Designing Subsidy Systems to Meet the Needs of Families

An Overview of Policy Research Findings

GINA ADAMS

KATHLEEN SNYDER

PATTI BANGHART

AND THE URBAN INSTITUTE

CHILD CARE RESEARCH TEAM

THE URBAN INSTITUTE

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Executive Summary

Child care subsidies funded by the Child Care and Development Fund (CCDF) and Temporary Assistance to Needy Families (TANF) can play a critical role in supporting low-income families' efforts to become stably employed, and in helping parents access stable, safe child care settings for their children. Yet research has found that some subsidy policies and practices can inadvertently make it challenging for families to receive and keep subsidies as they work toward self-sufficiency.

In recent years, state and local subsidy agencies have been redesigning their subsidy policies to better meet the needs of the families they serve, and to create more efficient and fiscally responsible systems. In many ways, these strategies reflect states' growing understanding of the dynamic nature of low-income families' lives and of the challenges they face as they move toward stable employment. This report synthesizes findings from a number of different sources—primarily from research conducted by the Urban Institute, but also research from other organizations—to lay out a number of key strategy and policy options states have been implementing to help eligible families access and retain subsidies. Given that this research base does not generally evaluate or assess the impact of these strategies for families, however, the policies described in this paper should be seen as promising ideas worth further exploration.

The key strategies that state and local subsidy agencies have developed fall into three general categories, which are laid out below.

Overarching Strategies that Support Families in Each Interaction

The first set of strategies includes those that affect families at every stage of their interactions with subsidy agencies.

Link Subsidies to Other Social Service Programs

Many low-income working families participate in multiple social service programs, including TANF, food stamps, and Medicaid. If these programs are not coordinated, low-income working parents can face duplicative reporting requirements, and agencies can have inefficient and duplicative administrative processes. Subsidy administrators have developed several strategies that link systems and that appear to reduce parent burden and increasing program efficiency. These strategies include those that

- take a comprehensive approach to aligning systems,
- integrate or link computer systems across programs,
- combine or coordinate worker responsibilities across programs, and
- link or coordinate programs at particular stages of the subsidy process (such as application, redetermination, and reporting of interim changes in circumstances).

Improve Customer Service Practices

Research suggests that how services are delivered can affect whether eligible families obtain and retain subsidies. Issues such as whether parents can easily contact caseworkers, whether they have to take time off work to meet with staff, and whether program rules are understandable can not only make life easier or more difficult for parents, but also actually affect whether they are able to retain their subsidies or lose them inadvertently. Subsidy agencies are taking several steps to improve customer service. These strategies include those that

- make subsidy rules and policies understandable,
- require local subsidy agencies to have customer service plans,
- ensure that language and literacy levels are not barriers to families with limited English proficiency,
- conduct customer service surveys,
- reduce or eliminate in-person visit requirements,
- make it easier to get information to the subsidy agency or to contact staff, and
- improve computer systems and other technological infrastructure.

Strategies Focused on Simplifying Application and Redetermination

There are also a host of strategies that focus on the two major steps that parents must take to get subsidies and to keep them—namely, initial application and eligibility redetermination.

Simplify the Application Process

The simplicity or complexity of the initial application process can significantly affect whether eligible families that need and want assistance are able to receive it. States can simplify the initial application process by taking steps that

- make applications easier to access,
- make applications easier to fill out and submit, and
- address the timeliness of eligibility processing.

Simplify the Redetermination Process

Eligible families are only authorized to receive subsidies for a limited time, after which they must prove again that they are eligible for their subsidies to continue. Research suggests that many families lose their subsidies at this step, and that some families that lose subsidies are still eligible for assistance. As a result, states are taking steps to simplify redetermination. These strategies include those that

- lengthen the authorization period,
- make it easier for parents to remember to recertify,
- make it easier for parents to get information to the agency,
- simplify what information parents have to report for recertification, and
- give parents an extra chance before termination.

Strategies Focused on Supporting Families through Changing Circumstances

Low-income families can experience dynamic changes in their lives—such as losing a job, changing household composition, changing work hours, and so forth. Depending on state and local subsidy agency policies and practices, changes along such dimensions as these may affect a family's eligibility for the subsidy, or can change the amount of subsidy the family is able to receive. As a result, one of the most challenging issues for states is to identify ways to support families through these changes, while simultaneously ensuring that subsidy levels are appropriate and that improper payments are kept to a minimum. State efforts to smooth this dynamic process fall into two broad areas, which are described below.

Simplify Requirements for Reporting Changes before Recertification

The first set of strategies concerns interim reporting requirements, which are how states keep track of changes in family circumstances in between recertification dates. Strategies in this area include those that

- simplify what needs to be reported,
- make it easier for families to report,
- identify alternative ways of getting information on changes in family circumstances, and
- only adjust subsidies with some changes that are reported.

Minimize Inadvertent Termination of Subsidies from Temporary Changes in Circumstances

The second set of strategies is built on recognizing that low-income families can have turbulent lives. As a result, states have identified ways to help subsidies support these families through such changes rather than terminating or adjusting the subsidy with each change. This allows subsidies to potentially function more as a critical work support or safety net. They include strategies that

- provide subsidies during gaps in employment,
- stabilize subsidies through short-term increases in income,
- assist parents with fluctuating or nontraditional work schedules,

- suspend payments but retain eligibility through predictable periods of ineligibility,
- simplify the process of retaining subsidies when changing eligibility categories (i.e., leaving TANF, leaving transitional priority status, or leaving the county),
- delay or suspend copayments, and
- address the unique needs of migrant families.

While some of these strategies present state and local administrators with tough trade-offs between various program goals (lowering parent burden, lowering administrative costs, and keeping improper payments down), several of them seem to provide "win-win" situations that benefit states along multiple dimensions. As a result, these strategies appear promising for helping states improve their systems, better meet their goals, and better support families and children.

Introduction

Low-income families can face numerous challenges as they work toward stable and gainful employment. Child care subsidies are designed to help them overcome one major barrier they face—affording child care for their children—as they seek to become or remain employed. Research suggests that subsidies can play an important role in this effort, as subsidy use is associated with higher rates of employment and better employment outcomes (Schaefer, Kreader, and Collins 2006). As such, child care subsidies—mostly funded through the federal Child Care and Development Fund (CCDF) with related state funds, and funds that states allocate from their Temporary Assistance for Needy Families (TANF) programs—are a key public investment in a safety net for America's working families, and for families moving from welfare to work. (Appendix A includes a description of the CCDF and some of its key provisions.)

As highlighted in previous Urban Institute studies, however, despite the importance of subsidies for low-income families, only some families that are eligible for services receive assistance. This disparity results from a number of factors, including insufficient funding in some states to serve all families that want services, as well as some families not wanting or needing assistance. Yet it appears that even when funds are available, some eligible families that want subsidies do not receive them, families that do receive them often stay on subsidies for relatively short periods, and some families that do not stay in the program appear to remain eligible even after they leave (Collins et al. 2000; Meyers et al. 2002; Grobe, Weber, and Davis 2006). While again multiple factors likely contribute to these patterns, research suggests that subsidy policies and practices can contribute to whether some eligible families receive subsidies in the first place, as well as whether eligible families that receive subsidies are able to retain them over time (Adams, Snyder, and Sandfort 2002; Shlay et al. 2002). These include policies and practices in areas such as what families must do to apply for subsidies, to recertify their eligibility, and to report changes in circumstances that may alter their eligibility, as well as how often families must take these steps; how easy or difficult their interactions are with the subsidy agency (Adams et al. 2002); and how agencies define eligibility when families experience changes in their circumstances (Snyder, Banghart, and Adams 2006).

The growing understanding of the importance of these issues has led states and localities to focus more on identifying ways to improve their services and design their programs to make it both easier for eligible families to receive services in the first place and to keep them once they receive them (see, for example, Snyder, Banghart et al. 2006). In addition to making processes easier for parents, several strategies appear to help administrators meet other critical program goals, such as reducing staff workload, keeping program costs down, and reducing improper payments (Snyder, Banghart et al. 2006). Some strategies that better support parents—for example, decreasing paperwork, simplifying interactions with parents, reducing inadvertent terminations or needless churning of clients—can also minimize unnecessary procedures that result in administrative costs.

Finally, strategies that help subsidized families retain subsidies also seem likely to affect CCDF program goals to support child development. While low-income families on subsidies may change providers while in the system (Grobe et al. 2006), inadvertent terminations of subsidies can mean at least some children experience disruptions in their care arrangements that would not have otherwise occurred. Given the central role that having a stable relationship with a loving caregiver has on a child's well-being, minimizing those disruptions is clearly important for child development goals as well.

What Is In This Report

This paper synthesizes research and information collected from a range of sources, and it focuses on strategies that state (and local) subsidy agencies have been developing in recent years to better support parents through the subsidy process. Most of the research presented here comes from Urban Institute (UI) studies focusing on policies affecting subsidy access and retention overall (e.g., Adams et al. 2002; Snyder, Banghart et al. 2006), as well as an intensive multiple-report examination of the interconnections between the child care subsidy system and the system(s) involved in helping families move from welfare to work through TANF (see, for example, Holcomb et al. 2006; Adams et al. 2006; Adams, Koralek, and Martinson 2006; and Snyder, Bernstein, and Koralek 2006). These various projects were supported by a number of funders, including the Joyce Foundation, the John T. and Catherine D. MacArthur Foundation, and the Child Care Bureau at the U.S. Department of Health and Human Services. The paper also includes information gathered by UI staff from conversations and meetings with state child care administrators in the past five years. Finally, these findings are supplemented by recent work of other research organizations focusing particularly on the needs of families with limited English proficiency (LEP) and immigrant families (U.S. Government Accountability Office [GAO] 2006; Matthews and Jang 2007).

The rest of the report is in three sections. First, a brief description of some contextual factors that shape the issues described here—in particular, some of the realities facing

low-income working families that can affect their ability to meet agency requirements for subsidies, and the challenges that these realities create for subsidy agencies. Second, a description of the strategies states are developing to redesign their systems to better reflect these realities—in particular, strategies that improve overall service delivery (such as linking systems and improving customer service), strategies that simplify application and redetermination, and strategies designed to support families through change (such as how parents are required to report interim changes in their circumstances, and how states handle short-term changes in circumstances that can affect subsidy levels). Third, a concluding summary of key themes and a discussion of their implications.

While these findings provide a useful overview of the various strategies states and localities are implementing in this area, two important caveats to should be kept in mind. First, most of these studies identified promising strategies by talking with state administrators or experts and did not actually assess the *impact* of these strategies or their implementation for parents and caseworkers. This is critical, as research has demonstrated repeatedly that strategies can have very different impacts than planned depending on their implementation. Also, these studies did not comprehensively survey all states on these issues. As a result, these studies do not list all states involved in these strategies or all strategies states are undertaking nationwide in this area. The discussion should be seen as a presentation of interesting strategies worth further exploration rather than either definitive recommendations or a comprehensive list of all possible strategies.

Understanding the Context

Before presenting the strategies states have developed, it is important to understand the context that subsidy programs operate within. This section briefly describes some of the realities facing low-income families, as well as the implications of these patterns for subsidy agencies as they work to design programs that reflect these realities.

The Realities Facing Many Low-Income Families

It is useful to understand some of the complexities and challenges low-income families face when considering how to best design subsidy systems to be most effective for them. Some key issues are laid out below.

Low-Income Families May Be Involved in Several Different Social Benefit Programs

Research suggests that a high proportion of families nationwide that report receiving child care assistance also report receiving other benefits such as food stamps, Medicaid, or the State Children's Health Insurance Program, also known as SCHIP (Zedlewski et al. 2006). For example, some state administrators reported to UI researchers that significant proportions of their child care caseload participated in food stamps. In addition, though many CCDF recipients do not receive TANF, there are close ties between the TANF program and child care subsidies. Families participating in TANF welfare-to-work activities receive high priority for subsidy receipt in most states (Holcomb et al. 2006), meaning TANF policies and programs can have a major impact on subsidy use.

As a result, the administrative requirements of the subsidy program do not operate in isolation in the lives of low-income families. Instead, child care is likely to be one of

several systems requiring families to comply with similar requirements. It is important to assess the cumulative impact of these requirements across programs when working to reduce parental burden and lower barriers to accessing services. Federal law allows states flexibility to align the rules, policies, and procedures for core benefit programs, including child care subsidies, to better serve working families and ease states' administrative burdens. For example, rules and policies governing eligibility can be coordinated, paperwork and office visit requirements can be streamlined, and information gathered for one program can be used for another (Parrott and Dean 2004).

Low-Income Families Are Likely to Face Particular Challenges that Can Present Barriers to Complying with Subsidy Regulations

Low-income families can face a host of challenges that can make meeting the requirements of subsidy programs difficult. These include the following six issues:

- *Inability to take time off work to deal with agency requirements:* One challenge reported by many low-income parents is that they are unable to take time off from work to deal with agency requirements (Adams et al. 2002). In 2002, for example, less than half (46 percent) of working parents with family incomes below the poverty level had access to any paid leave, and only 61 percent of working parents with incomes between 100 and 200 percent of the poverty level had such leave (Ross Phillips 2004). Parents also may have relatively few breaks during the day in which they can call the agency, so having to call back repeatedly or be put on hold can be particularly challenging if parents need to resolve a problem.

- *Lack of knowledge or misinformation about public programs:* A number of studies have found that low-income parents have misapprehensions or misunderstandings about the subsidy program. For example, in a study of child care subsidy–eligible families, Shlay and colleagues (2004) find that up to 50 percent of respondents who are not using subsidies incorrectly believe that they are ineligible because of confusion and misperceptions about subsidy regulations. Urban Institute researchers find similar confusion in focus groups with families receiving child care subsidies and TANF and with subsidized families that have recently left TANF (Snyder, Banghart et al. 2006). The Government Accountability Office finds immigrant families are similarly confused (GAO 2006). This underscores the importance of keeping program regulations simple, as well as reaching out to ensure that families correctly understand the rules.

- *Literacy and education barriers*: Low-income families are more likely to face literacy challenges and challenges associated with lower levels of education than are other families. For example, in 2003, 59 percent of full-time employed adults with "below basic" literacy levels had weekly gross incomes of $500 or less, compared with 2–3

percent of those with weekly gross incomes above $1,950 (Kutner et al. 2007). And recent surveys of welfare recipients in six sites find that 40 percent of recipients have not completed high school or received a general equivalency diploma (Zedlewski, Holcomb, and Loprest 2007). These facts highlight the importance of ensuring that program materials are simple and able to be read by families with limited literacy skills, as well as the importance of verbal communication with families.

- *Language barriers*: Low-income families are more likely to face language barriers. For example, in 1998, 55.4 percent of parents with children in kindergarten and with family incomes under the poverty level were limited English proficient. Among families with incomes between 100 and 200 percent of the poverty level, 32 percent of parents with kindergarten children were LEP (GAO 2006). Not surprisingly, this problem is particularly common among families with foreign-born parents: in 2000, 58 percent of children under age 6 with immigrant parents had at least one parent who was LEP. And almost one-third (32 percent) of all children of immigrants under age 6 live in households in which *all* persons over age 14 are LEP or "linguistically isolated" (Capps et al. 2004). A recent GAO report finds that LEP parents faced a variety of difficulties in accessing federally funded child care and early education programs (GAO 2006). These challenges include parents being unaware that their children are eligible for federal child care subsidies or of the programs themselves, and obstacles during the application process because of a lack of translated applications or bilingual staff. Further, some LEP families face additional challenges associated with lower levels of literacy. As a result, experts suggest that strategies that rely on verbal communication and one-on-one relationships can be particularly effective with LEP families (Matthews and Jang 2007; GAO 2006).

- *Barriers related to immigration status:* Many children born to immigrant parents are citizens and thus are eligible for CCDF if their parents meet the other eligibility requirements (Matthews and Jang 2007). Agency confusion about this issue, however, as well as parental fears about whether contacting public agencies will lead to the deportation of household members (and other misapprehensions), can limit parents' willingness to interact with public agencies (GAO 2006; Matthews and Jang 2007) and can frighten them off while in the process. Experts suggest that agencies should consciously reach out to immigrant families and reassure them on these issues, as well as work with and through local community organizations that may be more trusted by immigrant families.

- *Computer access:* Many low-income families do not have access to a home computer, meaning they are less likely to be able to use Internet options to deal with agency requirements. In 2004, for example, only 41 percent of individuals with annual family incomes below $30,000 used the Internet, compared with 89 percent of individuals with annual family incomes above $75,000 (Martin and Robinson 2007). Still, administrators and others have suggested that making online systems more

available can help low-income parents, as such approaches can make it easier for providers and other community service agencies to help families navigate the system.

Low-Income Families Can Face Particularly Dynamic Employment and Personal Patterns that Can Challenge Tightly Calibrated Subsidy Systems

Child care subsidies are unusual among social benefit programs as both eligibility and subsidy levels depend on a large number of factors (Adams et al. 2002). For example, a parent's subsidy level and eligibility can change if she or he experiences a change in any of the following factors: number of work hours, work schedule, work status, income, household characteristics and composition, child care provider, age of child, residence, and others. Unfortunately, low-income families can experience significant number of changes in many of these parameters.

- *Job dynamics and layoffs*: Low-income families may face particularly dynamic job situations. For example, one study of young mothers receiving welfare study finds that nearly 45 percent of job spells end within four months, and more than 75 percent end within one year (Rangarajan, Schochet, and Chu 1998). Another study finds that over a 10-year period, women on welfare hold an average of 6.5 jobs (Hershey and Pavetti 1997). Further, Rangarajan and colleagues (1998) find that while nearly 30 percent of mothers on welfare facing a nonemployment spell find other employment within three months, 40 percent do not find new jobs within a year.

  In addition, TANF families moving from welfare to work can face particularly turbulent patterns in their work activities. Families may move from one type of activity to another, with small breaks in between, and the length of their activities can range from a few weeks to a few months (Adams, Holcomb et al. 2006).

- *Challenging work schedules:* A significant proportion of American workers has nonstandard work schedules. For example, workers with nontraditional hours and changing work hours are a large part of the low-wage workforce. Nationally, only 29 percent of Americans work during what most consider the standard schedule of 35–40 hours over five days a week (Presser 2003). Further, the incidence of nontraditional or fluctuating work schedules is particularly high among the workforce most likely to need child care assistance—that is, low-wage workers, single mothers, and families with young children. A national study of former welfare recipients finds that more than 25 percent work night shifts (Loprest 1999); another study of welfare leavers in three cities finds that one-third work nonstandard hours or changing schedules (Rangarajan et al. 1998). Another study finds that 11 percent

of service occupation workers work irregular, rotating, or split shifts (Acs and Loprest 2005). Additionally, some child care subsidy administrators have discussed that many subsidized parents in their states or localities have variable or nontraditional work schedules: one state respondent estimated that in one of the state's largest counties, as many of 77 percent of families receiving child care subsidies had fluctuating work hours. Finally, some workers work multiple jobs: in 1997, almost 8 percent of employed Americans age 18 and older had more than one paid job, with 21 percent of these multiple jobholders working evening shifts or varying hours and 33 percent working during the weekend (Presser 2003).

- *Mobility across households and geographical areas:* Finally, low-income families are fairly likely to move from where they live. For example, a study of welfare stayers and leavers finds that 36 percent of stayers with housing assistance moved in the past year, along with 48 percent of those without housing assistance; the numbers for welfare leavers are even higher, at 54 percent of those with housing assistance and 46 percent of those without assistance (Zedlewski 2002).

In addition to these particular patterns, low-income families face fluctuations experienced by all families, such as semester and summer breaks for parents who are in school, job patterns that include predictable breaks in employment (again, such as individuals working for schools using academic calendars, etc.), short-term spikes in income from seasonal work or overtime (for example, during the Christmas holiday season), children going away to visit family, children who may change residences periodically because of shared custody arrangements, and so forth.

Some Families Face Greater Combinations of Challenges for Subsidy Access and Retention

As has been implied in the above discussion, some low-income working families—in particular, families on TANF and immigrant or LEP families—may face particular combinations of these factors, and thus face even greater challenges to participating in subsidy systems. Yet, both these groups are of particular interest and concern to policymakers.

- *Families on TANF:* As mentioned above, families on TANF that are moving from welfare to work are more likely to have dynamic work situations, including a number of short-term activities with changing schedules and work hours. TANF families also are likely to face additional barriers, including lower levels of education, greater likelihoods of mental and physical health problems, children with special needs, and so forth (Zedlewski et al. 2007). These barriers all present challenges for child care subsidy access and retention. The recent changes to the welfare program under the Deficit Reduction Act, however, provide states with even

greater incentives to assist these "hard-to-employ" families in moving from welfare to work (Zedlewski et al. 2007), meaning subsidy administrators and TANF administrators must ensure that subsidy systems are accessible to them and recognize their unique needs.

- *Immigrant and LEP families*: Again, as described above, immigrant and LEP families are likely to face particularly challenging barriers to subsidy use. In addition to language barriers, these include low literacy, fear of interacting with agencies because of immigrant status, lack of familiarity with public systems, fluctuations in work and income, and others (Matthews and Jang 2007). Yet there is also growing concern that children of immigrants or LEP children are the least likely to access child care and early education programming even though they may particularly benefit from quality services (GAO 2006). This concern is motivating some policymakers to develop strategies to support immigrant and LEP children's involvement in subsidies and other early childhood programs.

The Resulting Challenge for Subsidy Agencies

The family contextual factors described above present unique challenges for subsidy administrators. As mentioned previously, subsidies are unusual in how closely the benefit eligibility and level is tied to several circumstances in parents' lives. As a result, state agencies have traditionally faced a challenge of determining how tightly to calibrate the subsidy to family circumstances. Linking subsidies too tightly to each change in family circumstance can mean parents have to report every change and caseworkers have to constantly adjust subsidy levels and eligibility. This can overburden both parents and caseworkers, result in parent failure to report changes and increased errors, and generate situations where subsidies are terminated when the agency's goal of supporting work might be better supported by continuing them for short periods.

Still, subsidy administrators must ensure that they run programs with financial integrity and that they are accountable for how they use their finite subsidy funds. The challenge they face is to find the right balance, because if administrators do not ensure that subsidy levels are set at the appropriate levels, or define eligibility appropriately, they run the risk of improper payments and parent penalties. While states have significant flexibility, they are subject to a disallowance of any federal funds spent on ineligible children or families. For more information in improper payments, see box 1.

Box 1. Improper Payments

One important issue facing state administrators when considering policies to support access and retention is the impact of policies on improper payments. Administrators obviously must work to spend their resources appropriately and ensure that money is going to eligible families—and that subsidy levels are appropriate (i.e., parents pay the appropriate share of child care costs, for the appropriate periods, and so on). Failure to ensure that funds are spend on eligible children and families can result in a disallowance of any federal funds spent on their behalf. Not surprisingly, many respondents noted a reluctance to have policies that might create opportunities for more improper payments to occur.

Discussions with respondents in the Urban Institute's study of seven midwestern states indicated that agencies are concerned with several different types of improper payments:

- improper payment because of agency error (e.g., the agency does not receive the proper documentation or makes an error in calculating eligibility or payment)
- improper payment because the parent or provider unintentionally makes an error that is not caught (e.g., the parent makes an error in reporting information because he or she does not understand program rules)
- conscious fraud on the part of the parent or provider (e.g., where the parent or provider purposely tries to receive payments for care that he or she knows the parent is not eligible for)
- conscious fraud on the part of the agency

In thinking about improper payments, it is important to recognize that, by federal definition, an improper payment is one made in a way that is inconsistent with state or federal policy around eligibility or payment. In some situations, states may be significantly consistent in what they consider an improper payment—such as conscious fraud on the part of the parent or provider. But in those areas where a payment is "improper" because it is contrary to state policy, states could vary widely in what they consider an improper payment. Take, for example, a parent who had lost her job and used a subsidy for three weeks of job search. This would be considered an improper payment in a state that allowed only two weeks of job search, and a proper payment in a state that allowed subsidies for one month of job search. As a result, states have a significant amount of control over what is considered proper or improper payment through their policy parameters and eligibility definitions.

Improper payment issues were in the minds of the administrators we talked to, though sometimes constraints—such as limited staff time and money and computer systems that do not allow for easy tracking of this information—put a damper on agencies' abilities to focus on these issues. As a result, state and local agencies in our study varied in whether they had systems in place to minimize improper payments and deal with the repercussions when improper payments occurred. (The Child Care Bureau's Measuring Improper Payment Project also found variation in how states address errors [Child Care Bureau 2004].) But the study states had developed several different policies and strategies related to improper payments:

- *Minimizing improper payments:* Respondents to the UI seven-state study (Snyder, Banghart et al. 2006) noted having such measures in place as case reviews to ensure all eligibility documentation is in order, referring potential fraud cases to appropriate individuals for further investigation, or having a monitoring specialist who focuses on these issues. Some respondents also pointed to policies such as in-person visit requirements, shorter recertification periods, and documentation requirements as ways to minimize fraud, though respondents didn't always agree about whether these strategies were effective. Also, depending on how they are implemented, some of these strategies can increase parent burden and create inadvertent barriers to access and

retention.

- *Collecting overpayments:* It also seemed common to have a policy allowing the collection of overpayments from the parent or provider. It is unclear, however, how often overpayments were collected in practice, as some respondents noted that their agencies did not have the time or money to pursue overpayments. Respondents also pointed out the difficulties of having to collect money from low-income parents. One respondent noted: "You can't get blood from a turnip. You say you can do that, but it's fruitless." In addition to these procedures, one state had requirements in its contracts with local agencies that local agency could have to reimburse the state for payments made in error if the agency found on review that documentation proving eligibility was not in order.
- *"Redefining" policies:* Some states identified policies that were inadvertently contributing to improper payments and chose to redefine the policies to address the problem. For example, states had flexibility in how they defined many basic eligibility parameters (i.e., how they measured income, how they defined work or work-related activities). Some respondents chose to redefine their policy about who was eligible to better support access and retention. This can be seen in a later section of this report that discusses state strategies to allow parents to not report certain changes (such as a change in hours or income) in between recertifications, thereby allowing parents to keep their subsidy at the same level even though they may experience a change that would normally alter their authorization level or parent fee. By redefining this policy, a parent experiencing a change before reauthorization would no longer be considered a recipient of improper payments.

Although focusing on improper payments can ensure that money is going to eligible families, one respondent noted that there is a fine line between regulating improper payments and creating systems that are too burdensome for parents. She believed that if agencies stress that caseworkers be overly diligent on avoiding fraud, then they will see their job as more to keep people off the program than to help parents access it. It is also unclear whether a strong focus on minimizing improper payments is cost effective, as it appears that some policies—such as shorter recertification periods, close monitoring of changes, and collecting overpayments—can significantly increase administrative burden and staff costs. These issues are worth further examination.

The rest of this paper describes how state and local administrators are identifying ways to better serve families and children while also reducing administrative burden and controlling (and in some cases lowering) the incidence of improper payments.

Redesigning Subsidy Systems to Better Meet the Needs of Working Families

A number of subsidy agencies at the state and local level nationwide are redesigning their subsidy systems to better meet the needs of working families. Several of these strategies appear to help agencies meet multiple goals: in addition to reducing parent burden, some strategies reportedly lower administrative burden, improve administrative efficiency, and reduce improper payments (Snyder, Banghart et al. 2006). As noted earlier, however, most previous studies analyzing these strategies did not examine their impact or assess their implementation. As a result, the discussion below should be seen as highlighting some interesting strategies worth further exploration.

The strategies noted by states fall into three general types, each of which is discussed on subsequent pages:

1. *Overarching strategies:* These strategies can affect every interaction a parent has with the state. The two general kinds of strategies discussed here are those linking social service programs and systems, and those improving customer service.

2. *Strategies focused on particular steps in the process:* These strategies include those designed to simplify application and those designed to simplify redetermination or recertification.

3. *Strategies focused on supporting families through change:* These strategies focus on states running fiscally sound systems while managing subsidies through the dynamic life changes that low-income families can experience, such as changes in job status or household composition.

Some states are redesigning their systems comprehensively and are taking steps in many of these areas. Details on the comprehensive redesign of one state's system—Pennsylvania's—are included in appendix B.

Overarching Approaches

In working to simplify and streamline their processes, and to provide better services to families, states have been undertaking policy initiatives in two areas that affect every stage of the subsidy process. The first of these involves strategies linking subsidies with other social service systems that can affect low-income families. The second involves strategies to improve customer service. Effective strategies in each of these areas can provide an essential foundation for service delivery.

Link Subsidies to Other Social Service Programs

National research suggests that many families that report receiving child care assistance also report receiving other benefits such as Food Stamps, Medicaid, or SCHIP (Zedlewski et al. 2006). As a result, some states have been working to streamline or coordinate their policies and service delivery across systems, both to ease parent burden and to lower overall administrative burden (Parrott and Dean 2004).

These efforts vary widely along several dimensions. For example, they vary in which systems they are bringing together: some have focused on child care and TANF, others have worked to bring together a broader range of systems, including child care, TANF, Food Stamps, and Medicaid or SCHIP. Some states have chosen to focus on coordinating their Food Stamps and child care programs, as they found a significant overlap between these two caseloads. The efforts also vary in the kinds of strategies states have employed: some have focused on systemwide approaches, some on structural approaches (such as linking computer systems across programs or combining worker responsibilities across programs), and some on linking systems within particular steps in the subsidy process (such as creating combined applications or synchronizing review dates for multiple programs). And, some have pursued a combination of these approaches. These strategies are discussed below.

Generally, subsidy administrators felt that these strategies were positive and resulted in long-term benefits for parents and staff, as well as reducing improper payments. However, some strategies (such as creating a linked computer system or changing worker requirements) required a major shift in how agencies worked—and, as such, are probably more costly to implement, at least in the short term. Also, these changes clearly need to be designed and implemented carefully—including identifying which links are most needed in any particular state (which needs to reflect, among other things, the characteristics of caseloads of different programs to identify overlap) and how to best address the state's needs in the process.

Below we highlight four strategic areas that states have focused on when trying to link systems.

Take a comprehensive approach to aligning systems

A few states—notably Nebraska, Oregon, Connecticut, and Pennsylvania—reported taking a systemic view toward aligning child care subsidies with at least one (and, in some cases, several) other major low-income benefit system. These efforts often involved creating task forces or teams from multiple programs, either to revamp the overall system or to address specific aspects of programs. State efforts included conducting cross-system reviews of policies and practices in each system, coordinating computer systems, linking processes at particular stages of the process, convening meetings of senior staff across programs with proposed policy changes, and others.

Link computer systems

A number of states were working toward linking child care subsidy computer systems with other social service computer systems such as TANF and Food Stamps so workers could access information from the other programs. Some states (including Illinois, Wisconsin, and Pennsylvania) had computer systems that integrated information from child care with information from one or more other programs, while other states (Michigan, Minnesota, and Ohio) were in the process of developing such systems at the time UI research was conducted.[1] Other states—such as Michigan, Minnesota, Connecticut, Louisiana, and Oregon—had staff that could access multiple unlinked computer systems. This access allowed staff to check other systems for program participation or current information about particular clients. These strategies were seen as having clear benefits for parents (who only have to report their information once) and for the agencies in both reduced workload and fewer improper payments.[2] Respondents also noted, however, that developing integrated systems could be costly and difficult, though "worth every penny."

Combine worker responsibilities

Some states also discussed different approaches to combining worker responsibilities across programs. For example, some states have combined a broad range of programs in a single caseworker (for example, Michigan), and other states have combined case management for welfare-to-work activities and child care subsidies for their clients (Adams, Holcomb et al. 2006). Some states take this approach statewide, others in a few localities. There appear to be trade-offs to this approach: while it could be beneficial for parents and could limit improper payments, efficiency and program knowledge could decrease depending on caseload size and staff training (Adams et al. 2006).

Link programs at particular stages in the subsidy process

States also were working to coordinate programs at particular stages in the subsidy process (i.e., during application, recertification, and interim reporting); these efforts are described in greater detail in the relevant sections later in this report.

Improve Customer Service Practices

Research indicates that how services are delivered—such as whether in-person visits are required, how easy or difficult it is to contact staff, how parents are treated by staff, and so forth—may affect whether eligible parents that want and need subsidies are able to receive them, as well as whether families can keep subsidies as they move through various transitions in their lives (Adams et al. 2002). As described earlier, low-income parents can face several challenges in their lives that can make customer service strategies particularly critical: literacy and language barriers, fear of public agencies, lack of familiarity with how public systems work, transportation barriers, lack of leave time to contact or visit local agencies, lack of computer access, and others. These additional challenges can give seemingly minor annoyances—such as being put on hold for a long time when trying to contact a caseworker—major consequences, such as parents losing subsidies.

As a result, subsidy agencies around the country are working to improve their customer service practices and to make services more customer friendly. While some of these issues are under the control of state agencies, others depend on local office policies and practices since the level of customer service ultimately comes down to the interactions between parents and their individual workers. As a result, beyond determining in-person visit policies and administrative structures, state agencies' role in influencing these issues can sometimes be less clear and can depend on states' administrative and governance structures. State subsidy agencies varied somewhat in how they approached these issues: some changed policies at the state level, some required localities to improve local customer service practices, and others provided incentives or guidance.

Below we highlight seven key strategies states used to improve customer service. Generally, these strategies improve the overall accessibility of services through various mechanisms; strategies that focus only on a particular stage in the process are discussed later in this paper. For the most part, these strategies seemed potentially beneficial for parents, many reduced administrative burden, and most did not seem to increase the likelihood of improper payments.

Make subsidy policies and practices more understandable to customers

One issue that can affect whether parents successfully navigate the subsidy system is whether they understand the rules and expectations. Complex policies can be challenging for anyone to navigate, but they can present particular barriers to families with low literacy or education levels, limited English proficiency, or no experience with public agencies and processes. Complex regulations and policies also create more opportunities for inadvertent errors. Because of concerns such as these, Pennsylvania revised its child care eligibility regulations in July 2005 and rewrote the state regulations to be more user-friendly for parents. The state especially worked on the wording used so parents and workers could understand how the system worked and what they were responsible for. Pennsylvania also developed a handbook of rights and responsibilities that workers provided to clients at their face-to-face meeting.

In addition, particular issues need to be simplified and made more clear surrounding children of immigrants. Specifically, eligibility for CCDF is based on the child's immigration status, not the parent's. Given that most children of immigrants are citizens, this means immigrant parents who meet the other eligibility criteria will be able to qualify for subsidies. Making this eligibility clear on CCDF materials is important to clarify this common misunderstanding (Matthews and Jang 2007).

Require local agencies to have customer service plans

General customer service issues can be challenging for state agencies to influence because they can be locally driven (Adams et al. 2002). One method used by a few states—including Ohio, Indiana, and Minnesota—was to require local agencies to focus on these issues and to provide information to the state agency about their customer service practices. For example, the state agency in Illinois, which had contracts with local subsidy agencies, had performance measures (such as returning phone calls within 24 hours) in the subsidy management contract. In addition, both Indiana and Minnesota required local agencies to provide information on how they would meet the needs of families with language barriers. While these efforts generally did not have strong enforcement mechanisms, respondents suggested that they sent a message about the importance of this issue to local agencies.

Ensure that language and literacy levels are not a barrier to LEP families

As noted earlier, a growing proportion of low-income children live in households where parents are not proficient in English. Many parents are working, and even if they are noncitizens, they are likely to be eligible for subsidies because their children are often citizens. Subsidy agencies seem to be developing strategies in the following areas to help these eligible families access and retain subsidies:

- *Have access to bilingual staff*: Recent reports have highlighted the significant barriers to subsidy access for LEP families created by lack of bilingual staff (GAO 2006; Matthews and Jang 2007). Urban Institute research on seven midwestern states finds that they are working to have more bilingual staff in local offices, improving connections with other social service organizations where bilingual staff could help, or using a language telephone line where a worker and a parent have a conference call with a bilingual worker who can translate the conversation (Snyder, Banghart et al. 2006). A recent GAO report also notes, however, that many states face challenges finding qualified bilingual personnel to serve these functions. Further, these problems become even greater for communities that have relatively small numbers of particular language groups.

- *Maximize one-on-one contact:* LEP families not only face language barriers, they also are likely to face other challenges, such as unfamiliarity in dealing with or fear of public agencies, literacy challenges, different cultural expectations, and misinformation. As a result, experts in this area suggest that one-on-one interactions with LEP and immigrant families can maximize the likelihood that they understand the information provided (Matthews and Jang 2007).[3] This can be particularly challenging given that many states seem to be moving toward more strategies that do not involve human contact (for example, interactive phone systems and online processes). One strategy to minimize the negative impact of this automation for immigrant and LEP families is for subsidy agencies to provide outreach resources to community organizations that are trusted by immigrant and LEP families so the organizations can help families navigate these processes.

- *Ensure that materials are available in different languages:* Another common and important strategy to support access is to translate materials into the languages most commonly used by clients. Again, several states report moving forward in this area (Snyder, Banghart et al. 2006). The GAO report on improving access for families with limited English proficiency, however, notes that many respondents in GAO study states do not have translated materials, or if they do they are concerned about the quality of the translation (GAO 2006).

- *Ensure that mailed information is in the appropriate language:* It is also essential that information mailed to LEP families is written in the language they understand and at an appropriate literacy level. Otherwise, critical issues such as recertification reminders, requests for additional information, or other notifications will be ineffective. One key element is for local agencies to track the languages clients speak. A local respondent in Minnesota discussed how the state's computer system had recently been updated to allow staff to track the language of the parent, to ensure that materials were sent out to families in the right language—a strategy GAO identifies as existing in some form (though not implemented uniformly) in only 13

states nationwide (GAO 2006). Implementing this strategy more widely at the state and local level across the country would likely improve access and retention among LEP families.

Conduct customer service surveys

Another strategy used by some state or local subsidy agencies is to conduct customer service surveys to collect feedback on the services provided. These surveys can help agencies work toward providing better services to families (Snyder, Banghart et al. 2006). One local agency in Indiana collects such information from parents, providers, and caseworkers, providing rich perspectives on particular problem areas. While these efforts are rare among respondents in Urban Institute research, those agencies that employ such strategies report that they are invaluable in identifying places where the system is working poorly. Identifying reliable and cost-effective ways to gather this information from clients seems an area of particular interest to state administrators.[4]

Eliminate or reduce in-person visit requirements

Requiring working parents to come into the subsidy office to apply for subsidies, or for subsequent recertification or reporting, can be challenging for clients. It can mean taking time off from work—something that may be very difficult since low-income workers are less likely to have paid leave or workplace flexibility than higher-income workers (Ross Phillips 2004; Galinsky and Bond 2000). As a consequence, one suggested step toward improving customer service is minimizing in-person visit requirements or making them easier for parents (Adams et al. 2002). State administrators and local agency respondents vary widely in their perspectives on the pros and cons of in-person visits (see box 2). For example, while many administrators are willing to eliminate such visits for recertification, some are unwilling to do so for the initial application interview. Administrators also disagree on the implications of eliminating visits for administrative burden and improper payments (Snyder, Banghart et al. 2006).

Make it easier to get information to subsidy agency or to contact subsidy staff

According to research, parents can face difficulties contacting their caseworkers—because they are kept on hold, do not receive return calls when they leave messages, and so on. Problems with contacting workers can make conveying information and getting questions answered more challenging for parents (Adams et al. 2002). Some state and local agencies have tried to improve the accessibility of services by making it easier for parents to contact staff or to get information to the subsidy agency. (Note, however, that since studies have not examined the effectiveness of these policies, it is not possible to report how well these efforts actually work for families.) Some efforts included these four strategies:

Box 2. The Policy Debate Surrounding In-Person Visits

A recent study of seven midwestern states finds that state administrators and local agency respondents vary widely in their perspective on the pros and cons of in-person visits, whether they are particularly important at particular stages of the process (i.e., more important for application), and on the implications of eliminating visits for administrative burden and for improper payments (Snyder, Banghart et al. 2006). (Much of the information in this box is from this report.)

On the side of easing these requirements, some respondents felt very strongly that in-person visit requirements should be eliminated or reduced because of the hardship they imposed on parents. These respondents felt that having alternative options (such as mail or fax) made sense, particularly in rural areas where parents may live very far from the subsidy office. One respondent noted: "I felt we were kind of creating a barrier because most of our families are families [receiving TANF], they're working low-income jobs and probably with employers who aren't very happy about taking time off work."

Other respondents felt very strongly that in-person visits were important as they helped workers get to know parents and avoid improper payments. These respondents (mostly from local agencies) argued that coming into the office can also benefit parents—particularly during the application process—because it can give the worker time to explain the program to the parent (which ultimately can help reduce inadvertent errors on the parent's part) and help build a relationship between the worker and the client. For example, a respondent in Iowa generally noted that in-person visits give "an opportunity for us to connect with them [the clients] to make sure … that they're heading in the right direction, that they understand …what they need to be doing." Further, research on the needs of LEP and immigrant families suggests that one-on-one communication and developing a relationship with workers can be critical in ensuring that these families understand the rules and the program (Matthews and Jang 2007, 89). Such strategies are likely to also be particularly important for families with low literacy.

Respondents also differed on the implications of in-person visits for administrative efficiency and improper payments. Looking first at efficiency, some respondents felt it was more efficient for staff to meet with parents in person so staff could process everything during one interview, rather than having to follow up repeatedly by phone. Others felt it was more efficient to process things by mail or fax instead. For example, one state administrator felt that the agency would not have the manpower to handle in-person visits for the approximately 7,000 applications it received each month.

Looking at improper payments, some respondents felt in-person visits could help avoid fraud; in the words of one respondent, "You know that they exist … at least you know that Becky Smith is a person and you got her i.d. and she is a physical person." In some cases, avoiding improper payments was a main reason given for requiring parents to come to the office in person. Some respondents, however, were not convinced that staff needed to see a parent in person to avoid fraud since the documentation of the parent ensures he or she is eligible—and parents need to provide documentation whether they come into the office or mail it.

This range of responses suggests that the trade-offs between in-person visits, staff burden, and improper payments are not straightforward, even though individual respondents often felt strongly one way or the other.

- *Make telephone contact easier:* Several states have developed strategies based on making phone contact easier. Some (Illinois and Michigan) implemented state-level toll-free phone numbers that parents and providers could call if they had any problems. A local agency of one large urban areas in Illinois implemented a system

to track phone calls made to its offices so it could track statistics like how many calls were received, how long the average wait time was, and how many calls were abandoned before an issue was resolved. A local agency in Indiana implemented a scheduling hotline that parents could call to schedule their office appointments with their child care caseworker. Finally, Washington State had an interactive voice recording system so customers could remotely access information about their assistance. For child care, callers could access their copayment amount, number of children authorized, application status, and document receipt. This system reportedly reduces administrative burden—as caseworkers are freed from having to answer phones and can process applications, report changes, or other issues with greater speed—and is cost effective. For all these strategies, however, remember that communicating with impersonal phone systems can be particularly challenging for LEP families unless the process is available in the family's native language.

- *Identify alternative staffing or administrative approaches:* Other strategies involved different administrative or staffing structures. These included, for example, local offices in Indiana and Wisconsin that had dedicated customer service staff—in one instance to handle customer service issues such as complaints and appeals, and in the other to handle questions and change information. Washington State implemented different administrative structures in different parts of the state, though it relied on a central database maintained by the state where the records were kept electronically.

- *Expand online options:* Washington State provided several options for child care subsidy recipients to conduct business with the state online. The state had an online application that parents could sign electronically and submit online (documentation had to be sent in). Child care customers could also submit information for redetermination and report changes online. These online functions were also available for other programs such as TANF and Medicaid. Respondents noted that the system was constantly improving to make it more accessible to customers and more automated for workers. While many low-income families do not have computers, such efforts make it easier for other community agencies to help parents navigate the process.

- *Make it easier to meet with staff:* In addition to eliminating or reducing in-person visit requirements, some agencies were making it easier for parents to meet with staff when face-to-face meetings were required or to receive materials they needed. These strategies (implemented by some states in the Urban Institute study of seven midwestern states, as well as a local subsidy office in West Virginia) included extending office hours to include nontraditional times and having staff meet parents in other locations such as at child care providers, high schools at the beginning of the school year, or welfare-to-work sites for TANF parents.

Improve computer systems and other technological infrastructure

Finally, some states described computer system improvements or other technological advances as ways to support customer service. States were linking computer systems across service programs (as described above), updating their systems to automate processes that otherwise had to be done manually (such as determining eligibility or payments), investing in telephone technology to allow for centralized phone lines, creating ways to track client's native language, and so on.

All these strategies can support better customer service; they can help staff do their jobs more efficiently, giving workers more time to focus on customer service. While computer system and technology improvements can be very costly, they can also be beneficial for staff (who can work better) and parents (who can see better-quality services and fewer delays). Finally, some of these improvements—such as computer systems—can also help minimize improper payments; they can keep better track of information and reduce errors that can occur when processes are done manually.

Strategies to Simplify Application and Recertification

To receive subsidies, every parent must take a few key steps. First, he or she must initially apply for subsidies and be authorized to receive them. Second, because that authorization is for a limited time, the parent must have eligibility redetermined periodically to ensure that he or she is still eligible and that the subsidy is at the right level. When thinking about how well the subsidy system is working for families in any particular locality or state, it is important to examine each of these processes in terms of what parents have to do and how often they undergo them. Below we describe what subsidy agencies across the country are doing to simplify each step and its frequency. It is also important to consider these processes in conjunction with the requirements for reporting changes and how states deal with these changes, since all these activities are part of the cumulative family experience.

Simplify the Application Process

The application process is the point of entry into the subsidy program and a family's first contact with the system. So, how this process is handled by the subsidy agency is critical in affecting the ease with which eligible parents who want and need subsidies can access them. An onerous application process can discourage parents from using subsidies. For example, according to a survey of low-income women in Philadelphia, 37 percent of those who know they are eligible for child care subsidies, report that they need help paying for child care, and are not receiving subsidies say they did not apply for

subsidies because of expected hassles in the application process (Shlay et al. 2002). Several issues can influence the ease of application, including where families can find applications, how difficult the application form is to complete, what documents parents are required to submit, whether parents need to submit the application in person, and how long the application takes to process (Adams et al. 2002). States were taking steps to address each of these possible problem areas.

Make applications easier to access

Many strategies discussed in the preceding section for improving customer service affect the accessibility of applications. These include eliminating in-person visits, extending office hours, having staff meet with clients in other locations, and so forth. In addition, some strategies are more specific to the application process, including making applications available at alternative locations. Having applications available only at the subsidy agency office, for example, may be problematic if the parent is not able to get to the office to pick it up, and mailing the application can take time.

States make their applications available to be picked up at a range of locations. Some also allow parents to submit their applications at alternative locations. In addition to the common locations of subsidy agencies offices and TANF offices, other locations and submission options include these four:

- *Child care resource and referral (CCR&R) agencies:* Some states, including Illinois and Michigan, make their application forms available at local CCR&R agencies. A number of states contract out subsidy management to CCR&Rs, so applications are by definition available.
- *By mail:* Some states (including Illinois, Iowa, Michigan, and Minnesota) make their application forms available by mail.
- *Online:* Some states—including Illinois,[5] Iowa, Kansas, Michigan, Minnesota, Ohio, and Washington—make their applications available online for families to download. Respondents were mixed on whether these online applications were actually helpful for families. Some did not feel these applications were accessible for parents (who may have difficulty finding access to computers). Others believed that making applications available online gave parents opportunities to download them at a range of places (for example, at work, the library, or—for students—at college) and gave opportunities for other organizations (such as CCR&Rs, community organizations, and child care providers) to help parents with applications. Respondents also noted some benefits of having the application online for parents who could access them: it can speed up the entry process because parents do not have to wait to receive the application by mail, it can save parents from having to drive to pick up an application (which could be

a long distance for parents in rural areas), and it can allow parents to get an application and fill it out when they want to and to know what information they need to provide ahead of time. Overall, it seems that putting applications online is inexpensive and can provide an additional avenue for accessing subsidies—particularly in the future as more people get access to computers. Based on discussions with respondents, some issues to think about when putting an application online are making sure it is easy to find the application on the web site and that the information on where to send the application is clear.

- *Child care facilities:* Some respondents reported that child care providers have subsidy application forms available for parents; in some cases, providers may fax the application in for parents. One respondent noted that this approach works well because some families that were unaware of the program found out about subsidies. This respondent also felt that providers could encourage parents through the process:

  > *Any time that you're dealing with a public agency, it's intimidating to people. So when they [the parent] come to the provider... they [providers] can calm the client [saying] "You can do this. It's no big thing. You know we can walk you through it."*

Make applications easier to complete and submit

States are undertaking several strategies designed to simplify filling out and submitting the application. These strategies can be interrelated: for example, decreasing the number of documents required can also streamline the actual application form.

- *Streamline the application.* Some states, including Nebraska, Michigan, and Pennsylvania, simplified their application forms. For example, Nebraska had a single application form for multiple programs that was lengthy and difficult for applicants to complete. The state redesigned the form so it was shorter and the questions were in a better order. Nebraska enlisted clients and caseworkers to provide feedback on the new form (through focus groups and pilot efforts) and incorporated that feedback. Respondents noted that the streamlined form was easier not only for parents, but also for caseworkers.

- *Combine applications across programs.* A number of states (including Connecticut, Iowa, Illinois, Kansas, Louisiana, Michigan, Minnesota, Nebraska, and Wisconsin) either had developed or were developing common application forms across two or more programs (for example, child care with food stamps, TANF, or Medicaid) or had incorporated the child care subsidy application into the application form for other social service programs (though some states also had a separate "child care only" application for families only interested in subsidies). States widely agreed that such

forms had benefits for many parents, as long as they were simple and not too lengthy, and families only interested in child care can access that form as well. The benefits of this approach for agencies, however, can depend on the administrative structure of the subsidy agencies (for example, does the application still need to go to multiple workers or does a linked computer system allow it to be uploaded once), and the particular approach agencies take.

- *Link the TANF and child care application processes:* Another strategy taken by states is to coordinate the application process between child care and TANF, allowing the information submitted for the TANF program to be used for child care eligibility. This strategy makes sense given that TANF recipients who need child care to comply with work requirements are a priority group in many states, though this need was already addressed in states that had combined application forms or data entry processes:

  - Pennsylvania fully coordinated connections between TANF and the child care subsidy application process by creating a linked computer system that allowed parents to submit one set of documentation for TANF that was automatically uploaded to the child care system if parents also applied there;

  - West Virginia had a closed e-mail system between its child care and TANF systems so TANF applicants did not have to provide duplicate documentation (though they still had to submit a separate application for child care);

  - Other states (Indiana, Iowa, Minnesota, and Ohio) reported that parents did not need to submit documentation if the information was already on file with TANF or that parents only needed to provide additional information as needed for the child care application.

  For more information on how states set up interconnections between TANF and child care subsidies, see Adams, Holcomb, and colleagues (2006).

- *Ease documentation requirements for application:* State application forms also vary in their complexity and the amount of paperwork required. One study of 17 sites finds wide variation in the number of documents required, from only a month of pay stubs and child support pay stubs in one site to eight documents in another (Adams et al. 2002). Consequently, another strategy is to simplify the documentation requirements associated with applying for a subsidy. Some strategies states were taking included these two:

  - Linking data systems (as discussed earlier) can minimize the need for parents to report duplicate information to different social benefit programs.

- Allowing parents to self-report nonessential information is another strategy (implemented by Pennsylvania) to simplify reporting requirements. This process allows parents to then provide written confirmation within 30 days. In effect, nonessential documentation is not necessary for eligibility determination.

Another approach, taken by Pennsylvania, was to eliminate the requirement that subsidy applicants submit proof that they had pursued child support.

- *Provide alternative ways to submit applications:* Having alternative ways to submit applications also can help parents avoid in-person visits and reduce parent burden:

  - *By fax or mail.* Some states (including Illinois, Iowa, Minnesota, and Ohio) allow parents to submit their application forms and supporting documents by mail or fax.

  - *Online.* A number of states are moving toward online submission of applications, though relatively few seem to be doing it. Washington developed an online application that the individual could sign electronically and submit online (though he or she must send supporting documentation separately). The online application is seen as a strategy that would benefit parents. When the data can be automatically uploaded, the online application will also decrease administrative burden. Again, while many parents do not have Internet access, this option provides opportunities for community agencies and providers to help parents with this process.

Address the timeliness of eligibility processing

Another way to support parents is to improve the timeliness of eligibility determination once parents submit their paperwork. This issue is important for parents, as in some cases they find a job and must start within a few days. Thus, they have immediate child care needs, but they have to take the time to apply and wait to become eligible for the subsidy. (While not the focus of this study, this situation also has implications for providers, who sometimes have to decide whether to start serving a child before the parent has actually been determined eligible [Adams and Snyder 2003, Adams, Rohacek, and Snyder forthcoming]). Again, state policies on how quickly local agencies are expected to approve a completed application vary widely. For example, in the Urban Institute study of seven midwestern states, the time that agencies had to process applications ranged from 7 to 45 days.

Several states were taking steps to improve the timeliness of their processing of parent eligibility:

- *Create a consolidated eligibility unit.* One approach, being taken by Idaho, is to establish a Child Care Consolidated Parent Eligibility Unit. The consolidated eligibility unit is a concept being implemented in other human services programs in Idaho, including Medicaid and child support. These consolidation efforts are to help the state track efficiencies and streamline operations. The new child care consolidated parent eligibility unit handles all verifications and determinations for child care assistance and is committed to approving all complete applications within seven days. While the process was new and communication between the field and the central office was still being worked out at the time of the UI study, respondents felt that this approach had sped up eligibility determination, reduced administrative burden, and was cost effective. Respondents noted that a move toward an online application and consistent training in all local offices on new procedures were important steps toward helping this approach work more smoothly.

- *Move toward "real-time" processing of applications.* Oklahoma has instituted a requirement that workers must process applications and determine eligibility within two days after the parent submits the completed application and all necessary documentation. This requirement resulted from complaints from both parents and providers about the length of time needed to process applications. It was a major change for the system. Respondents noted that the transition to this new approach had some administrative costs as the state had to allow for overtime so workers could catch up. The state also phased it in, initially allowing a seven-day turnaround and then the two-day requirement. It has now become standard practice, and workers are now 95 percent on time in determining eligibility within the two-day window.

- *Allow for presumptive eligibility under specific circumstances.* Some states (such as Delaware and Montana) allow for presumptive eligibility in certain situations. This policy allows subsidies to begin immediately—before all documentation is provided (in Delaware) or verified (in both Montana and Delaware)—if certain strict criteria are met that reduce the likelihood of error. Both systems also are designed so the case automatically closes at the end of the month if the final approval has not taken place. Respondents noted that this approach was important for parents, as it allowed them time to, for example, get their pay stub for a job they were just beginning or to get their child care in place. It also gave providers a certain protection if they agreed to serve these families; otherwise, they either had to refuse to serve them or risk not being paid if the family eventually was determined ineligible. As a result, respondents in Montana felt that this had increased the willingness of providers to enroll children in the subsidy system.

  In addition, both states minimized the likelihood of improper payments by setting their criteria at levels that decrease the possibility that parents could be found ineligible—which was shown effective in pilot tests in Montana—and by having

systems that automatically close the case within a specified period (e.g., within 30 days in Montana) if the paperwork is not submitted or approved. Whether this approach results in improper payments depends somewhat on how the state defines an improper payment. In Montana, for example, a payment for less then 30 days is not considered an improper payment.

The policies work somewhat differently in the two states. Delaware's policy is designed to meet the needs of parents who have found a job and must start within a few days but who need care before eligibility can be determined or before they have a pay stub or work schedule to provide as proof. If parents look like they are going to be eligible (based on system criteria such as work status, reported income, family size, and any available documentation), they are given a month of presumptive eligibility so they can receive the subsidy as they gather the proper documentation. Montana's presumptive eligibility is used for families that submitted a complete application. If at that point the caseworker determines that the family meets eligibility criteria for child care, then the family receives presumptive eligibility. This determination is made on a case-by-case basis by the caseworker who calculates the initial benefits. Formal eligibility verification is conducted within 30 days. This policy is most often used by parents transitioning off TANF.

Simplify Recertification Processes

States also are working to simplify the recertification process. As noted above, once families enter the child care subsidy system, parents are given a time-limited authorization. When this authorization expires, parents must show they are still eligible for subsidies and be recertified or reauthorized for subsidies. Their subsidies otherwise are terminated automatically. This process is critical for the subsidy agency as a mechanism to ensure that parents are still eligible and that their subsidy is set at the appropriate level. (For more information on recertification, see Adams and colleagues 2002.)

According to recent research, failure to recertify is a primary cause of subsidy termination (Grobe et al. 2006). While more research is needed in this area, it appears there are many possible reasons for a failure to recertify. These include parents no longer wanting services, no longer being eligible, no longer *believing* they are eligible, misunderstanding what is required, being unable to meet the requirements (e.g., to take time off work or find necessary paperwork), forgetting to recertify, and so forth. At least some parents who do not recertify are still eligible for subsidies (Grobe et al. 2006), and subsidy agency policies and practices around the frequency and complexity of the recertification requirements can facilitate or challenge the ability of parents to successfully complete their recertification (Adams et al. 2002). As a result, some states

have revised their recertification processes to make it easier for eligible parents to recertify if they still want to receive subsidies.

As noted earlier, the recertification process is closely linked with the requirement that parents report any changes in circumstances (e.g., change in income, work hours, and so on) that occur between recertifications. Recertification and interim reporting are designed to work together to ensure that agencies are aware of any changes in parents' circumstances that affect their subsidy eligibility or level. As a result, subsidy agencies sometimes relax their recertification requirements but increase their interim reporting requirements to compensate. Consequently, when trying to evaluate how these processes work for parents and caseworkers, it is important to look at these processes together rather than looking at either of them in isolation. State efforts in the area of interim reporting are discussed later in the report.

Lengthen the authorization period

One of the most important issues affecting families is how frequently they must recertify. Most states set their recertification periods at 6 or 12 months, though caseworkers may set limits at shorter periods. For example, caseworkers can use their discretion to set shorter recertification periods for families that they feel are unlikely to stay eligible for that period—such as parents who are self-employed, in school, or with frequent job turnover (Adams et al. 2002). States also can set shorter periods for families on TANF; some states set certification periods at the length of the TANF work activity, which can be as short as a few weeks (Adams, Holcomb et al. 2006). As a result, when looking at the caseload overall, a significant number of families may have shorter recertification periods than the maximum limit.

As a result, one method for simplifying the recertification process is to make recertification occur less frequently—most often moving it from 6 to 12 months. This approach has precedents in other federal programs: for example, both Food Stamps and Head Start grant 12-month authorizations. A number of states (including California, Kansas, Massachusetts, Michigan, and Ohio) have 12-month authorizations,[6] and some states (such as Illinois and Louisiana) have 12-month authorizations for some families.[7]

Similarly to the issue of in-person visits, states had varying opinions about the pros and cons of lengthening reauthorization periods. Looking first at parent burden, it was generally agreed that lengthening the authorization period to 12 months was less burdensome on parents. However, some respondents were concerned about large increases in copayments at the end of that period or about parents becoming ineligible and continuing to receive subsidies. This not only affects the incidence of improper payments, which of course is an area of major concern to states, but also could result in parents having to pay back large overpayments or being cited for fraudulent activity against the state, affecting their ability to receive future support. From the perspective of

administrative burden, respondents generally agreed that 12-month reauthorizations could lessen staff burden, since caseworkers would have fewer instances each year where they had to process their clients' recertification. In fact, one Michigan respondent noted that the reason they implemented a 12-month authorization period (from a 6-month period) was because of a shortage of staff.

The concern about improper payments was primary for states considering this change, though states perceived this risk in different ways. Some states refused to consider recertification periods of longer than six months because of this concern. But other states reacted differently. For example, respondents in Massachusetts reported that 86 percent of their 12,000 families continued to be eligible at the six-month recertification, so they felt confident that extending the authorization period was not likely to result in significant improper payments.

One way to address the concern about improper payments is to identify ways to minimize their likelihood or their possible negative consequences. For example,

- only grant longer periods to families whose employment circumstances are less likely to change over the year—caseworkers in Kansas, for example, work carefully with families to identify those for who longer periods were appropriate;

- strengthen the state mechanisms in place to capture information from other data sources and from parents about interim changes in parents circumstances; or

- create policies to minimize the possible negative impacts of longer recertification periods for parents—for example, states can vary in how aggressively they try to recoup overpayments, can put policies in place to gradually increase parent copayments so parents do not face a steep and sudden hike, and can reexamine what penalties parents are given under different circumstances.

Yet another approach was taken by Ohio, which had a 12-month recertification period but required local agencies to conduct a copayment review at the 6-month mark so they still checked in with families at some point during the 12 months. Localities varied in how they implemented this practice. Some local agencies effectively required parents to do almost as much as was required in the recertification process, while others simply asked staff to try to find out more about family circumstances from other programs (such as TANF or Food Stamps) in which the family was enrolled. Again, this approach underscores the importance of considering recertification requirements together with interim reporting requirements to assess the cumulative efficacy of policies designed to identify changes in family circumstances.

Make it easier for parents to remember to recertify

One common reason given for failure to recertify is that parents simply forget to do so because of the complexity and demands of their daily lives. As a result, states are developing ways to remind parents.

Recertification reminders to parents. Reminders of recertification deadlines can help parents keep their subsidies. This is a common strategy. For example, all seven midwestern states in a UI study require their local agencies to notify parents of their recertification deadline at some point, although the states vary on when and how often they do this. Some states (Illinois, Indiana, Iowa, Michigan, Minnesota, Ohio, and Wisconsin) require a recertification reminder or recertification materials sent out before the recertification deadline, and Iowa informs parents of their recertification deadline on their authorization form. As is discussed more below, Pennsylvania sends out an automatic form for redetermination, and Washington was developing a similar approach at the time UI research was conducted.

While respondents agreed widely that this approach was important, states differed in how far in advance these notices were sent, how many reminders were sent, and in what form. In addition, it is important that agencies ensure that their reminders are actually being mailed out (since some parents report not getting them—see Adams et al. 2002), and that they be clearly identifiable so parents do not miss seeing them. Finally, it is also essential that reminders be designed to communicate effectively with families with limited English proficiency and low literacy.

Recertification reminders through providers. Providers can also play a critical role in reminding parents, as they see them frequently and have both personal and professional incentives to want to help parents recertify (Adams, Rohacek, and Snyder forthcoming; Adams and Snyder 2003). Not surprisingly, therefore, a number of states notify providers of the recertification dates of their clients. For example, some place the recertification dates on the attendance forms (Adams and Snyder 2003), and others mail or email providers information on recertification dates (Snyder, Banghart et al. 2006). This strategy also is important because it gives providers advance warning that the parent may be terminated from subsidies. One common problem faced by providers is that they do not know when parents are terminated (Adams and Snyder 2003).

Synchronizing review dates across programs. As mentioned earlier, many families participate in more than one social benefit program, and they therefore can face similar recertification requirements for different programs at different times. As a result, several states, including Louisiana, Oregon, Pennsylvania, and Wisconsin, are synchronizing the redetermination dates for individual families across different programs. This is most common between Food Stamps and child care, though it sometimes occurs with additional programs as well.[8] (Having combined application forms and processes can facilitate coordinated redetermination dates.) Respondents generally felt that

synchronization was an important step for reducing client burden and making it easier for clients to recertify, as well as reducing caseworker workload. Additionally, respondents felt that having review dates at the same time for multiple programs would mean the programs would have consistent information about the family and make fewer errors—and thus potentially help limit improper payments.

Make it easier for parents to get information to the agency

Simplifying the process of getting information to the agency is a critical step in making recertification easier for parents. Many strategies identified earlier that support more effective customer service (such as eliminating in-person visit requirements, making it easier to contact staff, using online approaches for submitting information, extending office hours, creating scheduling hotlines, and so forth) also make it easier for parents to get their recertification information to the agency.

One approach that is particularly relevant to the redetermination process is a strategy implemented in Pennsylvania. Before recertification, the Pennsylvania subsidy agency automatically generates a redetermination form and mails it to the family. Respondents reported that this form was simple to read and to follow, and it included detailed eligibility information. Families are required to send in documentation for anything that has changed or to return the form saying that nothing has changed. Eligibility workers then enter the new information (if there was any) into the system, which recalculates parents' copayment and make sure they are still eligible. Respondents reported that families were staying in the system longer because it was easier to recertify clients' eligibility. The state had conducted focus groups with parents and had received positive feedback. Respondents also reported that this system was beneficial for the agency, both in administrative burden and in improper payments. They noted that this system had not created any problems in improper payments, as parents were usually submitting pay stubs or official documentation that were easily verifiable. Parents were also required to report changes almost immediately and their copayments were recalculated accordingly, so overpayments were not a concern. Providers were also trained to report changes in child's attendance. Staff would follow up with the employer or provider or other documentation source if there was any question.

Simplify what information parents have to report for recertification

States also differ in the complexity of the documentation they require parents to provide to recertify. For example, in some states, the recertification process is similar to the initial application, with families having to fill out a new application form and provide documentation proving their eligibility and continued need for child care (e.g., documentation of income, employment/approved activity status, activity schedule, and family size). In other states, much less is required. States seem to be taking two kinds of

strategies to reduce what parents have to report: reducing what information is required and working to access the information from other sources.

Reduce what information is required. One approach is to require parents only to report anything that has changed that is absolutely essential for redetermination—for example, loss of job, change in provider, change in income, and so on. For example, parents in Pennsylvania no longer need to report less essential items or to prove (again) items that have not changed since their last visit. While there are no major changes to the documentation families must provide, the Pennsylvania respondent said the new system decreases the *number* of times a parent must provide documentation for a particular item. For example, parents used to have to bring in their children's Social Security card and address verification for every redetermination. That became unnecessary with the new approach. The respondent reported that this policy, along with the other steps taken to simplify the process, had significantly reduced parent burden and that families were staying in the system longer as a result. Further, respondents reported that this system also reduced agency administrative burden and improper payments.

Identify ways to get information from other sources. As described earlier in the section on data links, another common strategy taken by states is to coordinate with other systems or sources of data to reduce the amount of information gathered from parents (or duplication) and to increase the quality of that information. This can be useful for families participating in any other system, though the most common links appear to be between child care and Food Stamps or TANF. Coordinating information about redetermination is particularly valuable for TANF and child care, given that the TANF welfare-to-work system must monitor the same criteria (i.e., participation in welfare-to-work activities) as is needed for child care. As a result, identifying ways the two systems can communicate with each other rather than requiring more reporting by the parent is an obvious strategy to reduce client burden. For example, research on 11 sites from 2001 to 2002 finds that some sites have TANF workers and child care workers share information about parents' eligibility for TANF and child care so parents did not have to interact with an additional worker around redetermination (Adams, Holcomb et al. 2006).

Give parents an extra chance before termination

Some states are also working to find ways to give parents an extra chance before terminating them if they do not successfully recertify before the deadline. There are three ways states are doing this:

- *Notify parents if they have not submitted the necessary documentation:* In addition to sending out reminders before the end of the authorization, respondents in three states (Iowa, Minnesota, and Ohio) reported that local agencies were required to notify parents if they did not have all the documentation needed to process the

notification. Additionally, all the states reported that they informed families whether the recertification was approved or denied.

- *Grant a grace period:* Another approach taken by two states (Michigan and Ohio) was to grant a grace period to submit recertification materials after the recertification deadline. This allowed parents to have a little extra time to comply with subsidy rules, which can help parents avoid termination or gaps in services between authorizations.

- *Retroactively authorize subsidies under certain circumstances:* Similar to granting grace periods, three states (Iowa, Illinois, and Wisconsin) retroactively authorized subsidies and allowed the recertification to be completed after the deadline if the parent handed in partial materials or the agency could not schedule a review by the recertification date.

Subsidy Strategies to Support Families through Change

Depending on how state and local agencies design their programs, child care subsidies can be one of the most complex benefits parents receive. Subsidy eligibility and subsidy levels depend on a wider range of family circumstances than is true in other major benefit programs. Subsidy eligibility and subsidy levels are affected by the family's income, education/training or employment status (including work schedule and total work hours), child characteristics (including age and disability status), household composition, and which provider the parent chooses. As described earlier in this paper, this reality presents unique challenges to subsidy agencies, which must try to minimize improper payments and run a fiscally sound program while dealing with frequent changes in their clients' lives that can affect subsidies.

Finding the right balance is important for agencies to meet their work support and child development goals for parents and their children, as well to meet agencies' own goals for sound fiscal management. From the perspective of supporting parents, the right balance can help subsidies provide a safety net to help families stabilize through turbulent times or be more likely to regain their employment; conversely, the loss of subsidies can make the consequences of the turbulence much more severe. This can be illustrated by considering how a family would experience the loss of a job: maintaining a subsidy for a time to support an intensive job search can directly support a parent's ability to return to the labor force, while terminating the subsidy could make returning to the labor force much more challenging as the parent tries to find a job while having to care for her children. In addition, minimizing inadvertent breaks in subsidy use can play

an important role in helping children, who need stable relationships with their caregivers for healthy child development.

This section describes some new ways subsidy agencies are finding to balance their need for fiscal accountability and program integrity with their goal to support low-income families' and children's stability as they experience some common changes. Agency efforts to do so can be seen in two general areas:

- Strategies to simplify requirements for reporting changes between recertifications
- Strategies to minimize inadvertent terminations during changes in family circumstance

Simplify Requirements for Reporting Change between Recertifications

In an effort to track changes in parents' situations that can affect their subsidies between recertification dates, subsidy agencies usually require parents to report any changes that can affect their eligibility for child care subsidies, their copayment, or the hours of care needed. These include changes in income, changes in (or loss of) employment, changes in work schedules, and changes in the household. Depending on the state, states may then recertify the parent's subsidy at the new level, sometimes requiring the family to go through the full recertification process. Parents generally must report changes fairly quickly (e.g., the UI study of seven midwestern states found most required reporting within 10 days, with one state requiring reporting within 5). While policies vary, if these changes are not reported in a timely fashion, subsidy agencies may try to recoup payments from parents or terminate the subsidy. Termination usually occurs if the parent deliberately withholds information or does not report a change because it would result in ineligibility.

Interim reporting requirements present various challenges to subsidy agencies and parents given the previously discussed dynamic nature of low-income family's lives:

- They can be costly both in parent burden and administrative burden. Not only is it challenging for parents to remain in compliance by reporting every possible change and going through the necessary recertification, but everyone involved (including agencies, parents, *and* providers) can also find constantly adjusting subsidy levels and copayments based on each change in family circumstance difficult.

- Agencies report that often parents do not report changes or do not do so in a timely way. Possible explanations for this failure include that reporting changes is too complicated for families, that parents forget to report these changes, that parents

experience changes too frequently to be able to keep up with reporting them, and that parents do not want the agency to know about changes because of the consequences (increased copayments, loss of eligibility, and so on).

Regardless of the cause, agencies are unable to adequately track the changes in families lives, and some families may inadvertently end up with subsidies at the wrong level (and thus be out of compliance with state policy even if they are still eligible)—resulting in improper payments.

Several states are simplifying the interim reporting process to find ways to better meet the needs of states and parents. All these strategies have potential benefits for parents and staff. Most also have few, if any, negative implications for improper payments. These policies reflect subsidy agency's interest in rethinking how to maximize the ability of agencies to know what is happening in the lives of parents, reduce parent and administrative burden (and possibly reduce costs), and keep improper payments under control.

Two additional notes: first, as noted before, issues around interim reporting are closely interconnected to the length of the recertification period. The implications of some of these policies differ for states with shorter recertification periods (six months or less). For example, these states may find it easier to be more flexible with interim reporting requirements than are states with annual reporting periods. Or, states with annual reporting periods may have even greater reason to try to identify other sources of information to track changes in parent circumstances. Second, the financial implications of some policies mentioned here (for both parents and for the state) depend somewhat on the copayment policies of the state or locality. For example, the decision to avoid copayment increases in response to interim reporting requirements will be of greater benefit to parents in states with higher copayment levels and will be more costly to the state.

Simplify what needs to be reported

Some states recognize that many changes are not worth reporting, as they do not significantly change eligibility or subsidy levels. For example, Indiana, Louisiana, and Wisconsin have all decided to only require parents to report changes that would significantly adjust the subsidy in some way (such as termination). Parents in Wisconsin only have to report changes in income when their monthly income increases $250 or more, or decreases $100 or more; Indiana only requires parents to report changes in between recertifications that result in a "loss of service" (i.e., they are no longer eligible for the subsidy because of job loss or the child no longer needs care); and Louisiana subsidy recipients that receive Food Stamps only have to report income changes that put them over the food stamp gross income limit (130 percent of the federal poverty level),

changes in child care providers, changes in households (i.e., when a child moves out of the home), or an interruption or termination of an educational, training, or work activity.

Respondents felt strongly that this policy was sensible. In particular, they felt that their caseloads were mostly made up of families that experienced a lot of changes, so requiring reporting and processing of each change was a significant burden on parents and workers. Yet families were usually going from job to job, most were remaining eligible, and (as one respondent suggested) even if a family had a major job change, it was an important work support to allow the family to have child care for a few extra months to provide stability as the parent segued into a new job. As a result, another respondent suggested that this policy was something that could help families "get their feet on the ground so that they can stay self-sufficient." Respondents also noted that a driving force behind the policy was to create a more cost-effective process. In the past, families were reporting small changes in income that did not affect their eligibility—since they were so low on the income scale—so "it really just kind of made work for everybody only to find out that they were probably still eligible…maybe they had a little increase in co-pay but a lot of times that…didn't even happen."

Finally, respondents felt that this approach also limited improper payments For example, two local agency respondents suggested they would like child care to be more like Food Stamps, which only requires parents to report changes if it would mean they would be over the income eligibility limit. One of these respondents reasoned,

> *I think maybe that's something that we should maybe take a look at…if you're losing the battle on reporting changes and you think you're creating…improper payments because of that…I'm starting to see the light of the day…maybe you ought to limit when they [parents] need to report a change.*

This respondent did not think child care could completely eliminate the requirement to report changes because of copayments, but she felt they could identify one or two thresholds where parents needed to report.

Make it easier for families to report

States have identified several ways to make it easier for families to report interim changes. Many strategies discussed in the customer service section earlier also can make this process easier—such as extending office hours, making it easier for parents to contact with staff, finding alternative ways to get information to agencies (including online submissions), and so forth. Below are some strategies that are more specific to interim change reporting.

Create simplified change forms. Sometimes states require parents to complete a new recertification when changes are reported if it affects their authorization. For instance, one Illinois respondent explained that a new redetermination was required for 60

percent of changes reported. Given how frequently some families undergo changes, families could be required to recertify often, which can be burdensome for them. Minnesota has tried to deal with this issue by passing legislation that allows families to fill out a simplified change form rather than having to fully recertify. This change reduced paperwork for both parents and workers, though some workers were concerned that they may end up inadvertently overlooking changes that would result in the parent owing the state money. This is an issue in Minnesota because the state tries to collect overpayments from parents.

Develop "change centers" for easier reporting of changes. Another potential challenge with reporting changes for parents is being able to contact staff to report changes. As noted in other research (Adams et al. 2002), getting in touch with staff can sometimes be difficult. As a consequence, a few local agencies in Wisconsin developed "change centers" that parents could call to report their changes for all the services they received (including child care) instead of having to call their caseworkers. The rationale for creating the centers was to give parents a more effective way of reporting changes rather than trying to contact their caseworkers, as well as to ease the workload of caseworkers.

Respondents from the change centers felt that because of the center, parent complaints had decreased "drastically." Parents were more likely to have their calls answered and answered quickly (waiting only 10 minutes versus waiting for their worker to call them back). It also freed up more time for caseworkers to focus on other aspects of parents' cases (such as processing application or recertification paperwork). Respondents also noticed that Food Stamp error rates had dropped as a result of the change center. They thought it was likely that error rates for other programs (like child care) had also been reduced. One respondent also noted that the centers were cost effective to implement, costing only $35,000 in start-up costs. However, respondents were concerned that the call center may also be "impersonal" and cause the caseworker to lose touch with parents. This did not seem to be a large concern; most caseworkers carried high caseloads, so they were likely unable to stay in touch with parents even if they were processing change information.

Identify other ways to get the information

The strategies discussed earlier to coordinate with other systems or sources of data to reduce the amount of information gathered from parents (or duplication), as well as to increase the quality of that information, can also significantly reduce how often parents need to report interim changes.

Only adjust subsidies with some changes

Another related strategy is to continue to require parents to report all interim changes but to not require workers to change the subsidy level for all the reported changes. For

example, Connecticut, Ohio, and West Virginia all require parents to report changes. These states generally do not adjust the subsidy, however, until the parent goes through recertification (or, in Ohio's case, the 6-month copayment review or 12-month recertification), unless the change makes the family ineligible or eligible for more benefits. Iowa takes a slightly different approach and only requires workers to adjust subsidies if the change would affect the number of units of care needed (Iowa authorizes care in units of five hours).

This policy was seen as having several benefits. It allows states to track changes in parents' lives but reduces the administrative burden of adjusting subsidies constantly. The policy does not reduce the burden of frequent reporting for parents, but it does have other benefits. For example, it allows parents to stabilize their financial situation and to (for example) know what their copayment level is going to be for six months rather than having to adjust their budget constantly. This may reduce the disincentive to report increases in income. For both subsidy agencies and parents, the policy decreases the likelihood of having overpayments for families that forget to report minor increases in income.

Minimize Inadvertent Terminations of Subsidies from Temporary Changes in Circumstances

To continue to receive subsidies, parents need to participate in work or a work-related activity for the number of hours required, stay within the income eligibility guidelines, still have an age-eligible child in their household who needs child care, and successfully complete ongoing requirements (like recertification). Any change to these things—even if temporary—can make parents lose subsidies, depending on how eligibility is defined in the state. These issues can be particularly challenging when parents experience short-term or temporary changes that can affect eligibility—such as a change in employment status, a spike in income over the holidays, a child going away for a holiday, or a temporary health problem—because it can mean parents lose their subsidies even though they may become reeligible a short time later. As a result, parents may lose subsidies (in states where parents have to go on a waiting list to reenter the subsidy system) or go in and out of the subsidy program as their eligibility shifts.

While this issue has not been researched, common sense suggests that the loss of a subsidy in some of these situations could make it more difficult for parents to get back on their feet and regain their employment—effectively exacerbating the consequences of the original problem. In addition, terminating subsidies for short-term changes in circumstance can produce administrative costs for subsidy agencies, requiring additional paperwork and processing as parents go in and out of eligibility. Children and providers can also be affected by subsidy loss if the child has to leave the provider because of the parent's inability to pay or if the provider chooses to keep serving the

child at significantly reduced payment levels. Given the importance of having stable relationships with nurturing caregivers for children's healthy development (also known as "continuity of care"), these issues also are likely to have implications for children's longer-term well-being. Interestingly, two states—Montana and Massachusetts—developed policies that they perceived as efforts to support continuity of care.[9] This suggests that subsidy systems are now focusing on this important child development principle.

This section describes seven ways states are designing policies to help families retain subsidies through these short-term changes and to minimize terminations related to temporary changes in circumstances. In some situations, states redefined eligibility or how they measured work or income to incorporate these temporary changes, so parents could still be considered eligible and therefore would be able to continue to receive subsidies despite a short-term change in circumstances. In other situations, states provisionally suspended the actual payment of the subsidy but allowed parents to maintain their *eligibility* (to keep families in the system so they did not need to reapply). While the latter approach did not allow parents to keep their providers, it did allow them to avoid a waiting list (in states with waiting lists) and the logistical challenges and administrative costs of reapplying—and the approach allowed the state to avoid improper payments.

Generally, the strategies described below help parents avoid losing subsidies and are thus beneficial to them. In addition, most strategies appear to have surprisingly few trade-offs. Very few were overly burdensome for workers (although sometimes the policies could be confusing) and no respondents had any improper payment concerns with these policies. This is partly because in several situations the agency carefully defined its policy so payments in these circumstances would be appropriate—thus avoiding the improper payment concerns and creating policies that better reflected real situations.

Providing subsidies through gaps in employment

As discussed earlier, one of the most common changes in circumstance that can affect eligibility is the loss of a job. For many families, the loss of a job may only be temporary, and parents may quickly find new employment. One way states can support parents is by providing subsidies during a period of job search (Adams et al. 2002). As noted above, states under federal law are allowed to include job search under their definition of "working" within their state plan. Many states do this—including, for example, Iowa, Indiana, Illinois, Louisiana, Minnesota, Montana, Ohio, and West Virginia.

Some of these states indicated that they provided subsidies during job search for both families receiving TANF (for whom job search can be a work-related activity required for TANF receipt) and for non-TANF families.[10] In considering this policy area,

it is important to recognize that "job search" functions somewhat differently for families on TANF than for those who are not. Job search is usually an acceptable work activity for families on TANF that are seeking employment and counts as a "work-related activity" during which TANF parents can receive subsidies. For non-TANF families, however, "job search" usually refers to a parent that is employed and receiving a subsidy, then loses his or her job. For non-TANF families, receiving an initial subsidy in order to look for a job is not common.

The amounts of time parents were allowed to receive subsidies for job search varied. In the Urban Institute's study of seven midwestern states, TANF families were granted subsidies for as long as job search was considered an approved activity in their employment program, except in Illinois, where TANF families were given 30 days for job search. For non-TANF families, the surveyed states varied in the length of time they approved, as well as the period within which the job search had to occur. For example, some states allowed 30 days (or Minnesota defined it as 240 hours) for a parent's job search. The period during which these days could be used varied: both Iowa and Minnesota reported that they granted 30 days of care over a 12-month period, while Indiana said that it granted 30 days of care over a 6-month period. Ohio added the stipulation that parents must be able to show that their employment will restart in 30 days in order to receive subsidies during this time. Some states allowed longer periods: Pennsylvania allowed 60 days, and Louisiana allowed four months for at least some families on its caseload. Oregon took a slightly different approach: if a client in its employment-related child care program lost his or her job, the state would still pay for that month's child care and provide assistance with the copayment so the parent would not suffer financially as he or she tried to find new employment (see Adams, Koralek et al. 2006).

One interesting question brought up by one state was what occurs if a client finds a job during the period of job search, but the job does not actually start within the official job search period. While states did not discuss this issue, it seems likely that whether a family is allowed to stay in the subsidy system is up to the local caseworker. It might be a useful issue for states to address directly in their policies.

Short-term increases in income

Low-income parents may also experience short-term increases or spikes in their income—such as earning overtime pay during the holidays or having an extra paycheck during the month. This increase may (depending on how income is counted) place them temporarily over the income eligibility limit. Some subsidy agencies in our study had taken steps to minimize the likelihood that such temporary fluctuations in income could create a break in subsidy:

- Iowa adjusted its income eligibility requirements so it did not count the third (if paid biweekly) or fifth (if paid weekly) paychecks that can occur in certain months. Caseworkers were allowed to overlook the extra income if it was not typical and made sure not to terminate the parent's subsidy.

- In Michigan, one local agency respondent noted that workers could allow parents to keep their subsidy when they had extra income as long as the parent could verify that this situation was temporary. Workers would average the income parents earned to determine the authorization.

- Minnesota would suspend payment temporarily for families in this situation but would not terminate them—thus allowing families to resume receiving subsidies when their income fell again. While this policy did not allow parents to continue to receive subsidies (which would cause problems with the stability of the child care arrangement if the parent was unable to pay for care and the provider was unwilling to provide care for free), respondents thought that it helped parents avoid reapplying and being placed on the waiting list.

Assist Parents with Fluctuating or Nontraditional Work Schedules

As discussed in the introduction, workers with nontraditional hours and fluctuating work patterns are a significant part of the low-wage workforce (Presser 2003). This employment pattern is particularly common among workers likely to need child care assistance (i.e., low-wage workers, single mothers, and families with young children). These findings have been corroborated by the state and local administrators who have been part of UI's studies. For example, one state respondent estimated that in one of the largest counties, as many of 77 percent of families receiving child care subsidies had fluctuating work hours.

Families with fluctuating or nontraditional work hours can face additional barriers accessing and retaining child care subsidies because of their work schedules. These families also present particular challenges for subsidy administrators, as subsidy policies are often designed for workers with more traditional work patterns. These challenges include how to determine the number of hours of care to authorize, since they change from week to week. As one administrator said, "It's a real nightmare."

Administrators also struggle with how often to require these parents to report changes in circumstances to the subsidy agency; requiring parents to report any change can mean reporting hour and schedule changes frequently since they may change week to week. This frequent reporting can be burdensome for parents (and may create enough burden to cause them to leave the system) and staff. Additionally, with shifting work patterns, parents could be eligible one week and then ineligible the following week, leading a parent to have to frequently reapply for subsidies or to give up. The previously

discussed strategies to address fluctuations in income are also relevant for this population but will not be discussed again here.

States have developed some strategies to accommodate the needs of this population of clients while still maintaining fiscal responsibility. Finding ways to accommodate these families, however, is clearly an area where states are looking for ideas (Snyder, Banghart et al. 2006), and it is an area worth further exploration.

- *Create more flexible authorization approaches:* Authorizing a reasonable number of hours of care for parents with fluctuating schedules was a major challenge for the study states. To try to accommodate shifts in work schedules, some study states designed more flexible authorization policies to minimize the need to frequently change the subsidy. The strategies states were implementing included these three:

  - *Average hours:* Some states averaged the number of hours parents worked over a certain period to create an authorization level for parents with fluctuating work schedules. Generally with this policy, parents were asked to submit pay stubs from the previous few weeks or month, and workers would average the number of hours parents worked during this time frame to come up with an appropriate number of hours to authorize care for, allowing for flexibility in the number of hours worked. This average would then be authorized for the length of the parent's authorization, unless a significant change in his or her schedule or employment took place. This approach helped parents avoid breaks in eligibility and lowered administrative costs. There were some challenges noted with this approach, however, including correctly identifying which period to average and ensuring that the payments and payment patterns worked for providers (Snyder, Banghart et al. 2006).

  - *Allow providers to bill for the hours used:* Illinois, Iowa, and Wisconsin gave providers flexibility to bill for more hours than authorized, which could accommodate parents who occasionally worked beyond the authorized number of hours. In these states, parents and providers generally needed to document that the parent was working these extra hours and care was provided for this time, though Illinois does not require parents and providers to verify these extra hours. All the respondents who used this policy felt that it was a very "family-friendly" and a "provider-friendly" policy. There were no concerns of fraud in Iowa and Wisconsin, which asked parents to verify the extra hours of care needed, though there were concerns in Illinois.

  - *Authorize blocks of time:* Iowa, Indiana, Michigan, and a local agency in Wisconsin took averaging hours a step further by averaging hours and then authorizing for broader blocks or units of care (e.g., full-time/part-time). With this strategy, workers averaged the number of hours parents worked (plus transportation) in a

given period. Workers then placed parents into an authorization category based on the total number of hours. For example, if the parent worked 30 hours a week and traveled an hour a day, then he or she could be given full-time care, while another parent who only worked 20 hours a week was given part-time care. The advantage of this approach is that once parents are in a category, providers can charge for however many hours the parents use care (within the range of hours for that authorization category). Agency staff had mixed feelings about this policy; some thought it was flexible and easy for parents and workers, but at least one respondent indicated concerns about whether it allowed for greater fraud.

- *Authorize care for more than one provider:* Parents with fluctuating and nontraditional work schedules may need more than one provider to cover their child care needs. For example, parents with fluctuating work hours may use one provider if they work days and another if they work nights. Parents who routinely work odd-hour shifts may need two providers to bridge the time they are at work. The ability of states to authorize care for more than one provider is therefore critical. While most states in the Urban Institute's study of seven midwestern states allowed parents to have more than one provider to accommodate their work schedules, some challenges remained. For instance, respondents in Michigan noted that with their policy, the authorization hours were shared between the two providers, but each provider was not limited in the amount of hours it charged to the agencies. As a consequence, whichever provider submitted its invoice first might use up most of the authorized hours, leaving the second provider with few, if any, hours that it could be paid for.[11]

Suspend subsidy payment during predictable periods of ineligibility

Parents may also find that they experience periods where they are not using child care temporarily even though they are otherwise still eligible—for example, if they are going on vacation, their child is visiting the other parent, the parent isn't working or is in school, the child faces a gap during the school semesters, the mother is on maternity leave, or because the parent is waiting to start a new job. Some states—including Indiana, Kansas, Minnesota, Montana, and Ohio—have also taken steps to address these longer periods when the child may not be in care. For example, Montana had a "hold the slot" policy for families in its Certified Enrollment Program, meaning these families had parent(s) in full-time employment. This policy allowed the state to pay for up to 30 days' care to a provider (usually providers with a waiting list) to hold the slot for a child whose parent had prearranged for his or her absence. Montana also allowed children with full-time certifications to have 150 hours to use for absences when providers required payments for missed days. This policy was developed to deal situations such as when the child lived with another parent for short periods.

Similarly, Indiana, Kansas, Michigan, Minnesota, and Ohio had policies that allowed parents to suspend their subsidy for a certain amount of time—where they did not receive payments but were still considered eligible. The amount of time subsidies were allowed to be suspended varied: for example, Ohio allowed 30 days, Indiana allowed 12 weeks, Kansas allowed up to 90 days, and Minnesota allowed up to one year. Sometimes parents could use this suspension for different purposes. For example, in Kansas it could be used for a range of circumstances, such as if the child's mother was on maternity leave (and she was home to care for older children), medical reasons, or when a child went to a noncustodial parent's home for an extended holiday or to visit relatives during summer months.

Most respondents felt that the policies around subsidy suspension—also called approved leave—worked well for families and were easy to administer. The policy saved parents from having to reapply or being subjected to waiting lists to receive their subsidies again. One respondent also explained that before the agency allowed for subsidy suspension that could cover semester breaks, a lot of teen parents' subsidies were being terminated (since they were not in school) and teens were not returning to school as a result.

Looking at the challenges, temporary subsidy suspension sometimes can be difficult for agencies since parents may not report the change that would trigger this status. Still, once the agency is aware of the parent's need to suspend subsidies, the parent does not need to do anything else. Another difficulty for the subsidy agency is negotiating with child care providers for the suspension. Providers want to be compensated to hold the child's slot during the suspension period, but subsidy agencies (in most cases) cannot pay to keep the slot. Therefore, this cost often ends up as an out-of-pocket expense for parents or for providers while the subsidy is suspended, or parents lose their slot with their providers.

Simplify the process of retaining subsidies when changing eligibility categories

Another slightly different challenge is how to handle other changes that do not necessarily change a family's eligibility for subsidies but change the eligibility category in some way. States discussed three different kinds of eligibility category changes:

- *Moving from TANF child care to transitional child care subsidies:* The most common category change occurs when families move from receiving subsidies because they are on TANF to being in a "transitional" category. While most states report that families making this transition automatically remain eligible and are a priority to receive subsidies, research suggests that some states have policies that require parents to effectively reapply for subsidies (Adams et al. 2002; Adams, Koralek et al. 2006). Some subsidy agencies make this process relatively simple for parents: for example, a number of local subsidy agencies in a study of 11 sites automatically

continued the family's eligibility with minimal effort by the parent. In effect, parents' subsidies continued automatically, without them having to reapply or visit the agency. These sites varied in whether they required families to immediately begin to pay copayments or higher copayments, or whether they waived them for some months (Adams, Koralek et al. 2006).

- *Moving from transitional child care to the subsidy program for low-income working families:* Another similar situation, for those states that still have separate programs for low-income working families that have not recently been on welfare, occurs when families move from the transitional category to the program for low-income working families. In states with waiting lists, parents can lose their subsidies because the latter program has inadequate funds. Minnesota had a "transition year extension" policy that was intended to avoid a potential subsidy break when parents finished their transition year of subsidies (after leaving welfare) owing to insufficient funds in the state's low-income subsidy program (basic sliding-fee-scale program). Basically, this extension allowed parents to continue to receive subsidies for an indefinite period until they could be accepted into the basic sliding-fee program. Parents benefited because they were not placed on the waiting list for the basic sliding-fee-scale program once they finished their transition year of subsidy funding.

- *Moving from county to county in states with waiting lists:* Minnesota also had a strategy to support families that moved from a county where they were receiving a child care subsidy to a county that had a waiting list. Their "portability pool" allowed families to continue to receive subsidies while they were waiting to get on the program in their new county.[12] Parents could receive up to two full months of child care paid by their old county of residence and up to six full months of child care paid through portability pool funds. To be eligible for this policy, parents needed to first inform the subsidy agency in their current county of residence. That agency then gave parents 60 days to contact the subsidy agency in their new county of residence.

Delay or suspend copayments

Another strategy is to delay or suspend copayments during specified periods to minimize the financial burden on families. For example, Oregon assisted parents by reducing or paying their copayment during transition periods. Specifically, if a client in employment-related child care lost his or her job, the state would still pay for that month's child care and provide assistance with the copayment so the parent would not suffer financially as he or she tried to find new employment (see Adams, Koralek et al. 2006). In addition, clients transitioning off TANF might also have their copayments reduced or eliminated for one month as they adjusted to their new circumstances.

While this policy was used at the discretion of the local area, it was common for parents to receive reductions in copayments during transitional periods. This was

particularly important in Oregon, where copayments were relatively high. Oregon reported that these policies allowed former TANF families the chance to stabilize their employment situation and get a little ahead in their budget without losing their eligibility or incurring the cost of a copayment that may be difficult to cover. It also provided some short-term breathing room for families that had experienced job losses. The policy also had administrative benefits. In particular, since payments were issued at the beginning of the month, it eliminated the need to either stop that payment or collect an overpayment to a provider. As this policy was designed to prevent families from going in and out of eligibility during transition periods, it saved workers the time and cost when a family had to reapply. Respondents also felt that even though reducing or eliminating the copayment involved some costs, it helped the family maintain some financial stability during transitions and helped reduce the likelihood of the family returning to TANF or having to reapply for child care. Respondents reported minimal problems with improper payments, as the state required detailed records and documentation and conducted audits regularly.

Address the unique needs of migrant families

California offered migrant families child care subsidies that they could use as they moved from county to county. The state, which has a large migrant worker population, runs a Migrant Center and the Migrant Alternative Payment program to provide additional services to migrants. California contracted with Kern County to run this program and administer the subsidy. A migrant family applying for and using the subsidy worked with one agency, which determined eligibility, paid the provider wherever the child went, handled reporting, and managed the case as the family moved around the state. This program has been in place for four to five years. The respondent could not provide program use levels, as the state does not track the number of families using these subsidies.

The program had benefits for families. Given the challenges migrant families face with changing job locations, hours, and providers, this was one area where these families could have some continuity of service. It saved them the time and effort of having to reapply every time they moved to a new county. The respondent also felt that this program, because it was centralized and a contracted function of the state, reduced time for processing applications at the local level.

Conclusions

Subsidies are clearly central to efforts to help low-income families become stably employed. The strategies highlighted in this report demonstrate that even in times of scarce funding, states can and are redesigning their systems to better support families. What is most promising about these strategies is that they often help states meet multiple goals simultaneously: they not only reduce parent burden, but they also decrease administrative costs or burdens and (in some cases) improper payments. Such policy options are "win-win" situations, where changes can allow states to run more effective programs that deliver better services.

Policymakers and community leaders interested in moving their systems forward to better meet the needs of families can take four steps to accomplish this goal. As shown in greater detail in appendix C, the first step is to examine what is known about how their system works now. This information can and should be gathered from a range of internal data sources—from talking with parents, providers, and caseworkers; examining administrative data; and assessing improper payment data to identify places the policy process is not working effectively. The second step is then to work backwards to identify the root cause of the problem(s); any problem can have multiple causes, so correctly identifying the source is essential. The third step is to think about the core problem strategically and identify strategies that will address the problem and that are appropriate for the particular agency, its context, and it goals. Fortunately, as shown in this report, there are a range of strategies that agencies can consider, a range of other programs to learn from, and a range of allies to work with (including providers, community organizations, and other service systems). States can also determine the scope of these efforts—from comprehensively overhauling its system (such as Pennsylvania did—see appendix B), to taking smaller, more incremental steps that can improve the situation for families. Finally, it is always essential not only to implement the proposed solution, but also to evaluate the results.

One of the most exciting aspects of the strategies described in this report is that they are helping child care subsidies better become a part of a social safety net for low-income working families. Indeed, some policy changes designed to support stable child care through dynamic life changes suggest that subsidies will be able to cushion the

effect of challenging times for low-income families, rather than exacerbating their impact. As such, these policies offer the promise that child care subsidies can effectively support stable employment and continuity of care for both parents and their children. While there is still progress to be made, and much to be learned about the impact and trade-offs of these efforts, these strategies appear to be helping the subsidy system function more effectively to support parental work as well as the well-being of children—which are, after all, the overarching goals of the CCDF and subsidy agencies across the country.

APPENDIX A

How Child Care Subsidies Work

On the federal level, child care subsidies are funded primarily by the Child Care and Development Fund (CCDF), as well as funds that states spend directly or transfer from the Temporary Assistance for Needy Families (TANF) program. Total spending in 2004 on child care assistance including CCDF and TANF funds is estimated at about $11.9 billion (Matthews and Ewen 2005). Funds spent through the CCDF (whether from CCDF or transferred from TANF) must adhere to basic guidelines set by the federal government.[13] But states have a significant amount of discretion in several areas, including the level of state funds they contribute and how they spend them, where they set key policies (such as eligibility criteria and definitions, reimbursement rates, and family copayment levels), how they determine and monitor eligibility, and how they organize and administer subsidies. As a result, there is wide variation across states (and sometimes across localities within states) in funding levels, administrative approaches, policies, and practices.

There are, however, some common themes:

- *Who is eligible:* States use these funds to defray some of or all the costs of child care for low-income families that need child care assistance to meet TANF work requirements, as well as other low-income families that need child care assistance to help them work (or, in some states, attend education or training programs). States can also use funds for protective services purposes. States cannot use federal funds to pay for child care for families with median income levels above 85 percent of the state median income, though they can (and often do) set eligibility levels below that cap.

- *Subsidy levels, copayments, and reimbursement rates:* The subsidy agency agrees to pay some of or all the costs of child care (depending on the parent's level of copayment, which is determined by income and a sliding-fee scale) as long as the provider does not charge more than a maximum level set by the state. In most cases, the agency reimburses the provider directly, and the parent pays the provider his or her copayment.

- *How funds are delivered:* Most child care subsidies nationwide are delivered through a child care voucher or certificate (though this varies across states, as some states deliver at least some of their funds through a "contract" mechanism). Under this approach, parents can choose any of a range of legally operating providers—including relative care, in-home care, family child care, and center-based care.

APPENDIX B

Key Strategies of Pennsylvania's Child Care Works Subsidy Program

1. Link Benefit Systems

- Pennsylvania links subsidy and quality systems and programs
- The state links computer system, resource and referral (R&R), Keystone STARS Quality Initiative, and other early care and education programs
- Unification of the child care system was just completed
- Client self-service and open portal for families and providers expected in January 2008
- Definition of domestic violence has been expanded, with certain eligibility and verification requirements waived
- State efforts are fully coordinated
  - Office of Child Development & Early Learning
  - BUILD
  - Governor's Early Learning Team

2. Improve Customer Service

- Child Care Information Services (CCIS) agencies provide parent counseling and R&R for subsidy families and the community
- Customer service is a performance standard measured and monitored through parent surveys and an on-site monitoring tool by subsidy coordinators

- CCIS agencies provide information on the importance of high-quality early care and education programs, including Keystone STARS
- Database lists providers by STAR rating
- Database can refer providers based on parameters requested by the parent
- CCIS staff are located in different sites that are accessible to the community and open evenings and weekends
- CCIS allows for a higher nontraditional rate to be paid to providers
- Care can be authorized for more than one provider based on special circumstances
- Materials are provided in different languages
- Language is tracked in computer system
- Envelopes have tag lines in six languages

3. Simplify Subsidy Application

- Application is organized in a more user-friendly and readable format
- Verification procedures have been simplified, with more options and self-declaration allowed
- Timely processing of applications
- TANF transfer families have a 183-day period with priority status maintained
- Seamless transfer process for TANF/Food Stamp/General Assistance families into child care database and CCIS agency
- Systems and forms are linked, and there are multiple ways to submit application

4. Simplify Redetermination for Eligibility

- Redetermination occurs every six months, but only changes since application or redetermination need to be verified; no change reporting required between redetermination except for loss of employment

- Parent can just sign a form saying there are no changes for redetermination if there are no changes
- System automatically generates redetermination notice for families
- System can perform automatic redeterminations for TANF/FS/GA child care

5. Simplify Interim Reporting

- No change reporting required between redetermination except for loss of employment
- Multiple forms and documents accepted for reporting purposes
- Call centers exist for TANF clients
- With client self-service module and open portal scheduled for January 2008, families can report changes and do redetermination online

6. Minimize Inadvertent Terminations

- Subsidy continuation expanded to 60 days owing to involuntary loss of work, or the date a person graduates or completes an education or training program
- TANF transfer families have a 183-day period to enroll with priority status maintained
- Child care can be suspended for up to 90 days if the primary caregiver has a break in work, education, or training that exceeds 30 calendar days
- Continuous payment when families change eligibility categories

For more information, contact: Robert J. Frein
Director, Bureau of Subsidized Child Care Services
Office of Child Development & Early Learning
333 Market Street, 6th Floor
Harrisburg, PA 17103
rfrein@state.pa.us

APPENDIX C

Key Steps Subsidy Agencies Can Take to Improve Subsidy Access and Retention

Previous research suggests four steps policymakers can take to help low-income families access and retain subsidies:

1. Assess how well the system works in helping families access and retain subsidies

- Look at policies and administrative structures in place for each step of the process—application, authorization, getting a provider approved, reporting interim changes, getting recertified, and dealing with problems. At each step, examine
  - what parents have to do,
  - what caseworkers have to do, and
  - how often these steps occur for any given family.
- Look at actual practices of how these policies or structures are implemented, and assess customer service practices. For example,
  - talk to, or gather information from, parents and caseworkers.
  - recognize the impact of local leadership and local variation in implementation, and make sure to look at how this works in more than one locality or local agency.
- Look at program data to flag potential problems—such as points when high proportions of families seem to be losing eligibility, particular types of families that seem to have particularly short subsidy spells, or an incidence of improper payments that may identify policies that may not be working.

2. Identify problems from (1), and then work backwards to identify the basic cause(s) of the problem

Think backwards to disentangle the cause(s) of any issues identified in (1). This strategy, also called "backward mapping" (Elmore 1979), is critical because the same symptom can have a different cause (or multiple causes) depending on the site. For example, in one site, high termination rates may be related to parents being unable to contact the agency because of telephone problems or caseworker workload or training; in another site, the rates may result from policies that do not recognize normal fluctuations in parental eligibility.

There are many places to look for possible sources of almost any problem, including

- state or local policy requirements or administrative procedures;
- local agency practices or leadership;
- agency resources or infrastructure;
- individual caseworkers;
- client, community, or market demographics that create unusual demands on the subsidy program (i.e., nontraditional employment patterns, rural/urban residency, etc.), and
- some combination of the above.

3. Think about the problem in the big picture and identify creative solutions

Consider the problems and causes identified in (1) and (2) above, and assess them in the following ways:

- The goals of the subsidy program—is this problem undercutting the goal of supporting stable employment and work advancement for low-income families? The goal of supporting the development and well-being of their children? The goal of running a fiscally responsible and well-managed agency?
- What kinds of solutions can solve the problem? Consider creative ones as well as more obvious ones:
  - Find out what other states are doing to address this problem
  - Rethink key policies to better reflect the reality of parents' lives and program goals
  - Link to other programs or data systems, or learn from them (i.e., Food Stamps, New Hires database, etc.)

    - Identify new allies to help (i.e., providers, CCR&Rs)
    - Think about administrative or management approaches to support better customer service
    - Identify possible technology-based solutions
- Recognize that different solutions will work for different program administrative structures, client demographics, or subsidy agency realities. (For example, some solutions work better in urban areas, others in rural; some solutions work better for clients in stable employment with a traditional schedule, others work better for clients with nontraditional schedules, and so on.)
- Recognize that there may be more than one solution to any problem. (For example, if interim reporting requirements are burdensome for parents and staff, possible policy strategies could include reducing what changes parents have to report, limiting subsidy adjustments between recertifications, linking data systems to minimize parent reporting requirements, or simplifying reporting process.)
- Weigh possible solutions within the context of the agency's trade-offs and program priorities. In particular, this means finding the appropriate balance between
    - parent burden,
    - administrative burden or costs,
    - overall program costs, and
    - improper payments.

How any particular agency or administrator weighs these trade-offs will vary depending on what is viewed as the appropriate balance between particular trade-offs and priorities, agency resources, opportunities and constraints, and so forth.

4. Implement the solutions and assess the results

Finally, it is important not only to put the solutions in place, but also—to the extent possible—to monitor them to see whether they are having the desired impact and are being implemented as planned. While in-depth formal evaluations can be very useful, it is also possible to assess these efforts by going back to the often less-costly strategies identified above in (1) to see whether the original problems are being resolved by the new policies or practices.

Excerpted from Kathleen Snyder, Patti Banghart, and Gina Adams, *Supporting Child Care Subsidy Access and Retention: Strategies from Seven Midwestern States* (Washington, DC: The Urban Institute, 2006).

Notes

[1] A study of 11 sites in 11 states in the winter of 2001–02 found that only one site had fully integrated TANF-child care MIS systems, though this number may have increased since that time (Adams, Holcomb et al. 2006).

[2] The Child Care Bureau's project on improper payments also found that states that share information across programs are better able to verify information from families, thus assisting with eligibility determinations (Child Care Bureau 2004).

[3] Also from discussions between Urban Institute staff and experts on immigrant families.

[4] Based on discussions between Urban Institute research staff and state subsidy administrators.

[5] Illinois' online child care application became available July 1, 2005.

[6] Ohio had a 12-month authorization period, but local agencies were required to perform a 6-month copayment review with families. The copayment review process varied by local agencies; in some cases, workers reviewed cases without parent involvement, while in others the process was the same as the regular recertification process.

[7] Illinois granted 12-month authorization periods for children in collaboratively funded slots with Head Start and prekindergarten programs. Louisiana granted 12-month authorizations for TANF but had a 6-month "check-in" for families receiving food stamps.

[8] Note that Food Stamps allows for a 12-month authorization—a period longer than that allowed by some states for child care. This should not, however, prevent coordination of redetermination dates, as states preferring a six-month recertification period for child care could still time it so the second date coincides with that of Food Stamps.

[9] Some states—including Montana and Massachusetts—implemented policy changes specifically designed to support the continuity of care. (Other states, such as Pennsylvania, have incorporated similar changes in larger systemic reforms of their subsidy programs, though they may not have specifically framed it around continuity of care.) For example, Montana created a package of policies designed specifically to support continuity of care for families that have full-time employment: it includes payment for up to 30 days of care for providers with waiting lists to hold the slot for a child whose parent has arranged for the absence beforehand, absent-day policies to pay for up to 150 hours the child is absent from care, up to 30 days of subsidy for job search, temporary suspension of subsidies if the child temporarily does not need subsidies or if the family temporarily loses eligibility, and use of subsidies to go to doctor's appointments or when work is interrupted for a medical emergency involving the parent or a child. Similarly, Massachusetts recently

made four key policies changes to the child care subsidy system to improve the continuity of care for children. While these changes are mainly to address children's needs, they help parents access and retain subsidies as well. These changes include a move to an annual reassessment (from six months), increasing subsidy length during maternity leave from 8 weeks to 12, lengthening the time a family can transition its child into an early care and education program before starting an approved activity from one week to two (and suspending the copayment during this time), and allowing a full-time subsidy for full-time attendance in college to recognize the importance of study time.

The overarching approach is particularly interesting because it involves several different strategies that states can implement, yet in both cases states saw these policies as part of a larger goal to reduce inadvertent terminations and support continuity for children.

[10] For example, in the study of seven midwestern states, five states offered these benefits to both families on TANF and families not on TANF.

[11] For example, if a parent is authorized for 100 hours of care and one provider submits an invoice for 75 hours, the second provider can only be paid for up to 25 hours.

[12] Some other study states also had policies to assist parents moving to a new county. In Illinois, Iowa, Michigan, and Ohio, agencies transferred the case record (which included all the family's information) to the new county. In Ohio, however, parents were still required to complete a new application. Additionally, in Wisconsin, a move to a new county required the family to reapply for child care.

[13] Funds that states spend on child care directly from TANF, without transferring to CCDF, do not have to meet CCDF guidelines. Little is known at the moment about whether states comply with CCDF guidelines for these funds as well, though more information on this issue should be forthcoming.

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