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Using Vouchers to Deliver Social Services: Considerations Based on the Child Care and Development Fund (CCDF) and Temporary Assistance for Needy Families (TANF) Program Experiences

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CONTENTS

CONTENTS *(continued)*

TABLES

FIGURES

Figure **Page**

EXECUTIVE SUMMARY

In recent years there has been increased interest in providing consumers with more choice about who provides the public services they receive. Vouchers are one strategy for delivering public services in a way that makes the customer the central figure in deciding when and where to receive services, so that the funding relationship between the customer and the provider is similar to transactions in the private market. Vouchers also present a unique opportunity to expand the role of faith- and community-based organizations (FBCOs) in the network of publicly funded services. Organizations receiving *direct* federal funding may not use the monies for religious activities such as worship or proselytizing. However, an organization that receives funds *indirectly* does not need to separate religious activities from government-funded services. The key to indirect funding mechanisms, such as vouchers, is that they allow the customer to make an independent choice from among an array of providers and present an avenue through which customers can use public funds to receive faith-infused services.

Interest in maximizing customer choice and expanding the delivery network to include a broader array of providers led the Office of the Assistant Secretary of Planning and Evaluation (ASPE), U.S. Department of Health and Human Services (DHHS), to take a closer look at how vouchers currently are used in delivering social services, and how they could be used in the future. This study assesses voucher use in two DHHS programs—the Child Care and Development Fund (CCDF) and the Temporary Assistance for Needy Families (TANF) program. Mathematica Policy Research, Inc. (MPR) was engaged to examine and document how vouchers are used in the these two programs and the degree to which this indirect funding mechanism supports the goals of maximizing client choice and expanding the service delivery network to include FBCOs.

RESEARCH QUESTIONS AND METHODOLOGY

Originally, the study was intended to explore four aspects of voucher use: (1) goals and policy contexts that shape indirect funding strategies for delivering social services; (2) the extent to which indirect funding mechanisms are currently used in select DHHS programs, and the factors that have affected their use; (3) policy, administrative, and procedural details that guide the implementation of indirect funding mechanisms in CCDF and TANF; and (4) lessons learned on how to expand service options and maximize client choice through indirect funding mechanisms.

An early finding showed very limited use of vouchers within the TANF program. As a result, we shifted the research focus to a "study of contrasts" between the CCDF and TANF experiences and a set of broader issues: (1) why indirect funding is used for some services and not others; (2) the conditions in which vouchers can be an effective tool for maximizing client choice in the delivery of social services; and (3) other factors that contribute to or limit client choice of services and the types of providers that deliver publicly funded services.

Study State Selection. We selected nine TANF and nine CCDF study states. The TANF study states included states where vouchers are currently used in the TANF program, either statewide or in specific localities (the Thumb Area of Michigan, New Jersey, Rhode Island, and Utah); states or sites in which multiple providers offer the same service through a contracting mechanism (District of Columbia, Minnesota, and Ohio); and two states that indicated a significant role for FBCOs in TANF service delivery in a previous ASPE study (Illinois and Pennsylvania). In selecting CCDF states, we considered such factors as the extent of voucher use, the participation and use of religiously affiliated child care centers, and the use of a quality rating system for child care providers. Our nine CCDF study states included California, Connecticut, District of Columbia, Florida, Indiana, Michigan, North Carolina, Pennsylvania, and Utah.

Data Collection. Data collection included an initial informal, broad-based information-gathering stage; telephone discussions with program administrators in the TANF and CCDF study states; and an in-depth study of three sites (the Thumb Area of Michigan; Ogden, Utah; and Washington, DC).

CURRENT USE OF VOUCHERS IN THE CCDF AND TANF PROGRAMS

As block grants, both CCDF and TANF provide flexibility for states to structure policies and procedures. As a result, there is a great deal of variation across the states in the many aspects of policy and administration, as well as client and service provider experiences. The federal framework for CCDF requires the use of vouchers; in TANF, legislative authority is given for their use, but there is no specific requirement to use them. The actual extent of voucher use varies, from full voucher-based CCDF programs in the majority of states to little use of vouchers within the TANF program. Below we summarize what is known about the use of vouchers within each of these programs.

Use of Vouchers in CCDF. Most states elect to subsidize child care for low-income families through full voucher-based CCDF systems (or a combination of vouchers and cash). A total of 33 states rely nearly exclusively on indirect funding as the payment mechanism for the care of eligible children in their state (see Table ES.1). Only six states use contracts or grants to pay for the care of at least one-third of all children served through CCDF; the remaining states and the District of Columbia use contracts/grants for payment of less than one-third of children needing care. In most states—and in all but one of the study states—

voucher payments are made to providers retrospectively for the actual hours of care provided in the previous month.

Table ES.1. Use of Vouchers or Contracts in CCDF, by Level of Use

Payment Method	States			Total Number of States
Full Voucher Systems				
99 Percent or More of Children Served Through Vouchers or Cash	Alabama Alaska Arizona Arkansas Delaware Georgia Idaho Iowa Kansas Kentucky Louisiana	Maryland Michigan Minnesota Missouri Montana Nebraska New Hampshire New Mexico North Carolina North Dakota Ohio	Pennsylvania Rhode Island South Carolina Tennessee Texas Utah Virginia Washington West Virginia Wisconsin Wyoming	33
Percentage of Children Served Through Contracts and/or Grants				
More Than 30 Percent	California Connecticut Florida		Hawaii Maine Massachusetts	6
11 – 30 Percent	Nevada New Jersey New York			3
6 – 10 Percent	Illinois Vermont			2
1 – 5 Percent	Colorado District of Columbia Indiana		Mississippi Oregon South Dakota	6

Source: Child Care Bureau, Child Care and Development Fund, FFY 2005 Final Data, June 2007.

Note: Oklahoma had not yet reported data.

There are no clear patterns in the settings of subsidized care (e.g., center- or home-based) relative to the degree of voucher use in a particular state. For example, the study states of California, Connecticut, and Florida still make substantial use of contracts, while Michigan, North Carolina, Pennsylvania, and Utah rely exclusively on vouchers; however, the range in the percentage of children cared for in centers is extremely varied within and across the two groups of states.

CCDF legislation specifically requires states to assist parents in the selection of a provider by offering consumer education delivered through Child Care Resource and

Referral Agencies (CCR&Rs). The requirements for child care providers to be licensed or regulated, and/or to participate in the CCDF program vary across states but, at a minimum, ensure the basic health and safety of children in care. Providers are monitored for ongoing compliance with licensing, regulation, or basic health and safety standards at intervals determined by each state.

Use of Vouchers in TANF. The study identified four states—New Jersey, Michigan, Rhode Island, and Utah—that use TANF funding to offer vouchers for assistance beyond basic needs, particularly access to training and education. Table ES.2 summarizes key elements of these four TANF voucher programs. Although agencies in all four states track voucher use, data are not readily available to determine the precise percentage of eligible clients that use them. Estimates by agency staff and available data suggest that the take-up rate may be rather low. In New Jersey, for example, a previous MPR study found that 283 Career Advancement Vouchers were issued statewide in a 15-month period. State staff suggested that overall participation in the program was not high because individuals find it difficult to balance work, family, and training opportunities.

KEY FINDINGS AND IMPLICATIONS

The study yielded a variety of examples from the CCDF and TANF study states regarding considerations for voucher use in social services and the key elements of voucher program implementation. The experiences of these programs can provide valuable lessons for other social service programs and service areas (as summarized in Exhibit ES-1). Based on the experiences of the study states, we identified five key findings, summarized below, along with a brief discussion of the implication of each finding for the future course of voucher use—and more broadly, client choice strategies—in delivering social services.

Vouchers are used to subsidize the consumer-demand services of child care and training for TANF recipients, but TANF program administrators have not considered using them for other services. To the extent that voucher use may expand in the TANF program, it would likely be in support of access to other discrete, specialized services of interest to recipients, such as substance abuse or mental health treatment. There always will be some portion of the TANF population that will need more intensive assistance than others, and this may present difficulties to eligibility workers or case managers in triaging clients in order to provide them with broad choices in different service paths and providers.

Some TANF agencies already employ methods for promoting client choice and service quality and perceive little value-added in taking the next step to vouchers. Among the potential advantages of vouchers are expanded choice for clients and increased incentives for providers to offer quality services that compete with other providers. A few TANF agencies have identified ways of integrating these characteristics into their service delivery systems while maintaining some consistency in the types and structure of services provided to recipients. Specifically, two of the TANF programs included in this study offer clients a choice from among a set of contracted providers and two programs make use of pay-for-performance contracts to help encourage provider effectiveness. TANF administrators interviewed for this study see little advantage in moving from a well-functioning client-choice and/or performance-based contracting model to a voucher-based program; in fact, many perceive a change to vouchers as costly and administratively cumbersome to the state agency and financially risky to service providers.

Table ES.2: Features of TANF-Funded Vouchers for Non-Basic Assistance

	New Jersey	Michigan (Thumb Area)	Rhode Island	Utah
Program Name	Career Advancement Vouchers	Tool Chest/ Growing to Work	Family Independence Program Certified Vendors	Family Employment Program
Target Population	Former TANF recipients employed for at least four months	TANF recipients with work participation requirements	TANF recipients with work participation requirements	TANF recipients with work participation requirements
Services Funded	Training or education for employment in a demand occupation	Vocational education and training	Vocational education and training, supportive services	Vocational education and training, supportive services
Administrative Entity	NJ Department of Social Services and NJ Department of Labor and Workforce Development	MI Department of Human Services (DHS) and Thumb Area Michigan Works! (workforce investment agency)	RI Department of Human Services	UT Department of Workforce Services (combined welfare and workforce development system)
Voucher Characteristics	Maximum value of $4,000 per training program. May be renewed once for a total of $8,000.	Maximum value of $6,000. Actual value depends on workforce programs for which a client is eligible. Clients can increase value of vouchers through such activities as completing a career interest test.	Maximum value of $4,000. Clients may supplement the voucher with Workforce Investment Act funding and/or student loans.	Maximum value of $6,000 for training, $2,000 for supportive services (including basic skills training, such as Adult Basic Education).

Source: Interviews and site visits conducted by MPR in Spring 2007.

The potential for a greater degree of financial instability for providers that vouchers introduce presents challenges to their expanded use in the TANF program. TANF service providers rely on the consistency of contracts to create the organizational and staffing capacity to serve a certain size caseload. The introduction of vouchers would remove the reliability of a case flow, and with it, cash flow. This could threaten the ability of providers to maintain services. In addition, introducing upfront client choice into a pay-for-performance framework used by some TANF programs would add yet another dimension of potential instability in cash flow; it would be even harder to control the number of clients who choose any particular provider and that number affects all subsequent payment points.

The use of vouchers alone does not maximize client choice; program policies and procedures also influence the level of choice. For any program, the use of vouchers should be considered within the context of the policy and procedural framework so as to assess areas in which vouchers may prove unfavorable to service access and quality, as well as opportunities for using policies together with vouchers to improve client choice. It is through a cohesive approach to program policies, procedures, *and* payment mechanisms that the choices available to clients can be maximized.

CCDF and TANF administrators do not seem to consider vouchers as a specific means of expanding the role of FBCOs in the service delivery network. Administrators in the CCDF and TANF programs MPR studied recognize and appreciate the substantial role that FBCOs play in delivering child care and social services to low-income people. However, the potential for an increased role of FBCOs in the service delivery structure is not currently a motivator for increased voucher use in TANF. For change to occur, it may be an idea that needs to percolate equally from the bottom up (by administrators hearing about these preferences from customers and providers), as from the top down (through policies that support the use of indirect funding).

AREAS FOR FURTHER EXPLORATION

The findings from this study suggest two areas for further exploration that could advance considerations of the role and use of vouchers in social service delivery.

Exploring the role of client choice in the TANF program. A pivotal decision in assessing the fit of a voucher approach to service delivery is the importance of client choice. It would be useful to explore the role and influence of client choice in the TANF program broadly, particularly whether TANF recipients increase their program engagement and participation when they are able to select services and providers that meet their needs. In addition, the method of facilitating and maximizing client choice warrants a closer look. A new service delivery approach—beneficiary-choice contracting—allows clients (or beneficiaries) to make an informed, genuine, and independent choice from among an array of contracted providers, including service options that are wholly secular or those that have a religious nature to them. Key elements of this approach include a single point of entry for upfront core services and the delivery of unbiased consumer education information to aid the selection of a specialized service provider. Because the client makes the choice of when and where to receive services and the money flow is determined by the client, this service approach is classified as a form of indirect funding, similar to vouchers. TANF programs that already include client-choice approaches may be candidates for exploring the feasibility of implementing this additional degree of choice in providing services to TANF clients.

Gaining the FBCO perspective on entry and participation in the publicly funded structure for social service delivery. Obtaining input from the perspective of FBCO providers about their interest in and access to public funding for TANF and other social services could help program administrators and policymakers consider whether and how to adopt practices that expand their involvement.

Exhibit ES-1: Key Lessons Learned About the Use of Vouchers and Elements to Voucher Program Implementation

Why Use Vouchers?
• Vouchers maximize choice by allowing clients to select their preferred service providers. • Vouchers are an efficient payment mechanism, and their use does not preclude other payment mechanisms that may be better suited to achieve some goals. • Vouchers provide opportunities for programs to expand and diversify their provider base; however, administrators of the studied programs have not focused explicitly on using vouchers to increase access to faith-based and community-based organizations.
What Services Can Be Provided Through Vouchers?
• While vouchers could be used to fund many kinds or "bundles" of services, they have been used primarily to fund discrete, specialized services such as child care and training. • Vouchers appear to be best suited to consumer-demand services where the customer is responsible for making the connection to services. • Mandatory services with stringent participation and reporting requirements, such as those required by TANF, may not best be provided through vouchers.
What Policy and Service Environments Support Voucher Use?
• Policy environments that require or support customer choice have spurred extensive use of vouchers. • Experience using vouchers in one service area provides a foundation for adopting vouchers in others. • Contracting mechanisms that support multiple providers weaken the case for using vouchers to promote client choice. • Voucher programs require a service delivery structure of sufficient size and diversity to make choices among providers meaningful. • Vouchers work best when providers can serve a variety of clients and access multiple funding sources.
Setting the Amount of the Voucher
• Voucher amounts are informed by costs in the private-pay market but are not necessarily intended to cover the costs of services in full. • Voucher amounts can be used to influence the participation of providers or clients in the program and to reward them for activities in line with program goals.
Creating Standards for Service Delivery
• In the absence of explicit contractual arrangements, voucher programs set standards for service delivery through program entry and/or continued participation requirements for providers, and through financial incentives.
Providing Consumer Education
• Voucher programs can employ strategies to help clients focus on consumer education in the face of information overload. • Caseworkers play an important role in supporting client choice by remaining impartial when they convey consumer education information, and by letting clients make their own decisions. • Conveying standardized and impartial consumer education about services that can be rated by objective measures is easier than conveying information about providers that offer an array of services.
Promoting Provider Participation
• Voucher amounts that are substantially below market rate discourage some providers from accepting vouchers, effectively reducing client choice. • Relaxing licensing standards or credentialing requirements can promote provider participation, but may create tradeoffs in quality of service. • Vouchers have the potential to attract providers by decreasing administrative burdens to program entry and participation, but the financial risk of vouchers may still be too high for some providers.

CHAPTER I

INTRODUCTION

In recent years there has been increased interest in providing consumers with more choice about who provides the public services they receive. Vouchers are one strategy for delivering public services in a way that makes the customer the central figure in deciding when and where to receive services, so that the funding relationship between the customer and the provider is similar to the transactions of the private market. Vouchers are an indirect funding mechanism because they put the customer in control of the money flow for services—customers make the choice of a provider and providers are paid for services rendered on a per-capita basis. These traits make vouchers attractive to policymakers and program administrators as a tool for maximizing individual choice and expanding the service delivery network.

Along with client choice, vouchers also present a unique opportunity to expand the role of faith- and community-based organizations (FBCOs) in the publicly funded service delivery network. FBCOs have long been a part of the social fabric in meeting the service needs of low-income individuals and families. The Charitable Choice provisions in legislation authorizing the Temporary Assistance for Needy Families (TANF) program and the Substance Abuse Prevention and Treatment (SAPT) Block Grant are intended to ensure equal opportunity for FBCOs in accessing government funding through contracts. The provisions also state that organizations receiving *direct* funding may not use these funds for religious activities such as worship or proselytizing. However, an organization that receives funds *indirectly* does not need to separate religious activities from government-funded services. The key to indirect funding mechanisms, such as vouchers, is that they allow the customer to make an independent choice from among an array of providers and present an avenue through which customers can use public funds to receive faith-infused services.

Ever increasing numbers of public programs in the areas of housing, workforce development, education, and social services are considering ways to better tailor services to customer needs by expanding the choices available and giving customers more control in making decisions. Indeed, the current uses and goals of public voucher programs are broad. For example, the use of vouchers has taken firm hold in subsidizing housing for low-income families in a way that promotes income-mixing in neighborhoods; in broadening access to both public and private schools for children of all incomes while promoting improved quality in public schools through competition; and in providing skill-building training to workers so that they can transition into and advance in occupations in high demand.

In the area of social services, the use of vouchers is less extensive, but is expanding. Across the nation, they have been a staple in providing child care subsidies to low-income families for more than 15 years. Vouchers also have been used since the late 1990s in some states to provide personal services to Medicaid recipients. In recent years, attention has focused on the role of vouchers in providing substance abuse treatment and recovery support services to individuals, and in serving welfare recipients.

Interest in maximizing customer choice and expanding the service delivery network to include a broader array of providers led the Office of the Assistant Secretary of Planning and Evaluation (ASPE), U.S. Department of Health and Human Services (DHHS) to take a closer look at how vouchers currently are used in delivering social services, as well as how they could be used in the future. Specifically, this study represents a first step in assessing voucher use in two DHHS programs—the Child Care and Development Fund (CCDF) and the TANF program—to identify lessons about service structures and the policy, administrative, and procedural details that support voucher use.

A. STUDY PURPOSE AND KEY RESEARCH QUESTIONS

The purpose of this study was to examine and document how vouchers are used in the CCDF and TANF programs and the degree to which this indirect funding mechanism supports the goals of maximizing client choice and expanding the service delivery network to include FBCOs. Originally the study was intended to address four key research questions:

(1) What are the goals and policy contexts that shape indirect funding strategies for delivering social services?

(2) To what extent are indirect funding mechanisms currently used in select DHHS programs, and what factors have affected their use?

(3) What are the policy, administrative, and procedural details that guide the implementation of indirect funding mechanisms in TANF and CCDF?

(4) What lessons have been learned about how to expand service options and maximize client choice through the implementation of indirect funding mechanisms in these two programs?

The original intent was to focus on current voucher use, but an early finding showed very limited use of vouchers within the TANF program. As a result, the study shifted from a focus on implementation lessons to a "study of contrasts" between the CCDF and TANF experiences. The lessons learned pull more broadly from a range of voucher use—from no use at all (in some TANF study states) to full voucher-based systems (in some CCDF study states). State selection and data collection methods were structured to extend beyond the original research scope, to address broader questions:

(1) Why is indirect funding used for some services and not others?

(2) Under what conditions and circumstances can vouchers be an effective tool for maximizing client choice in the delivery of social services?

(3) What other factors, beyond the specific payment mechanism, contribute to or limit client choice of services and the types of providers that deliver publicly funded services?

B. STUDY METHODOLOGY

The research was structured around two main tasks—producing an overview paper on voucher use in the delivery of social services (Burwick and Kirby 2007), and collection of qualitative data about voucher use in the CCDF and TANF programs. We implemented a staged approach to the qualitative data collection that included an initial informal, broad-based information-gathering stage, semi-structured telephone discussions with select state and local TANF and CCDF administrators, and an in-depth study of three sites.

During the initial information-gathering stage, we explored potential voucher use in TANF programs through multiple sources, including discussions with federal program officials, communications with states through regional offices of the DHHS Administration for Children and Families (ACF), contacts with key national welfare researchers, and contacts with advocates or researchers in states deemed most likely to use vouchers (based on level of privatization or presence of choice among service providers). While a comprehensive and systematic survey of all states was not within the scope of this study, the information-gathering strategies generated extensive information on program structures and policies.

The main finding from preliminary information-gathering activities was that there is limited use of vouchers within the context of the TANF program. As a result, we adopted an approach to state selection that would focus on vouchers, but also would examine other mechanisms that provide for client choice.

1. State Selection

Once the study shifted to an exploration of the influences on voucher use, we selected states—nine for each program—that offered a range of experiences with vouchers in the TANF and CCDF programs.

TANF Study State Selection. To learn about environments that promote client choice with or without the use of vouchers, we developed three categories from which to select nine TANF study states (Table I.1). The first category included states in which vouchers are currently used in the TANF program, either statewide or in specific localities: the Thumb Area of Michigan, New Jersey, Rhode Island, and Utah. The second category included states or sites in which multiple providers offer the same service through a contracting mechanism. From the District of Columbia, Minnesota, and Ohio, we wanted to learn how and why they built a service structure that includes multiple providers, the importance of customer choice relative to other service delivery goals, and whether or not vouchers might be considered as a next step. The third category included two states that indicated a significant role of FBCOs in TANF service delivery. State responses to the 2004 Charitable Choice survey identified Illinois and Pennsylvania as having considerable numbers of contracts between the TANF agency and FBCOs.[1]

Table I.1. Study States

TANF	CCDF
States with Current Voucher Use:	California
Thumb Area of Michigan	Connecticut
New Jersey	District of Columbia
Rhode Island	Florida
Utah	Indiana
States/Sites With Multiple TANF Providers Offering the Same Service:	Michigan
Hennepin County (Minneapolis), Minnesota	North Carolina
Cuyahoga County (Cleveland), Ohio	Pennsylvania
District of Columbia	Utah
States in Which FBCOs Play a Significant Role in TANF Service Delivery:	
Illinois	
Pennsylvania	

CCDF Study State Selection. The use of vouchers in CCDF is universal across the states, but the states vary in ways important to this study. In selecting CCDF states and localities, we considered four dimensions, while also intending to achieve some overlap with the TANF study states. The selected states differ in the extent of voucher use, the participation and use of religiously affiliated child care centers, the proportion of children served in all types of child care centers (as another way to address the participation of FBCOs), and the use of a quality rating system for child care providers. Table I.2 reflects these four dimensions and shows the data available from the states. For example, the first two columns reflect our dimension of extent of voucher use.

[1] Under contract to DHHS, MPR conducted a survey in 2004 about the Charitable Choice provisions of the TANF and SAPT legislation with all 50 states. To inform state selection for this study, we analyzed state responses to specific questions about contracting practices with FBCOs and the use of vouchers.

Table I.2. CCDF Study States By Selection Criteria

State	30 Percent or More of Children Served through Grants / Contracts	All Children Served through Vouchers or Cash	Religious Affiliation Licensing Exemptions and More than 5% of Children Served in Centers without Regulation[a]	80 Percent or More of Children Served in All Types of Child Care Centers	Use of Quality Rating System for Providers
California	√				
Connecticut	√				
District of Columbia				√	√
Florida	√		√	√	
Indiana			√		√ (pilot)
Michigan		√			
North Carolina		√		√	√
Pennsylvania		√			√
Utah		√			

Sources: CCDF Preliminary Estimates for Federal Fiscal Year 2005; National Child Care Information Center, "States with Religious Affiliation Exemptions" and "Quality Ranking Systems: Definition and Statewide Systems."

[a]The latter measure is a proxy for the extent of use of faith-based providers. It does not present a complete picture of the participation and use of faith-based child care providers, because these providers also may be licensed in many states, but it serves as our best indicator in the absence of readily available data on the use of specific types of providers (private, non-profit, or religiously affiliated).

2. Data Collection

The data collection activities were structured to collect state-level similar information for each program, as well as additional, detailed information on local implementation in select locations. We conducted telephone interviews with state program administrators in each of the nine TANF and CCDF study states. We also had follow-up conversations with several local area staff people to better understand the TANF structure of services, choices available to clients, and the role of FBCOs in service delivery in all three categories of TANF study states. These areas included Hennepin County, Minnesota; Cuyahoga County, Ohio; and Philadelphia, Pennsylvania.

We then conducted an in-depth study (site visits) of several locations, including the Thumb Area of Michigan and Ogden, Utah to collect detailed information about their implementation of training voucher programs for TANF recipients. During these site visits, we also interviewed child care subsidy staff to better understand how parents access child care subsidies, receive consumer education about child care, and make provider selections. In addition, we conducted a case study of the District of Columbia's TANF employment services structure to understand further its performance-based contract system, in which there is an array of service providers (including FBCOs) and some degree of client choice. Through interviews with current and former TANF program administrators and program directors of provider organizations, we learned about the general employment service environment for low-income individuals, the decision-making and procurement process for building the current privatized service structure, and the motivation for entry into TANF contracts by FBCO providers.

C. ROADMAP TO REPORT

In Chapter II, we turn to a discussion of current voucher use in both the CCDF and TANF programs. Chapter III lays out a framework for assessing the fit of vouchers in service delivery, drawing on the CCDF and TANF program experiences to consider reasons for using vouchers, the services for which they are used, and the policy and service environments that support their use. In Chapter IV, we focus on the program elements central to voucher implementation in the CCDF and TANF programs. We conclude in Chapter V with a summary and discussion of the key findings and their implications, and present potential topics for further exploration.

CHAPTER II

CURRENT USE OF VOUCHERS IN THE CCDF AND TANF PROGRAMS

As block grants, both CCDF and TANF provide flexibility to states to structure their own policies and procedures, so there is a great deal of variation across the states in the many aspects of policy and administration, as well as client and service provider experiences with the programs. The federal framework for CCDF requires the use of vouchers; in TANF, legislative authority is given for their use, but there is no specific requirement to use them. The actual extent of voucher use across these programs varies, from full voucher-based CCDF programs in the majority of states to little use of vouchers within the TANF program.

In this chapter, we present what is known about the use of vouchers within each of the CCDF and TANF programs. Because the basics of the CCDF program are already well-documented, the CCDF discussion is brief and draws on federal data to present the broad picture of voucher use. The larger discussion is reserved for findings from this study about voucher use in the TANF program.

A. USE OF VOUCHERS IN CCDF

Vouchers (or certificates) have been used widely to subsidize child care for low-income families with children ages 0 to 13 since the early 1990s, and even earlier in some states. Prior to 1988, child care assistance was provided to families on welfare through funds associated with the Aid to Families with Dependent Children program, and primarily through the Social Services Block Grant for non-welfare, low-income families. Under these funding sources, states had the flexibility to determine the payment mechanism for providing families with child care assistance. The Family Support Act of 1988 officially expanded child care assistance to families transitioning from welfare (for up to 12 months) and encouraged states to use vouchers as a payment mechanism to subsidize care. The Child Care and Development Block Grant legislation in 1990 specifically required that states establish voucher programs, but also allowed them to maintain contracted slots. Voucher use has greatly expanded since then, and now, under the integrated child care subsidy system created with the CCDF in 1996, vouchers are the primary mechanism through which low-income families (on or off welfare) receive support to meet their child care expenses. In federal Fiscal Year 2005, 89 percent of children served through child care subsidies had care supported through vouchers or cash, rather than contracted slots (Child Care Bureau 2007).

Most states now elect to subsidize child care for low-income families through full voucher-based systems (or a combination of vouchers and cash). A total of 33 states rely nearly exclusively on indirect funding as the payment mechanism to pay for the care of eligible children in their state (Table II.1). Only six states use contracts or grants to pay for the care of at least one-third of all children served through CCDF; the remaining states and the District of Columbia use contracts/grants for payment of less than one-third of children needing care.

Table II.1. Use of Vouchers or Contracts in CCDF, by Level of Use

Payment Method	States			Total Number of States
Full Voucher Systems				
99 Percent or More of Children Served Through Vouchers or Cash	Alabama Alaska Arizona Arkansas Delaware Georgia Idaho Iowa Kansas Kentucky Louisiana	Maryland Michigan Minnesota Missouri Montana Nebraska New Hampshire New Mexico North Carolina North Dakota Ohio	Pennsylvania Rhode Island South Carolina Tennessee Texas Utah Virginia Washington West Virginia Wisconsin Wyoming	33
Percentage of Children Served Through Contracts and/or Grants				
More Than 30 Percent	California Connecticut Florida	Hawaii Maine Massachusetts		6
11 – 30 Percent	Nevada New Jersey New York			3
6 – 10 Percent	Illinois Vermont			2
1 – 5 Percent	Colorado District of Columbia Indiana	Mississippi Oregon South Dakota		6

Source: Child Care Bureau, Child Care and Development Fund, FFY 2005 Final Data, June 2007.

Note: Oklahoma had not yet reported data.

Types of Child Care Settings and Providers. Unlike contracts, indirect funding via a voucher or cash can be used to pay for child care in center-based programs, as well as in home-based settings ranging from family or group child care homes to care provided by family members, friends, or neighbors. The child care subsidy system has evolved to promote client choice in each state to such an extent that there are no clear patterns in types of subsidized care relative to the degree of voucher use. For example, the study states of California, Connecticut, and Florida still make substantial use of contracts, while Michigan, North Carolina, Pennsylvania, and Utah rely exclusively on vouchers; however, the range in the percentage of children cared for in centers is extremely varied within and across the two groups of states (Table II.2). This suggests that the method of payment is just one of many factors—along with provider participation requirements, reimbursement rates, and parent preferences—that contribute to the composition of subsidized child care services in any state.

Center-based care is provided by a range of organizational types, including for-profit, nonprofit, and faith-based, but data by provider type are not available. Faith-based organizations (FBOs) have played a long-standing role in providing child care services, but the exact level of their participation in the child care subsidy program is not known.

Table II. 2. CCDF: Average Monthly Percentages of Children Served by Types of Care (Fiscal Year 2005)

		Home-Based Settings		
State	Center	Family Home	Group Home	Child's Home
California	52%	33%	9%	5%
Connecticut	35%	30%	--	30%
District of Columbia	93%	5%	--	--
Florida	86%	10%	--	2%
Indiana	56%	43%	--	1%
Michigan	14%	43%	9%	28%
North Carolina	81%	18%	--	--
Pennsylvania	48%	31%	5%	14%
Utah	37%	45%	6%	10%

Source: CCDF data, Child Care Bureau, June 2007.

-- Value is less than 0.5%.

Note: Categories may not sum to 100% due to rounding, or to small percentages of invalid or unreported data.

Voucher Payment Mechanics. In most states—and in all but one of the study states—vouchers are paid retrospectively for the actual hours of care provided in the previous month. In the private child care market, parents usually are required to pay the full cost of care up front for the week or month ahead, with no allowance for absences. Of the study states, only Utah pays child care providers prospectively, similar to private-pay customers. Also, states only waive deductions for absences from care in limited circumstances. Two of the study states—Indiana and Utah—use electronic benefit transfer (EBT) cards to make payments to child care providers, but most states manage funds and make provider payments electronically even in the absence of these cards. In many cases, only arrangements with family, friends, and neighbors are paid through use of two-party checks.

Client Education. The important role of consumer education in supporting choice in the subsidized child care system always has been recognized, and CCDF legislation and the resulting regulations specifically require states to provide consumer education to parents. The CCDF program relies on Child Care Resource and Referral Agencies (CCR&Rs) to provide this information. Between 1990 and 1992, when voucher use was greatly expanded, the number of CCR&Rs increased nationwide by almost one-third (Ross and Kerachsky 1996). There are now 850 CCR&Rs, covering every state and most communities across the country (NACCRRA 2006). They provide consumer information to all families—not only to those receiving subsidies—through resources such as searchable websites, call centers, and specialized referral lists.

Provider Entry and Monitoring.[2] The requirements for child care providers to participate in the CCDF program vary across states but, at a minimum, ensure the basic health and safety of children in care. Child care providers must be legally operating and meet health and safety standards including physical premises safety, staff training, and control of infectious diseases (for example, childhood immunizations) in order to receive federal CCDF subsidies (GAO 2004). Federal statute allows each state to specifically define these standards as well as to establish and enforce licensing and regulation requirements. Specific standards and the types of providers that must be licensed or regulated are determined by each state. For example, child care centers must be licensed in all states, but a few states allow exemptions for specific types of organizations, such as those that are faith-based. Some states also require licensing of family and/or group home providers, but more often care provided in home-based settings is nonlicensed but is still regulated by state child care licensing agencies through activities such as compliance inspections and staff background checks. In most states, family, friends, and neighbors that provide care either in the child's or their own home (typically for three or fewer children) face some minimal certification process to receive subsidy payments. Home safety inspections and criminal and child abuse background checks often are conducted for these providers as part of the qualification process for subsidy receipt. Providers are monitored for ongoing compliance

[2] Refer to GAO's report, "Child Care: State Efforts to Enforce Safety and Health Requirements" for an overview of CCDF provider requirements and state licensing and regulation practices.

with licensing, regulation, or basic health and safety standards at intervals determined by each state.

B. Use of Vouchers in the TANF Program

Many state TANF programs use vouchers to provide clients with short-term help in meeting such basic needs as clothing, shelter, or transportation. This assistance commonly is supplied in the form of a coupon or card redeemable at a local store, or as a payment directly to a vendor, such as a landlord or utility. Some states rely on basic needs vouchers as a diversion method, under the premise that addressing TANF applicants' immediate emergencies or barriers to employment can help them to find or keep a job and avoid becoming cash assistance recipients.

Our study identified four states—New Jersey, Michigan, Rhode Island, and Utah—that use TANF funding to offer vouchers for assistance beyond basic needs, particularly access to training and education. Present or former TANF clients in these states can purchase these longer-term services at a provider of their choice. This section and Table II.3 summarize key features of these four programs.

Services Funded and Program Goals. All four states use TANF-funded vouchers to facilitate clients' access to vocational training and education. Rhode Island and Utah also include such supportive services as Adult Basic Education and preparation for the General Education Development test among options for voucher use. In three of the four states, vouchers are targeted to current TANF recipients with work requirements. In these states, participation in voucher-funded training or education is incorporated into the employment plans that clients develop with their case workers when they enter the TANF program. In contrast, New Jersey's program limits eligibility to former TANF recipients whose cases have been closed in the past two years, who already have been employed for at least four consecutive months, and who will remain employed during training. The vouchers focus on training that leads to career advancement in high-demand occupations.

The goals of these states' voucher programs extend beyond funding training and education opportunities, according to staff members of the state agencies operating the programs. Vouchers are also intended to help tailor programs to clients' interests and to encourage them to have a sense of ownership of their participation experience. Offering clients a choice of training provider allows them to address their personal career goals and priorities, making it more likely that they will participate actively and consistently. Administrators also noted that vouchers promote a sense of personal responsibility among clients and help them practice decision-making skills by requiring them to research and select training options.

Administrative Framework and Voucher Characteristics. TANF-funded voucher programs in the four states are administered by human services agencies, workforce development agencies, or both. In two states, New Jersey and Michigan, both types of agencies collaborate in administering the programs, while their operation is conducted by

Table II.3. Features of TANF-Funded Vouchers for Non-Basic Assistance

	New Jersey	Michigan (Thumb Area)
Program Name	Career Advancement Vouchers	Tool Chest/ Growing to Work
Target Population	Former TANF recipients employed for at least four months	TANF recipients with work participation requirements
Services Funded	Training or education for employment in a demand occupation.	Vocational education and training.
Administrative Framework	Jointly administered by state Department of Social Services and Department of Labor and Workforce Development. Staff in local One-Stop centers issue vouchers.	Jointly administered by state Department of Human Services (DHS) and Thumb Area Michigan Works! (workforce investment agency). DHS determines TANF eligibility. Michigan Works! staff determine voucher eligibility and manage payments to provider.
Voucher Characteristics	Maximum value of $4,000 per training program. May be renewed once for a total of $8,000.	Maximum value of $6,000. Actual value depends on workforce programs for which a client is eligible. Clients can increase value of vouchers through such activities as completing a career interest test.
Client Education and Referral	Customers must identify training programs and submit applications. Case managers assist customers in searching online lists of training providers. Providers are encouraged to provide outcome information (employment rate, average quarterly wage, estimated yearly wage) but this is not mandatory.	Clients identify training options in meetings with case managers and through independent research. Provider information available through online state-approved provider list and includes average starting wage of graduates and proportion of enrollees who complete program. Thumb Area Michigan Works! ranks some local providers using a five-star system.
Provider Entry and Monitoring	Providers must be on state-approved provider list. Online application process for approval. Counties monitor providers for basic compliance (e.g., certifying attendance). Distance learning providers eligible.	Providers must be on state-approved provider list or on local “tier” system. Tier system accommodates schools with alternative accreditation. State-approved providers required to submit performance data. Tier providers undergo assessment/rating at application.

Source: Interviews and site visits conducted by MPR in Spring 2007.

Table II.3: *(continued)*

	Rhode Island	Utah
Program Name	Family Independence Program Certified Vendors	Family Employment Program
Target Population	TANF recipients with work participation requirements	TANF recipients with work participation requirements
Services Funded	Vocational education and training, supportive services.	Vocational education and training, supportive services.
Administrative Framework	Administered by state Department of Human Services, which determines eligibility and manages payments to providers.	Administered by state Department of Workforce Services (combined welfare and workforce development system).
Voucher Characteristics	Maximum value of $4,000. Clients may supplement the voucher with Workforce Investment Act funding and/or student loans.	Maximum value of $6,000 for training, $2,000 for supportive services (including basic skills training, such as Adult Basic Education).
Client Education and Referral	Case managers review program options with client. Resource book distributed to case managers contains information on program length, cost, location, and salary ranges for typical jobs of program graduates.	Clients required to complete an application packet and gather information about education or training programs of interest. Information about providers available through pamphlets, orientation sessions, and the Department of Workforce Services website.
Provider Entry and Monitoring	Providers have opportunity to become certified every two years. Providers paid according to performance benchmarks. Must achieve 50 percent participant employment rate for recertification.	Providers must be on state approved provider list. Providers initiate application by downloading forms from agency website. Providers that are not postsecondary institutions must apply for recertification and annually submit data on participant completion rate, employment rate, and wages.

only one of these agencies in the other two states. The human services agency retains a role in determining eligibility for vouchers in New Jersey and Michigan, while the workforce agency provides consumer education and handles disbursements. In all cases, the administrative structure for the voucher program mirrors that of the overall TANF program. Where TANF operates under the auspices of the human services agency only (Rhode Island) or the workforce development agency only (Utah), the same structure applies to the voucher program. In the three states where the workforce development agency is involved in the voucher program, vouchers are funded with both TANF and Workforce Investment Act (WIA) dollars.

The maximum value of vouchers offered through these programs can range from $4,000 to $8,000, and rules for determining the precise value differ among the states. Thumb Area Michigan Works!, for example, uses a "comprehensive eligibility" approach to determine the value of a client's voucher. Depending on the WIA programs for which a client is eligible (adult, dislocated worker, or youth), the voucher may be worth as little as $500 or as much as $6,000. Clients also may increase the value of their vouchers (up to the $6,000 limit) by fulfilling such requirements as completing a career interest test, selecting a training program that can be completed within a year, or selecting a training program for a high-growth occupation. In all cases, an agency's actual expenditure depends on the program a client selects; agencies do not obligate funds beyond the program's cost. In New Jersey, for instance, the value of the voucher depends upon the training program selected, but cannot be more than $4,000. However, the state permits clients to renew their applications once, creating a total maximum value of $8,000.

Client Education. Client education among the TANF voucher programs is similar, and typically involves some combination of counseling by a case manager and independent research by clients themselves. For clients currently enrolled in TANF, the counseling may be integrated into the process of developing an employment plan, during which clients often identify their aptitudes and career interests. Case managers can use this information to discuss education and training options with clients and help them to focus on the most relevant alternatives. In some cases, clients arrive with a clear idea of the type of training or education they wish to pursue.

To help clients select a specific training provider, agencies offer information through websites and printed materials. The type and amount of provider information available to clients varies among the four states, and sometimes differs among providers within a state. In Rhode Island, for instance, each provider listing includes basic information about the program, such as length and location, and the names and salary ranges of jobs for which the program prepares its graduates. Clients in Utah can review provider-reported estimates of the completion rate among enrollees, the percentage of graduates in unsubsidized employment, and wages at placement. In the Thumb Area of Michigan, the provider information available to clients depends on whether the provider has been approved at the state or local level; consumer education materials on state-approved providers include completion and placement wage data, while materials for locally-approved providers (which are held to less stringent entry criteria) display ratings on such characteristics as "institutional quality" and "flexible scheduling." State databases usually do not have complete information for all providers. Although clients are advised through brochures or conversations with case managers of the criteria to use in selecting a provider, they must make the final decision themselves. They typically are encouraged to take such steps as visiting a provider or talking with current students before deciding to enroll in a particular program.

Provider Entry, Payment, and Monitoring. State agencies rely on systems established for WIA to enroll providers in their voucher networks, or they create parallel networks to meet the specific needs of their clients. In New Jersey, the Thumb Area of Michigan, and Utah, providers enter the system by applying to be added to the state's list of approved WIA providers. New Jersey makes the process especially straightforward by offering an online process for approval. In the Thumb Area of Michigan, the local workforce development agency created an additional means of entry to expand the number of providers available. Because the state required substantial amounts of data from providers, many smaller local training organizations opted not to apply or stopped participating in the state network. Under the Thumb Area's "tiered" system, the application and renewal process is much less burdensome, and small providers without accreditation may be eligible to participate. Vouchers redeemed with tiered providers and state-approved providers are funded through the same sources, but customers are referred to tiered providers only through One-Stop centers in the Thumb Area. For Rhode Island's voucher program, the state Department of Human Services independently established a list of certified vendors. Providers are offered the opportunity to apply for certification every two years. They must serve the general public, in addition to TANF participants, and demonstrate competence in helping clients achieve employment.

Administrators in the four states described their provider networks as relatively stable and adequate to meet the demand for services among clients. As noted above, Thumb Area administrators took steps to expand the number of providers participating in their rural service area. None of the agencies specifically targeted FBCOs as training providers, although they are not prevented from applying to become approved providers. In some states, FBCOs are linked to the TANF system in other ways—for example, as providers of supportive services or emergency assistance.

In all four TANF voucher programs, invoices sent to the relevant agency trigger payments to providers. The frequency of payments varied among states and providers. In New Jersey, for example, payments typically are made in two installments—half at the time a client enrolls in a training program and half at the time of program completion—but some community colleges are paid in full at the time of enrollment. In Utah, the frequency of payments depends on the length of the training program and how often a provider chooses to invoice. Utah administrators described plans for a transition in July 2007 to an EBT system for payments to education and training providers. They hoped this would help streamline provider payments, as it has for other state programs. Rhode Island follows a pay-for-performance approach to a greater extent than other states, paying providers for meeting several benchmarks: the participant's enrollment, program completion, and achievement of 90 days of employment. The employment retention benchmark usually is valued at 25 percent of the total payment.

Monitoring of provider quality often occurs at the time a provider applies for reapproval or recertification, unless an agency receives a specific complaint. Some agencies also monitor providers more often for basic compliance with program rules, such as keeping attendance. Rhode Island attempts to ensure program quality by holding providers to a particularly high standard: vendors must have achieved an employment rate of at least 50 percent among enrolled participants to be recertified for the next two-year period. This has winnowed the certified vendor list over time.

Level of Voucher Use. Although agencies in all four states track usage of TANF-funded vouchers, data are not readily available to determine the precise percentage of eligible clients that take advantage of vouchers. Estimates by agency staff and available data suggest that the take-up rate may be rather low. In New Jersey, for example, a previous MPR study found that 283 Career Advancement Vouchers were issued statewide in a 15-month period. State staff suggested that overall participation in the program was not high because individuals find it difficult to balance work, family, and training opportunities. Similarly, a minority of eligible participants take advantage of vouchers in Rhode Island. According to the state's annual TANF report, 599 parents received a voucher in the 2005 federal fiscal year. (The state's average monthly family caseload was more than 10,000.) State agency staff believe that some Rhode Island clients do not use vouchers because they opt to attend community college programs (covered under a different funding mechanism) or because they wish to return to paid work as quickly as possible.

CHAPTER III

CONSIDERATIONS REGARDING THE USE OF VOUCHERS TO DELIVER SOCIAL SERVICES

While vouchers offer advantages in the delivery of some social services, they are not compatible with every service or program context. Among the factors that can affect the suitability of vouchers are the priority placed on customer choice in a particular program, the character of the service being offered, and the nature of the policy environment and service delivery network in which a voucher program might operate. In this chapter, we discuss these three major considerations, drawing on examples from our study states—which employ vouchers to varying degrees—to illustrate how these considerations operate in practice.

A. WHY USE VOUCHERS?

A variety of rationales exist for using vouchers to provide benefits. Commonly cited reasons include expanding service options for clients, promoting competition and service quality among providers, or facilitating a shift away from direct government provision of services (Steuerle 2000). In the context of the TANF and CCDF programs in particular, administrators tend to use vouchers to tailor programs to clients' needs and empower them to make their own choices. Vouchers also may be attractive because they can be combined effectively with other payment mechanisms, and may help to expand and diversify the provider base.

➢ **Vouchers maximize client choice by allowing clients to select service providers that address those issues most important to them.**

Nearly all state CCDF administrators interviewed for this study noted that offering parents flexibility in choosing a provider that meets their needs is a main goal of their subsidy systems. This flexibility is essential to parents for numerous reasons. For working parents, the location or schedule of a child care provider may be important in helping them to balance work and family obligations. They may feel more comfortable with certain types of child care settings, such as a family home or center. Parental choice also allows parents to compare the curricula and caregivers of child care providers and determine which are best suited to their child.

Expanding client choice in the TANF program offers several potential benefits. Program administrators noted that vouchers can facilitate a better match between clients' interests and activities. In particular, training opportunities can be tailored to clients' skills and career interests when a wide range of providers is accessible. Vouchers also offer the opportunity for clients to choose providers with convenient locations, thereby supporting program participation. Finally, program administrators highlighted the potential for vouchers to help encourage a sense of responsibility and self-confidence among clients as they make decisions for themselves about how to direct their benefits.

- **Vouchers are an efficient payment mechanism, and their use does not preclude the use of other payment mechanisms that may be better suited to achieve some goals.**

With the extensive implementation of vouchers, especially in the CCDF program, states have demonstrated that they can create functional systems to deliver benefits. States also have worked to refine voucher-based payment mechanisms to include such approaches as electronic benefits transfer (as in Utah), or reporting and invoicing by providers through touch-tone telephone (as in Michigan). While voucher systems may operate well, for a variety of reasons some states continue to combine them with contracts.

Some state child care agencies rely primarily on vouchers but use contracts to achieve targeted purposes. Contracts may be intended to increase the supply of child care in a certain area, ensure that care is available for children with special needs, or promote quality enhancements. For example, administrators in Indiana noted that contracting with centers in urban areas helps ensure that accredited child care is available to low-income families living in these areas. Parents in Indiana still have the option of choosing other child care environments, however, and only four percent of CCDF children in the state receive care through contracted providers. In Florida, contracts may be used for children and families with active cases in the child welfare system; these children must go to providers that have agreed to have their curricula reviewed for suitability for at-risk children. For the vast majority of parents, however, full provider choice is preserved.

Connecticut and California's CCDF programs use contracts more extensively than many other states, and this practice is sustained partly by long experience in making such arrangements. In California, for instance, contracts have helped to make child care available to working parents since the 1940s, and contracted center-based programs are perceived as providing children with a high-quality educational experience. States also want to preserve contracts in order to address the interests of certain constituencies or localities and ensure that longstanding providers of child care continue to participate. In these contexts, vouchers and contracts coexist to meet the varying concerns and circumstances of parents and policymakers.

- **Vouchers provide opportunities for programs to expand and diversify their provider base; however, program administrators contacted for this study have not focused explicitly on using vouchers to increase access to faith-based and community-based organizations.**

Many recipients use child care subsidies to pay for services from informal caregivers, such as child care in family homes or with relatives, illustrating the potential for vouchers to open access to a variety of providers. Similarly, offering training and education vouchers to TANF recipients can substantially broaden the range of accessible training providers.

Including or specifically promoting FBCOs as providers generally is not the primary motivation for using vouchers in the CCDF and TANF programs included in the study. None of the program administrators interviewed for this study identified FBCO participation as a reason for introducing vouchers, nor did they perceive vouchers as a particularly useful way of achieving such a goal. States we identified as targeting FBCO participation in service delivery also did not promote vouchers specifically in the CCDF or TANF programs for this purpose. States that intend to encourage or facilitate FBCO participation in the service delivery network use mechanisms other than vouchers to do so. For example, Indiana offers generous licensing exemptions to faith-based organizations seeking to become child care providers. "Child care ministries" must meet basic building safety and sanitation requirements, but are not subject to staff/child ratios or other licensing standards.

FBCOs are part of the TANF service delivery network in many places, but voucher use does not appear to be a determining factor for their inclusion. Their involvement may occur through contracts or vouchers, but many organizations also offer services informally to low-income individuals, using little or no government funding. TANF agencies in some locations have worked to encourage FBCOs to become active service providers by offering technical assistance. For example, the Illinois Department of Human Services (DHS) conducts outreach and provides capacity-building assistance to faith-based groups through its Partners in Hope program. Although the program does not strive specifically to establish partnerships between these groups and state or local DHS offices, it does aim to enlarge the service delivery network by encouraging FBCOs to provide assistance to low-income populations and to apply for government funding to support such efforts.

B. WHAT SERVICES CAN BE PROVIDED THROUGH VOUCHERS?

The services for which vouchers are used in CCDF and TANF—child care and education and training—share traits as discrete, specialized services whose access relies on personal motivation and preferences. An individual's interest in pursuing a specific training program or a family's need for certain hours of care, will encourage them to seek services, while individual preferences will influence the service location, cost, and type of provider or setting. Child care and training can be classified as consumer-demand services, because the consumer, or client, drives the need for and access to services.

Within the context of the TANF program, vouchers are not used in connecting TANF recipients with a broad range of front-end services, such as case management, basic skills training, or job readiness activities. In contrast to consumer-demand services, the demand for such TANF services is driven by program goals to engage clients in work or work-related activities that will move them toward self-sufficiency and help states meet federal requirements. TANF legislation specifies that states must have 50 percent of all recipients in defined work or work-related activities for a minimum of 30 hours per week.[3] In addition, receipt of TANF cash assistance is limited to five years, making it a priority for TANF agencies to attach clients quickly to case management and job readiness services. These services often vary in the composition and intensity of provision, based on client circumstances.

- **While vouchers could be used to fund many kinds of services and "bundles" of services, they appear to be used primarily to fund discrete, specialized services.**

The uses of vouchers examined by this study are for the discrete and specialized services of child care and training. In fact, most known uses of vouchers are for discrete "purchases" related to housing, food, and elementary and secondary education. Vouchers may be easier to implement for discrete services for several reasons, including the ability to: (1) set voucher amounts based on the cost of particular services, (2) establish service provider requirements, and (3) provide consistent consumer education to clients about a variety of service providers. (We discuss these topics in Chapter IV.)

Social service delivery can present challenges to voucher implementation because service approaches may be more holistic in attempting to address a range of personal, family, health, and employment issues, so each individual's service plan can vary. For example, within the TANF program, case managers often consider clients' needs and skills broadly, and then attempt to connect them with services ranging from job search assistance to counseling to set them on a path toward employment and self-sufficiency.

Bundled vouchers—those used for a range of different services—are taking hold in some service areas. For example, the Access to Recovery (ATR) program provides some bundled vouchers for eligible individuals so they can access a range of substance abuse treatment and recovery services. Personal Reemployment Accounts (PRAs), administered through the workforce system, are a variation of a bundled voucher; they can be used to purchase a range of supportive services and career counseling, or applied toward the cost of a training program. The bundled voucher approach requires an agency to take one of two paths: (1) conduct a thorough assessment of client needs, and develop a detailed service plan to delineate the uses of the voucher and its amount (the course pursued in the ATR program); or (2) provide a capped amount for the customer to manage, generally within broad parameters (as with the PRA).

[3] Participation requirements are higher for married couples (55 hours) and lower for single parents with children under the age of 6 (20 hours).

The upfront assessment approach to bundled vouchers presents administrative and staffing challenges to TANF agencies. Many do conduct thorough upfront assessments of client needs that identify existing skills, work experience, or language proficiency; personal and family issues; the presence of substance abuse or mental health problems; and logistical barriers (such as transportation and child care) to participation in work or training programs. However, not all of the identified issues are in service areas under the domain of the TANF program (particularly mental health and substance abuse problems). Clients typically are referred to other government agencies, or to providers that hold contracts with other government agencies to provide specific services. Administratively, bundled vouchers can meet the social service needs of TANF recipients only with significant coordination across service areas and government entities. One illustration of this dilemma surfaced in the District of Columbia (DC). A few of the contracted employment service vendors in DC are well-established, community-based organizations that provide a broad range of social services to low-income individuals. The city's TANF agency expected that the service approach of these vendors might be more holistic than that of other for-profit vendors or smaller organizations. However, they found that these organizations struggled internally with administering multiple funding streams and, like the other vendors, focused primarily on the employment services defined by the contract.

From a staffing perspective, bundled vouchers could require a significant investment of time in conducting the assessment, determining the voucher amount, monitoring client participation in services, and approving and monitoring voucher payments. An increasing number of TANF agencies are focusing resources on increasing and monitoring the participation of their recipients in various services and activities; this is particularly relevant because of the latest changes to federal program regulations. A voucher system would require another layer of monitoring to approve and process payments for services.

The second approach—a capped, customer-managed account—is an unlikely scenario in the context of meeting the social and employment service needs of low-income individuals. First, the welfare system has been transformed over the last 10 years, from one focused on cash assistance without much being asked of recipients in return, to one of reciprocal responsibility, in which TANF recipients must meet participation requirements to receive income support. A customer-managed account could appear to some as too much like the former approach. Second, a number of the program administrators we interviewed expressed concerns that TANF recipients lack the knowledge of available community services, as well as the experience in making the required service connections.

Despite these limitations, our study identified an example of bundled vouchers in the TANF program. Utah's program offers recipients a supportive services voucher that is administered using the upfront assessment and plan development approach. The actual use of these vouchers by clients tends to focus on the purchase of supportive services (tools, uniforms) and logistical supports to employment, but clients also can use these funds to pay for basic skills training, such as General Education Development (GED) programs, adult basic education, and short-term job skills and job readiness services. Case workers obligate a voucher amount based on the client's specific needs at any given time; the full $2,000 allowable is rarely, if ever, obligated at once. The state reports an average per-client expenditure of $400.

- **Vouchers appear to be best suited to consumer-demand services for which the customer is responsible for making the connection to services.**

The use of vouchers requires some internal motivation on the part of customers, because they help to make the connection between the funding agency and the specific provider of choice. Once eligibility is determined and consumer education information provided, the individual must select a provider and make the final connection in accessing child care services or enrolling in and attending a training program. For example, the four TANF training voucher programs identified through this study all require that recipients do the legwork in gathering detailed information about the program of interest to them. If a child care or training voucher goes unused because the client decides not to pursue the service, it may be a budgeting inconvenience to the funding agency, but it does not affect overall program performance.

In contrast, close federal scrutiny of the engagement and participation of TANF recipients in general program activities requires that states and localities make every effort to connect recipients with services that they may not wish to pursue. Offering individuals a choice among an array of TANF employment service providers may promote further investment on the part of the individual in pursuing the services. Indeed, three of the TANF study sites—the District of Columbia, Cuyahoga County, Ohio, and Hennepin County, Minnesota—offer TANF recipients varying levels of choice in selecting a contracted employment service provider. However, for two programmatic reasons none of these sites have offered choice through vouchers.

First, given TANF recipients' potential lack of internal motivation to connect with required employment services in a voucher-based system, some entity needs to provide the external assurance that the connection is made. In Cuyahoga County and Hennepin County, TANF recipients work with county TANF caseworkers to identify an employment service provider based on their preferences, including location, primary language, or performance of the organization. Clients list their top three provider selections (in Hennepin County) or make selections among providers with available slots (in Cuyahoga County). Once a client is referred, providers are responsible for conducting outreach to ensure enrollment. Performance measures help agencies to monitor providers' success and provide incentives for them to work actively in enrolling clients. In the District of Columbia, the TANF agency has no internal capacity for case management beyond eligibility determination. Initial referrals to employment service providers are made by random assignment; clients are provided with choice only to the extent that they elect to change providers after the initial assignment. As in Hennepin and Cuyahoga counties, the vendor agencies become responsible for conducting outreach and connecting to their assigned clients.

Second, even if the concern about how to connect clients with services can be alleviated, we found that administrators in each of the three areas believed in the importance of agency management of the flow of customers to providers. Managing this flow guarantees a minimum funding base to vendors who have built TANF-focused services based on expectations of a certain size caseload, and ensures that providers do not receive more clients than they can serve. In the latter case, providers do not want to turn clients away, and the TANF agency does not want clients waiting for a particular provider, given a 60-month time limit on assistance.

- **Mandatory services with stringent participation and reporting requirements, such as those required by TANF, may not be provided best through vouchers.**

TANF programs often are structured around a prescribed set of activities, such as creating an employment plan and searching for work, which are facilitated through a relatively limited number of providers. For obligatory activities, distinctions among providers may have less significance for clients. Even when provider differences are noteworthy—such as location or language spoken—administrators do not tend to see vouchers as the most straightforward means of allowing clients to access providers that meet their needs. In Hennepin and Cuyahoga counties, for example, administrators use methods that permit clients to choose providers (presuming the providers have openings), without establishing a voucher-based system.

C. What Policy and Service Environments Support Voucher Use?

Some policy and service environments better lend themselves to voucher use than others. Even in cases where administrators have decided to use vouchers and have identified the services to be subsidized, program context is important. In particular, program rules and the nature of the service delivery structure affect whether vouchers are a practical option for delivering benefits.

- **Policy environments that require or support customer choice have spurred extensive use of vouchers.**

Federally funded programs that stipulate voucher use naturally will be conducive to voucher implementation at the state and local levels. For example, the Food Stamp Program and the Section 8 Housing Assistance Program have, for decades, helped low-income families meet the basic expenses of daily life while providing them with additional choices in doing so. Also, Pell Grants and primary and secondary school voucher programs have provided low-income families with greater access to education from a variety of institutions. Specific to the programs included in this study, the CCDF statute requires that parents be permitted to choose their child care providers, and states have prioritized this aspect of the program accordingly. The degree to which states rely on vouchers rather than contracts in delivering subsidies reflects the influence of this mandate. In all the study states and the District of Columbia—indeed, in all 50 states—the majority of children receiving child care assistance are served through vouchers. In four of the study states, *all* children are served through vouchers or cash. Similarly, WIA requires that workforce investment agencies offer vouchers—Individual Training Accounts (ITAs)—and a choice of providers to clients seeking training. When TANF benefits or services are provided through workforce agencies, these practices may transfer across programs.

- **Experience using vouchers in one service area provides a foundation for adopting vouchers in others.**

TANF programs have built upon the experience and resources of the workforce investment system in offering voucher programs. Workforce investment agencies have developed substantial expertise in helping clients to access training through vouchers in such programs as ITAs. They also have created a service delivery network by establishing approved provider lists. In three of the four examples of TANF voucher programs identified in this study, TANF agencies and workforce investment agencies are closely linked. With this framework already in place, offering TANF clients access to training and education vouchers is less of a leap for program administrators. Although it is possible to establish a voucher program solely within the context of the TANF agency—as the Rhode Island example demonstrates—doing so with the collaboration of the workforce investment agency appears advantageous.

- **Contracting mechanisms that support multiple providers may weaken the case for using vouchers to promote client choice.**

A history of successfully delivering services through contracts can be a disincentive for voucher use by both TANF and CCDF agencies. Administrators at several TANF agencies—including Hennepin County, Cuyahoga County, and the District of Columbia—described contract-based approaches to connecting clients with service providers that they have used for many years and refined over time. In Hennepin County, for example, administrators are satisfied that client choice has been incorporated successfully into a system that uses performance-based contracts. Clients receive key information about providers and rank their top choices, while providers are closely monitored on a variety of performance measures. According to administrators, the prospect of incorporating vouchers does not offer clear advantages in the context of a well-functioning system.

- **Voucher programs require a service delivery structure of sufficient size and diversity to make choices among providers meaningful.**

The suitability of voucher use and ease of implementation may depend on the size and diversity of the existing service delivery structure. In the case of CCDF, a diverse network of child care providers existed prior to the introduction of subsidies and vouchers. Vouchers helped to subsidize low-income parents' access to these established providers, while expanding the network by enabling parents to pay for care in home-based settings. Presuming there is an existing supply of formal and informal caregivers in a local area, parents using vouchers have a variety of options.

The service delivery structure for TANF differs considerably from that of child care. Many core TANF services are delivered locally, either by a government agency or by a small group of specialized private or nonprofit providers. Welfare reform has created demand for case management, job readiness training, and job search assistance for low-income individuals, and many government agencies have elected to outsource these services to private providers. Yet the number of potential providers in a particular area is limited by the size of the local welfare caseload, and government agencies are likely to value a stable network more highly than a voucher-based system that would risk frequent turnover of providers.

Training and education institutions, on the other hand, comprise a large and diverse group of existing service providers. They vary both in the kinds of training offered and in the characteristics of the institution hosting the program, factors likely to be of significance to clients choosing among them. As in the case of child care, the network also can be expanded by broadening the definition of an eligible provider.

- **Vouchers may work best when providers can serve a variety of clients and access multiple funding sources.**

In some contexts, the instability of voucher funding may be too great for providers to sustain services, or for new providers to begin offering services. Vouchers are most feasible when providers have a relatively broad customer base. In the child care context, formal providers often have a broad base of potential clients who may or may not be receiving subsidies. For this reason, their ability to operate does not depend solely on referrals through the subsidy system. In contrast, private providers of TANF services such as case management typically establish programs in response to government requests and depend solely on government agency referrals for clients; there is no private-pay market for these services. TANF administrators in Hennepin and Cuyahoga counties and the District of Columbia noted that introducing vouchers for basic case management and job readiness services would likely make providers less willing to participate in the system because funding would become less reliable.

CHAPTER IV

KEY ELEMENTS OF VOUCHER PROGRAM IMPLEMENTATION

The primary motivation for using vouchers is to promote client choice, but the use of vouchers as a payment mechanism does not automatically guarantee that choice will be maximized. The degree of choice also depends on a number of program design elements. These elements are not exclusive to vouchers, but they hold particular importance in this client choice strategy. In this chapter, we focus on the program elements central to voucher use in the CCDF and TANF programs, and present them in the context of lessons learned for the benefit of other service areas. Specifically, we discuss the decisions that the study programs have made about setting the amount of the voucher, creating standards for service delivery, providing consumer education, and promoting provider participation. Each of these elements contribute to choice in various ways—by making services affordable to clients, by influencing the number and types of providers that are willing to accept the voucher, and by providing clients with the information they need to make an informed choice.

A. SETTING THE AMOUNT OF THE VOUCHER

Subsidies targeted to low-income individuals and families serve the primary purpose of providing more equitable access to services. Decisions regarding subsidy rates—the amount of public funds allocated for a service and paid to providers on a per-client basis—are not specific to a single payment mechanism. Contracts and vouchers can—and in the case of child care, often do—have the same rates for subsidies (commonly referred to as the reimbursement rate) paid to providers. We consider below the experiences of state and local agencies in setting subsidy amounts for child care and employment training vouchers.

- **Voucher amounts are informed by costs in the private-pay market but are not necessarily intended to cover the costs of services in full.**

Child care and training programs are services that are pursued by individuals and families across income levels. Voucher programs are intended to make these services more affordable to low-income individuals, providing them with greater access to the range of programs and providers available in the general market. To achieve this intent and maximize client choice, the voucher needs to be set at an amount that brings the cost of services within reach of low-income customers. Determining the voucher amount requires assessing the rates charged by providers in the private-pay market and estimating what proportion of providers would provide reasonable access to subsidy recipients.

In theory, the child care subsidy system is more systematic in its approach to setting voucher amounts (reimbursement rates) than the TANF training voucher programs studied. CCDF regulations require states to conduct a biennial market rate survey to inform the development of reimbursement rates that provide subsidy families with equal access to care (DHHS 1998). CCDF regulations suggest that rates set equivalent to at least the 75th percentile of the market rate provide equal access, but states have discretion to determine the market share and set rates accordingly. They set rates that vary by the type of care setting (center-based, family and/or group homes, or care provided by a family member, friend, or neighbor) and by the age of the child (infants, toddlers, preschoolers, or elementary school age).

In practice, the degree to which market rate surveys affect the determination of child care reimbursement rates is largely a function of the dollars available and the priorities of the subsidy system. Publicly funded social service programs have defined budgets that require trade-offs in defining "access." Often, a careful balance must be struck between providing a larger number of individuals or families with some subsidy so that they can have access to *any* services, and providing a larger subsidy to a smaller number of families to enable them to access a *broader range* of services. North Carolina presents an example of this trade-off: 39,000 families are on the waiting list to receive a child care subsidy. With demand for subsidies already greatly exceeding their supply, state officials feel that they cannot increase reimbursement rates to provide access to a substantial share of the market. In the District of Columbia, the child care budget is so stretched that the city is using CCDF quality funds to increase rates and improve access to higher quality care for children. Similarly, Michigan has not raised subsidy rates since 1996. The level of reimbursement rates relative to market rates ranges from about the 60th percentile to the 85th percentile in the study states (Table IV.1).

TANF training voucher amounts in our study states were set based on the precedent of Individual Training Accounts (ITAs) or available funding. Three of the four TANF training voucher programs (all except Rhode Island), are administered through workforce development systems that have disbursed ITAs since the late-1990s. As a result, the voucher amounts tend to mirror the amounts available through ITAs. It is not known exactly how ITA amounts in these states were set, but typically workforce investment areas conduct informal assessments of the costs of local training programs. These costs then are factored into an estimate of the number of individuals they expect to serve to develop a cap corresponding to the total funding available. ITA caps range between $3,000 and $8,000, similar to the range seen in the TANF training voucher programs identified (D'Amico and Salzman 2004).

While vouchers are structured to provide access to services, voucher recipients typically incur some out-of-pocket costs for child care and training. All families with incomes above the federal poverty level are expected to make some copayment toward child care. CCDF regulations suggest that these copayments be maintained below 10 percent of family income, but actual fee scales are determined by the states. States also can decide whether to allow participating providers to charge families the difference between the total amount of the subsidy rate and the usual charge for care. Many states allow such a practice on the premise that this opens up access to a greater number of providers for subsidized children, and that families can make their own decisions about their willingness to pay additional costs for a preferred care setting. Among the sites in this study, only the District of Columbia prohibits providers from seeking these charges from families. In the TANF training voucher programs, clients can choose a program regardless of cost, as long as they demonstrate a reasonable plan for how they will cover costs above the voucher amount. Supplemental funding sometimes is available through other government sources, such as Pell grants.

Table IV.1. Reimbursement Rates Relative to Market Rates for Licensed Providers in the CCDF Study States

State	Reimbursement Rates Relative to Market Rates For Licensed Providers
California	85th percentile
Connecticut	60th percentile
District of Columbia	75th percentile for accredited providers only
Florida	Below 75th percentile
Indiana	75th percentile
Michigan	Below 75th percentile
North Carolina	Below 75th percentile
Pennsylvania	70th percentile for licensed centers in high poverty areas; 60th percentile for all other centers
Utah	75th percentile

Source: Interviews conducted in Spring 2007 and Child Care and Development Fund state plans.

- **Voucher amounts can be used to influence the participation of providers or clients in the program and to reward them for activities in line with program goals.**

The CCDF and TANF voucher programs studied vary voucher amounts with specific objectives in mind. In CCDF, voucher amounts are used to promote the participation of specific providers in the subsidy system and to reward programs that achieve defined quality standards. In some of the TANF programs, voucher amounts are targeted to influence clients rather than providers. Vouchers can be used as effective policy tools in either manner and can help programs be responsive to changing budgets and program goals without undergoing an extensive contract procurement process.

To maximize client choice, a voucher needs to be attractive to a broad range of providers. CCDF agencies try to use available resources strategically to set voucher amounts that encourage provider participation, particularly for providers in high-need areas or those that meet higher service delivery standards. For example, in Pennsylvania, CCDF administrators have focused resources on paying higher rates to centers in high-poverty areas to encourage their continued presence in these communities. These centers are paid at the 70th percentile of the market rate, while other licensed centers receive amounts equivalent to the 60th percentile (Table IV.1). Four of the states have tiered reimbursement rate systems that pay higher voucher amounts to providers meeting progressively higher quality standards (discussed further in the next section).

In the TANF voucher programs, the amounts are structured less to influence the participation of providers than to influence the participation and activities of clients. Specifically, the New Jersey Career Advancement Voucher (CAV) for training is targeted to former TANF recipients who have been employed for at least four months. The voucher is intended to encourage participation in training that would support career advancement and income growth. Policymakers have increased the voucher's value to provide clients an incentive to address challenges that may prevent them from combining continued training with current employment. Initially, the voucher was capped at a one-time total of $3,000, but shortly after its inception in 2001, the amount was increased to $4,000 to attract more clients. Currently, clients who satisfactorily complete a training program funded with a CAV are eligible for a second voucher of equal value, bringing the possible total up to an $8,000 training subsidy. The amount of the Growing to Work training vouchers in Michigan is linked partly to clients' specific activities or training decisions. Clients can increase the value of vouchers beyond the capped amounts dictated by individual WIA program funding streams by completing a career interest test ($500), selecting a training program that can be completed in one year ($500), or selecting a program that prepares them for a high-demand occupation in the area ($1,000).

B. CREATING STANDARDS FOR SERVICE DELIVERY

Program administrators cannot control the quality of service delivery in a voucher-based system quite as explicitly as they can through contractual arrangements. Yet, it is not the case that service delivery standards are absent from voucher programs; they simply are achieved in different ways. The standards that a voucher program establishes for providers reflect a balancing of two objectives: ensuring the quality of services or goods accessed through the program, and promoting client choice. Setting a high standard for service providers may help to safeguard clients and increase the chances that government funds will be used for services that produce positive results, but also may affect the supply of providers and services, and so constrain client choice.

- **In the absence of explicit contractual arrangements, voucher programs set standards for service delivery through program entry and/or continued participation requirements for providers, and through financial incentives.**

All of the study programs set criteria for providers' entry and participation in voucher programs, building on systems and standards that preceded and are largely independent of the programs. Child care providers that participate in the CCDF program must be legally operating in accordance with each state's framework for licensing and regulation that applies to child care providers in the general child care market, not just those participating in the subsidy system. The TANF training voucher programs maintain lists of approved providers, generally adopting or building on the Eligible Training Provider (ETP) lists required for use of ITAs in the workforce development system. The specific requirements for getting on these lists vary among states, but typically are based on licensing, accreditation, or submission of performance data, such as participants' program completion, employment, and wage rates.

In the CCDF program, some states make use of Quality Rating Systems (QRS) to promote quality. QRS provide financial rewards to child care providers that meet higher standards for care, usually based on accreditation guidelines developed by national early education and child care organizations. States use different strategies to reward achievement of higher quality levels and/or maintenance of high-quality services. These systems can include tiered reimbursement strategies tied directly to voucher amounts, so that providers receive a higher amount with each quality level they achieve. They also take the form of lump-sum payments to providers as they achieve each new level of quality. Four of the study states have QRS that are implemented either statewide or within specific regional or local areas (Table IV.2). North Carolina and the District of Columbia use a tiered reimbursement rate approach; Pennsylvania and Indiana make lump sum payments. In addition to direct financial rewards, QRS also allocate resources to providers for training and technical assistance to help them work towards the highest ratings.

Connecticut and Florida have statewide strategies that fall short of full QRS but that pay higher rates to providers that are accredited by national organizations. In Florida, "Gold Seal" providers are eligible for certain tax exemptions and may receive up to 20 percent higher reimbursement rates than those offered to other licensed providers. Connecticut pays accredited programs a rate that is five percent over other licensed providers.

Two of the TANF study states have created standards specific to their training voucher programs to define entry and continued participation of providers. Rhode Island's program does not require that a provider be on the ETP list, but maintains a separate list of "certified" providers. Any training provider can apply if they serve the general public and can demonstrate experience in helping individuals find work. They are approved by the agency most appropriate to the particular type of provider—for example, administrators at the state's department of education review applications from educational institutions. Providers also must recertify for participation in the voucher program every two years. At that time, they must demonstrate that at least 50 percent of the TANF clients served through the voucher program have gained employment.

Table IV.2. Financial Incentives to Improve Provider Quality in the CCDF Study States

State	Quality Rating System (Name, Levels, Type of Incentive)	Tiered Reimbursement Rate for Accredited Center Programs Only
California	None	None
Connecticut	None	5% above the licensed rate
District of Columbia	**Go for the Gold** - Four levels (licensing, gold, silver, bronze) - Tiered rates	None
Florida	None	Gold Seal providers receive a rate 20% above the licensed rate
Indiana	**Quality Rating System** (pilot in 2 regions) - Three levels - Lump-sum payments	None
Michigan	None	None
North Carolina	**Star Rated License** - Five levels - Tiered rates	None
Pennsylvania	**Keystone Stars** - Five levels - Lump sum payments	Pilot in September 2007
Utah	None	None

Source: Interviews conducted in Spring 2007 and Child Care and Development Fund state plans.

Thumb Area Michigan Works received approval from the state workforce agency to develop a tiered rating system for training programs that are not included on the ETP list. The primary motivation for creating this system was to expand the range of training providers accessible to clients in the local agency's rural service area. Although programs in the tiered system do not have to be accredited, they undertake an assessment process (including self-assessment and evaluation by an independent organization) to confirm that they meet basic standards and have the institutional capacity to serve clients effectively. Organizations are rated on items such as flexible scheduling, accessibility, learning resources, and cost and placement rates. These ratings (one to five stars) are communicated to clients and caseworkers through a printed summary. Program administrators have found that the rating system facilitates the participation of smaller and nontraditional programs, as well as those unwilling to complete the detailed reporting required of state-approved providers. The organizations represented in the tiered system range from local private and community colleges to small organizations that provide training focused on a particular skill, such as cosmetology and driving schools. The tiered system has expanded the access to and participation of smaller, community-based organizations in the training voucher program. There were no faith-based training providers in the system at the time of our site visit, which may reflect the local supply and/or interest of training providers rather than the requirements of the voucher program.

C. PROVIDING CONSUMER EDUCATION

Government agencies are expected by clients and taxpayers to fund those services most effective in meeting individual and family needs. Public service delivery systems that promote client choice thus face a delicate balance between ensuring that clients receive the information they need to make an informed choice and being directive in service selection in a way that may hinder choice. Agencies that administer voucher programs can support informed choice by developing consumer education information that is thorough, clear, and accurate, and by having mechanisms for the consistent delivery of information to clients. However, administering agencies cannot control the degree to which clients focus on the information they receive and the factors ultimately influencing their choices. An earlier paper from this study discussed the issues of consistency in consumer education delivery and the content of this information, particularly in the context of the CCDF program (Burwick and Kirby 2007). Here we focus on findings related to consumer education practices in the study states.

- **Voucher programs can employ strategies to help clients focus on consumer education information in the face of information overload.**

The experiences of the study states suggest that a paucity of consumer education may not be the biggest problem, but rather clients' ability or willingness to review it. All of the CCDF and TANF study programs make consumer education information available (an overview is presented in Chapter II). For example, searchable websites are nearly universal across the programs. These help clients find programs and providers meeting their criteria, and provide program descriptions or profiles in terms of performance information (for example, participant program completion and employment rates for training) and licensing (compliance and number and type of customer complaints). Printed information also is widely available at multiple program entry points (such as through eligibility offices and provider sites), and caseworkers often encourage clients to visit several training programs or child care providers in person before making their final selection.

In many cases, however, information specific to child care or training selection is provided at a time and in an environment in which clients may be overwhelmed. For example, in Utah and Michigan, clients learn about the eligibility process and program requirements for both the TANF and CCDF programs during an initial orientation, where they also are introduced to the many services available at the One-Stop Career Centers. Follow-up meetings between a client and a caseworker help tailor the information to individual needs, but the customer still faces an abundance of information at once. Utah and Florida are particularly prescriptive in the delivery of child care consumer education information to ensure that clients receive it consistently. In Utah, all caseworkers receive training on CCDF program and consumer education information, as well as which elements are critical to present to clients. Workers must indicate by code in the management information system that the appropriate discussion took place with a client; supervisors conduct data reviews and monitor client meetings to verify that codes reflect actual activity. Florida specifies the kinds of data that local resource and referral agencies should collect from parents before making a referral and detail the content of referral packets that are sent to parents. Even with mechanisms in place to ensure the consistent delivery of information, it may be difficult for clients to sift through a lot of information at the point of program entry.

Several programs have adopted strategies that may help clients to better focus on the information they receive. The QRS that CCDF agencies use to promote the quality of subsidized child care also help to make consumer education information clear and digestible to parents. In fact, it is the consumer education function that distinguishes these efforts from other mechanisms that give providers financial rewards (such as tiered reimbursement rates). The quality systems use symbols to denote levels of quality. Three of the four study programs with QRS use stars to indicate how programs rate on quality measures (much as movies receive stars in reviews by critics). The District of Columbia uses the equally recognizable symbols of bronze, silver, and gold. All of these symbols allow parents to easily understand how one provider compares to others.

Other strategies require clients to conduct program research to access the voucher program, or prior to moving on to other services. The New Jersey and Utah training voucher programs require that clients complete comprehensive applications. In preparing these applications, clients must do the legwork to identify and research their provider options and justify their final selections. CCDF programs can adopt a similar approach. In Utah, TANF clients sometimes have the search and selection of child care as their only required program activity for a short period of time. In these cases, they must document the activities they pursued, such as contacts with the local CCR&R agency and on-site visits to various providers.

- **Caseworkers play an important role in supporting client choice by remaining impartial when they convey consumer education information, and by letting clients make their own decisions.**

One of the challenges that caseworkers face in implementing voucher programs or other client choice strategies is refraining from steering clients in a given direction. Administrators and front-line staff are frustrated, at times, by their perception that clients are not making the best decisions based on the information provided. In particular, there is a sense among administrators and staff that clients make decisions based more on convenience factors such as location and hours, or the recommendations of family members or friends, rather than quality. Yet, such decisions reflect the way many people—regardless of income—make important choices, including where to live or what doctor to see. Low-income parents, in particular, must find child care that fits the special circumstances related to their work activities. The jobs that low-income parents hold are likely to include few or no fringe benefits, inflexible schedules, and nonstandard or changing work hours. For parents to work, they need to find the flexibility necessary to balance work and family responsibilities, and this flexibility must come from their jobs, family, specific child care situations, or from a combination of the three (Emlen et al. 1999). For example, if parents leaving welfare for work have inflexible jobs and lack family support for child care, the flexibility must come from their child care arrangements. Decisions that appear to go against the conventional measures of quality may still be made with the best interests of the family in mind.

To maintain the agency's impartiality as a referral source, programs with client choice approaches require that case managers refrain from making direct recommendations to clients, whether the program uses vouchers or not. The TANF programs in Cuyahoga County, Ohio and Hennepin County, Minnesota find it especially important that caseworkers not be prescriptive regarding their clients' choices. These programs provide client choice in the context of contracts, rather than vouchers, and have a select group of providers. TANF program staff cannot give the impression of a preference for one provider over another, even in the context of a client's specific interests or needs.

There are instances when full support of customer choice can potentially prevent clients from receiving consumer education information. A few of the child care programs and one training program reported that many clients seek vouchers after they have already identified a specific provider. When this happens, caseworkers do not always provide the same information on provider or program selection that they would otherwise.

- **Conveying standardized and impartial consumer education about services that can be rated by objective measures is easier than conveying information about providers that offer an array of services.**

It is easier for case managers to fully support customer choice when objective information on program performance is available, but this may not exist or may be unavailable to case managers in TANF programs that provide for client choice in the context of contractual arrangements. In Hennepin County, there is formal structure to the information provided to clients; they receive a provider choice sheet that includes standardized indicators of each contracted agency's performance (average wage at job placement, percentage of cases employed on TANF or closed due to earnings, and average wage for cases no longer eligible for TANF due to earnings), as well as information specific to the program (location, type of training offered on-site, languages spoken, and bus routes). Clients select three providers and rank their choices. They usually receive their first choice because almost all of the agencies have some slots available at any given time. In contrast, the process is not highly standardized in Cuyahoga County, and clients do not receive detailed information on provider performance. Caseworkers share descriptions of different services that providers offer during meetings to develop a TANF recipient's self-sufficiency plan. Lastly, provider information is not shared up front with clients in the District of Columbia because they are assigned randomly to employment services vendors. However, clients can change vendors for any reason, and are provided with information about vendor performance upon request.

One of the challenges in sharing information about providers' performance regarding broad employment services is the difficulty in determining the true degree of standardization in such measures. In the District of Columbia, clients are assigned randomly to ensure a relatively equal playing field in terms of the characteristics and needs of clients served across vendor agencies, but in places with client choice, such as Hennepin and Cuyahoga counties, a provider's performance may be affected by the population that they serve.

D. PROMOTING PROVIDER PARTICIPATION

The degree of client choice that voucher-based programs offer ultimately depends on the breadth of available choices, as determined by the willingness of providers to accept vouchers and participate in the program. The CCDF programs we studied have generally been successful in attracting substantial numbers of child care providers into the subsidy system. For example, in the District of Columbia, 60 percent of all licensed centers and homes participate; slightly more than 75 percent of licensed centers and 85 percent of licensed homes participate in Indiana; 82 percent of licensed providers participate in North Carolina; and 98 percent of licensed providers in Pennsylvania accept child care subsidies. There are two key methods to promote the participation of providers. The first is to provide incentives for them to enter the voucher program. The second is to relax barriers to entry, making participation something that requires little effort or sacrifice. The TANF and CCDF programs studied have both types of methods in place to varying degrees.

- **Voucher amounts that are substantially below market rate discourage some providers from accepting vouchers, effectively reducing client choice.**

The voucher amount itself can be an important incentive (or disincentive) to providers. As discussed in Section A, CCDF programs face trade-offs in setting voucher amounts, and many states cannot offer as generous a voucher as they may want. If the voucher amount is too low, providers may not be interested in participating in the subsidy program and instead only serve private-pay families. If they will accept subsidy families, they can charge the difference in the voucher amount and the cost of care, potentially making the option unaffordable to low-income families. Two of the study sites in particular provide insights into the effects of low reimbursement rates on the supply of providers willing to accept subsidies, and the subsequent choices parents make. In Michigan, reimbursement rates for child care providers have not increased since 1996. The state has one of the lowest percentages of subsidized children served in center-based care (14 percent), suggesting that parents' choices may be restricted by providers being unwilling to accept the low subsidy amount (thus reducing the provider pool), as well as parents' own inability to pay higher rates. In the District of Columbia, providers started withdrawing from offering infant care in the late 1990s because the subsidy rate was less than half of the average cost of care. An urgent response by the City Council lifted rates by $10 per day within a month. Still, the supply of infant care providers that would accept a subsidy took years to rebuild.

Only one CCDF state offers a financial incentive beyond the basic subsidy rate to specifically encourage providers to participate in the subsidy program. Built into Pennsylvania's QRS is a tier of payments based on the percentage of subsidized children served. Providers with a minimum enrollment of 5 percent of subsidy children receive the first level of awards; providers with a minimum enrollment of 26 percent of subsidy children receive the second, higher-level payment.

- **Relaxing licensing standards or credentialing requirements can promote participation, but there may be trade-offs in service quality.**

A few of the study states use licensing exemptions or similar methods to broaden the definition of an eligible provider and promote participation. On the TANF side, the Thumb Area of Michigan received a waiver from the state to create an alternative tiered provider approval process for local training providers who were unwilling or lacked the credentials to participate in the state's approved training provider list. By relaxing the provider application and credential requirements somewhat, the local workforce agency opened the service network to a range of nearby institutions that otherwise would not have chosen to participate in the voucher system, thus expanding the training options available to clients. (The tiered system does not specifically target FBCOs, however. Participating training groups currently include small technical schools and colleges.)

Licensing exemptions for child care providers do not generate specifically from a desire to promote participation in the CCDF program. Rather, such exemptions are used to increase the general supply of child care from a broader range of providers. For example, most states exempt programs based in schools from child care licensing to address the need for and convenience of school-age child care. (However, these programs are subject to standards and monitoring under the purview of state departments of education.)

Faith-based child care providers also may receive exemptions from state licensing. Fifteen states allow some exemptions from licensing for religious organizations, although many are similarly focused on school-based programs, such as programs in parochial schools, preschools, and bible schools. Among the study states, three allow exemptions for faith-based child care programs (NCCIC 2005). Utah's exemptions are targeted to parochial institutions that can show that the care provided is educational; the exemptions generally are given to after-school programs.

Exemptions for faith-based organizations in Indiana and North Carolina have been in place since the 1980s and are more broadly available to religiously affiliated organizations that provide child care. The two states differ in the degree of exemptions granted to FBOs, and in the response of these providers to state QRS. In North Carolina, the exemptions for FBOs focus exclusively on licensing requirements related to staff qualifications, staff training, and activity plans and schedules; these variances allow programs greater freedom in maintaining a religious framework. Despite the allowable exemptions, administrators in North Carolina report that many religiously sponsored programs voluntarily choose to operate under the state's QRS for licensing. In Indiana, the exemptions are quite broad, requiring only that "child care ministries" meet basic health and sanitation requirements. Indiana has a voluntary certification program for registered child care ministries that only 8 of 630 ministries have pursued. Perhaps because the exemptions are quite limited in North Carolina, it is not a big step for some FBO providers to seek licensing; while in Indiana, the gap between the allowable exemptions and licensing standards may be too wide to bridge.

- **Vouchers have the potential to attract providers by decreasing administrative burdens to program entry and participation, but the financial risk of vouchers may still be too high for some providers.**

In general, the child care and training voucher programs require little procedural effort on the part of providers at entry. Many child care and training providers have to meet licensing, credentialing, or other regulatory requirements to offer services, regardless of their participation in the voucher program so that procedures that take the most time are often already accomplished. For these providers, becoming a participating provider in the voucher program usually requires filling out a form. For others—such as unregulated child care providers—some documentation is needed to ensure that the provider is legally operating and that health and safety standards are met (often a self-certification). Continuing participation comes with the burden of maintaining and submitting time and attendance records to administering agencies, but this also is the case for contracts.

Relative to contracts, vouchers may be more useful in promoting the participation of smaller organizations in the service delivery network, but they are not a panacea. A number of TANF administrators noted the difficulty that small organizations face in responding to requests-for-proposals and navigating the procurement process. Even when they can administer the requested services to clients well, they may not have the internal resources and staff capacity to write effective proposals that can compete with the proposal-writing abilities of larger organizations. In addition, they may be discouraged by or unable to respond to the tight timeframes of the typical proposal process. While vouchers can ease the entry burden, they are a considerably less stable funding source than contracts, and small or new organizations may need to plan for a certain size caseload to sustain activity. Entry into the CCDF program is particularly hard on new providers. The retrospective nature of voucher payments means that it can take a number of weeks or months to receive payment.

CHAPTER V

SUMMARY AND IMPLICATIONS OF KEY FINDINGS

The primary goals of this study were to examine the role of vouchers in maximizing client choice in social service delivery, and expanding the service delivery network to include FBCOs. The study altered in focus slightly from its original form, in response to the limited use of vouchers within the context of the TANF program. In addition to exploring the implementation details of programs that make use of vouchers, the study examined a range of program experiences in delivering CCDF and TANF services using vouchers, contracts, or both in ways that promote client choice. In this chapter, we conclude with a summary discussion of the key findings from the study and their implications for the future course of voucher use—and more broadly, client choice strategies—in delivering social services.

- **Vouchers are used to subsidize the consumer-demand services of child care and training for TANF recipients, but TANF program administrators have not considered using them for other services.**

Vouchers are used to subsidize the consumer-demand services of child care and training. They have not been considered as a route to achieve client choice for services driven by program demands, such as a broad range of employment services for TANF recipients. Vouchers are particularly well-suited to maximizing choice for consumer- rather than program-demand services, because they require individual initiative in making the connection to service, and they can be implemented easily in an existing service delivery structure that has a mix of private-pay and subsidized customers.

To the extent that voucher use may expand in the TANF program, it would likely be in support of access to other discrete, specialized services of interest to recipients, such as substance abuse or mental health treatment. There always will be some portion of the TANF population that will need more intensive assistance than others, and this may present difficulties to eligibility workers or case managers in triaging clients upfront in order to provide them with broad choices in different service paths and providers.

- **Some TANF agencies already employ methods for promoting client choice and service quality and perceive little value-added in taking the next step to vouchers.**

Among the potential advantages of vouchers is expanded choice for clients and increased incentives for providers to offer quality services to compete with other providers. A few TANF agencies have identified other ways of integrating these characteristics into their service delivery systems while maintaining some consistency in the types and structure of services provided to recipients. Most TANF agencies provide a relatively narrow set of mandatory employment services—mainly job search assistance, and sometimes community service opportunities—to TANF recipients. As a result, promoting customer choice is not a priority for most TANF agencies and agencies place a greater value on building and supporting a smaller but stable network of providers. Nonetheless, Hennepin County, Minnesota and Cuyahoga County, Ohio offer clients some measure of choice by contracting with multiple providers and creating the opportunity for clients to select among them. The provider options available to clients are not as broad and diverse as in many voucher-based systems, but this method of providing choice may be better suited to the case management and employment services offered.

Two of the TANF programs included in this study make use of pay-for-performance contracts to help encourage provider effectiveness. In the District of Columbia and Cuyahoga County, multiple vendors provide employment-related services to TANF recipients from the time of eligibility determination to their placement in unsubsidized jobs. The services are focused on employment—career and interest assessments, basic life-skills workshops, job search skills, and job development—rather than a broad range of social services. In Cuyahoga County, each vendor is guaranteed payment of 40 percent of their total contract amount. The balance is earned on a per-client basis for program enrollment, specified participation targets, and job retention at 30, 90, and 180 days. The District of Columbia vendors receive payments based entirely on achieving performance targets, also on a per-client basis and for similar milestones. Similar to vouchers, under these performance-based contracting arrangements, vendors are paid when clients enroll and participate in services. The staggered payment points increase the risk of an unreliable flow of income for providers (which may also be an issue for providers in a voucher-based system). However, they also create an incentive for providers to offer high-quality services.

TANF administrators are pleased with these current contracting approaches because they enable them to support a stable network of providers, maintain some management of the overall flow of clients, and hold providers accountable for reaching defined service goals and/or client outcomes. They see little advantage in moving from a well-functioning client-choice contracting model to a voucher-based program; in fact, many perceive a change to vouchers as costly and administratively cumbersome to the state agency and financially risky to potential providers.

- **The potential for a greater degree of financial instability for providers that vouchers introduce presents challenges to their expanded use in the TANF program.**

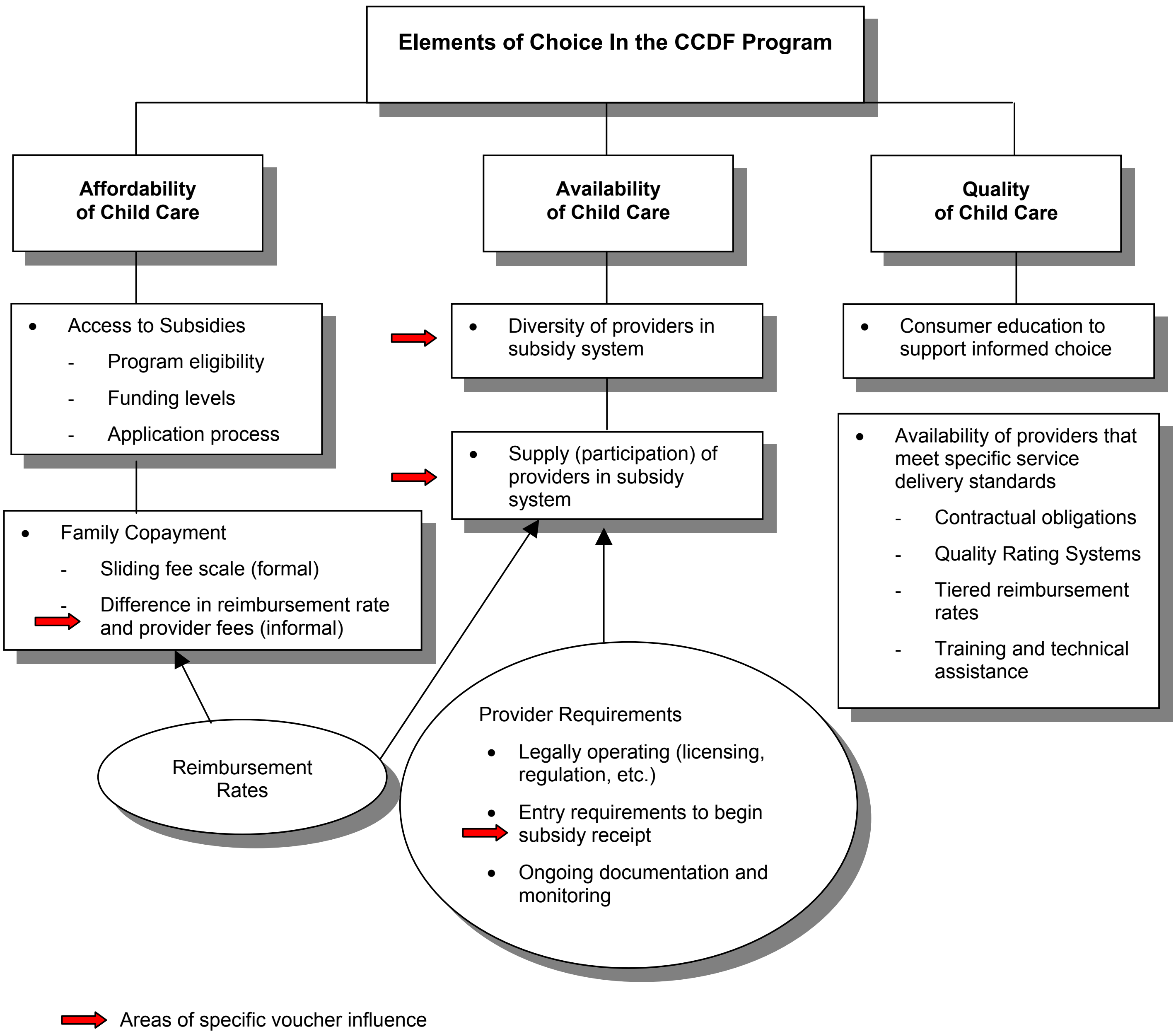
Due to the "program-driven" nature of TANF services and the lack of a private-pay market for TANF-related services, government contracts have essentially built the service delivery network that exists to serve TANF clients as they move from welfare to work. TANF service providers rely on the consistency of contracts to create the organizational and staffing capacity to serve a certain size caseload. The introduction of vouchers could remove the reliability of a case flow, and with it, cash flow that could threaten the ability of providers to maintain services.

On the other hand, vouchers are not entirely dissimilar from pay-for-performance contracts in terms of cash flow; providers do not receive consistent payments under either scenario, but are paid as clients receive services and/or achieve service goals. However, *combining* client choice through vouchers with the high degree of accountability to which providers are held in achieving client outcomes under pay-for-performance contracts presents a challenge. The uncertainties in tying program performance to client behavior and outcomes can be both challenging and motivating. One provider agency in the District of Columbia operates like a sales program with the motto, "every day we are unemployed." Starting with the administrator and percolating throughout the staff, the focus is on motivation and performance goals to meet monthly cash flow. The program accountant provides the administrator with a bottom line figure at the start of each month that must be reached to at least maintain cost neutrality. The administrator breaks this down into monthly targets for each payment point, starting with the number of customers that needs to come in the door from the monthly referral list (generated by random assignment by the TANF agency). The monthly goals are communicated to all staff members. Based on their experience, they understand that if they reach their initial entry goals each month, they maintain the momentum needed to make other payment points and achieve a consistent cash flow. Introducing upfront client choice into this framework would add yet another dimension of potential instability in cash flow, because it would be even harder to control the number of clients who enter their door.

- **The use of vouchers alone does not maximize client choice; program policies and procedures also influence the level of choice.**

The long-term experience of the CCDF program with vouchers provides a rich framework for considering their contribution to customer choice. Vouchers are well-suited to the delivery of child care subsidies, because their flexible and portable nature allows families to freely access the arrangements best matched to their preferences and needs. This is particularly important because there are many factors that can play into a parent's selection of a child care arrangement. Parents make choices regarding three key aspects of care: its cost or affordability, the child care setting and availability of provider, and the quality or content of services. All of these elements can be influenced by program policies and procedures, including the use of vouchers. In examining the elements of program implementation central to voucher use, the study findings suggest those factors of choice that can be influenced by the subsidy system itself (Figure V.1).

Figure V.1. Elements of Client Choice in the CCDF Program That Are Influenced By Policies, Procedures, and Payment Mechanism



Many of the program elements influence client choice, whether a voucher- or a contract-based system is pursued. Specifically, reimbursement rates influence the affordability of care to families and the supply of providers in the subsidy system. Provider requirements for entry into the subsidy system (licensing and regulation), for payment (documentation of hours of care), and for continued participation (monitoring) are typically the same, regardless of the payment mechanism. Also, whether a system uses vouchers or contracts, consumer education is important to support informed choice. Finally, strategies to improve quality are integrated into the subsidy system to increase client access to high-quality programs, but can play out in different ways between contract and voucher use.

There are, however, a few specific ways in which the use of a voucher either makes client choice particularly sensitive to child care subsidy policy or specifically contributes to a high level of choice (as indicated by the arrows in Figure V.1). First, in a voucher-based system, families can be more vulnerable to low reimbursement rates because they may have to carry the additional costs of care if providers require payment to supplement subsidies. Contracted providers typically have negotiated rates and are not able to charge any additional costs to subsidy families. Second, vouchers can contribute directly to increasing client choice by expanding the network of providers in the subsidy system—both in terms of the diversity and overall supply. Beyond center programs, vouchers can be used with all types of home-based providers, both formal and informal, as well as with faith-based providers interested in maintaining a religious dimension to their programs through the indirect funding mechanism. Vouchers also can open up access to providers through a less involved entry process. Instead of a resource- and time-consuming contract procurement process, providers have only to complete an application documenting that they are legally operating under the state's licensing and/or regulatory standards and health and safety standards to enroll in the subsidy system.

For any program, the use of vouchers should be considered within the context of the policy and procedural framework so as to assess areas in which vouchers may prove unfavorable to service access and quality, as well as the areas of opportunity for using policies together with vouchers to improve client choice. It is through a cohesive approach to program policies, procedures, *and* payment mechanisms that the choices available to clients can be maximized.

- **CCDF and TANF administrators do not seem to consider vouchers as a specific means of expanding the role of FBCOs in the service delivery network.**

Administrators in the CCDF and TANF programs we studied recognize and appreciate the substantial role that FBCOs play in delivering child care and social services to low-income individuals and families. They all welcome these organizations into the service delivery network, but do not consider, treat, or track them any differently than they do any other service provider. Many of the TANF administrators actively communicate with leaders from the faith-based community in their states. However, this communication often centers on policy and advocacy issues for the client population, rather than advocating that the FBCO community itself be integrated more fully into the publicly funded service structure.

The potential for an increased role of FBCOs in the service delivery structure does not seem to be a motivator for voucher use in TANF. (It is not as much of an issue in CCDF, since FBCOs already can be involved through the extensive use of vouchers.) For change to occur, it may be an idea that needs to percolate equally from the bottom up (by administrators hearing about these preferences from customers and providers), as from the top down (through policies that support the use of indirect funding).

Areas for Further Exploration

The findings from this study suggest two areas for further exploration that could advance considerations of the role and use of vouchers in social service delivery.

Exploring the role of client choice in the TANF program. A pivotal decision in assessing the fit of a voucher approach to service delivery is the importance of client choice. The role of client choice is more obvious for specialized, consumer-demand services like child care and training than for wide-ranging services that prepare individuals—especially those with multiple service needs—for employment. Nonetheless, there are no clear answers at this point about the role and influence of client choice in the broader TANF program. For example, it would be useful to explore whether TANF recipients increase their program engagement and participation when they play a greater role in selecting a provider or a package of services to address their interests and needs.

In addition, the method of facilitating and maximizing client choice warrants a closer look. A few TANF programs are already providing client choice within the framework of their contracting structures. The only component to choice that is not present in the existing approaches is the inclusion of organizations that combine TANF-related social and employment services with inherently religious activities. Given the opportunity, some TANF clients may choose to seek faith-infused services from an FBO. A new service delivery approach—beneficiary-choice contracting—allows clients (or beneficiaries) to make an informed, genuine, and independent choice from among an array of contracted providers, including service options that are wholly secular or those that have a religious nature to them. Key elements of this approach include a single-point of entry for upfront core services and the delivery of unbiased consumer education information to aid the selection of a specialized service provider. Because the client makes the choice of when and where to receive services and the money flow is determined by the client, this service approach is classified as a form of indirect funding, similar to vouchers. The Department of Labor has just launched a new initiative—Preparing Ex-Offenders for the Workplace Through Beneficiary Choice Contracting—that will provide a first look at how this approach works in delivering employment-related and social services to a disadvantaged population. TANF programs that already include client-choice approaches may be candidates for exploring the feasibility of implementing this additional degree of choice in providing services to TANF clients.

Gaining the FBCO perspective on entry and participation in the publicly funded structure for social service delivery. Obtaining input from the perspective of FBCO providers about their interest in and access to public funding for TANF and other social services could help program administrators and policymakers consider whether and how to adopt practices that expand FBCO involvement. These organizations have played and will continue to play an integral role in delivering social services to low-income populations, but a fundamental question relates to the level of interest by FBCOs in becoming formally involved in the delivery of publicly funded services. Specifically, are FBCOs that are currently disconnected from the system interested in gaining access to public funding and, if so, what are the factors—real or perceived—limiting their access and participation? FBOs focused on maintaining a religious aspect to their services clearly would be interested in an indirect funding mechanism as a means of providing public services, but there may be other considerations or constraints that could limit their participation. Other FBCOs may be interested in gaining public funding through a contract, but face internal capacity constraints or external regulations or procedures that impede their ability to do so. A number of studies have started to explore these issues, but few, if any, are specific to FBCOs that provide services to the TANF population in particular. Currently, an MPR study is examining the experiences specifically of faith-based organizations in applying to discretionary grant programs administered by the Administration for Children and Families in DHHS. This study should provide information about the interests, challenges, and constraints of those FBOs that have completed proposals, and will inform the issues of access. A broader examination of FBCOs that have never taken this step would add another dimension in understanding the role that these organizations want to play in providing publicly funded TANF-related or other social services.

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