

TANF & School Age Care (SAC): Opportunities and Challenges



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Presentation Overview

- Why should I learn about TANF?
- How can TANF be used for SAC?
 - Background on the basic rules
- How is TANF being used by states for SAC?
- What steps should I take to learn about TANF in my state?
- Conclusions for SAC



Why Should I Learn About TANF?

- TANF is bigger than other federal sources
 - TANF = \$17B
 - CCDF = \$4.5B
 - 21st Century Schools = \$846M
- Although most states are spending most TANF funds, many (37) still had unobligated funds at the end of FY2000
- 2002 TANF reauthorization will have an impact on child care
- Many state child care budgets have become reliant on TANF

Share of Total Child Care Spending from Federal TANF Sources in 16 States

Share of Spending from TANF in State	FY97	FY99
0%	13	0
Less than 10%	0	1
11-20%	2	3
21-40%	0	9
More than 40%	1	3

Source: Abt Associates, "National Study of Child Care for Low-Income Families, State Community Subsidy Interim Report," November 2000



TANF for School Age: Options

■ Transfer

- Up to 30% to CCDF (Child Care & Development Fund)
- Up to 10% to SSBG (Social Services Block Grant)
- Total transfer may not exceed 30% TANF

■ Spend TANF directly on child care

■ Spend required state TANF MOE on child care (see “Using TANF for Child Care” for details)

■ May do more than one option



Key Implications of the Options

- **Transfer:** Must be spent according to that program's rules
 - Including CCDF eligibility, age limits, copays, expenditure deadlines, 4% quality set-aside
- **Direct:** Spending must meet TANF rules
 - Must accomplish a TANF “purpose”
 - Two “purposes” limited to needy; two not limited
 - Child care provided to non-employed families may be considered “assistance” and trigger federal time limits and other requirements for families
 - No age limitations or copayment requirements



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.



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



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



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



How States Use TANF for SAC

- DC is using \$13M direct to help fund 10,000 slots in their Aftercare program to provide ed. & enrichment for low income children after school and in summer (CDF, 2001)
- Illinois used ~ \$6M/year to start the Teen REACH program to decrease teen pregnancy and other risks for low-income children 10-17; mostly CBO contracts; in 3rd year became fully state funded and very popular with legislators
- Iowa transferred \$200,000 to CCDF specifically to serve more school age children (CDF, 2001)
- Michigan is using \$16M to expand before- and after-school programs (CDF, 2001)



How States Use TANF for SAC

(continued)

- Maryland gives \$10M direct TANF to local planning boards to contract with local CBOs & schools for after-school in at-risk areas
- South Carolina is using \$24M over 3 years to support 80 middle school-based programs; funds flow through a non-profit; must self-support after 2002
- Washington uses TANF directly to contract for after school for middle school children (under purpose 3)
- Los Angeles county is using \$74M over 3 years to provide educational school-based programs to 6-12 year old children; targeted to schools with high populations of CalWorks eligible (purpose 1 & 2)



Some State Lessons Learned

- TANF helps start programs, but long-term funding is a concern as 2002 approaches
- Important to max funding sources (e.g. 21st Century, CCDF) and work together where both sources exist or are possible (e.g. one program can accept both TANF and CCDF subsidy)
- How programs receive dollars (e.g. through TANF direct or transfer to CCDF) have different implications for what they can and must do in terms of eligible population, income verification, and data collection

Deadlines for Using TANF

These funds...	Must be OBLIGATED by the end of...	And, must be LIQUIDATED 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



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



Conclusions

- TANF presents significant opportunities and challenges
- Learning about what your state is doing and determining potential availability of TANF is key
- Many states are using TANF for SAC
- School age services and teen pregnancy prevention are likely to be attractive to states looking to use TANF funds



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>
- National Campaign to Prevent Teen Pregnancy, forthcoming piece describing best practices, check <http://www.teenpregnancy.org>
- *Using TANF to Finance Out of School Time and Community School Initiatives*, The Finance Project at <http://www.financeproject.org>
- State Policy Developments: Children's Defense Fund, *State Developments in Child Care and Early Education in 2000*, forthcoming in 2001
- 50 State Reports on TANF and Child Care policies: State Policy Documentation Project at <http://www.spdp.org>

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