RESEARCH REPORT

Improving Child Care Subsidy Programs

Findings from the Work Support Strategies Evaluation

Heather Hahn        Monica Rohacek        Julia Isaacs
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Improving Child Care Subsidy Programs: Findings from the Work Support Strategies Evaluation

A growing body of evidence shows that child care subsidies and other safety net programs are critical for the well-being of low-income families, including parents’ economic success and children's development (Boushey 2002; Henly et al. 2015; Matthews et al. 2015; Peisner-Feinberg et al. 1999). The primary funding stream for child care subsidies is the federal–state Child Care and Development Fund (CCDF), which helps low-income parents pay for care so they can work or participate in education and training. The federal government contributes fixed amounts of funding and provides guidance through CCDF, and states contribute a minimum required level of funding and administer the subsidies, sometimes with the help of localities and private partners. Although subsidies are available for low-income parents, current funding is only sufficient to serve about 15 percent of families eligible under federal guidelines (Chien 2015; Walker and Matthews 2017).

The CCDF has two goals: helping parents become or remain employed and supporting the well-being and development of their children. But research has shown that policies and implementation practices in the child care subsidy system can sometimes pose real barriers to accessing and retaining child care benefits and ensuring that children receive continuous care in stable, quality child care settings (Adams, Snyder, Banghart 2008; Henly et al. 2015; National Center on Child Care Subsidy Innovation and Accountability, n.d.). These problems have contributed to high rates of churn in the program, whereby eligible families lose assistance because of procedural problems and have to reapply to continue receiving assistance. This reality undercuts the goals of the program and leads to unnecessary administrative costs and inefficiencies for families and CCDF agencies. Families trying to access additional work supports for which they are eligible—such as nutrition, medical, or cash assistance—face further complications, with overlapping requirements leading to unnecessary duplication and administrative costs. Taken together, these issues prevent states from efficiently using limited public resources to support children and families.

Growing recognition of these problems led a number of states to take steps over the past decade to simplify and improve access to and retention of child care subsidies. Building on this work, reauthorization of the CCDF in 2014 (box 1) directly addressed this concern by explicitly supporting family-friendly policies that result in easier access to and retention of subsidies and promote continuity
of care for children. The law also highlighted the importance of coordinating with other benefit programs. States are currently implementing provisions of the new law.

**BOX 1**

**Overview of the Child Care and Development Fund and 2014 Reauthorization**

The CCDF, also known as the Child Care and Development Block Grant (CCDBG), is a federal block grant program that provides child care assistance for low-income families. The federal government contributes a fixed amount of funding to the CCDF, and states must contribute a minimum amount of additional funding. At the federal level, child care assistance is administered by the Administration for Children and Families in the US Department of Health and Human Services. Within federal guidelines, states have considerable flexibility to establish policies and processes for administering the funds. States decide how much, if any, state funding to invest in the program beyond the federally required minimum. Although the federal government sets basic parameters, states have considerable latitude to determine who is eligible for assistance, how much parents must pay and providers will be paid, which providers parents can use, and the quality standards providers must meet. States also develop their own implementation practices. As a result, child care subsidy programs vary greatly across states (Adams and Matthews 2013).

Subsidies are available for low-income parents, but they are not an entitlement, meaning eligibility does not guarantee receipt. Current funding is not sufficient to serve all eligible families. In 2012, only 15 percent of the children eligible for child care subsidies under federal rules received subsidies through the CCDF and related funding streams in a given month (Chien 2015). States must choose how to target their limited funds by making trade-offs among the number of families and which families are served, how much the state will pay providers, and how much parents must contribute. Almost all states have chosen to give priority access for child care subsidies to families receiving cash assistance and engaged in work activities through Temporary Assistance for Needy Families (TANF) programs. However, because relatively few families receive TANF cash assistance, the large majority of families (86 percent) receiving CCDF-funded child care subsidies are not receiving TANF cash assistance (Hahn et al. 2016; Minton, Durham, and Giannarelli 2014).

The CCDF was reauthorized in the Child Care and Development Block Grant Act of 2014. The new law and related regulations introduced requirements emphasizing quality and continuity of care and strengthening the program’s dual role in supporting healthy child development and serving as a work support for families. Among other provisions, the new law includes the following family-friendly provisions:

- A 12-month eligibility period, during which parents are not required to redetermine eligibility because of changes in income (below 85 percent of state median income) or temporary changes in participation in work, training, or education activities.
- Continuation of assistance for at least 3 months to allow for job search if a state decides to terminate assistance when a parent loses employment.
- Eligibility redetermination procedures should not require parents to unduly disrupt their employment.
- A graduated phase-out of assistance for families with income above the state’s eligibility threshold at the time of redetermination but below the federal threshold.
- States must establish affordable copayments that are not a barrier to accessing quality care and must monitor (and limit, if applicable) any additional fees providers charge above the copayment.

In addition, the new law takes some initial steps toward supporting parents’ ability to access other benefits by requiring that states make information available about other assistance parents may qualify for from other early childhood programs or safety net programs, such as the Supplemental Nutrition Assistance Program; the Low-Income Home Energy Assistance Program; TANF; the Special Supplemental Nutrition Program for Women, Infants, and Children; Medicaid and the Children’s Health Insurance Program; Preschool Grants (Part B, Section 619) and Grants for Infants and Families (Part C) under the Individuals with Disabilities Education Act; and the Child and Adult Care Food Program.

To help inform states currently focusing on simplifying access to benefits and improving service delivery, including those implementing the new requirements, this report highlights steps taken and lessons learned by five states that—before the reauthorization of the CCDF—were already working actively to improve CCDF benefit access and retention, efficiency of service delivery, quality of client service, and alignment of the CCDF with other benefit programs. These states participated in the Work Support Strategies (WSS) initiative between 2012 and 2015 (box 2). As part of WSS, these states took steps to simplify the process for accessing and retaining child care subsidies and aligned that process with those for accessing other key work supports, especially the Supplemental Nutrition Assistance Program (SNAP), Medicaid, and the Children’s Health Insurance Program (CHIP). The lessons learned by these states are directly relevant to the current efforts states are making to implement the newly reauthorized CCDF and to broader efforts to improve service delivery for their clients.

In this report, we lay out some of the key lessons and insights from the WSS states in the following areas:

- Why did states pursue changes to child care subsidy systems?
- What changes did states make?
- What issues did states encounter?
We conclude with a brief discussion of the implications of these findings for implementation of the reauthorized CCDF.

BOX 2
Work Support Strategies

Work Support Strategies (WSS) was a multiyear, multistate, foundation-funded initiative to help low-income families get and keep the package of work supports for which they are eligible to help them work and improve their well-being. Colorado, Idaho, Illinois, North Carolina, Rhode Island, and South Carolina were selected through a competitive process to participate in WSS, first in a planning and design year in 2011 and then in the implementation phase from 2012 to 2015.

Through grants, expert technical assistance, and peer learning, the initiative helped states reform, modernize, and align the systems delivering work support programs intended to increase families’ well-being and stability, particularly SNAP, Medicaid and the Children’s Health Insurance Program, and child care assistance through the Child Care and Development Block Grant. Through WSS, states sought to streamline and integrate service delivery, use 21st-century technology, and apply innovative business processes to improve administrative efficiency and reduce the burden on states and working families, all toward the goal of increasing participation and retention to support work and well-being.

Findings from the WSS evaluation are based on analysis of hundreds of individual and group interviews conducted during annual site visits to the six states over the four years of planning and implementation; hundreds of quarterly reports, planning documents, and other written materials submitted by the states; other documents obtained through secondary sources; state administrative data tracking key outcomes over time; and additional data from client experience surveys and client focus groups conducted by the evaluation team in selected states. For additional reports and information, see http://www.urban.org/work-support-strategies.

Why Did States Pursue Changes to Child Care Subsidy Systems?

States sought to be part of the WSS initiative because they wanted to do a better job of helping low-income working families succeed. Their focus with regard to the child care subsidy system was to be more effective in supporting parental employment and healthy child development with efficient use of limited resources.
States were motivated to reform their child care subsidy systems by several factors. They saw an opportunity to reduce the bureaucratic paperwork and logistical demands parents faced to prove their initial eligibility for child care assistance and their ongoing eligibility over time. States were concerned about this because it was a challenge for parents and also created interruptions in child care arrangements and higher administrative costs related to churn (reapplication after failing to retain benefits).

States also recognized that parents faced similar burdens applying for other benefit programs, including SNAP and Medicaid/CHIP, and often needed to separately provide the same or similar proof to gain or retain eligibility to these programs. Although each of these programs has different eligibility rules, they require much of the same information to determine eligibility and may be administered by the same or different state agencies or frontline staff. Although states recognized the importance of ensuring ineligible families did not receive subsidies, they also had incentives to streamline program requirements as much as possible. Complex, time-consuming eligibility and redetermination verification rules and processes could deter eligible families in need of assistance from attempting to access it and could interrupt care for eligible families. One child care subsidy administrator explained, “Access is complicated. …We have a long application process and require a lot of verification. …People self-select out frequently based on the requirement to gather information.”

In addition, complex processes also created inefficiencies and increased the risk of program integrity problems for the public agencies administering the programs. In many cases, complexities in rules and processes were developed to promote program integrity by keeping out ineligible families but had inadvertently created more opportunities for errors (Adams and Matthews 2013).

Finally, states wanted to coordinate child care programs with larger work support programs such as SNAP and Medicaid. States realized that although it is not possible to ensure that all eligible families in SNAP and Medicaid receive child care given limited funding, it is possible to ensure that all families receiving child care also receive SNAP and Medicaid if eligible. This provides child care families with a stronger package of services that support the goals of healthy child development and parent success.

What Changes Did States Make?

As part of WSS, states changed their child care assistance programs primarily through revisions to state policies. The WSS initiative helped states design these changes. Each state was visited by members of the WSS child care technical assistance team, made up of national experts on child care subsidy policy, to review state policies and help child care agency staff identify opportunities for change. These
sessions helped state staff see where the federal block grant offered latitude to change state policies, often through nonlegislative means, and provided insights as to how states could simplify their policies to achieve their goals. New state legislation, enacted in Colorado in May 2014 and in North Carolina in August 2014, motivated additional policy changes. The wide-ranging changes states made to their child care assistance programs aligned with their two main goals:

- streamline access to and promote continuity of care
- coordinate child care assistance policies with other programs

Streamlining Access to and Continuity of Child Care Assistance

Most states changed eligibility and verification requirements for their child care assistance programs. These changes were designed to streamline access to and promote continuity of child care assistance and to help reduce the costs—to agencies and clients—of establishing and maintaining eligibility.

The changes that the five states implemented to promote access to and continuity of child care assistance included

- simplifying eligibility determination, reporting requirements, and verification;
- lengthening certification periods;
- changing eligibility thresholds; and
- adjusting copayment schedules.

Although most of these changes were made through policy, some states also made changes to their technology or implementation practices. Each of these is discussed in more depth below.

SIMPLIFYING ELIGIBILITY DETERMINATION, REPORTING REQUIREMENTS, AND VERIFICATION

WSS states made it simpler for families to report their income and work activities to verify their eligibility for child care subsidies. This also made it simpler for caseworkers to determine eligibility. In the past, some states required clients to submit extensive documentation of income and to report any change to income. They also required clients to submit detailed work or course schedules and only authorized child care for precisely the client’s hours of work or training. These requirements created challenges for the many low-income families with unpredictable and fluctuating schedules or who have multiple employers or are self-employed. They could result in significant administrative burden and
processing delays as state agencies waited for clients to submit the proper documentation. In addition, programs that only authorized child care for precisely the client’s hours of work or training meant families and agencies needed to process paperwork frequently (with each schedule change), which could prevent families from accessing child care providers that require a commitment to a set schedule and number of hours.

Idaho and Illinois simplified their calculations of authorized child care hours by focusing on the total number of hours a parent works rather than detailed analyses of work schedules. Rhode Island allowed clients to self-report work hours and assets rather than requiring detailed documentation from employers and others. Agency staff viewed this change as particularly successful in substantially reducing burden for clients and workers and improving the timeliness of eligibility determinations.

Under child care legislation enacted in Colorado, counties cannot require more than one month of paystubs when determining a family’s income eligibility for the child care assistance program. Previously, counties could require three months of paystubs, which could be more challenging for some families to provide. The legislation also allows counties to offer 30 days of “pre-eligibility” while waiting for verification materials. If a family is ultimately determined eligible and not put on a waiting list, providers are reimbursed for services delivered during the pre-eligibility period. In North Carolina, where counties previously established some of their own rules regarding documentation, the state identified a standardized set of documents clients need to submit to prove eligibility, regardless of county.

Idaho further streamlined access to child care subsidies by reducing unnecessary reporting requirements. Responding to feedback from workers and clients and drawing on support from WSS technical assistance staff, the state modified its processes for families reporting income and other changes in their circumstances that could affect their child care subsidy. State staff determined that stringent state reporting policies contributed to churn and instability for families attempting to maintain care while working and engaging in work preparation and education activities. One of the state’s new policies allowed recipients to report changes by the 10th of the following month, rather than within a week of when changes occurred. The new policy also better specified and slightly reduced the types of changes that clients needed to report.

Expanded use of technology also helped streamline verification. Illinois allowed electronic wage deposits to serve as proof of employment, eliminating the need for a letter from the employer. Parents in Colorado were allowed to apply for child care assistance online. However, Colorado lacked sufficient funds to fully integrate and automate its child care eligibility system with its other benefit eligibility
systems, so staff needed to manually enter child care applications submitted online into a different system (Loprest, Gearing, and Kassabian 2016).

LENGTHENING CERTIFICATION PERIODS
Three WSS states adopted longer certification periods—the length of time before eligibility needs to be renewed—to reduce the amount of churn and stabilize care for longer periods. Rhode Island adopted a longer certification period statewide, and Colorado piloted a longer period in selected counties. These changes were made before the 2014 reauthorization of the CCDF, which requires a 12-month certification period (with some exceptions). The experience of these states provides useful insights for states currently implementing these new requirements.

Rhode Island moved from having a 3- to 6-month certification period (depending on work participation activities and eligibility) to a 6- to 12-month certification period. Under the old rules, families with 3-month certification periods would receive recertification notices just weeks after being deemed eligible. After Rhode Island lengthened its certification period, there was a substantial reduction in the number of times families came up for renewal and faced “renewal risk points.” The share of families that temporarily lost benefits and needed to reapply dropped by 43 percent, from 5.3 to 3.1 percent of families receiving child care subsidies in an average month (Isaacs, Katz, and Amin 2016). By reducing churn, the longer certification period increased stability for clients and reduced the paperwork burden on staff.

CHANGING ELIGIBILITY THRESHOLDS
Some WSS states set a higher eligibility threshold for losing benefits than for initial eligibility as a way to support continuity of care. Support for this approach was also included in the CCDF reauthorization. Rhode Island and Colorado, for example, changed their eligibility thresholds to promote child development through greater continuity of care arrangements. Under a statewide pilot, families in Rhode Island could continue to receive subsidies even if their income rose above the state’s initial income eligibility threshold (180 percent of the federal poverty level), provided their income remained below a new threshold for continuing eligibility (225 percent of the federal poverty level).3 Similarly, the Colorado state legislature established the Colorado Child Care Assistance Cliff Effect Pilot Program, which gives counties the option to allow families receiving subsidies who have incomes above the eligibility threshold to remain eligible for two additional years. Families qualify as long as their income is below 85 percent of state median income, they meet participation requirements, and they pay a gradually increasing parent fee. The state provided targeted funding to mitigate counties’ fiscal concerns about participating in the pilot. In March 2016, 10 counties were participating, the maximum
number allowed initially, but the state legislature revised the law to eliminate the cap on the number of participating counties.

Reflecting the realities of tight state budgets and limited child care funding, other states changed their eligibility thresholds to cut costs, resulting in reduced access to child care subsidies. In North Carolina, eligibility thresholds were reduced as a result of budget-cutting legislation passed in August 2014. In Illinois, which faced a statewide budget crisis, legislation enacted in early 2015 also reduced eligibility thresholds and increased parent copays to reduce state spending on child care; funding was partially restored and eligibility thresholds returned to their original levels by legislation adopted in November 2015.

ADJUSTING COPAYMENT SCHEDULES
Some WSS states adjusted copayment schedules for child care subsidies to develop more family-friendly policies and lessen financial burden on parents. In 2013, Idaho simplified its copayment structure by basing it solely on family income and size rather than a combination of family income, size, and the cost of care. At the same time, the state adjusted copayment amounts to make the share paid by families more equitable across the income spectrum. Overall, the changes were designed to ease the burden on parents and make it easier for parents, eligibility workers, and child care providers to understand the copayment amount parents would owe. Colorado revised copayments in a 2014 law that reduced the copayment for families with income below 100 percent of the federal poverty level from 7–9 percent of income to a maximum of 1 percent of income. The law also changed the calculation of copayments to be based on an average of income over a period to “account for variations in wages, work schedules, or seasonal employment,” reducing the need for frequent reporting and adjustments to copayment amounts.

Coordinating Child Care Assistance Policies with Other Programs
The WSS states sought to improve coordination and alignment between child care assistance programs and other work support programs through changes to policy, practice, and technology. States focused on aligning child care assistance with SNAP and Medicaid because families eligible for child care subsidies often are also eligible for SNAP and Medicaid, and the programs have similar eligibility requirements and face similar program integrity and administrative challenges. Although SNAP and Medicaid are logical programs to align with child care, key differences between these programs and the CCDF can keep families from accessing all of the programs. Most notably, SNAP and Medicaid are
entitlement programs whose benefits are available to any family that meets their eligibility requirements. In contrast, CCDF block grant funding is not sufficient to provide assistance to all eligible families. At least four specific differences in program structure and operation complicate coordination among the programs. First, the eligibility factors for child care are more complex than for SNAP because families must demonstrate their need for child care as well as their financial eligibility. Second, child care subsidy program administrators are often also responsible for licensing, quality reviews, enhancing the child care supply, and in some cases, state preschool programs. Third, in many states, separate departments oversee eligibility for CCDF, SNAP, and Medicaid, although these departments may be part of the same agency and the programs may be administered by the same frontline staff. Finally, to accommodate their responsibilities for licensing, quality, and interactions with providers, child care subsidy programs often rely on IT case management and processing systems separate from those used for SNAP and Medicaid. Separate IT systems can help child care agencies better meet their goals but can also reduce some cross-program efficiencies unless states are deliberate about identifying those opportunities.

State strategies to improve coordination across programs included changes to their cross-program management, planning, and communication; cross-program review and alignment of policies; integrated eligibility systems technology; and their capacity to collect, analyze, and share data across programs.

MANAGING, PLANNING, AND COMMUNICATING ACROSS PROGRAMS
Most WSS states sought to build stronger relationships between administrators of child care assistance programs and other work support programs. States saw these relationships as an essential precursor to better integrating or coordinating administration of programs. States also mentioned several immediate benefits of improved cross-program communication, planning, and information sharing. For example, agencies gained a better understanding of all the work support programs their clients were accessing. With an improved understanding of the key similarities and differences between child care assistance and other work support programs, states could begin to identify and articulate shared goals. And as state leaders shared information across programs, they sometimes considered the impact that policy or process changes in one program might have on the experience of families accessing other programs.

States engaged in several activities designed to improve cross-program communication, planning, and information sharing. First, all states included senior child care administrators on WSS leadership teams. As part of the WSS initiative, each state convened leadership teams of high-level managers from the different divisions operating SNAP, Medicaid, and child care assistance programs and from the major departments housing those divisions. These teams met regularly to set specific goals for their state’s WSS effort, develop action plans, and monitor and reflect on their progress. One child care administrator
reported that before WSS, “There wasn’t a lot of coordination. [Our TANF program] went through a five-year rewrite process, and child care was never considered a partner. That’s probably par for the course...everyone was segregated. Through WSS, it became apparent that we need to work together.”

In addition to the WSS leadership teams, many states established or continued the work of other cross-division, state-level working groups to align policies, technology, and information sharing. Some states also worked to build better relationships among child care, SNAP, and Medicaid eligibility staff and leadership in local offices. For example, the North Carolina Department of Health and Human Services hosted a series of annual leadership summits and regional town halls that offered county social services directors, managers, supervisors and frontline staff an opportunity to work together and share best practices across programs. Illinois held a daylong collaboration summit for staff from local DHS offices delivering SNAP, medical assistance, and cash assistance and staff from the nongovernmental child care resource and referral agencies delivering child care assistance. These staff members shared information about their programs and got to know each other. Several respondents described the summit as a success, noting that everyone came away from the summit more informed and more aware of the range of services families might be eligible for. With this knowledge, they could better facilitate families’ access to the services they need. Illinois also institutionalized the relationships between Department of Human Services staff and child care resource and referral entities by establishing formal liaisons who are key contacts for communicating and addressing cross-program issues directly, rather than relying on customers to bridge that gap.

ALIGNING POLICIES ACROSS PROGRAMS
States pursued alignment of policies across programs by comparing existing rules, making policy and practice changes, and establishing mechanisms for considering the cross-program implications of future policy decisions.

As a starting point for evaluating current program rules, most WSS states used formal cross-program rule comparison, referred to as cross-program matrices, crosswalk, or environmental scans. Those comparisons often included both programmatic rules, such as eligibility thresholds, as well as administrative rules, such as the timing of redeterminations. Another common analytical approach was to compare program rules by charting the application process and workflow from start to finish. Building large cross-program matrices was time consuming, and some states had difficulty getting past the analytical work and into policy development. Other states found the matrices to be an effective strategy (Isaacs, Katz, and Kassabian 2016).
States then took action to align definitions and requirements across programs. Idaho slightly increased the state-established eligibility threshold for child care to align it with the federal eligibility limit for SNAP (130 percent of the federal poverty level). This change, proposed by state administrators and approved by the state legislative rules committee, was intended to lessen confusion in the application process and reduce administrative costs associated with determining, verifying, and renewing eligibility for families eligible for both SNAP and child care assistance. Similar efforts were made to align SNAP and child care in Colorado and North Carolina. North Carolina took this type of policy a step further and mandated that families receiving SNAP be automatically deemed income eligible for child care assistance without the need for additional verification. This eligibility policy was implemented before WSS; during the implementation phase, the state focused on increasing county compliance with the policy (Isaacs, Katz, and Kassabian 2016). Some local and county offices in Rhode Island and Colorado also took steps to implement cross-program business process improvements, including cross-training workers so that they could determine eligibility for child care as well as other benefit programs.

Finally, Idaho and North Carolina developed formal groups and processes for cross-program review of new policies. The secretary of the North Carolina Department of Health and Human Services created the Economic Benefits Policy Governance Board in 2011 and tasked it with streamlining and consolidating policies across multiple programs. Specifically, this cross-agency group reviews program-specific policies and discusses the best methods for implementation and the possible positive or adverse effects on other programs. The board includes designees from the Division of Medical Assistance, the Division of Child Development and Early Education, and the Division of Aging and Adult Services, as well as members from the WSS project team, state training staff, data and quality control staff, and county representatives. The group also confers with a policy review subcommittee, made up of 15–20 county social services directors, to review proposed policies for clarity and to plan implementation. One early outcome of the board’s efforts was a plan to develop a single policy manual for frontline workers that covered SNAP, Medicaid, and child care assistance and to release a portion of the manual. Although this group experienced challenges, including turnover and competing priorities, state and county representatives unanimously agreed that the group and process had helped facilitate cross-program discussion and decisionmaking (Isaacs, Katz, and Kassabian 2016). One WSS state team member explained, “Policy Governance Board has been awesome. When I came here, we were all siloed, we didn’t talk to each other. When I first came here, I didn’t even know people that worked in [other divisions]. Now we are team members; we run things past each other, talk about how program changes will impact each other.”
In Idaho, the deputy division administrator for policy and operations runs a weekly meeting between SNAP, Medicaid, child care, and TANF policy managers where participants discuss new policies, their implications for other programs’ policies, and implementation and operational considerations.

INTEGRATING ELIGIBILITY SYSTEMS
One obstacle to better coordinating program administration was that WSS states often had separate eligibility information systems for child care assistance programs and other work support programs. At the start of WSS, four of the five states included in this report had separate eligibility systems, and only Rhode Island had an integrated eligibility system, which had been in place for decades.

The states each planned to either integrate their systems or build an interface across systems. Rhode Island developed and began implementing a replacement system, which, like its legacy system, integrated child care assistance programs with many other human services programs. North Carolina took steps to implement a new eligibility system, NC FAST, which will eventually integrate functions from and retire 19 separate legacy systems, including its Subsidized Child Care Reimbursement System.

However, most states encountered challenges that delayed work on those efforts or led them to revise their strategies (Loprest, Gearing, Kassabian 2016). For example, Colorado determined that fully integrating child care into its eligibility system for SNAP, Medicaid, and other programs was not feasible at an acceptable cost. As a first step toward integration, the state incorporated child care subsidies into its streamlined multibenefit application and online eligibility screening and application tool, simplifying application for clients. Applicants can enter information for multiple programs through a single tool, but child care eligibility workers receive a printout of the information and must manually enter it into the separate child care system.

BUILDING DATA, INFORMATION, AND REPORTING CAPACITY
Rapid technological advances over the past several decades, including increasingly sophisticated eligibility information systems, allow social services agencies to collect large amounts of program and client data. Even without integrated eligibility systems, agencies can leverage data from separate systems to monitor program implementation and outcomes, identify problems or opportunities for improvement, evaluate policy and process changes, and see how many families receiving child care assistance also receive other supports for which they are eligible.

Through WSS, states took steps to increase their data, information, and reporting capacity and use data for decisionmaking. For example, Idaho began routinely loading selected data from its legacy child care system into its eligibility information management system for SNAP, Medicaid, and other programs
and into its longitudinal data warehouse. This allowed Idaho to better track child care performance metrics, including churn, the time needed to process applications and complete case maintenance tasks, and the number of families receiving both child care assistance and SNAP and Medicaid. In addition, Idaho’s child care assistance policy work was informed by its market rate study and related cost analysis, which assessed how specific policies or rates would affect providers and families (Isaacs, Katz, and Kassabian 2016).

Rhode Island undertook a special analysis during its WSS planning year to estimate the number of families receiving child care assistance but not Medicaid, with the goal of increasing medical coverage for eligible families. Rhode Island also tracked churn in child care assistance and used data from its information system to monitor implementation of a business process change designed to improve processing times and estimate needed staffing levels.

As part of Colorado’s C-Stat initiative, the Office of Early Childhood (and all other Department of Human Services offices) identifies performance metrics and targets for improvement and meets regularly with top agency leadership to review progress. After reaching goals related to timely licensing inspections and responses to licensing complaints, the Office of Early Childhood added performance measures related to stability and quality of child care arrangements for children receiving subsidies and the rate of provider involvement with the state’s quality rating and improvement system. In addition, analysis of child care attendance data from the state’s automated tracking system supported state child care policy development.

Illinois used WSS funding to create a staff position responsible for analyzing child care assistance program data and developing reports, coordinating the state’s efforts to simplify and align child care with other benefit programs and increasing data-driven decisionmaking. The analyst’s first steps included exploring the available data, identifying opportunities to make better use of the data, and helping build greater trust among frontline staff, supervisors, and managers in the validity and reliability of data from its Child Care Management System.

What Issues Did States Encounter in Changing Child Care Subsidy Systems?

The greatest challenge facing child care subsidy programs is that CCDF funds are not sufficient to serve all families in need of subsidies. Nonetheless, as the WSS states made changes to their child care subsidy systems, they employed successful strategies to address several additional challenges they
encountered, such as competing priorities, staff stability and human resource capacity, technology and system obstacles, local agency culture and staff perspectives, difficulty working with state legislators, and relationships with community stakeholders and families.

**Competing Priorities**

One challenge child care agency leaders faced was finding time to make changes in the midst of other demands. Child care agencies are not only responsible for administering child care subsidies, but also for licensing, child care quality enhancement initiatives, the child care supply, and in some cases, state preschool programs. Depending on the state’s administrative structure, agencies responsible for child care may also be responsible for other human services and work support programs. Dealing with urgent, day-to-day management issues or other large, competing priorities sometimes diverted agency leaders’ time and attention from their goals for child care under the WSS project. As described above, states undertook many changes to their child care subsidy systems during the WSS initiative. At the same time, they faced enormous pressures related to implementing the Affordable Care Act as well as other policy, procedural, and technology changes. And because child care subsidy programs are small relative to SNAP and Medicaid (in both number of people served and staff), child care priorities may sometimes take a backseat, as was the case in many states during Affordable Care Act implementation. On the other hand, the small program is sometimes nimble enough to make changes more easily than the larger programs can. For example, Rhode Island first implemented task-based processing with its small child care unit before doing so across its much larger SNAP and Medicaid workforce.

Pressures on both child care assistance agencies and other work support agencies created challenges for new cross-program integration and collaboration efforts. In Idaho, for example, health care reform took priority over integration of the state’s child care systems with its SNAP and Medicaid systems, which delayed certain policy and administrative practice changes for child care. Administrators said there was not enough bandwidth to complete health care reform and integrate child care case management (Isaacs, Katz, and Kassabian 2016). In addition, Illinois’s plans to hold annual collaboration summits for child care staff and other work support staff were disrupted, first when a new SNAP and Medicaid eligibility information system led to “tremendous and unprecedented” backlogs and again when problems implementing a new child care information system put another summit “absolutely out of the question.” In all of the WSS states, child care assistance agencies saw the value of building relationships to strengthen connections between their programs and other work supports, yet other responsibilities (such as improving child care regulatory systems, establishing
quality rating and improvement systems, and updating provider reimbursement and family copayment schedules) sometimes took precedence.

Competing data development efforts further affected state efforts to improve reporting on their child care subsidy programs and their connections and alignment with SNAP and Medicaid. Many agencies administering child care subsidies are also committed to building early childhood integrated data systems (ECIDS), which coordinate, link, and make accessible data about individual children, families, and the early childhood workforce across a range of child development programs such as Head Start, state preschool, special education and early intervention, home visiting, subsidized child care, elementary schools, and others. The US Department of Education and Department of Health and Human Services’ Race to the Top-Early Learning Challenge grants have provided Colorado, Illinois, North Carolina, and Rhode Island with funding to develop these early learning data systems. ECIDS typically focus on understanding school readiness among young children, quality of preschool and child care, and teacher qualification systems and are not especially focused on monitoring the process of determining and maintaining eligibility. Thus, subsidy programs can simultaneously participate in building ECIDS, their own data development efforts, and linkages to SNAP and Medicaid systems, but ECIDS add a layer of complexity because agencies must establish common variables, data definitions, and identifiers across an increasingly disparate number of programs and information systems. In some WSS states, the same agency staff were responsible for implementing Race to the Top/ECIDS changes as well as any other WSS-related changes, so the various efforts directly competed for a single person’s time.

To address these challenges, some of the WSS states created effective incentives to motivate their teams to allocate time and resources for cross-program collaborative efforts. In some states, high-level leadership, such as cabinet secretaries or assistant secretaries, established an expectation or issued a specific directive for state-level program directors to work together. For example, North Carolina’s Economic Benefits Policy Governance Board was established through this type of cabinet-level directive. Several states increased cross-program communication through collaborative work centered on a specific short-term initiative or opportunity. For example, Colorado’s team came together around an effort to integrate child care into its joint application for Medicaid and SNAP and into PEAK, the state’s online client application and information portal. The relationships built during this project continued even after the project ended. Finally, states were motivated to improve cross-program communication, coordination, and planning after looking at the problems lack of coordination caused for local offices, clients, and state social services agencies.
Staff Stability and Human Resource Capacity

Staff stability and human resources capacity were important factors affecting cross-program collaboration as well as state efforts to build data, information, and reporting capacity.

Most WSS states had relatively little turnover among personnel involved in their collaborative efforts, which benefited their relationship-building work. However, Colorado’s WSS leadership reported that multiple changes in key staff from the Office of Early Education made it difficult to get “consistent representation,” which was an impediment to the team’s ongoing collaborative work. As new staff came on board, they needed time to get oriented to their primary responsibilities and to WSS before they could fully engage in the state’s WSS activities.

During the WSS period, the presence and skills of data analysts affected how states fulfilled basic reporting responsibilities and used data for decisionmaking. In the first years of WSS, both Illinois and Colorado mentioned that programmer and analyst time was focused on addressing critical shortcomings in their child care eligibility information systems. One respondent explained, “It’s not a priority for us to pull data. We’re just trying to keep the system running. ...We have...bugs in the system and people can’t get work done.” Another said, “[One] problem is limited programming staff. Pulling data reports is a lower priority than paying providers.” Illinois and Colorado ultimately attempted to address those constraints by using WSS funding to create a child care data analyst position. Colorado and Idaho both relied on special analytic units to produce new metrics and reports that senior leadership identified as important for program monitoring or ongoing quality improvement.

Technology and System Obstacles

Technology changes are intended to improve program access and administration, but they are often fraught with challenges that limit states’ abilities to administer individual programs, coordinate across programs, or obtain and use data for decisionmaking (Loprest, Gearing, and Kassabian 2016). For example, the Child Care Management System launch in Illinois was plagued with problems, disrupting operation of the child care assistance program and putting plans to link the child care system with other work support systems on the back burner.

As stated earlier, most of the WSS states encountered challenges that delayed or redirected their plans to integrate eligibility systems for child care and other work supports. Although some of the challenges were directly related to the technology itself, as in Illinois, others were the result of competing priorities, administrative structures, or cost. For example, the implementation of the
Affordable Care Act, which occurred during the time of the WSS initiative, created opportunities for states to access federal funding to integrate eligibility systems, but it also introduced competing priorities that disrupted some plans for integrating child care assistance into eligibility systems. For example, both Illinois and Idaho postponed their child care assistance integration efforts because they could not adequately manage the transition at the same time as other major technological system and process changes required under a short timeline by the Affordable Care Act. Illinois faced an additional challenge linking its child care assistance system with other programs because, in Illinois, nongovernmental child care resource and referral staff determine eligibility and administer the child care assistance program. Maintaining separate systems reduces the data access and governance challenges associated with giving nongovernmental staff access to the state’s information systems for a broad range of public programs. Finally, in Colorado, a cross-division working group determined that building an interface between the state’s child care assistance system and Medicaid, SNAP, and TANF eligibility system “didn’t make sense and would have been costly.” As a result, Colorado indefinitely postponed further work on the interface.

Some WSS states also faced challenges related to the data and reporting capacities of their technological systems, which affected their ability to monitor child care assistance programs and make data-driven decisions. All of the WSS states routinely used some data for child care assistance program monitoring and management. For example, Illinois child care agency staff met with the governor’s office quarterly to monitor the agency’s caseload and spending and examine reasons for sudden caseload growth. Idaho examined patterns of administrative denials when families were completing their renewals to reduce the number of breaks in assistance for eligible families. Nonetheless, some of the states reported challenges. For example, although the new Child Care Management System in Illinois held great promise for providing useful data in the future, data were lagged by several months and were of little use for day-to-day operations until the system was fully operational. In North Carolina, the legacy Subsidized Child Care Reimbursement System was designed to manage state-issued payments to providers, with counties implementing their own systems to support eligibility and case management. As a result, the state had access to a relatively limited set of analytic variables, primarily those needed to track the number of children and families served and quality of child care arrangements used. Many WSS states also reported data access issues as a key obstacle to aligning child care assistance with SNAP and Medicaid programs.
Local Agency Culture and Staff Perspectives

As states made changes to child care policy, practice, and technology, they sometimes encountered challenges with local adoption and implementation of those changes. State administrators sometimes found that policy changes to child care assistance and other programs rolled out more slowly than desired because of local worker resistance or a lack of clear communication and training. States addressed this challenge by regularly reviewing data reports from local offices, retraining workers on policies as needed, and refining their approach to training. For example, a state administrator in Rhode Island noticed that many families still had 6-month certification periods for child care even though new policies allowed for a longer period. Further communication and training was provided to line workers to clarify that the 12-month certification period was the rule, not the exception (Isaacs, Katz, and Kassabian 2016).

In addition to providing training on specific policies, staff members in several WSS states spoke of how state leadership was trying to bring about a broader change in perspective among frontline workers toward improved customer service and more family-friendly policies. For example, respondents in North Carolina and Rhode Island described the challenges of shifting some staff perspectives on child care subsidies away from the punitive approach of a culture focused on catching fraud rather than helping families.

In states where child care assistance and other work supports are administered by counties within state and federal guidelines, such as Colorado and North Carolina, tensions between state agencies and county offices sometimes arise regarding county implementation of state policies or county adoption of state initiatives. County administration allows innovation and adaptation to local circumstances, but according to some state respondents in Colorado and North Carolina, county offices sometimes push back against changes in state policy or direction. For example, North Carolina’s effort to streamline verification policies involved state officials encouraging local offices to not ask for verifications unless absolutely necessary; unnecessary verifications slowed the process and led to errors if a piece of documentation was requested but not received. However, a state administrator said, “Some counties...want to [take extra steps to] make sure people aren’t committing fraud. And some have resistance to change. It was something different they never were asked to do before.” Nonetheless, both state and local administrators in the two county-administered states noted an improvement in state and county relations over the course of the WSS initiative (Isaacs, Katz, and Kassabian 2016).
Working with State Legislatures

State legislatures were sometimes involved in policy decisions, depending on the nature of the policy action and on state laws. In some cases, state legislative action helped drive policy alignment. For example, in Idaho, where the legislature reviews all rule changes, legislative approval was a critical step in aligning state-established eligibility guidelines for child care assistance with federal guidelines for SNAP. Elsewhere, legislative action created obstacles to policy alignment. Some states found that state statutes required more thorough verification than federal law, and policy simplification required changing state laws. In other cases, contemporaneous legislative change—and the uncertainty of knowing whether legislation will be enacted and when new rules implementing legislation will be promulgated—can slow policy alignment. In North Carolina, new legislation on child care assistance temporarily slowed efforts to align policies. As one respondent explained, “With the general assembly changing things, we don’t know where we can align child care. One obstacle is legislation. It’s an unknown right now” (Isaacs, Katz, and Kassabian 2016).

Relationships with Community Stakeholders and Families

To enhance their efforts to address challenges and improve child care subsidy policies and practices, some WSS states actively sought input from community stakeholders representing families or child care providers. Relationships between community stakeholders and state agencies can sometimes be contentious, but when agency leaders are consistently transparent about their challenges and actions, community stakeholders can become partners in facilitating change (Hahn et al. 2015). In Illinois, the legislatively mandated Social Services Advisory Council, made up of appointed community-based organization representatives, routinely meets with officials from the Department of Human Services, which oversees child care subsidies, to share information about state actions, the advocates’ work, and client perspectives. Rhode Island has several active stakeholder advisory groups and involved two community-based organizations more directly in its WSS project, providing them with a subgrant for their participation. A representative from one of those organizations was an integral member of the WSS policy team and suggested a host of changes to child care policy. Idaho established a stakeholder group, which the state kept informed about WSS efforts through periodic meetings and newsletters. Officials also conducted focus groups with parents to gather feedback about key child care policies, including the parent copayment structure (Isaacs, Katz, and Kassabian 2016).
Implications for CCDF Implementation

The five WSS states in this report focused on reforming child care assistance through the Child Care and Development Block Grant. Their efforts provide valuable lessons to other state CCDF agencies working on fully implementing the Child Care and Development Block Grant Act of 2014 and helping the children and families they serve receive the basic health and nutrition benefits that they need:

- **A 12-month certification period can reduce program churn.** The extended certification period promotes both parental employment and child development by providing continuity of child care. It also can save state agencies from spending resources on the administrative work of closing and opening cases. Although all states will be required to provide 12-month eligibility under the reauthorized CCDF, they have the option to end assistance after 3 months in cases of loss of work activity. The experiences of the WSS states make the case that continuous eligibility is beneficial for both parents and administering agencies, confirming the importance of the 12-month eligibility period.

- **States have options for streamlining verification rules and using electronic data to verify employment or income,** which could improve access for families, save caseworker time, reduce errors, and improve program efficiency. WSS states realized that much of the paperwork related to verification and reporting requirements reflected state practices and were not required under federal law. States do not need to require extensive documentation of income or completion of detailed work schedules. Instead, states have wide latitude in defining eligibility criteria and the information and evidence families must provide to demonstrate initial and continuing eligibility. Eliminating the need for detailed work schedules can be of particular assistance to families working nontraditional and fluctuating hours, a group highlighted in the reauthorized CCDF. The new rules also require states to limit interim reporting, further simplifying access for families, saving caseworker time, and reducing errors.

- **There are both opportunities and challenges when coordinating child care assistance programs with larger work support programs, such as SNAP and Medicaid.** WSS states made progress toward simplifying cross-program eligibility processes and integrating child care into broader cross-program eligibility systems, applications, or other processes. One of the most important aspects of coordinating child care with larger work support programs is that although it is not possible to ensure that all eligible families in SNAP and Medicaid receive child care given funding limitations, it is possible to ensure that all families receiving child care receive other benefits for which they are eligible. This supports the twin CCDF goals of healthy...
child development and parental success. Even without integrating eligibility determination, states can benefit from forging relationships and collaborations among the leaders of child care, Medicaid, and SNAP. The flexibility of the CCDF enhances opportunities for coordination with the less-flexible SNAP and Medicaid programs.

- **Helping frontline staff implement new policies requires thoughtful strategies.** Policies set at the state level were not always adopted readily by local offices or workers. Focused efforts by leadership to provide training and clear communication to local staff about new policies and the rationale behind the changes help support a culture shift at the local level toward a focus on policies and administrative practices that are family friendly. These changes require time and perseverance as well as thoughtful strategies about how to roll them down to frontline workers.

These are some of the important insights and lessons that state child care subsidy systems can learn from the experiences of the WSS states. An overarching lesson is the importance of stepping back and reviewing existing child care policies to understand their origins (are they federal requirements or requirements the state previously elected to implement?) and their impacts on families and agencies. The WSS states identified numerous ways that federal policies allowed for greater flexibility than previously assumed. These insights and lessons are particularly relevant as these systems work to implement the reauthorized CCDF and identify how to more effectively support healthy child development and parental success among families receiving child care.
Notes

1. South Carolina was part of the WSS initiative broadly but is not included in this report as its child care assistance program is a small program tightly integrated with its cash assistance program and does not serve other low-income families. For context on the six WSS states, see Hahn, Isaacs, and Rohacek (2016).


3. The pilot was authorized through September 30, 2016. For more information, see Rhode Island Senate Fiscal Office (2015).


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About the Authors

Heather Hahn is a senior fellow in the Center for Labor, Human Services, and Population at the Urban Institute. Throughout her career, Hahn has conducted nonpartisan research on the wide range of issues related to the well-being of children and families, including cash assistance, nutrition assistance, and other supports for low-income families. At Urban, she has also collaborated on several reports examining federal spending and tax expenditures on children; she co-led the evaluation of the Work Support Strategies initiative.

Monica Rohacek is a senior research associate in the Center on Labor, Human Services, and Population. Her research focuses on the design and evaluation of early childhood programs, including child care subsidies and Head Start. She is the project codirector of the Center for Supporting Research on CCDBG Implementation.

Julia Isaacs, a senior fellow in the Center on Labor, Human Services, and Population, is an expert in child and family policy with wide-ranging knowledge of government programs and budgets. She directs research on early childhood education and is coprincipal investigator for Urban’s Kids’ Share analyses of public spending on children.
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