



BIPARTISAN POLICY CENTER

TANF AND CHILD CARE: NORTH CAROLINA

Child care and welfare reform have long been linked by legislation. The Child Care and Development Fund (CCDF) that exists today evolved from the welfare system that existed prior to 1996 and consists of both funds from the Child Care and Development Block Grant (CCDBG) and Temporary Assistance for Needy Families (TANF)ⁱ. As part of the CCDF, states also receive:

■ **Guaranteed mandatory funds** This portion of mandatory funds are given to a state based on the child care funding received prior to 1996. It is a set amount and does not increase with inflation.

■ **Federal matching funds** These are the remaining mandatory funds, distributed based on the state’s share of children under age 13. To qualify for federal matching funds, the states must spend at least the amount equal to their state funds spent prior to 1996. This is called a maintenance of effort (MOE). States must also match the federal share at a rate set by HHS.

Congress gave the states two other options for using TANF funds for child care. They can transfer up to 30 percent of their TANF funds to CCDF and/or provide child care support directly from State programs managing TANF cash assistance funds.

Spending in North Carolina

The chart below shows child care spending in North Carolina, looking at both TANF and CCDF funds.

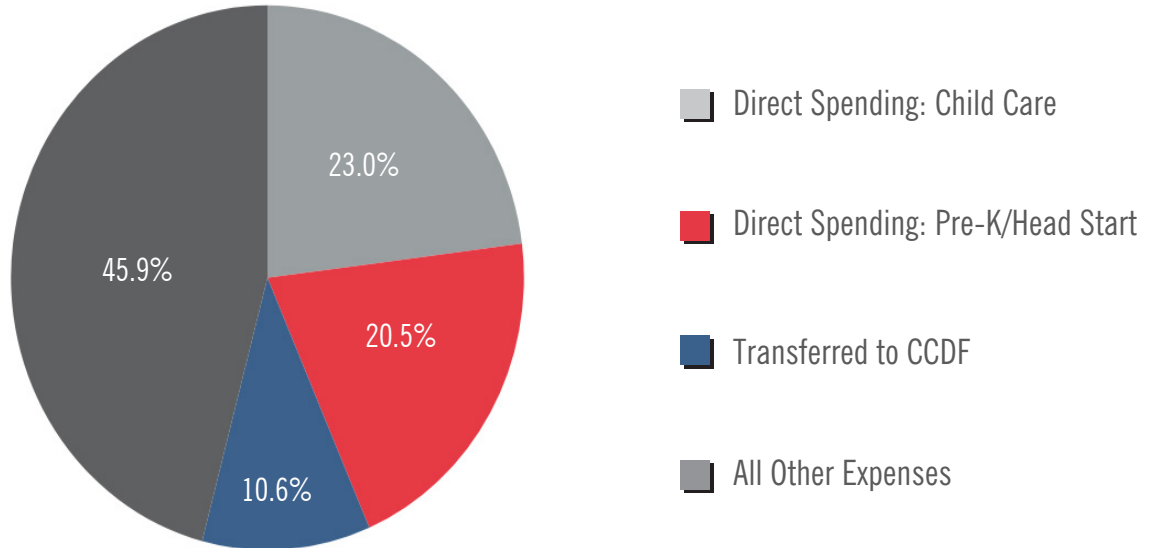
Summary of Federal and State Child Care Funds, FY2016

Category	Federal Expenditures	State Expenditures	Total Expenditures
CCDF Funding Streamsⁱⁱⁱ			
CCDF Mandatory	\$69,639,228	N/A	\$69,639,228
CCDF Matching	\$46,689,872	\$23,796,046	\$70,485,918
CCDBG Discretionary	\$135,603,228	N/A	\$135,603,228
State MOE	N/A	\$37,927,282	\$37,927,282
Total, CCDF Funds	\$251,932,328	\$61,723,328	\$313,655,656
TANF Funds^{iv}			
TANF Transferred to CCDF	\$56,720,282	N/A	\$56,720,282
TANF spent directly on Child Care	\$90,139,101	\$32,893,640	\$123,032,741
TANF spent directly on Pre-K/Head Start	\$0	\$109,637,880	\$109,637,880
Total, TANF Funds	\$146,859,383	\$142,531,520	\$289,390,903

Note: State expenditures within TANF come from state MOE funds.

In FY2016, North Carolina spent more than half of its combined federal and state TANF funds on child care activities. Of that amount, the state directly spent 23.0 percent of its funds on child care and 20.5 percent on Pre-K and Head Start. North Carolina transferred 10.6 percent of its TANF funds towards CCDF.

Distribution of Federal and State TANF Funding by Category in FY2016, North Carolina^v



End Notes

ⁱ The term “Child Care and Development Fund” is not established by statute, rather the term was coined in regulation by HHS. Funds that are added to discretionary CCDBG funds include state “maintenance of effort” and matching funds, and mandatory funds authorized under sections of the Social Security and TANF programs.

ⁱⁱ **Office of Child Care.** “CCDF Expenditures Overview for FY 2016 as of 9/30/2016.” March 2018. Retrieved from <https://www.acf.hhs.gov/occ/resource/ccdf-expenditures-for-fy-2016-as-of-9-30-2016>

ⁱⁱⁱ **Office of Family Assistance.** “TANF Financial Data – FY 2016.” February 2018. Retrieved from <https://www.acf.hhs.gov/ofa/resource/tanf-financial-data-fy-2016>

^{iv} Ibid.





This report uses the TANF definitions of early care and education which are as follows:

Child Care (Assistance and Non-Assistance): child care expenditures for families that need child care to work, participate in work activities (such as job search, community service, education, or training), or for respite purposes. Includes child care provided to families who receive child care during a temporary period of unemployment. Does not include funds transferred to the CCDF or the SSBG programs.

Pre-Kindergarten/Head Start: pre-kindergarten or kindergarten education programs (allowable if they do not meet the definition of a “general state expense”), expansion of Head Start programs, or other school readiness programs.



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