

**Annual Meeting of State Child Care Administrators  
Sponsored by the Child Care Bureau, Administration for Children and  
Families, U.S. Department of Health and Human Services  
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**Sarah Shuptrine's Remarks  
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As we conduct public policy research at the Southern Institute on Children and Families, we have placed a premium on listening to the concerns and views of families. We've made special efforts to confer with welfare families, even before welfare reform.

From 1994 through 1996, we conducted personal interviews and focus groups with welfare recipients and transitional Medicaid recipients in three states (Georgia, North Carolina and Tennessee).

They told us that they do not want to be on welfare but that they cannot afford the extra costs they incur when they go to work, primarily child care and health coverage.

In one of our studies, we conducted extensive interviews with 69 recipients, half of whom were on Medicaid and half were on Transitional Medical Assistance. They were very familiar with the system. Most had been on welfare two or more times. The interviews were conducted in Charlotte and Nashville.

We asked them to choose the Number One benefit they needed most to work full time - they could only choose one Number One (Choices were: Child care, Medicaid for my children, Transportation, Food Stamps and Medicaid for myself).

<b>Distribution of Study Recipients on the Benefit Considered Most Important to Accept a Full-Time Job</b>	
<b>Most Important</b>	<b>Percentage of Recipients</b>
Child Care	48%
Medicaid for Children	32%
Transportation	12%
Food Stamps	6%
Medicaid for Myself	3%
TOTAL	100%
Source: Southern Institute on Children and Families, 1994. Data collected from recipient interviews in Charlotte, North Carolina, and Nashville, Tennessee.	

Whether they were in Charlotte or Nashville, half of the recipients listed "child care" as the Number One benefit they had to have some help with in order to work full time. One-third said "Medicaid for my children."

We also asked an open-ended question soliciting their suggestions about what states needed to do to better support a parents' efforts to get a job and keep a job. They expressed a great deal of frustration with time limited transitional child care benefits. Sixty eight percent (68 %) said that states should design systems so that benefits are gradually reduced as earnings increase, rather than basing benefits on an arbitrary time line that ignores their ability to earn enough to pay for child care on their own and thus stay in the work force.

In 1997, the Southern Institute, with support from The Robert Wood Johnson Foundation, conducted site visits to 17 southern states and the District of Columbia. In cooperation with state officials, meetings were held to identify policies and procedures that present access barriers to health and child care benefits for low income families, and to identify strategies states are using to improve access to benefits.

A report on the site visits, published in February 1998, provides information on child care funding decisions made in the 17 southern states and the District of Columbia

Results showed that all southern states planned to make use of all available federal matching dollars. Six states and the District of Columbia planned to spend beyond the federal match states (Arkansas, Delaware, Georgia, North Carolina, Tennessee and Virginia).

Only seven states had transferred funds from TANF to their Child Care Development Block Grant (CCDBG): Florida, Missouri, North Carolina, Oklahoma, Tennessee, Texas and Virginia. This was surprising given the surpluses that states are building up due to TANF savings. Given the economic realities of paying for child care on low-wage salaries, it was a "no brainer" to transfer funds from TANF to child care.

As part of the study, we were particularly interested in whether state policies on child care were fully funded. Unlike Medicaid, child care is not a federal entitlement program. There is no guarantee of access to child care assistance, even if families are eligible under a state's criteria. The number of eligible families who actually receive assistance is determined by the amount of funding made available by each state. Thus, just because a family is eligible for child care doesn't mean they will receive it.

- Eight of the 17 states reported that they were able to provide child care assistance to all groups who would qualify under state eligibility criteria. (Delaware, Georgia, Louisiana, Maryland, Missouri, North Carolina, Oklahoma and West Virginia)
- Nine states and the District of Columbia reported that they were not currently able to provide child care assistance to all groups who would qualify under state eligibility criteria.
- Four states reported that child care assistance was not available to working poor families with no connection to welfare.

As more and more families leave welfare and go to work, the need for additional child care funding is going to be more and more compelling. And the competition between families leaving

welfare and low wage families who are not connected to the welfare program will become more intense unless significantly more funding is provided for subsidies. States should act and act now if they want lasting results. It's a matter of affordability and it will definitely affect job retention.

Inadequate funding is not the only barrier that families face when seeking assistance with child care.

The eligibility process can impede access to child care subsidies, and the redetermination process can present barriers to retaining child care subsidies.

The dilemma for states is that while eligibility simplification will reduce the complexity of the eligibility process and save administrative dollars, it makes child care benefits accessible to more families and thus would increase expenditures. So, the commitment to make subsidies more accessible is essential to serious simplification initiatives.

Some strategies used by states to improve access to child care for working families are:

Allowing families to apply by mail or telephone without requiring a face-to-face interview.

Having a 12-month period of eligibility between redeterminations.

Identifying areas where more discretion can be used by staff making eligibility determinations, e.g. income and age verification not required unless questionable.

The Southern Institute survey also asked states to provide information on what happens when a family becomes ineligible for a particular child care program. Some states take the initiative to search for other eligibility categories to avoid the loss of child care assistance, while others rely on the family to apply for another category of assistance.

WHAT HAPPENS WHEN A FAMILY BECOMES INELIGIBLE FOR A PARTICULAR CHILD CARE PROGRAM?			
State	Agency Automatically Searches for Another Category	Family Required To Reapply	Other
Alabama	Yes		
Arkansas		Yes	
Delaware			Seamless system eliminates categories of eligibility.
District of Columbia		Yes	
Florida	Yes		
Georgia	Yes		
Kentucky			All child care programs within the Cabinet are combined. Assist with search outside of the Cabinet.
Louisiana		Yes	
Maryland	Yes		
Mississippi		Yes	
Missouri	Yes		
North Carolina			Funding sources are blended so that families do not have to reapply to move from one category to another.
Oklahoma		Yes	
South Carolina		Yes	
Tennessee		Yes	
Texas	Yes		
Virginia	Yes		
West Virginia			Seamless system. Families may mail in review at time of closure of AFDC benefits to determine continuing eligibility.

Source: Southern Institute on Children and Families, Southern State Survey on Child Care, October 1997.

- Seven states automatically conduct an agency search for another eligibility category when a family becomes ineligible for a particular eligibility category rather than requiring the family to reapply. (Alabama, Florida, Georgia, Maryland, Missouri, Texas and Virginia)
- Six states and the District of Columbia require families to reapply when they become ineligible for a particular eligibility category. (Arkansas, Louisiana, Mississippi, Oklahoma, South Carolina and Tennessee)
- Four states reported that child care funding sources are integrated, therefore multiple eligibility determinations are unnecessary. (Delaware, Kentucky, North Carolina and West Virginia)

An area of critical importance to improving access to child care assistance is outreach to inform families about the availability of subsidies. In the interviews we conducted in Nashville and Charlotte that I mentioned earlier, specific questions were asked in order to determine the degree to which recipients understood how their benefits changed when they left welfare for work. The questions related to AFDC (the cash assistance welfare program), Medicaid, food stamps, child care and housing.

Percentage of AFDC Recipients Providing Incorrect Responses to the Impact of Earnings on Benefits	
Benefit	Percentage Providing Incorrect Responses
AFDC	24%
Food Stamps	6%
Medicaid	76%
Child Care	47%
Housing	24%

Source: Southern Institute on Children and Families, 1994. Data collected from recipient interviews in Charlotte, North Carolina, and Nashville, Tennessee.

- Almost half (47%) responded incorrectly regarding the availability of child care subsidies for families who are making the transition from welfare to work.

Based on these findings, the Southern Institute recommended that state social services officials in the southern states develop "user friendly" materials to effectively communicate available benefits.

In cooperation with state social services agencies in Georgia and North Carolina, the Southern Institute developed easy to read, eye-catching outreach brochures designed to communicate clear messages about available benefits.

Unlike the typical state agency communication document, the outreach brochures cut across program and agency lines and thus pull together information on multiple benefits, one of which is child care.

The brochures were designed with assistance from 18 focus groups in North Carolina and nine focus groups in Georgia. The focus groups were held with recipients, community organizations and employers. The brochures we developed are:

- **Leaving Welfare for Work Isn't As Scary As it Seems** (for families on cash assistance): This colorful brochure tells families that they can work full time and still receive some benefits, including health coverage. This is ideal for review with welfare families at redetermination interviews and in job readiness classes.
- **Have You Heard About Benefits for Working Families???** (for general community outreach): This brochure is designed to help families who apply for cash assistance to understand that they can receive Medicaid and other benefits without having to be on

welfare. It is appropriate for distribution through schools, health providers, churches and other community organizations and to employers for dissemination in the workplace.

- **Facts for Employers** (for employers of low-wage or minimum wage workers): This brochure provides employers with information on how to connect low-income workers to benefits that basically supplement low wages at no cost to employers. It is an effective communication tool for use with employers and business groups.

In the report published by the Southern Institute in February 1998, we made six recommendations on improving access to child care benefits:

- To assist more low-income families with the high cost of child care and to discourage welfare as an entry point for child care assistance, states should identify and implement actions to achieve an income based system of child care subsidies for low income working families with no requirement that a family be on welfare for any period of time in order to obtain assistance in paying for child care.
- To avoid denying child care assistance to children in income eligible families who have resources that exceed state asset limits, states should exempt assets when determining eligibility for child care assistance. (Working families are expected to have assets.)
- To assure that the application and recertification process is not burdensome for low-income families seeking child care assistance, states should review eligibility policies and procedures, including recertification periods and verification requirements.
- In order to provide continuity of child care assistance, states should review policies regarding agency initiative in making category changes for low-income families whose children remain eligible.
- To assure that families know about available child care assistance, states and communities should design and implement outreach strategies to communicate the availability of child care assistance for low-income working families.
- To foster cooperation with Head Start, states should identify and disseminate information on successful Head Start collaboration strategies and document issues that need to be addressed at the federal level.