

**County of Los Angeles  
Chief Executive Office  
Service Integration Branch**



**Stage 1 Child Care Subsidies for Welfare-to-Work Participants  
in Los Angeles County:  
An Analysis of Eligibility and Utilization Patterns**

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## Preface

The present study is a by-product of DPSS' ongoing commitment to making child care services available to Los Angeles County's Welfare-to-Work participants. For some time now, policymakers have attempted to understand why a large proportion of Welfare-to-Work participants fail to use the child care services available to them. This report identifies two major barriers to utilization: participant difficulty in establishing eligibility for child care services, and participant inability to gain approval for the child care requests they submit to Alternative Payment Program (APP) agencies.

The research presented in this report indicates that significant proportions of CalWORKs participants have difficulties opening Welfare-to-Work components in the initial stages of their tenure in the program. The difficulties are likely related to a number of personal and program-level barriers. It will not be possible to fully grasp these initial barriers without conducting additional qualitative research. Nevertheless, participants who cannot attend program components are not able to make requests for child care services. Some participants may attempt to make these requests with no open component, but their eligibility for child care is nullified unless they are working or until they can take the steps necessary to move back into compliance with program requirements. Moreover, significant numbers of participants eligible for child care have the requests they make for services denied for various reasons that are examined in this report. At the same time, this report also shows that early establishment of eligibility dramatically increases the likelihood that participants will utilize the child care services available to them through the GAIN program. In turn, early eligibility appears to increase the likelihood that participants will remain in GAIN and make positive strides towards self-sufficiency.

The findings in these pages, which are based on data collected from DPSS administrative records, were generated using three substantive modes of analysis, each of which occupies a substantive section in the report. Section I examines child care eligibility and utilization trends by looking at monthly snapshots. Section II tracks two different GAIN entry cohorts and creates a more dynamic understanding of eligibility and utilization issues through an analysis of the cumulative child care histories of GAIN participants. Section III uses regression models to demonstrate factors contributing to outcomes such as child care eligibility, child care utilization, and the denial of requests for child care services. The concluding section of the report summarizes the findings and offers a series of recommendations for policy enhancements that could improve the delivery of child care services to the participants who need them. Increasing participant access to child care will be a crucial part of the more general effort to continue making improvements in the CalWORKs program as welfare reform enters its second decade. It is our sincere hope that the findings presented in this report will provide valuable guidance in this direction.

Manuel H. Moreno, Ph.D.  
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## INTRODUCTION

This study examines child care eligibility and utilization patterns within Los Angeles County's Welfare-to-Work population. Roughly one decade has passed since the California State Legislature passed the Welfare-to-Work Act (AB 1542), thereby creating the California Work Opportunity and Responsibility to Kids (CalWORKs) program. CalWORKs breaks with previous welfare arrangements, administered under Aid to Families with Dependent Children (AFDC), by making receipt of cash aid contingent on participation in Welfare-to-Work activities, and the program therefore represents an attempt to transform welfare into a temporary step for needy families on the path to self-sufficiency. However, engagement in the labor market, as well as participation in required Welfare-to-Work activities, presupposes the availability of accessible subsidized child care for CalWORKs participants. But as welfare reform enters its second decade, there continues to be a paucity of reliable information on the extent to which the demand for child care among California's Welfare-to-Work participants is met.

The California legislature also passed AB 1501, which divides CalWORKs child care subsidies into three stages. Stage 1 is funded by the California Department of Social Services (CDSS), and Stages 2 and 3 are funded by the California Department of Education (CDE). Stage 1 is administered by county welfare departments (some of which contract out Stage 1 with local Alternative Payment Program [APP] agencies, as does Los Angeles County) and spans from an eligible family's entry into CalWORKs until their work or work activity situation and child care is stable, ideally within a period of six months. Stage 2, administered by the Alternative Payment Program (APP) agencies under contract with the California Department of Education (CDE), begins when a CalWORKs participant's work or work activity situation and child care arrangements have stabilized, or when the participant is transitioning off aid.<sup>1</sup> Participants can continue to use Stage 2 subsidies for two years after they are terminated from cash aid. Stage 3, also administered by the APP agencies, is available for participants who have exhausted the 24-month limit on Stage 2 services, but only when slots are available. This study looks exclusively at Stage 1 services.<sup>2</sup>

Although child care eligibility and utilization issues among CalWORKs participants in Los Angeles County remain somewhat under-researched areas of inquiry, the information available to policymakers up until now suggests that a significant proportion of CalWORKs participants fail to obtain the child care services needed in order for them to be able to participate in Welfare-to-Work activities. As a recent RAND report on CalWORKs and child care notes, "One of the key issues in providing a large amount of care to CalWORKs participants is whether enough care, of the right type, is available in the right places."<sup>3</sup> Data available from the State of California for participants currently enrolled in GAIN in June 2007 shows that child care payments were made in Los Angeles County on behalf of only 11.7 percent of all Welfare-to-Work participants.<sup>4</sup> Therefore, only a small fraction of participants enrolled in the Welfare-to-Work program receive Stage 1 child care services. An additional problem appears to be that available subsidies often remain underutilized, though policymakers are not as of yet altogether clear on the reasons why.

## The Organization of this Report and the Questions Guiding the Analysis

The bulk of this report is contained in three substantive sections. Section I draws on monthly snapshots, derived from administrative records covering the period from January 2004 to August 2006, to first examine issues connected to eligibility and utilization of child care services among Welfare-to-Work participants, and then look at the dynamics of child care requests. Section II focuses on the same areas of inquiry, but deploys cohort analysis in order to provide a more dynamic set of findings. The analyses in Section II track the cumulative histories of a 2003 entry cohort, as well as a more recent cohort of participants who entered CalWORKs during October and November of 2006. Section III adds additional rigor to the report, using three regression models to examine factors predicting child care utilization and denied requests. The following research questions guide the overall analysis:

- What have the eligibility and utilization rates been for Stage 1 subsidized child care services among CalWORKs participants over time?
- What are the patterns of child care requests relative to child care utilization? Why are child care service requests denied? Do the approval rates for child care requests differ by Welfare-to-Work activities?
- What is the likelihood that participants will request and/or utilize Stage 1 child care after registering in GAIN? What is the average duration of Stage 1 child care utilization for GAIN participants? How much time does it take for Welfare-to-Work participants to start using child care after their enrollment in GAIN? What are the patterns of eligibility and utilization of Stage 1 child care services over time?
- What are the Welfare-to-Work activities in which participants engage while receiving Stage 1 child care?
- What proportion of CalWORKs participants have the child care services they request denied? Are there differences by Welfare-to-Work activities? Do participants become noncompliant with Welfare-to-Work requirements when child care requests are denied?
- What factors contribute either positively or negatively to approval and utilization of child care services, such as location, person-level characteristics and program-level factors?

The answers to these questions together provide the beginnings of an understanding of the challenges participants face in having child care requests approved. The concluding section of this report offers a series of policy recommendations designed to increase utilization of subsidized child care and thereby help remove a crucial barrier to participation in Los Angeles County's Welfare-to-Work program.

## METHODOLOGY AND DATA SOURCES

This study conducts statistical analysis at three levels. The first level, used in Section I, looks at patterns and trends in monthly child care service data using all participants enrolled in GAIN between January 2004 and August 2006. This examination of the entire enrolled population during that period is the basis for the report's descriptive analysis of monthly snapshots of participants and provides one way to observe changes over time.

The second level of analysis, used in Section II, looks at child care service data for two entry cohorts. The first cohort includes the 9,250 participants who enrolled in GAIN during the first half of 2003. The second cohort includes the 2,400 participants who entered GAIN during October and November of 2006. Cohort analysis allows participants to be tracked over time so as to record their *cumulative* child care histories during their entire time in the Welfare-to-Work program. The bulk of the report focuses on the earlier cohort since the longer tracking period enables patterns and trends to be studied more rigorously.

The third level of analysis, used in Section III, utilizes multivariate regression models specifying that selected child care outcomes are a (linear) function of a set of explanatory variables. The coefficient of each explanatory variable represents the effect of a change in that variable on the selected child care outcome. Regression analysis has the advantage of being able to control for exterior factors so as to gauge the independent effects variables have on each other. Since all child care outcomes observed in this study are categorical, logistic regression models are used.

The main data source used in this study is the GAIN Employment and Activity Reporting System (GEARS), which provides information on child care utilization and eligibility, participant noncompliance and sanction histories, and Welfare-to-Work participation (including participation in Specialized Supportive Services). In looking at child care request patterns – particularly the approval and denial of requests for child care services – data limitations in GEARS confine the analysis to the period from November 2006 onwards. In addition, the study also uses several Los Angeles Eligibility Automated Determination and Reporting (LEADER) tables to collect information on other demographic characteristics, as well as on household characteristics and housing stability. For the multivariate analysis, the data were collected for the period from January 2003 through August 2006. The statistics used in the descriptive analysis to look at monthly snapshots of child care eligibility and utilization were collected for the period from January 2004 through August 2006.

The numbers in eligibility for and utilization of Stage 1 child care services are derived from GEARS files. The utilization numbers are therefore different from the figures published in the California Department of Social Services reports CW115 and CW115A. As noted below, there are two reasons for these data divergences. First, State reports show the payments made for Stage 1 child care services in a given month. However, a payment may be made for child care services provided in a different month. Second,

payments are made for services provided over a range of months. A single payment therefore may often cover multiple months of utilization. Consequently, State figures underestimate the utilization of child care services. For example, State figures for January 2006 show that Stage 1 child care payments were made to a total of 9,386 participants. However, GEARS data shows that 12,300 participants used Stage 1 child care services in the same month. State reports therefore underestimate Stage 1 child care utilization by between 25 and 30 percent.

## I. CHILD CARE ELIGIBILITY AND UTILIZATION ISSUES: WHAT DO MONTHLY SNAPSHOTS REVEAL?

### Participant Categories

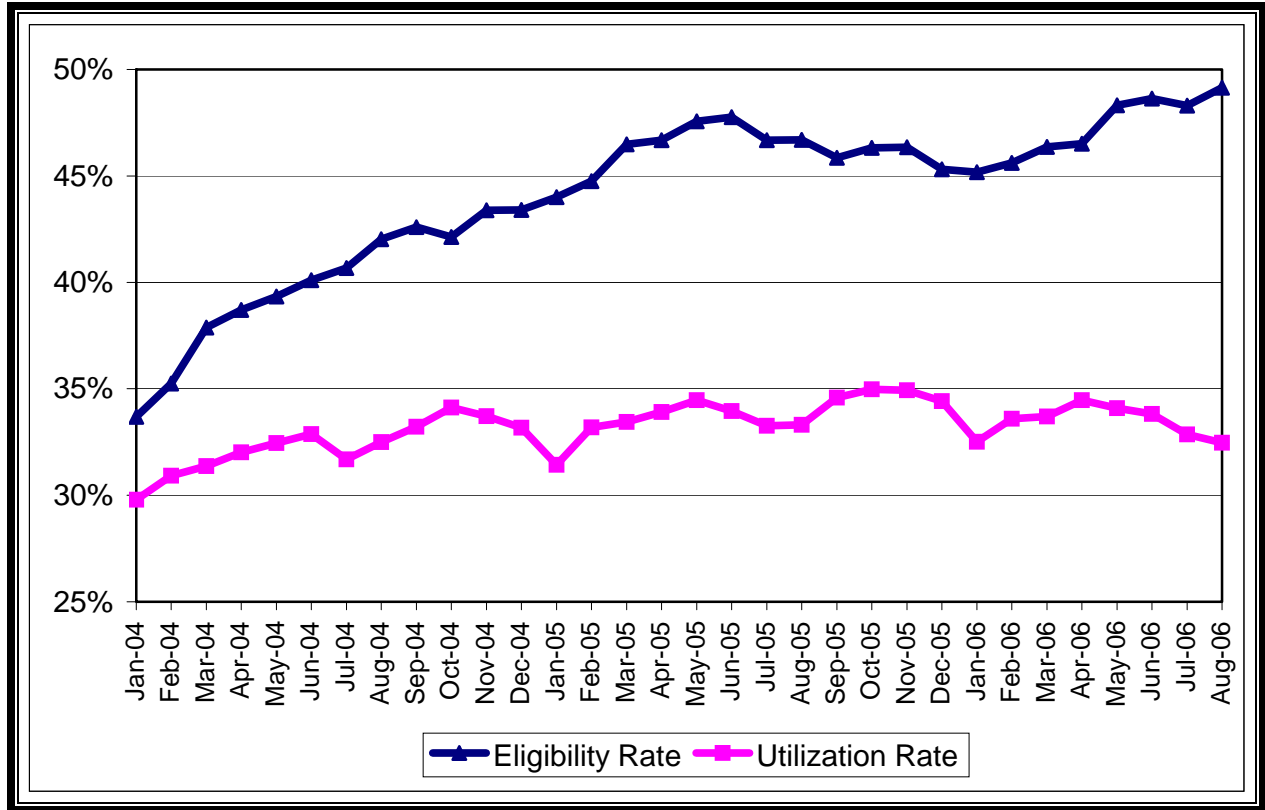
GAIN participants can be classified into three categories with respect to their child care status: **(i)** *Participants who are eligible for child care subsidies.* This eligibility requires that a participant be engaged in work and/or a GAIN activity and that they have an eligible child less than 13 years of age at the time they would be receiving child care services. Participants with children over 13 years of age are eligible if their children have special needs.<sup>5</sup> **(ii)** *Participants who are not eligible for child care subsidies.* These participants may not have an eligible child (for example if all their children are over the age of 13), or they may not be working and/or participating in an approved GAIN activity; **(iii)** *Participants already receiving Stage 2 child care services who, for this reason, are not in a position to be eligible for Stage 1 services.*<sup>6</sup>

The examination of eligibility and utilization issues also requires the introduction of a number of categorical nuances. For example, significant numbers of participants have no open GAIN component and either exit GAIN without ever becoming eligible for child care or become eligible later on and then may or may not use child care services in the future. In addition, a considerable number of working welfare leavers are not enrolled in GAIN but have participated in the program earlier and continue to use Stage 1 subsidies. There is also a sizable group of participants who have timed off cash aid (and are therefore in the safety net program) but nevertheless continue to receive Stage 1 child care subsidies because of their continued use of in-home providers. Therefore, a number of participants continue to receive Stage 1 subsidies even though they moved off of CalWORKs after making the transition from welfare to work. This report focuses on participants who were eligible or used Stage 1 child care services while registered in GAIN.

## What are the Monthly Trends in Child Care Eligibility and Utilization for the County’s Welfare-to-Work Participants?

The first step in assessing the extent of Stage 1 child care utilization within the County’s Welfare-to-Work population is to show trends in eligibility and utilization rates for GAIN participants. The *eligibility rate* is calculated as the total number of GAIN participants eligible for child care subsidies divided by the number of participants enrolled in GAIN. The *utilization rate* is computed by dividing the number of GAIN participants who received Stage 1 child care services by the total number of participants enrolled in GAIN and eligible for child care services. Figure 1 shows the trends in eligibility and utilization rates for the County of Los Angeles between January 2004 and August 2006.

**Figure 1. Monthly Rates of Eligibility and Utilization of Stage 1 Child Care Services, January 2004 to August 2006**



Source: DPSS administrative data, GEARS, January 2004-August 2006.

## **Official State Records Under-Report the Rate of Welfare-to-Work Child Care Utilization in Los Angeles County**

Analysis of GEARS data shows that the monthly rate of eligibility for Stage 1 child care services among GAIN participants increased significantly from 34 percent to almost 50 percent between January 2004 and August 2006. Over the same period, the monthly rate of utilization among eligible users in GAIN fluctuated between 30 percent and 33 percent. The increase in the monthly eligibility rate was mainly due to a sharp drop in the number of participants enrolled in GAIN (a decrease of 30 percent, from 59,000 to 41,000). The number of GAIN participants eligible for child care, however, stayed almost constant at around 20,000. On the other hand, the number of eligible GAIN participants who used Stage 1 child care services increased by 10 percent, from 6,000 to 6,600 over this period and actually exceeded 7,000 for a time during 2005. On average, one-third of the GAIN participants eligible for child care subsidies use them in a given month.

These figures therefore indicate that the monthly rate of utilization in the County of Los Angeles exceeds the 10 percent range derived from official State reports.<sup>7</sup> There are two main reasons why official State records under-report the rate of Welfare-to-Work child care utilization. First, State figures underestimate the monthly number of participants using child care by aggregating multiple months under one month when a payment is made. Second, the reports do not show the number of Welfare-to-Work participants eligible for child care services, and utilization is therefore computed against all Welfare-to-Work participants while only a portion of these participants are eligible for child care, as elaborated later in this report.

Although calculating utilization rates using *participants eligible for child care services* yields a more accurate proportion, almost two-thirds of Welfare-to-Work participants eligible for child care in a given month do not use these services. While some of these participants do not need child care, others have their requests denied for a variety of reasons.<sup>8</sup> These issues are explored in depth later in this report. Furthermore, cohort analysis shows the utilization rate of a cohort over time which is highly correlated with length of Welfare-to-Work participation.

### **Most GAIN Leavers over the Study Period were Ineligible for Child Care**

The increasing monthly rate of eligibility for child care indicates that, while the number of participants enrolled in GAIN continued to decline, most of those participants exiting GAIN were not eligible for child care services. As the proportion of participants ineligible for child care left GAIN over time, the overall child care eligibility rate increased.

## **Do Participants Need Child Care in Order to Open GAIN Components?**

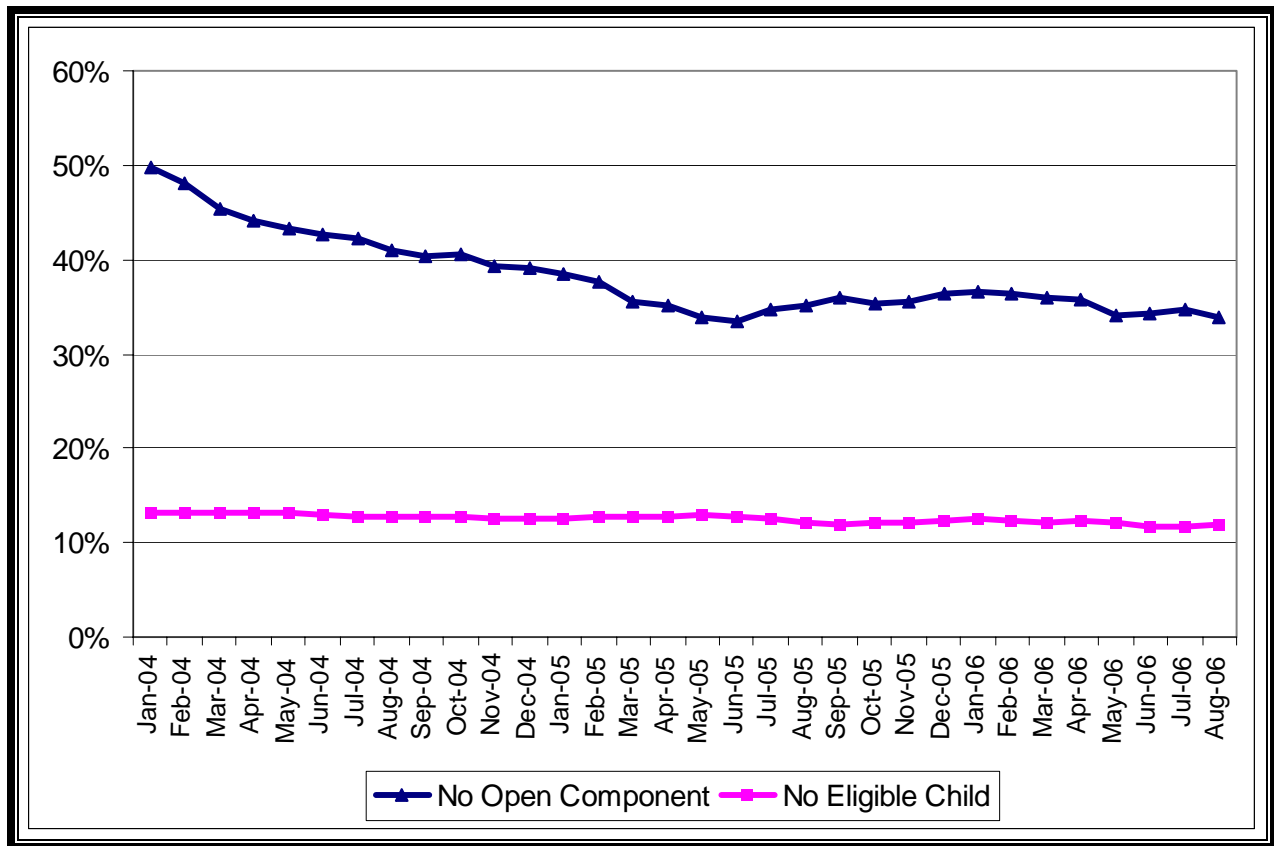
Another group of interest includes participants who are enrolled in GAIN but fail to become eligible for child care services because they do not open a program component (that is, they do not participate in any Welfare-to-Work activities). There are any number of barriers in each case that might account for a participant's failure to open a program component. One potential conundrum that participants face, for example, is that they must have a Welfare-to-Work component open or be employed in order to be approved for child care services, and yet they may need child care in order to attend the component. A more precise explanation for the full range of barriers confronting participants who need to open components would require additional qualitative research, entailing interviews with staff at DPSS and with Welfare-to-Work participants themselves.

### **Two Important Reasons for Ineligibility**

Figure 2 shows trends in connection with two sub-groups of participants ineligible for child care services: (i) Participants with no eligible children – that is, participants in which all children in the family are older than 13 years of age. This is the smaller of the two groups. While, the monthly share of this group in GAIN remained more or less constant in the 12 to 13 percent range, its size dropped by 38 percent, from 8,000 to 5,000 participants, between January 2004 and July 2006. (ii) Participants ineligible for child care services because they have failed to work and/or participate in a Welfare-to-Work activity. The monthly size of this sub-group declined by 50 percent, from almost 30,000 to less than 15,000 over the study period, and its proportion within GAIN dropped from just under 50 percent to below 35 percent. Approximately half of the participants enrolled in GAIN with no component currently open subsequently become eligible for child care services within the next 12 months. However, only 15 percent of them ultimately utilize Stage 1 child care services. In Figure 2, percentages are computed against all participants enrolled in GAIN. Hence, for example, in August 2006 33 percent of all GAIN participants were ineligible because they did not have an open component; 12 percent were ineligible because they did not have an eligible child; 50 percent were eligible for Stage 1 child care services; the remaining 5 percent utilized Stage 2 services.<sup>9</sup>



**Figure 2. Trend in Participants Ineligible for Child Care Services by Reasons for Ineligibility, January 2004 to August 2006**



Source: DPSS administrative data, GEARS, January 2004-August 2006.

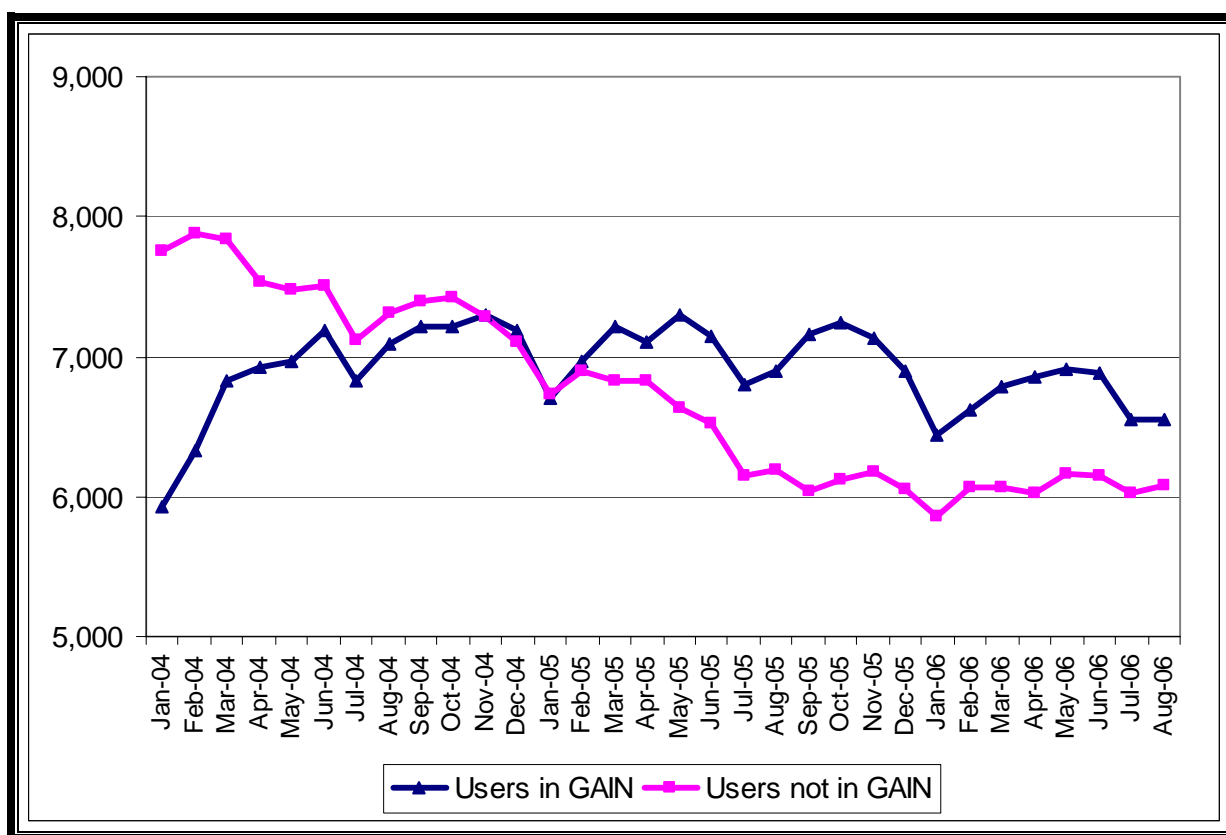
### The Significance of Becoming Eligible Quickly

In looking at all participants who remain enrolled in GAIN and actively participate for at least 6 months and receive Stage 1 child care services, the data indicate that half become eligible right after enrollment and use child care during their eligibility for these services. At the same time, less than half use these services after a period of ineligibility for child care, which suggests that it takes them a relatively protracted period of time to participate in Welfare-to-Work activities. As expected, while the average duration to receive child care services for participants becoming eligible right after enrollment in GAIN is less than 2 months, it is almost a year for participants becoming eligible for child care services after a period of ineligibility following enrollment in GAIN. The implications of this dramatic contrast will be examined more closely later in this report.

## Child Care Utilization and Participant Status in GAIN

Brief mention was made earlier of welfare participants who utilize child care but are not enrolled in GAIN as mandatory participants. This group includes exempt GAIN participants, leavers, employed participants who are not registered in GAIN, and participants receiving the safety net coverage provided to those who have reached their welfare time limits.<sup>10</sup> Figure 3a compares the monthly absolute numbers, between January 2004 and August 2006, of GAIN participants using Stage 1 child care services to participants who are not enrolled in GAIN but are using Stage 1 services.

**Figure 3a. The Number of Participants Receiving Stage 1 Child Care Services by GAIN Status, January 2004 to August 2006**

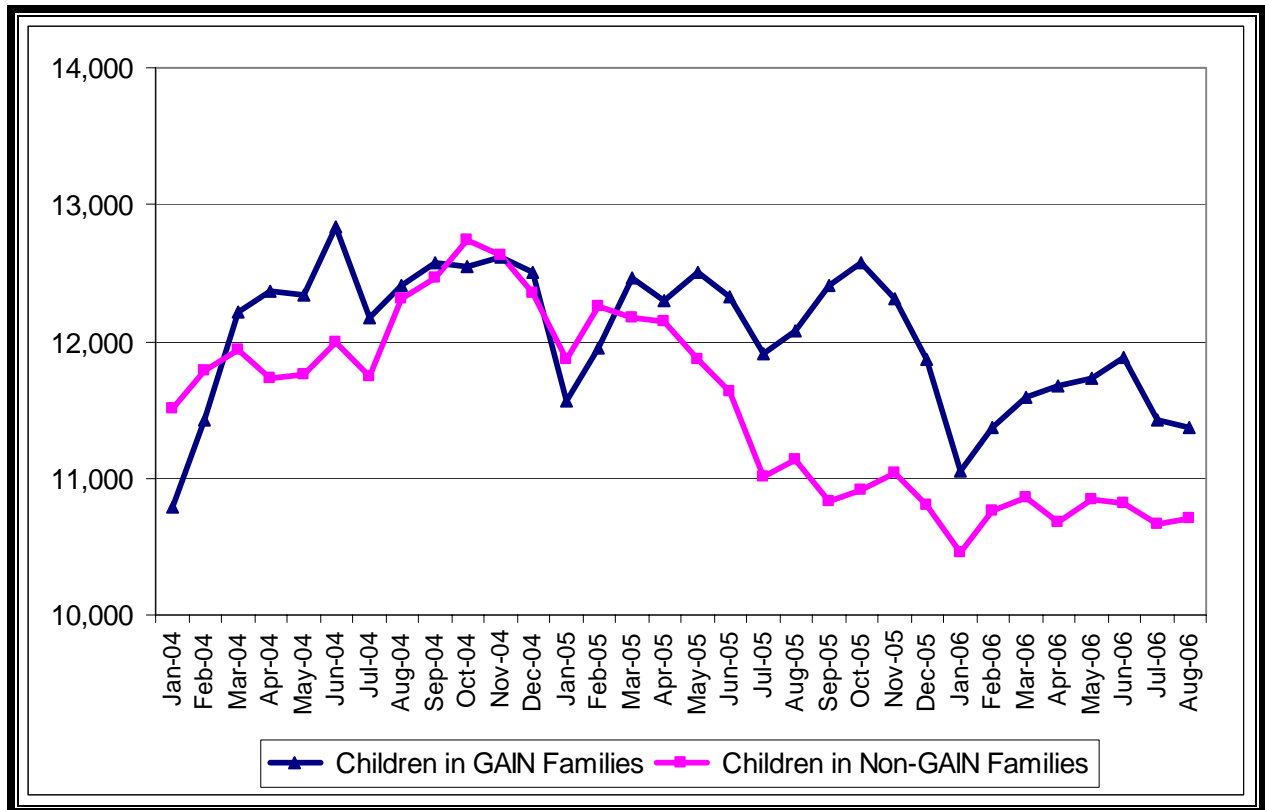


Source: DPSS administrative data, GEARS, January 2004-August 2006.

While the number of GAIN participants receiving Stage 1 child care services increased over the study period by roughly 10 percent, from almost 6,000 to approximately 6,600, the number of participants receiving these services while not actively enrolled in GAIN activities but perhaps who were working dropped from close to 8,000 to 6,000. The vast majority of this non-enrolled group was leavers. Consequently, the share of GAIN participants among those receiving Stage 1 child care services increased from 43 percent to 52 percent, but the total number of participants receiving child care services dropped by almost 10 percent from 14,000 to 12,500.

Figure 3b compares the monthly numbers of GAIN children and non-GAIN children receiving Stage 1 child care services between January 2004 and August 2006.

**Figure 3b. The Number of Children Receiving Stage 1 Child Care Services, by GAIN Status, January 2004 to August 2006**



Source: DPSS administrative data, GEARS, January 2004-August 2006.

Figure 3b shows that the monthly number of children in GAIN receiving Stage 1 child care services climbed to roughly the 12,000 level and stayed at that level between the start of 2004 and the end of 2005. The number dipped to 11,000 between November 2005 and January 2006, and then climbed back to roughly 11,500 in August 2006. The total number of children receiving Stage 1 child care services increased from 22,000 in January 2004 to 25,000 by the end of the year and then dropped back to 22,000 on August 2006.

## The Dynamics of Child Care Requests

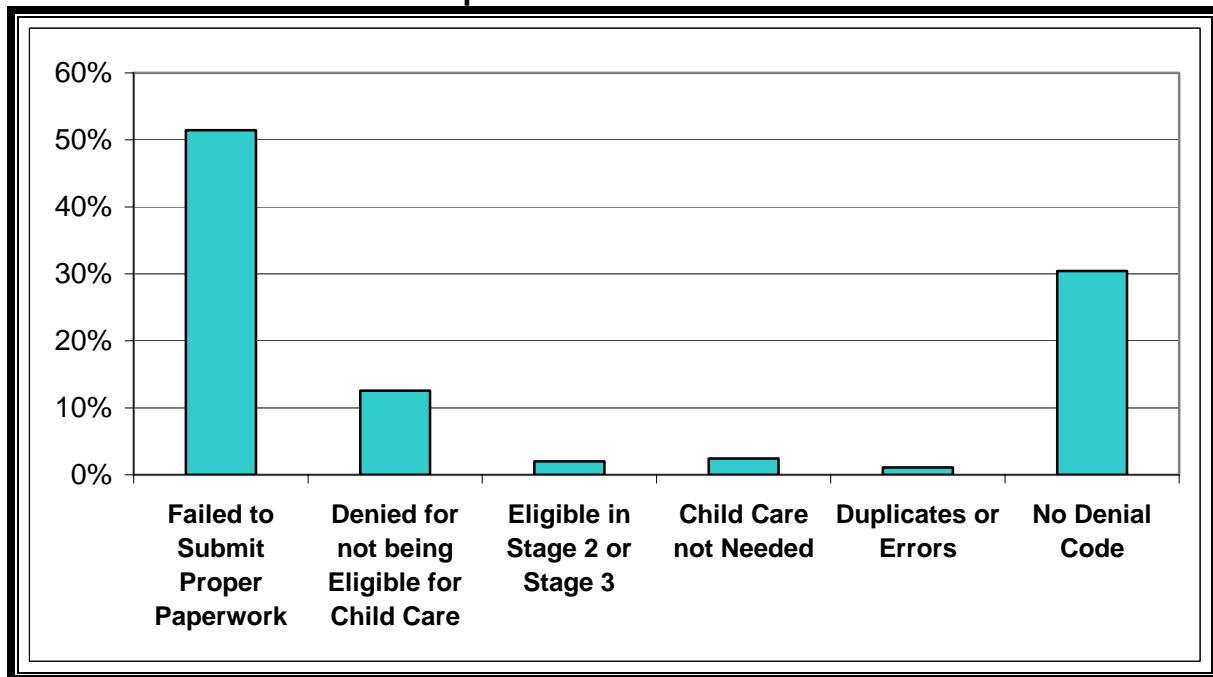
### Over Half the Child Care Requests made over the Six-Month Observation Period were Denied

The child care request data available from GEARS is reliable for the period starting in November 2006. This report therefore studies the child care request patterns between November 2006 and April 2007. Over this period, there were almost 20,000 Stage 1 child care requests. Approximately 11,000 (55 percent) of these requests were denied.

### Failure to Submit Required Paperwork Accounts for More than Half the Denials

As shown in Figure 4, over half of the denied Stage 1 child care requests between November 2006 and April 2007 were denied because participants failed to submit the proper paperwork. Another 13 percent of the denied requests were denied because of participants' ineligibility for child care. The ineligibility reasons include failing to open a component, failing to show up for an activity, or not having eligible children. A small proportion of the denials were due to being eligible for other child care stages or errors.<sup>11</sup> Only 2 percent of the denied requests over this period were denied because of participants' declaration that they no longer needed child care. Finally, 30 percent of the denials did not have a denial code listed in GEARS. These are requests which were not approved by the end of May 2007 but were not assigned a denial code either. No child care services were authorized for these requests during the time period covered by this report.

**Figure 4. Denied Child Care Requests by Denial Reasons, November 2006 to April 2007**

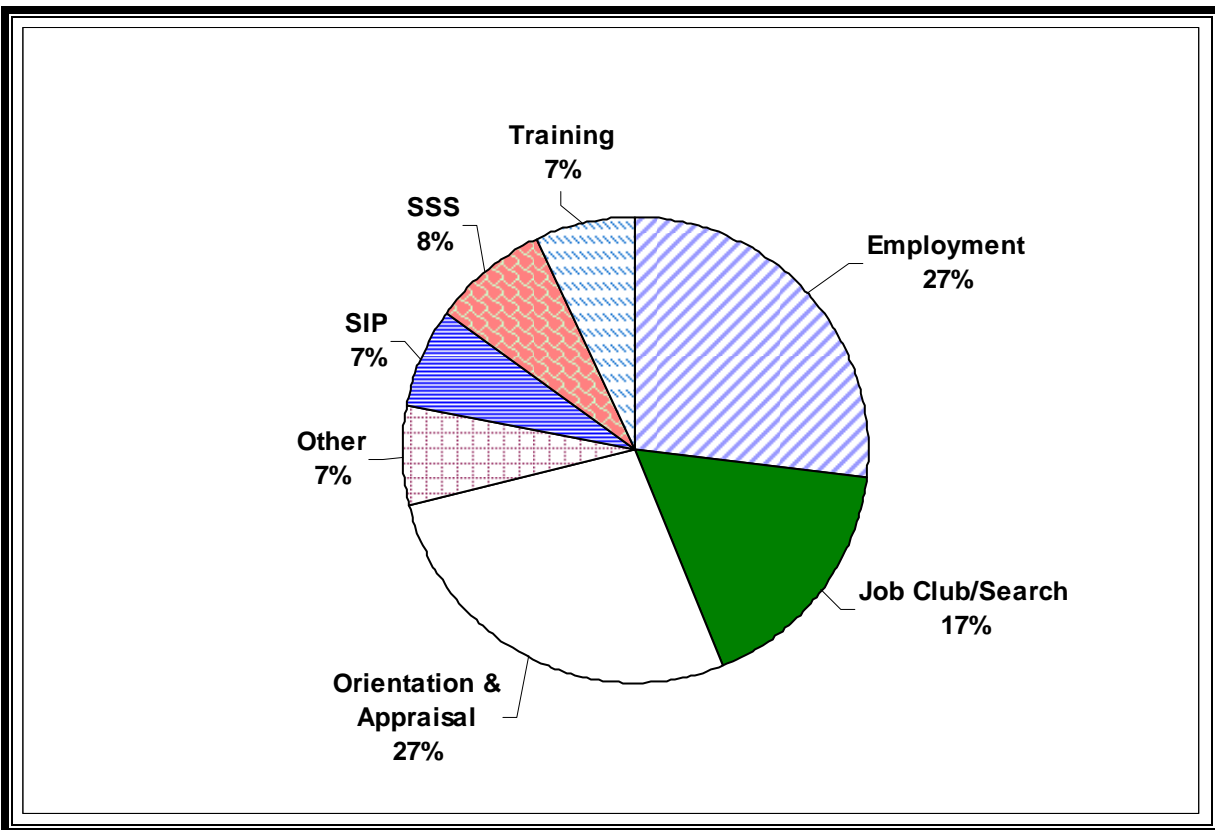


Source: DPSS administrative data, GEARS, November 2006 to April 2007.

## More than Half the Child Care Requests made Over the Six-Month Period of Observation were for Orientation and Employment

Figure 5a shows the distribution of child care requests by Welfare-to-Work components for all Stage 1 child care requests between November 2006 and April 2007. Over half the child care requests were placed for two activities, employment and Orientation (27 percent each). Another 17 percent of child care requests were made for Job Club and job search activities.

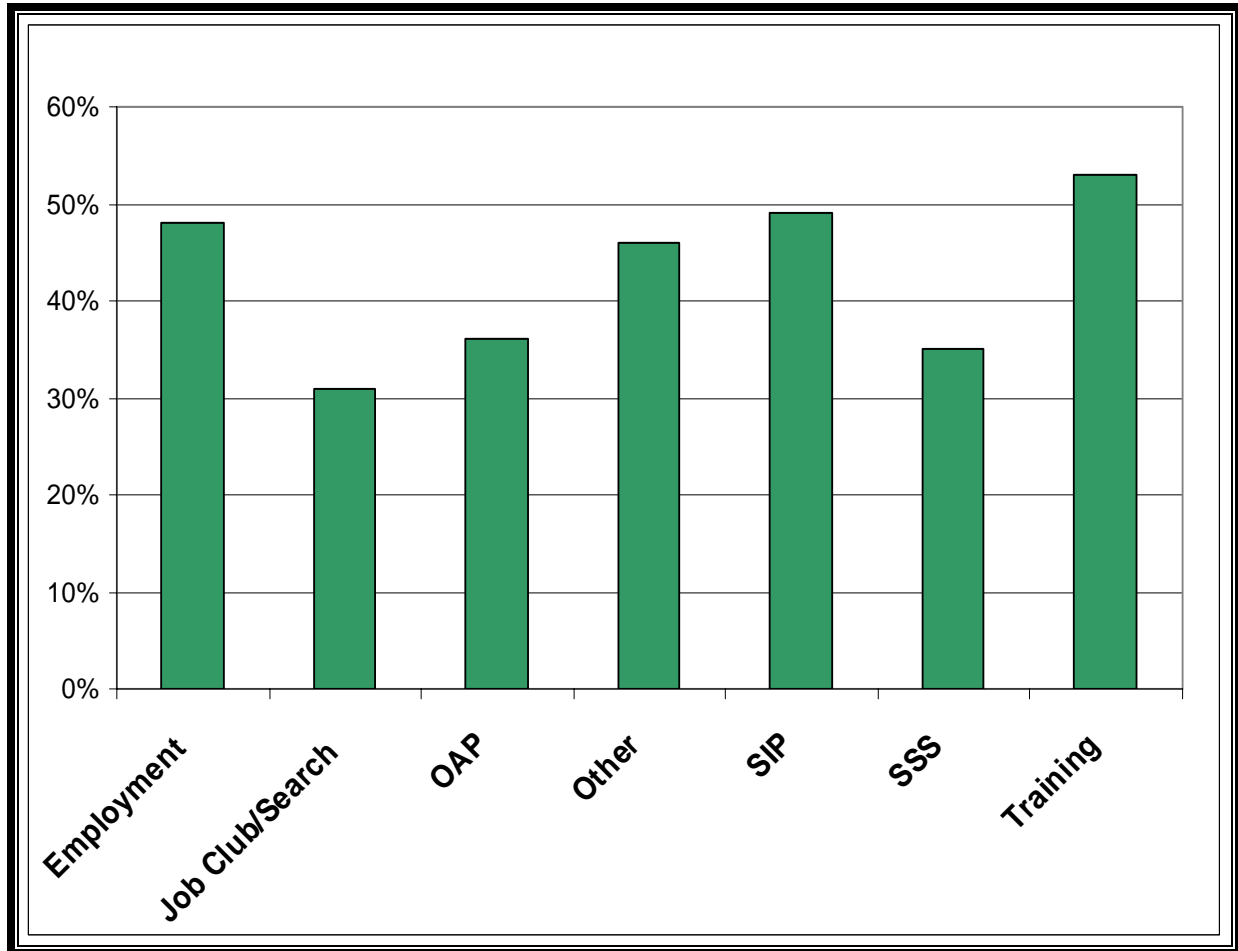
**Figure 5a. Percent of Child Care Requests by Welfare-to-Work Activity, November 2006 to April 2007**



Source: DPSS administrative data, GEARS, November 2006 to April 2007.

Figure 5b also illustrates the approval rates for child care requests by Welfare-to-Work components. Relative to the average overall approval rate of 45 percent, approval rates were higher for employment, Self Initiated Programs (SIP), and training activities, while these rates were lower for Specialized Supportive Services (SSS), Job Club and Orientation and Appraisal (OAP).

**Figure 5b. Percent of Approved Child Care Requests, by Welfare-to-Work Activity, November 2006 to April 2007**

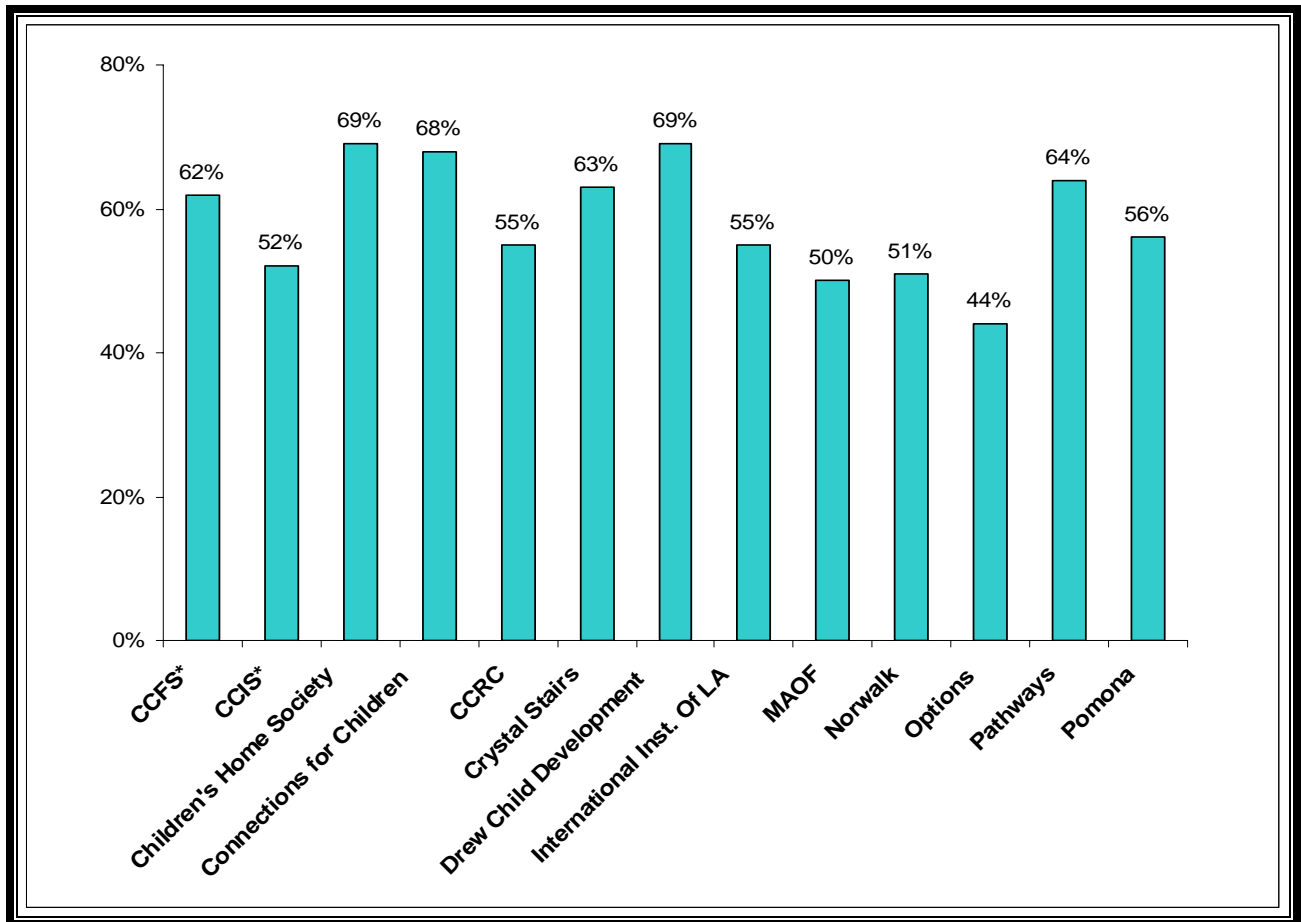


Source: DPSS administrative data, GEARS, November 2006 to April 2007.

**There was no Observable Relationship between the Volume of Requests Received and the Proportion of Requests Denied per APP Agency**

Figure 6 shows the proportion of denied requests by APP agencies between November 2006 and March 2007. While significant differences are observed, it is important to note that there is no clearly discernible correlation between the volume of child care requests received per APP agency and the proportion of requests that were denied. The highest proportion of denials over this period occurred at Connections for Children (covering the beach cities, Culver City, Westchester and other sections of West Los Angeles), Children’s Home Society (covering Norwalk, Bellflower, Cerritos, Lakewood, Long Beach and San Pedro), and Drew Child Development (covering Gardena). Each of these agencies denied just fewer than 70 percent of the requests they received. The lowest proportion of denials over the same period, at 44 percent, occurred at Options (covering Baldwin Park, El Monte, Whittier and the San Gabriel Valley). The second lowest proportion of denials, at 50 percent, occurred at the Mexican American Opportunity Foundation (MAOF).

**Figure 6. The Proportion of Denied Stage 1 Child Care Requests by Alternative Payment Program Agencies, November 2006 to March 2007**



Source: DPSS administrative data, GEARS, November 2006-March 2007.

\* CCFS is Center for Community and Family Services, CCIS is Child Care Information Services.

## **II. COHORT ANALYSIS: A MORE DYNAMIC APPROACH TO THE ANALYSIS OF CHILD CARE ISSUES**

Cohort analysis provides another analytical strategy for looking at child care eligibility and utilization issues within the County's Welfare-to-Work population. As opposed to the descriptive analysis of the County's entire Welfare-to-Work population provided above, which compels useful but imperfect inferences to be made on the basis of monthly snapshots, cohort analysis enables the *cumulative history* of participants to be observed over the cohort period, and as such generates a more dynamic understanding of eligibility and utilization patterns, as well as request and denial patterns.

Two entry cohorts were selected for analysis. The first cohort includes all participants who entered CalWORKs during the first half of 2003 and includes 9,250 participants. The second cohort includes all 2,400 participants who entered CalWORKs during October and November of 2006. The second cohort allows the most recent dynamics to be observed with particular focus on child care requests, while the first cohort allows the dynamics to be observed over a longer period of time. While the participants of the earlier cohort were tracked through August 2006, the more recent cohort was tracked through March 2007.

### **Eligibility and Utilization Revisited**

#### **The Average Time for a Family to become Eligible for Child Care in the 2003 Cohort was Three Months**

The child care eligibility status of participants in both entry cohorts was tracked over time. Approximately two-thirds of all participants in the 2003 cohort (6,200 out of 9,253 participants) became eligible for child care for at least one month over three years. Over half of these 6,200 participants became eligible for child care within three months following their approval in CalWORKs, and almost four-fifths became eligible for child care within their first year in CalWORKs. On average, a family became eligible for child care in three months following approval for CalWORKs.<sup>12</sup> Half of the 2003 cohort became eligible for child care by the end of the first year.

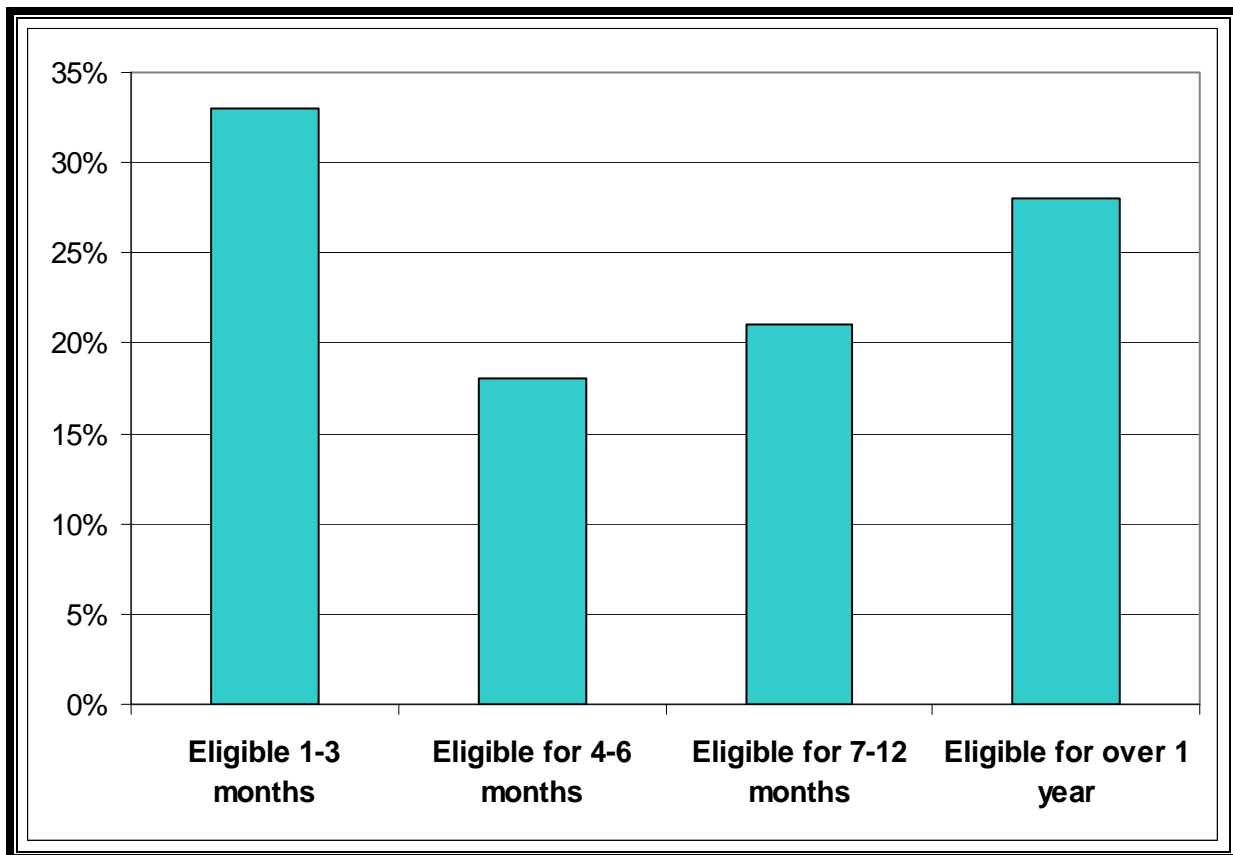
#### **Eligibility Durations are Relatively Short**

Figure 7 breaks the 2003 cohort down by the proportions of participants who remain eligible for child care services for different lengths of time. The 2003 cohort data indicates that the median duration over which GAIN participants remain eligible for child care subsidies is six months. While one-third of all participants stay eligible for three months or less, close to 30 percent stay eligible for over one year. The remaining third stays eligible for between 4 and 12 months. These findings confirm that a typical GAIN family becomes eligible after a few months and then stays eligible for child care for roughly six months. Eligibility durations are therefore relatively short, and utilization issues should be considered with this in mind. While one out of four participants in a



given cohort was eligible in their earlier months in GAIN, the proportion dropped to less than one in five by the end of the first year and to one in ten by the end of the third year. However, among those participants enrolled in GAIN, half stayed eligible for child care services after a few months while enrolled in GAIN.

**Figure 7. Eligibility Duration for Stage 1 Child Care Services among the 2003 Cohort**

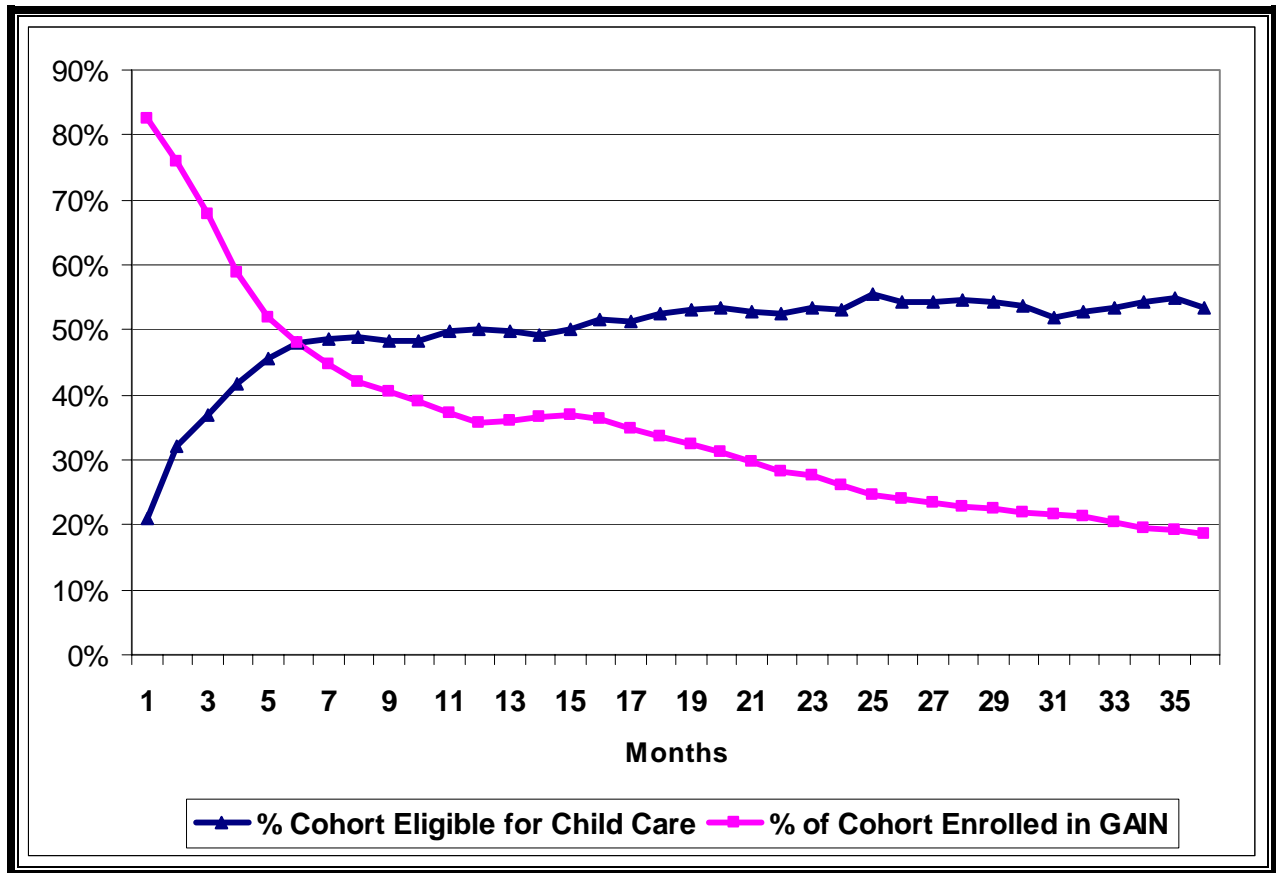


Source: DPSS administrative data, GEARS, January 2003-August 2006.

### Eligibility and Enrollment Rates Over Three Years

Figure 8 compares child care eligibility and enrollment rates for the 2003 cohort participants over three years. More than half of all participants left GAIN by their sixth month in the program, and over one-third of cohort participants were still enrolled in GAIN by the end of their first year in the program. After three years, less than 20 percent of the cohort, which represented roughly 900 participants, remained in GAIN. At the same time, however, the child care eligibility rate increased sharply in the earlier months, from 21 percent in the first month to almost 50 percent in the sixth month. The child care eligibility rate then increased, reaching 54 percent by the end of three years.<sup>13</sup>

**Figure 8. Cohort Child Care Eligibility and GAIN Enrollment Rates Over Three Years among the 2003 Cohort**



Source: DPSS administrative data, GEARS, January 2003-August 2006.

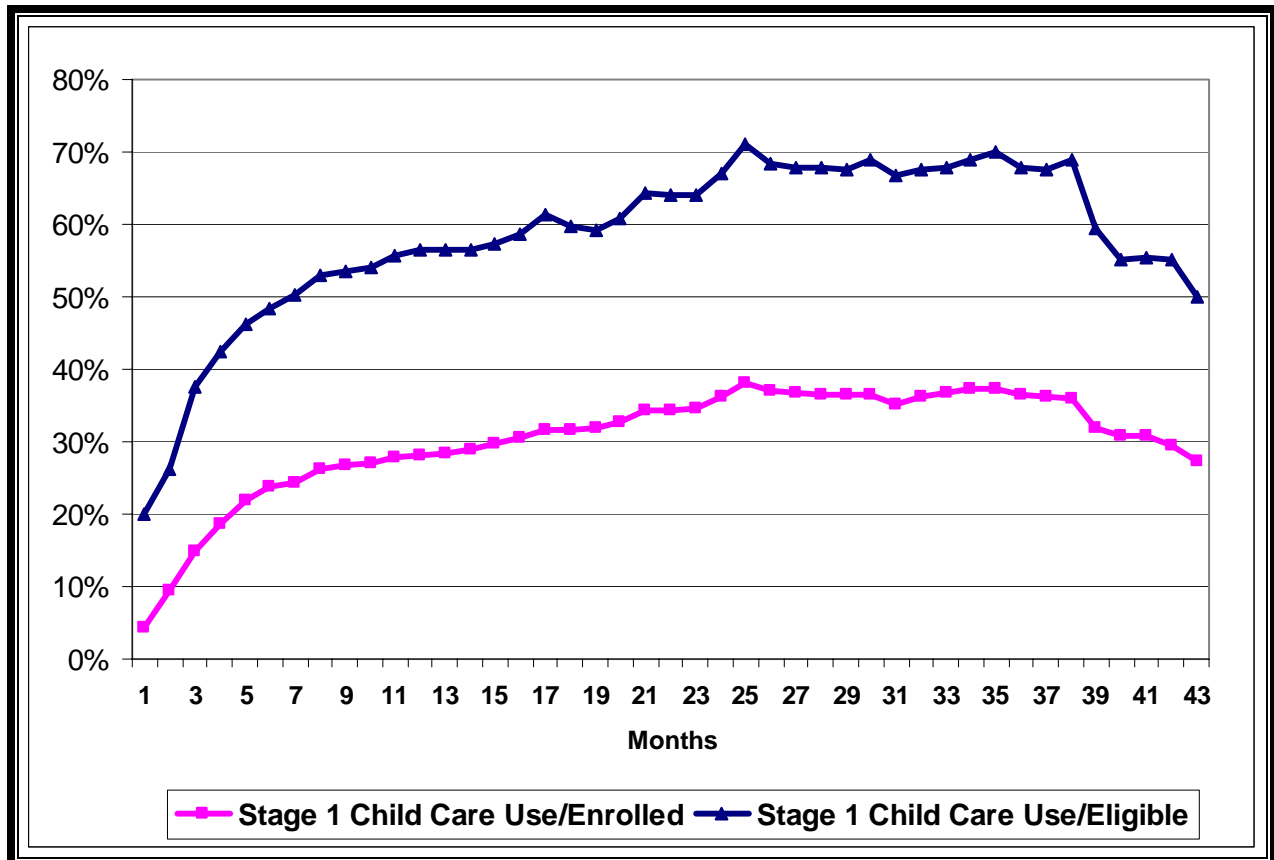
**Eligible Participants in the 2003 Cohort had a 45 Percent Likelihood of Receiving Child Care Services**

Among the 9,253 participants who entered CalWORKs during the first half of 2003, 2,780 (30 percent) received child care services within 36 months. However, 6,200 of the participants entering GAIN became eligible for these services. Therefore, among *eligible* participants, 45 percent received Stage 1 child care services for at least one month within 36 months following their entry into CalWORKs. This confirms that, among eligible participants, the likelihood of receiving child care services is 45 percent.

## Child Care Utilization Over Three Years

As illustrated earlier in Figure 8, a dramatic exodus from GAIN over time took place. *How did the utilization rate of Stage 1 child care services change among those still enrolled and eligible for child care services after the exodus?* Figure 9 shows the utilization rate trajectories for 2003 cohort members over three and one-half years. The bottom trend line in the figure represents the proportion of 2003 cohort members using Stage 1 child care services, which increased from 15 percent in the third month to over 30 percent by the fifteenth month, and then remained over 30 percent until declining after 3 years, when most of the cohort members had already left GAIN.

**Figure 9. Trends in Utilization of Child Care among Enrolled and Eligible Participants of the 2003 Cohort**



Source: DPSS administrative data, GEARS, January 2003-August 2006.

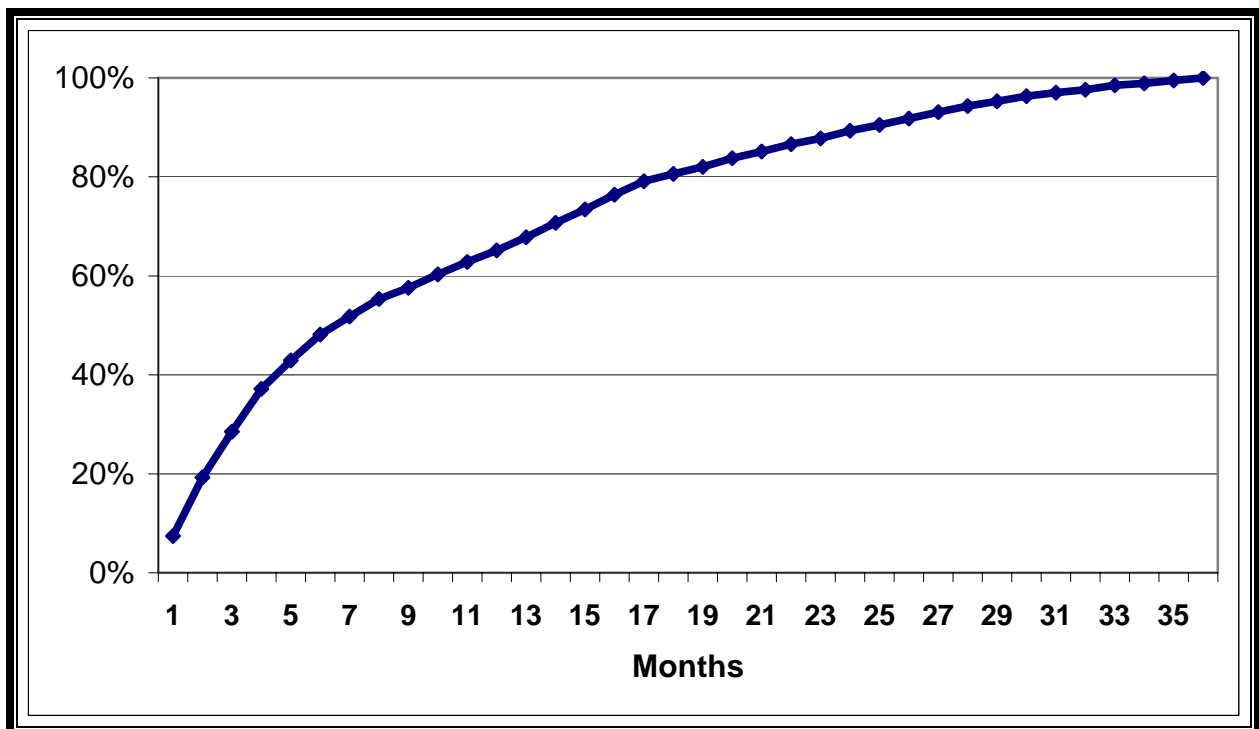
### Eligible Participants who Stayed in the Welfare-to-Work Program for Two Years had a 70 Percent Chance of Receiving Child Care Services

The most interesting trend shown in Figure 9 is observed in looking at the top line, which shows the utilization rate relative to cohort members eligible for Stage 1 child care services. This rate increased from 20 percent in the first month to 50 percent at the seventh month and exceeded 70 percent by the second year. This trend indicates that GAIN participants who engage in Welfare-to-Work components over time are those who receive Stage 1 child care services. In other words, there is a very high correlation between receipt of child care services and ongoing participation in GAIN. This confirms that participants who are eligible and receive child care services are more likely to stay in GAIN and reap the benefits of the Welfare-to-Work program.

### The Median Time for Participants in the 2003 Cohort to Receive Child Care Services was Seven Months

Figure 10 shows that almost 30 percent of 2003 cohort participants who received Stage 1 child care services started to receive these services within three months following their entry into CalWORKs. Almost half started to receive these services within 6 months, two-thirds within one year, and 90 percent by the second year. The median waiting period to receive child care services is 7 months.

**Figure 10. The Time between Entry into CalWORKs and Child Care Receipt, among 2003 Cohort Participants**



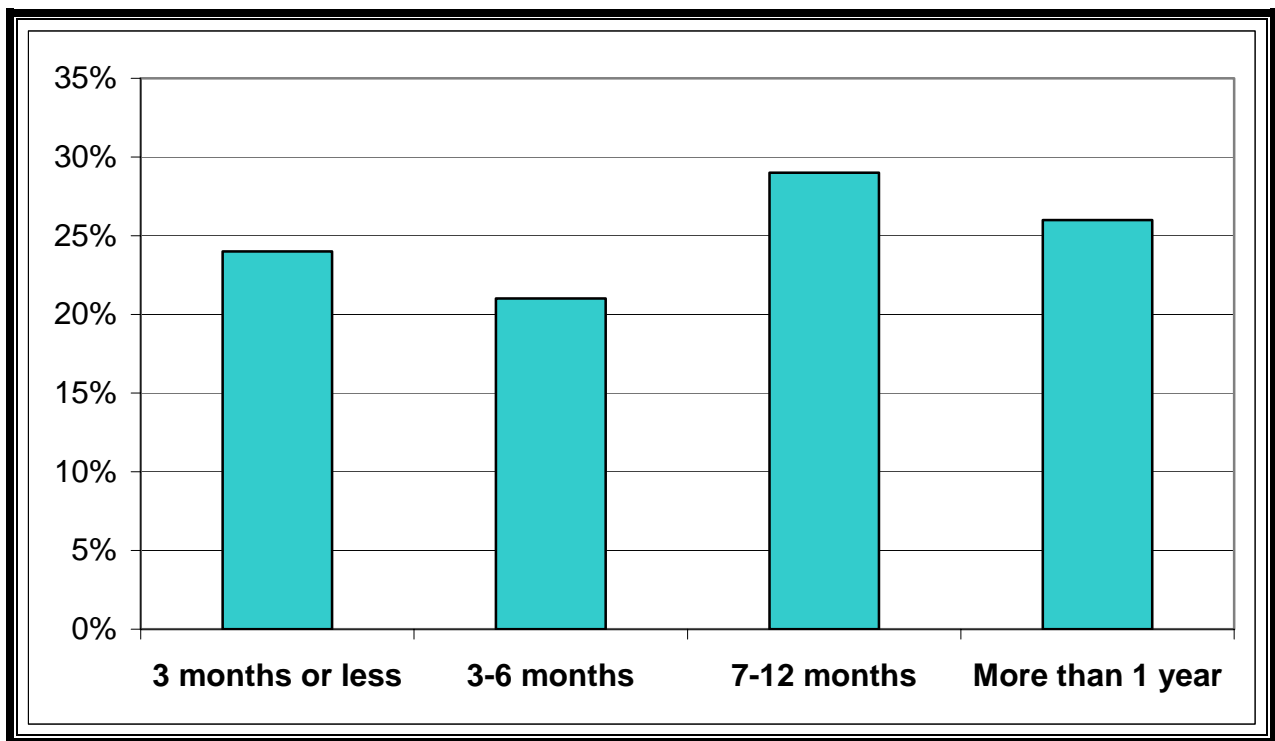
Source: DPSS administrative data, GEARS, January 2003-August 2006.

## The Average Duration of Child Care Utilization for GAIN Participants in the 2003 Cohort was Eight Months

Almost 60 percent of participants using child care in the 2003 cohort received Stage 1 child care services while they were in GAIN. In addition, 40 percent of participants using child care continued to receive these services after leaving CalWORKs. For those cohort participants who received child care services while they were in GAIN, the average duration of these services was 8 months.

Figure 11 shows the distribution of child care service duration for the 2003 cohort. Close to one quarter received these services for three months or less; over 20 percent received them for between 3 and 6 months; 30 percent received them for between 6 and 12 months; and one quarter received them for longer than 12 months.

**Figure 11. Child Care Service Duration (in Months) for Participants among the 2003 Cohort**



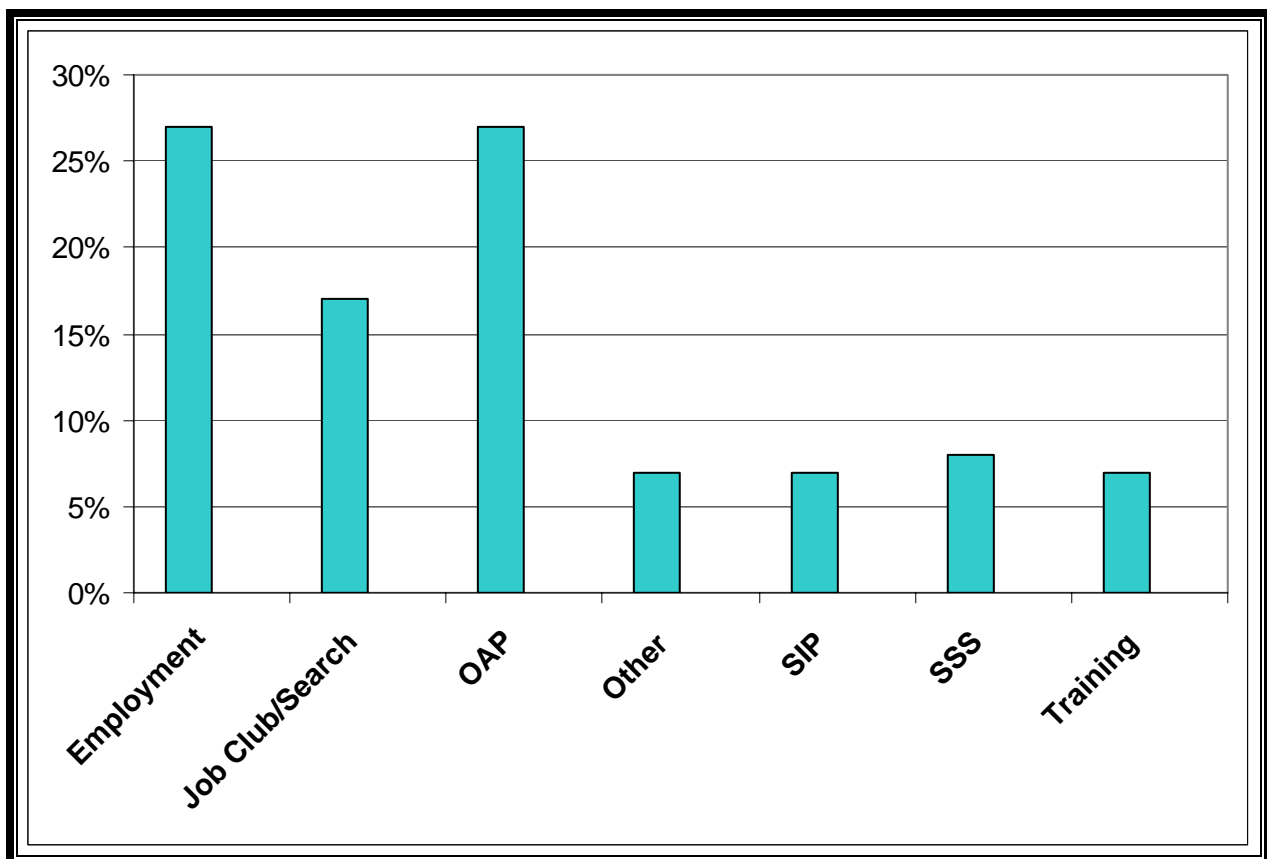
Source: DPSS administrative data, GEARS, January 2003-August 2006.

The duration of the Stage 1 child care services is much longer for participants who continue to use these services as leavers. The total duration is almost 18 months. On average, these participants receive child care services for 9 months while enrolled in GAIN and another 9 months after they leave welfare.

### Child Care Utilization and Welfare-to-Work Components

Figure 12 shows the utilization of Stage 1 child care by Welfare-to-Work components for the 2003 cohort. Almost one-third of child care services counted in the administrative records were used for the Orientation session; approximately one-fifth were used for employment; and close to one-fifth for Job Club.

**Figure 12. Utilization of Child Care Services, by Welfare-to-Work Component among the 2003 Cohort Participants**

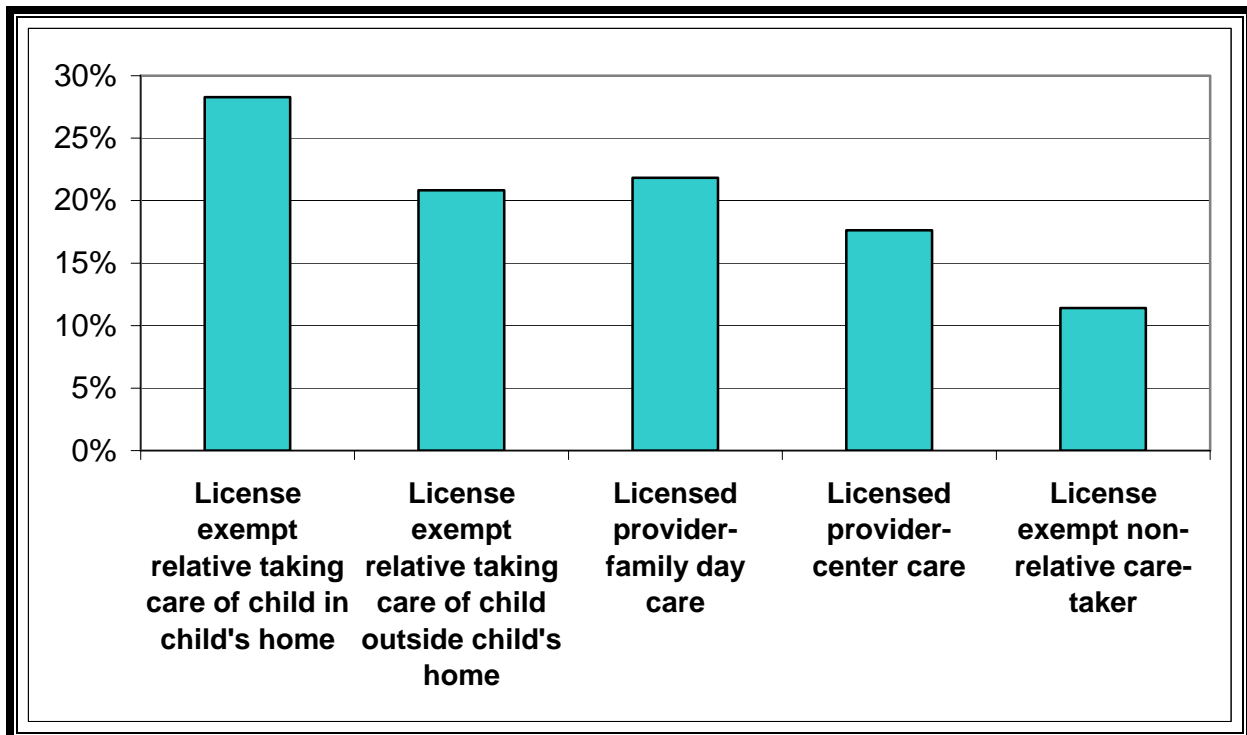


Source: DPSS administrative data, GEARS, January 2003-August 2006.

## Types of Child Care Services Used

Figure 13 shows the distribution of Stage 1 child care by provider type for the 2003 cohort. The data shows that for almost half of the participants child care services are provided by a relative. The remaining half is split among those who receive services from non-relative care-takers (11 percent), licensed family day care (22 percent), and licensed and licensed-exempt center child care (18 percent).

**Figure 13. Distribution of Stage 1 Child Care Services, by Provider Type, among the 2003 Cohort Participants**



Source: DPSS administrative data, GEARS, January 2003-August 2006.

## Child Care Requests Revisited

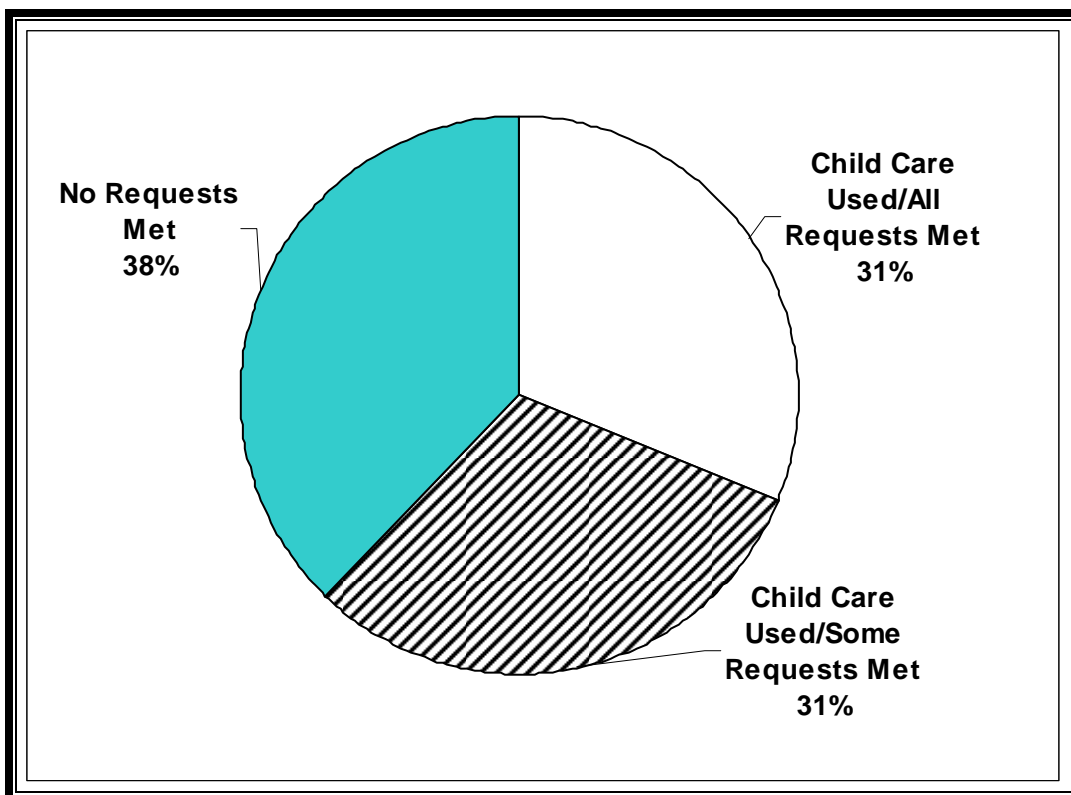
### The Likelihood of an Eligible Family Making a Request for Stage 1 Child Care Services is 73 percent

A total of 6,200 participants in the 2003 cohort became eligible for Stage 1 child care services, and only 1,700 of them did not place any child care request during the cohort period. Therefore, almost three-quarters of the eligible participants placed at least one request for child care services. In other words, the likelihood of an eligible family making a request for Stage 1 child care services is 73 percent. These results show that a substantial portion of the demand from GAIN participants for child care services cannot be observed from official State figures.<sup>14</sup>

## Close to 40 Percent of the Participants in the 2003 Cohort had their Requests Denied

Figure 14 shows the distribution of eligible 2003 cohort participants who requested child care services by the approval of their requests. The distributions are divided fairly evenly. As noted above, approximately one-quarter of eligible participants never requested child care services. Among those participants who requested services (approximately 4,500 participants out of a total of 6,200 eligible participants), close to 40 percent had their requests denied. The remaining 62 percent was split evenly between those participants who had all their requests for services approved and those who faced some denied requests but also had some approved.

**Figure 14. The Distribution of the 2003 Cohort Eligible Participants Who Requested Child Care, by Requests Met**



Source: DPSS administrative data, GEARS, January 2003-August 2006.



## **More than Half the 2003 Cohort Participants with Child Care Needs made More than One Request for Services**

Further observation of the 2003 cohort shows that 46 percent of the cohort participants who needed child care made one request for services. Another 26 percent of these participants made requests twice, and the remaining 28 percent made three or more requests. More than half of the participants with child care needs therefore made more than one request.

The results are different for the more recent cohort because the tracking period is shorter. During the first 6 months in GAIN, 42 percent of all eligible participants placed a child care request. Among those participants who requested Stage 1 child care (over 800 participants out of a total of 2,000 that were eligible), almost 60 percent had their requests denied. While 30 percent of 2006 cohort participants had all their requests approved, the remaining 10 percent faced some denied requests but had others approved. Some of these participants faced earlier denials, while others had gaps separating periods where they needed child care.

## **The Overlap between Denied Requests and Noncompliance**

Out of almost 500 participants in the 2006-2007 cohort with denied requests, 65 percent of them fell out of compliance with GAIN requirements, failing to participate in the component for which they requested the child care services. This proportion was considerably lower (45 percent) for participants with approved child care requests. While 60 percent of this noncompliance among participants with approved requests consisted of failure to participate in the GAIN Orientation session, another 30 percent was related to Job Club.

Over half the participants with denied requests in the earlier cohort were sanctioned, and 70 percent became noncompliant more than once during their cohort period. On the other hand, only 28 percent of participants with no denied child care requests became sanctioned, and less than half became noncompliant more than once. While these results, showing a considerable overlap between participants who have requests denied and those who fall into noncompliance, do not necessarily indicate a definitive causal relationship, they are nevertheless consistent with RES' previous studies of sanctions, which indicate that child care problems are associated with becoming noncompliant, as well as with becoming sanctioned.<sup>15</sup>

### **III. PREDICTING UTILIZATION AND DENIED REQUESTS**

In this section the 2003 cohort is broken down into these three groups: (i) GAIN participants who use child care services (users); (ii) GAIN participants who do not request or need child care (non-users); (iii) GAIN participants who request child care services but have their requests denied. Three logistic regression models are used to analyze factors contributing to child care utilization and denied child care requests. The results generated with the regression models provide added precision because they control for various participant characteristics so that the independent effects of different predictors can be assessed.

#### **Three Regression Models**

The first model estimates the likelihood of using Stage 1 child care services by comparing the participants using child care services to those participants who never use or request these services. The second model estimates the likelihood of using exempt child care providers relative to licensed child care providers, licensed centers, and licensed-exempt centers. The final model estimates the probability of having service requests denied by comparing participants with denied child care requests to participants whose requests are approved.

#### **Model I: The Likelihood of Using Stage 1 Child Care Services**

Model I estimates the likelihood of using Stage 1 services. Statistical details for the results of this model are tabulated in the Appendix (See Table A1).<sup>16</sup>

#### ***Language, Race and Ethnicity***

African American participants in the 2003 cohort were twice as likely to use child care services relative to all other races. Asians and others used child care the least. Moreover, English-speaking participants were twice more likely than non-English speaking participants to use child care services. These findings suggest there may be supply-side problems for certain segments of the County's Welfare-to-Work population, such as non-English speaking participants facing language barriers. However, it is also equally possible that these participants have a preference for other family members to provide child care, which may be due to cultural differences.

#### ***Age of Parents***

Participants with younger parents were more likely to use child care services relative to parents older than 34 years of age. The 18 to 24 age group was more than twice as likely to use child care relative to other age groups, and the 25 to 34 age group was 65 percent more likely to use child care services when compared with other age groups.

### ***Age of Children***

The age of a participant's youngest child strongly contributes to the demand for child care. Parents with infants (0-1 years of age) used child care much less than parents with older kids since they were exempt from Welfare-to-Work requirements. However, parents with children who are between the ages of 1 and 2 were approximately 50 percent more likely to receive child care relative to those with children 3 years of age or older. These findings are further supported by the fact that participants who had been expecting a child while in GAIN were 4 times more likely to receive child care services.

While a smaller household size (2 to 3 versus more than 4) makes the utilization of child care 34 percent more likely, each additional younger child increases the likelihood by 28 percent. This contradiction is explained by the effect of the presence of other adults or siblings older than 13 years of age in the household, which decreases the likelihood of paid child care utilization. While families with larger numbers of young children therefore demanded child care more frequently, families with additional family members (particularly available family members able to take care of children) used child care services less frequently.

### ***Marital Status***

As anticipated, marital status provides one of the strongest observed effects on the likelihood of using Stage 1 child care services. Households with a single parent (including divorced and separated parents) were approximately two times more likely to receive child care services when compared to married households. Furthermore, households in which no additional adult is present (such as another family member, including adolescent teens), are 26 percent more likely to use child care. The model confirms the descriptive findings showing that while almost two-thirds of non-users have another parent and/or an additional adult in the household, this is the case for less than one-third of users. This suggests that when a second parent or another family member lives in the household, child care arrangements are more likely to be handled internally and informally.<sup>17</sup>

### ***Rapid Eligibility***

Model I provides further support for the finding that participants are more likely to utilize child care services when they open a Welfare-to-Work component and become eligible for services relatively quickly (i.e. within six months). The results of the model in this area indicate that these types of participants are twice as likely to use Stage 1 services. Moreover, the longer a participant is enrolled in GAIN, the more likely she will be to use child care. Each additional month a participant was enrolled in GAIN increased the probability of using child care by two percent.<sup>18</sup>

### ***Welfare-to-Work Compliance***

The model comparing users and non-users also shows an association between child care utilization and compliance with Welfare-to-Work requirements. Participants who had never fallen into noncompliance or become noncompliant only once (0 or 1) were 26 percent more likely to use child care than participants who had two or more instances of noncompliance. The effect is higher for sanctioned participants since participants who had never been sanctioned were 77 percent more likely to receive child care services than sanctioned participants.

### ***Person-Level Barriers***

The first model also tests the effects of three person-level barriers. Participants experiencing housing instability (i.e. those that moved more than once while in GAIN) were 16 percent more likely to receive child care. However, participants utilizing a Specialized Supportive Services component such as mental health, substance abuse or domestic violence services, were 20 percent less likely to use child care services.

### **Model II: Licensed versus Exempt**

The second model examines factors associated with family utilization of exempt child care providers as opposed to licensed providers. For this reason, the model uses only those cohort participants who have used child care services.

The results show that, Hispanic and, to a lesser degree, Asian participants tend to utilize exempt providers while White participants tend to utilize licensed child care. Additionally, non-English speaking participants are more likely to use exempt child care.

Furthermore, households with additional adults, older teenagers, or a non-GAIN parent are more likely to use exempt providers. The roles of pregnancy and marital status while enrolled in GAIN are much weaker. The only significant person-level barrier is housing instability since those participants moving at higher frequencies are more likely to use exempt providers.

### **Model III: Predicting Denied Child Care Requests**

The final model looks at factors associated with denied child care requests by comparing participants with denied requests to participants who had their requests approved. The results are presented in Table A2 of the Appendix.

Some of the variables that turned out to be significant in the model comparing users against non-users (Model I) were not significant in differentiating participants with denied requests and participants who had their requests approved. For example, household size and other family members living in the household were not significant. Moreover, ethnic differences are not particularly strong. One difference from the first model is that married participants are 30 percent more likely to have denied requests.

### ***Spoken Language***

Participants speaking languages other than English were 33 percent more likely to face a denied request, which suggests that language barriers may contribute to having requests denied.

### ***Age and Pregnancy***

Younger parents were less likely to have denied requests. Parents between the ages of 18 and 24 were 31 percent less likely, and parents between 25 and 34 were 22 percent less likely to have denied child care requests than parents who were 35 years of age or older. Similarly, parents who had become pregnant during their GAIN participation were 29 percent less likely to see their child care requests denied. The model therefore suggests that younger parents, particularly those who have given birth while in GAIN, are more likely to submit child care requests that are approved. One especially noteworthy finding shows that, relative to children who were 3 years of age or older, participants whose youngest children are infants (1 year of age or younger) were 3.6 times more likely to face denied child care requests.

### ***Welfare-to-Work Compliance***

Participants who fell into noncompliance were twice as likely to have child care requests denied, and sanctioned participants were 64 percent more likely to have denied requests when compared with users. Like Model I, then, this model suggests that child care problems are closely associated with compliance and sanctions issues. It is likely that participants who have their requests for child care denied will become noncompliant and even sanctioned.<sup>19</sup>

### ***Rapid Eligibility***

Similarly to Model I, parents who become eligible within six months following their entry into CalWORKs were 26 percent less likely to see their child care requests denied. The approval of child care requests is therefore correlated with opening a Welfare-to-Work activity and participating in it. This participation, in turn, is what enables participants to become eligible for child care services.

### ***Person-Level Barriers***

Finally, personal barriers were also correlated with denied requests. Parents that had received mental health, substance abuse or domestic violence services were almost 90 percent more likely to experience denied child care requests. These findings suggest that extra steps should be taken to facilitate access to child care for parents with Specialized Supportive Services needs. It is evident that mental health, substance abuse and domestic violence barriers prevent the participants who struggle with them from receiving the child care services they need.

## CONCLUSION

This report has analyzed Welfare-to-Work child care trends in two ways. First, an examination of monthly data snapshots for the period between January 2004 and August 2006 revealed the extent of child care eligibility and utilization within the GAIN population at fixed points in time. Second, cohort analysis provided a more dynamic understanding of child care trends, showing the proportions of GAIN participants eligible for child care and using child care services over their entire time in the program. In turn, the report looked at data for the period from November 2006 to April 2007 in order to examine issues related to the approval and denial of requests for child care services, and regression models were applied to the 2003 GAIN cohort for the purposes of showing the factors most closely associated with child care eligibility and utilization, as well as factors associated with denials of child care requests.

These different modes of analysis together show that Welfare-to-Work participants in Los Angeles County face two major impediments to the utilization of subsidized child care services. While significant numbers of participants do not establish eligibility for child care, many others who are able to establish eligibility have their child care requests denied. Most of the difficulties in these areas stem from paperwork complications and an inability to engage in work or a GAIN activity. In spite of these impediments, however, the child care utilization rate among the County's Welfare-to-Work population is significantly higher than DPSS probably would have expected before this study was conducted.

### Key Findings

- Between January 2004 and August 2006, the monthly rate of child care utilization among GAIN participants eligible for these services fluctuated between 30 and 33 percent.
- 45 percent of eligible participants in the 2003 cohort used child care services at some point during their time in the GAIN program.
- 70 percent of the eligible participants in the 2003 cohort *that stayed in GAIN for the full 36-month period of observation* used child care services at some point during their time in the program.
- The average duration of child care utilization for GAIN participants in the 2003 cohort was eight months.
- In looking at the 32 months between January 2004 and August 2006, less than half the GAIN participants who remained in the program over this period had a period of ineligibility for child care.

- Over the same period, while the average duration before receiving child care was less than two months if participants became eligible for these services immediately, this duration was almost one year for those who had a period of ineligibility for child care.
- Close to two-fifths of the participants in the 2003 cohort had their requests for Stage 1 child care services denied over this period during the study period.
- 52 percent of the denied Stage 1 child care requests between November 2006 and April 2007 were denied because participants failed to submit the proper paperwork.
- No observable relationship was found between the volume of requests received and the proportion of requests denied per APP agency.
- Over half the 2003 cohort participants with denied requests were sanctioned, and 70 percent became noncompliant more than once during their cohort period. On the other hand, only 28 percent of participants with no denied child care requests became sanctioned, and less than half became noncompliant more than once.
- Regression models examining the 2003 cohort indicate that, while non-English speaking participants in GAIN are 33 percent more likely to face denied requests, English speaking GAIN participants are twice as likely to use child care as non-English speaking participants.
- Regression models from the 2003 cohort also indicate that participants receiving Specialized Supportive Services for substance abuse, mental health issues, and/or domestic violence problems were almost 90 percent more likely to face denied child care requests.

## Policy Recommendations

- **In attempting to gauge rates of child care utilization within the Welfare-to-Work population, DPSS should make calculations using *participants eligible for child care services* as the denominator.**

Calculating utilization rates using *all GAIN participants* as the denominator leads to an underestimation of utilization because not all GAIN participants become eligible for child care services. It should be noted that this type of underestimation can create a false impression regarding the extent of the need and demand for child care services within the Welfare-to-Work population. In this context, it is necessary to reemphasize that the increase in the monthly rate of eligibility between January 2004 and August 2006 was primarily due to a substantial drop in the number of participants enrolled in GAIN. It is therefore important to note that most participants leaving over this period were ineligible for Stage 1 child care services. This

suggests considerable hidden demand for child care from GAIN participants who are likely ineligible for these services because they fail to engage in required GAIN activities or work.

In addition to using the proper denominator for calculating utilization rates, DPSS should also avoid using official State reports as indicators of the extent of child care utilization within the GAIN population. These reports have recently shown the monthly utilization rate hovering at slightly over 10 percent.<sup>20</sup> This represents a significant undercount. As noted in this report, the official State figures are derived from monthly child care payments in which a given payment often refers to an earlier instance of utilization or may actually be payment for several months of use while only being counted as one instance of utilization.

In connection with this recommendation, it will also be important to collect reliable data on Stage 2 child care utilization so that more accurate estimations of Stage 1 utilization can be derived.

- **Simplify the paperwork participants are asked to complete in order to access child care services.**

The data on child care denials for the period from November 2006 to April 2007 shows that over half of the denied requests were denied because participants failed to submit the proper paperwork. DPSS should look into whether some forms are difficult to understand and explore the possibility of simplifying child care paperwork. The Department should coordinate with the APP agencies and consider potential ways in which redundant forms might be streamlined.

- **DPSS plans to implement an outreach program targeting participants not using child care. The Department may wish to restructure this program so that it concentrates on participants who have had child care requests denied in the past, as opposed to more generally covering all participants enrolled in GAIN.**

This report has highlighted participant inability to establish eligibility for child care services as one of the major impediments to utilization of child care services within the Welfare-to-Work population. In looking at the 2003 cohort, this report showed that roughly 46 percent of the cohort remained ineligible for child care after the three-year observation period. For this group of participants, child care utilization per se is of secondary concern to establishing eligibility for these services. If DPSS intends to implement an outreach program designed to boost child care utilization, these efforts should concentrate on the segment of the GAIN population that is eligible for child care. The outreach efforts might, for example, focus on participants who have child care requests denied. The Department should also confront eligibility issues, including the question of how to help more participants establish eligibility quickly, but these problems will require a different set of measures and policy enhancements.



- **Make the child care request system more accessible to participants who do not speak English.**

The models deployed in this study indicate that participants speaking languages other than English are 33 percent more likely to face denied child care requests. At the same time, GAIN participants are twice as likely to use child care services if they are part of an English speaking family. These results together suggest that DPSS should take the steps necessary to remove the language barriers that prevent significant numbers of non-English speaking GAIN participants from using child care services.

- **Make the child care request system more accessible to participants receiving Specialized Supportive Services for substance abuse, mental health issues, and/or domestic violence problems.**

DPSS is currently planning to undertake a series of strategic initiatives designed to boost engagement in Specialized Supportive Services among GAIN participants who need them. The overall goal of these initiatives is to enhance the capacity participants receiving these services have to engage in Welfare-to-Work activities. This report shows that Specialized Supportive Services participants were almost 90 percent more likely to face denied child care requests. The Department's strategic initiatives for Specialized Supportive Services are therefore more likely to succeed if they include measures that facilitate access to child care.

- **Conduct a study using qualitative methods and surveys to address questions the present study has raised but could not answer, particularly with respect to issues of establishing eligibility for child care services and gaining approval for child care requests.**

This recommendation is discussed below in the final section of this report.

## **Next Steps**

DPSS is currently testing program pilots and implementing procedural changes that have the potential to help Welfare-to-Work participants with child care eligibility issues. For example, DPSS has recognized that participants may need child care services in order to open program components. For this reason, the Department is presently piloting a short-term child care program for GAIN Orientation, Appraisal, Job Club and Assessment appointments.<sup>21</sup> In addition, in an effort to facilitate and simplify participation in the early stages of GAIN, DPSS is phasing in a procedural change that will effectively combine Orientation and Job Club into one component, as opposed to separating them into two different components. If these measures have their intended effects and are implemented on a County-wide basis, participants should have less difficulty opening components, which in turn would facilitate the establishment of eligibility for child care.<sup>22</sup>

At the same time, DPSS may wish to consider conducting a more far reaching study of DPSS' child care program in order to answer important questions and address specific issues this study has not been able to address, given data limitations and the research methods deployed. Research and Evaluation Services (RES) believes that such a study should be organized around qualitative information gathered from the men and women directly involved in both the provision and utilization of these child care services. Surveys could also be conducted in a manner that would complement focus groups and less formal interviews with DPSS staff and administrators, case workers at the APP agencies, and Welfare-to-Work participants – both those that have utilized child care services in the course of participating in GAIN and those that have had child care requests denied, including some who may have left the program after either a denial or termination.

A qualitatively oriented study could look more closely at the daily barriers preventing participants from opening GAIN components and thereby establishing their eligibility for child care services. Such a study could also complement any steps taken to deal with paperwork complications by exploring the extent to which GAIN participants understand the child care forms they are asked to submit. Researchers would be able to look into possible steps DPSS could take in their efforts to clearly communicate the types of information participants must furnish in order to fully complete the child care forms, and it would be possible to address the question of whether language barriers prevent completion of these forms.<sup>23</sup> The study could additionally look into the feasibility of streamlining potentially redundant child care paperwork. Furthermore, although the present study found no immediate connection between the volume of child care requests received per APP agency and the proportion of denied requests, a qualitative study could attempt to find out why there are significant differences in the numbers of denials issued by different APP agencies.

Any further child care research DPSS conducts must also look into steps the Department could take to facilitate access to child care for participants engaged in Specialized Supportive Services for substance abuse, domestic violence and mental health issues. In addressing person-level barriers in this manner, the research would build on findings in the present report, which show significant overlap between participants struggling with these barriers and participants who do not use child care services.

The present study underscores the high correlation between receipt of child care services and ongoing participation in GAIN. A further qualitative child care study could form the basis for a series of additional recommendations that, when combined with the policy recommendations offered here, would be likely to boost participant eligibility for services, approvals for requested services, and utilization in turn. These are crucial outcomes to strive for on behalf of both the County's Welfare-to-Work participants and DPSS as a department. Improving child care utilization and eligibility rates will allow more participants to reap the benefits of GAIN and will strengthen DPSS' capacity to meet the increasingly strict work participation rates recently mandated in Federal welfare legislation.

## APPENDIX

**Table A1. Estimating the Likelihood of Using Stage 1 Child Care Services**

Explanatory Variables	Odds Ratio	Pr > Chi-Square	Percent More Likely to Use Child Care
<b>Demographics</b>			
Ethnicity—African American versus Asian/Other	2.30	< .0001	2.3 times more
Ethnicity—Hispanic versus Asian/Other	1.17	0.0200	17 % more
Ethnicity—White versus Asian/Other	1.10	0.0070	10% more
Language—English versus Other	1.95	< .0001	95 % more
Parent Age—18-24 versus 35+	2.14	< .0001	2.1 times more
Parent Age—25-34 versus 35+	1.65	0.0700	65 % more
<b>Household Characteristics</b>			
Marital Status—Not Married versus Married	2.10	< .0001	2.1 times more
Household Size—2-3 versus 4+	1.34	0.0020	34 % more
Other Adults—No versus Yes	1.26	0.0080	26% more
Number of Children Younger than 13	1.28	< .0001	28% each child
Age of the Youngest Child—0-1 versus 3+	0.07	< .0001	93% less
Age of the Youngest Child—1-2 versus 3+	1.53	< .0001	53% more
Pregnant in GAIN—Yes versus No	4.06	< .0001	4 times more
<b>Program Characteristics</b>			
Child Care Eligible in 6 Months—Yes versus No	2.00	< .0001	2 times more
Region—Contract versus DPSS	1.17	0.0400	17% more
Noncompliant—0-1 versus more than 1	1.26	0.0020	26% more
Sanctioned—No versus Yes	1.77	< .0001	77% more
Total Months Enrolled in GAIN	1.02	< .0001	2% each month
<b>Person Level Barriers</b>			
<i>Housing Instability—Yes versus No</i>	1.16	0.0480	16% more
<i>Used Specialized Supportive Services—Yes versus No</i>	0.80	0.0120	20% less

Source: DPSS administrative data, GEARS and LEADER, January 2003-August 2006.

**Table A2. Estimating the Likelihood of Denied Child Care Requests**

<b>Explanatory Variables</b>	<b>Odds Ratio</b>	<b>Pr &gt; Chi-Square</b>	<b>Percent More Likely to Use Child Care</b>
<b>Demographics</b>			
Ethnicity—African American versus Asian/Other	1.17	0.066	17% more
Ethnicity—Hispanic versus Asian/Other	1.14	0.107	14 % more
Ethnicity—White versus Asian/Other	0.86	0.017	14% less
Language—English versus Other	1.33	0.011	33% more
Parent Age—18-24 versus 35+	0.69	0.003	31% less
Parent Age—25-34 versus 35+	0.78	0.380	22 % less
<b>Household Characteristics</b>			
Marital Status—Married versus Not Married	1.30	0.013	30% more
Age of the Youngest Child—0-1 versus 3+	3.59	< .0001	3.6 times more
Age of the Youngest Child—1-2 versus 3+	1.03	< .0001	3% more
Pregnant in GAIN—Yes versus No	0.71	< .0001	29% less
<b>Program Characteristics</b>			
Child Care Eligible in 6 Months—Yes versus No	0.74	< .0001	26% less
Region—DPSS versus Contract	2.02	< .0001	2 times more
Noncompliant—More than 1 versus 0-1	2.05	< .0001	2 times more
Sanctioned—Yes versus No	1.64	< .0001	64% more
<b>Person Level Barriers</b>			
<i>Used Specialized Supportive Services— Yes versus No</i>	1.89	< .0001	89% more

Source: DPSS administrative data, GEARS and LEADER, January 2003-August 2006.

**Table A3. Child Care User and Non-User Characteristics**

Explanatory Variables	Child Care User All	Non-User of Child Care	User of Licensed Child Care	User of Exempt Child Care	Requested child care but did not receive it
	(N = 2,840) %	(N = 5,644) %	(N = 1,661) %	(N = 1,172) %	(N = 3,096) %
<b>Household Size</b>					
2-3 Persons	62.5	51.9	63.7	61.2	61.5
4 + Persons	37.5	48.1	36.3	38.8	38.5
<b>Ages of Adults</b>					
18-24 Years Old	41.5	35.2	40.0	43.4	42.4
25-34 Years Old	39.2	34.2	39.2	39.1	36.3
35 + Years	19.3	30.6	21.8	17.6	21.3
<b>Ages of Children</b>					
Birth-1 Year	11.5	36.3	10.1	12.8	28.5
1-2 Years Old	49.7	19.4	48.6	50.7	33.5
3 + Years	38.9	44.2	41.1	36.5	38.0
<b>Marital Status</b>					
Married	12.8	24.4	15.4	11.1	14.0
Not Married	87.2	75.6	84.6	88.9	86.0
<b>Ethnicity</b>					
African-American	34.1	19.4	36.9	3.2	33.3
Hispanic	44.3	53.3	34.6	51.1	47.9
White	14.6	18.4	20.4	10.7	12.0
Asian/Other	7.0	8.9	8.2	6.3	6.9
<b>Language</b>					
English	88.3	77.4	90.0	86.8	86.7
Other	11.7	22.6	10.0	13.2	13.3
<b>Became Eligible for Child Care within the First 6 months</b>					
Yes	60.7	43.3	66.5	57.9	55.6
No	39.3	56.7	35.5	42.1	44.4
<b>GAIN Region</b>					
DPSS Regions (1,4,5,6 & 3)	76.1	75.7	73.9	77.7	84.2
Contract Regions (2,7 & RITE)	23.9	24.2	26.1	22.3	15.8

**Table A3. Child Care User and Non-User Characteristics (continued)**

Explanatory Variables	Child Care User All (N = 2,840)	Non-User of Child Care (N = 5,644)	User of Licensed Child Care (N = 1,661)	User of Exempt Child Care (N = 1,172)	Requested child care but did not receive it (N = 3,096)
<b>Specialized Supportive Service Use in GAIN (Mental Health, Substance Abuse, Domestic Violence)</b>					
Opened at least one component of Specialized Supportive Services	16.1	9.2	17.6	15.1	19.0
Did not use SSS in GAIN	83.9	90.8	82.4	86.9	81.0
<b>Housing Stability</b>					
Moved 2 or more times while in GAIN	41.8	32.6	44.0	40.4	45.6
Moved once or did not move	58.2	67.4	56.0	59.6	54.4
<b>Noncompliance</b>					
0-1 instances	40.6	52.9	44.9	38.3	29.3
2 + instances	59.4	47.1	55.1	62.2	70.7
<b>Sanctioned</b>					
Yes	35.2	43.2	32.0	37.4	47.8
No	64.8	56.8	68.0	62.6	52.2
<b>Pregnant</b>					
Yes	40.7	27.5	36.0	43.8	38.9
No	59.3	72.5	64.0	56.2	61.1
<b>Other Adult in Household</b>					
Yes	16.7	24.5	14.9	18.3	18.1
No	83.3	75.5	85.1	81.7	81.9
<b>Average Number of Months Enrolled</b>	18.0	11.0	19.0	19.0	19.0
<b>Average Number of Children</b>	1.9	1.8	1.8	1.9	1.8

Source: DPSS administrative data, GEARS and LEADER, January 2003-August 2006.

## Endnotes

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<sup>1</sup>Participants using license-exempt in-home care remain in Stage 1 when cash aid is terminated.

<sup>2</sup>Reliable data for Stage 2 services is not yet available. Research and Evaluation Services (RES) recommends that an analysis of Stage 2 services that would supplement this report be conducted when the Stage 2 data becomes available.

<sup>3</sup>Klerman, Jacob, et al. Welfare Reform in California: State and County Implementation of CalWORKs in the Second Year; Prepared for the California Department of Social Services; RAND Corporation: 2000.

<sup>4</sup>It is important to emphasize here that this number refers only to current GAIN participants in June 2007. The number does not include former CalWORKs participants.

<sup>5</sup>The analysis in this report does not include participants with children between ages 13 and 18 who have exceptional needs because their numbers are very small.

<sup>6</sup>One limitation should be elaborated here regarding the analysis Stage 1 child care utilization rates. GEARS does not include all Stage 2 utilization records. If instances of Stage 2 child care utilization – particularly those involving participants with open GAIN components - are not recorded in GEARS, these participants will be counted as eligible for Stage 1 child care services even though they are receiving Stage 2 services. This error of omission can lead to an underestimation of the Stage 1 utilization rate since the number of eligible participants would be inflated. However, among participants recorded in GEARS as receiving Stage 2 services (which was over 16,000 in August 2006), approximately 10 to 15 percent would be counted as eligible for Stage 1 services. Since some of the Stage 2 participants are already deducted from the pool of participants eligible for Stage 1, this underestimation is not expected to be detrimental to the general analysis. It should additionally be noted that in the cohort analysis conducted for this report, the majority of participants enrolled in GAIN left in less than 24 months (i.e. before they would become eligible for Stage 2 child care services). Therefore, omission of some Stage 2 utilization is not expected to distort the findings of this report's focus on the Stage 1 child care utilization dynamics during the earlier months in GAIN.

<sup>7</sup>The State reports do not explicitly show Stage 1 child care utilization rates. However, these rates can be derived indirectly by dividing the number of participants with Stage 1 child care payments during the month in question (which is available in the CW 115A reports) by the number of Welfare-to-Work families enrolled in GAIN (which are available from the WTW25 and WTW25A reports). However, It is important to reemphasize here that this calculated rate significantly underestimates actual Stage 1 child care utilization.

<sup>8</sup>As noted earlier, a small proportion of these eligible participants are also using Stage 2 child care services but the data does not reveal this. They are therefore counted as eligible for Stage 1 child care even though they are not.

<sup>9</sup>As noted earlier, some of the participants (50 percent) who were shown as eligible for Stage 1 child care services might have been actually using Stage 2 services without being recorded in the data. This would underestimate those using Stage 2 services and overestimate the number of those shown ineligible for Stage 1 child care services.

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<sup>10</sup>Some of these participants are CalWORKs leavers who remain enrolled in GAIN for the purposes of utilizing supportive services. In addition, it should be noted that exempt volunteers participate in GAIN, and participants receiving safety net coverage can volunteer for GAIN.

<sup>11</sup>These errors are recorded with an error code in the administrative records, but the records do not indicate what the error is

<sup>12</sup>This finding represents the median duration of time it takes a family to become eligible for child care following approval for CalWORKs aid. However, the mean duration is 7 months, which indicates that a significant group of participants takes substantially longer to become eligible.

<sup>13</sup>The child care eligibility rate quickly exceeds the GAIN enrollment rate because, while the Eligibility Rate is calculated as follows,

$$\frac{\text{Cohort Participants eligible for child care in month } x}{\text{Cohort Participants enrolled in GAIN in month } x}$$

The GAIN enrollment rate is calculated as follows:

$$\frac{\text{Cohort Participants enrolled in GAIN in month } x}{\text{Total participants in cohort}}$$

The GAIN enrollment rate drops over time relative to the cohort size. The child care eligibility rate in a given month is based on the cohort participants still enrolled in GAIN in that month.

<sup>14</sup>The reason for this, more specifically, is that official figures only show child care payments and do not show requests.

<sup>15</sup>See: Moreno, Manuel, et al. *Study of Sanctions Among CalWORKs Among CalWORKs Participants in the County of Los Angeles: Who, When and Why?* County of Los Angeles, Chief Administrative Office, Service Integration Branch, Research and Evaluation Services. March 2005; Moreno et al. *Sanctioned Participants and the Challenge of Meeting Welfare-to-Work Requirements in the Era of TANF Reauthorization.* County of Los Angeles, Chief Administrative Office, Service Integration Branch, Research and Evaluation Services. October 2006.

<sup>16</sup>The characteristics of all populations used in these models are shown in the Appendix Table A3.

<sup>17</sup>Part of the reason for this is likely that Stage 1 child care regulations require the second adult in the home to provide child care if they are not working or otherwise engaged in a school/training activity.

<sup>18</sup>On average, participants who used child care services enrolled in GAIN for 18 months while the average enrollment in GAIN for participants that never used child care is 11 months.

<sup>19</sup>It should be noted, however, that eligibility for Stage 1 child care continues during periods when participants are sanctioned.



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<sup>20</sup>See California Department of Social Services, Reports CW 115A, WTW25 and WTW 25A.

<sup>21</sup>The pilot program providing child care for Orientation, Appraisal, Job Club and Assessment appointments is called the 'Short-Term Child Care Pilot'.

<sup>22</sup>DPSS' decision to combine the Orientation and Job Club components has been informed by RES' research on sanctions, which showed that many participant compliance problems occur between these two components. On June 19 2007, DPSS submitted a letter to the Board of Supervisors noting that the Department is, "Combining Orientation and Job Club to reduce the time lag between the two activities and to promote higher show rates for Job Club. This strategy is showing positive results, showcasing a 79% Job Club show rate in the first three months of a phased-in implementation. Offices under the old design are currently experiencing only a 33% show rate for Job Club. The new redesign should be implemented Countywide by the end of summer 2007." (see also: Moreno, Manuel, et al. *Study of Sanctions Among CalWORKs Among CalWORKs Participants in the County of Los Angeles: Who, When and Why?* County of Los Angeles, Chief Administrative Office, Service Integration Branch, Research and Evaluation Services. March 2005; Moreno et al. *Sanctioned Participants and the Challenge of Meeting Welfare-to-Work Requirements in the Era of TANF Reauthorization.* County of Los Angeles, Chief Administrative Office, Service Integration Branch, Research and Evaluation Services. October 2006.).

<sup>23</sup>However, it should be noted here that, according to DPSS, all forms are translated into the threshold primary languages.