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**Does Child Care Assistance Matter?
The Effects of Welfare and
Employment Programs
on Child Care for Very Young Children**

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The authors welcome comments and discussion.



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The Next Generation Project

This working paper is part of the Next Generation's working paper series. The Next Generation is a project that examines the effects of welfare, antipoverty, and employment policies on children and families. Drawing on rich data from recent welfare reform evaluations, the project aims to inform the work of policymakers, practitioners, and researchers by identifying policy-relevant lessons that cut across evaluations.

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**Does Child Care Assistance Matter?
The Effects of Welfare and Employment Programs
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ABSTRACT

Using data collected from a diverse set of experimental programs for low-income parents that took place throughout the late 1980s to the mid-1990s, we examine how welfare and employment policies affect the child care decisions of single parents with very young children. Treatment differences in child care policy are used to identify whether or not support for paid or regulated care in the context of these experimental studies affected child care use. Policy components that encourage employment (e.g., earnings supplements and employment mandates) appear to affect the *amount* of child care used for parents of very young children. Policies and practices that are specific to supporting paid or regulated child care, on the other hand, appear to encourage families to use more formal rather than home-based care. These findings suggest that with the right supports in place for making child care accessible and affordable, expanded child care assistance within income and employment policies can help meet the needs of low-income parents, even among those parents with very young children who otherwise often use care in a home-based setting, and who face relatively fewer options for infant and toddler care in formal settings.

I. Introduction

Parents of children under the age of 6 comprise the largest proportion of families receiving public assistance distributed through Temporary Assistance to Needy Families block grants (U.S. House of Representatives, 2000). Passage of the Family Support Act in 1988, and then of the 1996 welfare reform law (PRWORA), imposed requirements that explicitly targeted mothers of very young children, allowing states to require women with children as young as age 3 (under the Family Support Act) and then as young as age 1 (under PRWORA) to participate in employment related activities.¹ Though many states exempt work or work-related requirements for parents with infants, these parents are not exempt from other policies that are also designed to increase employment and reduce dependence on welfare, such as time limits. Available, accessible and quality child care are key to the protection of children as welfare and low-income mothers move into employment and, ideally, move out of poverty.

Child care needs are even more pronounced for infants and toddlers, a group that requires care around the clock and that may be particularly vulnerable to any unfavorable consequences of maternal employment. Compared to available options for older children, care for infants and toddlers is harder to find, parents have more concerns with basic care, and, when care is found, it often is more expensive (U.S. General Accounting Office, 1997). Furthermore, child care may interfere with the development of maternal sensitivity and infant's attachment to a parent leading to longer-term consequences on children's development (NICHD Early Child Care Research Network, 1999).²

Recognizing that child care is essential to enable welfare recipients to move into the labor force, federal and state governments increased investment in child care, nearly doubling in the past two decades (Raikes, 1998). Federal child care funds targeted to welfare and low-income families are now collapsed into one large fund, the Child Care and Development Fund (CCDF). With state contributions, child care funds totaled \$3.5 billion in 1996, and increased to \$6.3 billion in 1998 (Greenberg, 1999). Estimates suggest that 1.18 million children received federal child care subsidies in 1995; 20 percent of these children were infants and toddlers and another 20 percent were school-aged children (Raikes, 1998). The 1998 federal budget allocated \$50 million for enhancement of the quality of care for infants and toddlers (Raikes, 1998).

There are a number of unanswered questions about the use of child care and the effects of policy on child care as states deliberate the future of welfare and child care policy. How are welfare and employment policies affecting the use and type of child care used for very young children? Will more investment in child care resources and services increase the use of paid or regulated care? What is the role of child care assistance —whether financial, such as through subsidies, or non-financial, such as through support services – *embedded* in policies with broader goals of enhancing the self-sufficiency of low-income families on child care? Since child care serves as an important support for employment, it is exactly this kind of assistance that plays a key role, at least in the short term, in enabling families to discontinue cash assistance (Blau and Tekin, 2001; Gennetian, Morris and Vargas, 2001). Under the best circumstances affordable quality child care can enhance parental self-sufficiency by facilitating employment, and, at the same time, can provide an environment that will improve developmental outcomes for children living in poverty (NICHD Early Child Care Research Network, 2000).

Using data collected from a diverse set of experimental programs for low-income parents that took place throughout the late 1980s to the mid-1990s, we examine how welfare and employment policies affect the child care decisions of single parents with very young children. Though recent data collection efforts are greatly expanding our knowledge base about the effects of federal, state and local child care policies, none offer a clean test of policy. With experimental data, comparing the outcomes of individuals and families in a control group, under the then-current policy environment, with the outcomes of individuals and families in a program group, under a new policy environment, offers this kind of clean test. The policies examined in these experimental studies include those aimed at increasing employment and earnings (e.g., requirements to participate in employment related activities), and family resources (e.g., financial incentives or earnings supplements that make work pay), as well as those policies specifically targeting child care (e.g., child care subsidies). All of these policies, in turn, may influence child care decisions. This study highlights the role of policies targeting child care, that as of yet remain unexplored, by using treatment differences in child care policy to identify whether or not support for paid or regulated care in the context of these experimental studies affected child care use.

Consistent with prior research, we find that most of the very young children of low-income families in our samples in any child care arrangement are in a home-based rather than more formal, center-based, arrangement. Even with this high use of home-based care, policies and practices that support paid or regulated care have some effect on the *type* of care used, encouraging families to use more formal rather than home-based care. Analyses also reveal that policy components that encourage employment (e.g., earnings supplements and employment mandates) affect the *amount* of child care used. These findings suggest that with the right supports in place for making child care accessible and affordable, expanded child care assistance within income and employment policies can help meet the needs of low-income parents, even among those parents with very young children, who otherwise often use care in a home-based setting, and who face relatively fewer options for infant and toddler care in formal settings.

II. Theoretical Motivation: The Role of Child Care Assistance in the Lives of Low-Income Parents

Employment and Child Care. The 1990s witnessed marked increases in the labor force participation rate of women with children under the age of 18, especially for never-married, single mothers (Blank, 1998). Currently, more than two-thirds of mothers with children younger than age six are in the labor force (U.S. Department of Health and Human Services, 1999). The number of children under age 5 with employed mothers who were in non-parental care more than doubled between 1977 and 1993 (Council of Economic Advisors, 1997).

Sweeping changes in the federal welfare system as a result of PRWORA have contributed to increases in the employment of single mothers. The influx of prior welfare participants into the workforce or work-related activities has been accompanied by an increased demand for child care, and this trend is expected to continue.³ While not all welfare reform strategies institute a ‘work first’ approach, they do share such components as education, training, and job search activities, that require time away from home and away from children.

Several aspects of parents’ employment and employment-related activities have implications for their need for and use of child care. The demand for child care varies in part according

to the timing of the hours employed. Low-income parents are more likely than higher-income parents to work at more than one job and during nonstandard hours or weekends. Over half of the employed mothers of preschoolers with incomes below 200% of poverty work evenings, weekends, or rotating shifts (U.S. Department of Health and Human Services, 1999). And, only 10 percent of centers and 6 percent of family child care homes offer care on weekends (Phillips, 1995).

For most families, and especially single mothers, costs associated with child care comprise the largest proportion of the costs to employment. Although low-income families are less likely to use paid arrangements than are families with higher incomes, those who do use market care expend five times more of their budget for care than do nonpoor families (Smith, 2000). Nearly 18 to 20 percent of poor families' incomes are allocated to child care. This is in contrast to 7 percent of total family income for non-poor families (Casper, 1995).

Because they make non-maternal child care more affordable, child care subsidies play an essential role in allowing parents to go to work and to use care they might not otherwise be able to afford. In particular, by reducing the cost of care, child care subsidies may make placement in a child care center a more affordable option.⁴ In fact, state-level data indicate that center-based care is the most common type of arrangement used by parents receiving federal subsidies (Layzer and Collins, 2000; Phillips, 1995). Child care centers offer advantages over other types of care as a support for stable employment, but are typically more expensive than are family child care or other home-based arrangements. Centers support stable employment because they are reliable sources of care that do not often fail unpredictably because of caregiver illness or other problems that may force parents to miss or be late for work (Hofferth, forthcoming). Ethnographic work suggests that low-income parents like the stability and predictability of formal care for employment purposes (Lowe and Weisner, 2001). However, home-based care provides the flexibility that may be necessary to accommodate employment that is erratic or during non-traditional hours (Emlen et al., 1999).

Effects on Children's Development. By allowing parents to purchase nonmaternal forms of care, especially center care, child care assistance may not only assist parents in entering and sustaining employment, but it may also alter the context of children's day to day environments. Patterns of child care use (as a function of parental concerns and care availability) and the implications of care for development vary for different ages of children.

Whereas only 19 percent of children under age 1 are in center-based or family day care, 50 percent of 3 to 4 year olds are in this type of care (Smith, 2000). Children who attend child care centers in the infant and preschool years perform better on cognitive and language tasks and show better school achievement than do those who spend time in home-based care of comparable quality (e.g. NICHD Early Child Care Research Network, 2000; Zaslow et al., 1999).⁵ The positive effects of center-based care endure into the first few years of school (Yoshikawa, 1999; Broberg et al., 1997).⁶

There are not comparable positive effects of center-based care on children's social behavior, social maturity or behavior problems, and there is some evidence that center care increases the frequency of respiratory and gastrointestinal illnesses in the first year or two of life (NICHD Early Child Care Research Network, 2001; Zaslow et al., 1999). In general, these studies offer little understanding of why centers may contribute to cognitive and intellectual development. Al-

though the quality of centers varies greatly, they are subject to licensing procedures that govern group size, adult/child ratios, and physical safety in all states. Many centers have materials and activities designed to teach appropriate cognitive and social skills to young children; some of them have personnel trained in child development and early education. Whatever the reason, it appears that centers offer some advantages over other forms of child care for promoting children's intellectual development and school readiness.

III. The Studies and the Data

Using data from 5 experimental evaluation studies that evaluate 5 different welfare and employment programs, our study overcomes many of the limitations in other studies that estimate the effects of policy on child care use. The experimental evaluation studies examined for this paper are⁷:

Connecticut's Jobs-First Program (CT Jobs-First) includes the shortest time limit in the country on welfare receipt (21 months) and a generous financial incentive.

Florida's Family Transition Program (FTP) combines participation mandates, a small financial incentive, a two year time limit and services.

The New Chance program (New Chance), emphasizes integrated services, testing a mix of educational, personal development, employment-related and support services aimed at helping 16-to 22-year old mothers who dropped out of school and were on welfare become more self-sufficient.

Milwaukee's New Hope program (New Hope), evaluates an anti-poverty program with a financial incentive to work including a generous child care and health care subsidy for low-income parents who work full-time.

The Canadian Self-Sufficiency Program (SSP), provides an earnings supplement to single parents who have been on public assistance for at least one year and who agree to maintain full-time employment, tested in two Canadian provinces (British Columbia and New Brunswick).

All of these studies share the common goal of moving welfare and low-income families into work. Some also share the goal of reducing poverty or increasing self-sufficiency. The strategies to reach this goal, however, vary substantially from providing generous earnings supplements (e.g. New Hope and the Canadian Self-Sufficiency Project), to mandatory case management and "work first" services (e.g. Florida's Family Transition Program), to imposing a time limit on the receipt of welfare benefits (Florida's Family Transition Program and the Connecticut Jobs-First Program).

All of these studies collected three different types of data: demographic and socioeconomic characteristics at study entry from baseline information forms, longitudinal information on employment and welfare receipt from unemployment insurance records and public assistance records and information about the characteristics of employment, child care, and other household and personal circumstances (sometimes including child well-being) from follow-up surveys. The follow-up surveys can be categorized into two types: one that generally asks one

member of a family, almost always a mother, about employment, income, child care and other demographic or socio-economic information and one that only asks respondents with a child of a certain age (i.e. the “focal child”) about that child’s well-being, from their home environment and child care to that child’s behavior, academic achievement and health. The former is often referred to as the “core” survey whereas the latter is referred to as a special “child outcomes study” or “focal child survey.” Most importantly, the measures collected across these studies are roughly comparable, making a cross-study analysis such as a synthesis of program effects, uniquely possible.

The samples for these studies were, for the most part, drawn from the local welfare populations. The exceptions to this are New Hope, which offered its benefits and services to all families or individuals who satisfied income eligibility requirements, and New Chance, which was aimed to assist very young mothers on welfare. The target samples for these studies also varied according to age of youngest child exemptions and other exemptions based on pregnancy, disabilities, welfare or work history, marital status and educational level.⁸ Nearly all of the respondents to the follow-up surveys that collected the child care information were mothers, whose average age was roughly 30 (with the exception of New Chance where the average age was 19). Most survey respondents were never married at study entry, had a high school degree or GED and had been on welfare for 2 or more years prior to study entry. The racial/ethnic mix varies substantially by study with the majority of survey respondents in New Chance, New Hope, and FTP being African-American and the majority of survey respondents in SSP being white, non-Hispanic.

Nearly all of these studies took place during the early to late 1990s, a time period that included vast changes in welfare policy (i.e. the passage of PWORWA), expansions in the Earned Income Tax Credit, expansions in child care funding (i.e. establishment of the Child Care Development Fund), and stable economic growth with low unemployment rates. Even though these changing contexts may affect how successful these programs are in altering employment behavior (i.e. these changing contexts may interact with a program’s “effectiveness”), the treatment difference is preserved because both program and control group members were exposed to the same level of changes in other welfare, employment and income policies and economic growth.

IV. Evaluating the Effects of Policy from Experimental Studies: Highlighting the Role of Child Care Policy

The random assignment method used in these studies provides the strongest possible basis for causal inferences regarding program impacts on child care. Upon entering each of the studies, an individual or family was randomly assigned to a program group that was eligible for the benefits and subject to the requirements of the new welfare or anti-poverty program, or a control group, that had access to the usual benefits and requirements available to low-income or welfare families. For some of these studies, families were recruited and in most of these studies welfare recipients were randomly assigned to either the experimental or control group when they came in to apply for welfare or for their annual redetermination or recertification of eligibility. Because individuals were assigned at random, any differences in outcomes during the follow-up between individuals in the program and control groups – the “impact”- can be attributed to the policy they faced.

The first step in our empirical analysis was to construct comparable measures of child care across these studies and then to estimate program impacts on these outcomes.⁹ For these analyses, child care refers to any nonparental (often nonmaternal) form of care that occurs on a regular basis (e.g. once a week for 10 hours or more during a specified time period). Formal care or center-based care refers to any care that takes place in a group setting and includes programs that are designed to enrich or provide early education to young children (e.g. Head Start or Pre-school), as well as group settings that primarily provide care while parents are working. This type of care rarely occurs in the caregiver's home and is subject to licensing and regulation requirements. Home-based care refers to care by non-relatives or relatives in the child's home or in the caregiver's home. It includes licensed and certified child care homes as well as more informal arrangements.

These child care outcomes were measured during a two year follow-up period. Formal and home-based care were not coded to be mutually exclusive, i.e. children may have experienced either formal care only, home-based care only, or both formal and home-based care during the two-year follow-up period. Even though studies varied in the timing of the follow-up survey, we were able to construct comparable measures with relatively comparable time periods (i.e. over an 18 month to two year time period before the follow-up interview) by using data from a child care calendar in FTP.¹⁰ Average quarterly employment rates are derived from state unemployment insurance records and, thus, exclude any self-employment or employment that is not reported to an unemployment insurance agency in that particular state. To preserve the experimental design of the study, all sample members were included in the analyses. Thus, those who were employed and not using child care as well as those who were not employed were coded with a zero.

Although individual experimental studies have considerable strength in drawing causal conclusions about a particular intervention, one drawback of these experimental studies is that the interventions being tested included multiple components, making it difficult to attribute specific effects to specific policy components. By drawing from a variety of welfare and anti-poverty programs that had similar objectives, and in many cases, had broadly similar economic effects on families, the present analyses allow some inferences about which components of policy influence child care outcomes. The treatments in these studies included a range of economic and administrative means of assisting families in meeting their child care needs. These include expanded child care subsidies, direct payments to providers, on-site child care, and resource and referral programs. In addition to "official" child care policies, caseworkers for program group members sometimes had a different level of access to resources (or, more resources) to assist in child care placement of their clients or were encouraged to promote certain types of care (e.g. formal or home-based) over others compared to caseworkers of control group members.

To the extent that these differences in child care policy and practice between program and control group members make more types of child care accessible (available and affordable) for working poor families, they may directly affect the types of care arrangements used by parents and experienced by children. Consequently, child care assistance policies as a component of welfare and employment programs may have more direct effects than do employment and income policies on the type of child care used with some exceptions. For example, the type of care used may also be influenced by changes in (1) income produced by a program, such as a program with an earnings supplement, that will then allow parents to buy more or higher quality child care, (2) employment schedule, since a parent with a rotating schedule or with nontraditional hours of

work may be more likely to use a home-based child care arrangement, and (3) generous earnings disregards that may increase ties to the welfare system and thus access to welfare-related child care assistance.

The second step in our empirical work was to array program impacts by a child care policy index (for more detail see Gennetian et al., 2001). Based on reviews of study reports, field notes, and discussions with researchers and state-level child care staff, we found that three of the studies — New Hope, New Chance and FTP — included some kind of treatment difference in child care assistance as part of the experimental program, and two of the studies — CT Jobs First and SSP— did not have a treatment difference in child care assistance. An index called “support for paid or regulated care” was created from this review, based on the following five components: programmatic promotion of formal care, case management, efficient reimbursement of child care, restriction of subsidy to regulated care, and a seamless subsidy system for transitions on and off welfare. Using a numerical scoring scheme based on the level of variation in child care assistance, i.e. differences between program and control group that reflected larger differences in the level of child care support for program group members compared to control group members, a program scored as “high” or was given a “2” for each child care policy dimension. If a program had no treatment difference in child care support compared to the control group then it scored a “0.”

Table 1

Score on Aggregate Child Care Policy Dimension Measuring Relative Treatment Differences in Support for Paid or Regulated Care and Other Key Policy Components that Differ Between Program and Control Group Members

Program	Score on Child Care Policy Dimension Measuring Support for Paid or Regulated Care	Mandatory Employment Services ^a	Earnings Supplements ^b	Time Limits ^c	Youngest Child Age Exemption ^d
Programs with a treatment difference in child care policy					
New Hope	9		X		
New Chance	8	X			
FTP	5	X	X	X	X
Programs with no treatment difference in child care policy					
CT Jobs-First		X	X	X	X
SSP			X		

NOTES: ^aMandatory employment services are requirements to participate in work or work related activities such as education, training, or job search.

^bEarnings supplements allow welfare recipients to receive more money for paid work, either by allowing them to keep more of their welfare benefits as their earned income increases or receiving an earnings supplement outside of the welfare system.

^cTime limits place a cap on the number of months a person can receive welfare.

^dWomen whose youngest child is less than a set age are not subject to the welfare program's participation mandate.

Table 1 shows the results of this scoring technique and identifies the other key policy components of these same programs, as well as those programs that represent our base case.¹¹ New Hope, having a generous child care subsidy that covered the cost of any licensed child care arrangement after a co-payment, and New Chance¹², having provided on-site center care, had many and larger differences across these five dimensions in comparison to the control treatment. FTP, having a resource and referral agent at the welfare office, scored somewhat lower, with fewer differences compared to control group members on most of the dimensions. CT Jobs-First and SSP were programs with no treatment difference in child care policy. Importantly, this table shows that the child care policy imbedded in these welfare and employment programs does not coincide exactly with the other program components and thus provides new information about how individual programs differ. For example, programs that have a treatment difference in child care assistance (e.g. New Hope and FTP), as well as programs that do not have a treatment difference in child care assistance (e.g. SSP), include earnings supplements and mandatory employment services. Thus, examining program impacts arrayed by the child care index provides an effective framework for assessing whether or not program impacts are actually related to child care policy versus other policies such as mandatory employment services, earning supplements, time limits or youngest child age exemptions.

V. Sample and Natural Variation in Child Care

The child-level analyses were conducted on a sample of children aged less than 3, and less than 2, at study entry. The ages of children during the period in which child care is measured are roughly 0 to 5, with most of them being aged 0 to 3. Because the sample size for the latter subgroup is relatively small, most of the presented analyses focus on the “less than age 3” subgroup. The “less than age 2” subgroup effects are useful since many of the “less than 3 year olds” are pre-school aged for some of the follow-up period, and therefore, may be more likely to be in a formal care arrangement. In some studies, such as New Hope, information about individual children that comprise the samples for the child-level analyses was obtained from a subset of the larger sample. These data were used because it is the only information available that links the child care information to a specific child.

To understand the context in which these programs operated and the natural variation in child care usage across these studies and sites, average employment rates, rates of child care use and rates of use of formal care and home-based care in the control group are presented in Appendix Table 1. This table shows that average quarterly employment rates for control group members (i.e. respondents who were not subject to requirements of or who did not receive benefits of the program) varied considerably from a low of 20 percent in the Canadian SSP study to a high of 67 percent in the New Hope study. Recall that the average employment rates of New Hope control group members stand out because the New Hope study includes all working poor adults, i.e. it is not limited to welfare recipients. Child care usage across these studies also shows a similar level of variation with about half of the SSP sample using some kind of care and nearly all of the New Hope sample using some kind of care for very young children. Consistent with what has been found in other research (e.g. see Ehrle, Adams and Tout, 2001), use of home-based care is almost always higher than use of formal care for these very young children, a large group of whom are infants and toddlers. Rates of formal care use among those who used any care varied from 29 percent (in CT Jobs-First) to a high of 76 percent (in New Hope).

VI. Policy Effects on Child Care for Very Young Children

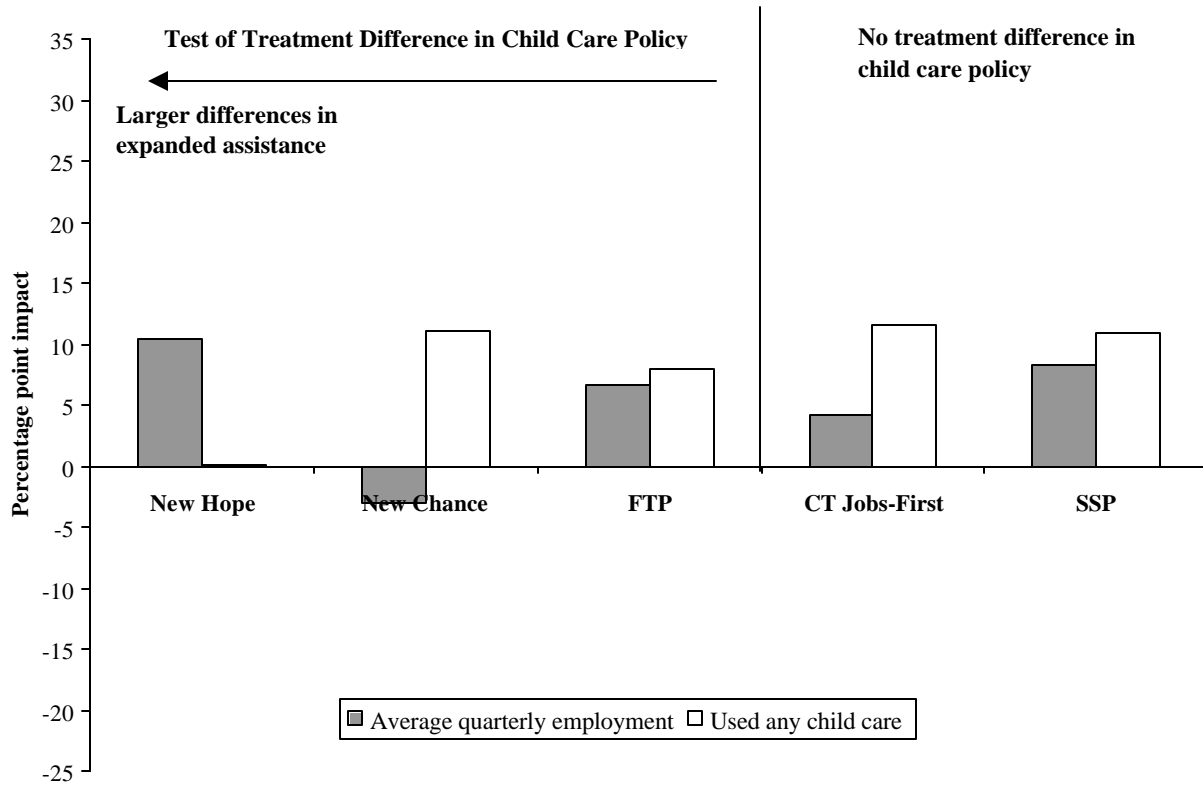
Because, as previously reviewed, research suggests that formal care arrangements may be more beneficial to children and, in some cases their parents, than informal, home-based arrangements, we are particularly interested in whether certain policies influenced the use of certain types of care. The types of care that families use are probably determined by a range of factors, many outside the influence of these policies, including characteristics of parents' employment (e.g. schedule), parental beliefs and attitudes, child characteristics, family resources, and the availability, affordability, and quality of care. Thus, with these range of factors in mind, it is of particular interest whether or not programs with child care assistance policies that favored the use of formal or paid care can increase the use of this type of care more than programs that did not implement such policies. One possibility is that some parents prefer to use formal care, and that policies supporting such care allow them to choose care that suits their needs.

Effects of Child Care Policy on Use and Type of Care. Figures 1 and 2 present findings on impacts on employment and use of any child care, and impacts on type of care, respectively. Each bar in these figures represents the *difference* between the average outcome, such as use of child care, for individuals in the program group and the average of this same outcome for individuals in the control group. As noted at the top of the figure, the three programs that contained treatment differences in child care policies are arrayed based on their score, i.e. the treatment difference in child care assistance on the aggregate child care policy dimension on the left. The remaining two programs that had no treatment difference in child care assistance are presented on the right.

As shown in Figure 1, child care policy that supports paid or regulated care in the context of welfare and employment programs does not appear to influence program effects on employment or child care for parents with very young children. Two of the three programs, CT Jobs-First and SSP, that showed an increase in employment and an increase in the use of child care did not have a treatment difference in child care policy, and one, FTP, did.

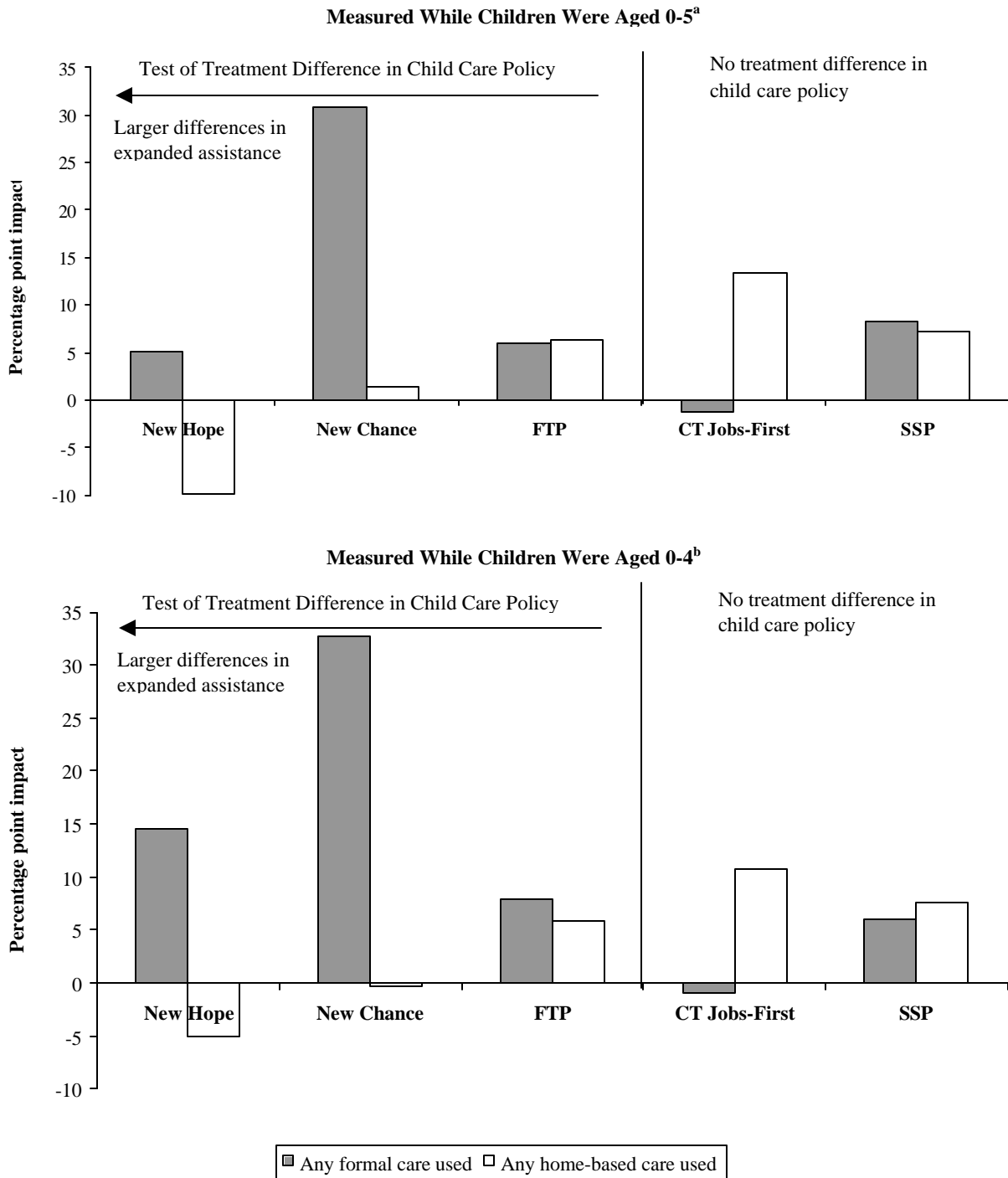
The pattern of impacts in Figure 2, however, somewhat support the conclusion that programs that included high support for child care and that differed from what was offered to control group members increased the use of formal care (relative to home-based care) than programs that offered the same level of child care assistance as control group members. This effect is particularly pronounced for the New Hope and New Chance programs.¹³ The lower graph showing effects for children aged less than 2 at study entry show an even cleaner pattern. FTP increased formal care more than home-based care for a subsample of children who were aged less than 2 at study entry.¹⁴ And, in contrast, effects on use of home-based care were much larger than effects on use of formal care in CT Jobs-First and SSP, suggesting that parents naturally use more formal based arrangements as their children enter pre-school age. Both of these latter programs had no treatment difference in child care assistance policy.

Figure 1
Impacts on Average Quarterly Employment and Use of Any Child Care
Measured While Children Were Aged 0 to 5



NOTE: Children were less than age 3 at study entry. Each study had either an 18 or 24 month follow up; children were between 2 and 5 at the end of the follow up.

Figure 2
Impacts on Use of Formal and Home-Based Child Care
For Very Young Children



NOTES: ^aChildren were less than age 3 at study entry. Each study had either an 18 or 24 month follow up; children were between 2 and 5 at the end of the follow up.

^bChildren were less than age 2 at study entry. Each study had either an 18 or 24 month follow up; children were between 2 and 4 at the end of the follow up.

Several of the studies collected additional information about the characteristics of care being used by families, though these data are less consistently available than available data on overall use and type of care. Table 2 presents impacts on duration of care, stability of care, and parental perceptions of care. Unfortunately, information about these outcomes was only collected for the programs that had a treatment difference in child care policy.

Table 2
Program Impacts on Duration, Stability, and Parental Perceptions of Quality of Care
Measured While Children Were Aged 0 to 5

Outcome	New Hope		New Chance		FTP	
	Control Group	Impact	Control Group	Impact	Control Group	Impact
Number of months in any care	17.52	1.52	7.64	2.42 ***	12.80	1.53
Number of months in formal care	9.40	3.88 ***	2.54	2.54 ***	5.28	0.82
Number of months in home-based care	10.32	-2.45 *	5.62	-0.05	8.62	0.42
In any care for 12 or more consecutive months (%)	---	---	---	---	54.98	-0.25
In formal care for 12 or more consecutive months (%)	---	---	---	---	18.8	1.94
Child/Adult ratio	6.65	-0.52	3.53	0.18	---	---
Group size	13.72	1.19	7.31	0.63	---	---
Parental satisfaction with care	1.69	-0.12	8.90	0.17	33.78	9.16 *
Sample Size	204		1673		370	

NOTE: Children were less than age 3 at study entry. Each study had either an 18 or 24 month follow up; children were between 2 and 5 at the end of the follow up.

Although children in program group families were more likely than children in control group families to have spent at least some time in a nonmaternal care arrangement during the follow-up period, there are not consistent differences in the number of months children spent in care overall. Children in New Chance, however, did spend 2.4 more months in a child care arrangement over an 18-month period compared to children in the control group. Programs that had a treatment difference in child care policy, supporting paid or regulated care, did tend to increase the number of months that very young children spent in formal care (in New Hope and New Chance) and decrease the number of months these children spent in home-based care (in New Hope) compared to children in control group families.

Finally, in these same studies, parents were asked about characteristics of their *current* care arrangement. Child to adult ratios, group size, and parental perceptions of care provide some, albeit limited, information about the quality of care experienced by children. Structural and caregiver characteristics may be significantly related to more in-depth measures of process quality (i.e., experiences that occur in the child care setting) (see review by Vandell and Wolfe, 2000). As shown in Table 2, there were few statistical differences in a nonexperimental comparison of the mean value of these outcomes across research groups (i.e. these outcomes are measured for only those children who were in a child care arrangement at the time of the follow-up interview). However, New Chance parents of very young children did report that their child care provider was more likely to have a GED or high school diploma compared to control group par-

ents (not shown). Parents of very young children in FTP also report being more satisfied with their care arrangement.

Effects of Other Welfare and Employment Policies on Use and Type of Child Care. If child care policy does not influence the use of child care per se, then what kinds of policies do influence the use of child care? Figure 1 suggests that effects on use of care for very young children appear to be related to effects on employment, or policies that encourage employment (e.g. mandatory employment services or earnings supplements). This is particularly true for FTP, CT Jobs-First and SSP. In some programs, very high rates of child care use by control group members precluded any substantial impact on child care despite the impacts of these programs on employment (e.g., 99 percent of New Hope control children were in some form of care during the follow-up period). In other cases, child care was provided for services other than employment. For example, New Chance participants in most sites could use free or on-site child care for all New Chance services, including services for personal development. Note that this pattern of effects is essentially identical for parents of children aged less than 2 at study entry (not shown). The use of child care does not appear to be strongly related to policies that increase income (e.g. the earnings supplement in the New Hope program), time limits (e.g. FTP and CT Jobs-First) or youngest child age exemptions.

VII. Discussion and Conclusions

Using data collected from a diverse set of experimental programs for low-income parents that took place throughout the late 1980s to the mid-1990s, we examine how welfare and employment policy affects the child care decisions of parents with very young children. Comparing the outcomes of individuals and families in a control group, under the then-current policy environment, with the outcomes of individuals and families in a program group, under a new policy environment, offers a clean test of the effect of policy. Our work exploits treatment differences in child care policies that support paid or regulated care to understand whether or not child care policies have any influence on child care decisions above and beyond the influence of other components of income and employment policies. We hypothesized that differences in child care policy and practice would differentiate program effects on the type of care used, encouraging the use of formal care over home-based care.

We find that most of the very young children of low-income families in our samples in any child care arrangement are in a home-based rather than more formal, center-based, arrangement. Consistent with our expectations, we do find that income and employment policies (e.g., earnings supplements and mandatory employment services) affect child care use, but that it is policies and practices specific to child care that affect the *types* of care used. When policies support families' child care needs in general and encourage formal care specifically, parents use more center-based and formal care. When policies do not support and do little to encourage formal care, parents use more home-based and relative care. Other income and employment policies, that increase employment or participation in employment-related activities, income and/or welfare use, do not appear to have this same influence on the type of care used, including time limits and youngest child age exemptions. Furthermore, data from a subset of the studies provide some evidence that programs with high support for child care not only increase the likelihood

that children will be in formal arrangements, but also increase the number of months spent in these arrangements (and decrease the number of months spent in home-based arrangements).

Recall that many of the very young children in these data were infants and toddlers at the time of random assignment for the experiment and pre-school aged by the time of the survey follow-up. The finding that treatment differences in child care policies that support paid or regulated care leads to more use of formal care is consistent with a similar clear and strong pattern on child care impacts observed for children who were pre-school aged or young school aged at the time of the follow-up (Crosby, Gennetian and Huston, 2001). The pattern of findings reported here for very young children may in fact represent a mix of child care decisions: Parents may be more likely to use home-based care for infants and more likely to use formal, center-based arrangements for toddlers and preschoolers.

What should we infer from the fact that child care assistance policies that have enhanced support for paid or regulated care *can* alter the types of arrangements that parents use to care for their children while they are working? Formal care arrangements may or may not provide the best support for maternal employment or for children's well-being. Though parents may like the stability and predictability of formal arrangements, these arrangements are less flexible, e.g. they often do not provide off-hour care, and less accommodating, e.g. they will not provide care for child that is ill. Waiting lists for child care assistance and reports from parents in ethnographic and other survey studies, however, do suggest that *some* parents prefer more formal, more structured, and thus, more expensive forms of care. Furthermore, the quality of care has important implications for children's well-being, and quality can substantially vary, even among formal care settings (e.g. see Helburn, 1995). The data in these studies can not adequately address whether or not these children are necessarily in higher quality arrangements. However, there is some evidence that formal care settings, controlling for quality, may still provide benefits to children, i.e. by exposing them to educational experiences (NICHD, 2000).

Though it seems likely that the increased use of formal care in programs with supportive child care policies is associated with some benefits for parents, and possibly for children, it is also the case that parents choice of care arrangements is based on a variety of factors including the supply of care available to them (e.g., see Fuller, Holloway and Laing, 1996; Huston, Chang and Gennetian, 2001; Zaslow, et al., 1998). Nonetheless, the findings in this study suggest that with the right supports in place for making child care accessible and affordable, child care policy can help meet the needs of low-income parents, even among those parents with very young children, who, under different policy circumstances will use care in a home-based setting and face relatively fewer options for infant and toddler care in formal settings. Payment efficiency, supportive subsidies, seamless services, case management, and restricting subsidies to regulated care may have all contributed to the pattern of effects found in this study. In fact, it may be the presence of multiple care-related supports and services, including those that support employment and income in other ways besides child care, that lead these programs to alter the types of care as well as use of child care subsidies by families with very young children.

Appendix Table 1

**Impacts on Average Quarterly Employment and Child Care Use
Measured While Children Were Aged 0 to 5**

Outcome	New Hope		New Chance		FTP		CT Jobs-First		SSP	
	Control	Impact	Control	Impact	Control	Impact	Control	Impact	Control	Impact
Employment										
Average Quarterly Employment	67.4	10.4	64.8	-3.0 **	46.8	6.7 *	45.0	4.6	20.4	8.4 ***
Child Care										
Percentage Using Any Care	99.0	0.2	83.7	11.1 ***	64.3	8.0 *	48.0	11.6 **	51.8	11.0 ***
Percentage Using Formal Care	75.1	5.1	36.7	30.9 ***	29.1	5.9	14.1	-1.2	23.3	8.3 ***
Percentage Using Home-Based Care	75.3	-9.8	74.4	1.4	47.5	6.4	35.0	13.5 **	36.3	7.3 **
<i>Among those who used any care:</i>										
Percentage Using Formal Care	75.9	5.0	43.8	27.4	45.2	3.2	29.4	-7.7	45.0	5.4
Percentage Using Home-Based Care	76.1	-10.1	88.8	-31.9	73.9	0.6	72.9	8.5	70.2	-0.6
<i>Sample size</i>	99	99	627	1129	193	177	164	163	421	407

NOTES: Child care type categories are not mutually exclusive and therefore do not add to 100 percent.

Children were less than age 3 at study entry. Each study had either an 18 or 24 month follow up; children were between 2 and 5 at the end of the follow up.

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Endnotes

¹ For 20 years prior to the 1988 Family Support Act (FSA), women receiving welfare who had children under age 6 generally were not subject to participation and work mandates. With the passage of FSA, women with children as young as age 3 (or as young as age 1, at state option) were newly designated as mandatory participants. However, FSA had also enacted a "child care guarantee" applicable to the Aid to Families with Dependent Children (AFDC) Program, and a state imposing work-related requirements on families could not sanction a family if child care was among the reasons that constituted a good cause for noncomplying. In enacting TANF, Congress also repealed the child care guarantee.

² See Lamb (1998) for a review of evidence regarding the relation between child care, mother-infant relationships and long term consequences on children's development.

³ There is some indication that the supply of child care has not increased at the same pace as the demand for child care, especially the supply of regulated care, care for sick or disable children, and care during nontraditional hours (Layzer and Collins, 2000).

⁴ See Blau (2000), Chaplin et al (1999) and Council of Economic Advisers (1997) for a review of the economic literature examining the relation between the cost of child care and employment outcomes. These reviews suggest that increasing the cost of child care by 10 percent would reduce the proportion of all families (low and high income) using paid care by about 5.5 to 11 percent, and that reducing the cost of child care by 10 percent would increase the number of working mothers by about 1.5 to 3.5 percent. The relation of child care assistance to the use of paid care has been examined in Blau and Hagg (1998), Hotz and Kilburn (1992) and Ribar (1995).

⁵ In a large longitudinal sample, the more time children attended centers in the first three years of life the better their language and cognitive development was, even with extensive controls for selection and for the quality and amount of child care they had received (NICHD Early Child Care Research Network, 2000). Children in a sample of welfare families who attended center-based early childhood programs performed better on a measure of cognitive development than did those cared for by their mothers at home (Zaslow et al., 1999).

⁶ In an analysis of children in the NLSY, children who had experienced center-based care performed better on a measure of vocabulary than did other children. Those who had been in "babysitter" care did less well than did other children, particularly when their mothers had engaged in little paid employment (Yoshikawa, 1999). Similarly, in a Swedish sample, second graders' performance on standardized measures of cognitive ability was predicted by the number of months they had spent in center-based care before 3.5 years of age. Children who had been in family child care performed more poorly than did those who experienced centers or fulltime parent care (Broberg et al., 1997).

⁷ See Gennetian, et al., 2001 for more detail about these studies or see: Bos et al., 1999 (for New Hope); Quint et al., 1997 (for New Chance); Bloom et al., 2000 (for FTP); Bloom et al., 1998 (for CT Jobs-First) and Michalopoulos et al., 2000 (for SSP). Note that these studies were chosen because they had comparable information on child care for very young children and large enough samples for analyses. Other experimental evaluations only collected specific information about child care for older focal children or, more generally, about child care use at the family level.

⁸ Details about the target samples and baseline characteristics of the survey samples are available upon request from the authors.

⁹ All impacts were estimated using a regression based approach controlling for a number of pre-random assignment and baseline characteristics such as ever married, number of children, race/ethnicity, and prior welfare and work history.

¹⁰ The follow-up period for New Hope was two years. New Chance and Connecticut had an 18-month follow-up period. The child care questions in SSP referred to the 18 months prior to the 36 month survey. FTP captured two years prior to interview.

¹¹ This scoring technique is not a qualitative assessment of the state or local child care policy, but rather a way of categorizing whether or not, in the experimental evaluation, program group member experienced a different child care policy environment than did control group members. Second, the control group members in these programs were always eligible for child care subsidies and assistance that existed within the pre-PRWORA, AFDC system or under TANF or through subsidies for low-income families.

Finally, these child care policy dimensions as well as the ranking of these policy dimensions do not necessarily reflect the current child care environment in these cities, counties and states.

¹² New Chance took place in 16 sites across the United States. Not all sites provided on-site care. Caseworkers in those sites that did not provide on-site care helped participants locate a nearby day care center or family day care

home. A few sites only offered temporary on-site care, or did not have any slots available for New Chance participants. All analyses are presented for the total New Chance sample because the sample sizes per site were extremely small. Patterns that vary by site are noted.

¹³ Each of the New Chance sites that provided on-site care also showed a similar pattern of effects – increased formal care and decreased or little change on home-based care. Effects on formal care were not as pronounced for those sites that only offered temporary on-site care or for those sites in which arrangements had to be made at a nearby day care center.

¹⁴ The child care outcomes constructed for FTP are derived from the child care calendar collected during the two years prior to interview. Therefore, children who were aged less than 3 at study entry were, at a maximum, nearly 7 years old at the time of interview (i.e. at the 48-month follow-up). Children aged less than 2 at study entry were, at a maximum, aged 6 at the time of interview; an age span that is closer in comparability to the other studies.