

# EXECUTIVE SUMMARY

## Study Overview

Public Policy Associates, Inc. (PPA), the Michigan Department of Education (MDE), and the Michigan Department of Health and Human Services (MDHHS) are partnering to carry out a study of the effects of child care assistance program policy changes. This phase of the study focused on the effects of policy changes on child care subsidy application approvals and utilization.

The impact of a policy change was estimated based on differences in program outcomes before and after the policy was adopted, using an interrupted time series (ITS) analysis of data provided by the State and the U.S. Census. These findings are supplemented by qualitative data gathered through child care provider interviews, a survey of MDHHS caseworkers (or specialists), and a self-assessment of policy coordination completed by Child Care Policy Research Partnership (CCPRP) agency staff.

## Key Findings

The findings from the ITS analyses strongly indicate that the 12-month eligibility policy had a positive effect on access to the child care subsidy and utilization. For the other policies, the evidence of impact was less clear-cut.

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*The five policy changes examined for this study included:*

- **12-month eligibility**, which extended the length of program eligibility to a continuous 12 months
  - **Graduated exit**, to reduce the subsidy gradually as a family’s income increases
  - **Delinked provider assignment** to allow for subsidy approval without naming a child care provider
  - **Provider rate increases** for all provider types
  - **Income eligibility threshold increase** to 130% of Federal Poverty Level
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**Table 1. Level of Evidence of Positive Policy Effect on Subsidy Approval and Utilization**

<b>Policy Intervention Clusters (by Implementation Dates)</b>	<b>Increase in Approval Rates<sup>1</sup></b>	<b>Increase in Subsidy Participation<sup>2</sup></b>
Graduated exit and 12-month eligibility (2015)	Strong	Moderate
Delinked provider assignment (2016)	Strong	Weak
Provider rate increases and increased income eligibility limits (2017)	Moderate	Weak

<sup>1</sup> Approval rates are measured by the change in the percentage of potentially qualified children (as estimated with ACS data) who are approved for the subsidy by MDHHS.

<sup>2</sup> Subsidy participation is use of the subsidy by the family to obtain child care.

Caseworkers, providers, and CCPRP State partners perceived the 12-month eligibility policy favorably. Stakeholders varied in their perceptions of the effects of other policy changes, but overall qualitative results were fairly consistent across stakeholder groups and with the secondary data findings.

- The change to a graduated exit was less salient to providers and perceived as less impactful by MDHHS specialists than other policies.
- Delinking the provider assignment from approval was perceived as least impactful by the providers and also ranked low among specialists.
- Regarding income eligibility limits, although the policy change was viewed as a positive step by all, it was perceived as falling short of helping enough families with child care needs by caseworkers and providers. An increase in provider payment rates likewise did not reach the desired impact according to many survey respondents.

Beyond policies themselves, the majority of specialists noted that it was challenging to stay current with policy changes and that families had a hard time locating quality child care. State partners saw their policy implementation coordination as successful, but also noted opportunities to continue to make improvements in communication, technology, and program policies and processes. Here again, the stakeholder groups were consistent in their suggestions for improved communication and access to child care.

## Conclusions and Policy Implications

- Increase communications to build awareness and understanding of program elements among caseworkers, families, and providers.
- Look for opportunities to smooth the application and renewal processes via technology, regulations, and a deepening of the caseworker-client relationship.
- At a regional level, seek to increase child care provider supply for subsidy families.
- For future policy enhancements, consider ways to retain children in the program and further increase applications, approvals, and utilization.

Additional research will build on the findings of this report. Upcoming activities include getting the perspectives of parents in the Child Development and Care program and examining program data for geographic and racial equity in approvals, utilization, and continuity.