

‘Work-fare’ and Child Care: A Synthetic
Instrumental Variables Analysis of Child Care
Subsidies, Welfare Program Participation, and
Labor Market Outcomes of Low-Income Parents

by

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Abstract

Inability to access quality and affordable child care represents a barrier to employment for many parents, but for low-income parents of young children, it can also be a barrier to compliance with the work requirements affiliated with most forms of public assistance in the United States. Though prior research remains unclear on whether welfare work requirements effectively increase economic self-sufficiency or functionally disqualify especially vulnerable individuals, subsidies for child care have been widely viewed as a way to enable parents to engage in employment and qualifying “Welfare-to-work” program activities. In this paper, I investigate the impacts of these subsidies on parental labor supply decisions and welfare program participation. I also attempt to examine the ways in which accessible childcare alters the screening effects of welfare work requirements, and whether the presence of accessible childcare reduces the disincentives to work inherent to receipt of welfare benefits. Using the Supplemental Nutrition Access Program as my program of interest, I leverage the 2014 reauthorization of the Child Care Development Block Grant and accompanying nationwide changes to eligibility requirements and recertification periods. Via a simulated instrumental variables method, I estimate near-zero effects of altering subsidy program generosity on employment or income and small but significant positive effects upon SNAP uptake among families predicted to be SNAP-eligible by household income amount.