

# CHILD CARE AND LOW INCOME FAMILIES: Coping with the Cliff Effect

*A Report and Research Findings  
Submitted to  
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*By  
Jean F. East, MSW, PhD  
Susan Roll, MSW*

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*For more information about this report, the full Cliff Effect and The Colorado Childcare Assistance Program report and our work with the WK Kellogg Foundation, please visit The Women's Foundation of Colorado at [www.wfco.org](http://www.wfco.org)*

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## **CHILD CARE AND LOW INCOME FAMILIES:**

### **Coping with the Cliff Effect**

For many families child care is a necessity for economic self sufficiency, as without it caretakers cannot enter and stay in the workforce. In fact, in the US more than 12 million children under the age of 6 are in some type of child care arrangement every week (NACCRRA, 2009). However, for many families child care expenses are so high that they often cannot afford it without government support. The focus of this study was to understand how families make decisions or strategize about a child care subsidy and government support. Of specific interest were families who received the government supported child care subsidy in Colorado known as the Colorado Child Care Assistance Program (CCCAP). These families face multiple challenges in strategizing about their resources to maintain an income package of wages, government assistance and other social supports (Hartmann, Spalter-Roth & Sills, 2003).

Families with incomes below 200% of poverty, as defined by the poverty guidelines of the federal government, are the most financially vulnerable. For a family of three in Colorado this is equivalent to \$36,620 a year. Of these families, women and people of color are disproportionately represented. In 2006, 28% of households headed by single women were poor, compared with 14% of households headed by single men and 6% of married-couple households. In that same year, 16% of all US women lived in poverty, representing 12% of white women, 29% of African American women and 27% of Hispanic women (Denavas-Wilt, Protor & Smith, 2007).

Due to these disparities, the current study also examined strategies for managing an income package from a race and gender perspective. The US economy is not accessed nor experienced in the same way by women, and particularly women of color, as it is by men (Holmstrom, 2002). Thus, to talk about managing daily survival without recognizing how and why low-income families have differential access to goods and services, would be missing the importance of both the socio-economic realities, as well as potentially important cultural and ethnic differences among families, especially female headed households.

There are many reasons for racial and gender disparities among families, primarily having to do with persistent biases that are present in the American socio-economic environment (Blank, 2007). In employment, these biases are most apparent in wage discrimination. By way of example, in 2008, women earned 79.9% of what men earned, down from 81% in 2005 (IWPR, 2009). For

mothers who work reduced hours to manage childrearing and care giving at home, the earnings ratio of men to women is even lower (IWPR, 2009). For racial and ethnic minorities similar discrepancies exist. In 2007, African American men earned 72% of what white men earned, while African American women earned just less than 67%. Hispanics fair even worse with Hispanic men earning only 57.5% and Hispanic women earning 51.7% of white men's earnings (Denavas-Wilt et al., 2007).

Confounding the problems of wage discrimination, is the fact that many of the jobs available to low income women are in low wage, female-dominated professions which often do not pay a living wage, thus forcing families to rely on both government assistance and social support networks. Women also do the majority of caretaking, meaning that single mothers need to fill the role of raising children and maintaining the home as well as working outside of the home to bring in income.

For all families, child care is a major component of one's monthly expenses. However, low-income families pay 14% of their earnings on care compared with only 7% of earnings on care for their higher-income counterparts (Giannarelli, Adelman & Schmidt, 2003). In Colorado, infant care can average as much as \$10,854 a year in a child care center (<http://kidscount.org>). For families with incomes below a self sufficiency wage, child care expenses are often out of reach. This means that individual caretakers and families must make difficult financial decisions to survive. What can they afford? What is best for the child? What is the availability of child care assistance? Finally, what other supports can be put in place for help?

Given the demographics of low income families, this report examines the experience of CCCAP families and their strategies in accessing child care, from a race and gender perspective. Using this lens, we examined the following questions:

- Considering race and ethnicity as well as geography, how do low-income women experience and maintain child care assistance?
- What are the supports that women use to manage child care needs?

### **Child Care Assistance as a Work Support**

Assistance with child care expenses is considered an important benefit to help families become more self sufficient. Whether a family is moving from income assistance to employment or is employed in a low wage job, the child care subsidy (CCCAP) allows a family to maintain employment. This kind of benefit is known as a "work support." Work supports are government

programs and income benefits, or transitional benefits, for families once they become employed or are employed at less than self sufficiency wages, and are intended to supplement work income and therefore help maintain regular employment or “make work pay.” Work supports may include child care, food stamps, health benefits, income tax credits and utilities assistance. For example, in El Paso County, if a single mother with two children takes a job paying \$6.85.hour (\$14,248/yr.) she qualifies for CCCAP, food stamps, utilities assistance and children’s public health insurance. She can keep these benefits until her time limit runs out, depending on the program, or until her wages increase and put her over the income guidelines for benefits.

This study specifically examined child care benefits. This benefit is by far the greatest value in terms of dollars distributed by the State for work support. Child care is also one of the largest monthly expenses for families. Therefore not only does this benefit have the potential for the greatest impact on a family’s well-being, it also can be the biggest stressor. In addition, several studies in Colorado have pointed to the importance of CCCAP for families, while at the same time illuminating the multiple policy and implementation issues of the program that may adversely affect Colorado families (Dinan, Chau & Cauthen, 2007).

Financially vulnerable families have identified child care as a critical support for families to transition to self-sufficiency, and the relationship between child care and employment for low income families and women is well documented (Edin & Lein, 1997; Lengyel & Campbell, 2002). Studies have found that child care costs are one of the main reasons low income parents have not been able to maintain employment. For example, Press, Johnson-Dias, & Fagan (2005) based on the sample of 395 families from the Philadelphia Survey of Child Care and Work, found that among many individual and structural barriers to employment, child care caused the biggest problem, lowering the rate of employment by 24%. Joo (2008) looked at a sample of 601 mothers in 2004 from the Current Population Survey who received subsidized child care and were employed as a condition of subsidy receipt to see if number of work hours was affected by guarantee of child care subsidy, eligibility levels and presence of co-payment. She found that the eligibility levels had an impact on hours worked and full time work, and the presence of a co-payment requirement was associated with hours worked. She concludes that when “mothers do not have to worry about losing an eligibility of child care subsidy by earning more (as a result of working more hours), they actually work more hours annually” (Joo, 2008, p.308).

In addition to the fact the child care allows for employment, there is an overall economic benefit for families who have access to subsidized child care. In a study by Brooks, Risler, Hamilton and Nackerud (2002) they found that in a comparison of families receiving a child care subsidy and those on the waiting list, those receiving a subsidy paid half as much of their income on child care as those on the waiting list. Forry (2006) looked at how child care subsidies affected the overall financial well being of families. She found subsidies not only reduced child care costs, but 50% of the families reported a positive effect on financial well being, allowing them to afford to pay other bills or even save money. The effects of child care subsidies have been shown to reduce the poverty rate of working parents from 52% to 34% (Hartmann et al., 2003).

In sum, child care assistance is key for families to acquire and sustain employment. Yet, many families who are eligible for child care subsidies do not take advantage of them. Between 1995 and 2000, federal and state funding for child care increased dramatically. At the same time, the rate of participation, or “take up” rate, in child care subsidy programs has been low; reported as low as 12- 15% (Cohen & Lord, 2005; Herbst, 2006) to 20% nationwide (Cheng, 2002). By way of example, in 2007, 412,000 children in Colorado were living in low-income families, representing 35% of all children living in the State. For that same year, CCCAP served 37,131 children, or 9% of low-income children (kidscount.org). The “take-up” rate for services depends on two things: government policies and family decision making (Witte & Queralt, 2002). The combination of these two things constitutes how and when financially vulnerable families access government supported child care benefits. As a framework for the current study, we considered this family decision making, or strategizing, within the confines of the CCCAP policy environment in Colorado.

### **Child Care Policy and the Cliff Effect**

Child care policy is developed at the federal level by the Department of Health and Human Services and implemented at the state level. For working poor families, assistance to pay for child care is available from the Child Care and Development Block Grant (CCDBG) and At Risk Child Care grants to states. In addition, states can transfer up to 30% of their TANF funds into the CCDBG or they can spend TANF money directly on child care. In reality, the TANF funding and CCDBG funding streams are intertwined at the state and local level and funding streams for child care are complex (Holcomb, Adams, Snyder, Koralek, Martinson, Bernstein et al., 2006).

States primarily use this combination of funds to subsidize child care for TANF recipients, families transitioning off TANF, and other families that earn low incomes who have never been on TANF. States can set child care subsidy rules such as eligibility requirements, payment methods, and co-payment rates. In Colorado, child care funds are administered through CCCAP. Unlike most other states, policies are administered at the county level and therefore often differ in implementation county by county.

Access to child care assistance is tied to requirements of working, looking for work or being in school. For those families with a parent or parents working, income eligibility is set as a percentage of poverty. While states have a great deal of discretion, all families served must have an income below 225% of the federal poverty level. In Colorado, income eligibility is set at the county level and in 2008 could range anywhere from 150% of poverty, for example, in Archuleta and Saguache counties, to 225% of poverty in Pitkin and Summit counties.

While work supports have assisted many families in becoming more stable, they have not solved the problem of “making work pay”. One of the dynamics that faces families who work at low wages is known as the Cliff Effect. The cliff effect occurs when wage earners receive an increase in their income, for example through a pay raise, and the increase in income then places them over the eligibility limits for a particular work support. At the same time this increase in income is not enough to cover the loss of benefits. This phenomenon, termed the “cliff effect”, was aptly named as losing benefits can be like falling off a cliff.

The Cliff Effect has been examined in seven counties in Colorado in a study commissioned by the Women’s Foundation of Colorado (Dinan, et al, 2007). What the findings provided is essentially a model of how and when the cliff effect would affect families according to their income and the guidelines of the county in which they live. The study in this report builds on these findings to further uncover the strategies used by families facing the cliff effect.

Faced with the potential loss of work supports, low-income families moving to self-sufficiency make decisions, like all families do, about their finances and about resources that have repercussions on their lives and those of their children (Lengyel & Campbell, 2002). For example, a family may have to choose between a job promotion and the loss of food stamps. One way they do this is by considering their “income package” which is made up of three components: (1) government assistance, (2) wages, and (3) support from social networks such as family, friends and local service providers (Hartmann, et al. 2003). For low wage workers, rarely are any of these

components by themselves enough to sustain a family to be self sufficient over time. This study furthers our understanding of this income packaging strategy, specifically for CCCAP eligible families in Colorado, considering both race and gender.

### Sample and Methodology

This study was conducted in four Colorado counties: Alamosa, Denver, Eagle and El Paso. These counties were chosen as a subset of the original Cliff Effect study (Dinan et al., 2007) and because they vary both geographically (urban versus rural) as well as demographically by race and ethnicity. Some of the demographic differences are presented here:

	County			
	Alamosa	Denver	Eagle	El Paso
Population (2008)	15,417	598,707	52,331	596,053
Latino Population	44%	34%	29%	14%
White (non-Hispanic) Population	51%	51%	69%	74%
African American Population	2%	10%	0.6%	7%
Median Income (2007)	\$35,988	\$44,881	\$73,440	\$55,253
Living below poverty (2007)	22%	17%	7%	10%
Number of families using CCCAP (July 1, 2007 - June 30, 2008)	182	5,753	73	4,130

*Source: US Census Bureau: State & County Quickfacts*

The study employed a two-phased, mixed method design using both quantitative and qualitative data. The first phase consisted of a survey administered in the spring of 2009 and completed by 332 families who currently, or in the past two years, had utilized CCCAP to pay for child care. The second phase consisted of 21 in-depth interviews, from a sub-sample of those who completed the surveys.

Phase Two also consisted of a modified participatory action research process. Five women, all of whom were low income and on CCCAP, were recruited by a non-profit organization to further analyze and interpret the data. The central tenet of Participatory Action Research (PAR), is to engage the “subjects” of the research as equal partners in the research process (Stringer, 1996). While a full model of PAR was not logistically feasible in this study, the researchers engaged the women as co-researchers in a process of responding to the data. Four meetings were held where the co-researchers reviewed data and discussed key findings and themes from the interviews.

Finally, the researchers conducted one-on-one meetings with child care providers and also attended local coalition meetings to hear directly from the people who manage the provision of child care service for families. The voice of child care providers added a greater understanding of the issues in the system, and helped to inform the survey instrument, interview questions and ultimately the data.

### **Phase One**

Survey responses were obtained from a convenience sample from both small and large child care facilities who take CCCAP families in Alamosa, Denver, Eagle and El Paso counties. In order to elicit responses from a wide range of racial and ethnic backgrounds, neighborhoods in Denver and El Paso counties where high percentages of African American and Hispanic families live were over-sampled using census data and maps of each county. Families were asked to complete a 40 question survey, offered in English or in Spanish, and were compensated \$5.00 for their time. The survey instrument was developed based on both the literature and the research questions. The instrument included basic demographic information as well as questions regarding employment, work support benefits and child care arrangements. Several questions related to participants' experiences with the CCCAP program as well as their perceived availability and use of social supports (scales adapted from Henly, Danzinger & Offer, 2005).

#### *Demographics of the Survey Sample*

The surveys represent varying percentages of the total number of families on CCCAP for each county, from 5% of the total families on CCCAP in El Paso County to 44% in Alamosa County. Ninety-six percent of the surveys were completed by women. The mean age of respondents was 28 years old. Of the respondents, 270 (81%) were single, 40 (12%) were married and 23 (7%) stated that they were currently living with a partner. The racial and ethnic composition of survey respondents was as follows:

	<b>Latino/Hispanic</b>	<b>Native American</b>	<b>African American</b>	<b>Asian/Pacific Islander</b>	<b>Caucasian</b>	<b>Other</b>
<b>Number</b>	145	5	96	3	71	15
<b>Percent of Total</b>	43%	2%	29%	1%	21%	4%



With regard to CCCAP, 298 (89%) of families in the survey were currently enrolled in the program, while 36 (11%) were not, but had been on the program at some point in the last two years. Forty-four respondents (13%) said that they had been denied CCCAP at some point in the past. Finally, 57 (17%) families indicated that they were currently receiving TANF, while 89 (27%) indicated that they had received TANF at some point in the past but were not currently, meaning that just over half (56%) of families in the sample have never been on TANF.

*Strategizers versus non-strategizers*

A key premise of this study was that many low income parents must strategize and make resource decisions in order to maximize wages and government support benefits (Dinan et al, 2007). To determine how many families may have ‘strategized’ to stay on CCCAP, one question in the current study asked, “Some people tell us that they sometimes don’t take a raise at their job, or don’t work over a certain number of hours in order to keep their CCCAP benefits. Has something like this ever happened to you?” Of the survey respondents, 112 (34%) responded yes, they have strategized to stay on CCCAP, compared to 222 (66%) who answered no to this question.

Of the families who strategize to stay on CCCAP, there were no statistically significant differences based on race, geography, age, number of children, employment or education level. Some of the demographics of strategizers versus non-strategizers were as follows:

	Urban	Rural	White	African American	Hispanic/Latino	1 Child	2 Children	3+ Children
Strategizers	96	16	25	35	44	47	37	28
Non-strategizers	200	22	46	60	101	99	84	39

**Phase Two**

Of the 112 respondents who reported that they had strategized to stay on CCCAP, 69 (61%) provided their name and contact information indicating their willingness to participate in a follow-up interview. These names were divided into lists based on race and ethnicity, including families who had taken the survey in Spanish, in order to ensure racially and ethnically diverse participants for the interviews. Also in line with the goals of the study, only women were contacted for follow-up interviews. With an estimate of 20 interviews in order to reach data saturation, or the point at which no new information or themes are identified in the data, potential interviewees were contacted

and 21 interviews were ultimately conducted based on participant availability in the time frame allotted.

Of the women interviewed, 14 lived in Denver County, 5 in El Paso County and 2 in Eagle County. Multiple attempts were made to interview families in Alamosa County to no avail. The racial and ethnic breakdown of those interviewed matched those of the surveys, including nine families who identify as Hispanic, six families who identify as African American, five families who identify as white and one family who had newly arrived from Africa. Sixteen of the interviews were conducted in English, while five were in Spanish. All of the interviews were face to face in a location of the respondent's choice, usually their home, and generally lasted one hour. All interviewees were compensated \$15.00 for their time.

The following questions guided the interviews: 1) What are the experiences of financially vulnerable families using work supports, specifically CCCAP, in attempting to become self sufficient? 2) What are family's perceptions and experiences with the 'cliff effect'? 3) What coping strategies are employed by financially vulnerable families to get by both financially and emotionally? 4) How are social supports and networks perceived and accessed and to what end? All interviews were audio-taped and transcribed and the interview data were analyzed using AtlasTI, a commonly used data analysis software.

## **Findings**

This study revealed that families use a combination of resources including government benefits, wages, and social supports, to make up their income package which they need to manage everyday survival. We begin with the findings specific to the government benefits; in particular work support benefits and the cliff effect. We then offer some additional results around employment and social supports.

### **Government Support**

#### *Strategizing for Child Care*

The survey findings revealed that 34% of families "strategize" to stay on CCCAP, hence preventing the cliff effect. These families at some point in the past have been faced with a potential increase in income and have made financial choices in favor of continuing the work support benefit. Of those families indicating that they made such a choice, they were asked to identify all of different

ways in which they strategize. Sixty four (19%) have not taken extra hours at their job, 48 (14%) have not taken a raise at their job, 36 (11%) have declined a job offer, 32 (10%) have not gotten married or changed their family status in some other way, 11 (3%) have not accepted child support, and finally, 11 (3%) have not turned in their redetermination paperwork.

Of the families who strategize to stay on CCCAP, there were no significant differences based on race, geography, age, number of children, employment or level of education. While it was hypothesized in the study that strategizing might be different based on different racial and ethnic groups and by urban and rural settings, that did not hold true in the analysis of the data. This does not mean that race/ethnicity and geography do not influence a family's decision making about child care, but that it was not revealed in the current sample.

The data did reveal a statistically significant finding for income and strategizing. When considering only working families, it is not surprising that the data indicate that those with higher incomes are more likely to strategize to stay on CCCAP. These are the families who reach the edge of the cliff and choose to forgo a move towards self sufficiency, because the expense of losing benefits would be too costly. In addition, the data revealed that families who had been denied CCCAP in the past were 2.8 times as likely to strategize to stay on CCCAP.

For the remaining 222 (66%) families who did not claim to have used various strategies to maintain CCCAP benefits, it is likely that income level is the primary factor. The data indicated that the majority of families never even reached the cliff. Of the 332 families in the sample, 243 were employed, 56 were on TANF, while the remaining 45 were either in school with no government support or not working. Of the working families, the average monthly income was \$1,421. Hourly wages for women working at least part time averaged \$9.27/hour. This is substantially below the eligibility limit for CCCAP. For example, in Alamosa or El Paso county a mother with two children must make \$11.00 an hour to reach the income cliff, while this same mother in Denver or Eagle county would need to make \$14.00/hour to become ineligible for CCCAP. This means that the majority of the survey respondents were not at risk of losing CCCAP based solely on income from wages.

In summary, while 34% of the families in this study did strategize to avoid the cliff effect, 66% of the families did not, likely due to either being on TANF or not having enough income. This reinforces the gender and race/ethnicity perspective of the reality of low wages for women and people of color. For those women who did strategize, they most often turned down extra work

hours, followed by raises, hence limiting their ability to move beyond work support assistance to self sufficiency.

### *CCCAP is a “double-edged sword”*

Based on the survey and interview data, CCCAP was recognized as absolutely essential for families to survive economically, however it was described as arduous to qualify for and maintain benefits. The process and the rules imposed a considerable amount of stress on families and could actually work against them in their efforts to become self-sufficient. In this way CCCAP was viewed by study participants as a benefit with both favorable and unfavorable consequences, as one participant said, “a *double edged sword*.”

If it is such a mixed blessing, why do families use it? In this study women used CCCAP because of the obvious financial benefit and because it gave them access to formal child care they would not have had without the benefit. Despite the challenges of using the CCCAP benefit, women managed the stress because they cared deeply about their families and believed that appropriate and quality child care was best for their children. Unequivocally, the women who were interviewed recognized the value of the child care support. One mother shared it in this way, “*for the next couple years I have to go by their rules. Just go by their rules and deal with it. It’s like I won’t be able to move ahead until my kids get finished with school, but they are getting a good education so I mean these years, I’m just going to have to sacrifice so they can get a good education*”.

The evidence in this study was clear that women made sacrifices to stay on CCCAP. These sacrifices were both financial and emotional. The most common financial sacrifices were when a woman turned down extra work hours or a raise because it would put her over the income limits for CCCAP. For families who reach the income cliff, unless the offer of a raise is in the range of a \$4.00 – \$5.00 hourly increase in wages, they cannot afford to take it. This type of hourly increase is unrealistic, as one woman stated, “*because nobody is going to jump you 3-4 dollars in pay*”.

The women who were interviewed all told familiar stories of coming up against the income cliff. By way of example, one mother of two in Denver was working at a bank and was offered a promotion to manager three times and refused every time. Although she would have received a raise, she calculated that the additional income would not be enough to cover her child care expenses. Therefore, it was more cost effective for her to remain at a lower wage and stay on CCCAP. In fact, this same woman, realizing that her earning power was limited, has now gone

back to school which buys her some additional time on the program, stating *“I said to my kids, I’m going to go back to school to keep you guys in school. So while I go to school and finish and get another degree, they’re all right”*.

Some other sacrifices that women make are far less tangible. They come in the form of time, stress and anxiety. Making decisions around finances and CCCAP in particular is seen as very time consuming. As one woman lamented, *“my life is revolving around CCCAP”*. Many of the women talked about taking a substantial amount of time to read and understand the rules. In fact, it is so stressful that some women reported that will forgo additional work supports, although they may qualify for other benefits, because they just do not want to be “on one more system” and have to deal with the application process, understanding the rules, and figuring out how to manage yet another government support system.

Women described a multitude of difficulties involved in being on CCCAP including that the required paperwork for CCCAP is cumbersome; redeterminations are required every six months; county workers are described as not being well trained, helpful and available; hours of the office are limited and women cannot take time off of work to go in for help; and county to county differences effect families who move or live in one county but use child care in another. While many of these problems are not unique to CCCAP, the CCCAP paperwork and rules are indeed more onerous than other government child care programs, for example, Head Start (<http://www.coloheadstart.org>).

Many of the interviewees talked about knowing precisely how much they could make in any given month to stay just under the income cap. For example, one mother said, *“I used to keep really good track and I had these conversations with the workers about what the number was. You know, what’s my number? They don’t figure out things based on 4 weeks a month. It’s 4.3, and you need to know how many hours vs. your time. You need to always know your number.”*

Beyond the paperwork, the interviewees expressed a high amount of anxiety and worry. There was a constant fear that you could be dropped at any moment and a sense of a lack of control while accessing benefits. Some of this was due to the uncertainty around the rules and the perception that there is a considerable amount of subjectivity and inconsistency in the system. For this reason, many women talked about the constant fear that even if you have all of your paperwork completed correctly, you could receive a letter at any moment telling you that you are no longer

going to receive benefits. Therefore, while CCCAP was seen as a necessary support, it exists in an environment in which women feel a considerable amount of anxiety and powerlessness.

Finally, women whose children are in child care centers praised the child care staff for their help in navigating the system. Some of the larger child care centers have staff who work fulltime to help families apply for and maintain benefits. These workers act as a liaison between CCCAP staff and parents. Between phone calls, faxing paperwork and emailing about appointment times and other requirements, the child care workers were seen as an invaluable resource for families.

### *Mini cliffs*

While the cliff effect is a significant barrier to moving from government supports to self sufficiency, there are multiple other circumstances that add to the very real reasons that women have to carefully strategize to survive, consistently on the edge of losing work support benefits. These circumstances, which can be called “mini-cliffs”, create problems for families to both get and stay on benefits, and to maintain consistency in child care over time. Not only is this lack of consistency a financial and emotional cost for parents, but it may have an impact on children developmentally (Tran & Weintraub, 2006).

Many of these mini cliffs are situation specific. For example, a problem for teen mothers attending school arises when there is a school vacation week and thus they are not in a ‘school or job related activity’. The mothers lose their benefits and are forced to relinquish their spot in child care. For example, one community college student reported that while she was required to do an internship to complete her degree, the internship was not considered work or school and therefore was not a covered activity.

One mother of three described taking a maternity leave for the birth of her third child. Because during this leave she was not in a ‘school or job related activity’ she lost benefits and had to care for her older children at home with a newborn. Several women had trouble with inconsistent child support payments, in that while a welcome addition to their income, the payments would intermittently push them over the income cap, but only for a month here and there, creating inconsistencies in child care. This lack of consistency in benefits due to small and often temporary changes in circumstances is extremely disruptive to work and family life and put a great deal of stress on parents and children.

### *Stigma of welfare*

Different than the sheer stress of the paperwork and requirements to receive benefits, the stigma of receiving government support weighed heavily on the minds and emotions of the families in this study. One woman stated that she felt like a “*bottom feeder*”. While some people may consider any type of government support as welfare, for women who had never been on TANF, several made a careful distinction that they were on CCCAP, which is a work support benefit, not welfare. They stated that they would never consider being on welfare. It was clear that these women considered CCCAP a temporary government support for working families. Each of them clearly articulated a desire to be off of any government support as soon as possible.

### **Employment**

Beyond work support benefits, employment is a major component of the income package for low-income families. Unfortunately, for parents working in low wage jobs, work alone is not enough to make ends meet. To illustrate, despite the fact that in the sample 243 families (73%) were working, these families were not making a high enough wage to allow them to be self-sufficient and therefore they were currently receiving or had received CCCAP in the past to pay for their child care. In addition, 66% of the families did not report strategizing, implying that many families never even reached an income level high enough to face the cliff.

While CCCAP rules vary by county in Colorado, the overarching requirement is that families are working or are in a work-related activity in order to receive child care benefits. Yet while the goal of work support policy is to move families to self-sufficiency, in order for a family to move off of government benefits they would need to make a significant increase in wages to cover the cost of the loss of child care support. That type of increase is unlikely, especially in the types of jobs that employ low wage workers (IWPR, 2002).

There are some additional unintended consequences to the cliff effect regarding employment. For women who refuse higher wages, they continue at a salary level where, in other circumstances, they would have been receiving regular pay increases. When they go to find a new job, they do not appear as qualified as if they had received progressive wage increases. One mother described it this way, “*so you look like a \$9.50 employee but you are really a \$14.00 employee*”.

Of the factors that were the most helpful for women to maintain employment while managing daily survival, a flexible job was one of the most important. This flexibility took many

forms. Some women had jobs where they could make their own hours, such as housekeeping, and thus could be available during the day to meet with a CCCAP worker or take their child to the doctor. Several women actually worked in the child care centers where their children attend and therefore have employers who clearly understand their need to manage work and family. Others had bosses who would periodically pay them under the table thus keeping their paycheck under the income guidelines for CCCAP, but still compensating them for their time.

Women who did not have flexible jobs described considerably more challenges in dealing with limited CCCAP office hours, managing during school holidays, caring for sick children or parents and managing her own needs like dentist appointments and doctor's visits. For these women in particular, availability of social supports was critical.

### **Social Support**

The third component of income packaging is social supports. Social supports are a person's network of family, friends, neighbors and other associates that may be called upon to provide psychological, physical and financial help. Social support has been well documented in the research literature as a critical means of daily economic survival for low-income women (Edin & Lein, 1997; Henly et al., 2005; Stack, 1974). Generally social supports are broken down into three categories: financial, emotional, and instrumental (Henly et al., 2005). Financial support is the perception that one has people from whom they can borrow money. Emotional support is the perception that there are people available to talk through a difficult problem. Instrumental support, unlike financial or emotional support, refers to the various types of tangible support that others may provide such as a ride to the doctor or help with child care.

Survey participants were asked about each type of support. In general, the surveys indicated that the perception of emotional support is the most available while financial support is the least available. Of the 332 respondents, 260 (78%) indicated that they have someone they can talk with to get encouragement and reassurance in a tough time. For instrumental support, 187 (56%) indicated that they have someone who could watch their children or lend them a car. Only 180 (54%) felt that they have someone that could lend them money in a time of financial crisis.

This study was interested in the use of various types of social supports as a resource for making ends meet. Using logistic regression, the data from the surveys did not show that the perceived availability of financial and emotional support made a significant difference in whether a



family was inclined to strategize to stay on CCCAP. However, the data did show that families who have perceptions of strong instrumental support are more likely to strategize to stay on CCCAP. At first this was difficult to interpret in that one might think that strong instrumental support may allow families to actually move off of government benefits, towards self sufficiency. However, the data indicate otherwise.

In fact, there was an immediate understanding of this finding when these results were shared with the co-researchers. These families are good strategizers. The perceived availability of strong instrumental support did not give them the ability to get off of government support, but more likely meant that they have carefully identified people around them who can help them in coping and surviving. These families are considered savvy and resourceful.

The availability of social support varied greatly among the women who were interviewed. Three of the 21 interviewees described a large number of local family members and friends who help them financially, emotionally and with instrumental support to get by. The majority of women interviewed described a more sporadic picture of social supports, with the availability of help if it was required during certain hours for example, when others were not at work themselves or if there was a promise of reciprocity. Finally, 4 of the 21 interviewees described a definite lack of social support. These women conveyed a sense of feeling very isolated and alone.

For women who described a great deal of social support from family to neighbors and friends, their ability to cope was clearly eased by both the real and perceived existence of help beyond what government assistance could provide. Some women had very regular schedules of support with a mom or a cousin who picked up their children from care every day. Others described less formal arrangements but knew they could call on a neighbor or friend, for help at any time. One woman simply stated, *“for me it comes down to the kind of base of friends that I have which is really like having the ability to call up and have somebody save me”*. Usually this was seen as a mutually beneficial relationship, with the women taking turns caring for each other’s children, helping with rides to the doctor or picking up things at the store.

By contrast, women who described very little support from friends and family experienced considerably more stress and anxiety than their counterparts in managing daily survival. For some of these women, they described a dearth of people around them that they felt they could call on for help. Their families lived far away and they did not know their neighbors. A mother of one child said, *“I moved here with a friend but she lost her job and moved away. Now it is just me and my daughter. My*

*mother lives in South Dakota and I don't have any other family. So I just pray nothing bad happens, because its just me and her".*

For others, support was less a lack of availability and more a lack of willingness or comfort in asking for help. Several of the women stated that they just didn't feel comfortable asking for help or that their families would think they had failed if they needed, for example, to ask for money. The process of building social support networks to get by has been documented by a number of studies (Edin & Lein, 1997; Henly et al., 2005). An interesting feature of this process is who women choose for their support networks. Some research suggests that women will make connections and develop networks with other women who are like them, racially, ethnically and according to social class (Granovetter, 1973; Marsden, 1998). In this study, for women who described broad social networks, their support systems tended to be with family and other women who were also single and raising children. One woman talked about having four generations of family support within a two mile radius of her home. She described trusting her family because they come from the same ethnic background and would therefore know how best to watch her children.

The co-researchers echoed these sentiments as well. White mothers tended to be friends with other white mothers. African American mothers most often trusted African American child care workers. They spoke of customs and methods of discipline as being consistent within their own culture, which was something that they strongly preferred. In cases where women had support from outside of their racial or ethnic background, the support was almost exclusively within the same social class. So while the survey data in this study did not find differences by race and ethnicity in women who strategize to maintain child care benefits, the interviews and perspectives of the co-researchers may indicate a difference in the nature of the social support systems that women choose.

Social supports seem to help women get by. They allow women to maximize government support, work at low wage jobs and to meet their basic needs for survival. These social supports primarily come from family, neighbors, and friends. A few women indicated they also get support from community based agencies, including their child care center. It is clear that social supports cannot be underestimated as a critical part of the resource package for family survival.

### **Preferences for care**

How low-income families access and make decisions about child care may also be related to child care preferences. The research literature suggests that there are differences by race and

ethnicity in terms of use and preference of formal and informal care. In this study the findings were mixed. According to the survey data, there was a significant difference between families of different race and ethnicities on their choice of child care. Hispanic and Caucasian family's first choice for child care was to stay at home themselves with their children, while African American families preferred to have their children in a center. This is consistent with the research literature (Huston, Chang, Gennetian, 2002; Early & Burchinal, 2001).

However, in the qualitative interviews, families were asked about their preferences and overwhelmingly they stated that they prefer to have their children in center-based care. This is also consistent with the perspective of the co-researchers. For example, one mother explained, *"I like having her in a school setting. She does well and especially with her having minor delays it helps her to learn from the other children. She doesn't have any brothers or sisters so it doesn't really help to have her at home. She can't really learn from other kids because there is nobody else here."* Another woman put it this way, *"I won't take my kids anywhere else. That's the only reason I'm not taking a raise at my job and everything. It's because if I do take the raise, my daughter won't be able to come here to the Center. She just learns so much here. It's just so beneficial for her to be here."*

Due to the fact that the sample was drawn from surveys primarily distributed at child care facilities, the majority of families who were interviewed were those currently using some type of formal child care which likely influenced their stated preferences for care. Notwithstanding, in exploring preferences for care, the women interviewed overwhelmingly stated that some type of child care setting was important for both socializing and learning for children. Given the hypothetical option to stay home, have family care for their children or have some other child care arrangements, the interviewees and co-researchers stated that they would prefer to have their children in center-based care.

## **Conclusions and Recommendations**

### *CCCAP: A work support*

This study took an in-depth look at the experience of families who participate in the Colorado Child Care Assistance program in four Colorado counties. The experiences and decisions that primarily women make about how to access child care subsidies are part of their survival and income packaging strategies in their roles both as caretakers and income earners. Child care subsidies are essential for families to make ends meet. Studies have found that child care costs are one of the

main reasons low income parents struggle to maintain employment and that subsidies promote financial well being. Based on our review of the research and the experience of the participants in this study, it is clear that subsidizing child care for low-wage workers significantly supports their ability to maintain employment and participate in the labor market.

However, there are significant physical and emotional costs to receiving the child care subsidy. Between paperwork requirements, appointments and the stigma of receiving government support, families struggle to access and maintain child care assistance. Also, certain limitations in the rules create mini-cliffs which result in problems for families to maintain consistency in child care arrangements over time. Yet, due to the fact that child care benefits are essential for families financially and provide access to quality care, many women are willing to sign-up for CCCAP despite the fact that is difficult to apply for and maintain benefits.

The data from the current study supports what both national and local studies have found. There are multiple reasons why families do not use child care subsidies, including a lack of awareness about benefits, a personal decision to not take welfare due to the stigma, burdensome paperwork requirements and problems with staff and administration of the program (Adams, Koralek & Martinson, 2006). Indeed most every woman that was interviewed expressed a great deal of stress with using CCCAP for all of the above reasons. This experience of stress was also echoed in conversations with providers. Despite its importance to financial security, CCCAP is difficult system for both families and providers.

The findings in the current study concur with recommendations of other Colorado studies (Pearson & Venohr, 2008; the Denver Department of Human Services study by Public Knowledge and the CCCAP Policy Forum). The CCCAP subsidy needs to more gradually reduce benefits so that families can advance in the workplace and not be devastated financially. CCCAP rules need to be changed so that the requirements do not create mini cliffs and families can maintain stable child care arrangements for children.

### *Employment*

Two-thirds of families surveyed did not strategize to maintain child care assistance, primarily due to their income level. Fundamentally, wages for women and people of color need to increase to a level at which families can be self-sufficient. Women and people of color often have low-wage

jobs and unless these wages are increased, poor women will remain in a position of needing government support, specifically child care, to get by financially and maintain employment.

Beyond wage increases, job flexibility was identified by study participants as a critical component for allowing families to manage their daily survival. Research shows that single mothers who handle all of the responsibility of both wage earner and family caretaker have the least flexible schedules at work (Hartmann, Hegewisch & Lovell, 2007). In a report by the Mobility Agenda (2007), 38% of low-wage jobs offer low levels of job flexibility, compared to 19% for higher paying jobs and only 24% of low-wage jobs allow parents time off to take care of a sick child.

There are also differences in job flexibility by race. African American women are far less likely than white women to have discretion over their work schedule (Hartmann et al., 2007). In addition, studies show that women in jobs that demand only low skills, and allow for limited self-direction are more likely to be depressed (Mazure, Keita & Blehar, 2002). Employment policy that allows for flexible schedules, the ability to work from home and a compassionate culture that understands the needs of families would support families as they work to manage employment and comply with work support policies.

### *Social Supports*

Social supports can be critical for family survival. In the current study and many similar studies (for example, Edin & Lein, 1997; Henly et al., 2002; Stack, 1974), social supports are a necessary component of the resources that families need to put together to manage their daily lives. The social supports of low-income women tend to be composed of others who are like them racially and by social class (Marsden, 1993). These networks are built in mostly informal ways in neighborhoods, through families and friends, and also through the child care centers (Small, 2009), and can be critical for financial, emotional and instrumental support. Based on the results of this study, most important was the instrumental support which comes in the form of a ride to the doctor or helping to watch a neighbor's children. Women who were the most adept at building a strong base of support from their social networks reported a greater ability to manage daily survival.

Supporting women to build strong social supports is an obvious way to leverage resources. Social capital, the notion that people in relationship with one another create actual resources, i.e. capital, and social networks are a way of supplementing low-wages and limited government support. However, for many women this social capital has limited utility. Briggs (1997) distinguishes between

two types of social capital: getting by and getting ahead. While exchanging child care, a ride to work or groceries may help women to “get by”, the existence of social networks that have limited access to outside resources may in fact keep women in poverty. Therefore, social supports are essential for getting by, but without improved wages, and other policy changes that make work pay, financially vulnerable families will continue to manage only daily survival with little hope of actually escaping poverty.

In conclusion, the best ways to create and implement policies to support financially vulnerable families to become self-sufficient remains a challenging task. In the absence of a more equitable wage structure, families put together an income package of work, government support and social support networks. Work supports help families maintain this income package. Specifically child care support is essential to employment. However, work supports do not necessarily increase self-sufficiency, as demonstrated by the cliff effect research. And reaching the child care cliff can be particularly difficult for families. Child care policy, in this study CCCAP, as it has been operationalized is only working for a portion of eligible families. Furthermore, while the CCCAP policy is helping some families to get-by, it is not enough to help them get ahead.

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