

FY2015 TANF Funding Used for Child Care

September 2016



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Opening Doors to Quality for All Children

In Brief: The release of the FY2015 Temporary Assistance for Needy Families (TANF) data shows that nationwide, TANF funds spent on child care have increased by \$225.2 million since FY2014. However, the national snapshot masks deep cuts in child care spending in many states.

In August, [the FY2015 TANF data was released](#). Under current law, up to 30% of TANF funds can be transferred to the Child Care and Development Block Grant (CCDBG). In addition, an unlimited amount of TANF funding can be used to directly pay for costs related to child care.

National Overview: FY2015 TANF Funds Spent on Child Care

FY2015 TANF funds related to child care were spent in the following manner:

Federal TANF funds Transferred to CCDBG:

FY2015: \$1.32 billion

FY2014: \$1.38 billion

Net Reduction in FY2015 TANF Transfer:
\$62.1 million

Federal TANF funds spent directly on child care (not transferred to CCDBG):

FY2015: \$1.25 billion

FY2014: \$1.23 billion

Net Increase in FY2015 TANF direct spending:
\$17.8 million

State Maintenance of Effort (MOE) and Separate State Program Spending on Child Care:

FY2015: \$2.78 billion

FY2014: \$2.51 billion

Net Increase in State MOE and Separate State Program Spending: \$269.4 million

Bottom Line FY2015 TANF related dollars spent on child care:

In FY2015, there was an increase of \$225.2 million in TANF funds used for child care. However, net national results mask state child care cuts.



Cuts in FY2015 TANF funds Transferred to CCDBG:

There is no requirement that states transfer TANF funding to CCDBG. Since 2000, both the number of states that transfer TANF funds to child care and the amount that is annually transferred has been declining. In 2000, 44 states transferred \$2.4 billion to CCDBG. In FY2015, 28 states transferred \$1.32 billion. While the number of states transferring TANF funds to child care in FY2015 stayed the same, the amount of funds transferred declined by \$62.1 million.

Eight states (about 28.6% of those that transfer TANF dollars to CCDBG) reduced the amount of TANF funds transferred.

State Reductions in TANF Transfer to CCDBG

- Kansas: \$6.6 million
- Michigan: \$9.2 million
- Minnesota: \$10.3 million
- New York: \$24.4 million
- Pennsylvania: \$42.1 million
- Tennessee: \$16.8 million
- Virginia: \$1.7 million
- Wisconsin: \$946,000

Source: FY2015 TANF Data

<http://www.acf.hhs.gov/ofa/resource/tanf-financial-data-fy-2015>

Beyond the TANF transfer, many states spend TANF directly on child care. In FY2015, 13 states reduced TANF direct spending on child care compared to FY2014. Also in FY2015, 15 states reduced TANF state MOE and separate state program funding spent

on child care. Four states reduced both direct and MOE: Alaska, Arizona, Montana, and New Mexico.

Bottom Line: TANF Spending on Child Care

When [combining all state TANF related funding](#) used on child care, 22 states cut funding in FY2015 compared to TANF funds used for child care in FY2014. While the overall national data shows that TANF used for child care increased by \$225.2 million, large increases in two states masked the cuts made by 22 states. California increased TANF spending on child care by \$100.1 million and Illinois increased TANF spending on child care by \$158 million.

FY2015: 22 States Cut TANF Child Care Funding

Alaska	\$6.2 million
Arizona	\$12.9 million
Delaware	\$12.4 million
Florida	\$8.5 million
Idaho	\$1.6 million
Kansas	\$9.3 million
Louisiana	\$4.9 million
Michigan	\$9.3 million
Minnesota	\$8.8 million
Montana	\$156,000
New Jersey	\$2.1 million
New Mexico	\$5.6 million
New York	\$24.5 million
Ohio	\$21.1 million
Oregon	\$783,000
Pennsylvania	\$33.2 million
Tennessee	\$12.2 million
Texas	\$26.6 million
Virginia	\$1.6 million
West Virginia	\$2.8 million
Wisconsin	\$45.8 million
Wyoming	\$517,000

Source: FY2015 TANF Data, All Sources.

<http://www.acf.hhs.gov/ofa/resource/tanf-financial-data-fy-2015>

Keeping an Eye on TANF Child Care Spending

There are many reasons to pay attention to the use of TANF dollars used for child care. A primary reason is that TANF funds can be used to supplement CCDBG funding to assist in meeting new health and safety requirements such as annual monitoring to promote

child safety or to increase provider payment rates to support high quality care.

It is concerning that 8 states reduced TANF funding transferred to CCDBG because that could make complying with the new health and safety protections for children more difficult.

It is concerning that 22 states reduced their overall spending on child care (the combination of TANF direct funding, state MOE, and TANF transferred funding) because parents with young children need child care in order to work. Cuts in child care spending undermine the goals of CCDBG to ensure that children are safe in child care and to increase the number of low income children in high quality care.

It is also noteworthy that 21 states increased TANF direct spending on child care and 14 states increased state MOE and separate state program spending on child care. It is a little like moving the deck chairs around, however, increases in TANF spent directly on child care or in state MOE/separate state programs need to be watched carefully to ensure that states are not circumventing the new CCDBG law.

For example, unlike CCDBG reporting, TANF funds (that are not transferred to CCDBG) have no accountability. There are no reporting requirements other than the aggregate amount spent. Therefore, when TANF dollars are used for child care, nothing is known about the number of children who receive child care assistance, the type of setting that they are in, the average payment that is made, whether providers have a background check or any type of accountability such as an inspection. For that reason, moving the deck chairs around can have a collateral impact on children's safety, but at this point, it is too early to tell.

Recommendations:

- Require TANF funds spent on child care to be subject to the same data reporting as CCDBG funding spent on child care.
- Require TANF funds spent on child care to be subject to the same policy requirements as CCDBG funding spent on child care (e.g., background checks and basic health & safety requirements).
- Increase mandatory child care funding to promote parent choice among quality settings.