

# New Federalism

## Issues and Options for States

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## Navigating the Child Care Subsidy System: Policies and Practices that Affect Access and Retention

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*This research suggests the root causes of barriers to subsidy access and retention can be quite complex. It also shows that policymakers and subsidy agencies can develop strategies to address these barriers.*

In the last decade, helping defray child care costs has become a cornerstone of policies to help low-income parents work. Public funding for child care subsidies—which are usually provided as vouchers that parents use to purchase any of a range of child care options—has risen significantly. Despite these increases, a relatively small proportion of eligible families receive child care assistance (Collins et al. 2000). While this is largely because there are insufficient funds to serve all eligible families and states must ration services, recent research suggests that additional factors may be at play. In particular, subsidy usage patterns appear low even in states with relatively more resources (HHS 2000) and among high-priority groups who should be the most likely to receive subsidies (Schumacher and Greenberg 1999). These findings highlight the importance of looking beyond funding and eligibility to examine what additional factors might affect subsidy use.

The research presented here examines subsidy policies and practices that can affect subsidy utilization, including those that affect every interaction the parent has with the subsidy agency and those that affect the ease of applying for, and retaining, subsidies. While this research suggests the root causes of barriers to access and retention of child care subsidies can be quite complex (ranging from state and local policy and funding, local program implementation and management, and/or caseworker discretion), it also shows that

policymakers and subsidy agencies can develop strategies to address these barriers.

### Data and Research Methods

This research is based on interviews with state and local child care administrators and key experts, and focus groups with caseworkers, parents, and providers in 17 sites in 12 *Assessing the New Federalism* (ANF) states.<sup>1</sup> The interviews and focus groups took place between June 1999 and March 2000.

This approach allowed us to document the unique perspectives of those on the front line—parents, providers, and caseworkers—which have been underrepresented in subsidy research. However, because the focus was on local agency practices, some of the findings are specific to the localities visited or to the individuals or agencies interviewed.

### Findings

#### *Factors Affecting Every Interaction*

Parents, providers, and caseworkers often talked as much about how the services were delivered as about the specifics of any particular policy requirement. Parents, for example, discussed how many caseworkers they had to see, how they were treated, whether their caseworkers were helpful, and whether they experienced delays. Generally their comments fell into one or more of three areas.

**Interactions with caseworkers.** Caseworkers are critical in shaping the experiences that families have with the subsidy

This brief summarizes the more in-depth report "Getting and Retaining Child Care Assistance: How Policy and Practice Influence Families' Experiences," by Gina Adams, Kathleen Snyder, and Jodi R. Sandfort, 2002, the Urban Institute *Assessing the New Federalism* Occasional Paper No. 55. See <http://www.urban.org> for links to the complete paper.

system. They translate policy into practice, communicate details of policies to parents, help them with forms, and process paperwork and claims. They are the basic point of human interaction with the subsidy agency.

Parents' experiences with caseworkers varied. In some cases parents described how caseworkers helped them resolve a problem and how they were responsive and helpful. However, in other cases, parents described being treated disrespectfully, having to wait for long periods of time, being misinformed, having paperwork lost, and so forth. Parents' concerns were often corroborated by other respondents and could be related to larger structural issues, such as rising caseloads and high staff turnover rates, inadequate access to training and technical support, and limited agency resources. A number of the local agencies faced challenges in these areas. The effects of these problems on parents in those sites where they occurred were very real and likely to affect their ability to use subsidies.

**General office practices and accessibility.** Respondents also often discussed general office practices that affected the ease of parent-agency interactions. A common concern was parents having to come into the office to deal with the various interactions required by the state (e.g., to apply or redetermine their eligibility). While face-to-face meetings can help caseworkers build a relationship with the parent and ensure they understand the program requirements, they can also present a burden when they occur frequently or unnecessarily.

Our sites varied from some where parents dealt with most interactions by mail, phone, or fax, to others where many interactions were done in person. Reasons for the latter scenario varied. Some local agencies required parents to come into the office in person for some or all interactions. In some other local agencies that used alternative mechanisms (such as mail, phone, or fax), parents reportedly came into the office even though the policy did not require them to do so. Although in some cases this was due to parent error or choice, sometimes this occurred because the caseworker required them to come in,

the parents couldn't get through by other means, or they did not trust the agency to appropriately process the paperwork.

The difficulty of coming into the office was compounded by other factors—for example, whether the local office served parents on a “first-come, first-served” basis or through appointments. The former approach, while giving parents more flexibility, was difficult if agencies were not staffed sufficiently to serve families promptly. However, appointments only worked if they were flexible enough to meet parents' schedules and allowed them to be seen in a timely manner. Although parents in some sites had few complaints as the process seemed to work smoothly, in other sites backlogs and agency management practices meant parents had to wait for weeks or months to get an appointment or that they might have to wait several hours on the day of their appointment because of delays.

A related issue was agency office hours. Office hours that did not extend significantly beyond the traditional work day presented problems for those parents who needed to come into the office, as they would have to take time off work to visit the agency. Parents described the difficulty of asking for time off from a new employer, concerns about being fired or having to lose a full day's pay because they did not have leave, and how missing work reflected upon their performance and was perceived by their employers. These concerns can not only make it difficult to retain subsidies, but can also be a deterrent for eligible families who want to apply.

While these office practices are related to issues such as level of resources, policies, and training, they are also strongly affected by local agency leadership, culture and management. Local agencies that focused on client service and efficiency appeared to be more accessible. Further, there was significant variation in how these issues played out across different local agencies within a site, suggesting that resources and policy are not the sole factors driving how families are treated.

**Multiple agencies.** The number of agencies a family had to deal with to access or retain its subsidy also affected parents' experiences. This was particularly

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*While office practices are related to issues such as level of resources, policies, and training, they are also affected by local agency leadership.*

common for families receiving Temporary Assistance for Needy Families (TANF) because their eligibility for child care was dependent upon their eligibility for and compliance with TANF requirements. These families could have to deal with both the TANF agency and the child care agency for many of the interactions described below. Whether dealing with multiple agencies was a problem depended significantly on how local agencies managed the process. In some sites, for example, caseworkers minimized the burden on parents by doing the necessary cross-agency coordination and communication. In other sites, however, parents had to navigate between the two agencies, taking paperwork back and forth and dealing with conflicting or duplicative requirements, making it more difficult for families to get and retain their subsidy.

#### *Factors Affecting the Application Process*

The process of entering the child care subsidy system varied in the ANF sites, though it generally involved completing an initial application and dealing with paperwork, as well as identifying a provider and getting the provider approved. Generally, parents across the study sites were required to fill out an application form and provide documentation to verify their income, identity, and relationship to the child. However, the burden of this process varied widely in both policy and practice.

The majority of the sites required at least some families to appear in person at some point in the application process—though this sometimes varied by whether the family was on TANF. In some sites, parents needed to come in multiple times to apply and get their provider approved. Relatively few sites allowed parents to deal with the entire process by phone or fax.

The amount and types of paperwork required for the application process varied across sites. For example, in one site parents had to complete an application and provide eight different documents (proof of residence, social security cards, birth certificates, one month of pay stubs, food stamp/Medicaid eligibility letter, proof of child support, proof of any other income, and school attendance verification for each child under age 18). In contrast, at another

site, non-TANF parents had to provide one month of pay stubs and a child support statement in addition to filling out an application.

The extent to which these policies and practices were burdensome for parents depended on the implementation issues discussed earlier, such as caseworker interactions, office practices, or multiple agencies, which could simplify a complex process or could make a seemingly simple process more difficult.

#### *Factors Affecting Subsidy Retention*

What families have to do to retain subsidies has generally not been explored, but is critical in affecting utilization patterns. We found that families must do far more to keep their subsidies than has generally been recognized—which may help explain recent research on five states showing that average subsidy spells lasted only three to seven months (Meyers et al. 2001). Three types of situations where families must do something to retain subsidies are described here: eligibility recertification, changes in employment circumstances, and leaving welfare. [Information on other transitions is provided in the full report.]

**Eligibility recertification.** Although there is a perception that parents are able to retain their subsidy until they become ineligible, in actuality they are given a time-limited authorization for subsidy that expires unless they prove they are still eligible for assistance. Consequently, unless parents regularly prove their eligibility, their subsidy is terminated. This eligibility recertification process is therefore central to parents' ability to retain their child care subsidy.

Local subsidy agencies differed in what parents needed to do to recertify. Half the sites allowed them to recertify by mail, phone, or fax—at least in theory. The other half required some or all families to visit the agency. Parents also had to submit additional documents to verify their eligibility. In most sites, parents had to fill out a form and document their income, which often meant providing a certain number of pay stubs. However, in some sites agencies required families to take additional steps—such as completing an employment verification form, providing verification about

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*Families must do far more to keep their subsidies than has generally been recognized.*

child support, or (in at least one site) providing the parent's social security card and the children's birth certificates each time. Again, families on TANF could face an extra layer of requirements because the subsidy agency often needed to ensure the family was still eligible for TANF, which could result in additional requirements and/or paperwork.

The frequency of recertification can become a barrier for families needing child care assistance, particularly if they must take time off from work to comply. In ANF sites, there often appeared to be a difference between policy and practice. From the policy perspective, the maximum recertification period ranged from 3 to 12 months, with the majority requiring recertification at least every 6 months. In practice, however, caseworkers appeared to require some parents to recertify more often—for example, if the family experienced frequent changes in circumstances or did not regularly report changes. TANF parents may have to redetermine eligibility more often given the transitory nature of their activities—for example, in one site some families on TANF could have to recertify as frequently as every four weeks.

**Changes in employment circumstances.** Parents also need to prove their eligibility each time they experience a change in their situation that could affect their subsidy, including any change in income, employment, or work schedule. For instance, a change in income can make a parent ineligible, change their copayment amount, or change how much the state will pay as a reimbursement. However, such changes in circumstance can happen frequently in the lives of low-income families. Entry-level and low-wage workers tend to experience frequent job turnover, changing schedules, and irregular work patterns.

All sites required that families notify the agency for most of these changes, though the specific requirements varied. A number of sites allowed parents to notify the subsidy agency of such changes by phone or mail. However, some required some or all parents to do this in person, which can be particularly challenging for working parents. While agencies usually

required parents to report changes when they happened and many parents complied, agency staff across many sites also reported that a number of parents waited until their eligibility recertification to report this change. In some sites, this delay could result in subsidy termination or requiring the parent to pay back any overpayments. However, in a number of sites, staff relied on the recertification process to identify changes in employment if parents had failed to report this earlier, though caseworkers were clearly attentive to any indication of actual fraud.

**Leaving welfare.** Leaving welfare is an important transition unique to TANF families. How subsidy agencies help families retain subsidies during this time is critical to the success of welfare reform, as supporting families through this transition can help ease their move off welfare and support stable employment. While most states used language such as “guaranteed child care” or “automatic eligibility” when referring to families leaving welfare, the process of retaining subsidies seldom appeared to be “automatic” for these families. Only a few sites allowed families to continue to get subsidies without having to take additional steps when they left welfare. In the remaining sites, families needed to come to the office in person, reapply/recertify for subsidies, or move to a new agency. Furthermore, while the majority of sites gave families high-priority status for one to three years, they varied on whether families were able to continue to get child care assistance at the end of this transitional period.<sup>2</sup> While some sites still gave these families priority, some were already putting them on waiting lists, and others reported that these families would only get subsidies if funds were available.

### Implications for Supporting Access and Retention

Subsidies are central to achieving the larger policy goals of reforming welfare and supporting work. Yet the research described here suggests that there are a number of ways in which subsidy policies are implemented that can make using sub-

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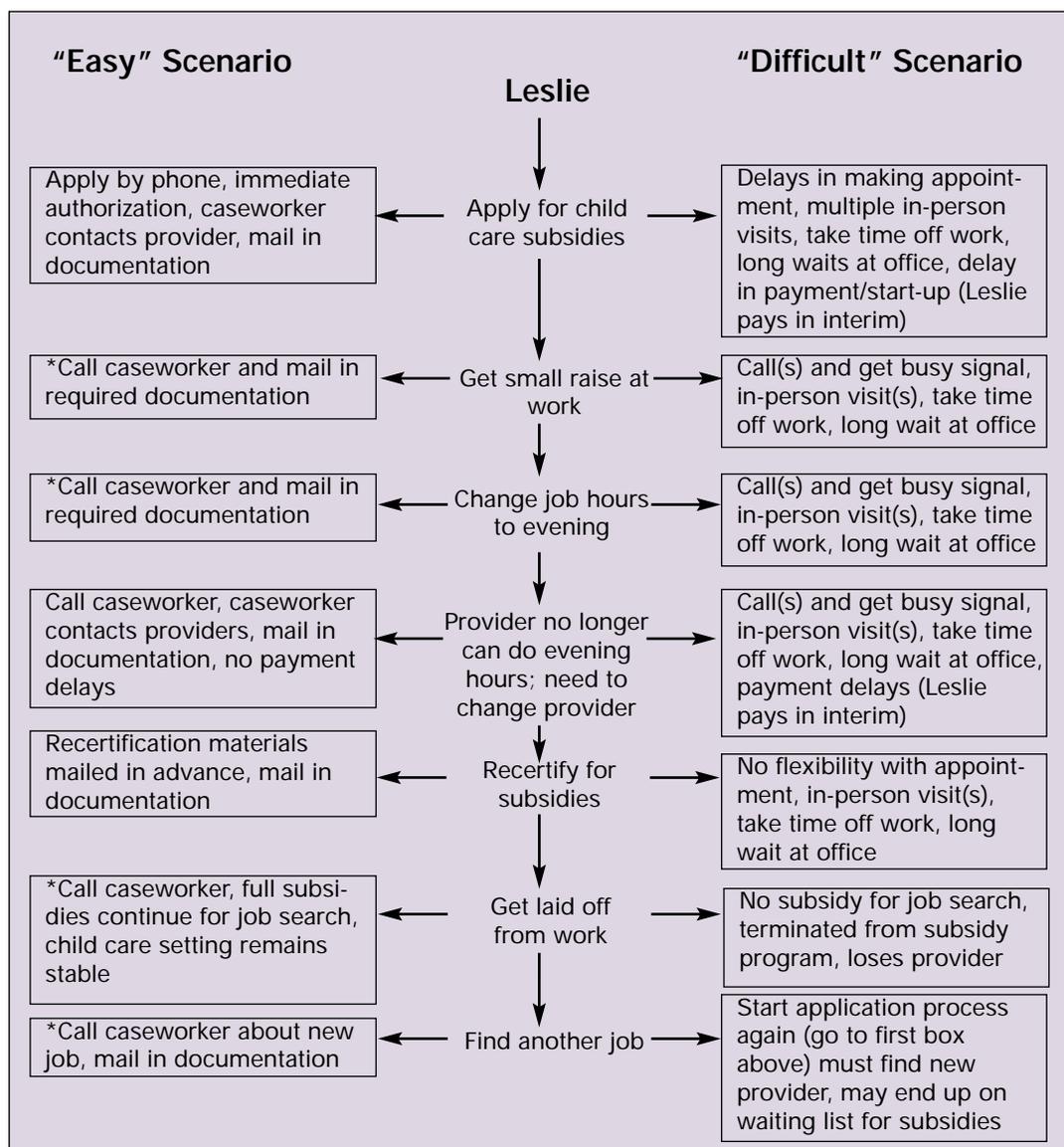
*How subsidy agencies help families retain subsidies during the transition off welfare is critical to the success of welfare reform.*

sidies easier or more difficult and that can affect the success of welfare reform goals.

**Subsidies can be complex to access and retain.** The process of accessing and retaining subsidies can be quite challenging for parents because (1) there are several points at which parents must take action to get and retain their subsidy; (2) what parents have to do at each point can be relatively easy or hard, depending on the local agency's policies and practices; and (3) the cumulative burden of these steps can be difficult. Figure 1 demonstrates the cumu-

lative impact of these policies and practices on a hypothetical mother named Leslie as she goes through a series of changes in her circumstances over 8 months. In the most difficult scenario (illustrated on the right side of the figure), Leslie could potentially, for example, have to take time off work to visit the subsidy office nine or more times. Given that she is likely to be in a job with little or no leave, this can be difficult and can increase the likelihood that she will fall out of the system at some point. In a site with fewer requirements (see left side of

FIGURE 1. What Leslie Might Have to Do to Get and Keep Her Child Care Subsidy



\*To imagine the "easiest" scenario in terms of access and retention from Leslie's perspective, eliminate all of the processes in the (\*) boxes. This would be the scenario if Leslie did not have to notify the agency of all changes between reauthorization periods.

the figure), Leslie could go through these changes without having to visit the office more than a few times, if at all.

These demands can be particularly problematic for specific types of parents, including parents whose lives are more chaotic and experience many changes (and who therefore would likely experience more reporting demands); parents who face other challenges (such as language or transportation barriers); and parents on TANF who may face additional challenges because they have to deal with multiple agencies. Unfortunately, these kinds of parents are often the focus of efforts to reform welfare. This suggests that to better meet the goals of welfare reform, subsidy policies/practices should be redesigned.

**Subsidy policies/practices may undercut work.** Those subsidy policies and practices that result in parents taking time off work operate at cross-purposes with the larger goal of helping low-income parents become established in the workforce. Parents were clear that this was difficult for them, that it jeopardized their job performance, and that it affected how their employers perceived them. Respondents also indicated that this acted as a deterrent to using subsidies. In some sites, the system did not appear to recognize the realities facing the low-income working (and often single) parent population that it serves.

**Subsidy policies/practices may undercut child care stability.** While the focus of subsidies is usually to support parental work, they also affect children. Barriers to subsidy retention seem likely to contribute to the short subsidy spells mentioned earlier. These may in turn contribute to unstable child care situations among subsidized children who may have to leave their child care program when their parent loses their subsidy (unless the provider continues to serve the child at a loss). This is problematic given that research suggests that continuity of care and a stable relationship with a nurturing caregiver is a critical aspect of child care quality and can have a major impact on children's development.

**Subsidy agencies can support access and retention.** Despite challenges, there were local sites in this study with

policies and practices that made it easier for parents to get and keep subsidies. The insert included here is based on the strategies and issues observed during site visits and describes how agencies can assess their own policies and practices to improve access and retention.

While these strategies can make an important difference, it is useful to remember that addressing these issues within the current funding context—in which eligible families already are not getting assistance due to inadequate funds—may simply result in increasing the number of eligible parents who end up on waiting lists or not being served. Subsidy slots would not turn over as rapidly if eligible parents found it easier to retain subsidies. This trade-off is further complicated by the current economic situation, in which several states are beginning to cut back on child care funding.

However, there are also clear opportunities for improving access to subsidies. States can address almost all of the issues highlighted in this report, as most are not regulated at the federal level (Greenberg, Schumacher, and Mezey 2001). The declines in the TANF caseloads in recent years, time limits for welfare, and other factors have significantly increased awareness about the importance of supporting employment and preventing welfare among low-income working parents. Consequently, there is a growing interest in designing social services to better support working families.

## Conclusion

There are a number of subsidy policies and practices that can make it difficult for low-income eligible families to access and retain child care subsidies. These practices may inadvertently undercut several of the fundamental goals of the child care subsidy system—including supporting work, reducing welfare receipt, and promoting stable child care—and contribute to lower subsidy usage and high subsidy turnover rates. Yet a number of sites have policies and practices that support access and retention, and states and localities have the freedom to implement such strategies in the current federal context. While these strategies will not address the larger access

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constraints due to inadequate funding levels, taking steps to make the subsidy system more accessible to low-income families could help support the larger policy goals of supporting work among low-income parents and maintaining stable child care for their children.

## Endnotes

1. The states/sites were Alabama (Birmingham), California (Los Angeles, Oakland, and San Diego), Colorado (Denver), Florida (Miami and Tampa), Massachusetts (Boston), Michigan (Detroit), Minnesota (Minneapolis), New Jersey (Jersey City), New York (Buffalo and New York City), Texas (El Paso and Houston), Washington (Seattle), and Wisconsin (Milwaukee). Mississippi, an ANF state, did not participate.
2. Four states (Colorado, Michigan, Washington, and Wisconsin) did not have a transitional period.

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