

Implementing Child Care in the Family Support Act

The Policy Institute for Family Impact Seminars



Family
Impact
Seminar

Implementing Child Care in the Family Support Act

May 18, 1990, Cannon House Office Building, Rm. 210

Panelist: **Richard Ferreira**, policy associate at the American Public Welfare Association (APWA)
 Aletha Wright, director of the Office of Child Care Development, New Jersey Department of Health and Human Services
 Sandy Skolnik, executive director, Committee for Children and project manager of the Child Care Resource Network (CCRN), Maryland
 Lawrence Aber, Ph.D., associate professor of developmental psychology, Barnard College

Moderator: **Theodora Ooms**, director, Family Impact Seminar

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Background Briefing Report and Meeting Highlights

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**American Association for Marriage and Family Therapy (AAMFT)
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Implementing Child Care in the Family Support Act

Highlights of the seminar meeting held on May 18, 1990 in Cannon House Office Building, Room 210 (a supplement to the background briefing report).

The great deal of interest in the child care provisions of the Family Support Act arises for two reasons, said Theodora Ooms, the moderator, in her opening remarks. First, the legislation represents the first time the federal government has required welfare mothers with children ages 3-5 to enroll in education, training or employment. Second, successful implementation of the child care provisions is critical to the overall success of welfare reform. This seminar will outline the main features of the child care components of the Act, report on how the states are going about implementing these provisions and discuss how we will know what effects the Act has on children and their families.

The first panelist, **Richard Ferreira**, policy associate at the American Public Welfare Association (APWA), began by explaining that, at this time, there is very little hard data available on the implementation of JOBS generally and we know even less about the child care provisions. Much of the information currently available is anecdotal, largely based on reports received during APWA's various technical assistance activities with the states. However Ferreira added that he would also draw on the results of a survey APWA conducted late last summer on state's plans for JOBS implementation, and the findings of other organizations which are monitoring implementation.

Overview of the Child Care Provisions. There are two main sections in the law which address child care. First, under the FSA, child care is guaranteed to all individuals participating in JOBS and those AFDC recipients who need child care to find or maintain employment. The second major child care provision of the FSA is a 12 month transitional child care benefit (for details of these provisions see pages 8-12). Some of the key provisions are:

- In the JOBS program, Ferreira explained that states are required to provide child care assistance to both mandatory and voluntary JOBS participants; individuals involved in pre-and post-component activities (such as assessment) and those waiting for the next JOBS component; individuals in approved non-JOBS activities and self-initiated activities; and individuals who are working and receiving AFDC.
- Under the FSA, the state has the responsibility of determining whether a recipient needs child care in order to participate. Additionally, the state must inform parents of the types and location of care and of their eligibility for the transitional child care benefit. The state must ensure that the child care meets applicable state and local standards and establish procedures to ensure basic health and safety. The law allows states to pay providers the actual cost of care up to a state-wide limit but federal financial participation (FFP) is only available up to the 75th percentile of the local market rate.
- Child care subsidies may be provided directly to the parent through vouchers or cash reimbursement, or a variety of payment mechanisms to providers. Care must meet applicable state and local standards (of health, safety etc.).

- Parental choice is guaranteed in the law. The parent or caretaker has the right to determine the kind of child care they will use if more than one type of care is available. The parent can also refuse the state arranged care and find their own.
- The transitional child care benefit is available for 12 months to individuals who were on AFDC at least three out of the last six months and lose AFDC eligibility due to increased earnings, loss of the earnings disregards or increased hours. The benefit is available on a sliding fee scale and all those receiving the benefit must pay something.

Status of states' implementation. To date, 30 states plus the District of Columbia and the Virgin Islands have begun to implement JOBS. Three more are expected to begin on July 1st, the remainder by October 1st. Two-thirds have implemented the program on a state-wide basis. Ferreira noted that there is tremendous diversity among states both in the way the program is being implemented and the way it is perceived by the workers and clients.

In general, states are clearly shifting from a primary emphasis in previous welfare/work programs on job-search, to a much stronger emphasis on comprehensive services including assessment and case management (which 33 states are planning to institute).

In implementing the child care provisions, in particular, Ferreira said that states are trying, with varying degrees of success, to use and build upon existing child care and integrate existing low-income child care programs with JOBS and transitional child care. This is not easy since these programs have different eligibility requirements and fee scales for example. He noted the following major challenges states are facing:

- Many states are concerned about whether the supply of child care is sufficient, particularly in rural areas and for children with special needs.
- The use of the transitional benefit seems to be related to how well AFDC eligibility workers are communicating to clients that they are eligible for this benefit. There is some concern about how effectively they are doing so.
- Heavy reliance on relative or informal care may not necessarily reflect parental choice but lack of supply and/or uncertainty about what kind of care is available.
- There is a prohibition on using FSA funds for resource development, recruitment and training. As states continue to struggle with concerns about supply of child care, they are now realizing the importance of coordination and linkages with other agencies and existing service delivery and exploring such options as "wrap-arounds" with Head Start.
- In terms of affordability, it seems that the findings of some local market surveys (a requirement of the law) are causing some surprise and some states are finding they will have to provide higher levels of reimbursement than they presently do under existing child care programs.

Future Challenges. Looking ahead, Ferreira commented that JOBS and child care implementation will continue to evolve but will be constrained by the difficulty many states have in accessing sufficient resources. He predicted that the programs will look very different in two or three years. He stated that the integration of administrative and service delivery resources in order to establish a child care infrastructure will pose a tremendous challenge to states. Issues concerning the availability, affordability and quality of child care will continue to be dominant. Ferreira also mentioned the importance of changes in the "culture" of welfare agencies away from a focus on income maintenance, toward an emphasis on employment, training and case management.

Finally, and most importantly, the transfer of knowledge between states and of lessons learned among professionals in the field will also prove critical to successful implementation.

Ferreira commented that states are waiting with anticipation and some concern and fear about what the expected new federal child care legislation will imply for states in terms of additional needs for coordination and integration. He then concluded by saying that basically states are very optimistic about welfare reform and are taking their responsibilities seriously but there are many problems that yet have to be solved.

Aletha Wright, Director of the Office of Child Development in the New Jersey Department of Human Services discussed the experiences of implementing the child care component of New Jersey's welfare-to-work program called Realizing Economic Achievement (REACH), which served as one of the prototypes for the design of JOBS.

She began by sketching the New Jersey child care context which creates the framework within which the state has to approach implementation of the FSA. One of the special features of New Jersey is the fact that, in addition to licensing child care centers, New Jersey has voluntary family day care registration. Although these registrations have grown within the last 2 years to nearly 3,000 it is estimated that there are a total of about 30-40,000 such family day care homes across the state, most of them are not registered.

REACH was signed into state law on October 8, 1987 and is now being implemented in all 21 counties. It is being phased into the FSA/JOBS program. From the start, provision of child care was viewed as a critical component to the success of the state's welfare reform program. For example, each county's REACH planning committee had to establish a child care subcommittee which participated in the writing of the REACH plan. And at focus group meetings with welfare mothers, state policymakers learned from the perspective of the participants, that the availability of child care is the most critical issue to their effective participation in the program.

Parental choice and informal care. The New Jersey REACH program offered a number of child care arrangements including licensed day care centers, registered family day care homes and school-aged child care. However, the state found that the most utilized category was that of "approved homes" that is, informal, self-arranged care provided by a relative, neighbor, friend, etc. which were identified by the participant. These homes had to meet life/safety requirements and a home inspection was required. The "approved homes" which became known as "self-arranged care" after the enactment of FSA were chosen by 55% of all REACH participants, while 24% chose licensed child care centers and 19% chose family day care homes, and 2% chose after-school programs (data through December 1989, see N.J. Department of Human Services, 1990, p.26). REACH participants appear to choose different, more formal kinds of care as their children grow older

The high utilization of informal care came somewhat as a surprise to New Jersey. Thus they have recently launched a survey to find out why the mothers choose the kind of care they choose. Do they choose the "approved" homes, informal care because it is closer to home, because grandmom (or aunt or friend) still gives the best care or simply because other care is not available?

Statewide planning and coordination. Wright described how the state had involved different levels in carrying out the welfare reform program. Lead child care agencies were created in the counties and they have emerged as major players working with both parents and providers. Many of these agencies are the old "4-Cs" agencies established in the sixties, the precursors of resource and referral agencies, which re-emerged to take on a new life. The role of these lead agencies is to provide child care referrals and assist parents in the selection of child care, work with providers, and seek to expand the supply of child care.

Wright said that coordination among participating agencies and agencies at different levels is very important and also a challenge since coordination was once described as "as easy as dancing with an octopus." At the state level, in addition to the lead agency, the Department of Human Services, the Departments of Labor, Education, Community Affairs, and Commerce and Economic Development were all involved and supposed to "dance together" in the implementation of REACH. Similarly, at the local level, numerous agencies are also involved. Successful coordination has progressed slowly and it is only just beginning to go the way it is supposed to go. Wright mentioned that initially it was difficult for these different child care agencies to even reach an agreement on the fundamental nature of FSA's child care program : was it child care or was it an early childhood education program or both?

The state-wide policy planning and operations group, which includes representatives from the association of lead child care agencies, county REACH representatives and case managers work together to resolve issues and make recommendations to the Department of Human Services. For example, they determined the child care payment process, reimbursement rates and types of child care to be available and many other policies and procedures. The policy group publishes *Policy Planning Updates* which helps to guide the implementation of REACH at the local level.

New and upcoming issues. Wright described an exciting new demonstration project taking place in New Jersey called **Child Care Plus**, being funded in part by the Rockefeller Foundation which will study, over a long-term period, the effect of enhanced child care on low-income families. Under the study, comparisons will be made among those receiving the basic REACH/FSA child care; those receiving an extra year of transitional care; and those receiving developmental, high quality child care until the youngest child is in first grade. This demonstration will help to fill some of the existing research gaps on the relationship between work and the availability of child care and the value of developmental child care in low-income families (see page 25).

New Jersey's experiences are consistent with some of the general trends observed by Rick Ferreira. Wright explained that, as a result of the local market rate surveys, New Jersey expects its reimbursement rate for child care may increase. They are working on a new sliding fee scale for the transitional child care but in the meantime are using the Social Services Block Grant scale. They are using a new federal grant (from the Family Support Administration) to increase the number of registered family day care homes. In addition, the state budget continues to fund local (county) family day care sponsoring agencies to register providers statewide. Finally, they are concerned with the issue of displacement---namely whether, when supply of subsidized care slots are in short supply, children of JOBS participants will displace other low income children. This is especially a worry about the Head Start program, and state welfare officials have met with federal Head Start administrators to explore ways to facilitate coordination.

In closing, Wright summed up the welfare reform situation in New Jersey with a quote from Plato who once said, "we are faced with what seem to be insurmountable opportunities." New Jersey is a state however that believes in ideals, ideas and such opportunities.

Sandy Skolnik, executive director, Maryland Committee for Children and project manager of the Committee's Child Care Resource Network (CCRN), explained the need for, and development of, a child care resource and referral (R and R) program in Maryland and the challenges and advantages of using R & R's effectively under the Family Support Act.

Maryland's child care context. Maryland has a long history of interest in early childhood education, with the first centers being set up at the end of the 19th century. Since 1965 the state has licensed child care centers and in 1966 began to license family day care homes. In 1982 the

regulatory function of family day care was changed from licensing to registration. Today, in Maryland, there are 1500 licensed centers (almost all are private nonprofits or small businesses) and 9,500 registered family day care providers. Child care programs in Maryland are either private nonprofits or small businesses: few national chains represented. The state has strong child care standards. It is one of only five states which would have met all the standards requirements of the original ABC child care legislation.

Skolnik commented that this vast network of child care in Maryland overall takes care of children for more hours than the schools do, yet the supporting services made available to schools at both the state and local levels have not developed to any significant degree for child care providers or consumers.

Maryland Committee for Children/R and R. Skolnik commented that where there is a "vacuum" systems emerge to meet the need. Founded in 1945, the Maryland Committee for Children has had a long history of training child care workers, advising providers about licensing procedures and advocating on behalf of children. About eight years ago, they increasingly received calls from parents asking for help in locating child care. The Committee recognized the need to bring together all the different types of child care providers into an information network.

With funding from the State Department of Human Resources and the Baltimore City Department of Social Services, the Committee set up one of the first computerized child care resource and referral agency in the country initially serving the Baltimore metropolitan area, but expanded eventually to cover the whole state. The initial effort was relatively modest---consisting of six apple computers, a hard drive and a data base manager. Increasingly the Committee worked with corporations who began to offer child care R and R as an employee benefit. The Committee for Children currently has 76 corporate clients.

One of the major gaps in child care research to date, Skolnik noted, is research into the economics of the child care "trilemma"---the relationship between affordability, availability and quality. In Maryland the top CEO's in the state, working with the Governor and the Committee conducted a six month study into the economics of child care in Maryland that led to the launching of a unique three year demonstration project called **Shareholders in the Future: Marylanders Invest in Child Care**. This project is jointly funded by business and state government, and will create a state-wide network of child care resource centers during the three year demonstration period. The planned evaluation will demonstrate the impact of these resource centers on the delivery of child care. Additionally, the project will develop three different models for child care resource centers, one each in an urban, rural, and suburban community and a state wide child care resource center.

National R & R network. Meanwhile the child care resource and referral network has grown tremendously, both in Maryland and nationwide. Five years ago there were only 15 resource and referral agencies in the country; today there are 350 and there is a National Association of Child Care Resource and Referral programs (NACCRA), which has specific membership criteria, see page 30). Many of these programs have contracts with corporations to help their employees locate child care but members must also offer assistance to the community generally. National brokers have evolved- such as Work/Family Directions in Massachusetts working with IBM---which has helped create and nourish the growing network of R and Rs throughout the country. One result is that R and R's have become increasingly geared towards providing services to the middle class. Skolnik commented that R &Rs are staffed by skilled professionals trained to help parents locate and choose the most appropriate child care arrangement.

R&R's and the FSA. Skolnik noted that resource and referral programs tend to be utilized most by middle class families and thus many of these agencies, in order to respond to the FSA, will need to adapt to be helpful to low-income and AFDC families (such as rewriting brochures and questionnaires). However, R&R's can be equally effective serving this population as they are

learning in Maryland. In the City of Baltimore where the Department of Social Services was unable to locate child care for some "high risk" AFDC families it turned the task over to the R and R program, LOCATE, which provided these clients with the kind of enhanced level of service normally offered to their corporate clients. As a result the R and R program was able to locate child care for 9 of the 12 children referred to them. Another important service R and R's can contribute to implementation of the FSA is the data they collect which is critically important in policy development and evaluation.

In conclusion, Skolnik said these were exciting times for child care R and R, new alliances were being made and new roles being developed for these programs in the private sector and with local, state and federal governments.

The final panelist, **Lawrence Aber, Ph.D.**, is associate professor of clinical and developmental psychology, at Barnard College, Columbia University. He was a member of the National Academy of Science's Panel on Child Care Policy and has also had some previous experience working in Massachusetts state government. Ooms said she had asked Aber to play the role of the "hard-nosed researcher" and answer the questions: How will we know whether welfare reform works? And more importantly, is FSA going to be good for kids and families?

Current Research Findings. Aber began by commenting that relatively little was learned from the work-welfare demonstrations in the past about the programs' effects on children and their families. However there are two other major sources of related research to draw from. The first is the body of basic studies of the development of children in poverty---the effects of social class and poverty on child development. (For a recent review of this literature see Danziger and Stern, 1990, see p. ix below.) Naomi Goldstein at the Harvard Kennedy School has written a paper showing the role of children's health and home environments in explaining the gap in cognitive test performance between children of low and high socioeconomic status (see p. ix below). The major conclusion of these studies is that parents with lower educational attainment who are poor and in poor health have children who do not do well in the domains of both cognitive/academic and social/emotional development.

Aber said that this is a major reason why people are so excited about the promise of the FSA. One of its major assumptions is that if you improve the circumstances of AFDC parents, their children will benefit. However, this is an assumption that has not yet been proven, the poverty studies to date simply show associations between negative parent characteristics and negative child characteristics. The FSA provides an opportunity to test this assumption.

The second source of relevant research findings is the recent National Academy of Sciences report, *Who Cares for America's Children?* which, in chapters 3-5 summarizes the findings of studies on the effects of child care intervention on disadvantaged children (see ** below). We can now state with certainty that: 1) The "quality of child care counts" and variations in quality lead to variations in child outcome; 2) Indices of quality are more important than the auspices of care. In other words, the issue is not whether the care is center-based or family care but how good the care is. 3) However we do *not* know much at all about informal care---family day care and relative care. Thus the form of child care that families rely on the most we know the least about. This is a serious gap in research, and is currently being remedied by several studies underway.

Evaluation of the FSA. Aber said the FSA is a unique social experiment. It provides an opportunity to study, on a large scale, the impact on children of changes in the education and income of their parents and in their family environment. It also can provide us with much needed information about the nature and effects of relative and family day care. In the phrase used by the Foundation for Child Development, the FSA is a "Two-Generation" program. Thus planned

evaluation and research on the Family Support Act should examine the effects on children, their parents and the family as a whole, i.e. the family as an interacting system.

Aber then briefly described two major planned evaluation efforts, which are going to enable us to "learn the most, the quickest", meaning in 2, 5, and 8 years time, not "tomorrow". First, the Manpower Development Research Corporation and Child Trends have won the federal contract to evaluate JOBS and the impact of JOBS not only on the adults but also on their children. This study is not attempting to systematically examine the effects of different types of child care but rather will assess the indirect effects of JOBS on children, i.e. the effects on children of changes in their parents and family interactions. The second major study is the Rockefeller/New Jersey *Child Care Plus* demonstration evaluation which, through a systematic, experimental design, does plan to study the long term effects on AFDC children of different levels of quality of child care.

Aber explained that taken together, these planned studies will encompass the following important aspects of research on FSA:

- They attempt to measure maternal, child and family impact and outcomes over a period of time.
- They also consider a range of maternal, child and family factors and processes (i.e. relationships and behavior) and will attempt to identify the factors and mechanisms that were responsible for the particular impact. This is important because programs and policies may have differential impacts on different subpopulations. For example, the effect of the mother getting a job may differ by the number of children in the family---it may have a positive impact if she only has one child, but a negative impact if she has three. Indeed these studies must be open to identifying negative effects of welfare reform on children. For example there is some preliminary evidence that if poor children get poor quality child care they are in double jeopardy (i.e. worse off than if they remained at home with their parent?).
- The planned research can help us to refine the programs by focusing on the "active program ingredients" which will help identify, and hopefully modify, any program features that lead to negative outcomes. However Aber cautioned that because we're changing many things simultaneously, it may be difficult to determine which program components are key, yet this is essential if the programs are to be successfully replicated.
- The studies will examine all domains of children's development---emotional, cognitive, physical, social, etc.
- Other factors which have a mediating effect on child outcomes will also be examined such as the program's impact on mothers' levels of depression, self-esteem, drug abuse etc and environmental factors such as degrees of stress, levels of social support, and the neighborhood context.

In addition to these two major studies of the FSA, many other different kinds of research should be conducted, including state level and program level studies. For further ideas of research questions related to the impact of FSA on children and families, Aber referred to the FCD report (Smith, Blank and Bond, 1990).

Finally, Aber commented that with respect to research on **parental choice**, there is no research basis to date that supports the state telling parents where they should put their kids. As mentioned earlier, what we can tell parents is that research says quality absolutely counts, but we don't know about the quality of relative care. He added that much more dispassionate discussion is needed on

the very complex subject of how standards relate to quality, and he recommended a seminar on this topic.

Points raised during the discussion:

- One participant inquired whether there was any research on how parents use vouchers and the Earned Income Tax Credit. Aber stated that there has been surprising little research on how different types of financial incentives affect parent decisions about employment and child care choices. There needs to be much more collaboration between economists and child care researchers.

On the subject of research on parental choice, Aber quoted the findings of the National Child Care Staffing Study which looked at parent/child outcomes and parental choice. This study by Shinn and Galinsky (see ** below) found that parents generally have to weigh convenience against quality. Some choose quality care, which, when inconvenient may increase the parents' levels of stress. Others choose convenience, but when this is at the price of lower quality it has negative effects on their children. Public discussions about "parental choice" are often misleading. First, parents may not have a real choice---that is there may be only one type of care available that they can afford. Second, it is not a dichotomous, either/or choice in terms of good or bad effects on their children. Their choices are enormously constrained by inevitable tradeoffs.

Skolnik commented that they have found in Maryland that informal /relative child care arrangements tend to break down quickly. Also they have found in some cases that parents are using the child care reimbursement for relatives simply as a family income supplement, not to help adult relatives care for the child.

- In response to a question on what are the elements of quality care, Aber said that the NAS report identified adult/child ratios, group size, and education and training of staff. These "regulable items" are associated with factors that can *not* be regulated such as quality and sensitivity of staff, stability of staff, quality of curriculum and organization of day and space. We really do not know which of all these factors are the most important. Aber's personal hunch was that the single most important factor is the quality of the child care program director.

Wright commented that the question is quality as defined by whom and for whom? For example you also have to look at what families want and then there are cultural and ethnicity factors that come in to play. For example, Latino families tend to prefer informal, family-based care while blacks often prefer a more formal structure, which child care professionals may not believe are what young children need. Skolnik observed that the turnover of staff is also a critical quality issue. Higher pay could improve the stability of relative or informal care.

- A participant pointed out that at the national level staff are working hard to find ways to coordinate the Head Start program with various aspects of the JOBS program in order to achieve "wraparounds" with child care, provide care for siblings and provide training for JOBS participants in Head Start programs. It was pointed out that one of the titles in the House child care bill, H.R. 3, has a general coordination requirement among Head Start and child care programs funded under the bill.

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IMPLEMENTATION OF CHILD CARE IN THE FAMILY SUPPORT ACT

Background Briefing Report

INTRODUCTION

This briefing report provides background information needed to understand the complex issues involved in the states' implementation and evaluation of the child care components in the Family Support Act. The sections address the following questions:

- What are the basic goals and assumptions of the Family Support Act?
- What do we know about the characteristics of AFDC families who need preschool age child care, especially any factors requiring supportive services or that might serve as a barrier to participation in the JOBS program? And what do we know about the AFDC mothers' preferences regarding types of child care?
- What are the principal provisions of the FSA, and how, as interpreted in the HHS regulations, are they intended to be implemented by states?
- What are the main challenges and difficulties that states are facing as they proceed to implement the child care provisions?
- What relevance does current pending child care legislation have to the Family Support Act?
- What will be the effects of JOBS participation on AFDC children and their parents? How are these effects going to be assessed?

GOALS AND ASSUMPTIONS OF THE FAMILY SUPPORT ACT (FSA)

(Sources: Cottingham and Ellwood, eds. 1989; Ellwood, 1988; Gueron, 1990)

The Family Support Act of 1988 (P.L.100-45) represents the radical shift in public thinking about how to help welfare mothers and their children that has evolved over the last quarter of a century. It is no longer sufficient simply to give income support and in kind subsidies to meet their basic needs. A new consensus has emerged that welfare should be based upon a "social contract" which emphasizes the mutual obligation and responsibility of both poor parents and the government.

Reflecting this new consensus, the new law holds that under this contract both parents are primarily responsible for financially supporting their children. In return the government is responsible to help enforce and encourage these obligations. The absent parent, usually the father, must help support his children. Toward this end, the FSA takes a number of steps to increase paternity determinations, court ordered support awards and the collection of child support. The custodial parent, usually the mother, must try to prepare for and take jobs to help support herself and her children. Toward this end, the FSA creates a new employment, education, training and work experience program---the Job Opportunities and Basic Skills Training Program (JOBS)---to help poor parents successfully enter the labor force.

The JOBS program builds on the experiences of the numerous welfare-to-work demonstration programs conducted in states and localities in the eighties and on the encouraging research findings

of modest gains in income and employment, achieved in a cost-effective manner, for the welfare recipients participating in the programs. However the new JOBS program leaps beyond these state experiments in several important ways.

First, with some notable exceptions, these demonstrations had primarily emphasized job search and work experience. The JOBS program set up under FSA greatly expands the range of services provided to recipients including a much stronger emphasis on education and training.

Second, and most importantly for this seminar, the JOBS program reaches out to two new groups of recipients by mandating the participation of mothers with children age 3-5 and all teenage mothers, irrespective of the age of their children, who have not completed high school and who have no work experience. These two groups had hitherto largely been considered exempt from most previous work mandates. (Only a handful of the state demos required mandatory participation by mothers of pre-school children namely New Jersey, Wisconsin, Oregon, and Michigan.) In requiring mothers of pre-school children to enter training or employment the JOBS program reflects the changing public attitudes towards mothers of young children entering the work force.

The general view is that for many poor non-working mothers the lack of affordable child care is a major barrier to employment. To date, however, there is not much research which explores how serious a barrier it is and for whom. The FSA expansion of the participant population requires allocating increased public funds for child care to AFDC mothers of pre-school children to enable them to participate in the JOBS program. The FSA has several major provisions related to child care assistance both during participation in the JOBS program and in the transitional year after leaving the welfare rolls which will be discussed in more detail later in this report.

CHARACTERISTICS OF AFDC FAMILIES.

(Bane and Ellwood 1983; Moore, Zill and Steif, 1990; Ways and Means Committee, 1989; Zill & Moore, 1990)

In planning how to carry out such an ambitious reform states and localities need information about the numbers and characteristics of the AFDC recipients and the nature of their family responsibilities, patterns of child care use and child care preferences. What information is currently available on a national basis on these issues?

Most of the information available about AFDC families comes from the basic administrative data collected by states and forwarded to the federal government through the National Integrated Quality Control System (NIQCS). This data supplemented by data from the Panel Study of Income Dynamics (PSID) and, most recently from the National Longitudinal Survey of Youth's Labor Market Experience (NLSY) provides a useful, but somewhat incomplete, aggregate profile of the nation's AFDC recipients. Much of the detailed information is not available at the state or local level and states are having to compile these profiles and projections themselves.

Although 90% of the AFDC recipient population are single mothers, they are not a homogeneous group. Selected findings from the NIQCS for 1987 are:

- In 52% of AFDC units the children's parents were never married, in 31.3% they were divorced or separated, in 1.6% one parent had died. In 6.2% two parents were present but were receiving assistance through the AFDC-Unemployed Parent program.
- AFDC families are growing smaller. In 1969 average AFDC family size was four, in 1987 it was three. In 1987 only 26% had three or more children. However nearly 2/3 of AFDC households have at least one preschool child.

- The majority of AFDC parents are in their twenties and only about 3.3% are under 20 years of age. However 40-50% of AFDC dollars is spent on those family units that were created by a teen birth.
- 38.8% of the caretaking AFDC parents are white, 39.8% black and 15.5% Hispanic, 1.3% Native American, and 2.6% Asian.
- 5.8% of AFDC mothers were employed either full time (1.9%) or part-time (3.9%).
- Over 80% of AFDC families participate in the food stamp or a donated food program, 9.9 % live in public housing.

Dynamics of Dependency. Ellwood and Bane's analysis of the PSID (1983) provides information about the dynamics and spells of parents' dependency on welfare, and about those groups at highest risk for long term welfare assistance. The FSA identifies these groups as priority targets for the JOBS program.

- For the majority of AFDC recipients a single spell of welfare assistance last for two years or less. Yet a sizeable group, one sixth, remain on welfare continuously for 8 years or more. However many reenter the program. When repeated spells are analyzed together 30% receive welfare for two years or less, but another 30% received welfare for 8 years or longer. At any one time 65% of AFDC recipients are in the midst of long term spells.
- AFDC mothers who gave birth out-of-wedlock as teenagers were the group at highest risk of becoming long term welfare recipients. Forty percent of young never-married mothers age 25 or under who entered the welfare program when their child was less than 3 years old spent 10 years on AFDC.
- Changes in earnings are a relatively minor cause of the entrances and exits into the AFDC system. The most common causes are marital break-up or the birth of an out -of-wedlock child. Similarly marriage, or the aging of AFDC children out of the program when they reach 18 years of age are the major causes of families' exit from welfare. However it is important to note that 26% of the exits were due to increased income.

Information on the AFDC mother's educational background, health and general well being is very scarce as is information about AFDC children. Information about the children's fathers is almost non-existent.

A recent analysis of data from the National Longitudinal Survey of the Labor Market Experience of Youth (NLSY) identifies a number of characteristics of AFDC recipients which may serve as barriers to their employment or their ability to earn enough to become independent of welfare. These characteristics need to be taken into account in designing and implementing the JOBS programs and related support services (Zill & Moore, 1990; Moore, Zill and Steif, 1990). For example, compared with a group of non-AFDC poor women, AFDC women have much less education: only 2/3 have completed high school (compared with 84% of the non-AFDC group) and they test well below average on the Armed Forces Qualifying Test, an indicator that they are not qualified for the higher paying jobs. Nearly a third hold traditional attitudes about women, believing mothers should not work outside the home, another third lean towards holding these traditional attitudes.

Both AFDC and non-AFDC poor women have low self esteem (nearly one half) but more AFDC women have had alcohol related problems (about a quarter). Data on drug use is not very reliable although nearly a quarter of AFDC women admitted first using other drugs before age 21.

Those children whose mothers had spent the longest time on welfare scored the lowest on measures of cognitive ability. The NLSY administered measures of the quality of the home environment (assessing both intellectual stimulation and emotional support) which revealed that only about 1/3 of the 3-5 year old AFDC children were being reared in "supportive" environments, two thirds were in below average homes, and nearly 1/4 lived in homes found to be clearly "deficient". (The situation was similar for non-AFDC poor families.) The lack of intellectual stimulation was more extreme for black and Hispanic children. However children on AFDC were more likely to get emotional support than non-AFDC poor children.

In the NLSY, 50% of AFDC mothers had another adult living in the household, although only 16% of these were female adults. The survey provided no information about other relatives living nearby who might be a source of child care or other kinds of assistance.

Little national information is available as yet about the physical or mental health, or rates of disability of mothers receiving AFDC, or their children's rate of illness or disability (there is some WIN exemption data on these questions). Nor is there much information about other family responsibilities they may have, such as caring for elderly or handicapped adults. Program reports about teenage parents, most of whom receive welfare at some time, mention additional problems many have to cope with, including unstable and poor housing, family conflict, violence and substance abuse---all of these can affect their ability to participate in programs designed to prepare them for, and place them in, employment.

PATTERNS OF CHILD CARE USE AMONG AFDC WOMEN.

(Sources: Brush, 1987; Kisker, Maynard et.al., 1989; Polit and O'Hara, 1989; Sonenstein and Wolf, 1988; Sonenstein, 1989; Ward and Porter, 1989)

Because so few AFDC women work, and because the kind of child care they use is so often provided by relatives there is very little information available from national studies about AFDC mothers' patterns of child care use when they become employed. Yet this information is critical for the states planning of their JOBS child care assistance programs. A limited amount of new information is available however from a few recent, small scale studies of low income and AFDC child care.

Relatives are much more likely to provide care for low income women than for middle or high income women. Relatives, including fathers, provide about half of the child care for low income working mothers surveyed by Mathematica in three metropolitan communities in 1987 (Kisker et. al., 1989). Other small studies of samples of employed welfare recipients report between half and 68% relying on relative care both inside their own home, or in the relative's home. (Note: the pool of employed AFDC mothers from which these samples were drawn is very small.)

AFDC recipients appear to rely even more heavily on their relatives which points to heavier use of grandmothers (aunts etc.) than in other low income families since the children's fathers are usually not available to provide care in AFDC families. The next most common type of care used was family day care, then center based care and last was group care. AFDC recipients do not report much use of nursery schools or Head Start.

An ongoing study in New York state reports some similar findings. In the sample of participants in the state welfare reform program more than half, 52%, were cared for in their own homes, those of friends, relatives, baby-sitters, or family day care providers. 30% of infants and toddlers were cared for in licensed day care centers; approximately 14% of the children were in part day programs like Head Start and pre-kindergarten. Only 4% used licensed family day care homes. However 80% paid for their child care even when provided by relatives.

Although relative care is often provided at no cost, up to a third of the relatives in the Mathematica study were paid at least some amount. For those welfare mothers who pay, they may pay up to 21% of their wages on child care. Various studies suggest that available resources for offsetting or paying for child care costs---such as the EITC---are often not used by AFDC mothers, presumably in part owing to ignorance about their availability.

AFDC Parents' Child Care Preferences.

Although most policy debates about child care emphasize the importance of maximizing parental choice, very little is known about what kinds of child care parents want, and even less about what AFDC parents want (Sonenstein, 1990). The last national child care consumer survey was in 1975.

There are various ways of measuring parent preferences and none are really satisfactory. Some have assumed that the child care market works reasonably well and therefore parents preferences are revealed through the types of care they actually use. Other studies have pointed out that the market has numerous imperfections and that parents report serious shortages of certain types of care in certain locations, e.g. infant care. In the few consumer studies available the large majority of child care consumers report being satisfied with the care their children receive. The Mathematica study (Kisker et al, 1989) suggested that as many as two-thirds of employed parents would not change their present arrangements even if all arrangements were available free of charge.

Some studies ask about the kind of care parents believe is "ideal" or what they would choose if cost was not an issue. In this latter case a number say they would like to shift to center-based, educational care especially as their child grows older. On the other hand 77% of fathers and 70% of employed mothers in a newspaper poll in 1988, preferred parental care if money was not a factor (i.e. a parent could then remain at home).

A 1983 survey of AFDC mothers randomly drawn from the welfare rolls in Boston, Charlotte and Denver has some interesting findings about the parental preferences of welfare mothers, and the characteristics of care that were most important to them (Sonenstein, 1989).

The findings suggest a mismatch between the child care arrangements that welfare mothers prefer, if cost were not a factor, and the arrangements they actually made. A subsample of 204 AFDC mothers with children under age 3, weighted towards those with earnings, were interviewed twice over a 14 month period. Sixty four percent reported using arrangements for their child under age three that were not their first choice, if all choices were equally available to them. Although the overwhelming majority (68%) of these mothers used relative care when they worked, only 51% chose this as their first option, 47% chose organized child care as their first option. Very few chose care by a nonrelative in a home setting (their own or someone else's) as their first option.

However when these mothers were asked to rate the characteristics of care that were important to them, it became clear that these were largely independent of the type of setting. The factors receiving the highest ratings were, in order of priority; a 'reliable and dependable caregiver', 'things are clean and safe', 'cost you can afford', and 'children will be cared for when sick'. In this, and other studies, the convenience of the location and hours were also rated very highly. (One third of these mothers worked in the evening.)

Significantly those characteristics generally considered by early childhood educators as the most important indicators of quality, namely child/adult ratios and training of caregivers, were not related to these welfare parents' satisfaction with care.

THE FAMILY SUPPORT ACT (P.L. 100-485)

(Sources: APWA, 1989; CBO, 1989; Family Support Administration, 1989; GAO, 1988; Greenberg, 1990 (a) through (d); Gnezda & Smith, 1989; Maynard, 1990; P.L. 100-485)

The Family Support Act of 1988 (FSA) enacted broad changes in our nation's welfare system in an effort to reduce welfare dependency and foster self sufficiency and parental responsibility. The Act, which had undergone many revisions in its development, had broad bipartisan support in the U.S. Congress. Preliminary regulations were issued in mid-April 1989 and final regulations for the major portions of the Act were published in October, 1989. The goals of the FSA are to be achieved through a multi-pronged approach which includes strengthened child support enforcement, mandating the AFDC-UP program and the new JOBS program.

Child Support Enforcement

Significant reforms of the child support system were enacted in the FSA to assure that absentee parents assume some financial responsibility for their children. These changes include mandatory use of state guidelines for determining child support awards, federal standards for states to establish paternity, and mandatory wage withholding, beginning in November 1990 for IV-D cases and for all support orders issued on or after January 1, 1994.

AFDC-Unemployed Parent Program (AFDC-UP)

Prior to the FSA, states had the option of providing cash assistance and Medicaid to two parent families where the father was unemployed (defined as working no more than 100 hours a month). Almost half of the 54 states and other jurisdictions chose not to exercise this option. The FSA requires all states to have an unemployed parent program effective October 1, 1990. Those states that initiate their AFDC-UP program after September 26, 1988 may limit cash benefits to as few as 6 months in any twelve month period although Medicaid must be continued without a time limitation to all family members.

AFDC-UP parents are also eligible for the JOBS program and transitional benefits.

Job Opportunities and Basic Skills Training Program (JOBS)

The centerpiece of the Act is the Job Opportunities and Basic Skills Training Program (JOBS), a federal/state partnership to provide needy families with the skills, training and support services necessary to become employed. With 60-90% matching federal funds, states are required to establish a JOBS program by October 1, 1990 providing a broad range of services such as educational activities, job skills training, job search, on the job training etc. Within two years of implementation, states must operate the JOBS program statewide.

To the extent that state resources permit, the state must require all recipients with children age 3 or older, with limited exemptions, to participate in JOBS program activities. Teenage mothers who have not completed high school are required to participate in educational activities regardless of the age of their child. At state option mothers of children as young as one may be required to participate. Five states have chosen this option. Volunteers of children of any age can participate in JOBS.

While states have a great deal of flexibility in designing and implementing the program, they must meet federally-imposed targeting and participation rate requirements in order to receive the maximum federal matching rate.

Target groups. Federal matching will be reduced to 50% unless 55% of the funds are spent on three target populations: 1) Parents under 24 years of age who have not graduated from high school, are not currently enrolled in school or have had little or no recent work experience; 2) Individuals from families who have received assistance for more than 36 months during the preceding 60 month period; 3) Individuals from families in which the youngest child is within two years of being ineligible because of age. States must give priority to volunteers within these target groups.

Exemption from participation. Exempt recipients include those who are: ill; incapacitated; age 60 or over; are needed in the home because of illness or incapacity of another member; are caring for a young child under age 3 (or, at state option, under age 1); are employed 30 or more hours per week; are in the second trimester of pregnancy; are residing in an area with no JOBS program; or who is a child under age 16 or attending school full time or a Vista volunteer. Individuals who are normally exempt may volunteer.

Participation rates. Certain minimum participation rates for AFDC program participants are established for fiscal years 1990-95. In FY '90, at least 7% of the nonexempt caseload must participate in the JOBS program. This rate gradually increases to reach 20% by FY'95. In each state, participants *as a group* must average 20 hours or more per week in approved activities to be counted as participants. (This is a modification of the preliminary regulation which required each recipient to engage in 20 hours a week to count as a participant.) Different participation rates apply to the AFDC-UP program.

States must inform all eligible recipients about their rights to services and obligations under FSA, and must provide information about and assistance with child care. They must develop an "employability plan" for each recipient in consultation with the recipient. States have the option of providing **case management** services for recipients and requiring a "**contract**" between the state and recipient. By April 1990, 24 states had chosen to set up a case management system.

Supportive services. The FSA requires states to guarantee child care for the children of recipients who are working, if it is determined to be necessary for their employment, and to recipients who are in approved education and training programs (see next section). These activities can be self-initiated but must be approved by the IV A agency administering the JOBS program. Additionally the statute raised the child care disregard from \$160 a month to \$175 a month for children two years and older and \$200 for those younger than two. States must also provide other support services such as transportation that are needed to enable the individual to participate in JOBS or an approved JOBS related activity.

Transition Benefits

Under a separate title from the JOBS program, the bill also provides significant work-related benefits or assistance to those individuals who become ineligible for AFDC because of increased earnings or loss of time-limited earnings disregards. These benefits are intended to ease the transition from welfare to work and cushion the loss of benefits and support services. The transition benefits consist of up to 12 months of subsidized child care assistance and up to 12 months of continued Medicaid coverage.

Additional provisions of the Act include requiring reporting requirements; establishment of a statewide data base system; grievance procedures and federal and state coordination with other agencies and programs such as JTPA, state and local education agencies, etc. The Act also

authorizes a number of demonstration programs and special studies. There is a federally funded process and impact evaluation of the JOBS program and of the transitional child care assistance and Medicaid. (See pages 21 & 22.)

CHILD CARE PROVISIONS IN THE FSA

The child care assistance provisions in FSA were based, in part, on the assumption that lack of available, reliable and affordable child care poses a severe barrier to parent participation in education, training and employment. For low wage earners who are more apt to have nonstandard work hours and those participating in part-time job activities, access to child care is even more difficult.

A study conducted by the General Accounting Office (1987) of 61 AFDC welfare-to-work programs in 38 states found the 60% of the respondents reported that lack of child care was a barrier to participation. In a Washington state survey of AFDC mothers three quarters reported that child care problems prevented them from finding a job. And in a 1986 survey of 'graduates' of the Massachusetts ET program, problems with child care emerged as the most important explanation for a third of those who had to drop out of the labor force after a year.

Fulfillment of the child care guarantee and the child care transition benefit will require a substantial undertaking both in terms of federal and state financial resources and major state administrative effort. The costs of the child care benefits under FSA are responsible for a large portion of the total cost to the federal budget of the legislation. The Congressional Budget Office estimated that the cost of the transition benefit alone would be \$735 million to the federal government over a five year period, while the federal cost of the entire bill was estimated at \$3.3 billion over five years.

Because the FSA mandates all states to expand their eligibility for welfare-to-work programs to the preschool population, age 3-5, and at state option, for children as young as one year, and has no age limit for children of teenage AFDC recipients, the demand for subsidized child care is predicted to expand by as much as 10% once the Act is fully implemented. States will be challenged to find adequate child care to meet this increased demand while working within the framework and resource constraints established by the law and regulations.

Child Care During Participation in JOBS and other approved activities.

Eligibility. The Act requires the state to guarantee child care to an individual with a dependent child to the extent that the state determines child care is necessary for that individual to: (1) accept employment or remain employed or (2) participate in an education and training activity approved by the State. A state cannot require participation in JOBS or employment if child care is deemed necessary but is not available. While the child care guarantee does not become effective in a state until it has initiated its JOBS program, the scope of the guarantee goes beyond those participating in JOBS.

The preamble to the HHS implementing regulations says "We, therefore, believe that the State is obligated to guarantee care even if it has not required an individual to participate or accept employment. "Thus volunteers in the JOBS program, AFDC recipients who are working at the time the state implements JOBS as well as those who find work after (either independently or through JOBS) and those making satisfactory progress in self-initiated activities approved by the state are equally eligible for child care. Since this benefit is provided as an open-ended entitlement funded with federal and state funds, the breadth of eligibility and the level of demand for child care is of concern to states facing severe budget constraints.

HHS suggests that states can have some control over these expenditures, emphasizing that states have discretion in determining the criteria for approved education and training activities under JOBS and over whether to approve education and training in areas of the state in which there is no operating JOBS program. On the other hand, states may also feel pressure to approve self-initiated activities broadly and support the efforts of recipients who undertake education and training programs on their own accord.

Methods of Providing Child Care. Under the FSA and the implementing regulations, states may use all or some of the following methods of guaranteeing child care for the recipient while in the JOBS program:

1. Provide care directly;
2. Arrange care through public or private providers by use of service contracts or vouchers;
3. Direct payments of vouchers in advance to the family;
4. Reimburse the family in cash;
5. Use the child care disregard; and
6. Other methods the state deems appropriate such as arrangements with agencies.

An APWA survey of the states conducted in August/September of 1989 found that states were using a mixture of these approaches and only three states planned to provide care directly.

Recipient families who are working and earning income, and who are no longer in the JOBS program, would qualify for a child care disregard. States have the option of making supplemental payments for child care costs if the disregard is lower than the actual cost of care and the allowable market rate. If states do not choose this option a family that is employed could end up receiving less child care support than a family still in JOBS receiving a cash payment even though they each faced the same child care cost.

Help in Locating Care. The state's primary responsibilities under the Act is to assist the individual in locating care and then paying for the cost of care up to specified limits. The Act states that the state agency must provide information on the types and location of reasonably accessible child care; inform participants that assistance is available to help them select appropriate child care services; and, on request, assist participants in obtaining child care. However states are not required to provide child care directly (although it is an option), nor are they given any funds under the FSA, to create or expand the supply of child care services. Fortunately funding for resource and referral programs is permitted in the Act. (See page 15.)

Needs of the Child. In arranging for child care, the state IV-A welfare agency must take into account the individual needs of the child, including accessibility of care to the child's home or mother's place of employment or training, and the appropriateness of the care to the age and special needs of the child. Advocates are concerned that the reimbursement rates will not be sufficient to pay for the higher costs of quality child care. However, the purpose of child care under the FSA is primarily custodial---to assure a child's health and safety while the parent is participating in work or training programs---rather than developmental. (Although higher rates are allowed for infants and children with developmental delays or disabilities.)

Parental Choice. The implementing regulations give wide latitude to parental choice. If more than one type of care is available (i.e., center, family day care or in-home care), the caretaker relative must be allowed to choose the arrangement. An individual may refuse the available, appropriate care determined by the State, if she can arrange other child care or show that such refusal will not interfere with her participation in JOBS activities.

Informal care, such as care by a relative or neighbor, is permissible and eligible for federal financial participation (FFP) even if it is unlicensed or unregulated, as long as such care does not

conflict with applicable state laws. Thirty-six states reported (as of November 1989) that they would pay for relative care both inside and outside the child's home.

Child Care Standards and Licensing. In order to receive the Federal financial participation, the child care must meet applicable standards of state and local law and providers must allow parents access (to the facility). In addition, states must establish procedures to ensure that center-based care is subject to state and local requirements to ensure basic health and safety and endeavor to develop guidelines for family day care on these issues.

While these requirements do not appear burdensome or intrusive, some states are reporting insufficient capacity to process, inspect and license new providers as they attempt to meet the expanded demand for child care created by FSA. The Act does not provide any federal matching funds to cover the expenses of licensing and regulating providers.

Financing of Child Care. The cost of child care while a recipient is involved in JOBS activities, as well as during the transitional year is jointly funded by the federal and state governments on a matching basis. Unlike the funding for JOBS employment and training activities, the federal funding for the child care assistance is not capped. States are eligible for federal matching funds up to the actual cost of child care, up to the state-wide limit chosen by the state IV-A agency (see below) but cannot exceed the local market rate. The federal match for child care is at the Medicaid matching rate which currently ranges from 50-83%, inversely related to the state's per capita income.

Administrative Costs. States are also eligible for a 50% match for the administrative costs of matching recipient child care needs to available services, and for the costs of other coordination or consultation activities necessary to properly assist the recipient in locating child care. Included in these reimbursable administrative activities are: counseling about child care services, resource and referral services, state IV-A staff development and training; establishing and developing local market rates, sliding fee scales, and payment of reimbursement systems, and coordinating with other child care delivery systems.

The regulations explicitly state that federal financial participation (FFP) is not available for recruitment or training of child care providers, resource development or licensing activities. Thus states that are confronting a shortage of child care have to seek other sources of state, federal or private funding for these necessary activities. The FSA does, however, contain a separate \$13 million authorization for grants to states to improve child care licensing and registration requirements and procedures and to monitor child care provided to AFDC children.

Local Market Rates. According to HHS regulations, FFP is available to states for payments for the actual cost of approved child care up to the 75th percentile of the local market rate or up to a state established statewide limit whichever is less. To increase their ability to pay for care states can set their statewide limit at the highest local market rate.

States are required to determine the local market rates based on representative samples of child care providers or slots. Local rates must be established for center care, group family care, family day care, and in-home care. Additionally rates must differentiate among care for children with special needs and by age of the child and between part-time and full day care.

Designing, implementing and updating the surveys to determine the local market rates is considered to be a difficult and costly effort but essential to establish a more realistic rate than the current national rates allowed under the child care disregards. Even so, it is unclear whether a maximum rate at the 75th percentile will be high enough to attract a sufficient number of child care providers to serve FSA children and whether the care provided will be of adequate quality. States are free to pay more than the 75th percentile for child care, but will not be reimbursed for the extra amount.

Coordination with other child care programs. Under the FSA, state child care activities must be coordinated with:

-existing child care resource and referral agencies
-early childhood education programs including Head Start, pre-school programs under Chapter I and school and nonprofit child care programs.

Transitional Child Care Assistance

Eligibility. Beginning April 1 1990, states must provide up to 12 months of child care assistance for persons losing AFDC when:

- such care is necessary to permit a member of the AFDC family to accept or retain employment;
- the family ceases to be eligible for AFDC as a result of increased income from employment, expiration of eligibility for AFDC earned income disregards or, in the case of AFDC-UP families if both parents are working, for an increase in the number of hours worked beyond the 100 hours a month eligibility limit;
- the family received AFDC in at least three of the preceding six months;
- the family requests TCC, pays fees, and cooperates in establishing eligibility; and
- the family ceased to be eligible for AFDC on, or after, April 1 1990.

Implementation. The transition benefit is not limited to individuals who participated in the JOBS program but must be available to all individuals who lose AFDC eligibility for the above reasons. On the other hand, compared to the JOBS child care guarantee, the states' responsibilities are narrower. Although states must inform AFDC recipients of their eligibility for the transitional benefit, they need not assist them in locating child care once they become employed.

The options states may choose for providing child care (except for the disregard), federal matching rates, allowable costs, standards and other administrative requirements are the same as for JOBS related child care assistance.

Fee Requirement. The act required the state IV-A agency to establish a sliding fee scale for the purpose of calculating a family's contribution to the costs of transitional child care. States are given maximum flexibility for calculating these fees with the only requirement being that all recipients of the benefit must make some contribution, however small, to the cost of the child care, and the fee should be based on the family's ability to pay. This flexibility should facilitate coordination with other state-administered child care programs that have a sliding fee scale. On the other hand, the regular documentation required for even the smallest contribution may be quite burdensome and not cost effective.

IMPLEMENTATION ISSUES

(Sources: APWA, 1989; Committee on Ways and Means, 1990; Committee on Finance, 1990; Ebb, 1989; Gueron, 1990; Greenberg, 1990 (a) through (d); Kosterlitz, 1989; Maynard, 1990. OIG, 1989 & 1990)

General Implementation Concerns.

"The process by which implementation is occurring is complex, often difficult and heavily dependent on the willingness of state and local officials to commit resources and make the program

their own" (Gueron, 1990, p.2). States started at very different places, some are rushing ahead (eleven states began to receive federal payments at the earliest possible date in July 1989) and others are taking their time to plan carefully before they start up by October 1990. By the end of 1989, nearly half the states already had their JOBS programs up and running. Some states already had considerable experience with implementing programs similar to the JOBS program and have already been committing major resources. Others have had minimal experience, and minimal resources to commit.

The states have to make many hard choices about how to allocate the federal and state funds between the different major components of the FSA program (child support, JOBS, AFDC/UP). In the JOBS program while all states face a theoretical requirement to eventually serve all adult recipients with children three years or older, none will have sufficient resources to provide everyone with comprehensive and intensive services. Thus states will have to make choices between scope of 'coverage' (serving as many as possible) and 'intensity' (serving fewer people with more enriched services) or juggling some combination of both approaches. These dimensions of states' choice can be summarized in one broad question: who will get what, for how long, from whom and under what conditions? (Gueron, 1990)

Based on experiences to date, states are varying considerably in their choices. Some are offering minimal services to large numbers, hoping to add enriched services later on. Others are beginning with intense targeting to specific groups or certain areas of the state. In addition, states are tackling a number of general issues such as: lack of good information for planning; the time it takes to establish the new management and reporting information systems; the complexities of assessing and meeting the new federal standards for participation rates; learning to cross agency boundaries and coordinate programs which have previously worked independently, and so forth.

Implementation of Child Care Components

As the states have begun to allocate resources and develop policies and procedures for different aspects of the FSA child care assistance a number of major issues and questions about their capacity to carry out the requirements of the law are actively being addressed and are discussed briefly below.

Concern about child care shortages. The issues of supply, price and quality are deeply entangled in the longstanding debate about the nature and extent of shortages of child care (see Ooms and Herendeen, Jan. 1989). Many believe that whatever shortages do exist they are clearly exacerbated by the much increased demand generated by the FSA.

Is there going to be sufficient child care to meet the goals of the Family Support Act? This question is complicated as it means different things depending on perspective and the answer will vary depending on the nature of the shortage, the price of care, the locale and so forth. In addition there are a host of different reasons why states may find it difficult in the short run to expand the supply of child care quickly enough to meet demand, many have little to do with federal policy. Among the different factors influencing the child care market and being experienced by states are the following:

- **Slots.** Some administrators and advocates are concerned only about shortages of licensed center-based care, on the assumption that family day care or relative care is of inferior quality or not readily available. Others are identifying shortages of infant care, part-time care, care for special needs children, or child care at non-traditional hours and care specific to certain geographical areas such as rural areas.
- **Infrastructure.** Some are concerned about the lack of funds in the Act to build or create the new infrastructures/ activities needed to expand supply, e.g. loans for capital improvement,

investment in transportation in rural areas, recruitment and training of new child care providers. (Maine has established a contract with Coastal Enterprises, Inc. which uses private sector funds to undertake these activities. See Resources.)

- **Dollars.** Some states do not have sufficient funds to advance to be able to provide child care assistance to all those who need it. Some states are using Title XX dollars (which do not require a state match) or other state child care funds to fund JOBS child care thus displacing other working parents from subsidized care.
- **Bureaucracy.** Some states and localities are experiencing serious bureaucratic delays in processing new applications for family day care licenses or registrations and/or local zoning ordinances act as a serious barrier to expanding the supply of care.
- **Market Rate.** In some areas the costs allowed for child care reimbursement (75th percentile of the local market rate) are believed to be too low to access licensed or quality care for JOBS recipients. Further, many states are having difficulty in the time consuming process of conducting the surveys required to establish the market rate which sets the reimbursement rates. It is anticipated that some states may not go as high as the 75th percentile due to state budget constraints.
- **Different funding streams.** There are concerns about different rates applying to different sources of child care payment for AFDC clients as they move through the system which creates inefficiencies and inequities. These different sources are the JOBS's assisted payments, the child care disregard, the transitional child care assistance, and Title XX.

Quality and the issue of informal/relative care.

Much of the discussion about FSA implementation by the advocates to date has focused almost exclusively on the problems inherent in expanding the formal child care system. Yet there are several reasons to consider that, especially in the short run, states might be wise to invest in the expansion of relative care and informal family day care. Some states are indeed doing just this, developing procedures to assure basic health and safety but otherwise not being concerned about indicators of developmental quality. Advocates seem reluctant to promote such a strategy due to worries that such care would be harmful to children or at least not beneficial to them. One difficulty is that a lot more is known about the criteria for high quality care than about the minimal criteria for "good enough" care. (See Ooms and Herendeen, 1989).

Many advocates argue that all welfare children should receive an enhanced level of quality care but it has been pointed out that the FSA was not designed primarily to be a child care bill. And there is always a policy tradeoff between assuring improved quality for a small number compared with serving many more families with 'good enough' care. A number of arguments are made for states to invest in expanding the informal care system:

- Relative and informal family day care has the advantage in some communities of more often meeting parent consumers' needs for convenience and accessibility in terms of hours and location and sick child care (though not always: one study suggested that relative care was often inconveniently located quite far from the child's home). In particular as the AFDC client moves through the different stages of the JOBS sequence, from part-time education/training and job search to regular employment at longer, though possibly non-traditional hours, family day care and relative care may be more able to accommodate these fluctuating needs for child care than center-based care.
- Research suggests that existing informal family day care is underutilized and expansion can be achieved quickly and at little cost.

- The capital investment required to set up new family day care homes and networks is 3-4 times less expensive per slot than establishing center care. The profit per slot/child basis remains about the same. The hard question states need to wrestle with is whether the quality of center-based care is three to four times better than family based care (See Hamrin, 1990).
- Relatives can be paid for providing child care under the Family Support Act though it is uncertain how many states will proceed to do so. While some object to this monetization of services that might otherwise be provided free, there is a strong argument that such payments can help to stabilize relative care, and prevent the relative caretakers from entering paid employment.
- While it is appropriate to be concerned about a basic floor of "quality" in family day care and relative care, i.e. health, safety and general well being, this level can be achieved through self administered registration and "spot " inspections, and above all by parent/ consumer education.

Coordination and continuity.

Under FSA the states are required to coordinate with other related service agencies who will be involved in jointly providing supportive services in order to make the most effective use of present resources e.g. employment and training agencies funded under JTPA, schools and other educational institutions, and other health and social service agencies in the public and private sector.

In addition it is important for states to coordinate policy, rules and procedures between the various child care funding streams. This is not easy to accomplish. There are at least 22 federally funded child care programs, (including the tax based subsidies) most of them targeted on low income families (see Ooms and Herendeen April, 1989). But the major funding for the welfare population comes from the AFDC earned income disregards, the Title XX subsidies and the new FSA subsidies but some of the others have the potential to be an important component--such as Head Start. Each of these sources has different primary objectives, eligibility rules, subsidy rate limits and rules for federal funding participation. These differences too often create a bureaucratic maze and burdensome paperwork jungle. They may result in various work disincentives and inequities for the clients, and considerable discontinuities of care for their children (some providers will accept certain kinds of subsidy and not others) as AFDC recipients try to move towards jobs and independence.

Another important coordination challenge for states is to work out ways of "wrapping around" child care services with existing Head Start or other half-day early childhood development programs to develop an all day program. Some communities are already doing this quite successfully.

Cooperation and coordination have been dubbed by a state official as "unnatural acts between non-consenting adults," (Kosterlitz, 1989). It is not clear how states are responding to the requirement to coordinate. State plans all set forth coordinating structures at various levels, but genuine effective coordination takes a long time to build. States which have fewer resources appear to be putting more effort into coordinating and linkage activities. Georgia is one state which has spent a lot of time developing coordinating mechanisms between different public agencies and agencies in the private sector. It has established Local Coordinating Councils in each Service Delivery Area of Georgia's JTPA system which appear to be working quite effectively.

The Role of Resource and Referral Agencies (R and Rs)

Resource and Referral child care agencies have become an increasingly important component of states' network of child care services over the last decade and are now numerous enough to have formed an active national organization, the National Association of Child Care Resource and Referral Agencies (NACCRA) (see Resources). R and Rs are typically non-profit, community based agencies, funded by both private sector (including corporate) and public funds. They provide a wide range of child care services to consumers and providers including maintaining files of child care providers and programs in the community, providing information and education to parents about the availability, affordability and quality of child care to maximize parental choice; and helping families search for and identify the kind of care they need and can afford.

A comprehensive child care resource and referral agency assumes a broad range of additional functions including technical assistance provided to child care programs (both center-based and home-based) and employers; child care needs assessment and resource development; a wide variety of training programs; data collection planning and collaboration.

In most states R and Rs serve as the critical linchpin in implementing the FSA child care provisions through assuring that presently available child care is accessed by JOBS participants. In addition a number of states---notably New Jersey, Maryland, California and North Carolina to name only a few---have involved the leading state R and R agencies in planning the JOBS implementation. And some states have contracted with R and Rs to provide the ongoing child care counseling to JOBS participants required by FSA. R and Rs staff have the expertise and knowledge about child care that most welfare agency staff do not have. They play a critical role in matching clients needs to existing child care; in informing and educating the parent/consumer about different types of care, availability and location and issues of safety and quality etc.

In many states R and Rs are playing a very important role in helping to collect the information necessary to enable the state to ascertain the market rates for child care.

Nevertheless R and R's, who have traditionally served mostly middle income and low income families are having to adapt their services and attitudes for this new client group, AFDC mothers, who often need more intensive services and guidance. In addition some programs need to learn to be more sensitive to cultural and racial issues and to be more open in their attitudes about informal family day care in order to respect parents' choices.

The Role of Case Managers.

(Sources: APWA, 1987; Doolittle and Riccio, 1990)

A case management system is rapidly becoming viewed as an integral component of effective FSA implementation. It was promoted strongly by the American Public Welfare Association in their work on welfare reform legislation. And by April 1990, 24 states had chosen to require case management as part of their JOBS program and are busy setting up case management systems.

Case management is a service strategy that increasingly is being promoted and used in public programs where the target population has complex, multiple needs for various kinds services such as handicapped infants and children and their families (case management is required in P.L. 99-457); community based long term care for the frail elderly and handicapped adults; and programs for substance abusing mothers and their children .

Unfortunately case management is a term that is little understood and is used differently in different settings for somewhat different purposes. In some settings case managers are simply glorified eligibility workers, or 'gatekeepers' to services coordinating access to, and use of, a range of

services. In these situations their primary function is to ensure services are used more efficiently, eliminating duplication and saving money. Sometimes a major purpose of case management is to ensure continuity of services and that gaps in services are filled.

The APWA task force on case management has a broader conception and delineated the several major premises underlying an effective case management system in welfare reform which the organization has been promoting in their technical assistance activities to the states. First, the concept that the client should be 'empowered' and 'enabled' to become self sufficient, and all interaction with the client and all system incentives should move in this direction. The second premise is that case management is only one component of a reformed system and that the agency has the responsibility to provide the services which will empower the client. Third, the case management should be designed to simplify the relationship between the client family and the public welfare agency and other services.

The four principal functions case managers need to perform are assessment, (of the needs of the parent and child), development of an action plan (employability and services plan), coordination of services and resources and implementation and follow up.

These functions can be carried out either by one person, by several individuals in sequence, or by a team but key point is that the agency needs to establish "a system to ensure that these functions are carried out , systematically and comprehensively, for all clients requiring them." (APWA, 1987, p. 3.)

As many states are moving to implement case management systems they are having to reorient many aspects of their staff functions from establishing eligibility to providing family support which is more of a social work than a bureaucratic function. Clearly a great deal of planning and inservice training and supervision is needed to make such a transformation. Apparently few states are actually upgrading their eligibility workers to assume the role of case managers, but are hiring new workers with some social work training. However even in this situation the roles and functions need to be carefully spelled out and adapted to the framework of the states particular JOBS plan.

For example, in some states, case managers provide a critical "triage" function at the assessment stage assessing both the clients own skills, capacities, motivation but also her family situation. For example, they need to be able to judge which clients are ready to launch straight into a job search and for which clients a variety of other supportive services are needed for herself, her children before she can take the initial steps.

Most importantly, in terms of child care needs, the case manager ideally should be able to assess, in consultation with the parent, which children are at risk of developmental problems or have clearly identified special needs and need enhanced quality child care, and for which children relative or informal care is quite adequate and appropriate.

Integrating Welfare Reform with Family Support and Education Programs.

Some believe that the FSA will not be able to help the group of welfare recipients most at risk of long term dependency even if a case management system such as APWA has outlined was instituted and working well. A broader conceptual approach is needed that focuses not solely on the employability of the client but on the well being of the child, parent and family unit as a whole and does not leave out families with infants and toddlers. What is needed is to blend the elements of the new thinking about welfare-to work with the innovative family education and support programs being tested around the country.

Some states and localities are moving in this direction, for example, Project MATCH in Illinois and, most notably, in Iowa which has instituted a statewide Family Development Grant Program using state monies and a federal demonstration grant (Bruner, 1990). The purpose of this program is to provide comprehensive support to families on public assistance who are at risk of long term dependency and the skills necessary to improve the quality of their family life, child development and readiness for the labor market. The program is based on the belief that for a small but important subgroup of families, welfare dependency is linked to other areas of family stress and dysfunction which, if they persist are likely to also give rise to the need for placement of the children in foster care.

The Iowa program is based on the recommendations of a Governor's task force on welfare reform. Currently ten local demonstration programs operate across the state. Several features of these programs are quite unique but most notably, the functions of case managers are assumed by the "family development" specialists who are carefully trained to address a wider range of child and families needs, including their social isolation. An important question to be explored is the replication of such a program in states with very different populations and environment.

Transitional Child Care Issues

Although there are a number of technical questions still be worked out about how the TCC program should be implemented the question many are asking is, even though the transitional assistance has been greatly extended under FSA, whether a year's transitional assistance will be enough. It is not clear that the AFDC recipient will be, after only a year's employment, earning sufficient wages to be able to pay all the costs of child care, and unless she has some relatives available to help, the fear is that this "cliff" effect may result in clients recycling back into welfare dependency.

One strategy to prevent such an outcome is for the case manager, backed up by agency policy, to work hard to link the recipient to other sources of child care subsidy that can pick up after the transitional year has ended. These would include Head Start, Title XX programs and helping the client understand, if she hasn't already, how to benefit from EITC. Since there is much competition for these subsidize "slots" one question is whether the states will give TCC graduating clients priority for them. The pressure on existing sources of child care funding is a major reason why advocates and state official alike are looking to possible relief that may be forthcoming if a new federal child care legislation enacted later in 1990.

CHILD CARE LEGISLATION IN THE 101ST CONGRESS

(Sources: Committee on Ways and Means, 1990; Stewart, Morris, Ackerman, 1990; Willer, 1990)

Relevance to the FSA

The Family Support Act of 1988 (FSA) was passed with the assumption that the increased demand for child care would be met, in large part by separate child care legislation still pending in the Congress. Such child care legislation is expected to infuse new federal money into the states for subsidized care, supply building and quality improvement. But the expected child care bill did not pass in 1988 or 1989 because of jurisdictional disputes between committees, and differences in strategy. To date, both the House and Senate have passed their versions of child care relief and went into conference on May 16th. The bills will be negotiated in conference and sent to President Bush who has threatened a veto. Because many states may not be able to afford to provide child

care to all the AFDC mothers who participate in JOBS, a new child care bill could be instrumental in making the Family Support Act a success.

At the present time, it is difficult to project how high the demand for child care will be once states have fully implemented FSA. Rebecca Maynard (1989), based on a study of child care in three urban areas, estimated that the demand for child care would increase by 10% if it is fully implemented. But according to analysts at the Congressional Budget Office it is difficult to make an accurate projection of demand because factors like the ages of the children and the preferences of families are still unknown. Experience from work/welfare demonstrations in states like New Jersey and Massachusetts, show a very high demand for child care among the participants. However, in the California GAIN program which required work for women with school aged children the demand for child care assistance was not as high as expected. States have to match the Federal money at the Medicaid matching rate. It appears that some states are taking Title XX child care money, which does not require a state match, and other state child care funds away from supporting child care for the working poor in order to meet their obligations under the FSA to AFDC children.

Unlike FSA child care funds, money generated from these new bills could be used to meet new demand by both helping the consumer through tax credits and vouchers and giving states additional funds to increase capacity---i.e. provider recruitment programs, grants or loans to providers to become licensed etc.

President Bush has stated that he will veto the current House and Senate-passed bills (both are now called H.R. 3.) but watchers are hopeful that the bills will be modified in conference to the satisfaction of the President, who is under considerable pressure from voters to pass child care legislation. Bush's response will depend in part on how much is appropriated in the current budget negotiations, according to a White House aide.

Summary of Pending Legislation

If a bill is enacted it is likely to contain some of the following changes to help states meet their increased child care demands:

New Authorizations and Entitlements

The new child care funding falls into three categories: authorization programs subject to annual appropriations; tax expenditures; and entitlements, not subject to annual appropriations.

- **Expansion of child care grants to states:** Both the Senate and House-passed bills would authorize approximately \$1.75 billion for 1991 but the structure and content of the bills are some what different. The Senate bill would spend an estimated \$10 billion over 4 years while the House bill would spend \$27 billion over 5 years (including tax credits). The House bill would expand the existing Title XX block grant to increase earmarked expenditures for child care, expand Head Start and create four new programs under the six titles in the bill. The Senate bill would create a large, new block grant child care program, the State Child Care Matching Grants (the successor to the Act for Better Child Care, ABC), which would allow states to fund many of the same programs outlined in the House bill at state option, and establish two smaller programs.
- **Expansion of Head Start:** Both bills include an expansion of Head Start. The House bill provides \$611 million in the first year to provide full-day, full-year developmentally appropriate child care services to Head Start eligible children of working parents, and others up to 125% of poverty. The Senate bill would require states to spend 10% of their service dollars to extend to full day certain existing part-day programs, which could include Head Start programs.

- **School-sponsored child care:** The House bill would fund local school districts to provide before and after-school care and/or early childhood development programs for 4 year olds. Children of all income levels would be eligible with fees charged based on a sliding income scale. Under the Senate bill money could be used to fund school-based programs at a state's discretion. In both bills, priority would be given to schools in low income areas.

House Bill grant funding allocations for FY'91

- Head Start Child Care Amendments (Title I)...\$611 million (authorization)
- School Sponsored Child Care (Title II)...\$429 million (authorization)
- Title XX (SSBG) Child Care Grants (Title III)...\$450 million (entitlement)
- Quality Improvement Grants (Title IV)...\$262.5 million (authorization)
- Business Involvement Grants (Title V)...\$25 million (authorization)
- Standards Improvement Incentive Grants and Child Development Demonstration Project (Title VI)...\$75 million (authorization)

Senate Bill grant funding requirements.

Under the State Child Care Matching Grants, 70% of the funds must be spent on child care services, 10% of this must be used for expanding part-day, part year programs to fully-day, full year. Ten percent must be spent on activities to improve the quality of child care. States may spend up to 12% on increasing the availability and expanding the supply of child care.

Both bills require states to develop standards that aim to improve the quality of child care. States will be required to establish standards in the following areas: group size, ratio, staff qualifications, health, nutrition and safety for all publicly funded child care, but can set them at any level they choose. States have 3 years to set up and implement these requirements. Under the provisions of both bills, HHS will set up a national advisory committee to develop model national standards for center-based, family home care and group care for states to follow. After three years, all licensed and regulated providers must engage in 15 hours or a "minimum number of hours" of training.

The state standards portion of the bill has undergone considerable modifications since it was introduced 2 years ago. In the original Act for Better Child Care (ABC) bill states would have been required to comply with national standards that were equal to the median standard of all the states. This provision was dropped in the legislative process because of fears that it would be too costly for states and providers to implement comply with.

The House bill requires, and the Senate encourages, voucher programs. The Senate bill, but not the House bill, provides grants to establish liability insurance pools for provider groups. The House bill, but not the Senate, specifically provides for grants to be made to businesses for child care activities. However the Senate monies could be used by states for this purpose. In both these bills the large portion of the money is targeted to low income families.

In terms of the church/state controversy, each bill includes similar prohibitions regarding nondiscrimination in terms of hiring staff and servicing families and use of funds for sectarian activities but the House bill adopts language from Head Start for Title I. The Senate bill writes its own language for their block grant program, which the House adopts for Title III of its bill. Title II of the House bill leaves the problem to the discretion of the states.

Tax Benefits.

Both bills amend the tax law in various ways to put increased monies in the hands of low income working families. These provisions have been characterized as child care assistance, although the

expansion of EITC also benefits two parent families where one parent stays home to care for the child.

- **Expansion of the Earned Income Tax Credit (EITC):** The House bill proposes to expand the benefits under EITC, adjusting the credit to family size. In addition, a new supplemental credit for families with children under age 6 would be added. These would cost an additional \$18 billion over 5 years. The Senate bill has no such provision to expand the basic EITC program but does set up a new supplemental EITC for families with young children under age 4. This would cost an additional \$2.8 billion over 5 years.

Under the EITC expansion in the House bill a family with three children under age 6 would receive \$1,207 and an extra 6% of the worker's earned income for one or more children under age 6 for a total of \$2,220 in 1991. (The maximum projected credit under current law is \$994 for 1991). The money could be collected when taxes are filed or in an employee's paycheck if he/she qualifies for advance payment. Employers have to determine the workers' eligibility. By 1995, when the EITC expansion is completely phased in, it will cost the government \$5 billion (for that year).

Expanding the EITC for working poor families is politically popular with Democrats and Republicans because, it's pro-work (you have to work to get it) and pro-family (you have to have children to get it). The expansion could be crucial in helping AFDC families make the transition from welfare to work after the one year transitional support has ended.

- **Dependent Care Tax Credit:** The Senate bill expands the credit to low income families, making it 90% refundable and allowing for advanced payment.

The House bill does not expand the credit, instead uses it as a revenue source. It would reduce the existing credit for families with adjusted gross incomes above \$70,000 and eliminate the credit for families with adjusted gross incomes above \$89,000. The House bill would raise \$1.5 billion in revenues over 5 years to help finance the child care expansion, the Senate bill would cost the Treasury \$4.9 billion over a 5 year period.

The Telephone Excise Tax

Both bills would continue and make permanent the Telephone Excise Tax, currently scheduled to expire in December 1990, to help finance their spending proposals. The Senate proposal would \$200 million more over 5 years. However, regarding this proposal as a new financing measure is misleading because the tax probably would have continued anyway and been used for deficit reduction or other purposes.

Good and Bad Results

If a compromise version of these bills, or portions of these bills become law, it should help to increase the supply of child care and put more money into the hands of providers and parents which could alleviate some aspects of states projected shortages especially in areas like infant care and non-9 to 5 care. Such legislation would probably also help to improve the quality of child care, a subject not addressed in the F.S.A.

But the new funding streams in the grants portion (e.g. the State Child Care Matching Grants, Title XX, School Sponsored, and Head Start) of the child care bills could cause new bureaucratic nightmares and extra expenses for the states for the following reasons: it may produce new complex requirements and reporting mechanisms for the states to meet to add to those they already

have, and coordinating FSA funded child care with new sources of child care monies and services may be difficult.

TECHNICAL ASSISTANCE

DHHS is committed to providing substantial technical assistance to the states and localities to help them with the implementation and monitoring of the FSA drawing on the knowledge and field experience of public and private sector organizations across departments. According to Martin Gerry, the Assistant Secretary for Planning and Evaluation, "we encourage States and localities to continue to experiment with innovative approaches and through Federal technical assistance hope to improve on their chances of success by sharing these techniques with other states" (Gerry, 1990). When the proposed JOBS regulations were being drafted, as a result of a series of discussions DHHS signed an interagency agreement with the Departments of Education, Labor and the Interior to pool their resources to provide over \$7 million in technical assistance to the States over the next three years.

To implement this agreement two Requests for Proposals for technical assistance contracts were published and announcements of the awards will be made in the summer of 1990. (See update p.30.)

Meanwhile a number of other governmental and private sector organizations have been providing various kinds of technical assistance to states and others involved in implementation. It is not yet clear how these private sector efforts will coordinate with, or relate to the new federal technical assistance contracts.

The Family Support Act Technical Assistance Consortium, consists of the National Governors' Association, the American Public Welfare Association, the National Association of Counties and the Council of Chief State School Officers. This Consortium, supported by grants from the Ford Foundation and the Foundation for Child Development, is dedicated to help states and localities break new ground in policy and planning, program design and management, building on lessons learned from research and practical experience. The Consortium is sponsoring six field seminars for state and local officials over a two years period focusing on planning and financing for Family Support Act program design, implementation and management. Additionally, the Consortium will disseminate guides, policy briefs, background papers, implementation alerts, and issue briefs.

In addition the Center for Law and Social Policy, the Children's Defense Fund and the Urban Institute are conducting various studies of the progress of implementation and preparing reports that identify and clarify the provisions of the law, and discuss various implementation issues (See Resources p.30.)

EVALUATION AND RESEARCH IN THE FSA

(Sources: APWA, 11/89; Smith, Blank and Bond, 1990; Smeeding and Zill, 1990; Wilson & Ellwood, 1989)

Evaluation Plans.

Having launched such an ambitious welfare reform program the federal government is investing substantial funds in major efforts to evaluate its results. The Manpower Demonstration Research Corporation (MDRC) was awarded an HHS contract in October 1989 to conduct an eight-year study of the effectiveness of the JOBS program. The evaluation will focus on 10 sites. The

evaluation design includes an implementation study, describing the nature, components and organizational context of the services provided; an impact evaluation --which will assess the effects of JOBS on participants' educational attainment, earnings and welfare dependency; and a cost-effectiveness analysis--which will compare program costs with the financial and non financial benefits to the recipients, local, state and federal governments and to tax payers. Chosen sites will receive technical assistance for the necessary data collection from MDRC and also receive feedback from the process evaluation over time which they can use to strengthen and modify their program.

Through a sub-contract with MDRC, Child Trends Inc will be conducting a study of the impact of the JOBS Program on families and children, to be called the *Child Impact Study*. This longitudinal, experimental study will be conducted in three sites among AFDC families with children aged 3 to 5. The sample of 1,710 AFDC mothers selected from the three sites will be randomly assigned into two groups. The experimental group will participate in JOBS and the control group will not although they will be free to seek education or job training on their own.

Two kinds of data will be collected in the home---interviews with the mothers and assessments of the child assessments---at three time periods, immediately after the random assignment, and then two years and five years after assignment. The goal of the study is to examine the differential impact of participation in the JOBS program for important sub-groups of children and mothers compared with the controls. The child outcomes to be assessed will include measures of cognitive development and academic achievement, safety and health, problem behavior and emotional well-being and social development. In addition the study will collect data on those maternal characteristics and functioning that are assumed to have a powerful mediating effect on the child outcomes, such as maternal self-esteem and rates of depression, levels of stress, hours of work etc. Although the Child Trends study will be collecting information from the mothers about the type and amount of child care used, the research will not collect any independent information about the quality of child care.

In addition the law requires a separate a study of the child care and medical transitional benefits. The contract for this study has not yet been awarded.

Research Issues and Questions

What are the important questions that need to be asked about the effects on children, their mothers and the family as a whole? Since the FSA is a program targeted primarily on single parents what are the relevant child and family outcomes that should be measured?

There has been considerable discussion about the scope of these planned studies and a general agreement about the need to measure outcomes beyond those that were the focus of most welfare-to-work demonstration evaluations to date. The goals of the FSA are far more ambitious than those of the WIN demos or CWEP programs. The framers of the law are not merely seeking to cut welfare rolls and to save government dollars. They clearly believe that if welfare reform works it will improve family income and family functioning and thus have beneficial, indirect, effects on the children through the improvement in their custodial parents' lives, and through the increased levels of support paid by the absent parent.

At a forum convened at the National Academy of Sciences in November 1989, funded by the Foundation for Child Development, an interdisciplinary group of researchers, public officials, program administrators and others identified some of the lessons from existing studies that should help shape the implementation of FSA and the questions that should be asked in future studies (Smith, Blank and Bond, 1990).

Among some of the points made at this conference and elsewhere are:

--It is important that the measures of the recipient's success in JOBS be broadly conceived. Few welfare mothers with pre-school children will be able, in the matter of a few months, to earn enough to be self supporting and able to leave the welfare rolls entirely. But if such a mother is able to engage in some productive activity outside the home her cycle of defeat and despair may be broken. Some AFDC mothers may have difficulty in the short run achieving their GED's or getting a job. But if the mother's literacy level improves sufficiently that she can, and does, start reading to her child much will have been achieved.

--It is also very important to assess the type and levels of stress and 'hassle' that participation in JOBS may impose on single mothers, and which may have indirect negative effects on their children. Single parents at any income level have a tough job carrying out the dual responsibilities of breadwinner and nurturer without a second parent's support. Poor single parents of pre-school children, may have a hard time coping with the demands of the day even without a welfare office insisting that they also enrol in job training, find and use child care etc. As Wilson and Ellwood (1990) point out, some may feel empowered, gain increased confidence and self esteem through involvement in JOBS, others may become embittered, and overly stressed. And some may find that having their child in day care, for some or all of the day provides a welcome respite from the full time job of parenting.

Thus one of the key questions which should be asked is what kinds of services do these families need to make the transition from welfare to dependency productive rather than destructive?

--From the point of view of the child, the single most important effect will be the change in the home environment. A mother's movement into the labor force, or entry into an educational program will have reverberating effects, both positive and negative, on every aspect of the family system. Thus there are many aspects to the home and family environment that should be assessed as different members of the family react, interact and adjust to the changes. These factors include: parental stress, role conflicts, parent/child interaction, sibling roles and relationships, use of social network and social supports. Some of these variables are the subject of the Child Trends study, but additional indepth studies will be needed and may be forthcoming as a result of the collective interest and support of several private foundations.

--An additional question for research, related to these, is the impact on the family system of increased levels of child support that should be forthcoming. This is especially so if it is followed by any change in the attitudes of the mother or children toward the absent father, or the father towards his rights to access, and visitation and whether there is any change in the amount of contact they have with him. (These changes may be positive or negatives.)

--One of the underlying assumptions of the Act is that nearly all physically healthy welfare parent should and can be helped to become productive economically and enter the labor force. This may be a somewhat simplistic assumption that certainly needs more careful study. Research should try to determine whether there are some mothers who should not be encouraged to enter the labor force, or should wait until their youngest child is older for reasons other than those do to with her own health. A single mother's readiness depends not only on job skills and education but whether she can cope with and juggle her dual responsibilities. It also depends on the particular needs and behaviors of her children or other members of the family.

In fact we know little about AFDC recipients' own physical and mental health, abuse of drugs, disabilities or other responsibilities which may act as serious barriers to a mother's effective participation. In addition if her children are closely spaced, are constantly ill, if they have special health or developmental needs, or if she has other family problems that would constantly interrupt her JOBS activities it may be neither realistic nor desirable for her to stop being a full time mother.

Although the FSA does provide the flexibility to make exemptions there are few guidelines for front line staff to know how to make these judgements.

--Finally, there is a great deal of interest in assessing the effects of the increased exposure to child care that children of AFDC mothers will experience as a result of FSA. Many child development researchers regard the FSA as a long overdue opportunity to learn more about a range of questions about the effects of different types of care, and amounts of care on children since there is still so much that is not known (see Ooms and Herendeen, 1989). As mentioned above, the federally mandated study will only be able to take a cursory look at this issue. However it is expected that additional studies may be planned and funded by private foundations that will do so.

Child Care Plus

The federally funded evaluations to be conducted by MDRC and Child Trends and a yet-to-be-announced contractor, will add a great deal to our knowledge about the role of child care in welfare reform and its effects on children and their parents. However a newly launched demonstration program, *Child Care Plus*, will address some major questions that will supplement the findings of these studies on several important dimensions.

Child Care Plus: a demonstration of enhanced child care options for low-income families is an ambitious child care demonstration program to be conducted over a 17 year period in New Jersey. Funding partners in the demonstration project are the Rockefeller Foundation, New Jersey Department of Health and Human Services, U.S. Department of Health and Human Services and the Department of Labor. Mathematica, Inc., a public policy research firm in Princeton, NJ will conduct the evaluation of the demonstration. The project will operate in three sites and involve 1500 families with at least one child under age 3 when the AFDC recipient is ready to enter JOBS activities provided under the New Jersey REACH program. The families will be interviewed at regular intervals following the children through school age until early adulthood. Multiple methods will be used to assess the child's development and well being.

These families will be randomly assigned to three types of child care: (1) Basic child care subsidies: recipients will be offered the same type and level of services being provided by the local welfare agency under the FSA, and will include one year of transitional benefits. (This group will serve as the 'control' group. (2) Extended child care subsidies: This group would be offered the same type of child care subsidy but extended for a lengthened period, until the youngest child reach grade 1. Parents would receive these subsidies as long as they remained actively engaged in JOBS related activities. All children in the family would be covered. (3) Enhanced child care: This group would also be offered the lengthened period of subsidization but only if they utilized high quality, educational care.

Extensive information will be gathered directly from parents, child care providers, and outside researchers about a wide range of characteristics of the care provided to the children in the sample.

The key objectives of this demonstration project are to measure the effects of providing child care subsidies for an extended period, and giving access to high quality child care, on AFDC mothers, their children, and on the use of child care services.

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ORGANIZATIONAL RESOURCES

The organizations listed below provide information, technical assistance and advocacy, and conduct research and evaluation related to the implementation of the Family Support Act, particularly the JOBS program. (Many of these activities have been supported by grants from the Foundation for Child Development and the Ford Foundation.) This list has been updated as of October 1990.

American Public Welfare Association (APWA)

In 1990 APWA was awarded a three year grant by the Pew Charitable Trust, to establish an Institute for Family Self-Sufficiency. Staff of the Institute will be providing technical assistance in the area of case management and will work with the states to establish systems to meet the various performance standards of the Family Support Act. The Institute also plans to help states develop measures of client self-sufficiency.

APWA is currently completing the program of technical assistance seminars held under the auspices of the Technical Assistance Consortium whose members are, in addition, to APWA, the National Governor's Association, the National Association of Counties and the Chief State School Officers.

Contact: Richard Ferreira, APWA, 810 First Street NE, Suite 500, Washington, DC 20002, (202) 682-0100

Center for Law and Social Policy (CLASP)

The Center for Law and Social Policy, a public interest law firm and legal advocacy organization, is jointly funded by the Ford Foundation and the Foundation for Child Development, to do training, technical assistance, legal counsel, policy analysis, research, and public education to its network in the states on the implementation of the Family Support Act.

Contact: Mark Greenberg, CLASP, 1616 P Street NW, Suite #350, Washington, DC 20036, (202) 328-5140.

Children's Defense Fund (CDF)

The Children's Defense Fund conducts extensive technical assistance to the states and advocates on the child care provisions of the Family Support Act. It has published two papers on the subject (see Ebb, 1989, Ebb *et. al.* 1990) and will add a third focusing on the teen parent provisions of the Act.

Contact: Nancy Ebb, CDF, 122 C Street NW, Washington, DC 20001, (202) 628-8777.

The Children's Defense Fund and the Center for Law and Social Policy have collaborated on a joint publication which discusses the key issues states should address in implementation of the transitional child care program within the Act.(see Ebb, Greenberg, Lookner & Levin-Epstein, 1990).

Child Trends, Inc.

Child Trends is involved in several research and evaluation activities directly related to the Family Support Act as follows:

--State and national profiles of the AFDC population. Child Trends is conducting a cooperative effort to produce, interpret, and disseminate state and national level statistical data on children and parents who receive assistance under the AFDC program. The profiles will particularly focus on the employment related characteristics of the AFDC parents and a developmental profile of their children. The initial report presenting the national data will be released towards the end of 1990. Individual state profiles will be published separately later. The project is primarily funded by the Office of the Assistant Secretary for Planning and Evaluation of the Department of Health and Human Service.

--Family Support Act, Child Impact Study. Child Trends is conducting a longitudinal study of the impact of the JOBS program on families and children. Data will begin to be collected early in 1991. This study is funded by the Assistant Secretary for Planning and Evaluation, DHHS, through a subcontract with the Manpower Demonstration Research Corporation (MDRC) and is a component of MDRC's overall evaluation of the JOBS program. (For details see p. 23.)

Contact: Nicholas Zill, Child Trends Inc., 2100 M Street NW, Suite 610, Washington, DC 20037, (202) 223-6288.

Family Support Administration (FSA), Office of Family Assistance DHHS.

The Family Support Administration's strategy for providing technical assistance to states, Indian Tribes and Alaskan native organizations on child care and other aspects of the JOBS program is through contracts funded under an interagency agreement with the Departments of Labor and Education. These contracts were awarded in late summer and early fall, 1990. The contract to provide technical assistance to the states was awarded to the National Alliance of Business in collaboration with Maximus, Inc.

Contact: Susan Greenblatt, Office of Family Assistance, FSA/HDHHS, 370 L'Enfant Promenade SW, 5th Floor, Washington, DC 20047, (202) 252-4849.

Manpower Demonstration Research Corporation

The Manpower Demonstration Research Corporation has received a contract from the Family Support Administration, DHHS, to conduct the evaluation of the welfare employment programs operated by ten selected sites under the JOBS program. As required by the Family Support Act, the research design involves random assignment of welfare clients to a 'program' group eligible for JOBS services and a 'control' group that will be eligible to receive all other services available in the community that are not arranged for or funded through JOBS. (The control group will retain full eligibility for all entitlements such as AFDC, food stamps, Medicaid, and transitional child care and Medicaid.)

MDRC will conduct an impact evaluation---comparing the difference JOBS made in the welfare recipients' earnings, welfare receipts and other measures---and an implementation and process evaluation. Data will be collected for up to five years on all individuals included in the research. The effects of the JOBS program on children and their families will be examined by Child Trends under a subcontract with MDRC (see above).

Contact: Marta Moret, Manpower Demonstration Research Corporation, Three Park Avenue, New York, NY 10016, (212) 532-3200

Mathematica Policy Research, Inc.

Mathematica, a public policy research firm in Princeton is conducting the evaluation of an ambitious 17 year child care demonstration program, Child Care Plus, taking place in three sites in New Jersey, which is linked with the state's JOBS program. The study will examine at several different time periods the effects on AFDC families and children of participation in three types of child care services and subsidies. The program and evaluation are jointly funded by the Rockefeller Foundation, the US Departments of Health and Human Services and Department of Labor, and the New Jersey Department of Health and Human Services. (For details see page 25.)

Contact: Stuart Kerachsky, Mathematica Policy Research, P.O. Box 2393, Princeton, NJ 08543, (609) 799-3535.

Mental Health Law Project (MHLP)

In order to improve the assistance states are able to offer JOBS participants who have young children with developmental delays or disabilities, the project has identified three broad advocacy goals related to implementation of the Family Support Act:

--to encourage states to support early intervention and preschool special education programs for low-income families:

--to generate appropriate services for children with developmental delays or disabilities whose parents participate in the JOBS programs;

--to assure meaningful choices for parents of children with developmental delays or disabilities--the choice to be exempted from JOBS participation or, with adequate day care, to be enabled to participate in it.

Contact: Margaret Lorber, MHLP, 2021 L Street NW, Suite 800, Washington, DC 20036, (202) 467-5730

National Association of Child Care Resource and Referral Agencies (NACCRA)

The purpose of the National Association of Child Care Resource and Referral Agencies is to promote the development, maintenance and expansion of quality child care resource and referral services. Services and activities provided by NACCRA include: regional and national conferences, technical assistance, training for referral counselors, a clearinghouse for information, standard setting, and a quarterly newsletter. NACCRA provides member agencies with current information and technical assistance about the implementation of the Family Support Act and how the Act affects R and R's. The summer 1990 issue of its newsletter *CCR ISSUES* is devoted to this topic.

Contact: Dee Rabehl, NACCRA, 2116 Campus Drive, S.E., Rochester, MN 55904. (507) 287-2220.

Urban Institute

The Urban Institute is engaged in a project related to documentation of the implementation of the Family Support Act. The purpose of these activities is to fill in any gaps in knowledge or documentation that may not be covered by other organizations. The Institute operates a clearinghouse of major reports, materials and analyses of FSA, organized by topic and updated at least quarterly. It convenes quarterly conferences in DC of representatives of national organizations and policy staff to discuss current issues and problems, for example interprogram coordination and intergovernmental relations. The project commissions various papers on the legislative intent of the Act, and the progress of implementation which will be published in a volume.

Contact: Pamela Holcomb, Urban Institute, 2100 M Street NW, 5th Floor, Washington, DC 20037, (202) 833-7200.

Prepared by Theodora Ooms, October, 1990.