



RESEARCH REPORT

Review of Massachusetts Child Care Subsidy Eligibility Policies and Practices

A Report for the Assessment of the Massachusetts Subsidized Child Care System

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ABOUT THE PROJECT

This report is one of several products prepared as part of the assessment of the Massachusetts state subsidized child care system that is being conducted by the Urban Institute and its subcontractors Koné Consulting and Wellesley College under contract to the Massachusetts Department of Early Education and Care (EEC), pursuant to item 1599-0500 of Chapter 38 of the Acts of 2013.

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Executive Summary

This report summarizes findings from the Urban Institute review of the subsidy policies and practices of the Massachusetts Department of Early Education and Care (EEC) in the spring of 2014. This policy review is one component of a legislatively mandated assessment of the Massachusetts subsidized child care system (hereafter referred to as the assessment). The review's goal is to help EEC more efficiently and effectively manage its provision of child care services.

This review pulls together insights from interviews and focus groups with approximately 60 experts and stakeholders with a broad range of perspectives on the system. It identifies a number of important issues that, if addressed, could improve the efficiency and effectiveness of the system. Such reforms would help fill in some of the gaps in the current policy framework, which has many strong components.

This report raises many specific issues and suggestions, including several key recommendations:

1. **Develop united and coherent subsidy policies across EEC units** so there is consistency between the administration and finance, audit resolution, legal, and policy units and so that linkages are developed with the licensing unit to ensure coordination and communication.
2. **Support more consistent and accurate subsidy policy implementation** by ensuring consistent and prompt policy clarifications and by providing high-quality differentiated training for the full range of providers before policy implementation (see appendix B, sections 2 and 3, for information about value-stream improvement processes related to this recommendation).
3. **Proactively seek more input from partner agencies and local subsidy entities** during the policy development process and test new policies before rollout to ensure that they work for the full range of clients and can be implemented effectively (see appendix B, section 3, for value-stream improvement processes related to this recommendation).
4. **Work with partner agencies and all local subsidy-administering entities to develop a shared vision** of services and child care service delivery for special populations.
5. **Clarify eligibility oversight and cross-agency communication with partner agencies** by strengthening lines of eligibility oversight and authority for families whose categorical eligibility is determined by partner agencies and by creating clear communication channels between partner agencies and local agencies that administer subsidies.
6. **Clarify eligibility oversight authority and improve hand-off of families whose subsidy management spans different administering entities** by ensuring that lines of authority for eligibility oversight are clear and transparent and that local subsidy-administering entities have

clear guidance on which entity is responsible for which family. This is important for families whose eligibility is transferred from one agency to another (such as from a child care resource and referral agency to a contracted provider), as well as for those in multiple categories (such as families with one child at a voucher provider and another in a contracted slot).

7. **Continue to centralize and unify core infrastructure elements of the system** through efforts such as strengthening technology interfaces in the new Child Care Financial Assistance system and working toward centralized data on eligibility, family needs, absences, and other core information that can be accessed by all local entities that administer subsidies.
8. **Consider linking and aligning with other work support systems** to ensure that families receive benefits, reduce client and administrative burdens, and support program integrity.
9. **Examine the implementation and effectiveness of current program integrity and auditing functions**, including the consistency of implementation across local subsidy entities and the cost-effectiveness, consistent implementation, and appropriateness of recoupment strategies.
10. **Examine key subsidy policies identified as problematic by stakeholders**, particularly those on self-employment documentation and verification, assessing household size, proving disability, job search period, education and training activities, absences, and 90-day gap in service.
11. **Consider examining key elements of the enrollment process**, including reliance on face-to-face interviews, language access, and strategies to link eligibility processes to other work support programs gathering similar information for clients.
12. **Explore strategies to simplify and strengthen the reassessment process**, including ensuring effective notifications to families, examining the extent to which eligible families lose benefits at reassessment (i.e., “churn”), and simplifying the process of reassessment for cases involving multiple authorizing agencies or subsidy-administering entities.

While this review reflects EEC policies and practices as of spring 2014, it also flags specific areas that have been under review or revision by EEC since that time. In particular, EEC has been focusing on two areas—technical assistance and policy clarification processes—through the business-process reengineering (also known as value-stream improvement or VSI) component of the assessment (see appendix B for more information on VSI). Throughout the report, we flag issues that are currently under review or revision as part of VSI and that EEC has already taken action on in response to this report. In addition, since this report was initially written, the Child Care and Development fund (CCDF) legislation was reauthorized. While we were unable to rewrite the report to reflect the legislation’s new requirements, we flag issues that may be affected by the reauthorization of the CCDF.

Finally, it is important to note that throughout the policy review, we were impressed by the strong commitment of EEC's staff, stakeholders, partners, and subsidy administrators, all of whom are clearly dedicated to providing the best possible services to children and families. This commitment is demonstrated by EEC's openness to the draft report recommendations and by its efforts to begin to address them through the VSI process and other internal changes. However, our interviews also made it clear that EEC's staff is stretched to the maximum in its efforts to manage a large and complex program with resources that are inadequate for meeting the demand for services. While we anticipate that some of the changes suggested in this paper could result in saved staff time by improving policies and processes, we also recognize that, given funding constraints and the workload of the current staff, implementing the scope of changes suggested in this report will be challenging.

Overview of Goals and Approach

This policy review was undertaken as part of a legislatively mandated study, pursuant to item 1599-0500 of Chapter 38 of the Acts of 2013. As the legislative language dictates, the goal of this project is to identify inefficiencies and areas for improvement in the subsidy system, with a particular focus on subsidy eligibility processes. This project is not a formal evaluation of the system, but instead involved talking to 60 individuals connected to the system to capture their insights into how the system is working for families and staff and where it could be made more effective.

We asked respondents to share their concerns and questions about different aspects of the subsidy system in Massachusetts. These aspects included communication across the various entities involved in subsidy eligibility (different units within the EEC central office, partner agencies, and local subsidy administrators); the referral and eligibility oversight processes of partner agencies; the processes and policies governing eligibility determination and verification, enrollment, reassessment, and termination; and any other issues around eligibility determination that respondents felt were important.

This report presents the findings from these discussions. In it we highlight key lessons learned about subsidy policies and practices and detail recommendations EEC can pursue to improve subsidy policy structure, processes, and implementation. This section provides an overview of important context, our key goals, and our research approach, and the following sections cover five areas of findings and recommendations around

1. policy implementation, including clarifications, consistency, and communication;
2. communications and interactions with partner agencies;
3. program integrity, auditing, and recoupment;
4. specific eligibility policies and requirements; and
5. subsidy eligibility processes (enrollment process, reassessment process, and breaks in service).

The information we gathered provides important perspectives on a range of issues that can be improved in the subsidy eligibility system. These insights, when coupled with the important work EEC is undertaking with its value-stream improvement (VSI) process, as well as the insights gathered through the other components of this project and other work EEC is supporting (for example, work with Child Care Aware), provide an important platform for progress and program improvements. They also provide useful information for EEC as it revises its programs and policies to conform to new federal requirements under the reauthorized child care legislation (described below).

Important Context

To understand the detailed findings of the policy review, it is important to first identify four overarching observations that provide important context as EEC considers how to use this information. Additional context about the structure of the system is in box 1, on page 6.

The EEC Subsidy System Has Important Strengths

While the focus of the study was to identify areas for improvement, we would like to first highlight some strengths of the Massachusetts system that we identified during our work:

- **Many areas where policies appear strong:** While our respondents identified concerns with some specific policies, and we found that consistency of policy implementation needs attention, our review suggests that there are a number of specific policies that have already been simplified to be family friendly and to reduce administrative burden.
- **Strong community of committed staff and partners:** In every interview and focus group, we were impressed by participants' openness, passion, and clear commitment to serving families and children in the best possible ways. While respondents and participants often voiced frustration with elements of the current approach, they were always open to discussion and willing to provide input. Respondents expressed a sense that EEC staff and management were working on behalf of children, as well as a constructive desire to actively serve families better.

We understand that these qualities are not necessarily representative of all stakeholders, as the individuals who take time to participate in this kind of study are usually those who are committed to the program. However, it is clear that EEC has a strong and committed team internally, as well as a larger community of committed individuals and programs who are ready and willing to be strong partners in moving forward to improve services for children and families in the commonwealth.

On a related point, though a number of respondents focused on the differences between the subsidy-management roles and missions of child care resource and referral (CCRR) agencies and contracted providers, our work with both groups highlighted a number of common areas of concern and interest. In addition, in some locations we noted positive, strong relationships between some members of each of those entities at the local level. Building on common

interests and extensive expertise in a way that brings these communities together could support further movement forward for all children and families.

We cannot underscore enough how important both of these elements are for supporting EEC's ability to make the subsidy system function more effectively. They provide a strong foundation for constructive engagement with the range of partners involved in EEC's delivery of subsidies, all of whom appear committed to doing the best possible job for the children and families they serve.

The Subsidy System as Implemented in Massachusetts Is Unusually Complex

The subsidy eligibility system as currently implemented in Massachusetts is unusually complex in terms of the number of entities involved in the subsidy eligibility process, the variations in the roles these entities play for different families, and the potential overlaps and handoffs between them. It is more complex than systems in many of the other states we have worked in (an overview of the structure of the system can be found in box 1). Specifically, the Massachusetts system includes the following complexities:

- **Multiple agencies involved in initial categorical eligibility authorization and approval:** The Massachusetts system involves multiple partner agencies—the Department of Transitional Assistance (DTA), the Department of Children and Families (DCF), and the Department of Housing and Community Development (DHCD). These agencies are involved in initially authorizing eligibility or referring families to EEC subsidy administrators, and have oversight over families' categorical eligibility for subsidies.
- **Multiple local entities responsible for subsidy eligibility determination, reassessment, and oversight:** The system has a large and diverse set of entities at the community level—CCRR agencies, contracted centers, and family child care systems—that are involved in subsidy eligibility determination and authorization, eligibility reassessment, change reporting, and ongoing eligibility oversight. While there are other states that delegate local subsidy eligibility determination to providers (such as Illinois), the Massachusetts approach is somewhat more complex on two fronts.

First, these local entities vary in their missions, the roles they play within the subsidy system for different groups of families, the relationships they have with families, and the partner agencies they work with. Second, whether any particular local entity is responsible for all the eligibility tasks associated with a particular family depends on a number of variables. These include, for

example, whether the family receives a contract or a voucher (and whether a DTA or Income Eligible Child Care [IE] voucher), whether the child ends up in a contracted child care setting, and when the family entered the system (with a different reassessment policy for waitlist-remediation families).

- **Different trajectories for individual families, involving handoffs or overlapping areas of eligibility**

oversight: One unique element of the Massachusetts system that can create challenges for consistent policy implementation is that families follow different trajectories for subsidy eligibility and oversight. As noted above, these trajectories depend on the initial authorizing agency, funding type, subsidy-approving entity, program type, and (in the case of waitlist-remediation families) when families entered the system. As a result, there are a number of complex situations, such as

- » potentially overlapping eligibility oversight roles (for example, local entities that manage subsidies are responsible for monitoring ongoing eligibility, while referring partner agencies have information about changes in parents' categorical eligibility);
- » varying handoffs of eligibility responsibility (for example, the transition of eligibility oversight from CCRR agencies to contracted entities for one set of voucher families who use contracted providers [those with IE vouchers], but not for others [like families with DTA vouchers or waitlist-remediation vouchers]); and
- » potentially overlapping subsidy oversight responsibility for families who fit into more than one category (for example, families who have one child who receives a voucher and another who has a contracted slot at a different provider, or those who have two children at a contracted provider, but received one voucher before waitlist remediation and another as a result of remediation).

As a result of these varying trajectories, the Massachusetts system involves a complex set of interactions, as well as complex lines of authority and responsibility for subsidy oversight. These complexities can create challenges for consistent implementation of policy. Every state's approach to subsidies is different, but, in our experience, this complexity is unusual. Massachusetts's approach provides some uncommon strengths, but also some unusual challenges that are discussed throughout this report.

EEC Staff Are Stretched to the Maximum of Their Administrative Capacity

Respondents believed that current EEC staffing capacity is stretched thin. Our conversations with EEC central staff, stakeholders, and representatives of CCRR agencies and contracted providers made it clear that EEC staff are stretched to the maximum in their efforts to manage a large and complex program with existing resources. While we anticipate that some of the changes suggested in this paper, as well as those resulting from the VSI process, could result in saved staff time by streamlining work and clarifying responsibilities, we also recognize that, given current workloads, implementing the scope of changes suggested by this report will be challenging.

EEC Staff Members Have Identified a Number of Issues Highlighted in This Report as Part of the VSI Process

A number of the issues raised in this report are ones that EEC staff have identified as priorities as part of another component of the larger assessment; namely, the business-process reengineering component (also known here as the value-stream improvement, or VSI, process). This component, which is described in more detail in appendix A, includes work EEC has been undertaking with our colleagues at Koné Consulting that focuses on improving technical-assistance and policy-clarification processes. Throughout this report, we note when issues we raise are part of the VSI process. Since these issues are being addressed as part of the VSI effort, we often refrain from exploring potential solutions in depth. Additionally, within the past year EEC has taken steps to address other key areas discussed in this report, outside of the VSI process. These efforts are documented in the recommendations boxes and in the endnotes.

(Note that after this report was written, Congress reauthorized the Child Care and Development Block Grant, also known as the Child Care and Development Fund. The reauthorization includes new requirements for states in a host of areas. While we were unable to rewrite the report after the legislation was reauthorized, we have noted some key areas where new requirements may be relevant for consideration.)

BOX 1

Brief Overview of the Massachusetts Subsidized Child Care System

Goal and Children Served

The subsidized child care system in Massachusetts is meant to provide quality care and early education opportunities to children from low-income families throughout the state whose parents are working or meet other service criteria based on their eligibility status (e.g., teen parents, homeless parents, or parents with an open DCF case).

Currently, licensed child care providers serve 58,300 children from birth through age 13 through two types of subsidies: contracts and vouchers (Isaacs et al. 2015). Subsidized providers are reimbursed by EEC for serving children with subsidies; parents are charged a weekly fee which varies by their income. While a large portion of children receive subsidies (over one-quarter of child care slots in the state are filled by children with subsidies), the need for subsidized child care in Massachusetts surpasses the supply, as it does in many states (Isaacs et al. 2015). When there is no available spot for a child, that child remains on the waiting list. Over the past few years, the size and compilation of the waiting list have been points of contention in the state, although EEC has taken many recent measures to clean up the list and improve it.

Financial Component and Eligibility Determination

The subsidized child care system is funded by three main accounts that differ based on the types of families served and the referral agency. The three main funding streams and accounts are (1) DCF Child Care (3000-3050), (2) DTA Related Child Care (3000-4050), and (3) Income Eligible (IE) Child Care (3000-4060).^a The subsidized system includes partnerships with DCF, DTA, and DHCD, which help determine eligibility. While they are handled differently in terms of eligibility and subsidies, homeless contracts through DHCD and teen parent contracts are part of the Income Eligible funding stream. However, all money for the subsidized system is administered and managed by EEC.

For the above accounts, eligibility for income-eligible and teen parents is determined by EEC subsidy administrators, which include regional CCRR agencies, contracted providers, and family child care systems. Eligibility for DTA, DCF, and DHCD subsidies is determined by representatives from those agencies who send eligibility determinations to EEC subsidy administrators. Eligibility criteria differ based on the type of account: for DTA, DCF, and DHCD, the criteria are tied directly to participation in or association with a program run by that agency (e.g., families who have open DCF abuse or neglect cases or who have been placed in a DHCD homeless shelter).

Types of Providers, Reimbursement, and Distribution

The majority of children with subsidies receive care at providers that are licensed by EEC. There are three predominant types of licensed providers that accept subsidies: center-based providers, family child care providers that participate in family child care systems, and independent family child care providers that are not linked to a system. Family child care systems are umbrella agencies that handle administrative duties for and provide support (training, technical assistance, referrals, etc.) to providers that are part of the system. The systems are awarded contracts to give to their providers. In addition to those served in licensed settings, a small percentage—less than 2 percent—use vouchers for license-exempt kith-and-kin care in relatives' homes or their own homes. (Caregivers who are relatives must be checked against the Massachusetts Sex Offender Registry; caregivers who are not relatives must pass a background check and provide care in the child's home.)

Subsidy payment rates (the maximum amounts that the state will pay child care providers) vary by provider type (center versus family), children's age, and region. EEC uses six regions across the state: Western, Central, Northeast, Greater Boston, Southeast, and Metro Boston.

^aWhile these are the three largest accounts, an account focused on waitlist remediation has served as an additional funding stream since 2013.

Research Approach and Caveats

To better understand how policies and procedures are structured and implemented throughout the state, data collection for the policy review focused on a diverse set of stakeholders. The information in this report was gleaned through two processes.

First, we held interviews with key stakeholders during the planning phase of the project. In this stage, we spoke with EEC regional and central office staff; members of the House and Senate Committees on Ways and Means; members of the EEC board; representatives from DTA, DCF, and DHCD; and CCRR agency program directors and representatives of contracted providers and family child care systems.

Second, we held group interviews with local entities that administer subsidies. Our intention was to capture a variety of perspectives based on location, role in the system, size of program, and types of population served. We held four policy reviews with the following:

1. **EEC central office staff:** This session included 11 central and regional staff from EEC auditing, legal, licensing, and budget departments.
2. **CCRR agency program directors:** The CCRR policy review was held at the monthly resource and referral (R&R) network meeting and included the program directors of six of the seven regions.
3. **Contracted providers from Western Massachusetts:** The contracted-provider meeting in Springfield included eight representatives from six contracted providers in Western Massachusetts that are located in the R&R region of the New England Farm Workers' Council. The providers varied in size, serving from around 150 children to over 1,000 children. Additionally, providers varied in the types of contracts they held (IE, DCF, or DHCD) and the types of vouchers used by children they served (IE or DTA). The majority of the representatives were from agencies that also served as family child care systems.
4. **Contracted providers in Boston:** The contracted-provider review in Boston included 13 representatives from 11 contracted providers. Like the Western Massachusetts group, this group varied in size, population served, types of contracts held, and types of vouchers. Only a few of these providers represented agencies that also served as family child care systems.

While we collected information from a variety of representatives, our sample was limited in a few key ways. First, because of budget and time constraints, we were not able to speak with parents to learn their impressions of how the system works. Additionally, while we reached out to small contracted providers during our recruitment process, no small contracted providers attended the policy reviews.

Another key limitation is that our data are based on discussions with the groups described above, and we did not undertake any independent observation or confirmation of what we were told. While this is indeed a limitation, we tried to address this concern by speaking with a wide sample and highlighting issues that were consistent across multiple participants and groups.

Research Instrument

For the policy review, we used a tailored version of an assessment tool that was developed for the Work Support Strategies project, which focused on a similar examination of policies and procedures of child care subsidy systems in six other states (see appendix C). To ensure that this tool was relevant for Massachusetts, we revised it based on information learned during the planning phase, which involved discussions with EEC staff and key stakeholders. We then tailored the tool specifically for the four policy review sessions, being sure to adjust it based on the particular aspects of the eligibility process that were within the purview and interests of each group.

The tool walks through eligibility and verification requirements and processes for clients and staff during application and enrollment, eligibility redetermination and recertification, and change reporting. It also focuses on the structure of communication between the different actors in the subsidy system. The flow of the conversation and walking through the different steps of the process remained the same for all groups, but the discussions remained semistructured to allow for a focus on issues that were most relevant to each participating group.

Issues outside the Scope of This Study

There are some important issues that influence the effectiveness of the subsidy eligibility system but are outside the scope of this project. In particular, this interim report does not (1) focus on issues that are within the purview of partner agencies, (2) focus on the blended funding (contract and voucher) approach taken by the subsidy system in Massachusetts, or (3) focus on the business processes of the local subsidy entities.

There are two additional issues—technology and waiting list processes—that we do not focus on in depth. Many respondents identified concerns with these areas, as well as suggested improvements. However, given that they are both currently undergoing change, we did not focus on these issues in any depth during the policy review.

Findings and Recommendations

Our policy review identified a number of areas where attention would be useful. While many issues fall into more than one category, we have loosely grouped them into the following sections:

- I. Policy implementation, including clarifications, consistency, and communication
- II. Communication and interactions with partner agencies
- III. Program integrity, auditing, and recoupment
- IV. Specific eligibility policies and requirements
- V. Subsidy eligibility processes (enrollment process, reassessment process, and breaks in service)

I. Policy Implementation, Clarifications, Consistency, and Communication

A number of the issues respondents raised across the policy reviews had to do with policy clarifications, consistency, and communication—whether within particular units at EEC, across EEC units, or between EEC and those doing subsidy management at the local level (namely CCRR agencies and contracted providers). Our key recommendations around policy implementation, clarifications, consistency, and communication are presented in box 2, on page 15. It should be noted that technical assistance to providers and CCRR agencies, as well as other issues related to creating and implementing policy clarifications, are being examined in the VSI process currently underway with EEC staff as detailed in appendix B, sections 2 and 3.

Between Different EEC Units

Many respondents highlighted the need for more consistent policy direction within and between EEC units responsible for subsidy policy and implementation, as well as across other EEC units.

COMMUNICATION AND CONSISTENCY WITHIN EEC UNITS

Respondents reported experiencing inconsistencies within two EEC units. (See appendix B, sections 2 and 3, for related efforts in the VSI process.)

1. There was extensive discussion across groups about the need for more consistent policy clarifications from the legal unit. While respondents were clear that legal unit staff were positive and worked hard to be helpful, they also provided many examples of inconsistent responses from Help Desk representatives and other staff. Examples included varying guidance about whether certain policy interpretations or approaches to implementation were explicitly authorized (i.e., whether it was necessary to have a wet signature). In some cases contradictory guidance was provided over time; in others, contradictory guidance was provided to two different entities at the same time.
2. Similarly, respondents identified inconsistent policy interpretations within the auditing unit—sometimes from the same auditor over time, and other times across different auditors during the same time period.

COMMUNICATION AND CONSISTENCY ACROSS RELEVANT UNITS WITHIN EEC

There was extensive discussion of inconsistent policy interpretations across different EEC units—for example, contradictory clarifications and decisions from the legal team and the policy unit, as well as different interpretations from the legal and auditing units. (See appendix B, sections 2 and 3, for related efforts in the VSI process.) Respondents described numerous instances of clarification being delayed because different EEC units had to check with each other about the appropriate interpretation of policies. Respondents noted particular challenges around inconsistencies that caused problems during the auditing process, as they had to take time to respond to audit findings and could be held responsible for resulting problems. (See appendix B, section 3, for related efforts in the VSI process.)

Respondents also indicated confusion about the expertise and roles of different EEC units—for example, some respondents lacked clarity about which parts of EEC were responsible for policy interpretation and clarification, subsidy implementation, oversight, and training (see appendix B, sections 2 and 3, for related efforts in the VSI process). In some cases, there was disagreement as to where responsibility fell. In other cases, respondents suggested that responsibilities did not always fall in the unit that seemed most appropriate, or that titles and responsibilities were misaligned—for example, the “policy” unit did not set policy for the subsidy system. Respondents often indicated that they felt these concerns stemmed from the lack of a single, coordinated vision for the program.

COMMUNICATION AND CONSISTENCY ACROSS SUBSIDY-RELATED UNITS AND LICENSING

Respondents indicated concern that there was too little communication and connection between EEC’s licensing unit and the units involved with subsidies. Communication between units based in EEC’s central offices and those operating out of regional offices is particularly challenging. Respondents expressed a clear sense that more coordination and communication would be helpful to both sides. In particular, they noted that the experiences of licensing staff, who are actually out visiting programs, could be leveraged to help strengthen the work of the subsidy units (for example, licensing staff may be able to help the subsidy units understand whether contracted programs are serving too many children or experiencing other challenges).

Between EEC and Frontline Eligibility Entities (CCRR Agencies and Contracted Providers)

Many respondents discussed ways that communication between EEC and frontline eligibility staff at CCRR agencies and contracted providers could be improved. It is important to note that while

frustrated with some issues, respondents were positive about their personal interactions with EEC staff and the quality of their relationships. They also noted that some of these issues were the results of understaffing at EEC. The key issues raised by a range of frontline subsidy entities are described below.

INCONSISTENCY OF POLICY INTERPRETATION

As noted above, respondents were concerned about inconsistency within and between parts of EEC in regard to policy interpretation, clarification, implementation, and auditing. (See appendix B, sections 2 and 3, for information about related efforts in the VSI process.)

TIMELINESS OF RESPONSES

Respondents also were concerned about the timeliness of responses. They discussed the time it took to receive responses from the Help Desk, as well as how long it could take to get answers to policy questions—noting that, in some cases, they had been waiting for responses for many months. As a result of these issues, some experienced subsidy-administering entities within both the CCRR and contracted-provider communities said that they called their contacts at EEC for responses instead of using the general Help Desk mechanism. (See appendix B, section 2, for information about related efforts in the VSI process.)

TRAINING ON POLICIES AND IMPLEMENTATION

Frontline eligibility staff with both CCRR and contracted-provider perspectives discussed the need for high-quality training on EEC policies. In particular, they requested that such training be done proactively (i.e., before policy implementation rather than in response to an audit), that it be differentiated by level of expertise so that it does not waste the time of more experienced entities, and that it be conducted in small groups to avoid overcrowding. (See appendix B, section 3, for information about related efforts in the VSI process.)

There was some discussion of contracted providers reaching out to CCRR agencies for policy interpretation. While it was not clear, it seems as though this may be more common for smaller contracted providers, whose staffs are perhaps less experienced and less likely to reach out to EEC directly. There were also suggestions to make trainings mandatory, as there was concern that those who most needed training may not attend.

INVOLVEMENT OF FRONTLINE ADMINISTERING ENTITIES IN POLICY DEVELOPMENT AND TESTING

Representatives of CCRR agencies and contracted providers expressed a strong desire for an active, ongoing role in providing input on policy development. They wanted to support the development of stronger policies that reflect a better understanding of implementation challenges. They spoke about the importance of discussing and testing new policies before implementation and noted examples of policies that had been developed, then later had to be reworked when they could not be implemented as planned. (See appendix B, section 3, for information about related efforts in the VSI process.)

On a related issue, respondents talked about the important role that the “nuts-and-bolts” group has played in informing policy during the development process, and suggested that this group’s role be strengthened. There was also some suggestion that the nut-and-bolts group be expanded to include representatives of the CCRR agencies and others involved in subsidy implementation and reform.

Between CCRR Agencies and Contracted Providers

Despite reports of some tension between the CCRR and contracted-provider communities, there are many ways that these communities need to communicate and work together. While respondents noted some inherent challenges in these communications and relationships, they also described connections and relationships that can be built upon to support communication and consistency in practice.

TRANSFERRING ELIGIBILITY RESPONSIBILITY

Respondents in both communities discussed the challenges involved in transferring some families’ eligibility and subsidy management from CCRR agencies to contracted providers, and the need to develop better mechanisms for sharing information.

CROSS-ENTITY COLLABORATION

Some respondents in both communities identified examples of positive and collaborative relationships between CCRR agencies and contracted providers. Such positive interactions seemed more likely when these entities had longer-term established working relationships. Contracted agencies also sometimes rely upon CCRR agencies for expertise around subsidy management and policy interpretation. In addition, respondents in both communities identified similar concerns and challenges with subsidy implementation, and similar questions about managing subsidies.

BOX 2

Recommendations for Policy Implementation, Clarifications, Consistency, and Communication

Between Different Units within EEC^a

- Clarify roles and responsibilities of internal EEC units for subsidy eligibility policy, clarification, and training
- Ensure consistency of application and interpretation across EEC units involved in subsidy eligibility
- Improve communication and alignment between EEC units to ensure a consistent message around subsidy policy implementation to local subsidy administering entities
- Build cross-unit communication between EEC units involved in working directly with providers (i.e., licensing) and those involved in subsidy management

Between EEC and Frontline Eligibility Entities (CCRR Agencies and Contracted Providers)^a

- Provide more timely and consistent policy clarification from EEC to frontline subsidy eligibility units
- Ensure consistent and proactive communication with, and training on policies for, frontline eligibility staff, including smaller contracted providers
- Incorporate opportunities for ongoing input from both CCRR agencies and the contracted-provider community into EEC's policy development and implementation
- Test new policies before full implementation

Between CCRR Agencies and Contracted Providers

- Support clear channels of authority and communication around eligibility information for families whose eligibility oversight transfers between CCRR agencies and contracted providers
- Examine and clarify eligibility oversight authority for families who span different entities, such as those with one child in a contracted slot and another in a voucher slot
- Build positive collaborations and working relationships between local entities managing subsidies
- Minimize actions that contribute to tensions between local entities administering subsidies

^aSee appendix B, sections 2 and 3, for efforts in the VSI process focused on improvements related to these recommendations.

II. Communication and Interactions with Partner Agencies

Across the interviews and focus groups, issues came up concerning the subsidy process for families who were referred to EEC subsidies by partner agencies—DCF, DHCD, and DTA. This report focuses specifically on issues that are either within the purview of EEC or have to do with cross-agency communication or lines of authority between agencies; it does not address issues that are within the purview of partner agencies. Some issues respondents raised were at the level of EEC; others affected frontline administering entities. Our key recommendations around communication and interactions with partner agencies are presented in box 3, on page 18.

At the Level of EEC

1. **Shared vision:** Many respondents indicated that serving families referred by different agencies requires EEC and relevant agencies to develop a shared vision of these families' needs and to assess how well the current approach is meeting those needs. This was particularly mentioned in regard to DCF and DHCD. These concerns went both directions: respondents indicated that EEC and its subsidy system were not designed to adequately meet the particular needs of the DCF and DHCD populations, and that at least some individuals in DCF and DHCD didn't understand or weren't invested in child care.
2. **Cross-agency consultation and coordination:** Many respondents stressed that it was important for EEC to consult with partner agencies about proposed policy changes before issuing new policy. The most common example of this issue was the new policy around the allowed number of absences leading to termination, which many respondents felt disproportionately negatively affected children in the DCF system and did not reflect a good understanding of their needs (this policy is discussed in more detail later in this report).
3. **Allocation of contracted slots:** Numerous respondents indicated concern that the contracted slots for DCF and DHCD were not necessarily allocated in ways that reflected the needs for care of those populations. Respondents suggested that the DCF contracted slots were not flexible enough to respond to the unpredictability of need patterns among families in the DCF system, with the result that children needed services in areas where there were no slots. They reported similar concerns for DHCD—for example, relatively few homeless slots in Western Massachusetts, despite the region's sizable homeless population. The latter were so scarce that

some respondents were not aware that there were homeless contracted slots in their area. (For more information on this issue, see the companion report by Isaacs and colleagues [2015].)

4. **Narrow definition of homelessness:** There has been an ongoing policy debate in Massachusetts regarding the definition of homelessness and the right to shelter for certain categories of homeless families. Not surprisingly, this issue was discussed by some respondents who were concerned that the narrow definition of homelessness and small number of approved shelters limited homeless children's access to DHCD slots.¹

At the Level of CCRR Agencies and Contracted Providers

1. **Notification of changes in categorical eligibility:** Frontline eligibility staff at CCRR agencies (for DTA) and contracted providers (for DCF and DHCD) indicated that partner agencies did not notify them when families had become categorically ineligible for services. As a result, eligibility staff may find out about a family's status change only after the family has been served for a significant period of time after losing categorical eligibility.
2. **Direct line of communication between local subsidy entity and partner agency:** Under the current approach, frontline subsidy managers often communicate directly with the partner agencies around families' authorization and eligibility issues—specifically, CCRR agencies communicate with DTA and contracted providers communicate with DCF and DHCD. A number of frontline respondents described challenges they faced in dealing directly with authorizing partner agencies about individual families. Communication seemed more effective (at least from the CCRR agencies' perspective) when subsidy managers were colocated with DTA personnel.
3. **Authorization approaches:** Respondents asked whether authorizations from the referring agencies could be done electronically to avoid relying on paper or faxed information. This issue was raised as particularly relevant for DTA and DHCD.

BOX 3

Recommendations for Communication and Interactions with Partner Agencies

- Work closely with partner agencies to develop shared vision of service needs and delivery for specific populations.
- Develop a collaborative and proactive consultative partnership with partner agencies about possible policy changes affecting their families.
- Assess whether the allocation of contracted slots for partner agencies and the strategies used to fill them appropriately meet the needs of the partner agencies or of the populations needing assistance.
- Work with partner agencies to ensure that relevant local subsidy entities (CCRR agencies or contracted providers) are notified when families are no longer eligible, and clarify the importance of continuity of care and whether interim changes in eligibility should cause loss of service (a discussion of EEC's options around reassessment and recoupment begins on the following page).
- Support better communication between local frontline subsidy entities and partner agencies, assess effectiveness of current strategies (such as colocation), and consider whether some elements can and should be centralized or standardized (for example, CCRR agency staff cannot access the DTA database to assess family eligibility because they are not state employees—this issue has been addressed in other states and is an area where EEC might be able to broker access).

III. Program Integrity, Auditing, and Recoupment

Respondents highlighted a number of areas for improvement concerning the recoupment efforts made if a family is found to have received child care assistance inappropriately, as well as EEC's broader efforts to support program integrity through auditing. Our key recommendations around these issues are presented in box 4, on page 21.

Recoupment

A number of respondents indicated concerns about finding families ineligible at reassessment, and the recoupment efforts that ensued if a family had failed to report a change in status. They were concerned about the time, energy, and expense of recoupment for all involved (EEC, CCRR agencies, and contracted providers), as well as the burden placed on very low income families and the direct costs incurred by frontline eligibility entities when repayment is deemed their responsibility. While this problem can be due to parents' failure to report changes in circumstance, most public benefit systems face similar challenges and are increasingly working to identify ways to monitor family eligibility without relying as much upon clients. This issue is also an area of increasing concern given the 12-month authorization period provided many families—one respondent suggested that given the focus on recoupment, the 12-month authorization period was doing families a disservice. (Note that 12-month authorization period is now a federal requirement under the reauthorized CCDF, which was not the case when these data were collected.)

We received somewhat contradictory perspectives on this topic from the central office at EEC and those responsible for subsidy eligibility at the local level (CCRR agencies and contracted providers). The policy review did not allow us to assess the issue in sufficient depth to resolve these contradictions. The level of discussion and concerns, however, suggest that this is an important area for further attention.

Oversight of Family Child Care Systems

Some respondents expressed concerns about quality oversight for family child care systems and providers. In particular, respondents discussed challenges that family child care systems faced in trying to enforce state regulations (e.g., snow days, transportation policies, health and safety policies, etc.) with the diverse set of family child care providers in their networks. They also discussed concerns about inadequate communication and linkages between licensing oversight and the EEC subsidy system (from

the central EEC office as well as family child care systems). They felt that better communication is needed to ensure that resources are going to providers that meet licensing standards and are not beyond capacity.

Inconsistent Auditing and Recoupment

As noted earlier, a number of respondents described the challenges they faced when the auditing process was not consistent between auditors or when the auditing process did not align with the explicit policy clarifications they had received. Additionally, some respondents expressed concern with inconsistency within the auditing unit, particularly in how auditors dealt with recoupment efforts and determining who was responsible for payment. (See appendix B, sections 2 and 3, for information on related efforts in the VSI process.)

BOX 4

Recommendations for Program Integrity, Auditing, and Recoupment

- Assess the scope of staff time and energy (for EEC central office staff and frontline subsidy-management entities) spent on recoupment efforts as compared to the payoff of these efforts. One CCRR agency estimated that its staff was involved in recoupment efforts for as much as 10 percent of its caseload. An assessment could focus on such topics as
 - » the costs and benefits of the strategy;
 - » whether recoupment efforts aim at overt fraud or also target inadvertent failures to report;
 - » whether these patterns differ by parents' circumstances (for example, self-employment or significant instability related to work or personal challenges), which may suggest that different kinds of eligibility oversight are needed for targeted populations; and
 - » whether recoupment and program integrity patterns are different between contracted providers and CCRR agencies, in which case more targeted training and technical assistance for eligibility monitoring could be useful.
- Consider how to maximize subsidy-oversight systems' ability to use information from other sources to identify changes in family circumstance. Approaches may include, for example, linking eligibility oversight to Supplemental Nutrition Assistance Program (SNAP) or Medicaid systems (as client populations often overlap significantly) or outside data sources.
- Strengthen communication mechanisms between partner authorizing agencies and EEC eligibility systems so that partner agencies' information about changes in family status is transmitted appropriately to EEC or to the relevant CCRR agency or contracted provider.
- Consider ways to address concerns around recoupment while implementing new federal requirements to "establish a 12-month eligibility period for CCDF families, regardless of changes in income (as long as income does not exceed the federal threshold of 85% of State median income) or temporary changes in participation in work, training, or education activities."^a (States are allowed to terminate assistance before the end of the 12 month period if the parent loses employment, though they must provide at least 3 months of assistance for job search activities.) This approach allows states to serve families during the authorized period even if circumstances change. This strategy reduces program integrity problems, though exceptions could certainly be made for overt fraud.

^a"Plain Language Summary of Statutory Changes," Office of Child Care, US Administration for Children and Families, November 18, 2014, <http://www.acf.hhs.gov/programs/occ/resource/ccdbg-of-2014-plain-language-summary-of-statutory-changes>.

IV. Specific Eligibility Policies and Requirements

Compared with other states we have worked in, there was a relatively short list of specific eligibility policies that stakeholders said were particularly challenging for families or subsidy workers. However, there were some policies that respondents identified as creating difficulties for staff or clients, and thus as needing attention by EEC. Our key recommendations around eligibility policies and requirements are presented in box 5, on page 25. (Note that some of these issues are relevant to requirements about family-friendly policies in the newly reauthorized CCDF.)

Self-Employment Documentation and Verification

All the individuals involved in assessing eligibility for clients agreed that the process for documenting and verifying self-employment income and hours was extremely difficult for staff and clients. The process requires subsidy eligibility staff to deal with tax forms, sift through extensive amounts of paperwork, and work with complex calculations; similarly, it requires clients to deal with a 20-page packet of required information. Multiple respondents noted that the eligibility assessment process took far longer for the self-employed than for other clients, with one subsidy administrator estimating that self-employment cases took approximately four times as long to process as other cases. In some areas—particularly in the larger cities—self-employment can be very prevalent, with one CCRR agency estimating that as many as one-quarter of its clients were self-employed. Respondents also discussed the challenges of verifying self-reported employment and income for clients who were paid in cash.

Though the issue of errors was not raised by respondents, the complexity of this area suggests that it is subject to error, thus resulting in additional burdens for EEC. While there is not much written on this topic in the context of state child care subsidy programs, other human services programs, like SNAP and Medicaid, have addressed similar problems. It may benefit EEC to assess how the Massachusetts Executive Office of Health and Human Services handles self-employment reporting and verification in its other means-tested programs. For families who are recipients of SNAP or Medicaid, EEC could rely on SNAP and Medicaid income assessment and verification—a strategy used by a number of states. For strategies around linking eligibility-determination processes, see Adams and Matthews (2013).

Assessing and Tracking Household Size

Respondents discussed the challenges of tracking changes in household size and asserted that improper payments based on wrong household size were a major issue contributing to fraud and waste. Several respondents described challenges associated with monitoring or documenting household members.²

Documenting Disability

Respondents indicated a different set of concerns about the process of documenting disability. While the form itself is not difficult, the fact that verifying disability requires a doctor to sign a form declaring that a parent is incapable of caring for his or her child is challenging. Respondents across the spectrum said that parents and doctors are reluctant to sign such a form, since stating that a parent is incapable of caring for a child suggests that DCF should be called. While respondents recognized the need to revise disability policies, our data collection did not focus on eliciting ideas for specific changes. Further consultation with stakeholders may provide insights into strategies that can address these concerns.³

Job Search Period

A number of respondents had concerns related to the policy granting clients child care for up to 8 weeks to find a job. Some felt that an 8-week window was not sufficient in today's economy. Others suggested that applicants be able to mix time for the 8-week job search with part-time work. Currently, a client who is working 19 hours a week can receive job-search child care, while one who is working 20 hours a week is considered to be working part-time and is ineligible for job-search child care. (As noted in box 4, the newly reauthorized CCDF requires states to give parents at least three months of job-search child care if they lose their job.)

Policies around Education and Training Activities

Respondents also suggested examining the requirements around education and training to ensure that they reflect the actual life patterns of clients who are in workforce development activities. They suggested that the current approach does not adequately reflect the different ways that education and training are provided, citing, for example, the Salter School, which provides one intensive class at a time for 4 to 6 weeks. This kind of schedule would not allow a parent to qualify for child care assistance.

Forthcoming work by the Urban Institute suggests that families use workforce development activities in different ways to improve their education and job skills, and underscores the importance of designing subsidy eligibility policies to flexibly support various paths.

Absent-Day Policy⁴

Respondents across the board were very concerned about the policy around absences, which limits absences to 30 days in a 6-month period.⁵ Generally, they agreed that while this policy is appropriate for many families, it does not take into account the needs of some children—in particular, children referred by DCF and those with health or disability issues or other special needs. Respondents were particularly passionate about the adverse effects of this policy on DCF children, who already face major challenges—for example, one provider described a child who was moved to a different foster home in Western Massachusetts. There was no provider near the new home, so the child was marked as having 10 absences while a provider was being found. Similarly, children in DCF have many reasons for being absent, yet especially need to be able to stay in a child care setting. In addition, children with disabilities or chronic health conditions are likely to have a significant number of absences. Respondents also said that this policy is challenging for those immigrant families who—when they travel—tend to go back to their home country for a long period (e.g., a month).

In addition, respondents agreed that they did not have the technology needed to track absences easily. They noted that when children change providers, new providers do not always know if they are already close to the absence limit.

The 90-Day Gap-in-Service Policy

Current policy states that if children are taken out of care for 90 days or less they can get their slot back, subject to availability of subsidies, but are not guaranteed a slot with the same provider. If they are out for more than 90 days, they lose their slot. Respondents suggested that this policy is overly rigid and should be adjusted to ensure that it works for the individuals using it most often, such as teachers and seasonal workers.

BOX 5

Recommendations for Specific Eligibility Policies and Requirements

- Simplify the process of documenting and verifying self-employment and cash income. This issue is challenging for all states that we have worked with; we are investigating it further. It is also one faced by other means-tested benefit programs. EEC could benefit from discussions with colleagues working on the state's SNAP or Medicaid programs, and from exploring the possibility of using SNAP income reporting for subsidy eligibility. This strategy has been used successfully by other states.⁶
- Work to strengthen documentation of household size through strategies such as linking with other means-tested programs (though adjustments would need to be made to accommodate different household definitions).⁷
- Work with DCF and local subsidy administrators to identify an effective way to prove disability without requiring doctors to certify that parents are not capable of caring for their children.
- Use the new federal requirements around job search to examine the current job-search policy in light of the varied ways that parents try to find work. Consider blending eligibility with part-time work, reassessing length of time needed, and so forth, and then frame the policy in a way that allows families to blend their activities in support of their efforts to become self-sufficient.
- Assess education and training eligibility requirements to ensure that they conform to real family patterns. Forthcoming research by our team suggests that families use workforce development activities in different ways to improve their education and job skills. Their approaches involve varying schedules and combinations of work and workforce development. It would be useful to work with frontline administrators to identify common patterns used by families in Massachusetts and design subsidy eligibility policies to support these different paths.
- Meet with DCF and entities that administer subsidies to reevaluate the absent-day policy and ensure that it reflects the challenges faced by families with special needs and families in crisis. (Recent EEC efforts to improve absence policy for DCF families are discussed in endnotes.)
- Ensure that providers have the technology needed to monitor and track attendance. (Recent EEC efforts to improve attendance tracking are discussed in endnotes.)
- Examine the 90-day-break policy and consider whether there are some common exceptions that should be addressed to meet the needs of some families who might be disproportionately affected.

V. Subsidy Eligibility Processes

Respondents identified issues with two areas of the subsidy eligibility process: enrollment and reassessment. As noted earlier, however, this policy review did not include direct conversations with parents about their experiences. Therefore, the information here provides insights into issues with these processes, but is not a complete picture.⁸ Our key recommendations around these processes are presented in box 6, on page 30.

Enrollment Process

Respondents generally described the enrollment process as relatively straightforward. It is important to note that, given the design of this review process, we were unlikely to hear from those for whom this approach did not work. This limitation makes it difficult to say which families face barriers to enrollment under the current approach.

In addition to challenges around documenting self-employment, three issues emerged.

1. **Face-to-face interviews:** While EEC does not require an in-person or face-to-face interview for enrollment, almost all respondents we talked with relied almost entirely on face-to-face interviews with families. While respondents did not feel that this was a problem for families (and in some cases saw it as advantageous for the client-administrator relationship), in-person interview requirements have been found to create barriers in other states, so this topic may be worth exploring further. A related issue is whether face-to-face interviews are scheduled at a specific time or offered on a drop-in basis. States that have moved to drop-in interview schedules report significant increases in productivity because they do not have to deal with issues related to missed interviews and rescheduling. (Note that the newly reauthorized CCDF requires states to ensure that assessment requirements do not unduly disrupt parents' employment—EEC may wish to examine whether face-to-face interviews are disruptive to parental employment.)
2. **Language access:**⁹ Respondents indicated concerns about the accessibility of the current approach for families with primary languages other than English or Spanish, and suggested that materials and resources be made available in more languages. One local subsidy-administering entity reported using a phone service for translation during interviews (thus allowing access to

a broad range of languages) and using the University of Massachusetts for translation of written materials.

3. **Aligning and linking to other work support programs:** A number of respondents suggested that EEC should consider working toward aligning and linking child care assistance with other work support benefits such as SNAP and Medicaid. This topic was highlighted by multiple respondents, but was expressed most vocally by large subsidy-administering entities, which often had departments devoted to other benefits and work supports. This effort could have numerous benefits, including supporting the health and nutrition of parents and children, as well as reducing client and administrative burden and supporting improved program integrity over the long term.

Reassessment and Reauthorization Process

Respondents suggested that the information needed for reassessment was not onerous to families. Again, this policy review did not systematically include the perspectives of parents, so we may not have a complete picture of this issue. However, the discussions did highlight a few issues of concern. (Note that the newly reauthorized CCDF requires states to ensure that their reassessment processes do not place undue burden on parents in terms of disrupting employment.)

GENERAL ISSUES

Respondents identified some general issues with the reassessment process, including the following:

1. **Reassessment notification:** CCRR agencies reported sending notifications to families 45 days before their recertification date. In some cases they call families as well, though this is unusual. They reported that if a family claimed that they did not receive the letter, staff members check their systems to see if the letter was generated. If the letter was generated, the family's argument is considered to have no substance—even if the letter was sent to the incorrect address. While respondents did not indicate great concern about this issue, it would be worth assessing how often families fail to receive these notifications.
2. **Churn:** There seemed to be little information available as to the extent to which families fail to renew their eligibility because of procedural challenges (failure to submit paperwork, not receiving the notification, and so forth) rather than as a result of becoming ineligible. Given national research showing that a sizeable number of families lose child care subsidies despite

being eligible, and in many cases reapply later (known as “churn” in other benefit programs), a number of states have identified this issue as important for investigation (Adams and Matthews 2013; Davis 2012). Minimizing inadvertent terminations of eligible families is an important way to support continuity of care while reducing administrative burdens for both subsidy staff and families. In our experience with other states, the first step of addressing this issue is often to develop a measure of churn and extract the data needed for analysis.

3. **Notification from partner agencies of changes in categorical eligibility:** As noted earlier, all the local subsidy entities reported failing to receive notifications from partner agencies (DTA for the CCRR agencies; DCF and DHCD for contracted providers) about interim changes in authorization status during the recertification period. As a result, when reassessment occurs clients are sometimes found to have been ineligible for some time.

ISSUES CONCERNING CONTRACTED PROVIDERS CONDUCTING ELIGIBILITY ASSESSMENTS

There was significant debate among respondents as to the pros and cons of allowing contracted providers to conduct subsidy oversight for the families they served. There was also significant discussion about the relatively new policy of allowing contracted providers to conduct reassessments for some of the voucher families they serve. While our review did not allow for an in-depth analysis of the issues that respondents raised, their insights provide useful perspectives. Some of the issues raised by various respondents included the following:

1. **Question about possible conflict of interest for contracted providers:** Some respondents indicated concerns about the delegation of subsidy oversight to contracted providers. They expressed concerns about the conflict of interest inherent in this responsibility, and resulting concerns about program integrity. On the other hand, other respondents noted that these providers were able to help families through the process and support their continued access to subsidies. Our review is not sufficiently deep to shed light on this debate. While it is clear that contracted providers have an interest in supporting ongoing eligibility, the information provided to us does not indicate that this practice is leading to a significantly greater incidence of program integrity problems. It is also not clear whether problems identified by respondents could result from previously mentioned issues around inconsistent policy implementation and inadequate training and oversight. Additional information about this topic could be gathered from other states that have allowed providers to conduct subsidy eligibility determination.
2. **Location of reassessment:** The policy was designed to be more family friendly so clients could reassess their eligibility at the same location they are served. However, there was some

question as to whether clients can always have their eligibility reassessed at their child care site. Respondents suggested that this varies—some larger contracted providers asked parents to go to a different central location, and family child care systems are likely to have a central location as well. However, a number of the contracted providers we spoke with take care of eligibility reassessment on-site. In Western Massachusetts, some providers reported that the R&R agency was much further from families' homes than the provider; some reported going to families' homes to handle the process.

3. **Hand-off of eligibility oversight:** A major concern identified by a number of respondents within both the CCRR and contracted-provider communities was the challenge handing off eligibility oversight (including paperwork) from the CCRR agency that does the initial assessment to the contracted provider that does the ongoing assessment. This issue creates challenges around auditing and accountability and can create difficulties for parents who may have to go back and forth between agencies to resolve a problem. For example, both CCRR agencies and contracted providers noted that the locus of accountability for recoupment associated with these families is unclear and needs clarification from EEC.
4. **Knowing which entity is responsible for which family and transferring information:** Another problem identified across respondents was the challenge of correctly identifying which voucher families fell under the reassessment purview of contracted providers. This topic is challenging because the policy only applies to some vouchers: the current approach has some families with IE vouchers transition to the contracted agencies for reassessment, but not families with DTA vouchers or IE vouchers that were issued as part of waitlist remediation. Both CCRR agencies and contracted providers felt that this element of the policy led to significant confusion. They reported that there was no system for finding out which entity was responsible for which families.

A related issue is ensuring that information about families is transferred appropriately between entities, and acted upon. Some respondents suggested that families sometimes fell between the cracks when contracted providers were not aware of the timing of their reassessments. Other respondents reported that contracted providers do have this information, in which case this challenge may revolve around ensuring that providers put this information into their systems and have strategies for tracking it.

5. **Lack of knowledge about the policy change:** Not all respondents were aware that this policy was established and was no longer in the pilot stage, which suggests that communication around the policy was not clear to all involved.
6. **Lack of funding to cover administrative costs associated with assessment responsibilities:** A common concern across local subsidy entities was inadequate administrative funds for eligibility assessment.

BOX 6

Recommendations for Subsidy Eligibility Processes

Enrollment Process

- Work with local entities that administer subsidies to explore whether face-to-face interviews are inadvertently creating challenges for families and identify alternative approaches that are family friendly and meet the needs of subsidy staff.
- Identify and implement strategies to ensure that the subsidy system is accessible to families with primary languages other than English, and support local subsidy-administering entities in their efforts to improve language access. (EEC initiatives to improve language access are discussed further in the endnotes.)
- Begin to explore strategies to selectively align EEC systems and policies with SNAP policies that could reduce administrative and client burden and improve program integrity, such as allowing SNAP income-eligibility determinations to determine subsidy income eligibility. States as diverse as Idaho, Illinois, North Carolina, and Rhode Island (which are each part of the Work Support Strategies Initiative) have taken steps in this direction.¹⁰

Reassessment and Reauthorization Process

General Issues

- Consider assessing the notification process to ensure that there is effective communication with families about recertification dates. To what extent are notification forms reaching families? Are they clearly identifiable, or do they look like every other letter? Some states have moved toward simplifying the reassessment process by prepopulating forms; allowing the

process to be done by mail, telephone, or online; and experimenting with clearly identifiable notification forms.

- Look at program data to identify the extent to which families who lose eligibility at reassessment reapply later. Explore actively reaching out to voucher providers to ensure that they know when families are up for redetermination, and to enlist their support.
- As noted earlier, work with partner agencies to ensure that they are communicating with subsidy-administering entities about changes in eligibility status for their families.

Issues Concerning Contracted Providers Conducting Eligibility Assessments

- Examine whether there are program integrity challenges associated with contracted providers conducting reassessments. Even if program integrity issues are found at this time, it seems possible that such findings could be related to inconsistent application of policies, which in turn could be related to lack of training, inexperienced providers, conflicting policy clarifications, lack of technology to allow frontline workers to consistently monitor family status, and so forth. Once these issues are addressed, it should be easier to assess audit findings and identify whether there are particular program integrity problems associated with contracted providers overall or some particular groups of providers (such as smaller contracted providers or those that are newer to the system), or whether the system functions sufficiently well. There are other states that allow local contracted providers to conduct subsidy eligibility reassessments; these states might provide useful insights.¹¹
- Clarify the process by which eligibility oversight is transferred to contracted providers, make lines of responsibility clear to all parties, and ensure that family information is transferred.
- Consider creating a single approach to responsibility for reassessment of voucher families served by contracted providers (i.e., have all reassessments for voucher families served by contracted providers be handled by contracted providers, or have all be handled by CCRR agencies), or else provide much more oversight and clarity to help local subsidy-administering agencies know which families they are responsible for. The current system, with multiple trajectories for which entity is responsible for reassessment, is challenging.
- Accompany any changes in responsibility with the administrative resources needed to cover additional administrative costs. There are significant staffing costs and administrative burdens associated with conducting reassessments.

Conclusion

In conclusion, our review of subsidy policies and practices in Massachusetts found a number of issues that could be addressed to make the system work more effectively for clients, providers, subsidy administrators, and EEC staff. Further, the strong commitment of EEC's staff, stakeholders, partners, and subsidy administrators to providing the best possible services to children and families provides an important foundation for efforts to improve services. However, our interviews also demonstrated that EEC's staff is stretched to the maximum in its efforts to manage a large and complex program with resources that are inadequate for meeting the demand for services. While we anticipate that some of the changes suggested in this paper could result in saved staff time by improving policies and processes, we also recognize that, given funding constraints and the workload of the current staff, implementing the scope of changes suggested in this report will be challenging. Regardless, it is important that steps be taken to address these issues to better meet the needs of children and families in the commonwealth and to achieve EEC's goals of supporting all children in their development as lifelong learners and contributing members of the community and of supporting families in their essential work as parents and caregivers.

Appendix A. Project Overview

This report is one product of a legislatively mandated 18-month assessment of the Massachusetts subsidized child care system conducted by the Urban Institute and its partners, Alicia Koné and Andre Helmstetter of Koné Consulting, Kirsten Smith of Bloom Consulting, and Nancy Marshall of Wellesley College. The assessment focuses on (1) identifying ways to improve the regional and statewide efficiency of the distribution of state-supported child care; (2) analyzing the child care needs of eligible families with regard to the availability of child care vouchers or contracted child care slots in different geographic regions of the commonwealth; and (3) evaluating the balance of providing quality early childhood education with providing workforce support for guardians.

To accomplish this goal, the Urban Institute worked with EEC to execute a multifaceted study that consisted of six interrelated components: (1) an initial planning phase, (2) a review of budgetary policies and practices, (3) a review of eligibility policies and practices, (4) an assessment of business-process redesign of EEC operations, (5) a review of child care needs of eligible families, and (6) an assessment of balancing quality early education with providing workforce support for guardians.

The project began with a planning phase that included analyzing more than 40 EEC documents and reports, talking with 15 EEC staff members, and interviewing 15 key stakeholders throughout the state to better understand the current challenges within the subsidized system.

To analyze the budgetary policies and practices, Urban researchers combined an analysis of recent spending and a review of current forecasting models with interviews with EEC staff, external stakeholders, and experts in other states.

For the review of eligibility policies and practices, Urban researchers pulled together insights gathered from interviews and focus groups with approximately 60 experts and stakeholders statewide, to identify a number of important issues that, if addressed, could help improve the efficiency and effectiveness of the system.

To review the business processes of the central office, EEC worked with Koné Consulting team members to analyze and improve subsidy business processes related to the provision of technical assistance and the establishment of regulations, policy, and guidance interpreting federal and state law.

Another large component of the assessment was its review of the child care needs of eligible families. The review focused on analyzing child care needs, supply, and gaps across geographic regions

and age groups to examine how well the current system of child care subsidies is meeting the needs of eligible families.

The final component used data from the previous components to generate insights on the question of the balance between providing quality early education and meeting the workforce needs of parents.

At the culmination of each component, Urban produced reports summarizing key lessons and recommendations. Many of these reports have been or will be published on the Urban website to help people in Massachusetts and other states learn more about the challenges inherent in a large state-subsidized child care system and about opportunities to improve efficiency and effectiveness. Additional reports produced for the assessment are listed below.

- Adams, Gina, and Michael Katz. 2015. *Balancing Quality Early Education and Parents' Workforce Success: Insights from the Urban Institute's Assessment of the Massachusetts Subsidized Child Care System*. Washington, DC: Urban Institute.
- Isaacs, Julia, and Michael Katz. 2014. *Review of Budgetary Policies and Practices in the Massachusetts Subsidized Child Care System*. Washington, DC: Urban Institute.
<http://www.urban.org/publications/2000040.html>.
- Isaacs, Julia, Michael Katz, Sarah Minton, and Molly Michie. 2015. *A Review of the Child Care Needs of Eligible Families in Massachusetts*. Washington, DC: Urban Institute.

Appendix B. Value-Stream Improvement Process Overview

1. Value-Stream Improvement Process Work

As part of the assessment of the Massachusetts subsidized child care system, EEC has been participating in a review of its business processes and service delivery. This component of the assessment is managed by Koné Consulting, an Urban Institute partner. To accomplish the key goals of this review, EEC has been working with Koné Consulting to conduct a value-stream improvement (VSI) process using lean methodology. Value streams are the sequences of activities an agency completes to design, produce, and deliver a service or something of value to a customer. Value-stream improvement is focused on making specific processes more efficient and less cumbersome to improve the experience for customers and employees.

To begin the process of identifying and delving into pertinent value streams, Koné Consulting began by holding a session with key EEC leadership on April 15, 2014. During this meeting, the group discussed the purpose of the subsidized child care system and broke down the many ways EEC interacts with its customers (subsidy administrators, partner agencies, and families). After outlining the key value streams involved in EEC's work, the group chose the two most pertinent value streams to focus on. The two value streams chosen were (1) providing technical assistance and (2) establishing regulations, policy, and guidance documents interpreting federal and state law. On May 7, 2014, the team defined more specifically what was in and out of the scope of these topics. As we have noted throughout the report, issues related to these two value streams were mentioned repeatedly during the policy review.

Once these two key value streams were identified, EEC began the improvement process. The team met June 24 through 26, 2014, to work through the detailed value-stream improvement process. The first step in the process was to map out the current condition or state of each value stream. This step enabled team members to break down exactly how the process is constructed and allowed them the ability to highlight bottlenecks and challenges. The group then mapped out the future state of the value stream: a vision of the redesigned process that addresses the specific challenges highlighted during the discussion of the current state. The future-state map outlines each process step and related improvements. After outlining the future-state maps, the work groups created specific action plans for

implementing key changes. The next step was to conduct 90-day pilots to test the action plans and improve the processes.

As of December 2014, EEC had piloted the technical-assistance value-stream action plan (initiated on September 10th), but had not begun the policy-clarification value-stream pilot. Below we outline key details regarding the current state, future state, and action plan of each of the two value streams. Because the scope of this project is to assess areas of improvement and guide process changes, we do not attempt to evaluate the success of these changes. Rather, we document them to highlight the improvements EEC has committed to focusing on.

2. Technical-Assistance Value Stream

Current State

EEC provides technical assistance to providers, CCRR agencies, and others who inquire about child care subsidy system policy or processes. The objective of this value stream is to deliver clarification relevant to the delivery of child care subsidies. Questions come in the form of Help Desk inquiries; phone calls and emails to the financial assistance, information technology (IT), and legal units; and meetings with providers and representative groups.

EEC's current-state technical-assistance process was made up of four steps: intake, routing, research, and response. When the initial session occurred, the key issue with technical assistance was that it was not centralized or consistent. The process occurred on an ad hoc basis wherever an inquiry was received. In addition to issues around consistency, there were also key problems related to slow and untracked response time, inefficient process and management structures, inadequate staffing, inconsistent training themes, a lack of proactive training, and inconsistent field participation in training.

Future State

In considering the future state, EEC retained the general structure of the technical-assistance process: (1) intake, (2) routing, (3) research, and (4) response. However, the future state of technical assistance differs because these steps occur in a centralized manner with consistent tracking and schedule management. All technical-assistance inquiries will be routed through the Help Desk and entered into

and monitored through an information technology system. Consistent use of an IT system will ensure that EEC knows how many inquiries exist in the system, the types of inquiries, the status of response, and other metrics to support consistent and timely customer service. Changes to the future-state value-stream map result in improvements in the amount of time needed to respond to technical-assistance requests.

Action Plan

In creating the technical-assistance action plan, EEC identified five goals:

1. Implement tracking solution fully in the IT, fiscal, and legal units to provide effective and responsive customer support.
2. Ensure that inquiries are assigned accurately and equitably to individuals within EEC to minimize delays and enhance responsiveness.
3. Create an escalation-hierarchy chart to determine approval authority and facilitate responsiveness to customers.
4. Analyze common issues and form action plans to better address the needs of the field.
5. Create a customer service satisfaction system to continuously measure and improve customer satisfaction.

To accompany these goals, EEC outlined detailed targets focused on timeliness, accuracy, consistency, and efficiency. The agency also highlighted target dates for improvements. EEC has been piloting this action plan since September 2014 and is making steady improvements.

3. Regulation, Policy, and Guidance Document Value Stream

Current State

EEC's legal unit manages work related to child care subsidy policy. The legal unit follows a prescribed process for large-scale regulatory or policy changes, such as Child Care Development Fund (CCDF) state plan updates. A similar process is used for ad hoc changes that occur for many reasons, including changes in response to unintended consequences of policy implementation and changes needed based

on subsidy budgets. These ad hoc changes may take the form of policy clarifications, questions and answers, management bulletins, or policy guide updates.

EEC's current regulation, policy, and guidance document process is made up of 10 steps:

1. review laws, policies, processes, and best practices;
2. conduct outreach;
3. draft proposal;
4. present to board;
5. conduct public hearings;
6. finalize regulation or policy;
7. implement policy or regulation;
8. provide training;
9. analyze questions and concerns; and
10. issue response.

When the current state was outlined, the group highlighted four specific problem areas related to the value stream. These areas were (1) communication with the field, including outreach and training and collaboration with field operations and stakeholders; (2) underuse of IT and audit units; (3) unclear and ineffective roles and responsibilities of specific units and ineffective connections between units; and (4) inconsistent and inefficient policy documentation.

Future State

EEC streamlined the regulation, policy, and guidance document future-state value-stream map from 10 to 5 process steps:

1. prioritize based on risks and themes;
2. analyze and plan;
3. solicit feedback;
4. implement plan; and
5. maintain.

The regulation, policy, and guidance document future state differs from the current state in that changes related to child care subsidy policy are planned and coordinated across EEC units, ensuring that implementation does not occur until the IT and audit units are ready for implementation and

providers and CCRR agencies are fully trained. The value-stream process steps outlined above are specific to policy changes and the legal unit, but can be broadly applied to other EEC units when themes emerge from technical assistance inquiries requiring a unit response. The legal unit can be considered a pilot for the implementation of improved project management controls.

Action Plan

In creating the regulation, policy, and guidance action plan EEC identified six goals.

1. Review and analyze Track IT (or other IT system) reports to determine which topics may require additional attention through training, policy clarifications, Q&As, and so forth. Develop criteria to determine importance of issues and when issues should be escalated for more intense analysis.
2. Establish work-group composition and structure to ensure internal EEC coordination on subsidy policy work. Ensure a holistic approach to analysis and planning in response to policy issues, including, at a minimum, the input of the IT and audit units.
3. Develop a risk-assessment tool to ensure appropriate EEC involvement and issue escalation and to guarantee that a decision's effect on other EEC units and external stakeholders is well understood.
4. Implement project management timeline to ensure project completion and improved coordination with internal and external stakeholders.
5. Plan and implement regular (quarterly) and ad hoc customer forums to ensure stronger connections and more effective communication with field. Make these meetings mandatory for CCRR agencies and contracted providers.
6. Create checklist to ensure completeness and accuracy of policy changes to improve clarity and avoid confusion.

To accompany these six goals, EEC outlined detailed targets focused on deadlines for each task. As of December 2014, EEC had not yet started the pilot for this value stream.

Appendix C. Work Support Strategies

Work Support Strategies (WSS), started in 2011, is a multiyear initiative to simplify the process of getting work support benefits. Working directly with select states, WSS seeks to improve the health and well-being of low-income families by increasing the number of those who are able to receive and keep the package of work supports and benefits they qualify for. The initiative also aims to deliver benefits more effectively and efficiently by reducing administrative burdens on states as well as clients. It provides a select group of states with the opportunity to design, test, and implement more effective, streamlined, and integrated approaches to delivering key supports for low-income working families, including health coverage, nutrition benefits, and child care subsidies.

WSS focuses on SNAP, Medicaid and the Children's Health Insurance Program, and child care assistance through the Child Care and Development Block Grant. Participating states may choose to add other programs, and most have done so. Six states currently have three-year WSS grants: Colorado, Idaho, Illinois, North Carolina, Rhode Island, and South Carolina.

WSS is led by the Center for Law and Social Policy in partnership with the Urban Institute and the Center on Budget and Policy Priorities. The Ford Foundation is the project's lead funder. The Open Society Foundations, The Annie E. Casey Foundation, and The Kresge Foundation have provided crucial additional support.

For more information on this initiative, visit www.urban.org or www.clasp.org.

Notes

1. The issue of eligibility for homeless slots has been discussed at EEC and was the basis for a recent convening of all homeless contracted providers in the state. While the definition of homeless families remains a controversial topic that lies outside the purview of EEC, steps can be pursued to make the eligibility, assessment, and service delivery processes more efficient for homeless families.
2. EEC has addressed best practices in its training to make providers more aware of common clues of fraud so they can help watch for this issue. EEC has also given clear guidance to providers about when they will be held responsible for improper payments and when families will be held responsible.
3. EEC has been grappling with the issue of documenting disability for some time. Families under DCF's purview are qualified for care if a child is at risk of needing protective services because his or her family is not able to provide care for any portion of a 24-hour day, and if that risk can be reduced through the provision of child care. With that eligibility requirement, there often is a fine line between a doctor being able to sign the form and being required to call DCF. EEC subsidy management specialists regularly explain this distinction to medical professionals and providers completing these forms. They also remind medical professionals that, as mandated reporters under Massachusetts law, they are required to call DCF if there is a real risk.
4. According to EEC, special procedures have been put in place whereby a termination letter for DCF children based on absences is sent to a child's DCF case social worker who reauthorizes the family to continue care. Additionally, EEC reports that it has recently improved its system so providers now have more ways to track absences in the system and further capabilities are being built into the new Child Care Financial Assistance system. EEC has also stressed to providers that if they have unique circumstances, they can request a waiver from EEC. Parents can also request a review of their termination (during which the child can remain in care) as another way to address how this can be handled for special cases).
5. Recent research has shown that Massachusetts has one of the more generous absent-day policies, yet there are other state models that are worth assessing in terms of absent day structure:
http://www.nwlc.org/sites/default/files/pdfs/state_child_care_assistance_policies_march_2014.pdf.
6. See Adams and Matthews (2013) for more information on these strategies.
7. See note 6 above.
8. For example, a 2009 study of the Massachusetts child care voucher system found that parents reported challenges with interactions with local CCRR agencies: cayl.org/wp-content/uploads/2013/05/Voucher-Study-Wrapup-1-092.pdf.
9. According to EEC, last year agency resources were used to translate 13 subsidy documents into 11 languages: Arabic, Chinese, French, Haitian Creole, Khmer, Nepali, Portuguese, Russian, Somali, Spanish, and Vietnamese. EEC staff worked with providers and the Massachusetts Office of Refugees and Immigrants to ensure that they covered the most common languages spoken by the populations they are serving. All the forms have been posted to EEC's website for providers to access. Additionally, the legal team is working on translating the Financial Assistance Policy Guide into five languages.
10. See note 6 above.
11. Illinois, for example, also allows local providers to conduct intake and eligibility reassessments.

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