

A Study of the Massachusetts Child Care Voucher System: Impact on Children, Families, Providers, and Resource and Referral Agencies

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ABSTRACT

This ethnographic case study of the Massachusetts voucher system tests the belief that demand subsidies increase choice and purchasing power for working poor families while improving the quality of care for children. Using multiple methodologies, we examined vouchers' impact on parents, child care providers, and resource and referral agencies. All participants recognized the value of the subsidy. Yet low reimbursement rates forced providers to subsidize the system; many limited or refused vouchers. Providers and families had a strong bond; each was often overwhelmed by and suspicious of voucher administration. Children experienced discontinuity of care. Underresourced, resource and referral agencies struggle to balance a dual mission of service and "policing." Specific policy recommendations were suggested, and adopted, in Massachusetts.

The Policy Context

Early education not only promotes "school readiness," it also prepares children for greater financial and personal success in their adult lives while providing a strong foundation for the development of human capital and states' economic growth (see Committee for Economic Development, 2006). Thus, in 2004, the Massachusetts legislature, with broad bipartisan support, passed a bill that will require universally accessible, high-quality early education programs to be fully implemented no later than the 2012 school year, with priority to children in "low wealth" communities (Massachusetts State Legislature, 2003–2004, 2005–2006).

Significant financial resources will be required to achieve this legislative agenda. Programs in Massachusetts cost on average \$9,220 per year for an infant, \$8,933 for a toddler, and \$7,888 for a preschool-aged child (Massachusetts Department of Early Education and Care [EEC], 2004). Parents pay the bulk of these costs. For those who cannot pay, the demand for funding supports far exceeds the supply, and the proportion of state funds available for this purpose fluctuates (Lippitt, 2003). Table 1 provides a breakdown of the state and federal funding provided for vouchers for children in Massachusetts.

Although Massachusetts ranks sixth among all states in overall child well-being (Massachusetts Citizens for Children, 2005), state poverty rates vary dramatically by

TABLE 1. *Massachusetts Voucher Information*

YEAR	NUMBER OF CHILDREN RECEIVING VOUCHERS	FUNDING PROPORTION	
		MA	FED
2004	51,799	20%	80%
2003	46,000 +	16%	84%
2002	50,000 +	21%	79%
2001	53,477	32%	68%

race: 7% of white children are poor compared to 36% of Latino children and 29% of African American children (National Center for Children in Poverty, 2006). Quality preschool is seen as a tool to address disparities, since the achievement gap first appears during the preschool years. Making high-quality preschool enrollment universal could close up to 20% of the Black–White school readiness gap and up to 36% of the Hispanic–White gap (see Magnuson & Waldfogel, 2005).

TANF Subsidies for the Working Poor

Most subsidized early education and care is not universal, however, but is related to the Temporary Assistance for Needy Families (TANF) legislation that, in 1996, replaced the entitlements to cash assistance with work requirements. Working parents transitioning off welfare are automatically eligible for child care subsidies, but other working low-income parents are either not eligible or are put on a waiting list and given a voucher, if a state has the financial resources to do so. For example, in Massachusetts about 15,000 children are on a waiting list (EEC, 2005). Nationwide, only one in seven eligible children receives child care assistance (Shlay, Weinraub, Harmon, & Tran, 2004).

As in some other states, Massachusetts child care vouchers are administered with the assistance of regional child care resource and referral agencies (R&Rs). About 60% of Massachusetts providers accept child care vouchers (Maurier & Russell, 2003).

Broad analysis of voucher systems is complicated because every state has the option of making a wide variety of evolving implementation and fiscal choices that may lead to different outcomes for children and families. Subsidy-eligible families are not always aware that they qualify (see Shlay et al., 2004), and some believe that subsidies will interfere with parental choice of the type of care (Lowe & Weisner, 2001). Research has verified that child care subsidies encourage employment among welfare recipients (Blau & Terkin, 2001), that the quality of care impacts maternal employment (Lemke, Witte, Queralt, & Witt, 2001), that the probability of working may increase as the budget for subsidies increases (Lemke et al.), and that maternal employment alone is not enough to lift families out of poverty (see Fuller, Kagan, & Loeb, 2002).

Method

Objectives

Given that information about the intended and unintended impacts of voucher policies is fragmented and anecdotal, this study documents both (a) the flow of children and families entering programs through vouchers and (b) the intended and unintended impacts of vouchers on children, families, child care providers, and resource and referral agencies.

Research Questions

This study addresses three questions: (a) To what extent do vouchers succeed in their goal to increase families' choices of child care providers? (b) What are the intended and unintended impacts of this system? (c) How can Massachusetts design a system that will achieve only the positive, intended outcomes?

Procedures

In 2004–2005, we used multiple methodologies to address these three questions. The following steps were taken:

1. We tracked 3,295 vouchers for children in care at 30 child care centers over a 12-month period of time. Centers were randomly selected from all centers in the greater Boston area that accepted vouchers in 2004. Trained research assistants visited each center every two weeks, collecting data on the flow of children with vouchers through these centers. Figures 1 and 2 show the types and sponsorship of centers.
2. We conducted in-depth interviews with the following individuals:
 - 7 child care directors, 23% of our 30 centers.
 - 48 mothers, averaging about 10 families per center (we did not interview parents who used family child care providers). The majority of the parents interviewed were single mothers living alone or sharing housing with friends or family. Twenty percent of them resided in a shelter for the homeless or battered women at the time of the survey. The languages spoken included 35% Spanish, 17% Haitian Creole, 10% Cape Verdean Creole, 7% Russian, and 40% English.
 - 19 family child care (FCC) providers and 2 family child care specialists from systems, randomly selected from providers accepting vouchers in 2005.
3. We collected voluntary surveys from 226 families (representing one fourth of the families in the centers that were studied); 30 child care center directors (from all 30 centers); and 89 R&R staff in Massachusetts.
4. We conducted case studies of three R&R agencies, identified here as Agencies A, B, and C.
5. We convened a statewide provider's forum with 350 participants.
6. We conducted an economic analysis of time spent on voucher administration.

Sample Selection

From a list provided by the state’s Department of Early Education and Care (EEC), we identified 272 centers that were located in Boston and in cities and towns within 12 miles of Boston. The study then drew a random sample that was proportional to the voucher market share of each center; the probability that a specific center would be selected into the sample was proportional to the number of children they had who were receiving vouchers. The state also provided a database of all FCC providers with one or more voucher children during the January–March 2005 period. This database included information on the capacity of the home, but it did not include the number of voucher children; therefore, the study did not draw a sample proportional to the number of vouchers a particular home received. The study drew a random sample of family child care providers living in and within 12 miles of Boston.

Findings

This study has seven major findings. Quotations from respondents are noted.

Positive Aspects of Vouchers

All parties—families, providers, and R&R agencies—appreciate the positive aspects of vouchers in providing care for poor children. There is virtually universal agreement that vouchers are an important support for children and their families in terms of helping families afford child care, helping families achieve stable employment, and providing children with educational experiences that families value. “Without the voucher system, most of the children in my center would not be able to attend a preschool program at all. The family circumstances of the children make the stability and the provision of ongoing positive opportunities even more salient” (Center Director). Yet, only half of R&R staff, and 38% of R&R administrators, felt that the state and its citizens would be better served by a system of universal prekindergarten and affordable early education and care for all, rather than the current voucher system.

Children Are Subjected to Unstable Care

Vouchers build in discontinuity of care as vouchers do not cover vacation periods, school breaks, or summer breaks for parents in school. Despite the policy of six-month vouchers, the average length of a given voucher was 114 days, ranging from 3 days to 371 days. Excluding terminations, children attending the centers were absent a total of 1,730 days because they had no voucher—the equivalent of 2.5 days/year per child. “If the voucher is terminated, the children get bounced around from family member to family member, whoever can do it that day” (Family Child Care Provider). Ninety percent of voucher administrators surveyed agreed that the voucher system focuses on monitoring parents’ continuing service needs

FIGURE 1. Description of centers in the study.

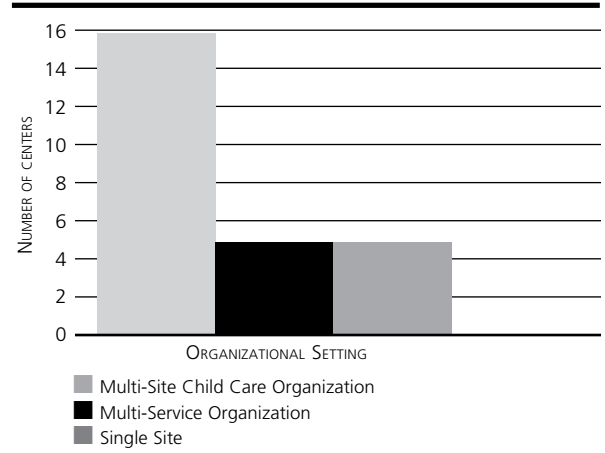
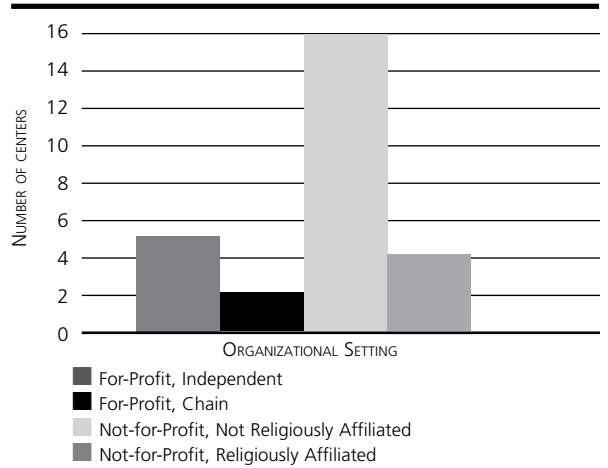


FIGURE 2. Aegis of child care centers in the study.



at the expense of continuity of care for the children. Yet, only 30% of administrators felt that reassessments should be done at one year instead of six months.

Parental Choice Is Undermined

Parental choice—a goal of vouchers—is severely undermined by current realities of the voucher system. Families continue to indicate that it is difficult to find a child care setting for their children. The consumer education function of R&Rs is undermined in the current system; 70% of parents come to their first appointment with their provider already chosen. “Choice” is also undermined because of waiting lists of two to three years and because most FCC providers and one third of centers limit or cap the number of vouchers they accept. “There is really minimal parent choice. The low rates don’t allow for real choice” (R&R Agency Staff).

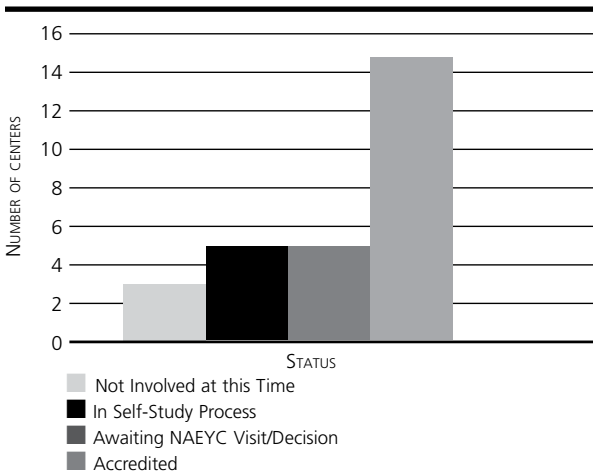
Reimbursement Does Not Cover Everything

Providers subsidize the system because reimbursement rates and other reimbursement practices do not cover the

TABLE 2. Center Experiences With the Voucher System

EXPERIENCE OF CENTERS	AGREE
The gaps in vouchers between the termination date and renewal create problems for my center.	90%
Without vouchers, my center would have trouble serving low-income families.	87%
Because we accept vouchers, we are guaranteed some revenue from the state.	86%
It is difficult to fill slots or vacancies when a voucher ends.	77%
We spend too much time trying to collect parent co-payments.	73%
Families at our center believe that we have an official role in renewing their vouchers.	59%
The administering agencies are sometimes late in their payments.	57%

FIGURE 3. NAEYC accreditation.



cost of their services. All R&R administrators, all FCC providers, and most center staff endorsed higher reimbursement rates for providers. “The cost of care is on the backs of providers. Providers are the working poor” (Center Director). The majority of center directors, family child care providers, and R&R administrators agree that vouchers do not cover the cost of care. Only half of R&R staff share that opinion. Yet, voucher administration, a function with costs for which providers are not reimbursed, required 38% of a full-time staff person, or two days per week. In addition, centers lost revenues for an average of 30 days a year providing free care for children, and for an additional 136 days a year when unable to fill slots of children whose vouchers were terminated. On average, centers lost 4% of their voucher revenues because of interruptions and terminations. Almost half of those who work directly with families—R&R staff and center directors—agree that parent co-pays are too high for many families; only 30% of R&R administrators share that opinion. “Sometimes for months I don’t get the co-pay. I never turn down a parent. I let them come for free” (Family Child Care Provider). Further, about half of centers reported that administering agencies were sometimes late in their payments. Thirty percent of

centers reported that they get insufficient notice of voucher termination; this seems to vary according to the local R&R. Overall, the current voucher system seems most feasible for larger providers with multiple funding streams to make up for the low voucher rates. Table 2 details the experiences centers encountered with the voucher system.

Providers Serve as Allies for Families

Providers accepting vouchers work hard to bring quality early education and care to poor children. Families clearly see child care centers and home providers as allies. “They don’t treat you like you are poor. They look at you in your eyes like you are a person. . . . They aren’t afraid of you” (Parent). As an indicator of quality, 53% of centers in this study have national accreditation (see Figure 3), a rate higher than the state average of 27% in 2004 (EEC, 2004). Also the study found that the educational qualifications of center providers in this study are lower than Head Start or preschool classrooms around the state (see Figure 4). However, the rate of education is higher among centers accepting vouchers than among a comparable group of centers serving low-income families (Marshall, Dennehy, Johnson-Staub, & Robeson, 2005); the centers in the voucher study were located in region 6 (Boston area), raising the possibility of regional differences.

A Difficult System for Non-English Speakers

The system is unduly complex, user-unfriendly, and difficult for those without English-language competency. All parties want the system to be simplified. Seventy-five percent of the families reported that the administrative aspects of the voucher system were very stressful. “I don’t understand the rules of this system” (Parent). Parents, providers, and resource and referral agencies recognize that there are inconsistencies in policy, leading to uneven application of decisions across the state. “The policies are very grey” (R&R Agency Staff); “The system is not good for families who do not speak English or are new to the state” (R&R Agency Staff); “No one speaks Spanish. They always yell at me. I can hear, I just cannot speak English” (Parent). Parents faced difficulty with employers in terms of getting time off from work and obtaining the documentation required for subsidies. “I think I would have been fired if I had asked for one more day off, so I let my voucher be terminated” (Parent). Finally, communication among all administrative systems—EEC, the state Department of Transitional Assistance (DTA), and R&Rs—is not optimal, resulting in “double documentation” challenges for families already under duress. The majority of voucher administrators agreed that the required documentation should be streamlined and reduced. Staff who work with families reported that 30% miss their appointments and 40% don’t have all their documentation, and only 40% of administrators agreed that it costs more to identify fraud than the state loses to fraud.

Problems for Resource and Referral Agencies

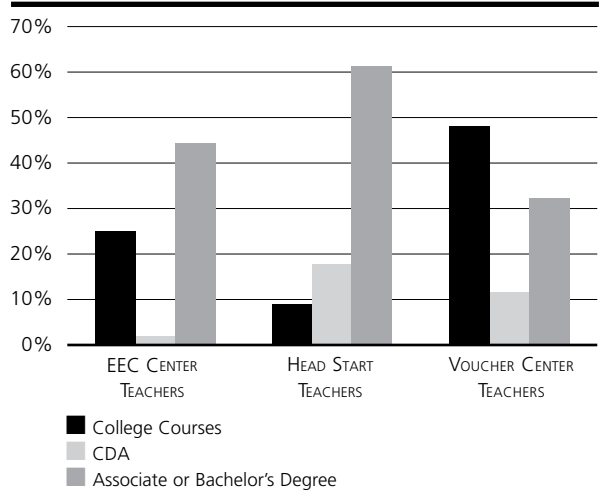
Resource and referral agencies are caught in the middle between regulations and family needs. Families and providers often demonize the R&Rs, although the agencies quickly point out that they are simply *implementers* of policy established by the state. Still, some families see the R&R and the state aligning to keep services from them. R&R staff had their own list of concerns: Due to state budget cuts, R&Rs report the loss of three to four full-time-equivalent positions while acquiring new responsibilities. Survey data indicated that in the early 1990s, R&R caseloads were between 150 and 180 per counselor; now caseloads average 362 per counselor. As a result, voucher counselors report spending only 20 minutes with each family. Also, R&Rs are experiencing “unfunded mandates” as work with voucher providers is not considered to be a funded caseload; additional tasks have been added, such as provider auditing processes, without sufficient revenue to hire staff. “There is not enough time to do all we want to do or all the state expects us to do” (Agency A); “Everything that they do not fund, including education, support services, and trainings . . . R&R delivers without the funding” (Agency C); “We want to be able to really counsel families and give them resources” (Agency B); “Heavy emphasis is placed on ‘policing’ a system that apparently has little fraud. Try to see it through their eyes. We are not the fraud police” (R&R Agency Staff).

Discussion

This study benefits from having the perspectives of four key players in the system: families, family child care providers, child care centers, and resource and referral agencies. Analysis of their perspectives revealed common themes, including that vouchers are indeed an important source of support for families and children. Negotiating the system can be managed, though not necessarily efficiently. Many families required tremendous support from informal networks, such as their providers, to handle the demands of the system. Further, reimbursement rates for providers are universally regarded as too low, unintentionally restricting parent choice, forcing providers to subsidize the system, and leading to questions about whether they indeed jeopardize the quality of care that children actually receive.

It was also vividly evident that the four players each saw “their” perspectives clearly; there is no shared vision of the entire system. Families experience the system as burdensome, confusing, and penalizing, further complicating their difficult and complex lives. Parents commented on being treated uncivilly, about employers not being sympathetic to their needs, and about having to wait to get appointments with the R&R. Providers demonstrated a remarkable commitment to and synergy with the families. At the same time, providers bore the brunt of the unreimbursed cost of accepting subsidized care and expressed frustration with low rates,

FIGURE 4. Education level of preschool teachers.



slow payment, and paperwork hassles, laying blame at the feet of resource and referral agencies and state government. Resource and referral agencies almost universally wanted to serve families better, but felt restrained by ambiguous state policies coupled with budget cuts that reduced staff and available services. R&Rs were concerned that families and providers understand that they implement—but do not establish—state policies. Certainly there is poor communication and limited understanding among the parties.

Implications for Policy and Practice

To be successful, a system of universal access to early education and care must be informed by vision and principles as well as by the nuts-and-bolts techniques. As a result of this study—and its extensive consultation with the government, provider, R&R, and philanthropic communities—the following recommendation and four strategies for action were proposed in spring 2006.

We recommend that Massachusetts develop a vision of universal early education and care that provides equal access to all, financed by a mix of private pay, contracts, vouchers, Head Start, and other means. Efforts to distinguish between programs that are primarily designed to care for children so that working poor parents can work (such as child care vouchers) and programs that are primarily designed as educational intervention to promote children’s cognitive and social development (such as public preschool) reflect an outmoded thinking inconsistent with the promise that Massachusetts has made through its legislative mandate. While this distinction might have made conceptual sense in an earlier era, in practicality, the children of low-income parents most in need of subsidized care are the same children who are at the greatest risk of school failure and, thus, are most in need of affordable, accessible, quality early childhood education. Currently, a formal initiative that begins to tie the various forms of child care

and early childhood education programs together does not exist and should be created. We propose four strategies to achieve this recommendation.

Lengthen the certification period of child care vouchers. Massachusetts should provide a one-year voucher that would allow for continuity of care for children; better funding stability for providers, which would lead to improved quality programming for all children; and greater access and affordability for families.

Support families and ease administrative burdens they face. Massachusetts can better support families in several ways: eliminate the prevalence of “double documentation” among agencies; address transportation issues and office service hours; address unsubsidized time periods, such as school vacations; provide translation services for families; reduce the waiting lists of children; and update co-payment and income eligibility criteria.

Increase reimbursement rates as a means to enhance quality and reduce administrative burdens for providers. Massachusetts must increase rates paid to providers; streamline administrative requirements, supporting effective and efficient business practices and decreasing uneven cash flow; and consider paying providers prospectively, enhancing the likelihood that more providers will participate in the subsidy system.

Strengthen the resource and referral function. Massachusetts must better fund the R&R system, so that caseloads can be reduced and more time can be spent with individual families. Funding should also be allocated to reimburse R&Rs for their provider-focused work, including enrollment, billing, technical assistance, and training and auditing tasks. Communication with state government must be improved to decrease both regional policy inconsistencies and excessive emphasis on fraud monitoring.

Conclusion and Regulatory Change in Massachusetts

With this vision, and these four policy strategies, all children in the Commonwealth of Massachusetts will have access to affordable, high-quality, culturally competent care. Vouchers simply become one of several sources—and a significant one—of funding early education and care for some children some of the time. We are pleased to report that the Massachusetts Board of Early Education and Care voted to approve a regulatory change that enabled children to have a one-year voucher certification period beginning in October 2006, a change impacting about 52,000 children.

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