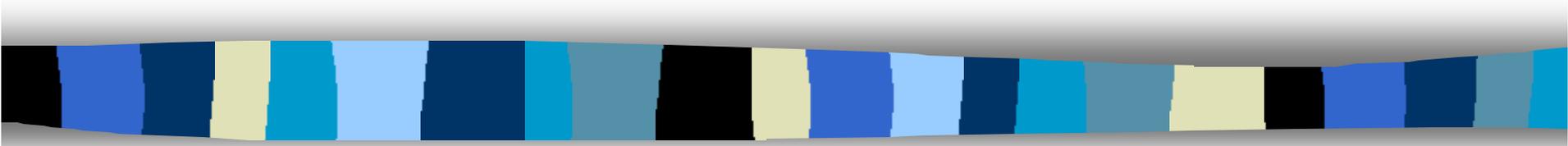


# Using TANF for Child Care: A Technical Guide



If you have further questions please contact:

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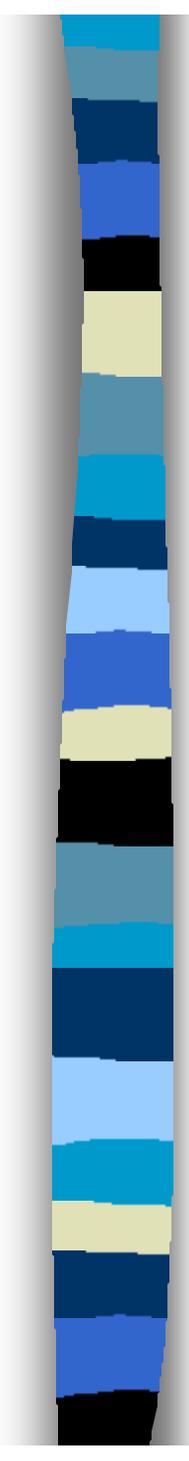
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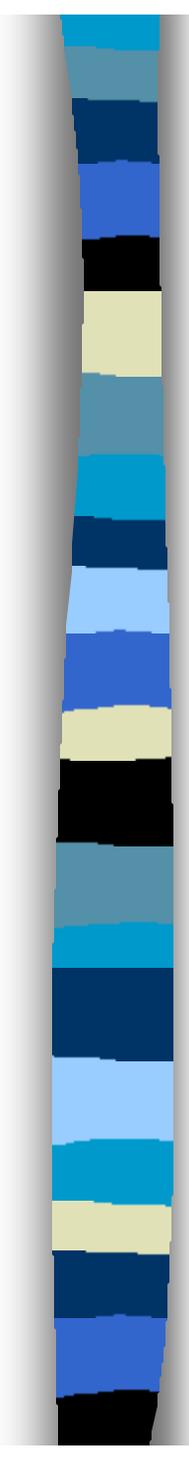
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# TANF for Child Care: Options

- Transfer
  - Up to 30% to CCDF
  - Up to 10% to SSBG
  - Total transfer may not exceed 30% TANF
- Spend TANF directly on child care
- Spend required state TANF MOE on child care
- May do more than one option



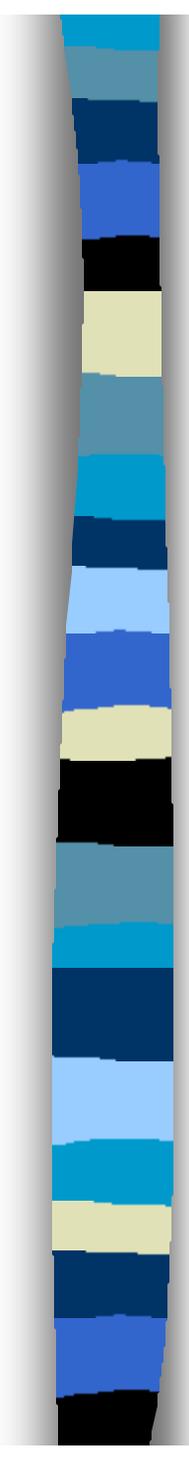
# Key Transfer Rules

## ■ To CCDF

- Subject to CCDF rules
- May be used for general purposes or with specific intent by agency agreement
- State may transfer back to TANF within the year or subsequent year

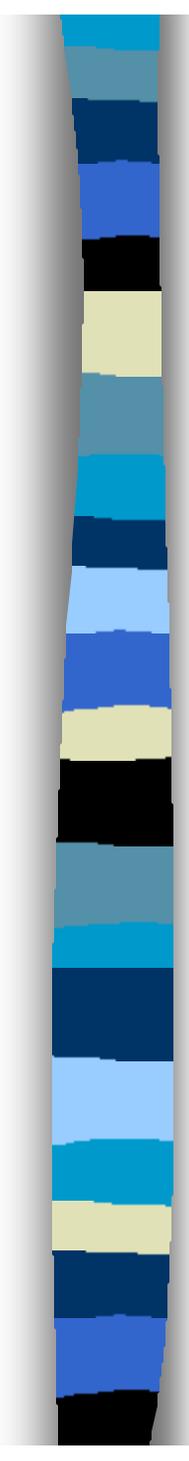
## ■ To SSBG

- Subject to SSBG rules
- Services for families under 200% FPL
- Child care services must meet state rules



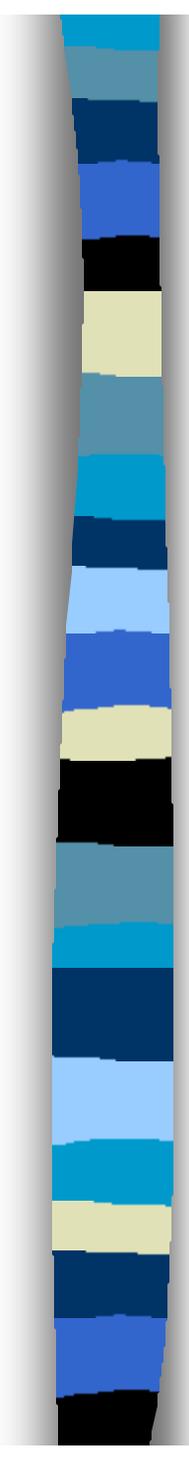
# Purposes of TANF

- (1) provide assistance to needy families so that the children may be cared for in their homes or in the homes of relatives;
- (2) end the dependency of needy parents on government benefits by promoting job preparation, work, and marriage;
- (3) prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies; and
- (4) encourage the formation and maintenance of two-parent families.



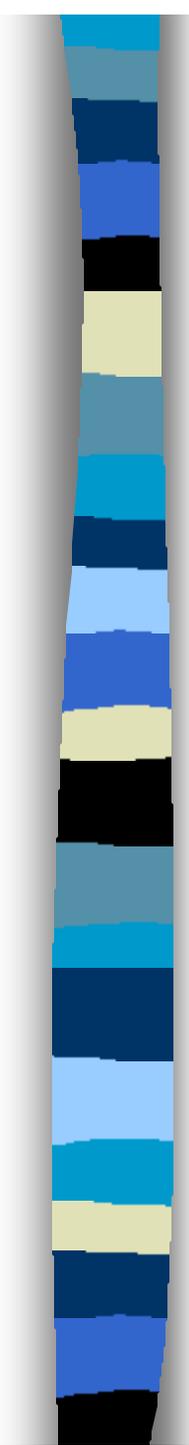
# Spending TANF Directly

- Must be “reasonably calculated” to accomplish TANF purpose
  - Helping needy parents go to work or work preparation, clearly fits a TANF purpose
  - Otherwise, important to be sure it is reasonably calculated to accomplish a TANF purpose
- “Needy families” may be receiving welfare, left welfare, or never received welfare
  - State must set income-based standard; no asset test required
  - May set different standards for multiple services
- Important to determine whether spending falls within definition of “**assistance**” OR “**nonassistance**” ....



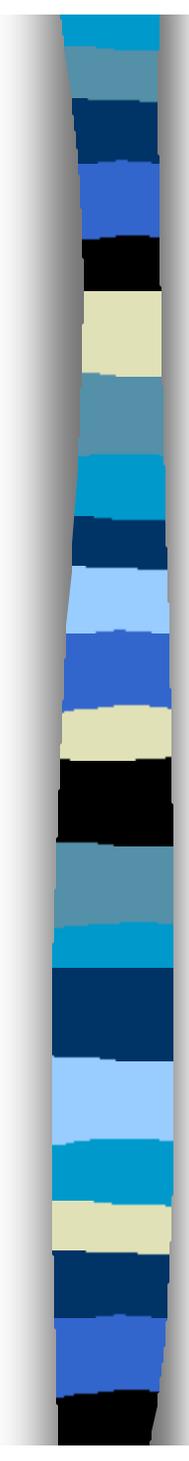
## Assistance: Family Implications

- Time counts against federal 60-month limit
- Part of caseload for TANF participation requirements
- May be subject to child support cooperation requirements
  - If assistance “paid to the family” (e.g. cash advance or reimbursement), subject to child support assignment rules.
- Subject to TANF family-data collection requirements



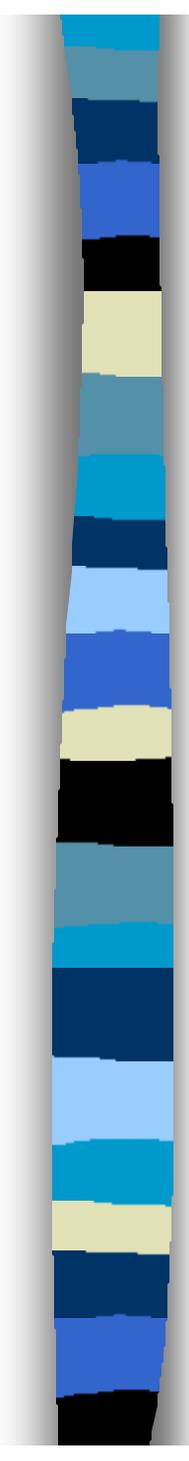
## When is Care “Assistance”?

- Child care is **nonassistance** for **employed** persons, even when for nonwork activities, e.g., education/training
- Child care is **assistance** for **nonemployed** unless it is a **nonrecurrent short term benefit** (e.g. during job search)
  - designed to deal with a specific crisis situation or episode of need;
  - not intended to meet recurrent or ongoing needs; and
  - will not extend beyond four months.



# When Does Assistance Matter?

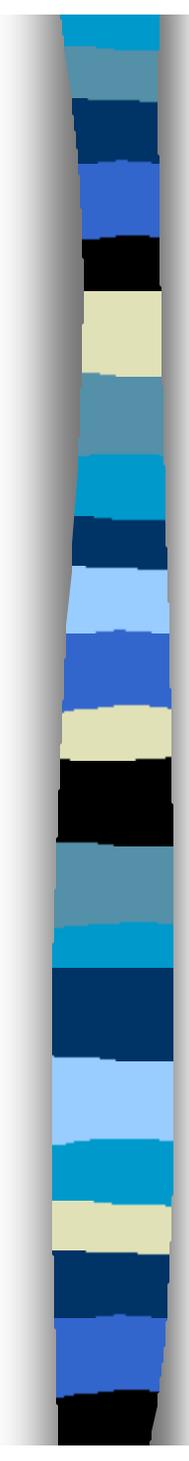
- If family is receiving other TANF assistance:
  - No significance for time limits, work requirements, child support cooperation or data collection, since family already receiving TANF assistance
  - Could matter for child support if assistance is “paid to the family,” i.e, paid in cash or cash-like payments.
- If family is not receiving other TANF assistance (e.g., child care for education/training or protective services for nonemployed):
  - Family will become part of caseload, subject to time limits, work participation requirements, child support assignment, family data collection requirements



## Administration:

### TANF Agency May Contract w/CCDF Agency

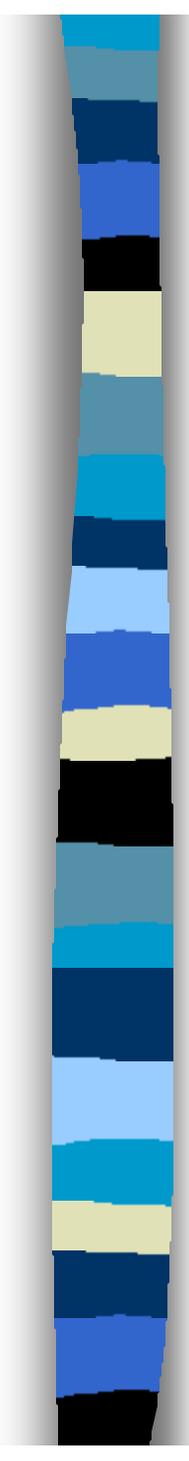
- If TANF and CCDF funds are commingled, then both TANF and CCDF rules apply to all child care services funded with commingled funds, e.g., CCDF health and safety standards, TANF “assistance” rules.
- If TANF funds segregated from CCDF funds and used for particular activity or services for a particular population:
  - TANF rules apply only to benefits or activities supported by the TANF funds;
  - CCDF rules apply to benefits or activities supported by the CCDF funds.



## Transfer or Spend:

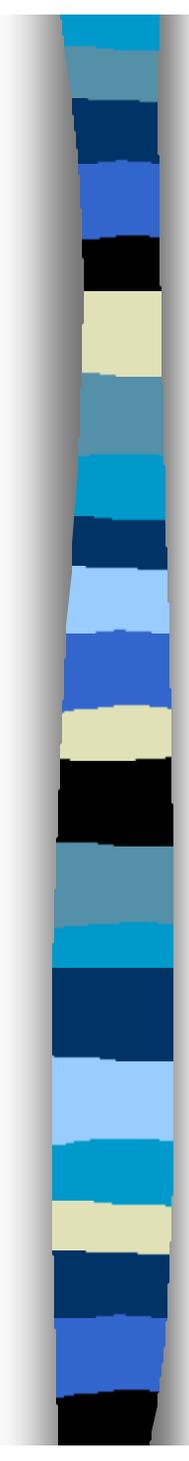
### Both Choices Available?

- Has state already done maximum transfer?
- Are funds current-year or carryover?
  - For prior-year unobligated TANF funds - can't transfer
  - State could use prior-year funds for assistance, freeing up current year funds for transfer
- Is the specific activity an allowable use of both CCDF and TANF?
  - Quality expenditures more clearly permissible under CCDF
  - TANF may be used for child care for older children; parents in activities for which child care services not permitted under CCDF



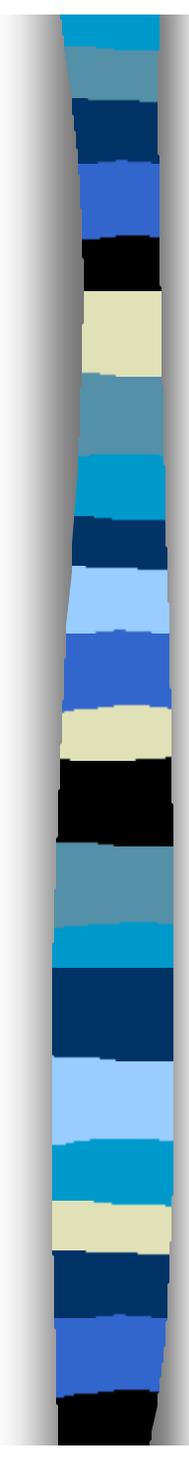
## If So, Is One Preferable?

- Transferred funds subject to all CCDF rules.  
e.g.:
  - 4% must be used for quality expenditures
  - State health and safety requirements must be met
  - Administrative caps and definitions
- Does transfer to CCDF promote a more seamless state subsidy system?
- Is additional year to spend under CCDF helpful?
- Does intended purpose fall within definition of assistance? Is that a problem?



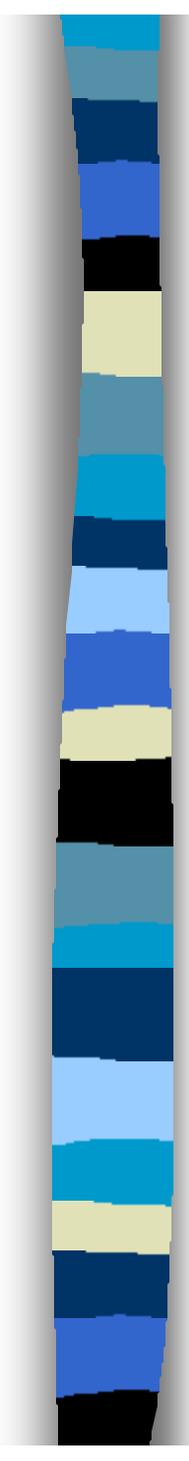
# Potential TANF Uses *From HHS Guide to Funding*

- Counsel needy parents about selecting child care
- Provide full-day, full-year services to needy families by expanding or extending hours of Head Start or pre-k
- Increase subsidy levels, esp. for infant and toddler care, for needy families
- Increase payment rates during non-traditional hours to expand availability of such care
- Expand staff recruitment to increase supply of special needs, sick child, rural and non-traditional hours care for needy families
- Fund after-school and summer activities for youth while their needy parents work



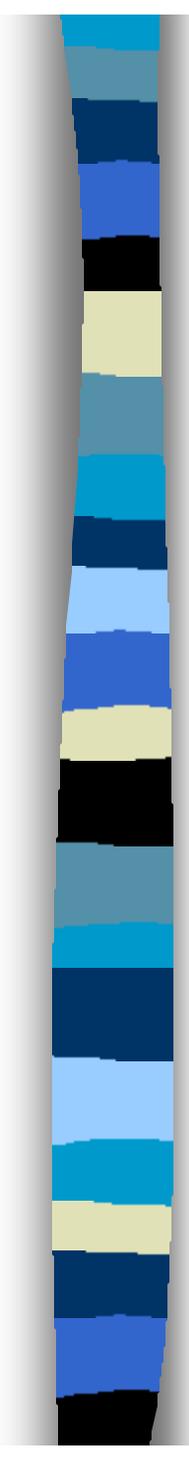
# Early Education Initiatives

- Clearly permissible for needy families
- “Early education” may be different from child care, may not fall within definition of assistance – no HHS guidance yet
- Agency can contract with Head Start centers for more full-day, full-year services or infant and toddler care



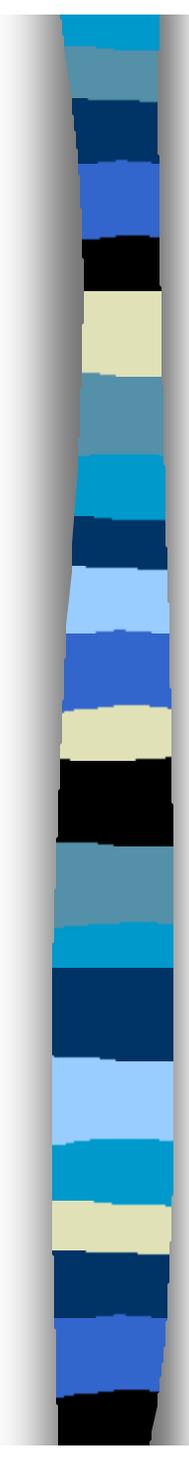
# Services for School Age

- Allowable use of TANF funds
- If considered “child care”, services will be nonassistance for employed, assistance for nonemployed
- If assistance, then limited to needy families
- If services are provided under Purpose 3, and are considered “youth development” or “pregnancy prevention” (not child care) then the needy standard may not apply



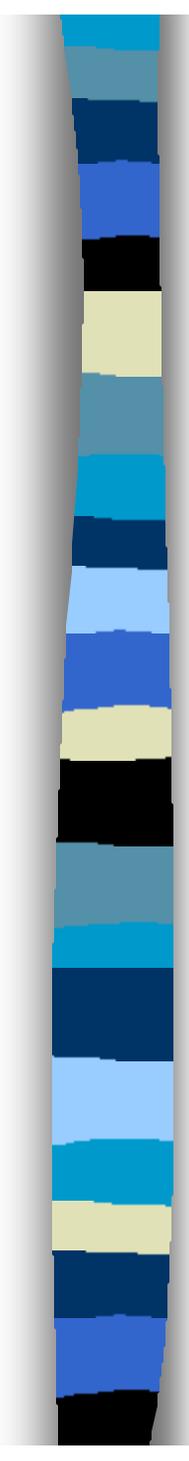
## MOE: Why Does It Matter?

- Must maintain 80% 1994 spending; 75% if meeting work participation requirements
- Since state spending on child care can count toward TANF and CCDF MOE, adds to argument for more state dollars for child care
- As cash declines, states are looking for dollars to count (watch: can count pre-existing child care accounts)
- MOE funded programs may need to meet TANF data requirements (waiver possible)



# MOE: Specifics

- State may count its maximum CCDF MOE amount toward TANF MOE too
- Additional state child care dollars may count for TANF MOE
  - State may not claim same \$ for CCDF match
  - Must meet “new spending test”
- Must spend on eligible families
  - Needy families with children
  - State may define “needy” for each service

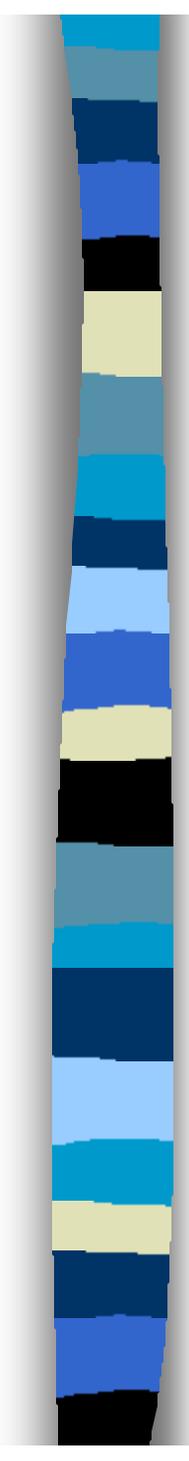


# MOE: “New Spending” Test

- Applies if program existed in 1995
- Look to whether expenditures in program would have been authorized and allowable under AFDC, JOBS, Emergency Assistance, IV-A Child Care
  - If previously authorized and allowable, all current expenditures for eligible families countable
  - If not previously authorized and allowable, only count current expenditures for eligible families above total FY 95 spending

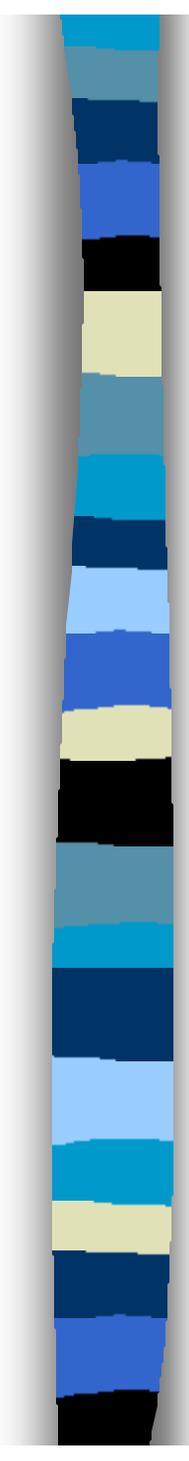
# Deadlines for Using TANF

These funds...	Must be <b>OBLIGATED</b> by the end of...	And, must be <b>LIQUIDATED</b> by the end of...
Transfer to CCDF in FY01	FY02	FY03
Transfer to SSBG in FY01	FY02	FY02
FY01 TANF “Nonassistance”	FY01	FY02
FY01 TANF “Assistance”	No limit	No limit



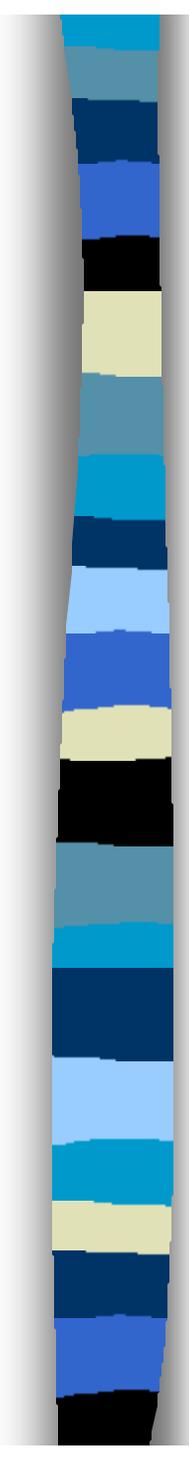
# Use of TANF for Child Care

- More states are relying on TANF
  - 44 states in 1999; 49 in 2000
- States use of TANF for child care has grown
  - \$3B in 1999; \$3.5B in 2000
- The majority of states transfer to CCDF
  - 41 states transferred \$2.4B in 1999
  - 44 states transferred \$2B in 2000
- More states are opting to spend TANF directly on child care
  - 19 state spent \$604M in 1999
  - 34 states spent \$1.5B in 2000



# Steps to Learning/Accessing TANF

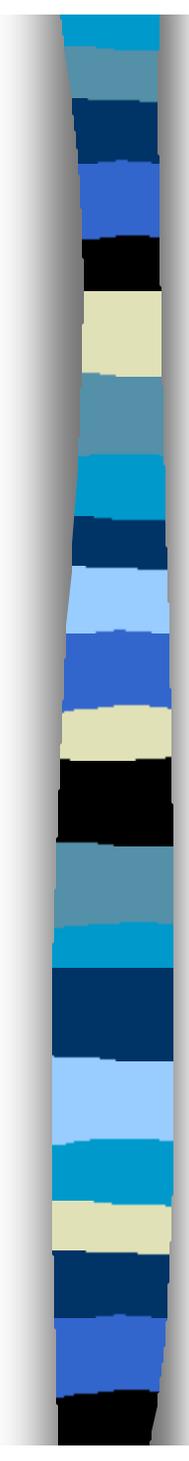
- At what level are TANF decisions made?
  - Governor; legislature; administration; county
- How is TANF being spent now?
  - Review ACF-196 forms; get help from a friend in the legislature or the administration
- Are funds unobligated? If so, are they current year or previous year?
  - Current year TANF funds may be transferred or spent directly; previous year may be spent on “assistance” (which could free up current)



# Steps to Learning/Accessing TANF

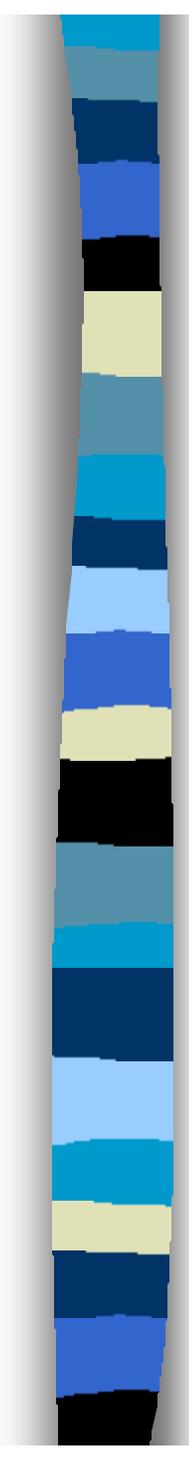
(continued)

- Are funds reported “obligated” in reserve?
  - Some are concerned that large reserves may convince Congress that TANF should be cut in 2002
- How important is TANF to your state system?
  - A key piece of the 2002 debate will revolve around whether there is enough funding dedicated to child care, and the relationship between TANF and CCDF



# Key Terms in Federal Funding

- Obligated: Legally committed to certain use
- Liquidated: Spent
- Unliquidated: Obligated but not spent
  - e.g. state has contracted for service not yet provided; state has not processed payment
- Maintenance of Effort (MOE): State must maintain certain spending level to qualify
- TANF: Temporary Assistance to Needy Families - welfare block grants to states



# Resources

- TANF Regulations: In Federal Register of April 12, 1999, 64 Fed. Reg. 17720, <http://www.acf.dhhs.gov/programs/ofa/finalru.htm>
- HHS Spending guidance at <http://www.acf.dhhs.gov/programs/ofa/funds2.htm>
- CLASP analysis of TANF regs available at <http://www.clasp.org/finalregs.PDF>
- TANF for School Age: *Tapping TANF for Youth*, CLASP analysis available at <http://www.clasp.org/pubs/jobseducation/TANFYouth1.PDF>
- *Unspent TANF funds at the End of Fiscal Year 2000*, Ed Lazere, Center on Budget and Policy Priorities, , <http://www.cbpp.org/1-22-01sfp00surplus.htm>
- Resource Guide to Federal Financing for Early Childhood: The Finance Project at <http://www.financeproject.org>
- Child Care and Head Start Collaboration: Quality in Linking Together (QUILT), a project of the Child Care and Head Start Bureaus, assistance in blending funding sources of child care and Head Start, <http://www.quilt.org>
- 50 State Reports on TANF and Child Care policies: State Policy Documentation Project at <http://www.spdp.org>

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