

**Comments by the National Women's Law Center
on Child Care Implications of the Discussion Draft of TANF Reauthorization Bill
Subcommittee on Human Resources, Committee on Ways and Means
U.S. House of Representatives
July 29, 2015**

The National Women's Law Center appreciates the opportunity to offer comments on the subcommittee's discussion draft bill to reauthorize the Temporary Assistance for Needy Families (TANF) program for fiscal years 2016-2020. In these comments, we focus on child care and the importance of ensuring that any TANF reauthorization establishes policies and provides adequate resources to ensure that families trying to leave or avoid turning to TANF have access to affordable, reliable child care, in addition to the other supports and services families need to meet their basic needs and move toward self-sufficiency.

Child care is essential to enable parents to work, and child care assistance is essential to help low-income families afford the child care they need. One study found that single mothers of young children who received child care assistance were 40 percent more likely to still be employed after two years than those who did not receive any help paying for child care, and that former welfare recipients with young children who received child care assistance were 60 percent more likely to still be employed after two years than those who did not receive help.¹

Despite the importance of stable, affordable, high-quality child care to enabling families to work and attain self-sufficiency—and to allowing children to get the strong start they need to succeed in school and ultimately attain self-sufficiency themselves—child care funding is far from sufficient. Funding through the Child Care and Development Block Grant (CCDBG), the major federal child care program, has failed to keep pace with inflation and states' use of TANF funds for child care has dropped dramatically. Federal CCDBG funding in FY 2015—\$5.352 billion²—was below funding in FY 2002³ after adjusting for inflation—\$6.468 billion in FY 2015 dollars.⁴ States' use of TANF dollars for child care (including both transfers and direct funding) was \$2.477 billion in FY 2013 (the most recent year for which data are available),⁵ below the high of \$3.966 billion in FY 2000⁶ even without adjusting for inflation. (In FY 2015 dollars, use of TANF funds for child care was \$2.571 billion in FY 2013 compared to \$5.650 billion in FY 2000.⁷)

This decline in funding for child care has resulted in a substantial drop in the number of children and families able to receive help paying for child care and a growing unmet need. Only 17 percent of the 14.3 million children eligible for federal child care assistance received it in 2011 (the most recent year for which data are available).⁸ The average number of

children receiving federal child care assistance each month in 2013 (the most recent year for which data are available)—1.46 million—was at the lowest level since 1997.⁹ As a result, millions of parents are unable to afford the child care they need to get and keep a job, making it difficult for them to remain self-sufficient, and placing them at risk of turning to welfare.

Insufficient funding for child care results in gaps in a range of child care assistance policies. Eighteen states had waiting lists or frozen intake (turned away eligible families without adding their names to a waiting list) for assistance in 2014.¹⁰ Families on waiting lists often struggle to pay for reliable, good-quality child care as well as other necessities, or must use low-cost—and frequently low-quality—care; in some cases, parents find it impossible to work because they cannot afford any child care.¹¹

Inadequate funding has also led to low reimbursement rates for child care providers serving families receiving child care assistance. Only one state set its provider reimbursement rates at the federally recommended level in 2014, a sharp decline from 2001, when 22 states set their reimbursement rates at the recommended level.¹² Low rates deprive child care providers of the resources necessary to hire and retain well-qualified staff, purchase toys and books, maintain facilities, and cover other costs involved in offering children a good learning experience—and may discourage high-quality providers from even enrolling children receiving child care assistance.

There will be even further pressures on CCDBG's limited resources in coming years as states implement the changes included in the Child Care and Development Block Grant Act of 2014, which passed with strong bipartisan support last November. The law aims to ensure the health and safety of children in child care, improve the quality of care, and make it easier for families to obtain and retain child care assistance. Yet, unlike previous reauthorizations, the legislation did not guarantee new funding for child care. Without additional funding, states will find it extremely challenging to achieve the important goals of the legislation, and will likely be forced to make tradeoffs that could harm children and families.

To address these gaps in child care funding, we urge Congress to substantially increase mandatory child care funding as a key part of TANF reauthorization. The previous TANF reauthorization provided an increase in annual mandatory child care funding of just \$200 million. A significantly greater increase is necessary for this reauthorization, particularly given the new CCDBG requirements as well as current caps on domestic funding that allow for little if any increase on the discretionary side.

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In addition, we offer several other specific recommendations for the reauthorization:

- We support a provision in the reauthorization requiring states to spend a minimum of 50 percent of their TANF and maintenance of effort (MOE) funds on core activities including cash assistance, work activities, and child care, to ensure that resources are concentrated on these key areas and not diverted to other purposes. We recommend that this requirement be phased in gradually to allow time for states to shift resources and achieve compliance with the requirement.
- We recommend that parents be able to obtain a waiver of the TANF work requirements if they cannot find child care for a child up to age 13, rather than only for a child up to age five. While children ages five to 13 do not need child care during their school hours, many parents can only find work outside of school hours and therefore need before- and after-school care for their children, in addition to care during the summer months while school is out. Yet safe, reliable, affordable options for school-age children are unavailable in many communities.
- CCDBG requirements regarding the health and safety of child care—including requirements for provider training, inspections and monitoring of child care, and background checks of providers—should apply to child care directly funded by TANF as well. This step will help ensure that there are consistent basic protections for children in care supported with federal funds, whether that funding source is CCDBG or TANF.
- We recommend specifying that the provision in the draft discussion bill limiting TANF and MOE expenditures to families with incomes under 200 percent of poverty line not apply to transfers to CCDBG. States are permitted to set their income limits for CCDBG assistance up to 85 percent of state median income, and we want to prevent any TANF requirements—or any interpretations of those requirements—from making it more difficult to coordinate these two programs and funding streams.

We are happy to discuss these comments further and look forward to continued dialogue about how to reauthorize TANF in a way to ensure that vulnerable families receive help in meeting their basic needs and are offered supports such as child care that enable parents to move toward stable employment and promote the well-being of their children.

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¹ Heather Boushey, *Staying Employed After Welfare: Work Supports and Job Quality Vital to Employment Tenure and Wage Growth* (Washington, DC: Economic Policy Institute, 2002), 10-12, *available at* http://www.epi.org/publication/briefingpapers_bp128/.

² This amount includes \$2.435 billion in discretionary funding and \$2.917 billion in mandatory (entitlement) funding. U.S. Department of Health and Human Services, *FY 2016 President's Budget for HHS* (Washington, DC: U.S. Department of Health and Human Services, 2015), 120, 125, *available at* <http://www.hhs.gov/sites/default/files/budget/fy2016/fy-2016-budget-in-brief.pdf>.

³ FY 2002 was peak funding for CCDBG, except for funding in FY 2009 and FY 2010, when American Recovery and Reinvestment Act funding provided a temporary boost.

⁴ CCDBG funding in FY 2002, before adjusting for inflation, was \$4.817 billion. This amount includes \$2.1 billion in discretionary funding and \$2.717 billion in mandatory (entitlement) funding. U.S. Department of Health and Human Services, *FY 2003 President's Budget for HHS* (Washington, DC: U.S. Department of Health and Human Services, 2002), 83, 92, *available at* <http://www.hhs.gov/asfr/ob/budgets-in-brief-performance-reports.html>. Inflation adjustment calculated by National Women's Law Center using Congressional Budget Office, *The Budget and Economic Outlook* report series; figures are adjusted for inflation using the average of the Consumer Price Index and the Employment Cost Index.

⁵ National Women's Law Center analysis of data from U.S. Department of Health and Human Services, Administration for Children and Families, *Fiscal Year 2013 TANF Financial Data, Table A.1.: Federal TANF and State MOE Expenditures Summary by ACF-196 Spending Category, FY 2013*, *available at* http://www.acf.hhs.gov/sites/default/files/ofa/fy_2013_expenditures.pdf. Total includes \$1.367 billion transferred to CCDBG, \$73 million spent on child care categorized as "assistance," and \$1.037 billion spent on child care categorized as "non-assistance."

⁶ National Women's Law Center analysis of data from U.S. Department of Health and Human Services, Administration for Children and Families, *Fiscal Year 2000 TANF Financial Data, Table A. Combined Federal Funds Spent in FY 2000 Through the Fourth Quarter*, *available at* http://archive.acf.hhs.gov/programs/ofs/data/tanf_2000.html. Total includes \$2.413 billion transferred to CCDBG, \$353 million spent on child care categorized as "assistance," and \$1.200 billion spent on child care categorized as "non-assistance."

⁷ National Women's Law Center calculations using Congressional Budget Office, *The Budget and Economic Outlook* report series. Figures are adjusted for inflation using the average of the Consumer Price Index and the Employment Cost Index.

⁸ U.S. Department of Health and Human Services, Office of Human Services Policy, Office of the Assistant Secretary for Planning and Evaluation, *Estimates of Child Care Eligibility and Receipt for Fiscal Year 2011* (Washington, DC: U.S. Department of Health and Human Services, 2015), *available at* http://aspe.hhs.gov/hsp/15/childcareeligibility/ib_childcareeligibility.pdf.

⁹ Stephanie Schmit and Rhiannon Reeves, *Child Care Assistance in 2013* (Washington, DC: CLASP, 2015), *available at* <http://www.clasp.org/resources-and-publications/publication-1/Spending-and-Participation-Final.pdf>.

¹⁰ Karen Schulman and Helen Blank, *Turning the Corner: State Child Care Assistance Policies 2014* (Washington, DC: National Women's Law Center, 2014), 9, *available at* http://www.nwlc.org/sites/default/files/pdfs/nwlc_2014statechildcareassistancereport-final.pdf.

¹¹ See, e.g., Karen Schulman and Helen Blank, *In Their Own Voices: Parents and Providers Struggling with Child Care Cuts* (Washington, DC: National Women's Law Center, 2005), 10; Children's Action Alliance, *The Real Reality of Arizona's Working Families—Child Care Survey Highlights* (Phoenix, AZ: Children's Action Alliance, 2004); Deborah Schlick, Mary Daly, and Lee Bradford, *Faces on the Waiting List: Waiting for Child Care Assistance in Ramsey County* (Ramsey County, MN: Ramsey County Human Services, 1999) (Survey conducted by the Minnesota Center for Survey Research at the University of Minnesota); Philip Coltoff, Myrna Torres, and Natasha Lifton, *The Human Cost of Waiting for Child Care: A Study* (New York, NY: Children's

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Aid Society, 1999); Jennifer Gulley and Ann Hilbig, *Waiting List Survey: Gulf Coast Workforce Development Area* (Houston, TX: Neighborhood Centers, Inc., 1999); Jeffrey D. Lyons, Susan D. Russell, Christina Gilgor, and Amy H. Staples, *Child Care Subsidy: The Costs of Waiting* (Chapel Hill, NC: Day Care Services Association, 1998); Casey Coonerty and Tamsin Levy, *Waiting for Child Care: How Do Parents Adjust to Scarce Options in Santa Clara County?* (Berkeley, CA: Policy Analysis for California Education, 1998); Philadelphia Citizens for Children and Youth, et al., *Use of Subsidized Child Care by Philadelphia Families* (Philadelphia, PA: Philadelphia Citizens for Children and Youth, 1997); Greater Minneapolis Day Care Association, *Valuing Families: The High Cost of Waiting for Child Care Sliding Fee Assistance* (Minneapolis, MN: Greater Minneapolis Day Care Association, 1995).

¹² Turning the Corner, 12.

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