

# Aligning Child Care and Workforce Development Policies: Two-Generation Strategies to Improve Child and Family Well-being



RESEARCH TO ACTION  
PROJECT SUMMARY

Research is clear that poverty is the single greatest threat to child well-being, with risks greatest for children experiencing poverty when they are young and/or experiencing deep and persistent poverty. While a broad array of social services support children and families in poverty, current policies often create significant barriers to economic stability. Specifically, families can experience drastic and immediate loss of public supports as earnings increase. The decrease in support can be so substantial that parents are left worse off as they work and earn more. Such “cliff effects” occur wherever social benefits are abruptly terminated once a household surpasses the maximum income established for program eligibility.

Grounded in the emerging two-generational perspective, this project focused on a cliff effect associated with child care, a critical work support that provides benefits for families, employers and communities. It highlights the unintended consequences associated with benefit policies that make families suddenly ineligible for subsidies when their earnings increase, leaving them with limited options for child care that are often worse in quality. The critical nature of child-care subsidies makes the cliff effect especially problematic for this benefit. Losing child care support can contribute to compounding stressors for low-income families.

The project included a methodological review of two-generational research and best practices for addressing this cliff effect, and it identified changes needed to improve policies at the state and federal level. The findings will inform the design of a local pilot project in Palm Beach County, FL focused on aligning child care and workforce development services to improve child outcomes and the financial well-being of families.

## RESEARCH CONDUCTED

**Literature Review** — Thinkspot conducted a literature review of research and evaluations of benefits policies with close attention given to cliff effects in child care benefits as a precursor to recommendations for best practices in early childhood programming that support families and improve results for young children in communities across the country.

## FINDINGS

The literature review highlighted the value of two-generation approaches that integrate programs and services for children and parents with equal intensity and quality. Lessons learned suggest that program designers should expand how education and training are integrated to build parent capabilities and promote economic and family stability.

The literature review yielded several key findings:

1. Some mandatory work programs provide valuable goods and services for the general public, but do not reduce government costs overall.
2. Return on investment (ROI) calculations beyond program cost savings are noticeably absent from research evaluations.
3. Programs that require individuals to look for jobs immediately and that assign other activities if work is not found also present unintended challenges in the system, such as increasing the importance of child care supports.
4. Programs that require individuals to participate in education and training before their job search do not appear to increase the income of participants nor save government money.

### About EC-LINC

Early Childhood-LINC is a learning and innovation network for communities – a network of communities that have come together with CSSP to demonstrate effective approaches to developing local early childhood systems. Together, the participating communities tackle tough problems, test new solutions and accelerate progress toward ensuring that all young children and their families thrive.

### About the Research to Action Projects

With support from an anonymous donor, small groups of EC-LINC member communities worked together in 2016 on four “**Research to Action**” projects designed to advance the field of early childhood systems through actionable research.

EC-LINC member communities worked collaboratively to develop proposals that would allow them to address a topic of interest to both the EC-LINC network and a wider audience of early childhood systems builders. Grantees then undertook research that provides new insight into a question or potential strategy of interest, implement or test their findings within their local context and communicate and share lessons learned from the overall experience to both the EC-LINC network and other relevant stakeholders.

5. Programs with broader parameters that require individuals to participate either in an education or training activity, or in a job search activity, demonstrate potential in meeting the goal of both reducing welfare expenditures and increasing participants' income.
6. Programs that provide individuals with financial incentives or earnings supplements intended to encourage work appear to best achieve the goal of increasing participants' income despite resulting in net cost for the government.
7. Cliff effects present significant disincentives to wage earners pursuing greater economic stability by progressing along a career path.

Based on these findings, Thinkspot proposed several recommendations for program designers and policymakers aimed at better supporting families as they increase earnings. The recommendations aim to reduce the risk of an abrupt termination of benefits that will leave families worse off, while also addressing a range of barriers in the support delivery system, including conflicting and competing program requirements that undermine families' trust, access and utilization of programs designed to help them.

Recommendations include:

- linking subsidies to other social service programs;
- simplifying the application and redetermination processes;
- smoothing out benefit phase-outs;
- raising the Earned Income Tax Credit (EITC);
- aligning SNAP eligibility with other supports; and
- removing the SNAP (and TANF) asset test of \$2,000.

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## PRODUCTS

- A **research compendium** that links early child development practice to an ever-expanding body of institutional and academic research on “welfare-to-work” programs and two-generation strategies. Excerpts from a select collection of resources present the findings, implications and recommendations of this research. Particular attention is given to child care as a critical work support that is undermined by a built-in disincentive to work created by financial cliff effects.
- A **white paper** that synthesizes content from this compendium and related resources to inform program designers and policymakers.
- A link to these resources can found at <http://thinkspot.co/knowledge-center/ec-linc-resource-compendium/>

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## IMPLICATIONS FOR OTHER EARLY CHILDHOOD SYSTEMS

This project provides a methodological review of research and best practices for addressing the cliff effect and identifies changes at the state and federal level needed to streamline policies. Highlighted recommendations are intended to guide program designers and policymakers in their work to support families in communities across the country related to two-generation work.

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## NEXT STEPS

Children’s Services Council of Palm Beach County will collaborate with local partners to design a local pilot project on aligning child care and workforce development services to improve child outcomes and the financial well-being of families. The intervention model will reduce the impact of the cliff effect by combining a revision of eligibility requirements for subsidized child care with career development strategies. Consequently, children will continue the developmental gains that come with quality child care while their parents make economic gains that come with career growth.

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## PARTNERS

### Palm Beach County, FL

- Randy Palo and Amy Gyau-Moyer - Children’s Services Council of Palm Beach County



### Center for the Study of Social Policy

- Shadi Houshyar



### Alameda County, CA

- First 5 Alameda County



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