who work evening or weekend hours. They tend to cost less than market-rate care and may also be provided at no cost to parents. Formal center-based (regulated) care, however, tends to offer more and higher quality care than is available in family-based care. Center-based care is related to stronger developmental outcomes for children in these families (Cabrera et al., 2002). Yet this important finding may seem meaningless when considered in the context of urban environments in the United States. Low-income neighborhoods and communities often lack a full range of childcare settings. In addition, the few childcare settings that do exist may not have room available to accept all children (Fuller et al., 2002). With few childcare options available in their own neighborhoods, parents must look for resources in other neighborhoods and communities. Accessing remote resources may be difficult because many parents have no transportation or must rely on inefficient and/or unreliable public transportation (Mensing et al., 2000).

Payment to Providers

Many states set low payment rates for providers. This negatively affects availability of care for low-income families, simply because there is no economic incentive for providers to open shop in the neighborhood, or to expand their services (Blau & Tekin, 2001; Fuller et al., 2002). Providers who do accept the low payment rates may offer sub-standard care with untrained (and, therefore, less expensive) staff.
Affordability

Affordability in the subsidy system is related to parental co-payments required as family income increases. However, co-payments reduce available spending income for families. To avoid the loss of money, parents may avoid the co-payment system completely and choose, instead, free (unregulated) care provided by family members or friends, that is more convenient (Coley et al., 2001; Fuller, Kagan, & Loeb, 2002). Or, low-income families may opt out of the subsidy system for other reasons and spend a large proportion of their income, often in excess of 30%, on childcare arrangements (Brayfield et al., 1993; Fuller, Kagan, Caspary, & Gauthier, 2002), thus further reducing income for other living expenses, such as food, clothing, insurance, and medical care, among others.

Quality of Care: Trust and Safety

Childcare and child development professionals evaluate the quality of childcare settings based on very specific criteria. They examine physical safety and basic health procedures. They observe provider-child interactions, and the ratio of children to caregivers. They study the use of materials, types of activities, and other indications of the provider’s ability to relate to the child or children in the setting. Decisions about quality are based upon observation using valid measures (Cost, Quality, and Child Outcomes Study Team, 1995; Kontos, Howes, Shinn, & Galinsky, 1995). Parents evaluate the quality of childcare on different criteria. Parents want a provider who is warm and loving (Kontos et al., 1995), will communicate with them, and is flexible and understanding of their needs (Cabrera et al., 2002; Fuller, Kagan, & Loeb, 2002; Paulsell, Nogales, & Cohen, 2003). They want a provider who is trustworthy and whose childcare setting feels safe (Mensing et al., 2000). Only when these criteria are satisfied do parents talk about the importance of a learning environment, convenience, and structure of the setting.

The Study

We wanted to understand the childcare experiences of families in two communities as they moved from welfare to employ-
ment and to compare these experiences with those we found in the childcare literature. One part of the research reported here was undertaken early in 1998 and the second part in 1999. The study explored participants' recognition of the changes that welfare reform would bring to their lives. One component of the research examined participants' use of subsidized childcare services. Focus groups were held in Cuyahoga County, Ohio in March 1998, six months after federal welfare reform legislation and time limits had gone into effect. One year later, focus groups were held in the San Fernando Valley, Los Angeles County, California. We conducted our study in two states and at different times as a measure of the progress of reform (see Pearlmutter & Bartle, 2000 for a complete discussion of the research).

Methods

Sample

In Cuyahoga County, one focus group consisted of 24 residents of a public housing complex in Cleveland. All of the participants were African-American; 23 were women. The second group included 14 participants; 5 women were African-American, 3 were Caucasian, 4 were Hispanic, and 1 couple was Iranian. In California, three focus groups were conducted with current CalWORKS (TANF) participants in the Northeast San Fernando Valley in Los Angeles County, California, during March and April 1999. There were 15 participants (13 women and 2 men) in the groups. The first group had 8 participants, the second 4 and the third had 3. Six were Latino and the rest were African-American. All who were Spanish-speaking elected to respond in Spanish. A research assistant provided translation. All participants were currently using or had received public assistance and had used the childcare subsidy system.

In Cuyahoga County, prospective participants responded to a notice and a letter that explained the research. In Los Angeles County, focus group members were recruited through an employment program and several social service agencies, whose staff suggested names of potential participants and distributed notices to other potential participants.
Research Questions

In general, we asked participants to discuss their experiences with the childcare subsidy system. Specifically we asked: 1.) What were your experiences in finding childcare that you wanted? 2.) What do you look for when you are seeking child care? 3.) How would you describe a good quality child care setting? 4.) Tell us about using subsidies or vouchers; and 5.) What do you think about parental choice (the policy that permits parents to select an unregulated provider for subsidy receipt)? Questions in the larger study elicited responses pertinent to child care as well. These questions included inquiries about parents' experiences with the TANF agency and their needs for support services to obtain and keep employment.

Study Procedures

In all groups, we welcomed participants and facilitated introductions. Consent forms were distributed and explained. Discussion of the questions proceeded with some background information about childcare subsidies and usage policy. Because two of the California groups were small, we prompted discussion by informing participants of responses from the first group and encouraging additional and deeper conversation. At the end of each session, we thanked participants for their discussion and distributed a cash gift or grocery gift certificate.

It is possible that the size of the California groups and our alteration of the original research protocol to encourage discussion constitute limitations to the study. Participants in these groups, however, were excited and involved discussants, responding to comments from earlier groups and initiating new content threads. In addition, as noted above, the California groups contained both native English and Spanish speakers. Time was taken during the sessions to translate the comments of Spanish speakers. The authors viewed this as an opportunity for stimulating discussion across cultures. Participants seemed to listen more carefully, eager to hear the experiences of others.

Data Analysis

Audio recordings of the sessions were transcribed for use by the researchers. After the interview/group discussions were
complete, the researchers reviewed the transcriptions and the notes taken by the co-facilitators and assigned codes to the text. We reviewed the transcripts and notes again to develop responses to individual questions and to seek consensus about underlying themes in the data.

Findings

Access and Availability

Participants in both states were concerned with negotiating the childcare system on their own, whether in finding informal care or locating regulated care. In Ohio, the parental choice policy had not been fully implemented. Here, focus group participants were angry about the lack of childcare choices and frustrated with the existing childcare system. However, many did not want total responsibility for finding their own childcare services and were unsure about risks and liability that would accrue if their child were injured in a setting they had selected. In California, where the parental choice policy had been in effect for over one year, participants were pleased with this new option, but upset by the lack of efficiency in the system overall.

Childcare, they really need to expand on childcare. They take too long to start the money that you need. You just can't take your children to someone and say, I want you to keep them and we'll pay you six weeks later. (CA)

You just don't know their background or whatever. They give you the voucher and you suppose to take and put your kids wherever . . . regardless of what environment your child is in, you are suppose to take it. But if something happens to your child and you have to take him to the hospital they are going to try to pin it on the parents. "Oh, how do we know it didn't happen before you took him to daycare?" (OH)

General availability of care was also an issue for these families:

They wanted me to go to work, right, but where is the babysitter? I got a six-month old and what do I do with her? There's no one near me. Everyone is three bus rides away. I can't do that. (OH)
I work second shift. Do you know how hard that is? I don't get home till 12:30 (am) sometimes. Where do I put my kids? These people don't want them, that center can't take them. I have very little choice. (CA)

My kid has special needs. She needs help to talk and play with others. It's not easy to find a place for her and when I do, I have to hold on to it. I can't afford the time off from work to find somebody and if I don't work, I lose my assistance. It's all tied together, you know. (OH)

Participants in both California and Ohio clearly articulated the gaps in the childcare system: insufficient supplies of infant care, second and third shift care, and reliable school-age care. Yet they recognized that availability and accessibility of affordable, safe and trustworthy childcare was essential to finding and maintaining employment.

What I want to say is I don't understand why, when there's people out here that's trying to work, why they can't get childcare, that's trying to work and get off of AFDC? And they won't provide them with childcare. I've had to have my kids stay at the school until six o'clock. (CA)

Why can't they put the daycare right here (in the public housing estate)? We got an empty apartment. Then we'll know where the kids are and we'll hire the sitters. We know the kids will be all right. (OH)

System Failures: Payments to Providers

The vast majority of the participants in Ohio and in California preferred using family members or friends to care for their very young children. California participants had persistent and urgent concerns about the efficiency of the new system that enabled them to choose their own provider using vouchers. They summarized the voucher program with two-word phrases: "too complicated, too slow, too cheap" (i.e., the state agency still doesn't pay the going rate for care).

My babysitting, she can't get the money. They made, they sent to me one letter and they approved the pay. But, my babysitting sent the papers and never get the check. And, I tried to call GAIN,
CalWORKS, and I don’t know, many numbers. And, they never ask, never answer me. I leave the message and never answer, nobody, nobody knows. (CA—the GAIN program was California’s welfare employment program under a federal waiver from 1985 until 1997 and CalWORKS replaced it under PRWORA)

I did what you were supposed to do, you know. I found the place. I visited and thought she (the provider) was doing what they said. I checked back and went there at different times. I had to make sure she [my child] would be safe there. So I put my kid there 'cause it felt okay and then they didn’t pay. She was certified, you know, to take those vouchers and [the state] didn’t pay her for three months. I saw the papers she sent in and they still didn’t pay. (OH)

... the semester changed and they stopped paying all of a sudden, so it’s been like two months. But, I kept calling the worker, the GAIN caseworker and the supervisor of the worker. So, they said the paperwork got all ——, so a matter of a couple more weeks, I hope, so that the provider can get paid. That’s a struggle right there because, you know, like she said you don’t want to leave your kid if you can’t even afford to pay the people. (CA)

Non-payment to providers often resulted in additional loss and damage to participant families and to providers. Examples include the following:

Loss of employment:
[in the words of the Spanish translator] She has a three year old right now and since her three year old was about one she started working part time taking care of some elderly people. And unfortunately, what happened is that she was not getting the baby sitter’s fees paid so she had to leave her job. And, she had nobody to care for her small child. (CA)

Dangerous situations for the children:
And, I ended up leaving my child at home with my daughter [due to nonpayment for her provider]. At the time she was eighteen, but the kids set the house on fire. (CA)

General embarrassment and discouragement for the mothers:
One participant exclaimed “It’s embarrassing” in response to another’s story about leaving her child with a provider who she couldn’t afford to pay and the welfare department didn’t pay. (CA)
Poverty struggles for the providers:
[in the words of the Spanish translator] . . . because they haven’t paid her for these three children that she’s been keeping for months. She said, “I’m going to have to stop keeping them because they haven’t paid me yet, and no one in the world can keep these kids for free.” She said, [they owe me] . . . nine hundred dollars. She was sitting there crying and asking me, we were, because I was telling her I was trying to find a place to get some food from. And, she was asking me where was I going and because she needed some too, and she had three kids there yesterday when I was talking to her. (CA)

Other concerns related to payment for care included an inability of participants to obtain approval for using family members or friends to provide childcare.

They roughly said we pay, you know, find someone and we’ll pay them. Then they want a lot of information from these people, you know, social security number, date of birth, where they live, if they’re licensed. And if it doesn’t meet up to their standards then they say no. But then they’ll tell you, well, you can have a relative do it. (CA)

Yeah, but I knew the person, she knew me and my mom and everybody in my family so I thought it’d be the best person. And then they started sending her papers saying she had guns and so forth in her household. She told them, yeah, she has, you know, weapons in her household, but her kids, she grew up and taught them. They didn’t never bother that, you know . . . (CA)

Affordability

Childcare policy debates have focused on funding to secure availability of childcare vouchers for low-income parents as a service to support their employment. For the participants in our study, voucher availability was only one component of a system that is not yet working on their behalf. Childcare vouchers are difficult to access as is the care for which the vouchers will pay. Parents recognized that, as their income increased, they were responsible for making co-payments, even though this was often a difficult and a cumbersome process. Childcare workers determine the parent co-payment according to policy guidelines for income eligibility. The childcare provider, however, is responsible for collecting the co-payment. Parents often have little money to pay
or forget and provider reminders may interfere with the parent-provider relationship. As a result, the co-pay may be delayed or neglected. Some parents simply opted out, finding ways to pay for their own childcare.

I know I owed this money. It wasn’t a lot if I paid every week, but I didn’t and then it was $20 or $30 and I didn’t have it. She finally told me I would have to take Maria and leave. (OH)

My kids have been with Selena for two years. She keeps them, but she’s not taking county vouchers anymore. If I asked her to, I would lose her for sure. I don’t want to lose her. I trust her and she is dependable. So I find ways to pay her. I get the money from their dad or from my mother. I just don’t want to bother with county (vouchers). (OH)

**Quality of Care: Trust and Safety**

Criteria that parents in our study used in seeking childcare were related to safety, trust of the provider, cleanliness of the setting, and the presence of supplies and materials. Quality was defined most explicitly in terms of children’s safety—protection from physical abuse, sexual assault, and neglect. Both California and Ohio participants had concerns about trust and safety, whether at county licensed (or regulated) centers and family childcare homes, or in settings selected by the parent through the parental choice policy.

Parents believed that the provider should give attention and loving care to their children. They also believed that providers should help the children learn. However, learning was not as important as children’s safety.

I want to know she is safe, she can be with my aunt and I know nothin’ will happen to her. She’s too little to talk, so I got to have somebody I can trust. You know, until she can tell me what’s happening. (OH)

I worry when there’s too many kids there. How do I know she’s paying attention to mine? Some people have other people to watch their kids. In that case they wouldn’t need a daycare. You can’t trust your kids with anyone especially with everything going on. They might get hit or worse and not even be able to tell you. Some of
the daycare's not safe; they either nasty or kids come home with diarrhea or everything. (OH)

And then also, these people you don't know, and some of us, it could be our first time going out to work and leaving your kids with strangers you don't even know. And, they tell you they provide these services, but then you have to look up the people . . . (CA)

When asked about how they decided on a specific home or center for their children, Ohio respondents again talked about safety and trust.

You got to know the person, I mean, know her and her family and her friends. You got to go visit and be sure it's clean. And it's best to go when you aren't expected. You got to see how they talk to the kids and what happens if someone is bad. (OH)

It's harder for a center, because those teachers, they come and go. I want to talk to the director, make sure she is around, that the others know she is watching them. You know, I want to see dress-up and clay and water. If there's no art stuff or they don't have pictures that look like my kid, I wouldn't send him there. (OH)

For some, trust and knowing the provider was most important. Learning and development of other skills could wait.

. . . I investigated childcare about two years before I even allowed myself to leave her with someone. (CA)

(in the Spanish translator's words) Okay, first of all, she wasn't aware of the childcare, you know, that now you could pick who takes care of your kids, but she does think it's a good idea because if she did have to she would prefer to have somebody she knows. (CA)

My plan is to move my kids as soon as my younger one is not messing his pants. I know that Jerreane will keep them safe. But this child is going to graduate high school and I want a good start now. He can't afford to stay with my cousin if I want him to read. She don't do that kind of work, so I will just move them. (OH)

I'd want her in a center later, so she can learn. Right now, I just want to know she is all right. I don't trust all those people in the center, even if I have known them—it's too easy for someone to hit your kid or push them and no one would know it. (OH)
Discussion

Participants in this study provided a consumer's perspective in response to the childcare debate presented in the Introduction. Participants appreciated the idea of parental choice, although implementation was clearly problematic. They had definitions of quality that they used in securing a childcare placement. Last, although they had comprehensible criteria, they wanted support from the childcare agency to assure safety for their children.

Consumer responses in our study were similar to those outlined in previous literature. Both identified payment policies and practices as negatively affecting affordability, availability, and access to quality childcare. Both our study participants and the childcare literature indicated the importance of quality for consumers of childcare services. Unlike the professional definitions of quality, however, these consumers used safety and trust as primary criteria.

Missing from the policy debate, but of great concern for our participants, is protection of their children. Standards of care and stringent regulations might offer some hope in addressing these issues. However, parents indicated that the key to safety lies in developing a trusting relationship with providers. They wanted assurances of a caring and safe environment for their children and they had no faith that regulations or licensure would guarantee it.

It is apparent from the literature (see Adams & Rohacek, 2002 for a similar perspective) and our research that the childcare subsidy system in the United States must find a way to combine both the professional measures of quality (e.g., developmental outcomes) and parental measures of quality (i.e., safety and trusting relationships) to assure benefits to parents and their children. Our research results demonstrate that child development goals, particularly those for low-income children, will not be obtained if a felt trusting relationship is not established between parents and providers.

Policy Implications

Congressional debate about PRWORA reauthorization has raised many questions, including hours to be worked, funding
and availability of support services, and use of TANF funds to meet individual states' budgetary needs. Proposed childcare funding has been viewed as insufficient to meet needs of parents who must participate in work activities. Funding for TANF and low-income families is also at risk in many states, as dollars for support services such as childcare are supplanted to meet state budget needs. Securing sufficient funding for childcare and streamlining provider payment systems seem essential, given that the availability and use of subsidies makes a difference in participants' ability to obtain and retain employment. Our participants certainly concurred.

Some of the women who participated in our groups had been childcare providers in the past and were now seeking other types of employment. Much of that has to do with the value accorded to childcare work in our culture. Family childcare providers and childcare center workers earn low wages and often have little access to health care or other benefits. Childcare is women's work, still very much a part of the secondary labor market both in this country and internationally (Marchbank, 2000; Michel, 1999). This is particularly true and has had significant impact for the providers used by our participants—family caregivers, relatives, and friends of TANF recipients who care for their children.

It is apparent that, if the childcare subsidy system is to work for providers as well as for parents, providers must be compensated with a living wage and in a timely manner. State childcare systems could be responsive if staff and administrators adopted a customer service approach that values parents as consumers of service. Such an approach would require that a state and/or county's childcare subsidy agency develop the internal capacity to pay providers regularly for their work. Policy makers should also mandate that staff conduct regular childcare market-rate surveys upon which to base subsidy decisions and provider compensation.

Discussion about parental choice, use of unregulated care, and strategies for assuring developmentally appropriate care should occur as part of TANF reauthorization. At this time, subsidized childcare neither assures optimal development for children, nor does it meet parental needs.


