

THE CATCH-22 OF WELFARE TO WORK

The government provides billions of dollars in child care subsidies to help move welfare recipients into the work force. Here's the catch: To get the subsidies, people transitioning off welfare need to have a job already.

By Anne B. Shlay and Marsha Weinraub

Although voters on each side of the aisle are intent on hearing how each presidential candidate will bring economic stability to working Americans, little to no attention has been focused on the poorest of families who were once the collective punching bag of working-class electoral politics. Stoked by decades of conservative campaigning, anger at welfare recipients peaked in the early 1990s as real wages for American workers dropped and recession set in. And although it had been exploited for decades by Republican candidates, a centrist Democratic president capitalized on the anger by vowing to end welfare as we know it. And end it he and Congress did.

With the 1996 passing of the less-than-euphonious Personal Responsibility and Work Opportunity Reconciliation Act, the federal government gave welfare a radical makeover. It could no longer be a long-term substitute for a paycheck. Rather, recipients would receive financial support only if they engaged in

activities designed to lead to employment. Welfare became “Temporary Assistance for Needy Families,” or TANF, with the emphasis on the short-term nature of the assistance and an end goal: families leaving the welfare rolls altogether. As PRWORA became the law of the land, the welfare issue lost much of its status as a political wedge issue.

But getting mothers off welfare and into the labor market required more than a change in political emphasis or, even, agency attitude. Authentically reforming the welfare system

meant providing support that would actually place families in the labor force and keep them there. This support included help with transportation, education, job training and, particularly, child care.

The need for child care seemed obvious. Welfare recipients were largely single mothers who had young children. With employment mandatory, these mothers had to find substitute caregivers and pay them. Therefore, welfare reform was accompanied by billions of dollars in federal ap-



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proportions to subsidize child care. The subsidies were meant to provide parents with the time and space to acquire the skills they needed to leave the welfare rolls and then to make child care affordable for them so they could work after leaving welfare.

Our study of more than 600 parents who left welfare in Pennsylvania showed that the basic theory was correct: Those who received child care subsidies were indeed more likely to be working six months after leaving the welfare rolls. But the same study showed that far less than half of the parents ever obtained the subsidies. A significant reason for the lack of subsidy use has Catch-22 overtones: A precondition for obtaining the child care subsidies aimed at smoothing the transition from welfare to work was the requirement that the mothers *already have a job*. The study also found that African Americans were more likely to take advantage of the child care subsidies than were Hispanics, making clear that improvements in the system for moving welfare recipients into the work force may require different approaches for different ethnic groups.

To determine the role of child care subsidies in supporting families leaving the welfare system, the Temple University Family and Children's Policy Collaborative initiated a study that asked 1) if mothers used child care subsidies when they left the welfare system, 2) if the child care subsidies helped the mothers get and keep jobs and 3) if race or ethnicity operated as a barrier against mothers using child care subsidies.

Working from lists of people who had recently left welfare provided by the Department of Public Welfare in Pennsylvania, we conducted telephone interviews with 658 parents, nearly all mothers, within two months of their leaving welfare, asking detailed questions about employment and child care experiences. The people we interviewed were white, Hispanic and African American in approximately equal numbers. Six to eight months later, we contacted the families to ask about their child care experiences.

Our findings on child care subsidy use mirrored, unfortunately, those of other studies of government-subsidized services. Only 29 percent of the families were using subsidized child care upon leaving the temporary income assis-

tance program. The overwhelming majority of our sample of welfare leavers — 71 percent — did not use the subsidies that had been designed specifically to ease the welfare-to-work transition.

Many families did not use the child care subsidies because they did not meet the eligibility requirements. At the time of our survey, one of those requirements was, to understate significantly, counterproductive: To obtain the child care subsidies considered key to getting and staying off welfare, those leaving welfare had to already be employed. Of course, most of the single mothers we interviewed — 52 percent — were not employed when they left the TANF system and were therefore not eligible for a subsidy. Of those welfare leavers not eligible to receive the child care subsidy, 76 percent did not use any regular form of child care.

Even more problematic — though, again, not fully unexpected — was our finding that many welfare leavers who *were* eligible for subsidies did not use them. Forty-one percent of the parents leaving welfare and eligible for subsidies did not receive them. Of these subsidy-eligible families who did not use subsidies, most (62 percent) did not use child care of any kind.

Why did some families leaving welfare use the governmental child care subsidies and others fail to take advantage of them, even when eligible? The answer to that question is multifaceted, involving the race and ethnicity, welfare experience and community support of the family in question.

In our study, African Americans who left welfare used child care subsidies much more than either white or Hispanic welfare leavers (78 percent, 50 percent and 45 percent usage, respectively). Why were African-American welfare leavers more likely to use child care subsidies than either whites or Hispanics? We did not find any racial or ethnic differences in attitudes toward welfare, child care subsidies or child care among the three groups. Yet there were experiential and behavioral differences that strongly predicted child care subsidy use.

Beyond the striking effects of employment and eligibility, characteristics that increased the probability of using a child care subsidy after leaving temporary assistance included being African American, working a consistent schedule with the same days of employment each week,

receiving food stamps and receiving a child care subsidy while still in the temporary assistance program — in that order. Characteristics that decreased the probability of using a child care subsidy included being Hispanic, being treated for some form of mental illness and receiving economic support from family and friends. Race, the welfare experience and community support appear to be a part of the explanation for differences in subsidy use upon leaving the temporary assistance system.

In part because of the aforementioned employment eligibility requirement, child care subsidy users also had higher income levels than non-subsidy users, earning on average about \$460 per month more than non-subsidy users. Nonetheless, despite higher income levels, both those who used child care subsidies and those who did not remained poor. Neither group made sufficient income to put them over the federal poverty guidelines immediately upon leaving the welfare system.

But did using subsidies increase the likelihood that par-



have a job the instant temporary assistance runs out makes it difficult for them to get jobs and could well set families up for a frustrating cycle of welfare use and unemployment. Providing child care subsidies after temporary assistance runs out without regard to parental employment status for

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There are critical links among the use of child care subsidies, the actual usage of child care and long-term employment. Clearly, using child care subsidies increased the odds of a successful welfare-to-work transition. But to get the subsidies, mothers in this study had to already be employed. Those who were not working were ineligible for the subsidies, and the lack of a child care subsidy made them far less likely to use child care. And, to complete the Catch-22 cycle, those who could not obtain subsidized child care at the outset were much less likely to gain and keep employment than those who could.

Not providing child care subsidies to parents who do not

a brief amount of time would seem to be the reasonable policy response to the current subsidy double-bind.

But our study also points to a welfare-to-work dilemma that involves a politically sensitive area: We found race and ethnicity to be a major part of the explanation for child care subsidy use, or lack thereof, by temporary assistance recipients. Given the importance of child care subsidies for subsequent employment, it seems that race and ethnicity should be addressed in assessing the subsidy needs of different groups transitioning off welfare. Our studies did not determine why African Americans and Hispanics use child care subsidies at such different rates. Discovering the reasons that different racial groups use the subsidies at different rates would be an important step toward a reasonable goal of expanding the provision of child care subsidies that will help almost 2 million families now in the temporary assistance program eventually succeed at work across the nation. ^{M2}

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