

**Child Care Voucher Programs:  
Provider Experiences  
in Five Counties**  
*Executive Summary*

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# *Child Care Voucher Programs: Provider Experiences in Five Counties Executive Summary*

**S**ubsidies in the form of child care vouchers that help parents pay for child care are an important support for low-income families. This assistance, much of which is funded through the federal Child Care and Development Fund (CCDF), helps parents working to become stably employed while also helping their children get what they need for healthy development. In recent years, policymakers have grown more interested in learning more about the child care providers that care for children in the voucher subsidy system.

Providers willing to accept children with vouchers, and to provide high-quality services, are a linchpin of the child care voucher system. They are essential for the success of efforts to help families become and remain employed, and for ensuring children get the care and early education they need to succeed. Yet unlike other social service systems, such as health care or education, we know relatively little about the child care providers who care for children receiving vouchers or about their experiences with the voucher system.

This report adds to the research base by looking comprehensively at the experiences of child care centers and licensed family child care homes with the voucher subsidy system in 2003–04. The research focuses on providers in five counties: Jefferson County, Alabama (Birmingham); San Diego County, California; Monterey County, California; Hudson County, New Jersey (Jersey City); and King County, Washington (Seattle). It is part of a large-scale study on child care providers and the child care voucher system that relies on a blend of quantitative data from a survey of a representative sample of providers in these communities and qualitative data from site visits that included interviews and focus groups with voucher agency staff, providers, and key experts.

This report explores the following research questions:

- What are the experiences of providers in serving children who receive vouchers and in working with voucher agencies?
- What features of the child care voucher program, policies, and implementation most affect providers?
- What policy strategies can help the voucher system better meet the needs of providers so they can best meet the needs of children and families?

The study population includes centers and family child care providers who offer full-time care to at least some children age 5 and under (not yet in school). This paper concentrates on providers who, at the time of our data collection, were serving (or had recently served) children receiving vouchers funded through the CCDF. The paper does *not* describe the experiences of providers with subsidies paid through what is commonly referred to as a contract funding mechanism. Our survey found that about 80 percent of centers in the study population in Jefferson, Hudson, and King counties were serving (or had recently served) a child with a voucher, while just over 60 percent of centers in San Diego and Monterey counties did so. Rates of voucher involvement were somewhat lower among licensed family child care homes in Jefferson, King, and San Diego counties and appeared about the same as among centers in Hudson and Monterey counties.

## Selected Findings

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This report describes how providers experience the child care voucher system in five very different counties across the country, and how various voucher policies and implementation practices affect providers. It also highlights the variation across these sites on almost every voucher policy parameter and administrative approach. Despite the variation, the research identifies some important consistencies across the sites in both the strengths and the weaknesses of the voucher system from the perspective of providers.

The data in the report make it clear that, in these communities, the voucher system plays a pervasive and important role in supporting low-income families and the providers who serve them. The data also underscore the many ways the system is functioning well for both providers and families. Yet, these data also reveal several areas where the system is not working as well, sometimes for providers across all the sites, and sometimes for providers within particular agency or site contexts. Some main findings in these areas are summarized below.

## Key strengths of the child care voucher system from providers' perspectives

Despite their openness about challenges they faced with the child care voucher system, many child care providers clearly saw vouchers as an important service with benefits for the families they served, and for themselves. The importance of these benefits is, on a basic level, substantiated by our finding that most providers in each study county either were serving or had recently served at least one child receiving a voucher. This suggests that the system was functioning well enough for these providers to be willing to serve children with vouchers, even though they experienced challenges. Specifically, providers discussed the following four benefits:

- *Source of reliable income.* Providers across the sites reported that a primary benefit of the program was that it offered a reliable source of income. In some cases, providers reported that the voucher system was more reliable than private-paying parents, though other providers felt otherwise.
- *Filling slots and supporting the availability of care for low-income families.* Providers and other respondents described how the voucher system allowed programs to fill their slots, and allowed some programs to stay in business in communities that otherwise might not be able to support a child care program.
- *Allowing providers to serve low-income families who needed their services.* Some providers had a specific desire or mission to serve low-income families and felt that the voucher system allowed them to fulfill that goal. Others believed that the socio-economic diversity introduced by serving children with vouchers improved the quality of their services.
- *Benefiting parents and children.* Though we had specifically asked providers about the benefits to their programs, they also volunteered detailed ideas about the importance of child care vouchers in the lives of the families and children they served.

In addition to these general positive reactions, at least some providers—and in a number of cases a majority—felt that specific aspects of the voucher system were working well:

- Many providers serving children with vouchers thought the rates they received from the voucher system were comparable to what they would receive from private-paying parents, although not in all sites.
- Many providers serving children with vouchers thought it was not harder to get paid for a child with a voucher than for a private-paying child.

- Many providers serving children with vouchers did not think it was an administrative hassle to work with voucher agencies.
- Many providers reported being paid in a timely manner.
- Many providers thought caseworkers were knowledgeable about the voucher program rules.

## Key challenges with the child care voucher system from providers' perspectives

Our research also suggests areas for improvement. Federal, state, and local agencies are continuously working to enhance their systems. The results from this study are designed to offer information to policymakers and advocates to help them identify some key areas in which they might focus their efforts. In particular, a number of providers—sometimes a majority, sometimes less than half but still a large proportion—seem to be experiencing challenges with negative consequences. The following five areas of concern were among those raised by providers and other respondents.

### Overall payment levels

Generally, providers in focus groups believed payment levels were too low. Some believed that the market did not sustain payment levels sufficient to support good services. Others felt that the voucher reimbursement rates in their community were not sufficient, either because of the overall market level or because of how local voucher reimbursement rates related to the fees charged in the local market.

A different way to examine this issue is to assess how providers perceived the value of voucher payments relative to what they would receive from private-paying parents. Our findings from the survey on this question were mixed. While a majority of providers (56–75 percent) in most sites reported that the levels were commensurate, a considerable proportion of providers serving children with vouchers—24–30 percent in four sites, rising as high as 59 percent in one site—believed they were being paid less for children with vouchers.

### Policies and practices that result in providers getting less in payment than suggested by their agreed-upon reimbursement rate

Providers had concerns related to whether they could count on getting the payment levels they expected for children receiving vouchers during the service period. Some areas of concern mentioned by providers included these three:

- *Absent days.* One key policy, usually set at the state level, is whether voucher agencies pay for days children are absent from care (for example due to illness) and how many days are covered. Providers typically require private-paying parents to pay for



all days, whether or not children are in attendance. All the agencies in this study paid for some absent days, though they limited the number. While not being paid for absent days did not emerge as a primary concern in focus groups, the survey data show that roughly half or more of the providers in each site reported revenue loss for at least a few absent days each month, though patterns varied by provider type.

- *Notification about changes in authorization status.* Voucher-based subsidies are unusual in that parent eligibility and subsidy amounts (i.e., number of hours covered and co-payment levels) can fluctuate over short periods. Within federal parameters, states define eligibility and set rules for adjusting subsidies in response to changes in parental circumstances. The sensitivity of these rules affects how often providers' payments change and the probability that providers will not be paid at all (i.e., when families lose vouchers completely). As a result, it is essential that providers have up-to-date information about the authorization status of families and any changes so they do not unknowingly care for children during times for which they cannot be paid.

Providers across the five sites reported in both the survey and the focus groups that not knowing about changes in family status was a major area of concern and a source of lost revenue. Generally, between one-quarter and one-half of the providers serving families with vouchers (depending on the site) reported that in the six months preceding the survey, they experienced a problem receiving adequate notice about changes in family circumstances that affected payments. While the focus group results show that providers were most concerned about not knowing when vouchers were terminated, they also had problems knowing when families were initially authorized and when changes were made in the middle of authorization periods. According to our data, the cause of the problem is complex, with agencies, providers, and parents sharing responsibility for the communication breakdown. Overarching policy expectations from state and federal governments, in their efforts to eliminate improper payments, can also make this problem especially challenging to resolve.

- *Collecting copayments or parent fees.* The federal CCDF requires that states implement a sliding-fee scale for parents receiving vouchers, though families below the poverty level may be exempted. Accordingly, states usually require at least some parents receiving vouchers to contribute something toward the cost of care. This contribution is referred to as a copayment in most states (though is called a parent fee in California). Generally, providers are supposed to collect these copayments or fees directly from parents, and agencies have policies requiring providers to do so.

The survey and focus group data, however, show that providers vary greatly in their attitude toward these fees and in whether they collect them—and agencies vary in their enforcement of this policy. In the survey, a subset of providers reported they

did not always try to collect fees (meaning they forgo the copayment revenue), and our focus groups identified several reasons behind this decision. We also found that a majority of providers serving children with vouchers in the survey felt that there was no difference in the difficulty of collecting required fees from parents receiving vouchers compared with unsubsidized parents. However, some providers felt differently. Depending on the site, 17–38 percent of centers and 14–26 percent of family child care homes serving children with vouchers reported that it was harder to collect copayments from families receiving vouchers.

### Policies that can affect cash flow and timing of payments

Some providers serving children with vouchers reported delays in initial and ongoing payments. The causes varied: sometimes they were related to delays on the part of the agency, and other times they were related to providers overlooking information that they had been given or not providing accurate, timely, or complete attendance data. Providers also discussed problems with resolving payment disputes. Provider concerns in these areas include the following:

- *Timing of payments.* The retrospective nature of most child care voucher payments contrasts with the policies providers have for private-paying parents, who typically must pay for care in advance. Because providers are already being paid later than usual, they consider the timeliness of voucher payments critical. This study finds that a majority of providers did not have major concerns with late payments. However, again, a subgroup of providers—ranging from 22 to 28 percent depending on the site—reported problems with late payments and that at least one of their last six payments arrived late.
- *Accuracy of payments.* A majority of providers in the survey reported they had received the amount they had expected from the voucher agency in their last payment. Yet, usually at least some providers did not have this experience. According to the data from focus groups and interviews, the most common sources of discrepancies appeared to stem from not knowing of a change in a parent’s status, not understanding what the checks covered, and mistakes in attendance paperwork.
- *Resolving payment disputes.* A notable proportion of providers (32–57 percent of centers and 10–38 percent of family child care homes serving children with vouchers) reported difficulty resolving a payment dispute in the six months preceding the interview. This difficulty, in turn, likely contributed to delays in receiving full payment. Most providers in our sample that experienced difficulty resolving payment disputes reported that their last dispute took longer than a month to resolve, though this timing varied across counties.

## Voucher agency policies and practices that can be costly in time and effort

We also talked with providers about the relative ease or difficulty of their interactions with the subsidy agency. Some things they discussed fell into these three categories:

- *General perspective on working with voucher agencies.* Providers across our sites had different opinions about how easy or difficult they thought it was to work with voucher agencies, though some providers experienced challenges in every county. For example, while many providers reported it was not difficult, depending on the site, between 28 and 56 percent of providers serving children receiving vouchers agreed that it was an administrative hassle to work with voucher agencies.
- *Working with multiple agencies or programs.* Three of the five study sites had more than one local voucher agency or program. Because providers in those communities could serve families from any agency, a number of providers were working with more than one agency or program. Providers in focus groups in these multi-agency or multi-program sites discussed the challenges they faced because of inconsistent policies and practices between agencies or programs, including recording and reporting attendance, other required paperwork, payment timing, payment rules, and approaches to agency staffing and problem resolution.
- *Experiences with agency staff and getting in touch with workers.* Providers in the focus groups and the survey shared information on their experiences with voucher agency staff in several key areas, including impressions of different administrative structures and problem resolution systems, interactions with caseworkers, and getting in touch with workers. While there were providers with concerns in each area in every site, the most pressing issue for providers across counties was getting in touch with agency staff. A vast majority—three-quarters or more—of providers in all five sites reported they were in contact with the voucher agency at least once during the preceding month, and a large subset of providers (28–41 percent in most places, reaching 70 percent in one site) reported difficulty reaching workers.

## Families and children receiving vouchers that need extra support or financial help

Beyond their usual services, providers described additional assistance they sometimes offered to families in the voucher system. Some of this assistance was direct financial help, some was in the form of extra time and support for children and parents, and some involved absorbing certain inconveniences that can occur when working with low-income families in transition.

- *Helping families navigate the voucher system.* It appeared to be relatively common for providers to help families navigate the voucher system—sometimes by referring them to the program initially, and sometimes by helping them comply with initial or ongoing agency requirements. A majority of providers—between 69 and 86

percent—reported helping families in this manner. This effort was usually motivated by a combination of concern about families and a desire to keep children enrolled and retain the revenue. While both providers and agencies talked about the importance of this role, in some situations providers expressed concern that agencies were asking them to be caseworkers and were handing off too much responsibility.

- *Reducing or waiving fees.* It was also common for providers to discuss other ways they helped families afford care, either by waiving or reducing copayments or continuing to serve children for free or at a reduced rate when families lost their vouchers. The survey reveals that a subset of providers (13–36 percent, depending on the site) reported often or always doing this when families lost their vouchers.
- *Other forms of support.* Providers also described other types of assistance they sometimes offered to children and families receiving vouchers. Some of this support, such as providing food or diapers that were ordinarily supplied by parents, involved direct costs to the providers. Other forms of support, such as mentoring parents or offering extra time or attention to children with challenging behaviors, involved indirect costs in the form of staff time.
- *Other challenges.* Finally, although reluctant to discuss these issues, providers touched on certain characteristics they associated with some families in the voucher system that made it somewhat more challenging to serve them. These included higher turnover rates, fluctuating work—and therefore child care use—patterns, and parents who did not seem to understand the rules or expectations of the care arrangement (such as picking children up on time and communicating with providers about absences or late or early arrivals and departures). While most of these issues did not involve direct costs or loss of revenue, they did take time and cause stress for some providers.

Although providers may offer some of or all these types of support to any of the families in their care, families with vouchers may be more likely to need this additional assistance. Further, some providers emphasized that their motivation for serving families included a desire to serve those with greater needs, so meeting these challenges was simply part of their mission. At the same time, these activities may represent hidden costs in meeting the needs of children and families receiving vouchers.

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## Conclusions and Policy Suggestions

The findings of this study point to several areas in which voucher programs could be further improved to more effectively support providers, and therefore children and families. Although child care vouchers are designed as assistance to parents, providers are a key partner in delivering this assistance. The subsidy system depends on providers

who are willing to serve children receiving vouchers. Choices made at the federal, state, and local level can affect which providers are willing to accept vouchers as payment and the extent to which providers can deliver high-quality services to low-income children and families. Consequently, a range of policies could be implemented to better support providers. Further, in looking across the findings and possible policy solutions, a number of underlying themes emerge; these are discussed below before the policy suggestions.

## Underlying themes

Although the presentation of findings focused on the technical details of voucher policies and implementation practices, and how they are experienced by providers, several key themes were at work in the background. Because these themes shape policies and attitudes toward providers in the voucher system, taking them into account can help deepen our understanding of problems, pinpoint their sources, and lead to more creative, effective solutions.

- *All stakeholders have a role in solutions.* The successes and shortcomings of the voucher system as experienced by providers stem from all levels of governance and involvement. These include
  - the federal level—where resources, rules and policy guidance provide an overarching framework within which states operate;
  - the state level—where additional decisions are made about resources and many policies and regulations that guide local service delivery are set;
  - the local agency level—where implementation of policies affects provider experiences daily;
  - parents—whose level of effort in maintaining vouchers and communicating with providers can also affect providers’ experiences with voucher programs; and
  - individual providers themselves—whose personal motivations, decisions, resources, and skills, as well as the local markets within which they operate, affect their experiences with the system and their abilities to meet the needs of children and families.

Policymakers interested in improving the system for providers will benefit by working to identify solutions at all levels.

- *Understanding root causes is often as important as understanding symptoms.* Focus group discussions with providers and agency staff revealed that, frequently, the primary cause of a challenge was not the most obvious one. The timeliness of payments is one

example; our data suggest that, in these sites, “late” payments are often not the result of agency failures to process attendance paperwork and issue checks on time, but are instead the result of other factors, including providers missing deadlines for submitting attendance paperwork, providers submitting incomplete or incorrect forms, agency procedures for addressing these problems, or agencies waiting to receive complete information from parents before authorizing payments. Some of these problems, in turn, can be linked to agency policies and practices, such as complex paperwork requirements and timelines for submission of attendance forms. Understanding these root causes is a key element in finding effective solutions.

- *Ambiguity in the voucher agency–provider relationship can be a barrier.* As we discussed these issues with agency staff and providers, it appeared that some policy positions and implementation decisions stemmed from respondents’ perspectives on a more basic question. Specifically, what is the nature of the obligation of voucher programs to child care providers? The clearest relationship in the voucher system is between parents and voucher agencies, as parents are the recipients of assistance. Yet, voucher agencies enter into either explicit or implicit payment agreements with child care providers on behalf of children receiving vouchers. These agreements seem to suggest that both voucher agencies and providers have certain rights and obligations to each other.

While we did not ask this question directly, our conversations with agency staff and administrators suggested a wide range of perspectives on this issue. Some agencies and respondents apparently believed that, because vouchers represent assistance to parents, parents bear most of the responsibility for establishing and maintaining the terms of the relationship with providers. Other agencies, in contrast, took more responsibility for the relationship with providers, seeing it as a three-way partnership among voucher agencies, parents, and providers. While not overt, there appears to be a continuum along which different agencies, workers, and administrators fall, and this continuum influences policy and implementation practices. As a consequence, this issue is worth further explicit discussion in the child care field. It is also an area that might benefit from analyzing the attitudes of other public systems that pay for services selected by clients—such as Medicaid and housing vouchers.

- *Small policy details matter.* Provider experiences with vouchers are clearly affected by laws, regulations, more informal policies, and local implementation practices. This suggests that policymakers should not only pay attention to large policy parameters (such as maximum payment ceilings), but also focus on many of these other, somewhat more subtle issues. For example, two of the largest concerns for providers were notification about changes in status and being able to contact staff—two areas that are sometimes neglected as a primary focus of policy discussions.



- *Fiscal stringency may unintentionally shift costs to providers.* Local agencies' efforts to act responsibly toward providers can be constrained by federal and state rules designed to limit improper voucher payments. For example, some rules may make it impossible to give providers advance notice when vouchers are being terminated unless voucher agencies also know in advance. The outcome of this conundrum is that providers end up bearing some of the financial risk involved in supporting families in transition. States and local agencies could benefit if the federal government identified additional ways to support states in their efforts to be fiscally responsible, while maximizing state flexibility to establish voucher policies that reflect private-paying practices and other standard provider business policies. It is also important, however, to recognize that some states may choose not to take advantage of the flexibility as they face difficult tradeoffs in deciding how to allocate inadequate resources. (At the time of our visits, four of the five sites had waiting lists of families needing assistance.)
  
- *TANF realities add special challenges.* Providers occasionally commented on how their experiences with voucher programs were different for families receiving Temporary Assistance for Needy Families (TANF). Consequently, several TANF-related themes emerged from the focus group discussions and interviews. Depending on the site, these included the following four issues:
  - shorter authorization periods, which are related to higher turnover rates that can increase the financial and emotional costs to providers;
  - more frequent changes in authorization and eligibility status, which amplify notification challenges and increase the potential for lost revenue because of not knowing parents' statuses;
  - additional staff involved in approving initial authorizations and ongoing payments, which creates communication challenges and can lead to delays in payment and problem resolution; and
  - serving families with particularly challenging needs, an issue that may grow increasingly pervasive as states work to bring more "hard to serve" parents into the welfare-to-work system as required under the Deficit Reduction Act of 2006.
  
- *Customer service matters.* Customer service and human relationship issues can make a critical difference in how providers perceive voucher agencies. How providers are treated and the responsiveness of the agencies appears to result from not only state and local policies and implementation practices, but also local agency leadership. While sometimes overlooked in the policy debate, these issues can play an important role in whether providers see themselves as working with the voucher agency to support families or as having a more adversarial relationship. Further, these factors

influence providers' overall willingness to accommodate some of the other challenges involved in working with the voucher system.

- *Agency procedures must address both the routine and nonroutine.* Voucher agencies had a remarkable number of clear procedures in place for carrying out routine activities. They had fewer mechanisms in place, however, for when the routine process broke down or was not applicable. Many problems we observed seemed to occur around activities that fell outside the normal routine. For example, notification procedures appeared to work well when parents completed the recertification process in a timely way; they did not appear to work well when parents recertified at the last minute or had complex cases. This suggests that agencies may benefit from examining their backup mechanisms for those times when the process is unusual.
- *What improves the system for parents may also help providers.* Some strategies that states are developing to support providers complement or overlap creative strategies states are using to improve services for parents (Adams, Snyder, and Banghart 2008). These include simplifying paperwork, minimizing changes in subsidy amounts or terms between redetermination periods, linking data systems, automating processing, improving customer service, and so forth. While these strategies are often developed for parents, many have promising implications for providers as well.
- *Managing vouchers can be complex for providers.* The voucher system is, in some ways, inherently more complicated for providers than for parents, given that providers must manage multiple vouchers and must interact with a number of different case-workers and (in some cases) different agencies or programs. Further, some child care providers may have relatively little experience in financial and administrative management, making it more difficult to manage their involvement with the voucher program. It appears from our focus groups that less experienced providers may have the greatest difficulty managing vouchers effectively. Agencies should consider these provider constraints in designing policies and implementation practices, and in developing related technical assistance for providers.

## Possible policy strategies to address provider concerns

Several policy strategies may prove effective in addressing some of the provider-related issues raised in this report. While some strategies may require trade-offs among competing state priorities or significant funding to implement, many seem likely to benefit providers, agencies and parents. Further, some strategies are not very costly, some have costs that would be partially offset by savings in other areas, and some that incur costs for agencies end up reducing costs for providers.



The policy strategies that are discussed in greater depth in this paper are summarized below. However, because we have not conducted a systematic review of policies throughout the United States, and because these strategies have not been formally evaluated, they should be seen as a starting point for further discussion, rather than as a definitive or comprehensive list of recommendations. For additional information about the suggestions, see conclusions section of the full report.

### **Strategies to ensure payment levels are similar to what providers charge private-paying parents**

A core principle of the voucher subsidy program is that reimbursement rates should be set at a level that allows families with vouchers to access care similar to the care used by parents who pay the full fee. Consequently, the federal government suggests—and states typically attempt to offer—reimbursement rates that are similar to the fees providers charge private-paying parents. However, this study identified several ways that payment levels may be below what providers charge private-paying parents. Strategies to address ways that reimbursement rates can be undercut by voucher policies and implementation practices include these three:

- Ensure maximum reimbursement rates reflect federal guidelines, which suggest that reimbursement rates will generally meet the criteria for offering sufficient access if they cover 75 percent of the fees currently charged in the market.
- Reexamine reasons for limiting payment for absent days, and consider additional steps that could be taken to make these policies even more similar to those providers have in place for private-paying parents.
- Consider mechanisms to maximize the likelihood providers collect parent fees or copayments, including helping providers overcome obstacles to collection and revisiting parent fee/copayment policies.

### **Strategies to minimize revenue loss because providers do not know about changes in family eligibility or authorization status**

Confusion about when payments for specific children were authorized to begin, when voucher authorizations changed, and when vouchers were terminated appeared to be a major source of revenue loss and concern for providers. Strategies to improve the notification process overall, as well as those that improve notification at specific times the voucher terms can change (i.e., initial authorization, interim employment or earnings changes, and termination) are described below.

### **Improving the notification process generally**

Voucher agencies might explore strategies to make it more likely that providers will be aware of the latest authorization level and eligibility status of the families they serve:

- Consider automated mechanisms to allow providers to access information about client authorization and eligibility status without talking to a caseworker.
- Call providers directly about authorization changes that are effective before written notification will be received.
- Fine-tune systems for mailed notifications of changes in authorization status, both to ensure that notifications are mailed and that providers can identify and comprehend them.
- Provide technical assistance to providers to help them better identify, track, and manage voucher information.

### Minimizing risks to providers during the initial authorization

Policy strategies to improve notification during the initial authorization process include those that

- expedite the approval process for parents to minimize the length of time providers are at risk of serving families without being paid;
- explore presumptive eligibility, allowing payments to begin immediately and continue while documentation is gathered and verified for families whose initial application suggests they are highly likely to be eligible. This presumptive eligibility can be temporary, and be terminated if the family is ultimately not authorized to receive vouchers over a longer period;
- ensure coordination between TANF and child care caseworkers to minimize situations where providers lose revenue as a result of insufficient communication and unclear lines of authority; and
- allow for backdating to allow for payments to begin at the time of initial application for parents whose eligibility is approved.

### Minimizing risks to providers during interim changes in authorization status

Strategies that could minimize how often providers experience unexpected payment changes between voucher reauthorizations include the following:

- Only adjust vouchers with major changes in parental circumstances before redetermination.
- Create broad authorization categories so relatively minor changes in work schedules do not require a change in authorization.

- Reconsider length of authorizations for TANF families to minimize unnecessary changes in authorization status.
- Do not reduce payments until providers have been notified of changes.

### **Minimizing risks to providers when families' vouchers are terminated**

Strategies that could improve notification of providers when vouchers are terminated include the following:

- Provide advance notification of redetermination timelines so providers can monitor whether the parent is terminated.
- Do not make termination of payments effective until providers have been notified.
- Explore the pros and cons of deadlines for parents to submit paperwork that precede the actual termination date, to allow time for advance notification of providers.

### **Strategies to improve payment timing**

Providers in at least some sites raised concerns about long time frames for reimbursement and delays in payment, which can cause financial stress. Such delays can occur in both ongoing payments or in initial payments for children with new vouchers. Possible strategies to deal with each problem area, and payment timing more generally, are described below.

#### **Reducing delays in initial payment**

Specific steps voucher agencies might take to reduce the time it takes to issue initial payments include the following:

- Examine or simplify enrollment process for parents to reduce parent-related delays in initial payment.
- Examine agency processes and staffing structures for initial authorization to identify steps that could be expedited, streamlined, or more clearly articulated.

#### **Improving timing of ongoing payments**

The cause of timing problems in ongoing payments seemed to differ by provider, agency, and county. Some strategies that seem worth exploring to address the various causes include the following:

- Identify strategies to simplify attendance reporting, reduce the time required to complete and submit attendance information, and minimize the possibility (and im-

pact) of reporting errors. Strategies that could minimize the likelihood of delays from these problems are to

- simplify paperwork and attendance accounting to both speed up reporting and minimize errors (and therefore minimize resulting delays),
  - focus on preventing paperwork errors and explore steps that could be taken to minimize payment delays that result from paperwork errors, and
  - consider automated systems for submitting attendance information.
- Identify strategies to help agencies issue ongoing payments more quickly. Strategies to help ongoing payments be processed and issued efficiently include
- create systems to issue payments as soon after the end of the service period as is feasible,
  - minimize steps and workers involved in approving payments (particularly for TANF clients), and
  - consider direct deposit.

### Minimizing the length of payment delays

While occasional payment delays are inevitable, agencies varied in the policies and implementation practices they had in place to minimize the length of delays. Strategies that can expedite the processing and delivery of payments, including those that are outside the regular payment cycle (such as when a provider makes a paperwork mistake or when there is a disputed payment amount), include the following:

- Designate staff to process payments that fall out of the routine payment procedure.
- Establish the capacity to issue checks more frequently (e.g., outside a monthly or bimonthly batch process).
- Itemize payments to help both providers and caseworkers more easily identify the source of payment discrepancies.

### Strategies to make it easier to work with voucher agencies

Providers described a number of different concerns around working with voucher agencies. They ranged from challenges in working with multiple agencies or programs that had different policies and practices, difficulties in contacting or working with staff, chal-

allenges around enrolling additional children or accepting children from different agencies, and paperwork concerns. Strategies to address these issues are detailed below.

- Stress coordination when multiple agencies and programs serve a single community.
- Identify and try to address limitations of the chosen staffing approach.
  - In agencies with specialized roles for workers, clarify responsibility and lines of authority, and strengthen internal communication,
  - In agencies assigning multiple responsibilities to a single caseworker, ensure manageable caseloads and well-trained staff.
- Make it as easy as possible for providers to contact staff and obtain the information they need. Strategies to consider include the following:
  - Conduct internal evaluations of provider satisfaction to identify areas where systems are not working well.
  - Provide incentives for good customer service.
  - Establish systems that help providers contact the “right” person when trying to get information or resolve payment problems.
  - Explore mechanisms—such as automated or web-based strategies—that could reduce the burden on caseworkers for addressing provider questions.
  - Assess caseworker attitudes toward providers to ensure supportive interactions.
- Simplify the steps providers must take to be initially approved to receive payments, to receive payments for additional children after initial approval, and to work with new agencies when families are transferred.
- Simplify paperwork requirements to reduce not only payment errors and delays (as discussed above) but also provider administrative and managerial burden.
- Work with providers to help them understand the rationale behind particular policies to improve acceptance of, and compliance with, the policies.
- Create an ombudsperson for providers who can focus on how the voucher system works from the providers’ perspective and be a point person for provider concerns.

## Strategies to help providers delivering extra supports to subsidized parents and children

Finally, providers discussed a number of issues about working with subsidized parents that suggest at least some providers think subsidized families occasionally require extra effort or resources. These findings suggest policy strategies in the following areas:

- Limit how often providers are asked to take on caseworker roles.
- Help families receiving vouchers better understand their obligations.
- Offer special assistance to families that frequently change their child care arrangements.
- Consider ways to compensate providers for the costs associated with meeting extra family needs.
- Make family support services available to help providers who serve families with especially challenging circumstances.

## Conclusion

While the voucher subsidy system appears to be functioning well for child care providers in many ways, there also appear to be challenges. While the costs of these challenges are clearly not sufficient to deter a significant number of providers from serving children with vouchers, they appear to lead some providers to limit the number of children they serve. Further, these costs have implications for providers' financial well-being and the quality of care they can offer. Fortunately, a range of practical policy strategies could be effective in addressing these challenges.



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