

Supporting Child Care Subsidy Access and Retention: Strategies from Seven Midwestern States

Kathleen Snyder, Patti Banghart, and Gina Adams

Policies that serve as barriers to subsidy participation can undermine subsidy goals, including helping eligible families work, supporting children's development, and keeping administrative costs low.

Child care subsidies help defray some or all of the costs of child care and are a key work support for low-income families. However, only a proportion of all eligible families receives subsidies (Collins et al. 2000). This is due to many factors, including insufficient funding to serve all eligible families¹ as well as some eligible families not wanting subsidies. Yet research suggests that even when funding is available, some eligible families that want subsidies do not get them, and families that do often stay on subsidies for only short periods (Collins et al. 2000; Meyers et al. 2002).

Subsidy policies and practices appear to contribute to whether some eligible families are able to get or keep their subsidies (Adams, Snyder, and Sandfort 2002; Shlay et al. 2002). Factors such as what families have to do to apply for subsidies, to recertify their eligibility once they start receiving subsidies, and to report changes that may affect their subsidy—as well as the ease of interacting with the subsidy agency while completing these requirements—can influence whether eligible families use subsidies and for how long. To the extent that these policies and practices serve as barriers to participation, they can undermine important subsidy program goals—such as supporting the ability of eligible families to sustain stable employment and move toward self-sufficiency, supporting children's development in stable and decent quality care settings, and keeping administrative costs low to serve more eligible families (Adams et al. 2002).

As a result, policymakers and subsidy administrators have become increasingly interested in understanding more about the issues that can affect subsidy access and retention, and in taking steps to address participation barriers. While recent research has begun to lay the framework for understanding these issues, there has been relatively little information available on what state and local subsidy agencies are doing to support families in this area, or on their experiences in implementing these policies.

The research presented here begins to address this gap. This policy brief summarizes key points from an in-depth report looking at subsidy policies and practices to support subsidy access and retention in seven midwestern states. It also discusses the considerations and trade-offs states faced in designing and implementing these solutions.

Data and Research Methods

This research is based on interviews with state subsidy administrators and some local administrators in seven states: Illinois, Indiana, Iowa, Michigan, Minnesota, Ohio, and Wisconsin. These interviews were conducted between May and October 2005. Consistent policy information was also gathered from a review of the states' Child Care and Development Fund State Plans, their individual policy manuals, and from a state-level policy survey across the seven states on their requirements for subsidy application, recertification, interim

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change reporting, and termination as of May 2005.

This research approach allowed us to gain insights into particular policies that can support subsidy use and state experiences in this area. In interpreting these findings, however, it is important to remember that they are based on information from discussions with state (and a few local) subsidy administrators: we did not talk with caseworkers or clients about their perspectives on these policies and practices, and we did not assess how well these strategies were working at the ground level. In addition, this study represents strategies used by states in one region and is therefore only a sampling of the strategies being used by states around the country.

Findings

Highlights of the key findings from this study are provided below. State and local strategies to support subsidy access and retention are grouped into eight policy areas:

- linking benefit systems
- improving customer service
- simplifying application requirements
- simplifying recertification requirements
- simplifying interim reporting requirements
- minimizing breaks in subsidies
- assisting parents with fluctuating or nontraditional work schedules
- assisting parents with language barriers

Within each policy area, subsidy agencies generally had to balance four different concerns:

- reducing parent burden
- limiting staff workload
- keeping costs down to serve more eligible families
- reducing the likelihood of improper payments

Interestingly, these four issues were sometimes competing interests and sometimes complementary. For example, some policies to minimize parent burden might

lead to more potential for improper payments, while others could minimize such payments. Similarly, some efforts to improve parental access and retention increased administrative burden, while others decreased it. (Also, as described in the full report, in some cases states identified policies that were inadvertently contributing to improper payments and chose to redefine the policy as a way to simultaneously reduce improper payments and better meet the needs of families.)

This brief summarizes key strategies and trade-offs. See the full report for additional strategies and more information about state experiences with these approaches.

Linking benefit systems. State and local subsidy programs collaborated with other benefit systems (including TANF, food stamps, and Medicaid) to help make processes both easier for parents and more efficient for programs. For example, some agencies were working to identify ways to share information across systems, or to create shared computer systems (i.e., single systems containing client information for child care, TANF, food stamps, Medicaid, etc.) that workers from each program could access. Also, a few local agencies and one state agency combined worker responsibilities across different programs—for example, by having a single worker manage both welfare-to-work activities and child care subsidies. In addition, some states were linking systems at the client level by creating single application forms or synchronizing recertification dates for multiple benefit programs.

States that used these strategies considered them beneficial—both for parents, since they reduced the need for parents to submit information repeatedly, and for staff because they helped reduce staff workload since staff didn't need to process clients' information repeatedly. But respondents also reported some drawbacks. The cost of implementing computer systems was a concern to some respondents, although others pointed out that such systems can produce savings in the long run due to increased administrative efficiency. Also, other research suggests that combining worker responsibilities may end up

being burdensome for staff or result in less attention being paid to child care services if caseload size and training are not taken into consideration (Adams et al. 2006). Finally, respondents suggested that combining applications can sometimes be ineffective depending on how it is implemented (if the application becomes too long) and for whom (a parent may only want an application for a single program).

Improving customer service. How services are delivered—such as how easy or difficult it is to get in touch with staff or how parents are treated by staff—may affect subsidy use (Adams et al. 2002). Focal state and local agencies had developed various strategies to improve customer service, including creating state-run toll-free phone lines for parents and providers, creating a local call tracking system (to monitor how many calls were received, how long parents had to wait on the phone lines, and how many calls were abandoned), creating a local scheduling hotline for parents to schedule their office visits, and implementing a dedicated staff person to handle customer service issues (such as complaints or appeals). Respondents thought these practices seemed beneficial for parents and had few if any concerns about other trade-offs. While we were unable to assess the implementation of these policies, other research suggests that many issues can affect how well such strategies work, including how these systems are staffed, how well these individuals are trained, and how quickly phones can be answered (Adams, Rohacek, and Snyder forthcoming).

In addition to these strategies, some state agencies were requiring local agencies to distribute customer service surveys or to inform states of the steps agencies were taking to ensure customer-friendly services. Again, respondents generally felt positively about these strategies and had few concerns about negative trade-offs, though there was some disagreement as to whether these strategies effectively changed local service delivery. This issue is worth further exploration.

Simplifying application requirements. States also were trying to make the application process more convenient and

easy for parents. For instance, many states made applications available at easily accessible locations such as online or at child care providers. All the states allowed subsidies to be backdated (i.e., allowed for the subsidy start date to be slightly earlier than the date it is actually processed) to the date of the application—or in some cases, before the application date if the family was eligible—so parents could receive payments for the time it took a worker to process the paperwork. Finally, some states also had minimized in-person visit requirements for the application, so parents would not need to take time off work to come into the office.

For the most part, states reported few trade-offs with these strategies. Most respondents thought that placing applications online was a convenient, additional avenue for parents to access applications, though some were unsure about how easily low-income parents could access the Internet. This approach also seems likely to make it easier for community organizations and providers to help parents navigate the process. Backdating was also seen as beneficial for both clients and staff, although some respondents thought that backdating before the application date was an expensive policy.

States had very different opinions about the pros and cons of in-person visit requirements for application. Specifically, states that did *not* require in-person visits for the application felt strongly that in-person visits were a deterrent for parents and made it more difficult for them to retain employment and/or to access the subsidy, and that the lack of such visits did not increase improper payments. In contrast, those states that required them felt equally strongly that in-person visits were important to build a relationship with clients and were an opportunity to explain how the subsidy system operated, which could help families be more likely to keep their subsidies. They also felt that parents were less likely to make mistakes or commit fraud if an in-person visit was required.

Simplifying recertification requirements. Subsidies are authorized for specific periods (e.g., 6 months), and parents must recertify that they are still eligi-

States had to balance concerns about parent burden, staff workload, costs, and improper payments. These interests were sometimes competing, sometimes complementary.

ble for subsidies at the end of this period to continue receiving them. Both the complexity and the frequency of recertification requirements may affect whether parents successfully complete their recertification (Adams et al. 2002).

Looking first at the complexity of the requirements, states had several strategies to simplify the recertification process. Many study states did not require in-person visits for recertification—a decision that they were more comfortable with than not requiring visits for application. Some states backdated recertification materials to ensure continuity of subsidy receipt. Also, most states sent out advance notifications of recertification deadlines and/or granted grace periods to allow families to submit materials after their recertification deadline to help ensure that parents completed recertification. Some also sent these reminders to providers so they could help encourage parents to recertify (as well as to give them advance notice that the subsidy would otherwise be ending). Respondents generally had few concerns about these strategies.

States had also seriously considered the frequency of recertification and, interestingly, had fairly consistent views on this. Most study states had a 6-month authorization length, though two had 12-month authorizations. Although many respondents agreed that a 12-month authorization would be less burdensome on parents and staff because they would have to recertify less often, many also voiced concerns about the potential for improper payments with a 12-month authorization period.

Therefore, respondents (even in places with longer recertifications) generally liked the idea of having parents recertify every 6 months and felt this policy achieved a good balance between keeping things “family friendly” and minimizing improper payments. One state with a 12-month reauthorization period required local

agencies to conduct a co-pay review at the 6-month mark, which could function (depending on the local agency) very much like recertification. Respondents in this state generally liked this policy because it was a “low key” process that gave them an opportunity to check in with parents. This strategy points out the interconnection between recertification requirements and interim reporting, which is discussed more below.

Simplifying interim reporting requirements. Child care subsidy eligibility and parent fee levels (co-payments) can change when parents’ circumstances change, such as if they get a raise, lose a job, and so on. As a consequence, subsidy agencies usually require that parents report any changes that occur between reauthorizations that can affect their subsidy level or eligibility. This was another area where some subsidy agencies in our study were trying to be more flexible, either through minimizing what changes parents had to report (i.e., reporting only if it meant a loss of eligibility or a significant change in income) or by requiring parents to report changes but limiting how often subsidies were adjusted in response (i.e., adjusting the co-pay only every six months). Some states were trying to simplify the process of reporting changes through creating simplified change forms, implementing change centers for parents to call in their changes, and partnering with providers to allow workers to meet parents at their providers to process paperwork.

According to respondents, all these strategies eased the process of handling interim changes for parents, reduced staff burden (and related costs), and had few (if any) negative implications on improper payments. Some respondents noted, however, that the policy of limiting subsidy adjustments between reauthorizations meant that parents might be paying lower co-payments than their income would suggest. On the other hand, a few other respondents noted that the

changes in co-payments that occur over a six-month authorization period were usually minimal (and therefore were not likely to result in significant costs to the agency if ignored), and that these costs could be offset by administrative cost savings (i.e., freeing up staff’s time by not having to process frequent changes).

It is important to recognize the interconnection between interim reporting requirements and the length of recertification periods, as both requirements are designed to ensure that agencies are aware of any changes in parents’ circumstances that may affect their eligibility or their parent fee. It appears that some states were considering relaxing their interim reporting requirements as long as their recertification periods were no longer than six months.

Minimizing breaks in subsidies.

A number of states developed strategies to help parents avoid breaks in, or loss of, subsidies that could result from temporary fluctuations in family circumstances—for example, short-term changes in income or employment status, or the temporary absence of the child. Depending on the circumstances, these strategies either allowed parents to continue to receive subsidy payments despite fluctuations in circumstances that would otherwise make them temporarily ineligible, or allowed families to retain their eligibility (even if not the subsidy itself) for a short period to help families avoid a waiting list or having to reapply.

States and localities had developed various strategies in this area. Some minimized breaks in subsidies by allowing subsidies during gaps in employment or continuing subsidies for a period of medical leave or incapacity.² Some states redefined how income was measured to help parents keep their subsidies when they experienced a temporary spike in their income—such as an extra paycheck during a five-week month or working overtime during the holidays. One state with a waiting list of eligible families needing child care

subsidies created separate funding pools to pay subsidies for subsidized families who would otherwise be put on the waiting list because they were leaving TANF or moving to another county. Finally, some states temporarily suspended subsidies—but allowed families to remain eligible—when a parent became temporarily ineligible or temporarily did not need care (such as during breaks between school semesters).

Respondents reported that all these strategies benefited families since they helped parents avoid inadvertently losing their subsidy, and most had few trade-offs as they generally were not burdensome for workers. None of the respondents had any improper payment concerns with these policies since the states had defined their policies around eligibility and income determination to accommodate these situations.

Assisting parents with fluctuating or nontraditional work schedules.

Many low-income working families work nontraditional schedules or have fluctuating work hours (Presser 2003). These schedules present particular challenges for agencies and parents as agencies try to track changes and ensure that subsidy levels are set appropriately. Administrators were struggling with how to best balance concerns about parent burden with fiscal responsibility.

Though states were still searching for solutions in this area, they had developed several policies to try to better support families with fluctuating and nontraditional work schedules. For instance, all seven states averaged the number of hours parents worked over a period to determine the appropriate authorization level. Some states further simplified authorizing subsidy hours by having broad authorization categories such as full-time or part-time. In addition, all the states authorized more than one provider to help parents cover their child care needs. Some states also authorized care for parents to sleep when they worked overnight shifts.

While states thought these policies were helpful overall, they reported trade-offs with each strategy and were still working to develop more effective strategies in this area. For example, averaging hours was seen as easier for staff to administer than having to repeatedly adjust client's subsidies, but some respondents were concerned that this policy could be problematic from a financial perspective since the state was potentially being billed for hours that the parent was not working (though the use of an average means the state would, of course, also sometimes not be billed for hours that the parent was working). It is also unclear how this works for providers. Additionally, while authorizing care for more than one provider helped accommodate parent's shifting work schedules, respondents in one state reported challenges in ensuring that each provider was paid correctly. Finally, while some states felt their approach to authorizing care for a parent's sleep time (for a parent who worked night shifts) worked well, others had not been able to develop a policy that fully met the needs of parents (they could only authorize a few hours to cover parent's sleep).

Assisting parents with language barriers. Parents with language barriers are likely to have additional challenges accessing and retaining subsidies. The prevalence of this issue, however, varied across and within states. Language barriers were not a major concern in some states and counties but were of much greater concern in others. Administrators in states and localities containing large populations of families with language barriers had developed several strategies to support these families. For instance, subsidy materials in other languages were available in many states, though some respondents were concerned that some clients were not literate in their native language so this would not ensure accessibility. Some agencies had interpreters available, either as part of their staff, or through organiza-

tions they partnered with, or through a telephone interpreter service. This strategy was seen as effective, though some respondents noted delays in finding interpreters if they were not on site. Local agencies in some states were required to develop plans on how to address language barriers. Finally, one state created a computer system to track the languages that clients spoke so materials in the appropriate language could be sent to the parent, which respondents felt was useful.

Conclusions

The seven midwestern states examined here were using a range of policies to support subsidy access and retention. While states varied in their focus and level of activity, it was evident that supporting access and retention was in the minds of each administrator. States also took various approaches to this issue: some strategies were broader (e.g., getting local agencies to provide good client service), others were more technical (e.g., linking data systems), others were focused on administrative structures or approaches (e.g., call centers or staffing approaches), and still others focused on specific agency policies (e.g., redefining eligibility, revising what to require of parents or when). Looking across these strategies, nine themes emerge:

1. **Policies to improve subsidy access and retention can also support other subsidy system goals; policies do not have to increase administrative burden or improper payments.** Many policies and strategies in this study supported multiple goals of the subsidy program. For example, some strategies seemed to reduce both client and administrative burden and might reduce improper payments—including strategies that created links with other social service programs, improved customer service, reduced potential gaps in subsidy authorizations, used providers to

assist with parents requirements, supported online applications, or suspended subsidies for periods of ineligibility or when care was not needed. Other strategies—such as linking or coordinating computer systems—seemed to have many benefits, though their major trade-off was cost (at least in the short term). Still other policies appeared to support reductions in client and administrative burden but might increase improper payments (according to some respondents, though others disagreed). These included reducing or eliminating in-person visits, not requiring changes to be reported between reporting periods, and 12-month recertification periods.

2. **Other social service and benefit programs are providing important links and models for child care subsidies.** Partnerships between child care and other benefit programs such as TANF or Food Stamps can help in two important ways. Linking program requirements or computer systems can help support a more efficient and simpler process for parents and staff, and child care subsidy agencies can learn more about strategies to support access and retention from strategies implemented by other benefit programs.
3. **Subsidy agencies are exploring using technology to better reach families.** Computers and information technology can play an important role in supporting access and retention by providing another avenue to connect with parents (through the Internet or by e-mail), as well by making subsidies more accessible to other partners—such as providers and Child Care Resource and Referral (CCR&R) agencies that may be able to assist parents in accessing and navigating the system.
4. **Providers can be important allies to help subsidy agencies support parents.** Agencies were developing

more formal strategies to get providers involved—such as through sending providers notifications about parents' recertification deadlines, having applications available at provider facilities, and having workers visit parents at provider locations. These strategies can help parents get and keep their subsidies and are beneficial for the subsidy agencies since providers have more contact with parents than the agencies do.

5. **Although it can be challenging for states to influence customer service issues, some agencies are working to support local agencies' efforts to improve customer service.** The study states provided examples of how state agencies can become more actively involved in customer service issues—such as by requiring local agencies to develop customer service plans, eliminating in-person visits, or developing state toll-free phone lines. It also seems that many local agency strategies to support good customer service identified in this study—such as conducting customer service surveys, tracking phone calls, or having a designated customer service staff person—could also be implemented or instigated at the state level.
6. **Simplifying ongoing reporting requirements is an area of interest to subsidy agencies.** All seven states were concerned about interim reporting requirements and their related administrative and parent burdens. In response, a few states were trying to eliminate or minimize some reporting requirements, or to limit how often subsidies were adjusted in response to reported changes. Respondents suggested that this approach could be helpful since ignoring small changes in circumstances could benefit families and reduce the administrative costs associated with processing change information. Additionally, some states seemed to be considering the trade-offs between having six-

month recertification periods with few or no interim change reporting requirements versus having long recertification periods (e.g., one year) with stronger interim change reporting requirements. This issue is worth further examination.

7. **Subsidy agencies are rethinking policies to better reflect the realities of parents' lives and to support them through temporary fluctuations in circumstance.** Study states were creating policies more reflective of the dynamic nature of the lives of low-income families. Policies such as temporarily suspending subsidies but not eligibility, providing subsidies for job search or medical leave, ignoring small spikes in income, or authorizing care for broader blocks of time can all create a more flexible work support system that can accommodate low-income parents' employment and circumstances.
8. **One size does NOT fit all: appropriate strategies depend on agencies' administrative approaches and client demographics, as well as agency priorities.** There is no single "right" answer on how to best support access and retention. Instead, different strategies were appropriate depending on the particular realities facing that agency (including agency structure, size, and location, and client demographics). States also varied widely in how they weighed the trade-offs between different priorities as they considered different policies.
9. **Many options and strategies are available to states interested in improving access and retention.** States had several approaches in creating solutions. In some cases, agencies were working specifically to identify and lower barriers to participation, some agencies had identified areas where their policies or practices were not functioning in ways that supported their goals and were revising them, and some agencies were working to improve

program management and accountability. While we did not evaluate the costs of these efforts, respondents seemed to indicate that while some of these solutions may be more costly in the short term (though potentially with longer-term cost savings), others may cost little or nothing, and still others may actually save money due to improved administrative efficiency. This suggests that there are a number of ways that states interested in engaging in similar efforts could do so—even if facing fiscal constraints or less-than-optimal political or administrative circumstances.

States and localities can take four steps if they are interested in improving their systems to better support access and retention (box 1). Certain information sources within agencies (such as administrative data or talking with front-line staff) can help identify problem areas. Agencies can then work to identify the root cause of the problem and develop strategies or change policies accordingly. This strategy has multiple benefits, as it can allow agencies to bring their policies and practices more in line with overall agency goals and to adjust their policies to better reflect the realities of low-income families. In some cases, it also can support other agency goals, such as reducing administrative costs or reducing the incidence of improper payments caused by how particular policies are designed (rather than by other problems such as fraud or agency or client error).

Findings from this study underscore the importance of identifying ways to support innovation in supporting access and retention of subsidies, as well as evaluating different strategies and disseminating information on these issues to state and local subsidy agencies. This information is

critical if state and local subsidy agencies are to be able to effectively meet their larger goals of supporting families work and self-sufficiency, helping support children's well-being, and running fiscally responsible programs.

Notes

1. For example, in 2004, 24 states had waiting lists of eligible families wanting assistance (Schulman and Blank 2004).
2. States authorized payments for medical leave through either establishing additional eligibility criteria, considering it a child protective measure, or a combination of these two approaches.

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Box 1. Key Steps Subsidy Agencies Can Take to Improve Subsidy Access and Retention

Previous research, and the information provided by state and local subsidy administrators in this report, 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, 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/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 not being able to contact the agency due to telephone problems or caseworker workload or training, while in another site, the rates may be due to 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, etc.), and
- some combination of the above.

Box 1. Key Steps Subsidy Agencies Can Take to Improve Subsidy Access and Retention (Continued)**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 will work better for clients in stable employment with a traditional schedule, others will 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 actual 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 to not only 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 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.