

Lessons Learned: **Expanding Provider Participation through Voucher Funding**

Introduction

Interest in maximizing customer choice and expanding the delivery network to include a broader array of providers, including smaller faith-based and community organizations, led the HHS to take a closer look at how vouchers currently are used in delivering social services. HHS engaged Mathematica Policy Research, Inc. (MPR) to examine and document how vouchers are used in two programs, the Child Care and Development Fund (CCDF) and the Temporary Assistance for Needy Families (TANF) program. With these programs as the focus of the study, MPR explored:

- (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 and the factors that affect client choice of services and providers.

Results

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. One such example came from the Thumb Area Michigan works program.

Thumb Area Michigan Works has developed a tiered rating system for training programs that are not included on their regular 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. 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.

Based on this and other experiences more fully described in the report, MPR identified five key findings that help define the future course of voucher use and more broadly, client choice strategies in delivering social services.

- (1) 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.
- (2) 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.
- (3) The potential for a greater degree of financial instability for providers that vouchers introduce presents challenges to their expanded use in the TANF program.
- (4) The use of vouchers alone does not maximize client choice; program policies and procedures also influence the level of choice.
- (5) 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.

Key Lessons Learned Regarding Key Elements to Voucher Program Implementation

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| Why Use Vouchers? | <ul style="list-style-type: none"> • 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? | <ul style="list-style-type: none"> • 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? | <ul style="list-style-type: none"> • 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. |
| Promoting Provider Participation | <ul style="list-style-type: none"> • Be aware that voucher amounts that are substantially below market rate discourage some providers from accepting vouchers • 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. |

All material included here comes from ASPE report "Using Vouchers to Deliver Social Services."

Full report is available at <http://aspe.hhs.gov/hsp/07/vouchers/experiences/index.htm>

For more information about this report or expanding participation to grassroots partners contact the HHS Center for Faith-Based and Community Initiatives.

<http://www.hhs.gov/fbci>