Vouchers for Housing and Child Care

Common Challenges and Emerging Strategies

Margery Austin Turner, Gina Adams, Monica Rohacek, and Lauren Eyster

Low-Income Working Families

Paper 8

August 2007

The Urban Institute
2100 M Street, NW
Washington, DC 20037

This report is part of the Urban Institute's Low-Income Working Families project, a multiyear effort that focuses on the private- and public-sector contexts for families' success or failure. Both contexts offer opportunities for better helping families meet their needs.

The Low-Income Working Families project is currently supported by The Annie E. Casey Foundation, The John D. and Catherine T. MacArthur Foundation, and the Charles Stewart Mott Foundation.

The authors thank Martin Abravanel, Olivia Golden, Ivelisse Martinez-Beck, and Louise Stoney for their useful comments on an earlier draft.

CONTENTS

VOUCHERS FOR HOUSING AND CHILD CARE

Common Challenges and Emerging Strategies

Vouchers play an important role in federal efforts to help low-income families obtain both housing and child care. Historically, most federal funding went directly to child care centers or rental housing developments that served low-income families. In recent decades, however, federal funding has increasingly shifted toward vouchers. In the mid-1970s, the federal government began offering vouchers to help low-income families pay for rental housing in the private market. By the early 1980s, funding for new construction of traditional public and subsidized housing developments had essentially stopped, while what is now called the Housing Choice Voucher Program gradually expanded. Today, about 2.1 million low-income households receive housing vouchers, compared with about 2.6 million living in public or other federally subsidized housing developments (Center on Budget and Policy Priorities 2003).[1] In child care, the shift to vouchers occurred more recently and more rapidly. Beginning in 1988, the federal government required states to offer parents the choice of receiving a voucher rather than enrolling with a contracted care provider.[2] Consequently, many states provide federally funded Child Care and Development Fund (CCDF) assistance exclusively through vouchers (U.S. Department of Health and Human Services [HHS] 2006, table 2). And, of the $9.4 billion in annual CCDF spending in 2005 (Matthews and Ewen 2006), 85 percent of children were served through vouchers (HHS 2006, table 2).

Federal housing and child care voucher programs differ in important respects. The Child Care and Development Fund is a block grant to states, allowing substantial variability in design and implementation, which essentially leads to a different voucher program in each state (and sometimes within states). In contrast, the Housing Choice Voucher Program is a nationwide program administered by local housing agencies with much more limited discretion and greater uniformity in policies and procedures across the country. Child care subsidies tend to be used for relatively short periods (Meyers et al. 2002). This pattern is thought to be related to the tight link between subsidy eligibility and work, the dynamic work patterns of low-income families, what families must do to retain subsidies, and the changing nature of the child care needs of low-income families. In contrast, many low-income families remain eligible for, and receive, rental housing assistance continuously for several years. Finally, housing vouchers offer low-income families the opportunity to move to different neighborhoods—or even different jurisdictions—that may have better job access or higher-quality services. However, families generally use child care in the neighborhoods where they currently live (or in some cases, where they work), so child care vouchers are highly dependent on the services available in particular neighborhoods.

Despite these important differences, vouchers for child care and housing face common challenges. First, the success of both programs in helping families access high-quality services depends upon the supply of these services in the private market and the willingness of providers to accept voucher families. If acceptable rental housing units or child care slots are not available where families need them, vouchers are not effective. In addition, low-income families may face challenges in negotiating the private market, gathering information about available child care or housing options, or identifying providers that meet their needs and offer good quality. Finally, both housing and child care voucher programs have to balance requirements to avoid any overpayment of subsidies (either by serving ineligible families or by miscalculating the appropriate subsidy amount) with a mandate to support work and enhance well-being among low-income families.

Policymakers and practitioners in both child care and housing are exploring strategies to address these challenges and strengthen the performance of their voucher programs. Because of the important commonalities across domains, efforts in one area can inform efforts in the other. These two programs constitute essential components of the promise of welfare reform to encourage and support work among low-income families. And, given the growing body of research documenting the critical role of both early childhood programs and living environment for children's long-term well-being, both types of vouchers have the potential to significantly enhance long-term outcomes for children.

This paper highlights lessons and promising strategies for tackling challenges to the success of child care and housing vouchers and for enhancing the potential of these programs to support the well-being of children. Our purpose is not to provide a comprehensive assessment of federal child care and housing policies or subsidies, to evaluate the strengths and weaknesses of vouchers, or to recommend systemic reforms. Instead, we focus on some practical strategies from these two domains that appear to have the potential for strengthening the performance of existing voucher programs and improving outcomes for children and families. These include

- development of evidence-based criteria for identifying high-quality child care and opportunity-rich neighborhoods (those that offer the greatest potential for enhancing outcomes for children);
- investments in resource and referral agencies that help families at all income levels find child care or rental housing that meets their needs, inform parents about provider and neighborhood characteristics important for healthy child development, and help providers improve their quality of services;
- incentives to attract and retain high-quality child care and housing providers in the voucher program;
- supplemental supply-side subsidies to induce improvements in the availability of high-quality child care in low-income neighborhoods and of modestly priced rental housing in opportunity-rich neighborhoods, so the options available to voucher holders are expanded; and

- implementation and rigorous evaluation of alternative subsidy and recertification models to determine which policies and implementation practices are most effective at supporting parents' work efforts and healthy family functioning.

Understanding Federal Vouchers for Housing and Child Care

Federal housing and child care vouchers supplement what low-income families can afford to pay for services available in the private market. These programs are designed to take advantage of existing housing and child care options, rather than creating or earmarking housing units or child care slots for low-income use, and to empower recipient families to choose the providers they think best meet their needs. Both types of vouchers were controversial when they were first introduced, but they have since become widely accepted as critical—and even primary—components of federal support. Neither housing nor child care vouchers are federal entitlements, and the share of potentially eligible families that actually receives assistance varies widely across the country. Table 1 summarizes key features of these two programs.

Child Care Vouchers

The largest source of federal child care assistance is the federal Child Care and Development Fund, which provides resources to states to support child care for low-income working parents and families receiving Temporary Assistance for Needy Families (TANF). Federal rules require states to match a portion of this funding with resources of their own (HHS 1998). Although states can use some CCDF funding to enter into contracts with child care providers making slots available to eligible children, beginning in 1988, federal law has required every state to offer parents the option of receiving assistance in the form of a voucher. Today, most of the CCDF is spent through vouchers rather than contracts with providers, and many states fund child care assistance exclusively through vouchers.

States have considerable discretion over the design and implementation of CCDF-funded child care vouchers. Although basic program parameters are federally established, many specifics of family eligibility, payment levels, and quality standards are left for states to determine. As a result, there is tremendous variation in the child care voucher rules and implementation from one state to another. Moreover, states vary in how much implementation responsibility they delegate to local organizations. Some states administer vouchers through local offices of a state agency, while others contract with local nongovernmental organizations. In some cases, these local agencies also have considerable discretion over the details of program design, leading to further variation in program rules and procedures within states.

To be eligible for federal child care assistance, a family typically must be low income and working (or in a job training or TANF work activity) with a child younger than age 13.[3] The definition of "low income" is federally capped at 85 percent of the state median income (adjusted for household size), but most states set their eligibility ceilings lower: for example, in fiscal year (FY) 2006–07, only five states planned to set eligibility at this level (National Child Care Information Center 2005). States generally give priority to selected groups of families, including those who are receiving or transitioning from TANF, but the majority of families with child care vouchers are not currently receiving TANF (HHS 2006, table 16). The definition of "working" and the amount of time a parent can continue to receive assistance while looking for work also vary across states. Participating families must regularly recertify eligibility and must also report interim changes in employment status or income that might affect their eligibility, authorized hours of care, or copayment. Given what can be stringent income and employment requirements

TABLE 1. Federal Child Care and Housing Vouchers

Feature	Federal Child Care and Development Fund	Housing Choice Voucher Program
Funding	Primarily annual grants to states to support child care assistance for low-income working families. States can also use or transfer TANF funds for child care and can allocate additional state funds.	Contracts with local public housing agencies (PHAs) to administer vouchers
Administrative agencies	States administer voucher assistance through local offices of state agency, or contract subsidy management out to local agencies ■ Local service areas vary in size	Local PHAs administer the voucher program in most cities and urban counties ■ Statewide PHAs administer the program for the balance of the state
Eligible recipients	Primarily serves low-income working families, and families moving from welfare to work, with children under age 13 ■ Federal eligibility ceiling is 85 percent of state median income ■ Many states set lower eligibility cutoffs and target resources to lowest income levels ■ States establish definition of "working" ■ Other criteria include children in the care of protective services	Households with incomes below 80 percent of HUD-defined local area median income ■ PHAs have some discretion to prioritize among eligible households on the waiting list ■ At least 75% of vouchers must be allocated to households with incomes below 30% of median
Eligible providers	Any legally operating child care provider ■ Licensing requirements vary by state ■ Providers that are not required to be licensed (including family members) may receive voucher payments	Any legally operating rental property owner
Quality standards	Existing state standards apply to licensed providers ■ Licensing standards vary widely ■ Federal program requires that states impose minimal safety standards for legal, unlicensed providers except certain relatives ■ States may set higher standards linked to higher reimbursement rates	Housing units must meet federally defined housing quality standards ■ In addition, providers are subject to local building and occupancy codes
Payment levels	Federal government suggests a payment ceiling that covers 75 percent of market rate of a recent market-rate survey ■ States establish market rates on the basis of surveys; many set rates below the 75th percentile or based on outdated surveys ■ Individual providers should receive the rate they charge unsubsidized families, up to payment ceiling	HUD defines fair market rents at 40th percentile of recently occupied, decent quality units ■ PHAs set payment standards between 90 and 110 percent of FMR ■ Individual providers should receive the rent they charge unsubsidized families, up to payment standard
Co-payments	Defined by the state, typically on a sliding scale according to family income ■ Federal government suggests a maximum of 10 percent of income ■ States vary in approach and level	Recipients pay 30 percent of monthly income unless they choose to pay up to 40 percent for a unit above the payment standard ■ PHAs have some flexibility to set minimum tenant contributions and to define income exclusions

and the dynamic nature of low-income work, families can move in and out of eligibility and subsidy receipt (Adams, Snyder, and Sandfort 2002; Meyers et al. 2002).

Recipient families can use their vouchers with any legally operating child care provider. This includes any licensed provider, as well as legally unregulated providers for whom the state does not require licenses. In other words, a provider in violation of state licensing requirements cannot receive voucher payments, but all other legal, unlicensed providers can. State licensing requirements vary widely, but most states completely exempt relative caregivers, and many also exempt home-based providers who only care for one or two children (Morgan et al. 2001).

Federal program rules defer to state licensing to establish operational standards for child care providers. These licensing requirements are primarily designed to establish a floor of health and safety and vary in the extent to which they mandate higher levels of quality in care. In order to encourage higher-quality care and to allow parents to identify such quality, some states have identified standards beyond licensing that providers may voluntarily meet to qualify—and some states have chosen to offer higher voucher reimbursement rates to these providers. For most legal, unregulated providers receiving child care vouchers, states are expected to establish a list of health and safety requirements,[4] though the extensiveness of these requirements varies from state to state. Further, states differ in the level of enforcement of requirements for unregulated providers receiving subsidies, from no enforcement at all to in-home inspections (Schulman and Blank 2007).

States also have considerable discretion in setting payment levels for child care vouchers. Federal law requires states to set reimbursement rates at a level that allows access to services comparable to those obtained by unsubsidized families, and program regulations suggest that rate ceilings will meet this standard if they give families access to 75 percent of providers in the market. Federal law further requires states to conduct biennial market surveys for setting rate ceilings. In practice, states use different methods for conducting the rate survey and setting rates. Many states set their ceilings below the 75th percentile benchmark and often base the ceilings on outdated surveys, resulting in reimbursement rates below the 75th percentile (Schulman and Blank 2005). States generally authorize a payment to a particular provider that is equal to the amount the provider would charge private-paying parents, not to exceed the ceiling. Subsidized parents typically contribute to the payment on a sliding fee scale, which ranges from no co-payment to about 12 percent of family income, depending on the state (National Child Care Information Center 2005; Schulman and Blank 2005).

Families receiving child care vouchers are limited by the quality of the child care supply in their neighborhoods. The available evidence suggests that children in the United States, on average, are in center- and home-based settings that fall below a rating of good (Galinsky et al. 1994; Helburn 1995; NICHD Early Child Care Research Network 2000; Whitebook, Howes, and Phillips 1990). In other words, the level of care generally meets minimum standards but does not meet standards that are most likely to promote positive outcomes. Further, 10 to 20 percent of all care settings are categorized as inadequate and potentially harmful to children's development (Shonkoff and Phillips 2000). To the extent that the voucher system depends on, and attempts to replicate, free-market forces, vouchers are limited by the quality of care in the market.

Housing Vouchers

The Housing Choice Voucher Program provides funding to local housing agencies (HAs) to make rental housing affordable for low-income households, including families with children as well as the elderly and disabled. HAs are locally chartered agencies that manage federally subsidized public housing developments as well as the housing voucher program.[5] Over 3,000 jurisdictions have HAs. There is no local matching requirement for the Housing Choice Voucher Program. Housing agencies can earmark up to 20 percent of the vouchers they administer to specific housing developments, but the remainder must be administered as "tenant-based" assistance, with recipient households choosing a rental house or apartment in the private market. Other federal, state, and local programs subsidize the construction and management of housing units earmarked for occupancy by low- and moderate-income families, so in most jurisdictions, the voucher program operates in parallel with supply-side or "project-based" programs.

Local housing agencies have only limited discretion over the design and implementation of housing vouchers. Program eligibility criteria, housing quality requirements, subsidy formulas, and payment levels are all highly standardized, with only very limited local discretion permitted. Although family income limits and payment levels vary across markets, this variation is largely shaped by federal formulas, not by local choices. And the federal Department of Housing and Urban Development (HUD) exercises considerable control over the operation of local HAs. Families typically apply for and receive housing vouchers from the housing agency in the city, town, or county where they live. Once a family has received a voucher, however, it has the right to use it anywhere in the country. When families move from one jurisdiction to another, complicated administrative procedures govern the transfer of voucher families and federal voucher resources between housing agencies.

To be eligible for federal housing vouchers, a household's income must be less than 80 percent of the HUD-defined area median income (adjusted for household size). HAs maintain waiting lists for assistance and have some discretion to establish local priorities for assistance among eligible households. Federal law requires, however, that 75 percent of vouchers be issued to households in the lowest income category—less than 30 percent of the area median income. Housing voucher recipients must recertify their eligibility annually, but because the band of eligible incomes is wide, most remain eligible for years.

Recipients can use their vouchers for any rental house or apartment that passes both local housing codes and a national set of Housing Quality Standards (HQS). All private rental housing providers are subject to state or local building and occupancy codes, but in addition, local housing agencies must inspect units to ensure that they meet HQS before approving occupancy by voucher holders. Units occupied by voucher recipients are reinspected annually.

Local HAs have limited discretion over payment levels for housing vouchers. Using consistent data and methods, HUD determines a fair market rent (FMR) for every metropolitan area in the country (and for nonmetropolitan counties) that corresponds to the 40th percentile of rents for recently occupied, standard-quality units (adjusted for size).[6] Housing agencies can set their voucher payment standards anywhere from 10 percent below the applicable FMR to 10 percent above, and they can establish different payment standards for different neighborhoods or zones within their jurisdiction. In addition, HAs are responsible for ensuring that rent payments to specific housing providers are "reasonable," which essentially means that the rent should not exceed what an unsubsidized household would pay for the same or a similar unit on the private market. Finally, recipients of federal housing vouchers generally contribute 30 percent of their monthly income toward rent, with only limited local variation regarding income exclusions and adjustments for utilities.

In most metropolitan areas nationwide, the private sector builds and maintains decent-quality rental housing. The primary problem facing low-income renters is not that they live in physically deficient or overcrowded housing (although a small fraction do face these problems), but that prevailing market rents consume an unaffordable share of their incomes. Thus, by increasing the purchasing power of low-income families, vouchers provide access to decent-quality units. However, modestly priced rental housing (affordable with a voucher) tends to be geographically concentrated in central-city jurisdictions and in distressed neighborhoods. Many suburban jurisdictions use zoning and land use regulations to limit the production of multifamily housing. So, although good rental housing is available in the private market, it may be in short supply in the most desirable communities (Joint Center for Housing Studies 2004, 2006).

Voucher Program Effectiveness

Although federal vouchers for both child care and housing were controversial when first introduced, these programs are generally effective in achieving their basic objectives. Nonetheless, both programs continue to face implementation challenges that undermine their ability to fully meet their legislative intent. In addition, both programs could achieve a substantially higher standard of performance—providing access to environments that can improve the well-being and long-term life chances of young children and their families. But neither program is currently fully achieving this larger potential.

Program Accomplishments

The federal child care and housing voucher programs both have records of success in advancing the basic objective of delivering funds to help low-income families pay for services. Neither child care nor housing vouchers are entitlements, and in many places demand for vouchers exceeds available resources. Use of these federal funds by states and localities is generally high, and many local jurisdictions maintain waiting lists of eligible families. A number of states have committed their own resources (beyond the federal matching requirements) to ensure that more eligible families can receive child care vouchers, and a small number of localities have done the same for housing vouchers.

Families that receive vouchers are generally able to access housing and child care that meet basic standards at affordable costs. Nearly three-quarters of families using federally funded child care subsidies use them in regulated settings that are required to meet basic licensing standards (HHS 2006, table 4).[7] At an average annual cost ranging from $3,000 to $9,600 (depending on the state),[8] child care has the potential to consume a large share of income, particularly among low-income families (Mohan, Reef, and Sarkar 2006). Vouchers substantially reduce this cost burden, paying an average of $5,000 a year for center-based care (HHS 2006, table 15). Correspondingly, housing voucher recipients generally live in homes and apartments that are in decent physical condition and pay much lower cost burdens than their unassisted counterparts. A recent evaluation of housing voucher effectiveness finds that vouchers reduce the share of households in which combined cash and near-cash income falls below the poverty threshold (Mills et al. 2006).

In terms of access to services funded by vouchers, evidence suggests that a few child care providers are unwilling to care for children receiving vouchers, but state market-rate surveys and other regional studies generally suggest that most regulated providers are either caring for children receiving vouchers or report they are willing to do so (GAO 2002).[9] The most recent national study of success rates among housing voucher recipients finds that about 69 percent of households that receive a voucher successfully use it to rent a housing unit (Finkel and Buron 2001). In some communities, moderately priced rental housing (affordable with a voucher) is in short supply, and not all landlords are willing to participate in the voucher program. As discussed further below, when demand for rental housing is strong and markets are tight, landlords do not need the voucher program to lease the units they own. And they may prefer not to participate because of concerns about whether the low-income households that receive vouchers will be good tenants and whether program regulations will be burdensome (Turner, Popkin, and Cunningham 2000).

Implementation Challenges

Despite this record of basic effectiveness, both programs show room for improvement. First, because both programs are administered by a multiplicity of local agencies, the quality of service to recipients and providers varies widely. Recent research on the administration of child care vouchers finds substantial differences in responsiveness to clients and the burden of requirements that clients must meet, not only between states, but among communities within the same state, and even among agencies operating within the same community (Adams et al. 2002). Correspondingly, the more than 3,000 agencies that administer housing vouchers vary widely in their administrative efficiency and client responsiveness (Center on Budget and Policy Priorities 2003). When customer service is poor, voucher clients may have more difficulty using the program and both housing and child care providers may be more reluctant to accept voucher recipients (Turner et al. 2000; Adams et al. 2002; Adams and Snyder 2003).

Second, in order to control costs and avoid improper payments, both programs require periodic recertifications of recipient income and employment status. These recertifications are designed to ensure that families are not served during even short periods of ineligibility and that copayments are adjusted with every change in family income. Agencies vary in how they interpret this mandate: some agencies calibrate services tightly, and immediately change copayments or terminate services with changes in family status, while others allow greater flexibility for changing family circumstances. But close monitoring is burdensome, both administratively and for families, and may actually undermine parents' work efforts, given the volatile character of today's low-wage labor market. For child care voucher recipients, states usually authorize payments for 6 or 12 months (sometimes less), but families are typically required to report interim changes in circumstances and subsidies are often adjusted accordingly. A study of five states estimated that the median duration of child care subsidy spells was only 3 to 7 months, and that the median length of spells was related to state recertification requirements (Meyers et al. 2002; Grobe, Weber, and Davis 2006).

Families usually receive housing vouchers for longer periods, with the median duration of assistance estimated at about three years (Lubbell, Shroder, and Steffen 2003). However, federal regulations call for annual income recertifications, and some HAs require recipients to immediately report any change in income so subsidy levels can be adjusted more frequently. Critics of this approach argue that it is administratively costly and may discourage families from finding work or increasing their hours of work, since any increase in income will immediately result in a concomitant rent increase (Abravanel et al. 2004).

Third, from the perspective of service providers, both child care and housing vouchers can have disadvantages that may discourage participation in the program or make it difficult for providers who want to serve an economically diverse population to do so. Most voucher agencies pay differently than do private-paying parents. For example, voucher agencies usually make their child care subsidy payments retrospectively (rather than in advance), limit the number of absent days they will cover, and may not pay (or make it difficult to receive) deposits or registration fees or supplemental fees for specific services such as field trips, special project supplies, or diapers. While practices vary, local agencies sometimes take longer than expected to authorize a family for benefits, terminate a family without notifying the provider, or are very difficult to contact (which makes resolving payment problems challenging). Such policies and practices can reduce actual payments to levels below established rates and increase the transaction costs of dealing with the voucher system. Despite these issues, some providers—particularly those whose unsubsidized clientele is low income—prefer vouchers, because they can be confident that they will be paid something at some point. Others serve families with vouchers despite the challenges because it is an integral part of their mission to assist low-income families (Adams and Snyder 2003).

Housing vouchers present similar difficulties for providers. Once a landlord agrees to rent to a voucher recipient, he or she has to wait until the local HA can conduct an inspection and approve the lease. And the terms of the lease or amount of up-front fees and deposits may be limited by the housing agency. These issues are most problematic in a hot rental market, where landlords have plenty of other potential tenants who could take occupancy and start paying rent immediately. In addition, some housing agencies are known for delays in conducting inspections and approving leases, unreliability in making subsidy payments, or lack of responsiveness to landlord inquiries or complaints. As in the child care context, the providers most likely to tolerate these problems are those whose unsubsidized tenants are low income and may have difficulty making rent payments reliably (Turner et al. 2000). In other words, vouchers for both housing and child care are most attractive to providers that have the weakest market demand or who have extremely altruistic motivations.

Fourth, although most child care and housing voucher recipients obtain services that meet a basic standard of adequacy, these services generally do not meet a *high* standard of quality. As discussed earlier, vouchers are designed to help families access a child care market that generally fails to produce enough good-quality care. In addition, a growing body of work looks specifically at the quality of programs that serve subsidized children. The results of this research are mixed, with some studies finding no evidence that center-based programs accepting subsidies are better or worse than those in the overall market, and others finding that they appear to be worse (on at least some indicators).[10] Further, vouchers pay a substantial number of relatives and other unregulated caregivers. There is some disagreement about what constitutes quality, and how to measure it, in unregulated arrangements (see, for example, Porter, Rice, and Rivera 2006). At best, researchers do not know enough about the quality of these arrangements; at worst, some evidence suggests that, on average, the quality of care in unregulated home-based settings may be lower than in home-based settings with licensed or regulated caregivers (Coley, Chase-Lansdale, and Li-Grining 2001; Galinsky et al. 1994; Growing Up in Poverty Project 2000).

In housing, concerns about quality focus primarily on the neighborhood environment rather than the physical condition of the house or apartment itself. About 6 of 10 voucher recipients live in neighborhoods that are less than 20 percent poor (Devine et al. 2003), but the remainder lives in higher-poverty neighborhoods that may lack decent services or pose significant problems of crime and violence.[11] And 22 percent of voucher recipients live in neighborhoods with poverty rates above 30 percent that are particularly likely to be economically and socially distressed. Moreover, vouchers do not provide equal access to low-poverty neighborhoods for all recipients. Specifically, 25 percent of black recipients and 28 percent of Hispanic recipients use their vouchers for housing in high-poverty neighborhoods, compared with only 8 percent of whites. In addition, about 33 percent of central-city recipients use their vouchers in high-poverty neighborhoods, compared with only 6 percent of suburban recipients (Devine et al. 2003). These patterns result from a combination of factors, including the persistence of discrimination by housing providers against minority homeseekers, lack of information about the full range of potential housing and neighborhood options available, and reluctance to move to unfamiliar communities where other racial or ethnic groups predominate (Turner et al. 2000).

Finally, some low-income families face multiple life challenges and are particularly difficult to serve—for both child care providers and housing providers. These "hard-to-serve" families may have difficulty finding providers that will accept their vouchers, or—if they do—may present so many problems that they are not able to remain in place for long. Because of their daily contact with parents, child care providers may be pushed into the role of a family support worker, helping parents navigate the subsidy system (reminding them of recertification requirements, helping them complete or deliver paperwork), repeatedly coaching them on the policies of the child care program (drop-off and pick-up times, bringing supplies such as diapers or a change of clothing), and absorbing the costs when families do not adhere to the policies (Hirshberg 2002).[12] These activities can strain the already-limited resources of providers and, with the exception of special initiatives in certain localities, the child care voucher system does not systematically provide financial support or training and technical assistance to help providers cover the added costs of working with families that have these special needs.

Families that have multiple problems face particular challenges finding and retaining rental housing in the private market, even with the help of a voucher (Popkin, Cunningham, and Burt 2005). These families may be unable to search effectively for available units and are especially likely to have difficulty convincing a landlord to lease to them, particularly if they have a history of late rent payments or lease violations. When hard-to-serve families find housing with a voucher, they may violate their lease terms or fail to pay rent on time, resulting in eviction. Currently, the federal housing voucher program has no provisions for providing extra support services for families with multiple challenges or for intervening to resolve problems with landlords.

Unmet Potential

Beyond these shared implementation issues, a growing body of research highlights the critical role of both early learning experiences and neighborhood environment in shaping the long-term life chances of young children. In light of this evidence, neither the housing nor the child care voucher program is achieving its full potential as a tool for expanding the life chances of poor children.

The earliest years are increasingly recognized as a period in children's development that is characterized not only by a pace of development and growth that exceeds any other stage of life, but also by tremendous vulnerability if children do not get the support and stable relationships they need (Shonkoff and Phillips 2000). While the parent and home environment are primary in the development of all children, the quality of early care and education experiences also affect development, with some studies showing that the quality of care can be particularly important for low-income children who are at risk of poor outcomes.[13]

A considerable body of social science research also finds that living in profoundly poor or distressed neighborhoods can undermine children's well-being and longer-term life chances, even after controlling for individual and family attributes (Ellen and Turner 1997), and that moving to an opportunity-rich neighborhood can dramatically improve long-term outcomes (Briggs and Turner 2007). Although much of the empirical research on the effects of neighborhood environment has focused on adolescents, a recent study of a sample of low birth-weight, pre-term infants during their first years of life provides evidence that neighborhood plays a critical role, particularly in children's intellectual development (Brooks-Gunn et al. 1993; Chase-Lansdale and Gordon 1996; Chase-Lansdale et al. 1997). And as children transition into elementary school, living in a high-poverty neighborhood contributes to more aggressive behavior when interacting with others (Kupersmidt et al. 1995), poor elementary school performance (Halpern-Felsher et al. 1997), and higher asthma rates (Aber and Bennett 1997).

Although research suggests that vouchers help many families obtain better housing and child care than they could otherwise afford, housing and child care vouchers could be providing young children access to substantially improved environments. Key features of child care programs that are thought to support healthy child development include well-trained teachers, low teacher turnover, low child-to-teacher ratios and group sizes, warm and supportive teacher-child interactions, and wages and benefits at a level that can attract and retain skilled teachers (Love, Schochet, and Meckstroth 1996; NICHD Early Child Care Research Network 2000; Vandell and Wolfe 2000). In addition, helping children access other critical services (such as is done by Head Start) can help to address other barriers to children's success. Neighborhoods that appear to offer the best housing environments for families and children have low rates of poverty and crime and access to high-quality public and private services, including child care and public schools (Turner, Popkin, and Rawlings forthcoming). As currently implemented, neither the child care nor the housing voucher program consistently ensures that families are accessing these higher-quality environments.

Some might argue that such high expectations are unrealistic for federally funded voucher programs. In fact, the statutory and regulatory language for both the child care and housing voucher programs aspire to this type of higher standard. Specifically, the Child Care and Development Fund is explicitly intended "to ensure equal access, for eligible families . . . to child care services comparable to those provided to families not eligible to receive CCDF assistance" (45 CFR 98.43) and "to enhance the quality and increase the supply of child care for all families, including those who receive no direct assistance" (45 CFR 98.1). The statutory goals of the Housing Choice Voucher Program include "reduction of the isolation of income groups within communities . . . and the promotion of an increase in the diversity and viability of neighborhoods through the spatial deconcentration of housing opportunities for persons of lower income" (42 USC 5301). Beyond these statutory and regulatory goals lies the reality that the federal government today is spending billions of dollars on child care that is not meeting children's developmental needs and for rental housing in distressed neighborhoods, when the same resources could be used (albeit for fewer recipients) to develop, sustain, and purchase care that supports children's healthy development and to provide access to neighborhoods that expand their long-term life prospects.

Emerging Strategies for Improving Voucher Performance

In recent years, policymakers and practitioners in both child care and housing have been experimenting with strategies to improve the performance of their voucher programs. However, the two fields have not taken full advantage of the opportunity to learn from each other's efforts. Lessons emerging from these implementation experiences could significantly strengthen the performance of both child care and housing vouchers, and—further—suggest ways in which both programs could more substantially enhance outcomes for children and parents in low-income households.

We focus here on five areas of innovation and experimentation that offer promise in addressing key challenges facing child care and housing voucher programs today: (1) evidence-based standards of quality that could be used to assess the adequacy of existing supply and better inform family choices; (2) hands-on assistance to voucher recipients in the search for high-quality child care or housing; (3) removal of disincentives to provider participation in the voucher program; (4) supplemental, supply-side subsidies to further improve or expand the supply of quality child care or housing; and (5) changes in eligibility rules and subsidy calculations that more effectively encourage and support work.

Defining "Quality"

Both child care and housing voucher programs apply basic standards of safety and health, but these standards do not reflect the most current knowledge about the characteristics of a child care program that best serve children's developmental needs or about the characteristics of a neighborhood that offer the best opportunities. Without a mechanism for assessing how well housing and child care providers offer *real* quality, voucher programs are limited both in their ability to help families assess which neighborhoods and child care providers can best enhance child and family outcomes and in their ability to offer incentives to attract and support high-quality providers.

Over the past decade, an increasing number of states have been working to implement child care quality rating systems that will help address the challenges in identifying and encouraging the use of providers who are most likely to foster healthy child outcomes. These quality rating systems are also an important component of efforts to increase the supply of high-quality care, as they offer clear, specific benchmarks and are sometimes partnered with technical and funding assistance to help providers reach and sustain a higher level of quality. Quality rating systems typically employ an easy-to-understand metric (such as one to five stars) to rate centers and family child care providers. The ratings are based on a comprehensive assessment of factors in the early childhood environment for which there is typically some evidence of a relationship between the factor and child outcomes. Quality rating systems generally include factors related to staff qualifications, learning environment (including curriculum, materials and activities, and support for early literacy development and other factors), family involvement, group size and staff-to-child ratios, teacher compensation and benefits, and program management procedures (Mitchell 2005). To strengthen the assessment of the learning environment, many states incorporate results from observations of child care programs (including an appraisal of the interaction between children and caregivers) into their quality rating systems.

In the housing arena, some programs—implemented either as a court-ordered desegregation remedy or in conjunction with a research demonstration—have encouraged or required families to use their vouchers to move to neighborhoods with particular attributes. To date, racial composition and poverty rate have been used to identify "quality" neighborhoods. But the housing voucher program could benefit from a neighborhood quality rating system like those being developed for child care providers. Emerging research suggests that factors related to family outcomes that might be incorporated into a neighborhood rating system include the quality of schools, crime rate, access to employment opportunities, and neighborhood poverty rate.

Making "Choice" Real

One fundamental strength of vouchers is that they allow families to choose for themselves the facilities and services that best meet their needs. But these choices may be artificially constrained if families are unaware of the full range of options available to them, or if they are not fully informed about the implications of different options for the longer term well-being of their children and families. Quality rating systems could better inform families about the available options. But some local practitioners in both child care and housing have also invested in hands-on efforts to help voucher recipients learn about the options available to them and make choices that better address their full range of needs.

In the context of child care, states are authorized to use a portion of their federal funding to create and sustain "resource and referral" agencies that assist both providers and consumers. Some states provide additional support for these agencies from their own funds. At the basic level, these agencies provide parents with information about the regulated child care settings in their community and give parents general information about what to look for in choosing child care.[14] Child care resource and referral agencies generally are not limited to serving voucher clients but instead are designed to support the larger community. The quality rating systems discussed earlier are particularly useful for resource and referral agencies, as they provide an objective external measurement of the quality of programs that the agency can then use to help parents understand how to judge quality care.

Resource and referral agencies not only can provide these basic services but also have the potential to provide a critical infrastructure to help make choice real. For example, some resource and referral agencies have gone beyond these basic services in their efforts to support families and improve child care. Such agencies sometimes administer vouchers or develop and administer initiatives to improve the quality of care in the community (such as by providing training, supporting caregivers, and educating parents). They also can play a critical role in assessing key needs in the early childhood field, developing strategies to address them, and securing policy changes to meet those needs.

In housing, a limited number of HAs have received special-purpose funding to support mobility counseling and housing search assistance for voucher recipients. Most of these have been implemented either though a demonstration initiative or as part of a court-ordered settlement of a lawsuit charging the local housing agency (and often HUD) with discriminatory and segregative practices. In most cases, the HAs have contracted with nonprofit organizations to provide mobility counseling and search assistance, which is intended to help families use their vouchers to move to "opportunity" neighborhoods. The services these organizations provide typically include both counseling for families and outreach to landlords. There is some evidence that this kind of assistance is effective in expanding families' choices and diversifying the neighborhoods to which they move. It can also help families that face special challenges negotiate the voucher program and the private housing market, at the same time that it reassures landlords that help is available if some tenants pose problems. But these mobility assistance programs have all been quite small in scale and limited to voucher recipients (Turner and Williams 1998).

Providing federal or state funding for a broader "resource and referral" capacity for rental housing could strengthen the performance of the housing voucher program. These organizations could provide assistance to all renters—including but not limited to voucher recipients—helping them find out about rental housing options in a wide range of neighborhoods. They could also provide technical assistance to housing providers, helping them understand and benefit from available supply-side and demand-side supports. If a single organization served all the jurisdictions within a metropolitan region, it could help address some of the administrative fragmentation of the housing voucher program by making it easier for families to search for housing across jurisdictions and overcoming landlord fears about participating in a program administered by multiple local agencies. This kind of resource and referral mechanism might also provide an effective way to identify hard-to-serve families and get them, or the providers with whom they work, special help.

In conjunction with meaningful quality rating systems, strong resource and referral agencies could also play an important role in raising the standard of quality—helping families find not just adequate child care or housing, but high-quality child care or housing in opportunity-rich neighborhoods. It is important to recognize, however, that one challenge of providing information and search assistance is that some families may not ask for help, even though they could benefit from it. Many families already have a choice in mind, although they may not fully understand the implications of their choices or believe that they can actually access real alternatives. For example, many housing voucher recipients do not engage in any real housing search but simply use their subsidy to stay in a familiar neighborhood, even though it may have high rates of crime and dysfunctional schools. And while parents have many complex and rational reasons for choosing particular child care arrangements, they do not always have access to the information and knowledge needed to help them explore the full range of options that might be available.

These examples highlight the importance of trying to provide some information and advice about wider opportunities and their implications to all voucher recipients—not just those who ask for help. Experiences from the child care field suggest that making such information widely available, making it available to parents at multiple stages in the process (so it is available to them at the point that they need it), and targeting assistance to families that appear to be having problems (i.e., change providers frequently) are useful strategies (Adams et al. 2002; Snyder, Bernstein, and Koralek 2006).

Appealing to Providers

Even if recipients are fully informed about available housing or child care options, vouchers do not work unless private-sector providers accept them. In addition, vouchers can reach their full potential only if high-quality providers—who typically have plenty of demand from unsubsidized customers—participate. So to be fully effective, voucher programs have to continuously reach out to providers and ensure that vouchers are as similar to private-market transactions as possible, that providers can confidently expect timely and effective payment and response to inquiries or problems, and that high-quality providers have incentives to accept voucher recipients.

During the 1990s, housing voucher regulations were adjusted in several important respects in an effort to make participation more attractive to landlords generally, but especially to those offering housing in opportunity-rich neighborhoods. Examples include changes in required lease provisions to make them more consistent with market norms and elimination of restrictions on security deposits. In addition, some HAs streamlined their inspection procedures to reduce the time that elapses between a landlord's agreement to accept a voucher holder and the date that family actually takes occupancy and starts paying rent. A few agencies obtained supplemental funding from local governments or foundations to make "holding payments" to landlords to cover the cost of this waiting period. Although there is little rigorous evidence assessing the effectiveness of these reforms, interviews with landlords generally indicate that some of their reluctance to accept voucher holders was overcome, particularly where local HAs (or their nonprofit partners) reached out to involve landlords in identifying and resolving problems with the voucher program through the formation of advisory groups and ombudsmen (Rizor 2005).

Some states and localities have implemented comparable reforms to their child care voucher programs. For example, subsidy agencies may require subsidized families to give providers notice before they leave (unless the child is in danger), and some agencies allow an additional two weeks of provider payments if a parent's eligibility is abruptly terminated. States are also implementing policies to address differences in private and subsidy payments for days children are absent and for miscellaneous charges such as diapers, field trips, and registration.

Further, in both housing and child care, some local administrators have established differential payment standards so the most desirable providers can receive higher payments. In child care, a number of states are experimenting with tiered reimbursement rates that raise the payment ceiling for providers who meet higher quality standards. In housing, HUD has encouraged local housing agencies to consider varying their payment standards geographically, setting the payment standards lower in lower-cost and less-desirable neighborhoods and higher in the most desirable neighborhoods. These approaches have the advantage of opening up some alternatives that otherwise might not be available to voucher recipients at lower payment standards, while also helping to avoid making above-market payments in less-desirable situations. An evidence-based quality rating system (discussed earlier) could help local administrators more rigorously determine which child care providers and which neighborhoods warrant higher payment standards. It is important to note, however, that some housing and child care subsidy agencies resist setting higher payment standards, since higher per-household subsidy levels reduce the total number of eligible households they can afford to serve.

Expanding High-Quality Supply

By boosting the purchasing power of low-income consumers, vouchers have the potential to induce modest improvements in the supply of services. In principle at least, housing and child care providers will respond to demand from voucher recipients and programs by improving the quality of the services they provide. For example, landlords may repair a broken stairway, patch drywall, or install new light fixtures in order to meet housing quality standards and lease to a voucher recipient. A child care program might improve teacher training or education if parents routinely ask about training or education levels when choosing child care programs. Again, development of evidence-based quality rating systems and payment incentives for providers that achieve the highest quality ratings could strengthen the influence of demand on supply.

However, vouchers alone are not sufficient to induce substantial changes in either the quality or quantity of services. Housing providers cannot finance the capital investment required for substantial renovations or new construction based on anticipated voucher income. They would need either an upfront grant or low-interest loan or a guaranteed increase in operating income sufficient to pay off a conventional loan. And child care providers cannot cover the operating costs of a substantially larger or more qualified staff based on uncertain reimbursements from individual voucher recipients. They too would need an assured increase in revenues over an extended period.

Federal housing policy offers a combination of tenant-based vouchers and supply-side subsidies to ensure *both* that low-income households have sufficient purchasing power to obtain decent housing *and* that a sufficient supply of such housing is available. Although the federal government does not currently devote sufficient funding to either demand-side or supply-side subsidies to make this combination strategy fully effective, it has considerable potential. Specifically, capital subsidies to housing providers (including both for-profit and nonprofit developers) induce the production of new rental housing developments. These developments provide new, high-quality housing with some or all of the units offered at moderate rent levels to households with a fairly broad range of incomes. In principle, tenant-based vouchers then enable the lowest income households to afford the moderate rents in these developments, along with a mix of moderate-, and possibly even higher-, income residents (Katz et al. 2003; Katz and Turner 2007).

States employ an analogous "split subsidy" approach in higher education—funding both institutions (that serve students at every income level) and low-income students (who otherwise would not be able to afford even the modest tuition payments at state institutions). This model could be applied to child care as well, supplementing the current child care voucher program with carefully designed supply-side support that expands the supply of high-quality child care in low-income neighborhoods (Stoney 1998). Such a program would have to provide annual operating support, rather than a one-time capital subsidy, because the biggest cost involved in delivering high-quality child care is labor. Further, it should be designed to support both new facilities and substantial quality improvements in existing facilities in neighborhoods where families currently need care, to be accessible to smaller and home-based care providers as well as traditional child care centers, and to integrate effectively with demand-side vouchers.

Encouraging and Supporting Work

Existing approaches to eliminating all potential waste and abuse in both child care and housing voucher programs are not only administratively costly and burdensome but may be undermining the potential of these programs as work supports. When states or localities require families to report every change in employment and earnings (increasing copayments whenever families boost their incomes) and, in child care, terminate or adjust assistance when parents are temporarily out of work or experience short-term income spikes or schedule changes, these programs may not provide the ongoing, predictable support needed by low-income working families who are struggling to get and keep jobs in today's labor market. In fact, they may accentuate the effects of what otherwise would be short-term setbacks that families face. For example, it can be much harder for families to find work after losing a job if they do not have child care. Further, these approaches to preventing waste and abuse at any cost seem likely to contribute to instability in child care arrangements, undermining the potential of the subsidy program to support healthy child development.

Interestingly, both the child care and housing fields have started focusing on these issues. For the past decade, a small number of HAs have been experimenting with more "relaxed" formulas for computing subsidy levels (and recipient co-payments) that reduce the need for frequent recertifications. A few have implemented "flat rent" schemes, in which families contribute a fixed dollar amount toward their rent, regardless of income changes. And others have experimented with "stepped rents"—essentially a sequence of flat rents with increases scheduled to occur every two or three years (Abravanel et al. 2004). These experiments reflect the hypothesis that rent contributions calculated as a percent of family income actually discourage work, since every dollar of additional income is reduced by 30 cents in additional rent payment. In addition, some HAs argue that flat or stepped rent schemes reduce administrative costs by making it unnecessary to recertify household incomes as frequently, and are less intrusive and demeaning from the families' perspective. Unfortunately, however, these experiments with alternative strategies for setting household rent contributions are not being rigorously evaluated, so their impacts and effectiveness cannot be definitively assessed.

Some states are pursuing similar strategies in their child care voucher programs, rethinking eligibility criteria and program rules (Snyder, Banghart, and Adams 2006). They are doing so for various reasons: to lessen the likelihood that eligible families will inadvertently lose subsidies, to reduce parent burden and administrative costs, and to help ensure that children have as much continuity as possible in their child care arrangements. For example, some states allow families to remain eligible for subsidies during short-term work disruptions that occur due to job loss, a temporary break from a job or between TANF-approved work activities, or temporary medical incapacity. Other states allow families to suspend subsidies for short periods of ineligibility and resume subsidy receipt without going to the bottom of the waiting list. Also, some states are reducing interim reporting requirements, asking families to report only major changes in circumstances (i.e., those that would result in loss of eligibility). Finally, some states have reduced administrative and parent burden by revising their subsidy authorization procedures. For example, by moving from a very specific authorization (e.g., for care from 7 a.m. to 5 p.m., Monday through Thursday) to a broader authorization (e.g., 40 hours a week), agencies reduce the need for interim reporting when parents have a change in work schedule. A less rigid definition also makes it easier for agencies to monitor compliance. States have wide discretion in setting eligibility rules, thus facilitating these types of innovations.

These approaches warrant serious attention and further research—both in housing and in child care. Such innovations can yield a more consistent, predictable source of support as families manage the dynamic nature of their low-wage jobs and help ensure that children are cared for in arrangements stable enough to support their healthy development. There also may be substantial cost savings associated with simpler administrative procedures.

Further work in this area should be done in two ways. First, it would be useful to gather and disseminate more information about the myriad approaches states are developing to better support families. Policymakers are eager for this information. Second, most evidence about the impact of these approaches on families and administrative costs is anecdotal. Enough experimentation has occurred in both fields that it makes sense to launch thoughtful demonstrations of alternative subsidy formulas and recertification rules, in order to measure the extent to which they generate administrative cost savings, and to test their impacts on employment, earnings, and children's well-being.[15]

Moving from What Is to What Could Be

In both housing and child care, federal vouchers work reasonably well to help low-income families pay for services that meet basic standards in the private market. But both programs are falling short of their full potential as reliable tools for supporting work and enhancing the long-term life chances of low-income children. A growing body of research evidence provides compelling evidence of the profound effects on children of their neighborhood environment and the nurturing and stimulation children receive before they begin school. Vouchers can and should help families find housing in safe, opportunity-rich neighborhoods and provide their infants and young children with stable, high-quality care.

The nation has the potential to make these voucher programs work better. Innovations are being tested in one or both fields that show promise for substantially strengthening voucher performance. By building on this emerging experience, and by comprehensively addressing the problems from multiple angles, the performance of both child care and housing vouchers could be boosted to a higher level. Specifically, we recommend five priority next steps for the next generation of policy development for housing and child care vouchers.

1. *Develop evidence-based criteria for identifying high-quality services.* Building on existing research, ongoing evaluations, and current quality rating system efforts, identify specific criteria for rating the quality of child care services and the desirability of neighborhood environments, so families can make more informed choices and resources can be more effectively targeted. These rating systems should yield simple, understandable scores or grades that families can use to help make choices and that program administrators can use to target provider incentives.
2. *Build a system of resource and referral agencies.* Invest in capacity building for organizations that help families at all income levels learn about and select child care or rental housing that meets their needs

and supports healthy child development, and that also help providers take advantage of subsidies and other supports to improve the quality of services they deliver. These agencies could contribute to the development and implementation of quality rating systems, assume responsibility for providing families with hands-on search assistance, and deliver technical assistance to help providers understand program rules, avoid red tape, and improve the quality of their services.

3. *Attract and cater to high-quality providers.* Make adjustments so a voucher holder seems as much like an unsubsidized customer as possible, allow for higher payment standards for voucher holders who choose high-quality providers or opportunity-rich neighborhoods, and respond promptly to complaints from providers about problems with voucher programs. Ensuring that payment policies reflect private-pay approaches, eliminating delays and uncertainties in voucher payments and ensuring that providers can get problems resolved when they call are critical first steps. But local programs should also identify high-quality providers (or housing in high-quality neighborhoods), reach out to encourage them to accept voucher recipients, and offer them higher payment standards in return.

4. *Subsidize high-quality supply as well as demand.* Supplement existing voucher programs with supply-side assistance, and use a "split-subsidy" strategy to induce improvements in the supply of high-quality child care in low-income neighborhoods and the supply of modestly priced rental housing in opportunity-rich neighborhoods. This does not mean a return to housing developments or child care centers that are earmarked exclusively for use by low-income families. Rather, it means supply-side investments that improve the quality of existing child care facilities in the broader market and that work in better harmony with voucher programs.

5. *Implement and evaluate alternative subsidy and recertification models.* Identify two or three models that reduce the frequency of adjustments to eligibility or copayments and rigorously evaluate their impacts on administrative costs, service costs, and family outcomes. In housing, for example, test a stepped rent approach that holds the family's rent contribution fixed for two- or three-year intervals. In child care, test eligibility criteria that count job search and job training as work and that allow children to continue to receive care when their parents are temporarily between jobs.

Together, these steps address a comprehensive range of barriers to better outcomes for families receiving vouchers. The recommendations, and the challenges they address, are interrelated and will have the greatest effect if addressed simultaneously. For example, building the supply of high-quality services will most help families when they are informed and empowered enough to choose different alternatives. In turn, more informed and empowered consumers can help stimulate an increase in the supply of high-quality housing and child care services.

In conclusion, the child care and housing voucher systems face several common challenges as they work to support low-income children and families. Each system has identified creative ways to address some of the issues it faces and has struggled with others. By learning from and building upon each other's innovative efforts, both systems have the potential to take significant steps forward in improving the lives and long-term success of low-income families and their children.

NOTES

1. The federal government continues to subsidize housing production through the Low Income Housing Tax Credit. However, as discussed in greater detail below, these tax subsidies are relatively shallow and do not result in units that are affordable for the lowest income families. In addition, new public housing is being produced under the federal HOPE VI program, but only to replace severely distressed units that are demolished.
2. This requirement was originally part of the Family Support Act (FSA) of 1988. With the passage of the 1996 welfare reform legislation, this FSA program, along with subsequent federal child care programs, became part of the Child Care and Development Fund.
3. Some states provide child care subsidies to parents who are in school. In addition, there are special eligibility rules for children in protective services and for children over age 13 who have special needs.
4. States are not required to impose health and safety requirements on caregivers related to the eligible child.
5. Most big cities and urban counties have their own public housing agencies, which administer the voucher program. State agencies typically serve the remainder of each state, and in a few instances, regional agencies work across jurisdictions in a metropolitan region.
6. HAs can appeal these FMRs, providing data from a more recent or more targeted rent survey.
7. This figure includes some children who are receiving subsidies through contracts with individual providers, rather than through vouchers provided to parents. Safety and quality of care is unclear for the 25 percent of families that use their child care vouchers in legal, unregulated arrangements.
8. The average cost is for center-based care for a 4-year-old child in 2005.
9. Also from unpublished Urban Institute data on child care providers.
10. See Adams, Tout, and Zaslow (forthcoming) for a brief overview of research on this topic and for citations for specific studies.

11. Census tract poverty rate is a widely used indicator of neighborhood distress (Jargowsky 2003; Kingsley and Pettit 2003).
12. Also from unpublished Urban Institute data on child care providers and the subsidy system.
13. See, for example, Peisner-Feinberg et al. (2001) and NICHD and Duncan (2003). For a more in-depth discussion of this research, see Adams et al. (forthcoming).
14. See the National Association of Child Care Resource and Referral Agencies at http://www.naccrra.org for more information.
15. The U.S. Department of Health and Human Services has funded a study of child care subsidy strategies that relies on an experimental design to explore some of these questions.

REFERENCES

Aber, J. Lawrence, and N.G. Bennett. 1997. "The Effects of Poverty on Child Health and Development." *Annual Review of Public Health* 18: 463–83.

Abravanel, Martin D., Robin E. Smith, Margery Austin Turner, Elizabeth Cove, Laura Harris, and Carlos A. Manjarrez. 2004. *Testing Public Housing Deregulation.* Washington, DC: The Urban Institute.

Adams, Gina, and Kathleen Snyder. 2003. "Child Care Subsidy Policies and Practices: Implications for Child Care Providers." *Assessing the New Federalism* Policy Brief A-57. Washington, DC: The Urban Institute.

Adams, Gina, Kathleen Snyder, and Jodi Sandfort. 2002. "Navigating the Child Care Subsidy System: Policies and Practices that Affect Access and Retention." *Assessing the New Federalism* Policy Brief A-50. Washington, DC: The Urban Institute.

Adams, Gina, Kathryn Tout, and Martha Zaslow. Forthcoming. *Early Care and Education for Children in Low-Income Families: Patterns of Use, Quality, and Potential Policy Implications.* Washington, DC: The Urban Institute and Child Trends.

Briggs, Xavier de Souza, and Margery Austin Turner. 2007. "Assisted Housing Mobility and the Success of Low-Income Minority Families: Lessons for Policy, Practice, and Future Research." *Northwestern University Law Journal.*

Brooks-Gunn, Jeanne, Greg J. Duncan, Pamela Kato Klebanov, and Naomi Sealand. 1993. "Do Neighborhoods Influence Child and Adolescent Development?" *American Journal of Sociology* 99(2): 353–95.

Center on Budget and Policy Priorities. 2003. "Introduction to the Housing Voucher Program." Washington, DC: Center on Budget and Policy Priorities. Available at http://www.cbpp.org/5-15-03hous.pdf.

Chase-Lansdale, P. Lindsay, and Rachel A. Gordon. 1996. "Economic Hardship and the Development of Five- and Six-Year-Olds: Neighborhood and Regional Perspectives." *Child Development* 67(6): 3338–67.

Chase-Lansdale, P. Lindsay, Rachel A. Gordon, Jeanne Brooks-Gunn, and Pamela Kato Klebanov. 1997. "Neighborhood and Family Influences on the Intellectual and Behavioral Competence of Preschool and Early School-Age Children." In

Neighborhood Poverty. Volume 1: Context and Consequences for Children, edited by Jeanne Brooks-Gunn, Greg Duncan, and J. Lawrence Aber (79–188). New York: Russell Sage Foundation.

Coley, Rebekah Levine, P. Lindsay Chase-Lansdale, and Christina P. Li-Grining. 2001. "Child Care in the Era of Welfare Reform: Quality, Choices, and Preferences." *Welfare, Children, and Families, A Three-City Study.* Policy Brief 01-4. Baltimore, MD: Johns Hopkins University.

Devine, Deborah J., Robert W. Gray, Lester Rubin, and Lydia B. Taghavi. 2003. *Housing Choice Voucher Location Patterns: Implications for Participant and Neighborhood Welfare*. Washington, DC: U.S. Department of Housing and Urban Development.

Ellen, Ingrid Gould, and Margery Austin Turner. 1997. "Does Neighborhood Matter? Assessing Recent Evidence." *Housing Policy Debate* 8(4): 833–66.

Finkel, Meryl, and Larry Buron, 2001. "Study on Section 8 Voucher Success Rates." 2 volumes. Washington, DC: U.S. Department of Housing and Urban Development.

Galinsky, Ellen, Carollee Howes, Susan Kontos, and Marybeth Shinn. 1994. "The Study of Children in Family Child Care and Relative Care: Highlights of Findings." New York: Families and Work Institute.

GAO. See U.S. General Accounting Office.

Grobe, Deana, Roberta B. Weber, and Elizabeth E. Davis. 2006. *Why Do They Leave? Child Care Subsidy Use in Oregon*. Corvallis: Oregon Child Care Research Partnership, Family Policy Program, Oregon State University. Available at http://www.hhs.oregonstate.edu/familypolicy/occrp/publications/2006-C&S_Study_Final_Report_FINAL.pdf.

Growing Up in Poverty Project. 2000. *Remember the Children: Mothers Balance Work and Child Care under Welfare Reform. Wave 1 Findings—California, Connecticut, Florida.* Berkeley, CA, and New Haven, CT: University of California and Yale University.

Halpern-Felsher, Bonnie, James P. Connell, Margaret Beale Spencer, J. Lawrence Aber, Greg J. Duncan, Elizabeth Clifford, Warren E. Crichlow, et al. 1997. "Neighborhood and Family Factors Predicting Education Risk and Attainment in African-American and White Children and Adolescents." In *Neighborhood Poverty. Volume 1: Context and Consequences for Children*, edited by Jeanne Brooks-Gunn, Greg Duncan, and J. Lawrence Aber (146–73). New York: Russell Sage Foundation.

Helburn, Suzanne W., ed. 1995. "Cost, Quality, and Child Outcomes in Child Care Centers, Technical Report." Denver: Center for Research in Economic Social Policy, University of Colorado at Denver.

HHS. See U.S. Department of Health and Human Services.

Hirshberg, Diane. 2002. "CDSS-PACE Child Care Planning Project: Findings from the Child Care Providers Focus Groups." Working Paper 02-1. Berkeley: Policy Analysis for California Education, University of California, Berkeley.

Jargowsky, Paul. 2003. "Stunning Progress, Hidden Problems: The Dramatic Decline of Concentrated Poverty in the 1990s." Washington, DC: The Brookings Institution.

Joint Center for Housing Studies. 2004. *The State of the Nation's Housing 2004*. Cambridge, MA: Harvard University.

———. 2006. *America's Rental Housing: Homes for a Diverse Nation*. Cambridge, MA: Harvard University.

Katz, Bruce, and Margery Austin Turner. 2000. "Who Should Run the Voucher Program? A Reform Proposal." *Housing Policy Debate* 12(2): 239–62.

———. 2007. "Rethinking U.S. Rental Housing Policy: Build on State and Local Innovations." Opportunity 08 position paper. Washington, DC: The Brookings Institution. Available at http://www.opportunity08.org/Issues/OurSociety/38/r1/Default.aspx.

Katz, Bruce, Margery Austin Turner, Karen Destorel Brown, Mary Cunningham, and Noah Sawyer. 2003. "Rethinking Local Affordable Housing Strategies: Lessons from 70 Years of Policy and Practice." Washington, DC: The Brookings Institution.

Kingsley, G. Thomas, and Kathryn L.S. Pettit. 2003. "Concentrated Poverty: A Change in Course." Neighborhood Change in Urban America Brief 2. Washington, DC: The Urban Institute.

Kupersmidt, Janis B., Pamela C. Griesler, Melissa E. DeRosier, Charlotte J. Patterson, and Paul W. Davis. 1995. "Childhood Aggression and Peer Relations in the Context of Family and Neighborhood Factors." *Child Development* 66(2): 360–75.

Love, John M., Peter Z. Schochet, and Alicia L. Meckstroth. 1996. "Are They in Any Real Danger? What Research Does—and Doesn't—Tell Us about Child Care Quality and Children's Well-Being." *Child Care Research and Policy Papers*. Princeton, NJ: Mathematica Policy Research, Inc.

Lubell, Jeffrey M., Mark Shroder, and Barry Steffen. 2003. "Work Participation and Length of Stay in HUD-Assisted Housing." *Cityscape: A Journal of Policy Development and Research* 6(2): 207–23.

Matthews, Hannah, and Danielle Ewen. 2006. "Child Care Assistance in 2005: State Cuts Continue." Washington, DC: Center for Law and Social Policy.

Meyers, Marcia K., Laura R. Peck, Elizabeth E. Davis, Ann Collins, J. Lee Kreader, Annie Georges, Roberta Weber, Deanna T. Schexnayder, Daniel G. Schroeder, and Jerry A. Olsen 2002. *The Dynamics of Child Care Subsidy Use: A Collaborative Study of Five States.* New York: National Center for Children in Poverty, Mailman School of Public Health, Columbia University.

Mills, Gregory, Daniel Gubits, Larry Orr, David Long, Judie Feins, Bulbul Kaul, Michelle Wood, Amy Jones & Associates, Cloudburst Consulting, and The QED Group. 2006. *Effects of Housing Vouchers on Welfare Families.* Washington, DC: U.S. Department of Housing and Urban Development.

Mitchell, Anne W. 2005. *Stair Steps to Quality: A Guide for States and Communities Developing Quality Rating Systems for Early Care and Education.* Alexandria, VA: United Way Success by 6.

Mohan, Erin, Grace Reef, and Mousumi Sarkar. 2006. *Breaking the Piggy Bank: Parents and the High Price of Child Care*. Arlington, VA: National Association of Child Care Resource and Referral Agencies.

Morgan, Gwen, Kim Elliott, Christine Beaudette, and Sheri Azer. 2001. "Non-Licensed Forms of Child Care in Homes: Issues and Recommendations for State Support." Boston, MA: Wheelock College Institute for Leadership and Career Initiatives. Available at http://www.nccic.org/pubs/nonlic-wheelock.pdf.

National Child Care Information Center. 2005. *Child Care and Development Fund Report of State and Territory Plans FY 2006–2007.* Washington, DC: U.S. Department of Health and Human Services, Administration on Children and Families. Available at http://nccic.acf.hhs.gov/pubs/stateplan2006-07/stateplan.pdf.

National Institute of Child Health and Human Development (NICHD) Early Child Care Research Network. 2000. "Characteristics and Quality of Child Care for Toddlers and Preschoolers." *Applied Developmental Science* 4(3): 116–41.

National Institute of Child Health and Human Development (NICHD) Early Child Care Research Network and Greg J. Duncan. 2003. "Modeling the Impacts of Child Care Quality on Children's Preschool Cognitive Development." *Child Development* 74(5): 1454–75.

Peisner-Feinberg, Ellen S., Margaret R. Burchinal, Richard M. Clifford, Mary L. Culkin, Carollee Howes, Sharon Lynn Kagan, and Noreen Yazejian. 2001. "The Relation of Preschool Child Care Quality to Children's Cognitive and Social Developmental Trajectories through Second Grade." *Child Development* 72(5): 1534–53.

Popkin, Susan J., Mary K. Cunningham, and Martha Burt. 2005. "Public Housing Transformation and the Hard-to-House." *Housing Policy Debate* 16(1): 1–24.

Porter, Toni, Rena Rice, and Elizabeth Rivera. 2006. *Assessing Quality in Family, Friend and Neighbor Care: The Child Care Assessment Tool for Relatives.* New York: Institute for a Child Care Continuum.

Rizor, Gene. 2005. "Essential Elements of Successful Mobility Counseling Programs." In *Keeping the Promise: Preserving and Enhancing Housing Mobility in the Section 8 Housing Choice Voucher Program: Final Conference Report of the Third National Conference on Housing Mobility,* edited by Philip Tegeler, Mary Cunningham, and Margery Austin Turner (79–94). Washington, DC: Poverty & Race Research Action Coalition.

Schulman, Karen, and Helen Blank. 2005. "Child Care Assistance Policies 2005: States Fail to Make Up Lost Ground, Families Continually Lack Critical Supports." National Women's Law Center issue brief. Washington, DC: National Women's Law Center.

———. 2007. *Close to Home: State Strategies to Strengthen and Support Family, Friend, and Neighbor Care*. Washington, DC: National Women's Law Center. Available at http://www.nwlc.org/pdf/CloseToHome2007.pdf.

Shonkoff, Jack P., and Deborah A. Phillips, eds. 2000. *From Neurons to Neighborhoods: The Science of Early Child Development*. National Research Council and Institute of Medicine, Committee on Integrating the Science of Early Childhood Development, Board on Children, Youth, and Families, Commission on Behavioral and Social Sciences and Education. Washington, DC: National Academies Press.

Snyder, Kathleen, Sara Bernstein, and Robin Koralek. 2006. *Parents' Perspectives: Child Care Subsidies and Moving from Welfare to Work.* Washington, DC: The Urban Institute.

Snyder, Kathleen, Patti Banghart, and Gina Adams. 2006. "Supporting Child Care Subsidy Access and Retention: Ideas from Seven Midwestern States." Center on Labor, Human Services, and Population policy brief. Washington, DC: The Urban Institute.

Stoney, Louise. 1998. *Looking into New Mirrors: Lessons for Early Childhood Finance and System-Building*. Roxbury, MA: The Horizons Initiative.

Turner, Margery Austin, and Kale Williams. 1998. *Housing Mobility: Realizing the Promise.* Washington, DC: The Urban Institute.

Turner, Margery Austin, Susan J. Popkin, and Mary Cunningham. 2000. *Section 8 Mobility and Neighborhood Health.* Washington, DC: The Urban Institute.

Turner, Margery Austin, Susan J. Popkin, and Lynette Rawlings. Forthcoming. *The Legacy of Discrimination and Segregation: Implications for Transforming Public Housing*. Washington, DC: The Urban Institute.

U.S. Department of Health and Human Services. Administration for Children and Families. 1998. "Child Care and Development Fund Final Rule." *Federal Register* 60(142): 39935–998.

———. Child Care Bureau. 2006. "FFY 2005 CCDF Data Tables: Preliminary Estimates." Washington, DC: U.S. Department of Health and Human Services. Available at http://www.acf.hhs.gov/programs/ccb/data/ccdf_data/05acf800/2005_preliminary.pdf.

U.S. General Accounting Office. 2002. *Child Care: States Exercise Flexibility in Setting Reimbursement Rates and Providing Access for Low-Income Children*. GAO-02-894. Washington, DC: U.S. General Accounting Office.

Vandell, Deborah Lowe, and Barbara Wolfe. 2000. "Child Care Quality: Does It Matter and Does It Need to Be Improved?" Madison: Institute for Research on Poverty, University of Wisconsin.

Whitebook, Marcy, Carollee Howes, and Deborah Phillips. 1990. *Who Cares? Child Care Teachers and the Quality of Care in America.* Oakland, CA: Child Care Employee Project.

ABOUT THE AUTHORS

Margery Austin Turner is the director of the Urban Institute's Metropolitan Housing and Communities Center and a nationally recognized expert on urban policy and neighborhood issues. Much of her current work focuses on the Washington metropolitan area, investigating conditions and trends in neighborhoods across the region.

Gina Adams is a senior research associate in the Urban Institute's Center on Labor, Human Services, and Population, where she is responsible for directing research on child care and early education. Her research efforts focus on policies and programs that affect the affordability, quality, and supply of child care and early education, as well as on the child care arrangements of families.

Monica Rohacek is a research associate in the Urban Institute's Center on Labor, Human Services, and Population. Her research focus includes the supply, demand, and costs of early care and education; child care workforce issues; the child care subsidy system; and the evaluation of related public policies.

Lauren Eyster is a research associate in the Urban Institute's Center on Labor, Human Services, and Population. She studies policies and programs affecting American workers and their families, namely workforce development, welfare, child welfare, and child care issues.