

Child Care and the Temporary Assistance for Needy Families (TANF) Program

TANF was created in 1996 to replace Aid to Families with Dependent Children (AFDC), which provided welfare to low-income families with children beginning in 1935. Since 1996, federal regulations and guidance have allowed TANF funds to support or expand a broad range of child care and early education initiatives in states.

Overview of TANF

While states have great flexibility in how they decide to spend their block grant funds, they must do so consistent with the purposes of the law. These purposes include:

- “Providing assistance to needy families so that children may be cared for in their own homes or in the homes of relatives;”
- “Ending the dependence of needy parents on government benefits by promoting job preparation, work, and marriage;”
- ◆ “Preventing and reducing the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies;” and
- “Encouraging the formation and maintenance of two-parent families.”



TANF Funds for Early Care and Education

States across the nation are working to ensure more children, especially those from low-income families, have access to high-quality early learning and care from birth through age five. Much of the progress at the state and local levels has been made possible through strong partnerships with the federal government aimed at expanding access and increasing quality. Under current law, a state has the flexibility to utilize TANF funds to supplement, not supplant, support for low-income families through increased access to child care and early education opportunities.

States can transfer up to 30 percent of its TANF funds to the Child Care and Development Block Grant (CCDBG), which provides child care assistance for disadvantaged families and funds child care quality initiatives. Recognizing the importance of child care and early education, 49 states and the District of Columbia spend some amount of TANF funding on early learning and care programs such as Head Start, Early Head Start, Preschool Development Grants, or CCDBG.



- **Nationally, 24 percent, or almost \$7.5 billion, of state TANF spending and transfers went to child care and early education programs in FY 2016.**
- **Of their TANF funds states spent 16.6 percent, or \$5.12 billion, on child care and 7.5 percent, or \$2.31 billion, on pre-kindergarten or Head Start programs.**
- ◆ **Forty-Nine states and the District of Columbia used some amount of TANF funding to pay for child care programs, and more than half of states used part of TANF to support early education and Head Start.**



Reauthorization Efforts in the 115th Congress

TANF was most recently reauthorized in 2005, this authorization then expired in 2010. Since its expiration, the program has continued through a series of short-term extensions with few regulatory changes being made along the way. While extending TANF funding has become a common practice in Congress, an extension does not increase funding in response to inflation. This means that over time, inflation has eroded the real value of TANF by over 37 percent since its creation.

Recognizing the need for improvements to TANF, lawmakers in both the House and the Senate introduced reauthorization legislation during the 115th Congress. While the House and Senate proposals differed significantly overall, both proposals acknowledged that child care is essential for parents in seeking and maintaining employment, as both included increases to child care spending.

The House proposal, titled, the “Jobs and Opportunities with Benefits and Services (JOBS) for Success Act,” proposed various changes to TANF’s overall program. Recognizing the importance of child care for families looking for and maintaining work, the bill included \$608 million for improving access to child care in order to support work. The bill also eliminated TANF’s \$608 million Contingency Fund, which ultimately would keep funding level. In further recognition of the importance of supporting the children of TANF-eligible families, the House proposal would have expanded the official goals of TANF to include reducing child poverty while also requiring states to spend 25% of TANF funds on core activities. Ultimately, however, the proposal did not move forward. The Senate proposal aimed to improve how states help parents with children find and maintain employment. Like the House proposal, the Senate proposal also included a \$608 million increase for child care spending. While this proposal had bipartisan support in the Senate, the bill did not move forward before the end of the Congress. Instead, Congress opted to extend the program without any changes until June 30, 2019.

Reauthorization Efforts in the 116th Congress

The funding extension that passed during the 115th Congress expired in December 2018. On January 15, 2019 the House approved another extension and the Senate followed on January 22, 2019. This bipartisan, bicameral compromise extended TANF funding through June of 2019, and included minimal changes to the program aimed at further collecting outcome data in preparation of more substantive reforms later. With TANF’s extension through June, lawmakers have a clear opportunity to plan for reauthorization in the coming months.

Endnotes

¹ AEI: House and Senate bills agree on trimming welfare block grant. <https://www.aei.org/publication/while-congress-differs-on-border-wall-house-and-senate-bills-agree-on-trimming-welfare-block-grant/>