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Intersection of TANF and Child Care and Early Learning

FY2021 UPDATE

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Executive Summary

Parents are vital to our nation's economic prosperity. They make up 40% of the workforce, and 10.2% of those are parents with young children, but they cannot work without access to reliable child care.¹ Low-income families face even tougher struggles finding affordable, quality child care.

Congress created the Temporary Assistance for Needy Families (TANF) in 1996 to help low-income families with children access child care and achieve economic-self-sufficiency. States use TANF dollars to fund work, education, and training activities; child care and early learning services; and other supports for low-income families. Moving families out of poverty through employment is at the core of TANF, but safe and reliable child care is essential if parents are going to be able to work.

Congress allows TANF funds to be used broadly to support vulnerable families and their children, including:

1. Assisting families so that their children can be cared for in their own homes or in the homes of relatives.
2. Ending parents-in-need's dependence on government benefits by promoting job preparation and work.

TANF FUNDS THAT ARE SPENT DIRECTLY ON CHILD CARE AND NOT TRANSFERRED TO CCDBG ARE NOT GUARANTEED TO MEET MINIMUM HEALTH AND SAFETY STANDARDS.

Access to child care is key to achieving TANF's purpose of supporting low-income families while encouraging them to work. Congress created three ways for states to use TANF funds to help families access and afford child care:

- **Transfers to the Child Care Development Block Grant (CCDBG)**
States may transfer up to 30% of their federal TANF funds to CCDBG to increase child care subsidies to low-income families.² When money is transferred, services paid for with TANF funds must meet the minimum health and safety standards required under CCDBG.

- **Federal Direct Spending**

Separate from CCDBG, states can spend any amount of their federal TANF funds directly on child care and early learning services. When they spend the money directly, the states do not have to meet CCDBG's health and safety rules.

- **State Maintenance of Effort (MOE) Direct Spending**

States must maintain a specific level of their own funding on TANF-related activities, known as the state maintenance of effort. States can count direct spending on child care as contributions to their TANF MOE requirements.^{3,4}

TANF and CCDBG are the United States' two largest block grants. Because block grants have fewer restrictions than other types of federal grants, states have greater flexibility in the administration of these funds.⁵ Although CCDBG helps fund most child care subsidies for low-income families, nearly one-third of subsidy funding comes from TANF.^{6,7} In fiscal year 2021, 1 in 4 TANF dollars (26%) was spent on child care and early learning.

However, TANF dollars that are spent directly on child care and **not** transferred to CCDBG are **not** guaranteed to meet minimum health and safety standards.

Despite historic increases to discretionary CCDBG funds in FY2018 and FY2023, millions of American families still struggle to find quality, affordable child care in a safe, well designed facility that fits their needs and preferences.⁸ Of the 12.5 million children potentially eligible for child care subsidies under federal rules, only 1 in 6 (16%) received one in FY2019, the most recent year with data available.⁹

In BPC's parent surveys, **safety** is consistently ranked highest among factors important to parents selecting child care.^{10,11} But under current law, the only TANF funds guaranteed to be spent on care that meets minimum health and safety standards are those that are transferred to CCDBG.

Recommendations for Congress

To promote the health and well-being of children and families and to maximize child care investments, Congress must address the outdated TANF requirements:

- Require all TANF direct spending (federal and state MOE) on child care to meet the same health, safety, and background-check requirements applied to CCDBG spending.
- Increase mandatory child care funding and reduce the reliance on TANF as a contributor to the child care system.
- Direct the U.S. Department of Health and Human Services (HHS) to clarify allowable expenditures and reporting requirements for state and local spending of any TANF child care dollars not transferred to CCDBG.

Recommendations for States

As a block grant, TANF gives states flexibility in how they administer funds so they can reach the four goals outlined in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. In the absence of congressional updates to TANF, states have options to ensure TANF funds are used to support healthy and safe child care:

- Update state regulations to ensure any TANF spending on child care services is subject to the same health, safety, and background-check requirements required for CCDBG.
- Shift TANF child care spending from direct spending to CCDBG transfers, up to the 30% transfer limit.

Glossary of Terms

Child Care Development Fund (CCDF): An umbrella term used by the U.S. Department of Health and Human Services to refer collectively to two federal funding sources for child care—the Child Care Entitlement to States and the Child Care Development Block Grant.

Child Care Development Block Grant (CCDBG): Discretionary funding authorized by the Child Care and Development Block Grant Act, subject to an annual appropriation.

Child Care Entitlement to States (CCES): An entitlement consisting of mandatory child care funding for states, territories, and tribes made available under Section 418 of the Social Security Act. A portion of CCES is based on a state's share of children under age 13; this portion is subject to both state maintenance of effort requirements and matching requirements at the FMAP (Federal Medical Assistance Percentage) rate.

Federal Medical Assistance Percentage (FMAP): The rate used to determine what percentage of state spending will be matched by federal funds. Sometimes referred to as the Medicaid match rate, the FMAP is based on a formula that matches state spending at a higher rate for states with lower per capita incomes relative to the national average. The formula is intended to reflect states' differing abilities to fund public programs from their own revenues. By law, the FMAP cannot be less than 50% or greater than 83%.¹²

Matching funds: Match requirements allow for cost-sharing between state and federal governments. Matching funds from the federal government to states become available in a ratio to state spending in a given category. This ratio is often based on the FMAP rate.

Maintenance of Effort (MOE): A minimum amount in nonfederal expenditures required for states to receive federal funds. MOE requirements are intended to prevent states from sharply reducing their own spending on public programs as a response to new federal funding streams. For TANF, MOE provisions generally require that each state spend at least 75 percent of the amount it spent on welfare and related programs in FY1994, before TANF was created.

Personal Responsibility and Work Opportunity Reconciliation Act

(PRWORA): A bipartisan act passed in 1996, commonly referred to as welfare reform. Motivations for the reform included streamlining government assistance programs, granting greater flexibility to states in the administration of welfare, and incentivizing workforce participation.

Temporary Assistance for Needy Families (TANF): Created as part of PRWORA in 1996, TANF replaced Aid for Families with Dependent Children (AFDC) as the primary form of cash assistance for low-income families. TANF also allows states to use funds for non-assistance activities if they align with one of four broad goals.

This report uses the term **child care and early learning** to refer to all services encompassed by the TANF definition of early care and education, which includes two components:

- **Child Care** (Assistance and Non-Assistance) – child care expenditures for families that need child care to work, participate in work activities (such as a job search, community service, education, or training), or for respite purposes. Includes child care provided to families who receive child care during temporary unemployment. Does not include funds transferred to the CCDBG or the Social Services Block Grant programs.
- **Pre-K/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.

Introduction

Millions of American families struggle to find quality, affordable child care in a safe, well designed facility that fits their needs and preferences.¹³ In BPC's analysis of supply and potential need for child care across 35 states, we identified a gap of more than 3.5 million children, or more than 31% of children, who potentially lack access to child care.¹⁴

OF THE 12.5 MILLION CHILDREN POTENTIALLY ELIGIBLE FOR CHILD CARE SUBSIDIES UNDER FEDERAL RULES, ONLY 1 IN 6 (16%) RECEIVED ONE IN FY2019, THE MOST RECENT YEAR DATA WERE AVAILABLE.¹⁵

Through TANF, the primary form of cash assistance for low-income families, Congress aims to move families toward economic self-sufficiency by enabling them to work. However, the lack of safe, healthy, and affordable child care makes it hard for parents to find jobs and keep working. Families, especially low-income parents, are sometimes forced to leave the labor market because they cannot find affordable child care.¹⁶ In a national poll of parents with children under age 5 who are paying for child care and have a household member who is employed, **34% of low-income parents reported that they or their spouse had to quit a job to stay home with a child because of child care expenses.**¹⁷

LACK OF CHILD CARE AFFECTS LOW-INCOME PARENT'S ABILITY TO WORK¹⁸

- Nearly two-thirds of low-income parents report that finding quality child care within their budget was somewhat (33%) or very difficult (28%).
- 1 in 3 low-income parents report that finding child care affected their job search or efforts to improve education and skills a lot.
- 43% of low-income parents reported that finding child care impacted their ability to stay in the workforce a lot.

Conversely, parents who can reliably secure child care have higher rates of labor force participation and full-time employment, compared with those who do not.¹⁹ Children with stably employed parents are far less likely to experience poverty and deep poverty than children whose parents have less consistent employment.²⁰

Quality child care and early education also have long-term positive effects on a child's development and success in school and into adulthood.²¹ Enrollment in high quality early care and education is associated with increased rates of college graduation, higher wages at age 26, and a narrowed gap between children from low-income households and their higher-income peers.²²

Recognizing the importance of child care, Congress has authorized spending to make it easier for low-income, working families to find child care that is accessible and affordable. TANF and CCDBG are two of the United States' largest sources of federal funds for child care. Block grants like these give states broad flexibility in how they spend the money.²³ Although CCDBG funds most federal child care subsidies for low-income working families, nearly one-third of subsidy funding comes from TANF.^{24,25} In FY2021, 1 in 4 TANF dollars (25.8%) was spent on child care and early learning, totaling \$7.8 billion.²⁶

It has been nearly 30 years since Congress created TANF and, unlike CCDBG, lawmakers have not comprehensively reauthorized or expanded the program since then. As a result, there are key differences between TANF and CCDBG in how states can spend the funds and which health and safety rules apply.

BACKGROUND – TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

The TANF block grant helps low-income families achieve economic security by funding an array of supports and services. TANF was created in 1996 through the Personal Responsibility and Work Opportunity Reconciliation Act, commonly called welfare reform. TANF replaced Aid to Families with Dependent Children, which since 1935 had provided cash assistance to families with children experiencing poverty. In establishing TANF, Congress expanded AFDC by allowing funds to be used broadly to support vulnerable families and their children, including:

1. Assisting families so that their children can be cared for in their own homes or in the homes of relatives.
2. Ending parents-in-need's dependence on government benefits by promoting job preparation and work.

In addition to offering cash assistance to help families meet basic needs, states can use TANF funding for work-related activities, such as education and training; child welfare programs; and, notably, child care and early learning programs, including state Pre-K. TANF funds are also used for a variety of short-term and emergency benefits to supplement and finance state tax credits and for other social services.²⁷

Through TANF, the federal government provides \$16.5 billion to states annually, based on a nearly 30-year-old formula established in PRWORA. The block grant amount, both in total and for each state, has remained unchanged since 1996.²⁸ TANF funding does not account for inflation, so the block grant's value has declined by nearly 40% since its inception.²⁹

Federal TANF funding is “mandatory”—meaning that the grants are entitlements to states, and funding is set by statute and not subject to the annual appropriations process. In addition to federal funds, states must contribute their own funds to TANF, in aggregate of at least \$10.3 billion, which is known as the maintenance of effort, or MOE, requirement.³⁰ In FY2021, states' reported MOE contributions were almost \$14.7 billion. Overall TANF spending between state and federal dollars in FY2021 totaled more than \$30 billion.³¹

FORMULA TO DETERMINE STATE MOE REQUIREMENTS

Each state must spend its own funds on activities for low-income families at a level equal to 80% (or 75% for states that meet the Work Participation Rate (WPR), which most states do³²) of what the state spent on welfare programs in FY1994, before TANF was created.

States have broad flexibility to meet the four key statutory goals noted above. Nationally, about one-fifth of all TANF expenditures, including transfers, go toward providing cash assistance to help families meet basic ongoing needs such as food, shelter, and utilities. In FY2021, nearly 23% of total TANF funding was used for this purpose. However, this percentage ranges widely by state. In FY2021, Kentucky allotted 75% of TANF dollars to basic assistance, the largest proportion of any state, while Texas, Arkansas, and Illinois each allotted less than 5%.³³ This category of assistance also includes the strictest work requirements and time limits compared with other types of TANF assistance, to discourage dependency on government benefits—TANF's second statutory goal and the impetus for welfare reform in 1996.

WORK REQUIREMENTS IN TANF

Work-eligible individuals receiving TANF must participate in work activities for at least an average of 30 hours per week; the requirement is reduced to 20 hours for a single caregiver of a child under age 6. For households with two work-eligible individuals, they must collectively participate in work activities for at least 35 hours per week on average, or 55 hours if they receive federally funded child care subsidies.

States must meet WPR requirements set by federal law and sanction (i.e., reduce or remove TANF benefits for) households that do not meet TANF requirements. States that do not meet their WPR requirements risk being penalized through a reduction in their block grant amount, although they may enter a corrective compliance plan or provide reasonable cause to avoid the penalty.

States have broad discretion to establish their own rules about who must work, how much work is required, what activities count as work, and how much time participants have to meet work requirements after they start receiving TANF benefits. States can exempt certain work-eligible individuals or groups from participating in work-related activities; these exemptions may be based on age, illness or other disability, or caregiving responsibilities.³⁴

States also use TANF funding on other benefits and services, called “non-assistance,” typically short-term nonrecurring payments, such as those supporting employment, education, job training, child welfare, or youth development. Funds provided to help families cover child care services are considered *non-assistance* if the family is employed and *assistance* if the family is unemployed but is performing activities such as community service or job training.

TANF funds can be used on child care assistance, Head Start, and Pre-K programs; in FY2021, states spent 22% of all TANF funds on this.³⁵

Congress has not comprehensively reauthorized TANF since it created the program in 1996, and federal regulations have not been updated since 2008.^a Since the end of 2010, short-term extensions have funded TANF.³⁶

^a Reauthorization of TANF was included in the Deficit Reduction Act of 2005 (DRA), but the DRA retained nearly all the TANF provisions passed in the original welfare reform law, and funding levels established by PRWORA were unchanged. DRA authorized TANF through 2010, after which the block grant has been funded through a series of short-term extensions.



Federal TANF Funding for Child Care. States can use their federal TANF funds in two ways:

- **Transfers to CCDBG.** Federal law allows states to transfer up to 30% of their federal TANF funds to the Child Care Development Block Grant.³⁷ Funds transferred from TANF to CCDBG are subject to rules and reporting requirements governing the latter block grant, helping to ensure that young children are served in child care programs meeting minimum health and safety requirements.
- **Direct Spending.** Separate from CCDBG, states can allocate any amount of federal TANF funds directly to child care services, including on Pre-K and Head Start, commonly called “direct” spending. Importantly, expenditures in this category are not subject to the minimum health and safety standards required under CCDBG.

IN BPC'S PARENT SURVEYS, SAFETY IS CONSISTENTLY RANKED HIGHEST AMONG FACTORS IMPORTANT TO PARENTS WHEN THEY CHOOSE CHILD CARE.^{38,39} UNDER CURRENT LAW, TANF FUNDS TRANSFERRED TO CCDBG ARE THE ONLY FUNDS GUARANTEED TO BE SPENT ON CARE THAT MEETS MINIMUM HEALTH AND SAFETY STANDARDS.

State MOE Funding. States must maintain a specific level of their own funding on TANF-related activities, known as the state maintenance of effort. Specifically, each state must spend its own funds on activities for low-income families at a level equal to at least 75% of what the state spent on welfare programs in FY1994—before TANF was established. States can count spending on child care activities that are provided to, or on behalf of, TANF eligible families as contributions to their TANF MOE.

For more than two decades, the lack of health and safety measures required of direct TANF spending has been a concern since the original rule was open for public comment:⁴⁰

Comment: The Notice of Proposed Rulemaking (NPRM), as written, might create a larger problem of inadequate child care due to informal, uncertified, or unlicensed child care providers. The commenter was concerned that this would result in caregivers with inadequate training in child development or basic lifesaving skills, poor or no curriculum, or no health or dental care referrals.

Response: “The statute, as reflected in the NPRM, intended to give parents some choice in child care arrangements. Informal care is only one possible type of child care arrangement that families could use. If the state uses CCDF funds to provide child care, the regulations governing the CCDF program require states to have standards for informal providers, as well as those providers who are licensed. Under TANF, we [HHS] do not have the authority to regulate child care providers. Accordingly, we have not amended the rules in response to the comment.”

Source: 45 CFR Part 260, Temporary Assistance for Needy Families Program (TANF) Final Rule, p.17796.

States are also required to contribute their own MOE funds to the Child Care Development Fund (CCDF). States can count this spending (up to \$888 million across all states) as part of their required TANF MOE contribution.⁴¹

BACKGROUND – CHILD CARE DEVELOPMENT FUND

The federal government also provides financial assistance to low-income families to help them find child care so they can work or attend a job training or educational program through CCDBG. The money comes from discretionary funds issued to states, authorized by the CCDBG Act, and subject to annual appropriations.

The Child Care Entitlement to States (CCES) consists of mandatory and matching funds made available under Section 418 of the Social Security Act.⁴²

Together, CCDBG and CCES are referred to as the Child Care Development Fund.⁴³ In FY2021, CCDF, not including transfers from TANF, provided \$9.4 billion in federal funds to states to improve the quality and affordability of child care for low-income, working parents.⁴⁴

Lessons Learned from CCDBG Reauthorization

The Child Care Development Block Grant establishes minimum health and safety standards and monitoring requirements. In November 2014, Congress reauthorized CCDBG and expanded the purpose of the law to reflect the importance of quality care on a child's development.⁴⁵ Considering that one-quarter of TANF funds support child care, TANF should also be updated to ensure that all federal funds spent on child care are supporting care that is safe and healthy.

DESPITE THE BIPARTISAN ATTENTION TO QUALITY IMPROVEMENTS AND RECENT FUNDING INCREASES, CHILD CARE COSTS CONTINUE TO BE A MAJOR CHALLENGE FOR MILLIONS OF WORKING FAMILIES. ONLY A FRACTION OF ELIGIBLE FAMILIES RECEIVES ASSISTANCE THROUGH CCDF.⁴⁶

Child care has broad bipartisan support, and funding has increased dramatically over the past five years, signaling a commitment to help working families with young children access child care. In March 2018, Congress passed a historic increase of \$2.37 billion to discretionary CCDBG—the single largest increase up to this point—nearly doubling funding to \$5.2 billion.^b This increased total funding to the Child Care Development Fund, before TANF transfers, to \$8.1 billion in FY2018. CCDBG was again increased in FY2019 and FY2020 by \$50 million and \$55 million, respectively.⁴⁷ Most recently, the Consolidated Appropriations Act of 2023 (the FY2023 omnibus bill) appropriated \$8 billion to CCDBG. This was a \$1.9 billion, or 30%, increase over the previous fiscal year and represented the second largest increase ever after FY2018.⁴⁸

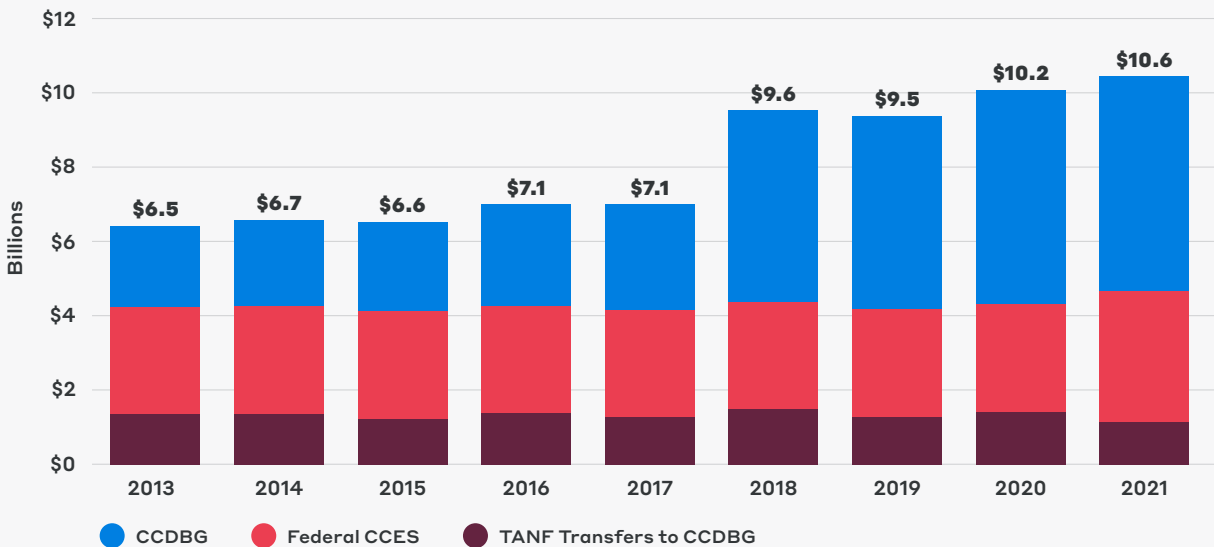
HHS identified 7% of a household's income as a new federal benchmark for affordability of child care for low-income working families.⁴⁹ Policymakers increased CCDBG funding to enhance subsidy amounts and reduce co-payment

^b For more on the history of federal funding for CCDF, see Appendix 2.

rates for eligible families to approach this target while maintaining the number of children reached by federal subsidies.

The transfer of TANF funds to CCDBG augments annual appropriations. In FY2021, CCDBG was appropriated at \$5.9 billion, although federal CCDF funding totaled \$10.6 billion after the \$3.6 billion in CCES mandatory funds and \$1.2 billion in TANF transfers reported by states were factored in.

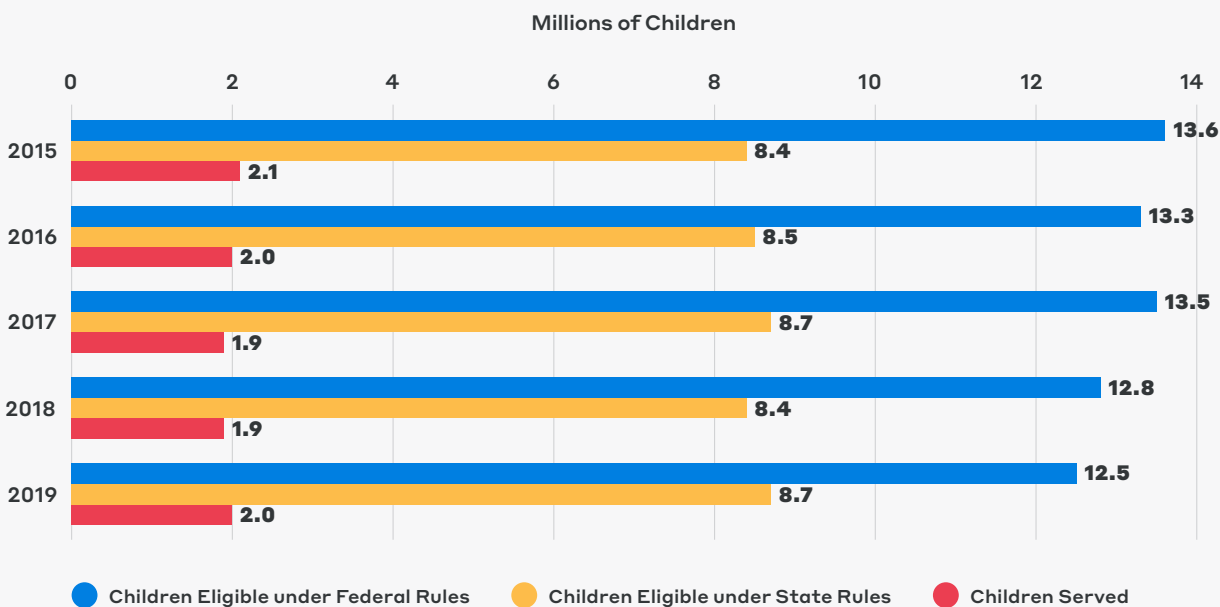
Federal Funding of the Child Care Development Fund, 2013-2021



Source: U.S. Library of Congress, Congressional Research Service, Child Care Entitlement to States: An Overview, 2022. Available at: <https://crsreports.congress.gov/product/pdf/IF/IF10511>.

Despite the bipartisan efforts to improve quality and the recent funding increases, child care costs continue to be a major challenge for millions of working families. Only **a fraction of eligible families receives assistance through CCDF**.⁵⁰ Of the 12.5 million children potentially eligible for child care subsidies under federal rules, 1 in 6 (16%) received a subsidy in FY2019, the most recent year that HHS published estimates.⁵¹ Of the 8.7 million children eligible for child care subsidies under more-restrictive state rules, 23% received subsidies.⁵² To receive a subsidy, a child's family must meet both federal and state eligibility requirements.

Eligibility and Receipt of Federal Child Care Subsidies in an Average Month



Source: U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, "Factsheet: Estimates of Child Care Eligibility & Receipt for Fiscal Year 2019." Accessed August 3, 2023. Available at: <https://aspe.hhs.gov/reports/child-care-eligibility-fy2019>.

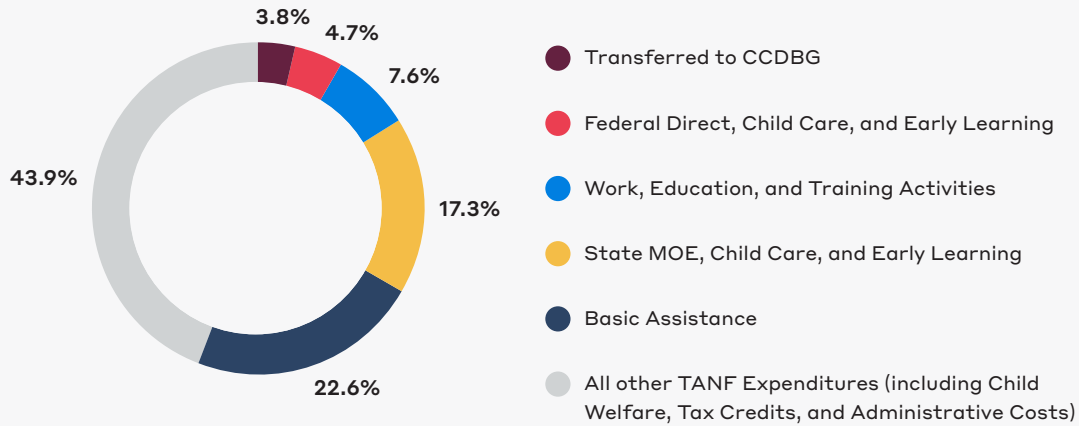
2021 TANF Expenditures on Child Care and Early Learning

NATIONAL OVERVIEW

In FY2021, the latest data available from HHS, states reported spending \$7.8 billion (26%) of a total \$30 billion in TANF funds on child care. By comparison, about 23% of TANF funds went toward basic assistance, and 8% went toward work, education, and training activities.⁵³

BETWEEN TRANSFERS TO CCDBG, FEDERAL DIRECT SPENDING, AND STATE MOE SPENDING, 1 OUT OF EVERY 4 TANF DOLLARS SUPPORTS CHILD CARE AND EARLY LEARNING FOR LOW-INCOME FAMILIES.

Distribution of TANF Spending by Category in FY2021, U.S. Total TANF Expenditures: \$30.3 billion

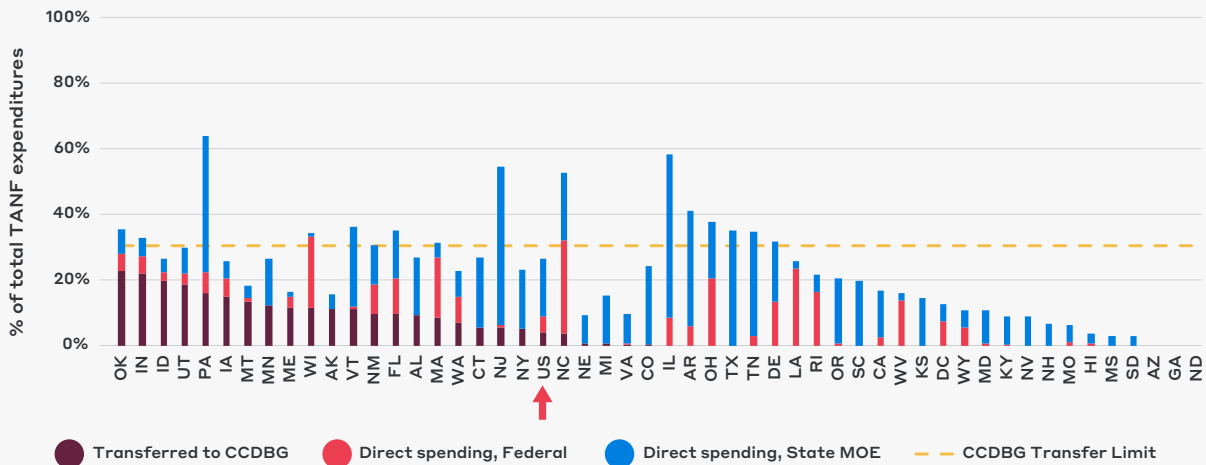


Source: U.S. Department of Health and Human Services, Office of the Administration for Children and Families, "TANF Financial Data, FY 2021." Accessed June 6, 2023. Available at: <https://www.acf.hhs.gov/ofa/data/tanf-financial-data-fy-2021>.

VARIATION IN TANF SPENDING BY STATE

A state's decision to transfer TANF funds to CCDBG expands access to subsidies for eligible children, promotes safe and healthy environments for children to grow and learn, and allows families to find stable child care arrangements they can trust to support workforce participation. In FY2021, 25 states transferred a total of **\$1.16 billion** of TANF funds to CCDBG. **No state met the CCDBG transfer limit of 30%, and 26 states transferred zero dollars.**⁵⁴

TANF Expenditures on Child Care and Early Learning by State, FY2021

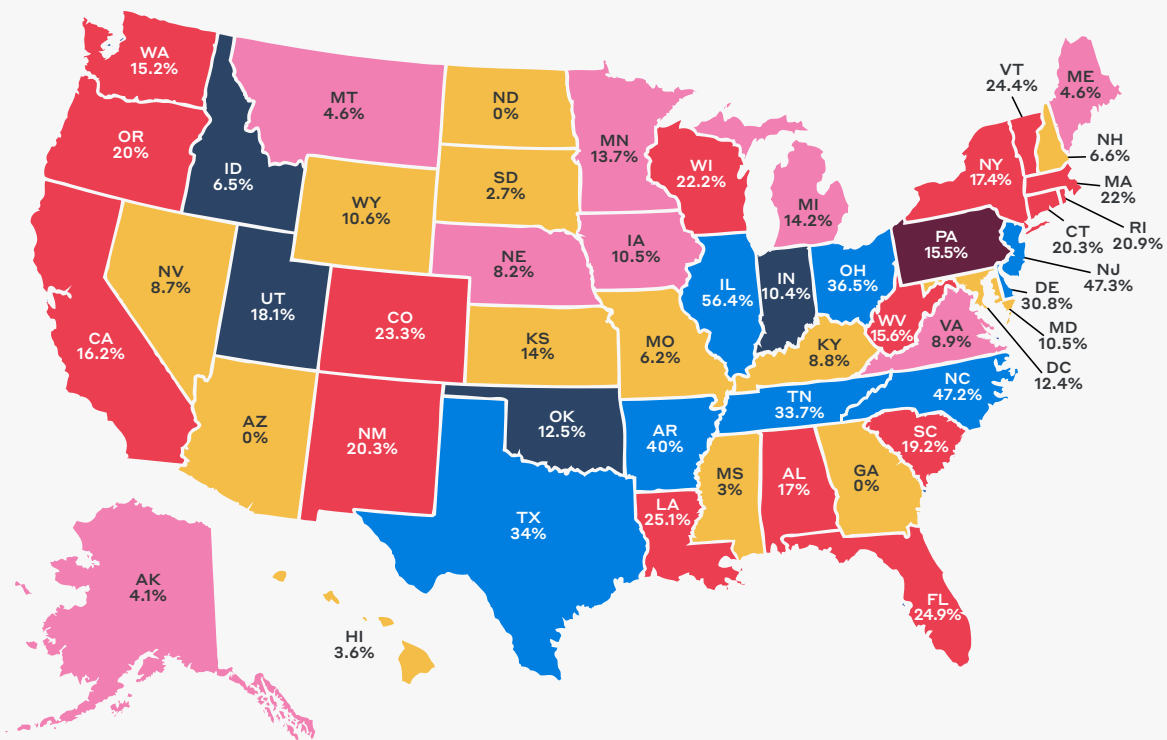


Source: U.S. Department of Health and Human Services, Office of the Administration for Children and Families, "TANF Financial Data, FY 2021." Accessed June 6, 2023. Available at: <https://www.acf.hhs.gov/ofa/data/tanf-financial-data-fy-2021>.

In FY2021, 85% of the TANF dollars spent on child care—\$6.7 billion of the total \$7.8 billion nationally—was allocated directly to child care services.⁵⁵ If funds had been transferred to CCDBG, those child care services would have had health, safety, and quality monitoring. Forty-seven states and the District of Columbia spent a total of \$1.43 billion of their federal TANF allocation and \$5.25 billion of state MOE funds directly on child care services. Three states—Arizona, Georgia, and North Dakota—spent TANF dollars on other services, allocating none to child care in FY2021.

States’ FY2021 TANF spending on child care and early learning can be divided into **six profiles** based on the proportions of funds transferred to CCDBG and spent directly:^c

State TANF Profiles



- High Transfer, Low Direct Spending**
- High Transfer, Very High Direct Spending**
- Very Low (or No) Transfer, Very High Direct Spending**
- Low (or No) Transfer, High Direct Spending**
- Low Transfer, Low Direct Spending**
- No Transfer, Low (or No) Direct Spending**

^c See Appendix 3 for additional information on how states spent TANF dollars across these categories in FY2021.

● **A. High Transfer, Low Direct Spending:** Four states (Idaho, Indiana, Oklahoma, and Utah) transferred at least 15% of their total TANF expenditures to CCDBG and allocated less than 15% of their total TANF expenditures on direct spending. These states represent the highest proportion of TANF funds spent on child care and early learning services that are guaranteed to be subject to minimum health and safety standards.

● **B. High Transfer, Very High Direct Spending:** One state (Pennsylvania) transferred 16% of total TANF expenditures to TANF and directly spent an additional 46% of the state's total TANF expenditures. Pennsylvania allocates the largest proportion of TANF dollars to child care and early learning of any state.

● **C. Very Low (or No) Transfer, Very High Direct Spending:** Eight states (Arkansas, Delaware, Illinois, Ohio, New Jersey, North Carolina, Tennessee, and Texas) transferred less than 6% of total TANF expenditures to CCDBG and spent 30% or more on direct services. These states have a high overall spending on child care and early learning services but the lowest proportion of spending that is guaranteed to be subject to minimum health and safety standards.

● **D. Low (or No) Transfer, High Direct Spending:** Ten states (Alabama, Colorado, Connecticut, Florida, Massachusetts, New Mexico, New York, Vermont, Washington, and Wisconsin) transferred less than 15% of total TANF expenditures to CCDBG and spent at least 15% but less than 30% of TANF funds directly on child care and early learning services. An additional six states (California, Louisiana, Oregon, Rhode Island, South Carolina, and West Virginia) transferred zero TANF dollars to CCDBG and spent at least 15% but less than 30% of TANF funds on direct services.

● **E. Low Transfer, Low Direct Spending:** Eight states (Alaska, Iowa, Maine, Michigan, Minnesota, Montana, Nebraska, and Virginia) transferred less than 15% of total TANF expenditures to CCDBG and spent less than 15% on direct services.

● **F. No Transfer, Low (or No) Direct Spending:** Eleven states (the District of Columbia, Hawaii, Kansas, Kentucky, Maryland, Mississippi, Missouri, Nevada, New Hampshire, South Dakota, and Wyoming) spent less than 15% of their total TANF on direct spending with zero dollars transferred to CCDBG. An additional three states (Arizona, Georgia, and North Dakota) spent zero TANF dollars, transferred or direct spending, on child care in FY2021.

Trends Over Time in TANF Spending on Child Care

SEVEN-YEAR TRENDS

The past decade has seen important shifts for child care, including enhanced policies, funding, and public understanding of how essential child care is. In particular, the COVID-19 pandemic and subsequent tumult in the child care sector highlighted the critical role child care plays in the ability of families to participate in the workforce.

Beginning with the bipartisan reauthorization of CCDBG in 2014, states began instituting minimum health and safety requirements and spending more on quality improvements. All children attending a child care program serving subsidy-recipient children benefit from required improvements.

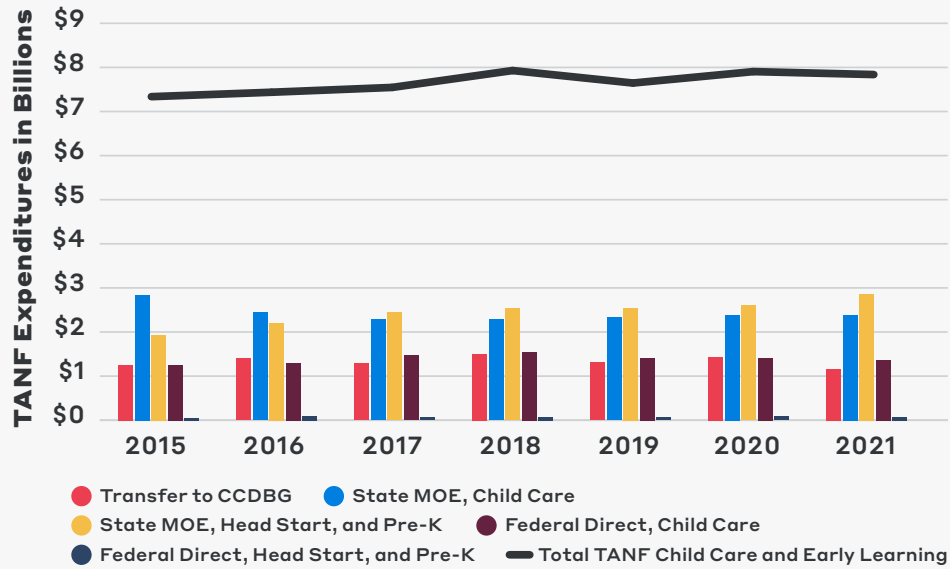
During the pandemic, the child care workforce took longer to recover than the rest of the non-agricultural workforce. Many centers experienced temporary or permanent closures.

Disruptions in child care hit low-income working families especially hard. A recent [survey](#) found that households with income below 200% of the federal poverty level were more likely to take unpaid leave, leave a job, lose a job, or not work when faced with child care disruptions.⁵⁶ Job loss can cause an individual to not meet TANF work requirements and lose benefits needed to pay for child care.

Despite the growing recognition of the importance of a well functioning child care market and of the need to help low-income families access affordable care, the major funding increases to CCDBG since 2018 might have had **the unintended consequence of leading states to reduce their TANF transfers to CCDBG. Instead, states are shifting spending to direct child care and early learning services or other areas of TANF.** Each of these actions could have devastating effects on low-income, working families with young children who rely on a child care subsidy to find a job and continue working, as well as on their children, who deserve safe and healthy child care arrangements.

In addition to increases in CCDBG funding, the most recent seven years of TANF data (between FY2015 and FY2021) show that total TANF spending on child care and early learning has increased slightly, driven largely by increases to state MOE spending on Head Start/Pre-K. CCDBG transfers decreased while state and federal direct spending has increased. Specifically, funds transferred to CCDBG fell 7.4%; federal direct spending rose 9.6%; and states' MOE spending on child care and early learning increased 9.8%.

7-Year National TANF Spending Trends in Child Care and Early Learning



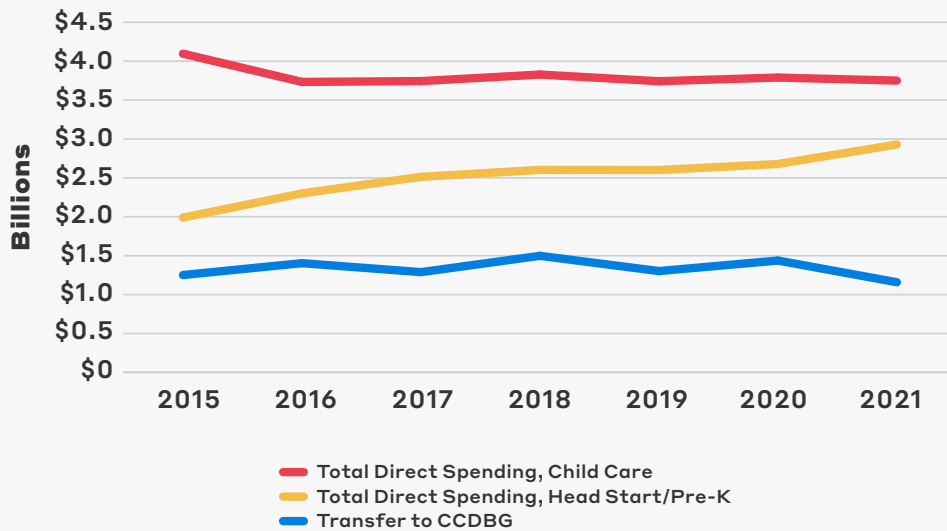
Source: U.S. Department of Health and Human Services, Office of the Administration for Children and Families, “TANF Financial Data, FY 2021.” Accessed June 6, 2023. Available at: <https://www.acf.hhs.gov/ofa/data/tanf-financial-data-fy-2021>.

In TANF financial reporting, child care and early learning direct spending is made up of two expenditure categories: child care services and Head Start/Pre-K. While spending in the overall category increased slightly over the past seven years, spending on the child care category through transfers and direct spending has decreased. Increases in state MOE spending on Head Start and Pre-K have driven the increase in total spending.

Child care, Head Start, and Pre-K all provide important opportunities for care, development, and learning, and support caregivers’ participation in the workforce. However, Head Start and Pre-K typically serve children ages 4, or sometimes 3, and older. States should consider all state and federal funding sources and ensure that the needs of families with very young children, for whom costs of care are highest, are being considered in state TANF spending.

HHS only began reporting child care and early learning expenditures broken out by the two categories in FY2015, so we are unable to consider a longer time period.

7-Year National TANF Spending Trends in Child Care and Early Learning



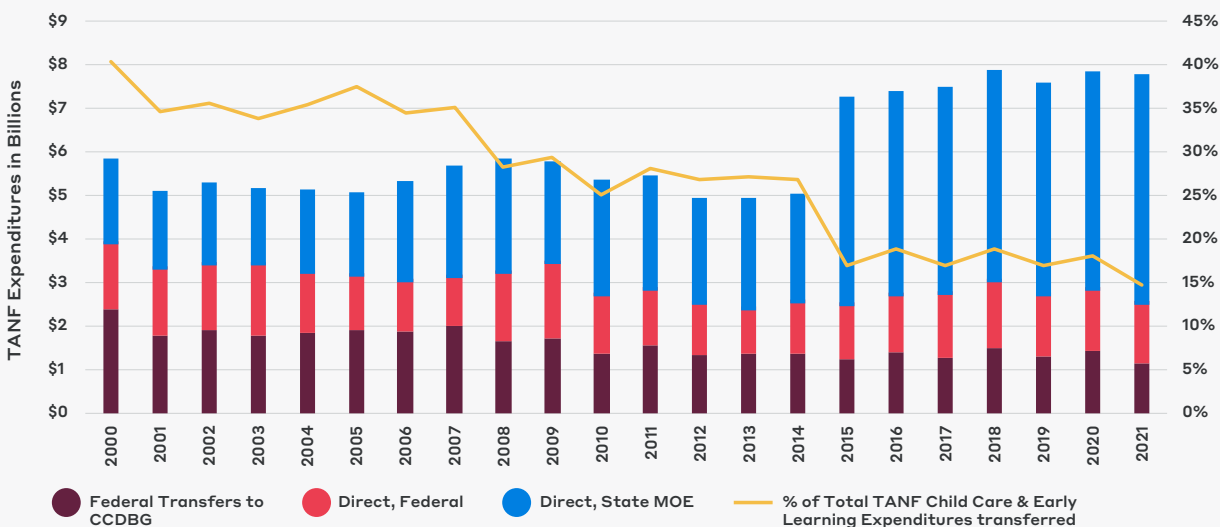
20-YEAR TRENDS

Although recent seven-year trends can help us understand state decisions and priorities, analyzing data over a longer period provides key information about how officials have administered the program, particularly given that Congress has not comprehensively reauthorized TANF. Additionally, this data provides information before the 2014 reauthorization of the CCDBG, which shows that transfer rates have consistently declined over the past two decades. Last, the 2007-2009 recession caused child care investments to stall, and despite Congress's decision to provide economic stimulus through the American Recovery and Reinvestment Act of 2009, spending on TANF child care services never fully recovered.

Since 2000, total TANF spending on child care and early learning has decreased by more than \$1 billion. This decline causes concern that states are deprioritizing child care within TANF. Further, adjusting for inflation means that the value of TANF funds has declined significantly over the years while funding levels remain unchanged.

Although child care assistance funding through TANF and CCDBG is critical, the ways in which these funds are spent is equally important. The trend favoring direct spending over states' CCDBG transfers has real implications for the children and families who rely on these essential services.

Trends In TANF Spending on Child Care and Early Learning, 2000 - 2021



States are relying less on TANF transfers to provide child care services in favor of directly spending their TANF money. The percentage of all TANF funds states spent on child care that was transferred to CCDBG dropped precipitously from 41% in 2000 to 15% in 2021. In addition to a decline in the percentage of funds transferred, the number of states transferring funds has also declined steadily: Just 25 states transferred TANF funds to CCDBG in 2021, down from 46 in 2000.

Policy Recommendations



FEDERAL

Changes to the CCDBG program over time show that Congress wanted child care assistance for low-income families to be paired with a commitment to upholding minimum health and safety standards. **Unlike CCDBG, TANF has not been comprehensively reauthorized since it was created nearly 30 years ago.** To support the well-being of families and children as they seek self-sufficiency and long-term success, Congress should:

- Require all TANF direct spending (federal and state MOE) on child care to meet the same health, safety, and background-check requirements applied to CCDBG spending.



- Increase mandatory federal child care funding and reduce the reliance on TANF as a contributor to the child care system, as well as expand access to subsidized care by eligible children.
- Direct HHS to clarify allowable expenditures and reporting requirements for state and local spending of any TANF child care dollars not transferred to CCDBG.

REFINING TANF EXPENDITURE REPORTING

Under current guidelines governing TANF expenditures to HHS, states report spending on Head Start, which does require minimum health and safety standards to be met, and Pre-K, which may or may not, as a single category. Splitting these into two separate expenditure subcategories within Early Care and Education would allow for a clearer picture of how many TANF dollars are spent on safe and healthy child care services.

STATE

As a block grant, TANF gives states flexibility in how they administer the funds. In the absence of congressional updates to TANF, states have options available now to ensure that TANF funds are used to support healthy and safe child care:

- Update state regulations to ensure that any TANF spending on child care services is subject to the same health, safety, and background check requirements required for CCDBG.
- Shift TANF child care spending from direct spending to CCDBG transfers, up to the 30% transfer limit.

Conclusion

TANF is one of our country's largest public funding sources for child care and early learning. But the only TANF child care expenditures required to meet federal health and safety standards are those transferred to CCDBG. The percentage of TANF funds transferred has declined over the past 20 years, and states now favor direct spending. This leaves a subset of children—those who receive TANF child care assistance—receiving care that may be below minimum standards. With safety consistently ranked highest among factors important to parents selecting child care, the lack of regulation is a concern.

States' decision to transfer TANF funds to CCDBG is crucial for promoting the quality environments that children need to build a healthy foundation for life and for helping families find stable child care arrangements they can trust. **In FY2021, no state met the CCDBG transfer limit of 30%, and 26 states transferred zero dollars.** Congress must address the outdated TANF requirements to promote the health and well-being of children and families and maximize child care investments.

Appendices

APPENDIX 1: STATE TANF SPENDING ON CHILD CARE AND EARLY LEARNING, FY2021

STATE	Total TANF Expenditures, including Transfers	TANF Transferred to CCDBG	% TANF Transferred to CCDBG	Direct Spending on Child Care and Early Learning			Total TANF Spending on Child Care and Early Learning
				Federal Direct	State MOE*	Total Direct Spending*	
Alabama	\$205,002,825	\$18,601,451	9%	\$57,938	\$34,774,154	\$34,832,092	\$53,433,543
Alaska	\$80,331,398	\$8,879,493	11%	\$0	\$3,267,421	\$3,267,421	\$12,146,914
Arizona	\$338,048,562	\$0	0%	\$0	\$0	\$0	\$0
Arkansas	\$88,145,240	\$0	0%	\$5,250,000	\$29,997,730	\$35,247,730	\$35,247,730
California	\$6,101,989,605	\$0	0%	\$149,990,551	\$839,435,898	\$989,426,449	\$989,426,449
Colorado	\$424,328,379	\$1,048,581	0%	\$293,503	\$98,512,656	\$98,806,159	\$99,854,740
Connecticut	\$475,909,326	\$26,678,810	6%	\$0	\$96,705,069	\$96,705,069	\$123,383,879
Delaware	\$98,018,047	\$0	0%	\$12,631,846	\$17,596,401	\$30,228,247	\$30,228,247
District of Columbia	\$429,259,945	\$0	0%	\$30,886,299	\$22,169,365	\$53,055,664	\$53,055,664
Florida	\$895,773,275	\$82,996,517	9%	\$95,514,565	\$127,927,544	\$223,442,109	\$306,438,626
Georgia	\$451,224,933	\$0	0%	\$0	\$0	\$0	\$0
Hawaii	\$208,289,099	\$0	0%	\$1,879,786	\$5,526,270	\$7,406,056	\$7,406,056
Idaho	\$40,838,381	\$7,804,095	19%	\$1,027,140	\$1,625,819	\$2,652,959	\$10,457,054
Illinois	\$1,149,513,033	\$0	0%	\$97,595,781	\$550,886,907	\$648,482,688	\$648,482,688
Indiana	\$287,620,292	\$61,835,002	21%	\$14,673,160	\$15,356,947	\$30,030,107	\$91,865,109
Iowa	\$182,652,111	\$26,205,412	14%	\$10,501,949	\$8,714,446	\$19,216,395	\$45,421,807
Kansas	\$161,534,947	\$0	0%	\$0	\$22,670,010	\$22,670,010	\$22,670,010
Kentucky	\$220,516,399	\$0	0%	\$984,946	\$18,314,084	\$19,299,030	\$19,299,030
Louisiana	\$223,276,259	\$0	0%	\$50,662,903	\$5,379,668	\$56,042,571	\$56,042,571
Maine	\$138,716,597	\$15,572,618	11%	\$4,680,724	\$1,749,945	\$6,430,669	\$22,003,287
Maryland	\$602,688,997	\$0	0%	\$5,127,900	\$58,334,860	\$63,462,760	\$63,462,760
Massachusetts	\$1,103,098,428	\$91,570,224	8%	\$197,832,901	\$44,973,368	\$242,806,269	\$334,376,493
Michigan	\$1,103,098,428	\$91,570,224	8%	\$197,832,901	\$44,973,368	\$242,806,269	\$334,376,493
Minnesota	\$506,919,354	\$60,487,000	12%	\$0	\$69,448,813	\$69,448,813	\$129,935,813
Mississippi	\$57,336,192	\$0	0%	\$0	\$1,715,340	\$1,715,340	\$1,715,340
Missouri	\$373,271,260	\$0	0%	\$4,491,995	\$18,813,756	\$23,305,751	\$23,305,751
Montana	\$38,240,674	\$5,000,000	13%	\$459,897	\$1,313,990	\$1,773,887	\$6,773,887
Nebraska	\$79,300,839	\$658,294	1%	\$0	\$6,498,998	\$6,498,998	\$7,157,292
Nevada	\$115,422,297	\$0	0%	\$0	\$10,087,427	\$10,087,427	\$10,087,427

STATE	Total TANF Expenditures, including Transfers	TANF Transferred to CCDBG	% TANF Transferred to CCDBG	Direct Spending on Child Care and Early Learning			Total TANF Spending on Child Care and Early Learning
				Federal Direct	State MOE*	Total Direct Spending*	
New Hampshire	\$69,030,334	\$0	0%	\$0	\$4,581,872	\$4,581,872	\$4,581,872
New Jersey	\$1,435,440,103	\$79,000,000	6%	\$8,443,852	\$669,853,372	\$678,297,224	\$757,297,224
New Mexico	\$329,354,414	\$31,145,625	9%	\$28,135,227	\$38,600,496	\$66,735,723	\$97,881,348
New York	\$5,303,795,808	\$273,696,000	5%	\$0	\$920,697,104	\$920,697,104	\$1,194,393,104
North Carolina	\$577,973,971	\$21,773,001	4%	\$157,945,594	\$114,894,650	\$272,840,244	\$294,613,245
North Dakota	\$30,698,969	\$0	0%	\$0	\$0	\$0	\$0
Ohio	\$1,153,188,429	\$0	0%	\$230,255,499	\$190,489,651	\$420,745,150	\$420,745,150
Oklahoma	\$125,696,948	\$27,601,599	22%	\$6,767,659	\$8,970,857	\$15,738,516	\$43,340,115
Oregon	\$173,032,918	\$0	0%	\$1,378,737	\$33,189,352	\$34,568,089	\$34,568,089
Pennsylvania	\$963,341,659	\$149,612,500	16%	\$58,602,775	\$387,083,337	\$445,686,112	\$595,298,612
Rhode Island	\$132,122,605	\$0	0%	\$21,048,583	\$6,541,126	\$27,589,709	\$27,589,709
South Carolina	\$156,338,912	\$0	0%	\$0	\$30,061,248	\$30,061,248	\$30,061,248
South Dakota	\$29,231,248	\$0	0%	\$0	\$802,914	\$802,914	\$802,914
Tennessee	\$270,549,234	\$0	0%	\$7,621,509	\$83,442,559	\$91,064,068	\$91,064,068
Texas	\$958,645,328	\$0	0%	\$0	\$325,879,048	\$325,879,048	\$325,879,048
Utah	\$83,427,949	\$15,071,188	18%	\$2,654,311	\$6,353,195	\$9,007,506	\$24,078,694
Vermont	\$85,307,997	\$9,224,074	11%	\$529,165	\$20,325,512	\$20,854,677	\$30,078,751
Virginia	\$314,867,895	\$1,416,245	0%	\$603,394	\$27,309,387	\$27,912,781	\$29,329,026
Washington	\$1,080,728,296	\$73,021,311	7%	\$85,057,497	\$79,035,968	\$164,093,465	\$237,114,776
West Virginia	\$135,511,278	\$0	0%	\$18,125,000	\$2,971,392	\$21,096,392	\$21,096,392
Wisconsin	\$562,156,641	\$62,569,196	11%	\$118,151,807	\$6,788,018	\$124,939,825	\$187,509,021
Wyoming	\$29,892,472	\$0	0%	\$1,606,145	\$1,553,707	\$3,159,852	\$3,159,852
Total	\$30,321,960,614	\$1,158,361,971	4%	\$1,431,470,537	\$5,248,300,492	\$6,679,771,029	\$7,838,133,000

Prepared by BPC in August 2023.

*Includes state contributions to the CCDF MOE that might also count to the TANF MOE.

Source: U.S. Department of Health and Human Services, Office of the Administration for Children and Families, "TANF Expenditure Data." Accessed June 6, 2023. Available at: <https://www.acf.hhs.gov/ofa/programs/tanf/data-reports>.

APPENDIX 2: TANF AND CCDF FUNDING, FY2000 – FY2021, IN MILLIONS OF DOLLARS

Fiscal Year	TANF Funding		CCDF Funding			Total CCDF Including Transfers	% of Total CCDF from TANF Transfers	All Child Care Spending (TANF + CCDF)
	Transfer to CCDBG	Direct Funding on Child Care, State MOE** + Federal	Mandatory CCES	Discretionary CCDBG	Total Federal Authorization			
2000	\$2,400	\$3,519	\$2,567	\$1,183	\$3,750	\$6,150	39.02%	\$9,669
2001	\$1,800	\$3,386	\$2,717	\$2,000	\$4,717	\$6,517	27.62%	\$9,903
2002	\$1,926	\$3,456	\$2,717	\$2,100	\$4,817	\$6,743	28.56%	\$10,199
2003	\$1,790	\$3,468	\$2,717	\$2,086	\$4,803	\$6,593	27.15%	\$10,061
2004	\$1,856	\$3,350	\$2,717	\$2,087	\$4,804	\$6,660	27.87%	\$10,010
2005	\$1,937	\$3,197	\$2,717	\$2,083	\$4,800	\$6,737	28.75%	\$9,934
2006	\$1,878	\$3,542	\$2,917	\$2,062	\$4,979	\$6,857	27.39%	\$10,399
2007	\$2,028	\$3,717	\$2,917	\$2,062	\$4,979	\$7,007	28.94%	\$10,724
2008	\$1,679	\$4,236	\$2,917	\$2,062	\$4,979	\$6,658	25.22%	\$10,894
2009*	\$1,727	\$4,126	\$2,917	\$2,127	\$5,044	\$6,771	25.51%	\$10,897
2010	\$1,373	\$4,069	\$2,917	\$2,127	\$5,044	\$6,417	21.40%	\$10,486
2011	\$1,564	\$3,958	\$2,917	\$2,223	\$5,140	\$6,704	23.33%	\$10,662
2012	\$1,358	\$3,664	\$2,917	\$2,278	\$5,195	\$6,553	20.72%	\$10,217
2013	\$1,367	\$3,639	\$2,917	\$2,206	\$5,123	\$6,490	21.06%	\$10,129
2014	\$1,382	\$3,744	\$2,917	\$2,358	\$5,275	\$6,657	20.76%	\$10,401
2015	\$1,251	\$4,096	\$2,917	\$2,435	\$5,352	\$6,603	18.95%	\$10,699
2016	\$1,403	\$3,733	\$2,917	\$2,761	\$5,678	\$7,081	19.81%	\$10,814
2017	\$1,288	\$3,744	\$2,917	\$2,856	\$5,773	\$7,061	18.24%	\$10,805
2018	\$1,498	\$3,828	\$2,917	\$5,213	\$8,130	\$9,628	15.56%	\$13,456
2019	\$1,302	\$3,742	\$2,917	\$5,258	\$8,175	\$9,477	13.74%	\$13,219
2020	\$1,437	\$3,790	\$2,917	\$5,826	\$8,743	\$10,180	14.12%	\$13,970
2021	\$1,158	\$3,751	\$3,550	\$5,852	\$9,402	\$10,560	10.97%	\$14,311

Prepared by BPC in June 2023.

*Does not include \$2 billion provided to CCDF or the \$5 billion provided to TANF through the American Recovery and Reinvestment Act of 2009, or ARRA, a stimulus package signed into law by President Barack Obama in February 2009.

**Includes state contributions to the CCDF Maintenance of Effort that may also count to the TANF Maintenance of Effort.

Sources: U.S. Department of Health and Human Services, Office of the Administration for Children and Families, "TANF Expenditure Data." Accessed June 6, 2023. Available at: <https://www.acf.hhs.gov/ofa/programs/tanf/data-reports>; U.S. Library of Congress, Congressional Research Service, *Child Care Entitlement to States: An Overview*, 2022. Available at: <https://crsreports.congress.gov/product/pdf/IF/IF10511>; Rachel Schumacher, "The Impact of TANF Funding on State Child Care Subsidy Programs," Center for Law and Social Policy, 2001. Available at: <https://files.eric.ed.gov/fulltext/ED463041.pdf>.

APPENDIX 3: STATE TANF SPENDING ON CHILD CARE AND EARLY LEARNING BY SPENDING CATEGORY, FY2021

Federal TANF Funds Transferred to CCDBG. In FY2021, 25 states transferred a total of \$1.16 billion of federal TANF funds to CCDBG. No state met the CCDBG transfer limit of 30%, and 26 states transferred zero dollars.

States That Did Not Transfer to CCDBG in 2021 (26)

Arizona
Arkansas
California
Delaware
District of Columbia
Georgia
Hawaii
Illinois
Kansas
Kentucky
Louisiana
Maryland
Mississippi
Missouri
Nevada
New Hampshire
North Dakota
Ohio
Oregon
Rhode Island
South Carolina
South Dakota
Tennessee
Texas
West Virginia
Wyoming

States That Transferred to CCDBG in 2021 (25)

Alabama
Alaska
Colorado
Connecticut
Florida
Idaho
Indiana
Iowa
Maine
Massachusetts
Michigan
Minnesota
Montana
Nebraska
New Jersey
New Mexico
New York
North Carolina
Oklahoma
Pennsylvania
Utah
Vermont
Virginia
Washington
Wisconsin

Federal TANF Funds Spent Directly on Child Care. Thirty-one states and the District of Columbia spent nearly \$1.4 billion of their federal TANF funds directly on child care services in 2021, a 3% decrease from 2020, when states spent more than \$1.4 billion.

States that did not directly spend federal funding on child care (19)

Alaska
 Arizona
 Connecticut
 Georgia
 Idaho
 Kansas
 Louisiana
 Michigan
 Minnesota
 Mississippi
 Nebraska
 Nevada
 New Hampshire
 New York
 North Dakota
 South Carolina
 South Dakota
 Texas
 Wyoming

States that spent federal funding directly on child care (32)

Alabama	Ohio
Arkansas	Oklahoma
California	Oregon
Colorado	Pennsylvania
Delaware	Rhode Island
District of Columbia	Tennessee
Florida	Utah
Hawaii	Vermont
Illinois	Virginia
Indiana	Washington
Iowa	West Virginia
Kentucky	Wisconsin
Maine	
Maryland	
Massachusetts	
Missouri	
Montana	
New Jersey	
New Mexico	
North Carolina	

The following 11 states did not spend any federal TANF funding on child care, through either transfers or direct spending.

Arizona	New Hampshire
Georgia	North Dakota
Kansas	South Carolina
Louisiana	South Dakota
Mississippi	Texas
Nevada	

State MOE Funds Spent on Child Care. In 2021, 42 states and the District of Columbia spent more than \$2.4 billion on child care services that counted toward their TANF MOE. State MOE is the only category of child care spending within TANF that increased in 2021 when compared with 2020. Child care spending accounted for about 16% of the total \$15.2 billion in funds expended to reach state MOE requirements. Additionally, it represents a little less than half of MOE spent on early childhood programs in 2021; another \$2.9 billion within the state’s MOE was allocated to Pre-K and Head Start, as detailed below, bringing total state MOE spending on early childhood programs to \$5.3 billion.

Note that \$888 million in aggregate state spending required for the CCDF MOE might also count for this category of spending. Therefore, in any given year, a maximum of \$888 million can be removed from state spending totals to calculate the amount states are spending in aggregate on TANF MOE expenditures related to child care outside of the CCDF health and safety standards. Data from the FY2019 state TANF expenditure sheets published by HHS includes these CCDF MOE funds in states’ TANF MOE amounts, so for purposes of this report, it is also included in these lists.⁵⁷

Eight states did not count any child care spending toward their TANF MOE requirements in FY2021. For Georgia, Louisiana, and North Dakota, this marked a departure from the prior year; the rest had reported \$0 in MOE spending on child care in FY2020 as well. Arizona, Georgia, and North Dakota also did not count any Pre-K or Head Start funding toward their MOE requirement, meaning these two states counted no child care and early learning spending toward their MOE requirement in 2021.

Reported no MOE Spending on Child Care (8)

Arizona	New Mexico
Arkansas	North Dakota
Georgia	Tennessee
Louisiana	Texas

Reported MOE Spending on Child Care (43)

Alabama	Iowa	Nevada	Utah
Alaska	Kansas	New Hampshire	Vermont
California	Kentucky	New Jersey	Virginia
Colorado	Maine	New York	Washington
Connecticut	Maryland	North Carolina	West Virginia
Delaware	Massachusetts	Ohio	Wisconsin
District of Columbia	Michigan	Oklahoma	Wyoming
Florida	Minnesota	Oregon	
Hawaii	Mississippi	Pennsylvania	
Idaho	Missouri	Rhode Island	
Illinois	Montana	South Carolina	
Indiana	Nebraska	South Dakota	

State TANF MOE spent on Pre-K and/or Head Start. Twenty-five states spent \$2.9 billion toward their TANF MOE requirement on Pre-K and/or Head Start in FY2021. The remaining states and the District of Columbia did not spend any state MOE funds on Pre-K and/or Head Start programs.

Additionally, seven states (Colorado, Idaho, Louisiana, Maine, New Mexico, Ohio, and Wyoming) spent \$70.9 million in federal TANF funds on Pre-K and/or Head Start in FY2021.

Reported No MOE Spending on Pre-K/Head Start (26)

Alaska
 Arizona
 Delaware
 District of Columbia
 Florida
 Georgia
 Hawaii
 Indiana
 Iowa
 Kentucky
 Maine*
 Massachusetts
 Mississippi
 Missouri
 Montana
 Nebraska
 Nevada
 New Hampshire
 North Dakota
 Ohio*
 Oklahoma
 South Dakota
 Vermont
 West Virginia
 Wisconsin
 Wyoming*

Reported MOE Spending on Pre-K/Head Start (25)

Alabama
 Arkansas
 California
 Colorado*
 Connecticut
 Idaho*
 Illinois
 Kansas
 Louisiana*
 Maryland
 Michigan
 Minnesota
 New Jersey
 New Mexico*
 New York
 North Carolina
 Oregon
 Pennsylvania
 Rhode Island
 South Carolina
 Tennessee
 Texas
 Utah
 Virginia
 Washington

*Expended at least some federal TANF funds on Pre-K and/or Head Start in FY2021.

Endnotes

- 1 U.S. Census Bureau, “2021 American Community Survey (ACS) 5-Year Public Use Micro Sample.” Accessed August 11, 2023. Available at: <https://www.census.gov/programs-surveys/acs/microdata.html>.
- 2 U.S. Library of Congress, Congressional Research Service, *Child Care Entitlement to States: An Overview*. 2022. Available at: <https://crsreports.congress.gov/product/pdf/IF/IF10511>.
- 3 Ibid.
- 4 “Part 263: Expenditures of State and Federal TANF Funds, *Code of Federal Regulations*, Title 45 (2021):154-160. Available at: <https://www.ecfr.gov/current/title-45/subtitle-B/chapter-II/part-263>.
- 5 U.S. Library of Congress, Congressional Research Service, *Block Grants: Perspectives and Controversies*, 2022. Available at: <https://sgp.fas.org/crs/misc/R40486.pdf>.
- 6 U.S. Department of Health and Human Services, Administration for Children & Families, Office of Child Care, “Federal and State Funding for Child Care and Early Learning.” Accessed August 3, 2023. Available at: https://childcareta.acf.hhs.gov/sites/default/files/federal_and_state_funding_for_child_care_and_early_learning_edited.pdf.
- 7 U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, “Factsheet: Estimates of Child Care Eligibility & Receipt for Fiscal Year 2019.” Accessed August 3, 2023. Available at: <https://aspe.hhs.gov/reports/child-care-eligibility-fy2019>.
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