

# CLASPupdate

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C E N T E R F O R L A W A N D S O C I A L P O L I C Y

## Analysis of Child Care Provisions in Administration's Budget and House TANF Bill

As Congress begins debates on the reauthorization of the Temporary Assistance for Needy Families (TANF) and Child Care and Development Block Grant (CCDBG) legislation, the adequacy of proposed child care funding levels is once again a contentious issue. CLASP has recently released three brief papers on this topic. One analyzes the Bush Administration's fiscal year (FY) 2004 budget proposal for child care funding and the other two look at child care provisions in the House of Representatives' TANF reauthorization bill (H.R. 4), passed on February 13, 2003.

### The Administration's Budget for Child Care Funding

*Bush Administration Projects that the Number of Children Receiving Child Care Subsidies Will Fall by 200,000 During the Next Five Years: Actual Loss in Child Care Subsidies Likely Would Be Far Greater* by Sharon Parrott (Center on Budget and Policy Priorities) and Jennifer Mezey (CLASP) highlights that, under the Administration's child care block grant funding proposals, the number of children who will receive child care subsidies is projected to *fall* by 200,000, from 2.5 million children currently to 2.3 million children by 2007. This decline is the result of the Administration's proposal to freeze various sources of federal child care funding over the next five years. Because the cost of providing child care increases as inflation rises, freezing child care funding causes the number of children who can be served each year to decline.

Currently, due to funding limitations, only *one in every seven* children who are eligible for child care assistance

under federal rules actually receives that help. In addition, the number of children under the age of five in the United States is projected to *increase* by 3 percent over the same period that the number of low-income children who could be served by child care programs is projected to fall by 200,000.

Furthermore, the 200,000 figure is likely to *understate* by a substantial amount the decline that would occur in the number of children who receive child care subsidies under the Administration's proposed budget, because the Administration's projections are based on overly optimistic assumptions about the level of both state resources and federal TANF resources that states will devote to child care over the next five years.

### Lack of Child Care Funding in House Welfare Bill

*The House Welfare Bill (H.R. 4) Does Not Provide Enough Child Care Funding to Meet Work Requirements Without Forcing States to Restrict Access to Subsidies for Other Low-*

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# Welfare Reauthorization Update

On February 13, 2003, the House of Representatives passed Temporary Assistance for Needy Families (TANF) reauthorization legislation (H.R. 4) on a largely party-line vote of 230-192. The bill, introduced by Rep. Deborah Pryce (R-OH), is virtually the same bill as the one the House passed in 2002 (H.R. 4737). Last year, the full Senate did not vote on a bill approved by the Senate Finance Committee, and thus TANF reauthorization was continued into the current Congressional session. Major provisions of H.R. 4 include:

- Increases number of hours TANF participants must be engaged in activities in order to count toward participation rates from 30 hours (20 hours for single mothers with a child under age six) to 40 hours. An individual would need to be in one of a limited number of “direct work” activities for at least 24 hours a week, with states having broader discretion to define what counts toward the remaining 16 hours, subject to federal regulations. (See article on page 4 for an analysis of this provision.)
- Raises the percentage of recipients required to participate in work or job preparation activities from 50 percent to 70 percent by 2008.

- Decreases ability to count vocational education as a primary activity from one year to three months in a two-year period.
- Includes \$1.2 billion in federal TANF funds for marriage promotion activities; up to \$600 million in TANF funds could also be used as state match.
- Increases mandatory child care funding by \$1 billion over five years. (See article on page 1 for a discussion of child care funding.)
- Allows states to apply for “superwaivers,” which would allow the Executive Branch to waive nearly all federal laws and rules associated with a number of low-income programs, including the Food Stamp Program, Child Care and Development Block Grant, most Workforce Investment Act programs, and TANF.
- Maintains current restrictions on access to benefits and services for legal immigrants.

On the Senate side, Senator Jim Talent (R-MO) has introduced a bill (S. 5) that is similar to the House-passed bill. The Senate Finance Committee, which has jurisdiction over TANF reauthorization, is expected to begin hearings in the Spring.

For the latest news and analyses on Capitol Hill developments related to TANF reauthorization, check CLASP’s website ([www.clasp.org](http://www.clasp.org)) often. Recently posted documents include:

- *Addressing Child Care Challenges for Children with Disabilities: Proposals for CCDBG and IDEA Reauthorizations*
- *Increasing the Ability to Transfer TANF to CCDF in House Welfare Bill (H.R. 4) Is Still Not the Answer to Unmet Child Care Needs*
- *Work Participation and Child Care Funding Issues in TANF Reauthorization 2003* ■

**The Center for Law and Social Policy (CLASP)**, a national, nonprofit organization founded in 1968, conducts research, legal and policy analysis, technical assistance, and advocacy on issues related to economic security for low-income families with children.

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**Editors:** Gayle Bennett, John Hutchins

**CLASP**

CENTER FOR LAW AND SOCIAL POLICY

1015 15th Street, NW, Suite 400  
Washington, DC 20005  
202.906.8000 main 202.842.2885 fax  
[www.clasp.org](http://www.clasp.org)

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# Head Start Appears in Nation's Editorial Pages

The Administration has made several announcements and proposals to change the Head Start program, which is up for reauthorization in 2003. In January, the Administration announced a uniform assessment plan for Head Start four-year-olds, which would be implemented by the Fall of 2003. In February, President Bush released a proposal that would allow states to govern Head Start funds that currently flow directly from the federal to local levels. States could have this authority if they develop a federally approved state preschool plan to coordinate Head Start with other early childhood programs. However, few details have been released on how the state block grants would be implemented and what program standards and teacher qualifications would apply. And, this proposal is likely to be only one of many different approaches to emerge from Congress this year.

Columnists and editorial writers from papers across the country have weighed in on the President's proposed changes to Head Start, many expressing skepticism about the benefit of these proposed alterations. Following are some excerpts from a few such editorials:

- “[T]here have been discussions about funding Head Start through block grants to the states. As a former governor, I believe in the commitment of states to do the right thing by their citizens. Not every state, however, has demonstrated the same commitment to early childhood as Ohio. Therefore, the idea of block grants for Head Start gives me pause.” Senator George Voinovich (R-OH), *Dayton Daily News*, February 12, 2003
- “Only three out of five eligible children are enrolled in Head Start because the program can't afford to accept more. Just 3 percent of eligible children are enrolled in Early Head Start for toddlers. Yet the new Bush budget calls for only a cost-of-living increase for Head Start—the smallest increase in years—while requiring the program to use part of its budget for implementing the misguided standardized testing.” Joan Ryan, *St. Paul Pioneer Press*, February 17, 2003
- “Bush also wants Head Start to focus more on literacy. He calls for moving the program out of the Department of Health and Human Services and into the Department of Education. . . . But part of what makes Head Start work is that it addresses many needs, including social services and parenting. Giving children educational and social capital—such as nutritious food and good health care—helps them become good students.” *Boston Globe*, February 17, 2003
- “The fear is many dollar-starved states will create diluted standards and accountability. They will make a political splash by covering more children with fewer dollars, but at the expense of reduced quality and life-long impact.” *Philadelphia Inquirer*, February 16, 2003
- “The White House has proposed a tiny increase for Head Start, the equivalent of the rate of inflation. Sending a nominally funded program into the budget chaos that exists at the state level is worrisome.” *Seattle Times*, February 16, 2003
- “Pennsylvania has never put state money into preschool. Expecting it to maintain Head Start's record of success with few federal standards to guide it would be a gamble with long odds.” *Allentown (PA) Morning Call*, February 19, 2003
- “The administration's rationale [for making Head Start a block grant program] is that the states will have more flexibility in deciding what services poor children need by the time they begin school. But the initiative comes at a time when states are facing the most serious revenue problems in decades, and the concern is that many states may try to use Head Start funds to absorb other education-related expenses.” *Gainesville (FL) Sun*, February 24, 2003
- “While the Bush administration plan would put an emphasis on early literacy, it would come at the expense of the health and social services that are such a large part of the program now.” *Springfield (MA) Union News and Sunday Republican*, February 16, 2003

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# Forty-Hour Requirement Would Hinder State Welfare Efforts

The Administration's Temporary Assistance for Needy Families (TANF) reauthorization proposal and the House reauthorization bill, H.R. 4, would require individuals receiving cash assistance to participate in certain federally defined activities for at least 40 hours a week in order to fully count toward program participation rates. Supporters of this approach argue that a structured 40-hour week is more likely to result in families entering full-time jobs, and that since other families work 40 hours a week, so should welfare recipients. In a CLASP analysis, *Imposing a 40-Hour Requirement Would Hurt State Welfare Reform Efforts*, Mark Greenberg and Hedieh Rahmanou argue that the 40-hour requirement would make it harder for states to run effective employment programs; would force states to misallocate limited TANF and child care dollars; ignores the fact that some parents are caring for ill or disabled family members; and does not acknowledge that the average work-week is less than 40 hours for mothers with school-age and younger children. Greenberg and

Rahmanou give the following 10 reasons why the 40-hour proposal is faulty:

1. **The goal for state welfare reform efforts hasn't been to generate 40 hours of activities; it has been to get people into jobs.** States have been free to impose 40-hour participation requirements under TANF, but have not typically elected to do so. Rather, states have chosen to focus on requiring job search activities; expanding child care, health care, and transportation assistance; using time limits and sanctions; and structuring a wide range of program activities that were aimed at getting people into jobs, not just generating hours of program participation.
2. **There is no evidence that a 40-hour requirement is a better way to get people into jobs.** The welfare-work research consistently finds that the most effective programs provide a mixed menu of activities, combin-

*continued on page 7*

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## Audio Conference Preview

**T**he CLASP Audio Conference Series continues to keep you up-to-date on the reauthorization debates about important family policy legislation occurring in 108th Congress. Next on the Audio Conference agenda for March and April are discussions of the Individuals with Disabilities and Education Act (IDEA) reauthorization and the overdue reauthorization of the federal welfare program, Temporary Assistance for Needy Families.

- **March 21: Reauthorization of IDEA.** What are the prospects for IDEA, which funds direct special education and early intervention services for children ages 0 through 21, as well as special education infrastructure development through research, personnel and parent training, and technical assistance?
- **April 25: Reauthorization of Welfare and Related Programs.** Will the Republican-controlled Senate secure the more stringent work requirements that passed the House? Will Republican Senate moderates

work with Democrats to ensure adequate increased funding for child care and for child support reforms? What will happen with "marriage promotion," the superwaiver, immigrants? Scheduled guests for this Audio Conference include Senate Finance Chairman Charles Grassley (R-IA), Brookings Institute Senior Fellow Ron Haskins, and CLASP Policy Director Mark Greenberg.

CLASP Audio Conferences are hour-long conference calls held on Fridays at 12:30 pm (ET) that focus on the latest developments in policy for low-income families and their effects on states and communities. Many subscribers gather colleagues around a speaker phone and use the call as a catalyst for discussion. Every registrant also receives a list of web resources prior to each call. ■

■ For more information and to order, visit: [www.claspstore.org](http://www.claspstore.org).

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# HHS Releases Most Recent Welfare Caseload Data

In February, the U.S. Department of Health and Human Services (HHS) released its official statistics for national welfare caseloads for fiscal year (FY) 2002 (October 2001-September 2002). HHS data show that over the past fiscal year, the caseload for the nation (all states and the District of Columbia, Guam, Puerto Rico, and the U.S. Virgin Islands) fell by 3.9 percent. In addition, during this same time period, caseloads in 25 states and territories rose and in 29 fell. More recently, between July and September 2002, HHS data show that caseloads rose in 43 states, and the national caseload increased by 0.9 percent.

Of the 25 states and territories that saw caseload increases in FY 2002, Nevada had the largest increase (25.3 percent), followed by Montana (9.7 percent), Colorado (8.2 percent), Alaska (7.6 percent), and Indiana (6.5 percent). The top five decreases in caseload for the fiscal year were New York (20 percent), Virgin Islands (8.5 percent), Hawaii (8.0 percent), Connecticut (7.7 percent), and Illinois (7.6 percent).

For the fourth quarter of FY 2002 (July to September 2002), HHS data show that Mississippi (9.9 percent) had the greatest caseload increase, followed by Wyoming (6.4 percent), South Carolina (4.8 percent), Arizona (4.7 per-

cent), and Idaho (4.5 percent). The Virgin Islands' caseload decreased by the sharpest amount (9.4 percent), followed by Nevada (5.4 percent), Maine (4.8 percent), Alaska (3.4 percent), and Rhode Island (2.4 percent).

The trends apparent from the HHS-reported statistics are very similar to those previously reported by the Center for Law and Social Policy (CLASP), based on CLASP's collection and compilation of state-reported data. In an analysis issued December 31, 2002, CLASP reported that, based on preliminary state-reported data, the caseload for the 50 states and the District of Columbia fell by 3.3 percent between September 2001 and September 2002, and that over the year caseloads rose in 25 states. Similarly, the HHS data (not including Guam, Puerto Rico, and the Virgin Islands) indicate that from September 2001 to September 2002, caseloads rose in 24 states and fell in 27. CLASP also reported that, between July and September 2002, caseloads rose in 39 states, and that the caseload for the 50 states and DC rose by 0.9 percent. ■

■ To view the HHS-collected caseload data, visit:  
<http://www.acf.dhhs.gov/news/stats/newstat2.shtml>

■ To view the CLASP-collected caseload data, visit:  
[http://www.clasp.org/Pubs/DMS/Documents/1041604796.15/caseload\\_2002\\_03\\_excel.pdf](http://www.clasp.org/Pubs/DMS/Documents/1041604796.15/caseload_2002_03_excel.pdf)

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## Head Start Editorials *continued from page 3*

However, some editorial writers and columnists have expressed support for the Administration's proposed changes to Head Start:

- "Head Start reform flows naturally from the president's No Child Left Behind education initiative, which will implement reading and math testing and accountability standards in grades three through eight. The legislation essentially holds governors accountable for ensuring that all children are reading at or above grade level by the third grade. To this end, the Bush administration argues, states need to be more involved at the pre-school level with children who are most at risk." *Washington Times*, February 16, 2003

- "The Bush administration may get a lot of flak for suggesting it, but there is much to be said for making Head Start more of a real head start in school for children ... The idea is not to teach Cervantes to toddlers. Nor should there be LEAP tests to graduate to pre-K. Rather, as advocates of the education slant for Head Start propose, there should be a place for 'structured learning,' such as shapes, sounds, sizes and colors—the sort of things that too many children of the poor don't get at home." *Baton Rouge (LA) Advocate*, February 17, 2003 ■

*Income Families* by Jennifer Mezey also discusses a lack of child care funding, but within the context of the House reauthorization bill. Mezey argues that the bill does not provide enough child care funding for states to meet proposed TANF work requirements without terminating services for children who are currently receiving child care assistance. Last year, the Congressional Budget Office (CBO) estimated that it would cost states an additional \$8.4-\$11 billion over five years to meet the House legislation's work requirements—with child care costs accounting for \$3.8-\$4.8 billion. CBO also estimated an *additional* five-year cost of \$4.5-\$5 billion above the amount needed to meet work requirements for states to maintain their current level of services against inflation.

The House legislation increases federal mandatory child care funding by \$1 billion over five years, with a required associated increase in state spending of approximately \$785 million. The legislation also would increase the *authorization* levels for discretionary child care funding. However, Congress would still have to appropriate funding for this increase, which seems very unlikely in the current budget climate.

Thus, the House bill's child care funding increase does not come close to meeting either the cost of keeping pace with inflation or the bill's new work requirements. Furthermore, all of the new mandatory federal funding requires increased state spending to draw it down. State groups claim that current economic conditions might make it difficult to increase state spending to access all of these funds, particularly in the early years of implementation. Given all of these facts, states will likely have to terminate services to low-income children who are not receiving cash assistance in order to fund the costs of the proposed work requirements.

### **Transferring Money Is Not the Answer**

*Increasing the Ability to Transfer TANF to CCDF in House Welfare Bill (H.R. 4) Is Still Not the Answer to Unmet Child Care Needs* by Rachel Schumacher argues that the ability to transfer TANF funds to CCDBG does not replace the need for more overall child care funding. Under the new House bill, states can increase the amount

of TANF funds they could transfer to CCDBG from 30 to 50 percent. This expanded transfer authority will not be useful in addressing the unmet need for child care assistance among many eligible working families or the potential demand for child care that would result from increased work requirements for the following reasons:

- States are not currently limited in the amount of TANF funds they can redirect to child care; they can spend TANF directly on child care without any limitation. Therefore, increasing transferability does not make more child care funds available to states.
- It is unlikely that states will have more TANF funds freed up for child care use over the next five years under this plan because the TANF funding level will be frozen, TANF caseloads are rising in most states, and a significant amount of additional TANF funding would be necessary to pay for the non-child care costs of the proposed welfare work provisions.
- State use of TANF for child care slowed between FY 2000 and FY 2001, indicating that states may already have reached the limit for the amount of TANF that may be easily redirected to child care purposes. ■

■ To view each of these publications, visit:  
[http://www.clasp.org/Pubs/Pubs\\_Reauth](http://www.clasp.org/Pubs/Pubs_Reauth)

### **COMING SOON! HEAD START POLICY BRIEF**

**In March, CLASP will release its first Head Start policy brief, *A Snapshot of Head Start Children, Families, Teachers, and Programs, 1997 and 2001*, by Rachel Schumacher and Tanya Rakpraja. The federal Head Start program is scheduled for Congressional reauthorization in 2003. This brief summarizes what the program and the children and families it serves look like today and how they have changed since the last reauthorization in 1998.**

**The brief will be profiled in the next issue of *CLASP Update* and posted on the CLASP website, [www.clasp.org](http://www.clasp.org).**

ing job search, training, and other work-related activities, but these programs do not typically combine multiple activities for the same individual at the same time.

3. **A 40-hour requirement would force states to shift from helping people get jobs to tracking and managing hours of participation.** In FY 2001, of the 1.4 million adults receiving assistance, about 362,000 were employed, for an average of 29 hours a week. The first priority for states is to work with the families who aren't working, rather than to create new activity requirements for people who are already employed.
4. **A 40-hour activities requirement will not assure that states actively engage families with the most serious employment barriers; to the contrary, it may increase the likelihood that those families are terminated from assistance.** If states face higher participation rates and need 40-hour participants, then any individual who has difficulty consistently participating at a 40-hour level will become a “drag” on the state's ability to meet participation rates, and there will be an increased risk that such families are sanctioned and terminated from assistance rather than provided needed assistance to move toward employment.
5. **A 40-hour activities requirement would lead to needless costs without corresponding benefits.** States would see increased work and child care costs from generating additional hours of participation to meet the proposed rates—even if the additional hours were contributing nothing to improve employment prospects. Without sufficient funds, states would need to cut child care and other programs helping other low-income working families in order to pay for the costs of meeting the higher participation requirements.
6. **The Congressional Budget Office has estimated that a 40-hour requirement would cost \$2.6 billion more than a 24-hour requirement over five years.**
7. **The best use of additional child care funding is to expand help to working families and improve child**

**care quality, not to increase welfare participation requirements to 40 hours.** Some people have suggested that increasing the participation requirements to 40 hours would be appropriate so long as Congress adds enough child care money to pay for the additional costs. However, currently only about one in seven eligible low-income children receives federal child care assistance; about half of the states do not pay child care reimbursements sufficient to provide access to a broad range of child care providers; provider turnover rates are high while training for providers is often minimal at best; and states across the country are facing reductions in child care services due to budget crises.

8. **Some TANF parents are not able to work 40 hours a week outside the home due to children's health problems.** Nationally, 56 percent of mothers and other female caregivers of infants with special needs and of toddlers in early intervention services (e.g., infants and toddlers with developmental delays, hearing loss, visual impairments, or other disabilities) are not employed. Several studies show that a substantial share of families receiving welfare contains children with special health needs.
9. **The Administration's proposal and H.R. 4 do not require or encourage states to provide for sick or personal leave for participants.**
10. **Most mothers with young and pre-adolescent children do not work 40 hours a week outside the home.** In 2001, 43 percent of mothers with children under 6 were working full-time (defined as 35 hours or more each week), 18 percent were working part-time, and 39 percent were either unemployed or not in the labor force. Of mothers with children under age 13, 50 percent were working full-time, 18 percent worked part-time, and 32 percent were unemployed or not in the labor force. ■

■ To read the full report, visit: [http://www.clasp.org/DMS/Documents/1045077554.68/40\\_hours.pdf](http://www.clasp.org/DMS/Documents/1045077554.68/40_hours.pdf)

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# New Resources

## Legal Services Grants:

The American Bar Association (ABA) Center on Children and the Law is welcoming short proposals for mini-grants of \$1,000, which the ABA will award to promote stronger working relationships between civil legal services providers and government child protective services. With the grants, organizations will be expected to convene meetings to develop relationships and plan collaborations to benefit at-risk children and families. During those planning meetings, the partners will be expected to outline the parameters of their relationship—decide whether to focus on a particular type of legal service or to forge relationships with a number of providers covering a range of issues—and discuss other difficult issues, like confidentiality.

Grant applications are due by March 31, 2003.

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- For more information, visit: [www.abanet.org/child](http://www.abanet.org/child) or contact Leigh Goodmark at [GoodmarL@staff.abanet.org](mailto:GoodmarL@staff.abanet.org) or (202) 662-1758.
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## Transitional Jobs Report:

A new report from Mathematica Policy Research, Inc., *Georgia GoodWorks!: Transitional Work and Intensive Support for TANF Recipients Nearing the Time Limit* by Michelle K. Derr, LaDonna Pavetti, and Angelina KewalRamani, describes the administrative framework and key components of a statewide transitional employment program for hard-to-employ welfare recipients nearing the time limit. The report notes that program success requires program administrators and staff to think “outside the box” and concludes that clients with complex needs can find unsubsidized employment with the right amount and types of support.

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- For more information, visit: [www.mathematica-mpr.com/PDFs/redirect.asp?strSite=goodworks.pdf](http://www.mathematica-mpr.com/PDFs/redirect.asp?strSite=goodworks.pdf)
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