



RESEARCH REPORT

# Supporting the Child Care and Workforce Development Needs of TANF Families

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# Supporting the Child Care and Workforce Development Needs of TANF Families

Low-income families receiving cash assistance through Temporary Assistance for Needy Families (TANF) also need assistance with workforce development and child care. Workforce development and child care subsidy systems exist to support low-income families and individuals, but are TANF families well served by these systems? This report outlines the opportunities offered by workforce development and child care subsidy systems but also highlights the challenges of meeting the complex needs of these highly disadvantaged families and identifies implications for federal and state policy improvements.

## Background

TANF is a flexible federal block grant to states for the broad purposes of providing assistance to needy families and reducing dependency on the government. While one of its main functions is to provide time-limited cash assistance to families—about 1.6 million very low-income US families with children receive small cash assistance payments averaging \$378 per month—resources are also used to promote job preparation, work, and marriage, as well as other statutorily defined purposes. TANF adults are required to engage in work or work activities, with some exceptions and exemptions, making child care subsidies critical for supporting TANF parents' employment as well as their children's healthy development. Access to child care subsidies and workforce development services is also important in supporting parents and children as they transition off TANF.

TANF time limits and work requirements, and the related demands for employment preparation and child care, situate TANF at the intersection of the workforce development and child care systems; however, the characteristics of TANF families accentuate the weaknesses in each system, making these families the most challenging for each system to serve. Program rules and realities, in combination with family characteristics, make it hard for TANF families to access intensive, high-quality services. TANF is positioned to meet the needs of both parents and children in mutually reinforcing ways, but both generations can succeed only if the supports are high-quality and intensive enough to meet those needs.

Recent reauthorizations and other developments in both the workforce and child care systems have implications for how those systems intersect with TANF, introducing new opportunities and new challenges. The Workforce Innovation and Opportunity Act (WIOA) reauthorized the workforce system in July 2014 (final regulations will be issued in 2016) with increased emphasis on serving disadvantaged adults and promoting career pathways. The Child Care and Development Fund (CCDF), reauthorized in November 2014 with draft regulations issued in December 2015, emphasizes quality and continuity of care. All three systems have extensive state and local flexibility, which creates great variation across locations but also heightens the potential for states to seize new opportunities and creatively address challenges if doing so is a priority. TANF is also scheduled for reauthorization, creating an opportunity to align federal TANF rules with the realities of workforce development and child care subsidy systems in ways that enhance connections between systems and better meet the complex needs of TANF adults and children.

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## BOX 1

### Research Approach

This report builds upon findings from several research projects conducted as part of a larger Urban Institute project, Bridging the Gap: Exploring the Intersection of Workforce Development and Child Care, which focuses on the particular needs of low-wage and low-skill parents who need child care in order to pursue education and training.<sup>1</sup> Building on that work, this report draws on the following research methods:

- Interviews with leaders and policy experts in child care, workforce development, and TANF, including Michelle Derr, Olivia Golden, Christine Johnson-Staub, Pamela Loprest, Elizabeth Lower-Basch, Hannah Matthews, LaDonna Pavetti, policy experts with the Congressional Research Service (David Bradley, Gene Falk, and Karen Lynch), and program leaders and administrators with the US Department of Health and Human Services (HHS), Administration for Children and Families (ACF).
- Analysis of publicly available program administrative data from the HHS/ACF.
- Review of state TANF policies included in the Welfare Rules Database, developed and maintained at the Urban Institute under funding from HHS/ACF.
- Review of state CCDF policies included in the Child Care and Development Fund Policies Database, developed and maintained at the Urban Institute under funding from HHS/ACF.
- Review of literature on child care, workforce development, and TANF policies and programs.

## About this Report

After an overview of TANF and the families it serves, this report first examines how TANF families use child care subsidies, the challenges of using subsidies, and the risks and opportunities that the newly reauthorized CCDF presents for the intersection of TANF and child care. Next, the report examines workforce development opportunities available to TANF adults, the challenges related to promoting workforce development for TANF adults, and the risks and opportunities that the newly reauthorized WIOA presents for the intersection of TANF and workforce development. The report concludes with a discussion of additional changes needed in TANF, child care subsidy, and workforce development policy and practice if these systems are to meet TANF families' needs for high-quality child care and intensive workforce development services as they strive for self-sufficiency.

The information and insights in this report reflect those shared by a small number of key policy experts and practitioners in the TANF, child care, and workforce development arenas, as well as findings from a review of policies, literature, and administrative data (see box 1). Serving as an introduction to the topic rather than a statement of empirical findings, this report raises as many questions as it answers. Nonetheless, by raising these questions and providing critical information on each of these systems and how they intersect, this report aims to improve awareness of the child care and workforce development needs of TANF families and identify opportunities to address them.

## Understanding TANF and the Families It Serves

This section provides background information on TANF policies and on the characteristics of families receiving TANF cash assistance.

### Overview of TANF Policies

While TANF is best known for providing time-limited cash assistance to very low-income families and requiring those families to engage in work or work-related activities, several lesser-known details of TANF policies and practices provide useful context for understanding the opportunities and challenges presented by the intersection of TANF with the child care and workforce development systems. States have considerable flexibility to use TANF funds for broad program purposes and currently spend only about one-quarter of the funds on basic cash assistance. A single family can receive federal cash assistance for no more than 60 total months on the program. Only about one in four poor families

nationally receives TANF cash assistance. Although adult recipients, with some exceptions, are required to engage in work or work-related activities, there are strict limits on the types of activities that are allowed. Basic skills education and longer-term education and training generally do not count toward the work requirement. See box 2 for additional details about TANF policies and practices.

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## BOX 2

### TANF Policies and Practices

Additional details of TANF policies and practices provide useful context for understanding the opportunities and challenges presented by the intersection of TANF with the child care and workforce development systems.

- **Broad program purposes.** TANF, implemented in 1997, is a flexible federal block grant to states for the purposes of (1) providing assistance to needy families; (2) reducing dependency of needy parents by promoting job preparation, work, and marriage; (3) preventing and reducing the incidence of “out-of-wedlock” pregnancies; and (4) encouraging the formation and maintenance of two-parent families. Within broad federal guidelines, states have considerable flexibility in using the block grant funds and in designing programs to meet TANF purposes.
- **TANF spending.** Only about one-quarter of TANF spending supports cash assistance payments or “basic assistance.” This figure reflects both state spending of the federal block grant as well as additional spending of state funds required by law.<sup>2</sup> States spend about 8 percent of their federal and state TANF funds on work-related activities and supports, including work-related expenses and transportation, and about 16 percent on child care, including both direct TANF spending and transfers to CCDF. More than 40 percent of federal and state TANF funds are spent on state tax credits and other areas, such as child protective services and college scholarships for low-income students. The federal government spends \$16.5 billion per year on TANF. Because the TANF block grant has not increased since it was implemented in 1997, inflation has reduced the value of the TANF block grant by one-third.
- **Work requirements.** Families with a work-eligible individual receiving TANF cash assistance are required, with some exceptions, to work or engage in work-related activities, such as job searching or skills training, for an average of at least 30 hours per week per month (20 hours for single parents with children under age 6). Federal regulations include uniform definitions for allowable work activities, including what constitutes allowable “core” and “non-core” activities. If fewer than half of a state’s families with a work-eligible individual (or fewer than 90 percent of two-parent TANF families) are engaged in allowable work activities for the required number of hours, states may lose part of their federal TANF block grant, creating a strong incentive for states to meet this “work participation rate.” However, these targets may be reduced by a caseload reduction credit.
- **Exemptions from work requirements.** States may exempt or disregard some TANF families from work requirements for reasons defined by the state, such as to care for a newborn, but such exemptions generally do not “stop the clock” on the lifetime limit on receiving assistance, nor do they remove the family from the state’s work participation rate calculation.
- **Time limits.** A family can receive federally funded TANF cash assistance for no more than 60 total months over its lifetime. While states may use state funds to support families for longer periods or extend assistance for up to 20 percent of TANF families under a “hardship exemption,” most states impose time limits shorter than 60 months.

## Characteristics of TANF Families

Families eligible for TANF face extreme disadvantages, and examining the characteristics of these families provides context for understanding both their great need for high-quality workforce and child care assistance and the challenges inherent in serving those needs.

- **Parents of young children.** TANF cash assistance is available only to families with children. More than half (57 percent) of TANF families have at least one child age 5 or younger, including 14 percent with infants under age 1. An additional 24 percent of TANF families have at least one child between the ages of 6 and 12 who is school age but young enough to need child care if their parents are in work or training outside of school hours.
- **Very low income.** To be eligible for TANF, a family must have income below half the federal poverty level in most states, which means they earn less than \$1,000 per month for a family of four. While some states have higher income limits, others are even lower. States generally allow a family to continue receiving TANF if its income rises above this initial eligibility level; however, the upper income limits for families to continue receiving TANF average about \$1,033 per month (Huber et al. 2015).
- **Limited education, work histories, and other challenges.** Parents with income low enough to qualify for TANF tend to have, in addition to low education levels and limited work histories, challenges such as physical or mental health issues, chronically ill children, caregiving responsibilities for special needs children, experiences of domestic violence, or criminal records, which make it difficult for them to complete their education or maintain steady employment. Table 1 summarizes the incidence of employment barriers among TANF families according to several state and national surveys. Studies show that TANF recipients typically have at least one barrier to employment and about 40 percent of them have multiple barriers. The more barriers an individual has, the less likely they are to be employed (Zedlewski 2012).
- **Challenges providing strong parental support for children.** Parents facing underlying physical and mental health hardships, as well as the direct challenge of living in poverty, may have difficulty providing strong parental support for their children. In addition, brain development research is bringing to light the role that environment—including the multiple stresses associated with living in poverty—plays in the executive function skills of adults. Executive function skills affect the ability to pay attention, remember details, make plans, control emotions and behavior, perform routine and complex tasks, and solve problems—all skills critical for success in school, work, and parenting. Executive function skills are “especially susceptible to negative environmental influences, including poverty and many of the adverse circumstances that often accompany living in poverty or in poor neighborhoods, such as exposure to high levels of violence” (Pavetti 2014).
- **Children at significant risk for immediate and long-term harm.** Children growing up in poverty are at greatest risk for both immediate hardship and long-term negative consequences.

Research shows that child poverty has a negative impact on child development and on outcomes much later in life, including high school completion, higher education, premarital births, and stable employment (Boivin et al. 2012; Ratcliffe 2015; Wagniller and Adelman 2009). Children’s developing brains and critical executive function skills, described above, are highly susceptible to the negative influences of living in poverty and having parents who themselves are facing considerable challenges. Researchers at the Harvard University Center on the Developing Child have shown how adverse experiences in early childhood, including living in extreme poverty or having a mentally ill parent, can lead to “toxic stress [that] can have damaging effects on learning, behavior, and health across the lifespan” (Center on the Developing Child 2007).

The circumstances, challenges and risks facing TANF parents and children indicate that they are in need of the most intensive and highest-quality interventions and services.

**TABLE 1**

**TANF Recipients with Barriers to Employment**

*Ranges found across several surveys*

	%
No high school diploma	40
Little work experience	20
Child with special needs	30
Domestic violence	10–15
Criminal record	10–15
Physical health problem	20–30
Mental health problem	20–40

**Source:** Bloom, Dan, Pamela Loprest, and Sheila R. Zedlewski. 2011. “TANF Recipients with Barriers to Employment.” Washington, DC: Urban Institute. <http://www.urban.org/research/publication/tanf-recipients-barriers-employment>.

## Child Care Subsidies for TANF Families: Use, Challenges, Opportunities, and Risks

Families receiving TANF and engaged in work activities usually have priority for child care subsidies under state rules, but are they able to use the subsidies in ways that are consistent with the realities of workforce development and child care systems? In this section, we examine the intersection of TANF and child care subsidies, including what we know about subsidies for TANF families, the challenges in meeting the child care needs of TANF families, and the implications of the recent CCDF reauthorization.

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### BOX 3

#### Overview of Child Care System

Several elements of the child care system have implications for its coordination with TANF programs and for parents engaged in work activities.

- The primary funding stream for child care subsidies is the federal–state Child Care and Development Fund (CCDF, also known as the Child Care and Development Block Grant), which helps low-income parents pay for care so they can work or participate in education and training. TANF funds also support child care subsidies both directly and through transfers to CCDF. Other major sources of funding for child care and early education, but not child care subsidies, include state prekindergarten programs and the federal Head Start program that provides early educational experiences to (primarily) 3- and 4-year-old children (and some infants and toddlers through Early Head Start).
- Various factors can shape child care needs and decisions, including parent characteristics (e.g., income, work status and schedule, child care preferences, transportation options, language capabilities, and number of children), children’s characteristics and needs (e.g., age, physical or mental health issues, or other special needs), the timing and amount of care parents need, the supply of care that matches their needs, whether there are resources available to help pay for care, and whether parents know about the child care options that may be available to them.
- The schedules of child care options vary by provider, with center-based care generally following workday schedules and home-based care (particularly care provided by relatives and friends) more likely to have flexible hours (such as evenings and weekends). Families often use more than one type of care at any given time because they have multiple children and require more than one setting to cover their needs.
- It is important to consider quality of care in terms of supporting children’s development, as well as the extent to which it supports parents’ ability to work or participate in education and training, and the extent to which it helps address a broader set of family needs either directly or by helping parents access other services.
- Recent developments in child care have shifted focus to emphasize quality and continuity of care, and the recent reauthorization of CCDF creates further pressure in this direction.

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#### What Do We Know about Child Care Subsidies for TANF Families?

Child care subsidies are critical for families receiving TANF cash assistance as well as those transitioning off assistance; less understood is how well TANF and the subsidy system meet the child care needs of families. A TANF family’s experience accessing and using subsidies depends on the state in which they live. States have considerable discretion to establish policies in both TANF and the child care system. As a result, states have developed very different child care subsidy policies, practices, financing approaches, and administrative structures, as well as a range of relationships between TANF and child

care subsidy systems. Partly as a result of this variation and the related complexities, data are surprisingly limited on TANF families' use of child care subsidies, contributing to knowledge gaps on how the TANF and subsidy systems function in practice and how well they serve families. It is clear, however, that CCDF-funded child care is not sufficient to meet the demands of all families needing care. In this section, we outline what is known and unknown about child care subsidies for TANF families.

**Child care subsidies are vital for TANF parents' participation in employment and work activities.** TANF adults are required to engage in work or work activities, but that is only possible if they have a place where their children can be safe and learn while they are away. Stable subsidies and child care arrangements are critical for helping parents maintain steady employment and for supporting children's healthy socioemotional development in a stable environment (Henly et al. 2015). Parents interviewed in the mid-2000s were explicit about the value of subsidies in allowing them to engage in work-related activities and care for their children (Snyder, Bernstein, and Koralek 2006).

**Families may not understand the extent to which child care subsidies depend on their participation in TANF.** The complexity and variability of program rules make it difficult for parents to understand the relationship between TANF and child care subsidies. Parents often see TANF as a gateway to subsidies and consider TANF work requirements and child care subsidies to be part of the same system. Some parents participating in focus group discussions in the mid-2000s believed they could only access subsidies if they received TANF, which appeared to provide an incentive for some parents to enroll in TANF. In addition, some parents believed that if they were no longer receiving TANF they would lose their subsidies, providing an incentive to comply with TANF rules but also a disincentive to leave the program (Snyder, Bernstein, and Koralek 2006). While all of these beliefs can be true in some states, they may have been misconceptions in the states where these parents lived.

**Families receiving TANF and engaged in work activities usually have priority for child care subsidies under state CCDF and TANF rules.** Under state CCDF rules, almost all states give TANF families either an entitlement or priority access to child care subsidies; in at least a few states, initial eligibility for subsidies is available only to TANF families, though they can continue to receive subsidies once they leave the program (Minton, Durham, and Giannarelli 2014).<sup>3</sup> Among families receiving TANF cash assistance, subsidies often are available only for families engaged in work activities.

**When families stop receiving TANF, they generally can continue to receive child care subsidies.** Most states allow families to continue receiving subsidies for at least a limited time after leaving TANF as long as they continue to meet the income eligibility requirements and are engaged in work or other approved activities. However, families eventually cease to be "TANF families" as they drop off or

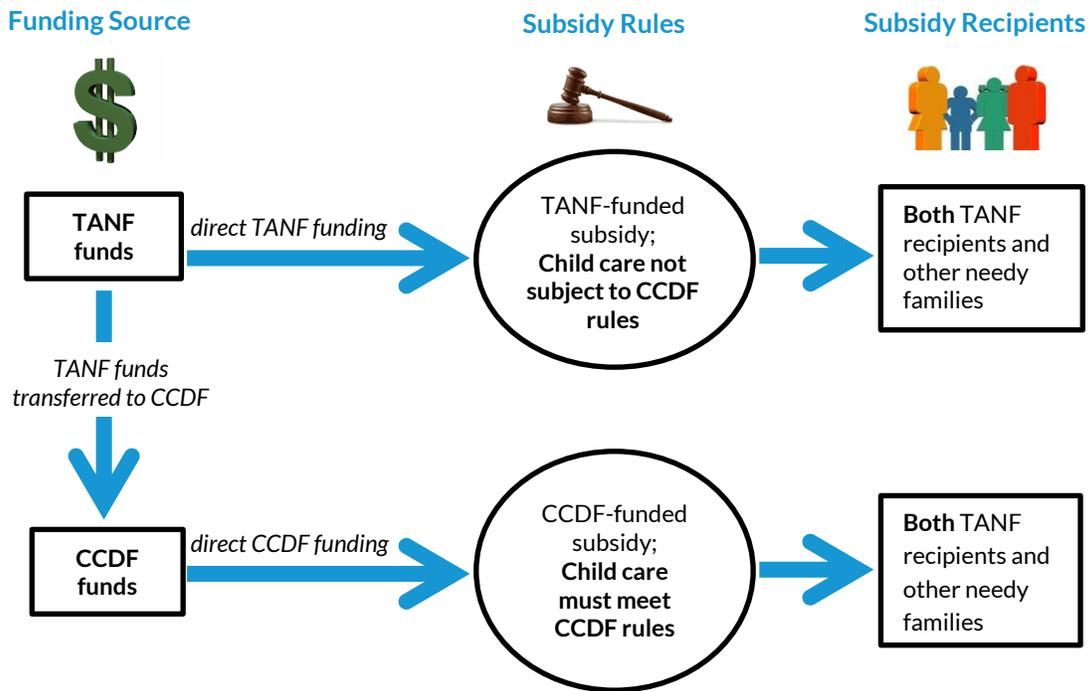
transition off of TANF cash assistance. As families transition from “TANF families” to “TANF leavers” to “low-income families,” not only do their subsidy rules change, but the families may need to shift from working directly with a TANF agency to working with a child care agency to obtain subsidies. The administrative structures and processes vary widely across states, and some provide more seamless transitions than others. As a result, the ease of the transition also varies widely (Adams, Koralek, and Martinson 2006).

**States vary in their approaches to funding child care subsidies for TANF families.** Subsidies may be funded directly by CCDF, directly by TANF, by TANF funds that have been transferred to CCDF and are subject to the same rules as CCDF funds, or some combination of these approaches (figure 1). Under all three of these approaches, funds can be used to subsidize child care for both TANF and non-TANF families (box 4). Unfortunately, very little is known about what states do with TANF funds spent directly on child care and whether they choose to follow some CCDF rules with these funds or operate separate systems.

**The large majority of families receiving CCDF-funded child care subsidies are NOT receiving TANF cash assistance.** Though TANF families receive priority for CCDF-funded child care and CCDF receives a large share of TANF child care funds, in the average month in fiscal year 2014, only 14 percent of families (about 123,000) receiving CCDF-funded subsidies reported income from TANF. This figure varied across states, ranging from almost no (less than 0.5 percent) CCDF families in Wyoming or Texas to 63 percent of CCDF families in Tennessee.<sup>4</sup>

FIGURE 1

Relationship among Funding, Subsidy Rules, and Subsidy Recipients



Notes: TANF = Temporary Assistance for Needy Families, CCDF = Child Care and Development Fund.

TABLE 2

Distribution of Federal and State TANF Child Care Funds by Use

	Federal TANF child care funds	State maintenance of effort child care funds	All TANF child care funds
Child care for TANF cash assistance recipients	3%	9%	6%
Child care for families not receiving cash assistance	44%	91%	67%
Transferred to Child Care and Development Fund	53%	0%	27%
All child care	\$2.6 billion	\$2.5 billion	\$5.1 billion

Source: Authors' analysis of TANF Financial Data, fiscal year 2014 (Office of Family Assistance 2015).

Note: TANF = Temporary Assistance for Needy Families.

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## BOX 4

### Overview of TANF Child Care Funding Complexities

As illustrated in figure 1 and noted above, child care subsidy funds for TANF families can be spent directly from TANF, transferred from TANF to CCDF (funds are then subject to CCDF rules), or spent directly out of CCDF. Furthermore, regardless of which approach is taken, funds do not need to be distributed solely to TANF families. These complexities can make it challenging to disentangle the funding and services received by TANF families. Some main points to understand include:

- Federal TANF spending on child care, including both direct spending and transfers to CCDF, totaled \$2.6 billion in fiscal year 2014 and represented about 16 percent of federal TANF spending (Office of Family Assistance 2015). Until then, TANF spending on child care subsidies had been steadily declining, reaching a 15-year low of \$2.5 billion in 2013.<sup>5</sup>
- States spent an additional \$2.5 billion directly on child care through their TANF programs in fiscal year 2014, representing about 16 percent of state TANF maintenance of effort spending (Office of Family Assistance 2015).
- Among federal TANF funds that states spent on child care in 2014, \$1.4 billion (53 percent) was transferred to CCDF, according to TANF financial data. The remaining funds—\$1.2 billion—were spent directly through TANF. However, only a very small share (3 percent of all funds) was used to directly subsidize child care for families receiving cash assistance. The remaining 44 percent of direct TANF spending went to subsidies for families not receiving cash assistance. Considering both federal and state TANF spending, 6 percent of funds directly subsidized child care for families receiving TANF cash assistance, 67 percent directly subsidized families not receiving cash assistance, and 27 percent was transferred to CCDF (table 2).
- As a result, recipients of these TANF-funded subsidies (including both direct and transferred funds) include some low-income families not receiving TANF assistance, such as former TANF recipients and families at risk of TANF dependency.
- Very little is known about how states spend the \$1.2 billion in federal funds or the \$2.5 billion in state funds that subsidize child care directly through TANF. Are states spending these funds using CCDF rules and policies? Are they running separate child care systems for TANF families with different rules and approaches? A lack of systematic data collection about policies and practices contributes to this significant knowledge gap.

**The complexity of funding mechanisms for child care subsidies contributes to a lack of information on TANF families' actual use of subsidies.** It is difficult to develop a single number of TANF families receiving subsidies across the different funding approaches, as program experts question the accuracy of official federal TANF administrative data on TANF families receiving child care subsidies. Nonetheless, several individual studies across years, states, and methodologies have found that child care subsidy use among TANF recipients and leavers is low—usually less than one-third and never more than one-half of eligible families—and below utilization rates of other social programs (Passarella, Born, and Roll 2013). Funding complexity also creates confusion for families, as parents may not know the funding source of their child care subsidies.

**States vary in how they structure the administrative relationship between TANF and CCDF.** In some places, the TANF or welfare-to-work agency has primary responsibility for at least some child care functions, regardless of whether subsidies are funded by TANF or CCDF. In other places, the TANF agency refers families to the child care agency for most care functions, again regardless of the funding source. Each structure has advantages and disadvantages. TANF families who receive subsidies directly through the TANF office may have more seamless access initially but may face a more challenging transition as they leave TANF and must work with the child care office for the first time (Adams, Koralek, and Martinson 2006).

States may exempt TANF families from work requirements if they have infants or are not offered child care, but these families remain subject to federal time limits on assistance. Parents face a choice between using their limited time on assistance to care for their children at home and using that time to gain work experience that may help them become self-sufficient.

## **What Are the Challenges in Meeting TANF Families' Needs with Child Care Subsidies?**

Several challenges limit the extent to which the current child care subsidy system meets the needs of TANF parents for work or training and children's healthy development. These challenges fall into the categories of (1) knowledge of subsidies and child care options, (2) access to quality care, (3) rules and structures of the TANF and child care programs, (4) short subsidy spells, and (5) providers' willingness to serve TANF families. Note that these challenges reflect the current system; it is not clear how these might change with the newly reauthorized CCDF discussed in the next section.

## KNOWLEDGE OF CARE OPTIONS

TANF families using child care subsidies may lack sufficient knowledge of the subsidized services for which they are eligible and the time and information needed to make informed and stable child care choices. A study in selected sites across the country found that some TANF sites required parents to find care very quickly—in one case, as short as a week and a half—yet provided little direct assistance in doing so. TANF staff believed parents had sufficient time and information to find care, but parents reported needing more information or assistance in finding care and understanding their eligibility for subsidies (Adams, Holcomb, et al. 2006; Snyder, Bernstein, and Koralek 2006).

## CHALLENGES IN ACCESSING QUALITY PROVIDERS THAT MEET THEIR NEEDS

For a family to use a child care subsidy, they need to find a suitable child care provider that accepts the subsidy. The suitability of a provider for that family depends on such things as location, hours, continuity of care, whether they can accommodate any particular needs (e.g., serving a child with special needs or chronic health conditions), and how these factors coordinate with care for siblings of different ages. Also critically important are the quality of care and the match between the values of the family and the child care provider (Adams, Spaulding, and Heller 2015).

TANF families are likely to face difficulty accessing quality care that meets their needs. One particularly difficult issue is the availability of high-quality child care during nonstandard or unpredictable work or training schedules. TANF parents' work activities tend to be short-term and variable, which means they need child care at odd hours—a need not met by traditional child care centers that may be higher quality but do not accommodate irregular hours or part-time attendance. It can be very hard to find care during such hours, as more than 90 percent of child care centers do not operate outside of traditional working hours (Greenberg, Derrick-Mills, and Healy forthcoming). TANF families often need care almost immediately and on a short-term basis, such as during a six-week training program that begins the following week.

Another challenge is an overall inadequate supply of quality care, particularly care for infants, toddlers, and children with special needs. Given that many TANF families have young children and are disproportionately likely to have children with special needs or chronic illnesses, these gaps in supply are likely to affect their ability to find care. These challenges may lead families to seek care in informal settings with family and friends rather than in quality child care centers or certified home day care programs (Adams, Holcomb, et al. 2006).

Finally, it can be difficult for TANF families to access early education settings and services that address the extra needs these families may have. These services are scarce within the larger child care

market and are often publicly funded. The main early childhood program that provides such services is the federal Head Start program, which supports a family's broader needs for parent support services, mental health referrals, and so forth. TANF families are automatically eligible for Head Start, and about 15 percent of Head Start families report receiving TANF. However, Head Start is not funded at levels sufficient to serve all eligible families, and Head Start programs predominantly serve 3–4 year olds.<sup>6</sup> In addition, Head Start programs often operate on a part-day, part-year basis (though current proposed regulations suggest moving to a school-day schedule), do not operate during the summer months, and have a single enrollment period each year, creating logistical obstacles to accessing the program. As a result, while Head Start is a valuable resource for some TANF families with 3–4 year olds, such services are not always available to families who could benefit from them.

### ADMINISTRATIVE CHALLENGES

The rules and structures of the TANF and child care subsidy systems create administrative challenges to families seeking stable child care arrangements. While some stem from federal rules, many are the result of program rules and administrative structures that states have chosen to establish (Adams and Matthews 2013).

First, there is great variation in the *administrative structures* of both TANF and child care subsidy programs across localities, and these structures often involve multiple agencies, policies, and infrastructures. Subsidies for TANF families usually involve coordination between the TANF cash assistance office, TANF employment-related activities, the agency providing the subsidy, the child care provider, and the family. The complexity of these systems creates many cracks through which families can fall (Adams, Holcomb, et al. 2006). The lack of integrated data systems across these entities widens the cracks by limiting the ability to share eligibility data, renewal dates, and other family information across TANF, child care subsidy, and workforce programs.

Second, state-established *administrative rules* can create challenges for all parties involved. For example, one policy found in some states limits the authorization period of a subsidy to the length of time the parent is engaged in their work or training activity, which could be as short as a month (Adams, Holcomb, et al. 2006). Some state policies require a tight connection between the hours TANF parents spend in work-related activities and the hours and times they are authorized to get child care. Generally, eligibility for child care subsidies is contingent on TANF clients participating in work-related activities. However, as Adams and Holcomb et al. point out, “participating in work activities can be a nonlinear and dynamic process that varies significantly across welfare parents.” The complexity of families' situations adds to the challenge of developing coherent systems to support them (Adams and

Matthews 2013). For TANF parents attending school, some states have chosen to rigidly tie child care subsidies to the allowed hours of class and homework time and require parents and TANF agencies to document hours closely (Adams and Heller 2015). These administrative challenges contribute to the instability of child care.

These issues are likely to be even more challenging for parents who face additional obstacles such as low literacy levels, mental health issues, or executive functioning difficulties—issues occurring disproportionately in TANF families.

### SHORT SPELLS OF SUBSIDY USE

The challenges described above all relate to TANF families having shorter spells of authorized child care. A 2002 five-state study of the dynamics of child care subsidy use found that children in nonworking TANF families generally had shorter spells of subsidized care than children whose parents were employed and not receiving TANF. Among all children in subsidized care, not just TANF families, the median length of time in subsidized care was three to seven months, depending on the state (Collins et al. 2002). More recent studies have found similar patterns, with median spell lengths of approximately six or seven months (Forrey, Daneri, and Howarth 2013). Research suggests that the short spells are not due to lack of need for child care; rather, they may be related to irregular employment and difficulties with care arrangements or subsidy policies and their interactions with TANF (Collins et al. 2002; Forrey et al. 2013).

These short spells contribute to instability and negative outcomes for both parents and children. Adams, Holcomb, et al. (2006) describe the consequences that arise when families temporarily lose child care subsidies:

Such breaks can not only cause more administrative burden for workers, but also are not in the best interest of the child (who needs the opportunity to develop a stable continuous relationship with his or her caregiver), the parent (for whom finding another provider can be difficult and time consuming), or the provider (who faces administrative challenges and potential loss of income when subsidized children stop and start their care).

For families leaving TANF, instability of child care subsidies seems likely to contribute to negative outcomes and may adversely affect parental employment. In the early years of TANF, a study estimated that the cost of child care and lack of care accounted for 15–41 percent of job losses and employment disruptions among mothers who left TANF for work. Other studies show that stable subsidies can contribute to stable employment and positive economic outcomes (Ha 2009). Similarly, this instability seems likely to contribute to negative outcomes for children in TANF families, as research has clearly

documented the importance of stability to the healthy development of children (Adams and Rohacek 2010; Sandstrom and Huerta 2013).

#### WILLINGNESS OF PROVIDERS TO SERVE TANF FAMILIES

Child care providers are sometimes reluctant to serve TANF families because of the challenges in doing so. A 2008 study of child care providers with experience accepting child care voucher systems in five counties found that serving TANF families presented four added challenges for providers. First, TANF families tend to be authorized to receive subsidies for shorter periods than other subsidized or unsubsidized families, leading to higher turnover rates among the provider's clients, which can increase financial and emotional costs to providers. Second, TANF families experience more frequent changes in subsidy authorization and eligibility status; without integrated data systems that share eligibility data, renewal dates, and other family information, providers may not know a family's status and may risk losing revenue if they unknowingly provide care to families whose subsidies have ended. Third, TANF families' subsidies often require staff from separate child care, TANF, workforce development, and/or other offices to authorize initial and ongoing payments, creating communication challenges that can lead to delays in payment and problem resolution. Fourth, TANF families can have particularly challenging needs—such as the roughly 30 percent of TANF parents and children with physical or mental health problems or other special needs—placing additional stress on child care providers (Adams et al. 2008).

### **What New Opportunities and Risks Does the Reauthorized CCDF Present for the Intersection of TANF and Child Care Subsidies?**

The newly reauthorized Child Care and Development Fund includes a number of new measures aimed at improving the continuity and quality of child care for the benefit of both children and parents. This section discusses some possible implications of the new law for the intersection of TANF and child care. At the time of publication, draft regulations had been released and were undergoing comment, with final regulations expected later in 2016, after which states will finalize their own approaches to implementing the federal law and regulations. As a result, this section simply provides insights into how the new law *might* affect TANF families, as it is impossible to know at this point. Experts we interviewed highlighted a number of important issues to be aware of as the new law is implemented. In particular, they noted that while the new provisions increase the emphasis on family and child well-being, they also pose some potential risks for the intersection of TANF and child care subsidy systems in the context of limited funding.

## CCDF OPPORTUNITIES

Key changes in the law are designed to enhance opportunities for improved family and child well-being by promoting continuity and quality of child care, changes particularly relevant to TANF families:

1. To promote continuity of care, the law and proposed regulations suggest several changes, two of which are highlighted here:

First, parents can maintain eligibility for at least a 12-month period, with some exceptions. Rather than needing to recertify eligibility every few months and risk losing CCDF-funded child care subsidies when a parent's employment or training situation changes, families will be authorized to receive child care for 12 months. This extended authorization period reduces the risk of families falling through the cracks at shorter recertification intervals and allows for greater continuity of care if family circumstances change modestly during the year. States have the option of terminating assistance if parents experience a "non-temporary" loss of their activity. However, states would be required to provide subsidies for up to three months so children can be in care while parents search for another job.

Second, the proposed regulations make it clear that states do not have to link the authorized hours or schedule to the actual hours the parent is in a work activity. States already have the flexibility to unlink child care subsidy authorization from employment (Johnson-Staub, Matthews, and Adams 2015). This could allow TANF parents to enroll their child in a high-quality child care program outside of their work activity hours. These changes could make serving TANF families more appealing to child care providers, as their authorization and service levels will be more stable.

2. To support the development of children, the proposed regulations instruct states to take children's developmental needs into account and support continuity of care when they authorize child care services. This gives states latitude to ensure that authorized services do not solely focus on meeting parents' work needs, but children's needs as well, which could be particularly important for children who may face extra challenges.
3. To enhance children's health and safety, child care providers, including license-exempt friends and neighbors, would be subject to on-site inspections, although states have the option of exempting relatives from some or all of CCDF health and safety requirements.<sup>7</sup>
4. To help families identify and access high-quality child care, the new law enhances consumer education for families. Families must be given information on child development, screenings, services, and providers to help them make more informed child care decisions. States could do particularly intensive outreach to help TANF families identify options that meet their unique

needs and ensure that their children obtain any additional services and screenings they may need.

5. To help support the supply of care options available to TANF families, states could use the funds dedicated to supporting supply to develop creative approaches that meet the needs of TANF families and their children. These could include partnering with early education and care providers and exploring strategies to support access to informal caregivers so parents can participate in work activities during nontraditional hours.

## CCDF RISKS

Experts are concerned that the CCDF reauthorization may pose some risk to TANF families' access to child care. At a basic level, the new requirements to serve families longer (i.e., the 12-month authorization period) and the increased health and safety requirements for all child care providers put significant financial pressure on states. This is particularly challenging because the reauthorization did not guarantee the additional funds needed to pay new costs associated with these new requirements (Adams and Heller 2015).<sup>8</sup> As a result, states may need to consider serious trade-offs as they implement the new rules. While there are many possible unintended consequences, our respondents flagged two that have particular implications for TANF families: (1) states may end up reducing the connections between TANF and CCDF, and (2) they may end up reducing access to informal child care providers more able to meet the particular schedules and needs of TANF families. Each of these risks is described in greater detail below.

***Risk of reduced connections between TANF and CCDF.*** As noted earlier, states can choose to transfer TANF funds to CCDF, at which point the funds must follow CCDF rules (figure 1 above), or can choose to spend them directly out of TANF. A number of experts are concerned that the requirement of a 12-month eligibility period for CCDF funds is particularly challenging for states to adopt given that many TANF families are engaged in short-term activities. As a result, states may have an incentive to offer direct TANF-funded child care subsidies rather than transferring funds to CCDF and/or referring TANF families to the CCDF system. This would allow states to avoid granting 12-month eligibility to TANF families engaged in short-term work activities and use their funds for other families engaged in longer-term employment. Depending on whether states choose to use this approach to bypass all CCDF rules or just the annual reauthorization requirements, this could also undermine the effect of new CCDF provisions designed to improve continuity and quality of care, despite TANF children and families having great need for these improvements.

***Risk of reduced access to informal child care providers.*** The second major concern raised by experts is the effect of enhanced health and safety rules on the ability of TANF parents to access providers who

can meet their need for part-time care or care during nontraditional hours (evening, weekends, irregular hours). Supply of these providers could diminish as they may be less likely to meet the new standards. Furthermore, there is clear pressure in the law for states to focus more resources on higher-quality care, which, given budget constraints, can provide even more incentive for states to limit subsidies for informal care providers. TANF families already have difficulty finding child care at the times and locations they need it, and they rely disproportionately on license-exempt family, friend, and neighbor care. In the future, these providers (with the possible exception of relatives) will not be paid with CCDF subsidies unless they comply with new health and safety rules for license-exempt providers. It is quite possible that the supply of license-exempt providers approved to accept subsidies will fall significantly, making it even more difficult for families to find suitable providers. These requirements could also result in delays for approval of informal providers, depriving TANF families of immediate care that meets their needs. This could well have the inadvertent consequence of making CCDF subsidies useless to TANF families, who will then face the significant challenge of trying to meet their work requirements without child care assistance.

We do not know the likelihood of these scenarios or the overall extent to which the CCDF changes will affect TANF transfers because we do not know how intertwined the funding streams are now. In some states and localities, CCDF and TANF funds are kept separate, while in other states the two are fully intertwined. In still others, they are partially integrated. However, the extent to which each of these arrangements exists is unknown. While it is very difficult to project, experts speculate that where the two systems are intertwined, new rules may not sever existing close connections between CCDF and TANF because of the sheer difficulty in changing the systems, though pressure could mount to gradually create a bifurcated system. Likewise, in states and localities that currently keep TANF and CCDF funding separate, the CCDF changes may have no effect on their already bifurcated systems, though they could lead to a clearer differentiation of policies and approaches for TANF families and CCDF families. As noted above, little is known about the extent to which states with this approach have separate policies now. Some experts believe that the greatest risk for newly bifurcated child care systems is in states and localities where funding streams are currently integrated in only some aspects. These places will face the greatest pressure to create a separate system and keep more funding in TANF.

In sum, the CCDF reauthorization creates important opportunities for improved quality and continuity of care, but also introduces risks and challenges to the sensible integration of TANF and CCDF child care subsidy systems. While some of the risks identified above would be mitigated if states

had sufficient resources to implement the changes and maintain their caseloads, it is not clear that such resources are forthcoming.

## Workforce Development for TANF Families: Use, Challenges, Opportunities, and Risks

Because adults receiving TANF cash assistance are required to be working or engaged in work activities, and because receipt of benefits is time limited, the link between TANF and workforce development is clear and logical. Less clear, however, is the extent to which TANF families are able to access the full range of workforce development activities, including adult education, training, and postsecondary education services, as well as job placement support. Do work activities for TANF adults lead to employment, self-sufficiency, or career pathways? In this section, we examine the workforce development opportunities available to TANF adults, the challenges of integrating TANF and workforce development programs, and the implications of the newly reauthorized Workforce Innovation and Opportunity Act.

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## BOX 5

### Overview of the Workforce Development System

Several elements of the workforce development system have implications for its coordination with TANF programs and for parents engaged in work activities.

- Workforce development programs encompass the range of activities that help people prepare for jobs (such as adult education, training, and postsecondary education services) and find jobs (through job placement support). Workforce development programs also include supportive services related to these two major efforts. There is wide variation in the schedules, duration, and intensity of workforce development programs.
- Several funding streams support workforce development programs, although funding may not be sufficient to address the needs of low-income parents who lack education and training. The major funding stream for the workforce development system is the Workforce Innovation and Opportunity Act (WIOA), previously known as the Workforce Investment Act (WIA). Other sources of funding include the Carl D. Perkins Career and Technical Education Act, Pell Grant Program, and numerous other funding streams at the federal, state, and local levels.
- WIOA (like WIA before it) requires states and local areas to bring together a number of federally funded employment and training programs into a comprehensive workforce investment system, the American Job Center network, but allows them to tailor program design and service delivery to their needs. Under WIA, American Job Centers—also known as one-stop centers—could choose to provide certain basic services to the public exclusively through WIA programs, through a partner program, or through a blend of both WIA and partner programs (GAO 2013).
- Oversight of the workforce development system is complex. The US departments of Labor, Education, and Health and Human Services are the primary actors at the federal level, though other federal agencies also provide oversight, and wide variation exists at the state and local levels in terms of who is responsible for setting policy, implementing policy, or delivering services.
- Until recently, the workforce system primarily encouraged individuals to take the first job they could find (a “work first” approach). WIA provided training to fewer than 1 in 10 clients and intensive services to about 1 in 4 clients in the 2013 program year (Social Policy Research Associates 2015). WIOA shifts the focus to emphasize career pathways, steering individuals toward jobs that are part of a clear career ladder and providing training to help individuals reach the first rung of that ladder. The career pathways focus can mean serving fewer low-skilled and disadvantaged people who may not meet the minimum requirements for entry into a career pathways program. It can also mean serving fewer people overall, due to the length and resource requirements of these programs.

## What Workforce Development Opportunities Are Available to TANF Adults?

In this section, we describe workforce development opportunities and limitations for TANF recipients and the extent to which TANF intersects with the wider workforce development system.

### TANF APPROACH TO WORK AND WORKFORCE DEVELOPMENT

The federal law creating TANF emphasized job preparation and work, as well as marriage, as pathways to self-sufficiency. Recipients are required to engage in work or work activities, but the law also limits the time TANF adults can spend in training and creates incentives for states to limit the range of work development and training activities available to TANF adults. Federal TANF rules strongly emphasize immediate work rather than longer-term workforce development activities for TANF adults. Although many TANF adults lack basic skills, rules limit the types of activities that count toward the federal work participation rate requirement, creating incentives for states to steer families away from longer-term education and training and even away from basic skills education, as detailed in box 5. States may exempt TANF families from work requirements if they have infants or are not offered child care, but these families remain subject to federal time limits on assistance. Parents face a trade-off, therefore, between using their limited TANF time to care for their children at home and using that time to gain the work experience that may help them become self-sufficient.

TANF gives states less flexibility regarding work activities than in other program areas, but some states offer TANF adults a wider range of workforce development opportunities than allowed under federal rules. Although states risk losing federal funds if they fail to meet the federal work participation rate requirement, some use funds outside of TANF to provide cash assistance to families with significant barriers to employment or adults enrolled in postsecondary education. Because they are not utilizing federal TANF funds, these families do not count against the state's federal work participation rate (GAO 2010).

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## BOX 6

### TANF Work Activities and Exemptions

- **Limits on allowable work activities.** TANF employment services emphasize participation in “core” activities that are limited to job search, resume writing, community service, work experience programs, immediate subsidized or unsubsidized employment in low-wage jobs, and short-term vocational training directly related to employment opportunities. These priorities are embedded in federal TANF rules requiring recipients to engage in these activities for at least 20 hours per week before counting any additional hours spent in “non-core” activities, which could include job-skills training directly related to employment or employment-related education for those who lack a high school diploma or GED.<sup>9</sup> Participation in job-search and job-readiness activities is limited to the hourly equivalent of 6 weeks per year (12 weeks in states that qualify as needy). Other restrictions on work activities include mandatory daily supervision of work experience and on-the-job training activities and a 12-month lifetime limit on vocational education (Hahn, Kassabian, and Zedlewski 2012). Basic skills education (such as remedial math or reading classes) and longer-term education and training may be allowed on an individual basis, but hours spent in these activities do not count toward a recipient’s core activity hours, nor do they count toward a state’s work participation rate requirement unless they are an integral part of vocational educational training (and not the main activity). In addition, no more than 30 percent of the individuals counted in a state’s work participation rate may be teen parents attending high school or others participating in vocational education.
- **Documentation of work activities.** To document compliance with work activity requirements and state compliance with the work participation rate requirement, TANF agencies closely track the hours that TANF clients participate in work-related activities. Employers and teachers may need to complete or sign forms documenting the time a TANF parent spent at work, in class, or doing homework under supervision.
- **Exemptions from work requirements.** Under federal TANF rules, states can exempt parents of infants up to age 1 from work requirements for a lifetime limit of 12 months. These exemptions allow parents to bond with their infants and reduce the cost to the state of providing child care, as infant-toddler child care is costly and hard to find. States can choose to exempt parents of older children, but the parents will count against the state’s work participation rate. States can also choose to limit their exemptions to even younger infants. About half of states (23) exempt parents of children under age 1 from work requirements. Two states exempt parents of children under age 2. Fifteen states have shorter exemptions, ranging from age 2 months to age 6 months. Ten states have no such exemptions from the work requirements, even for parents of newborns. Even when parents are not exempted from the work requirements based on the ages of their children, they may still be exempted if child care subsidies are not available; 20 states provide such exemptions. In the other 31 states, there are no exemptions from work requirements for lack of available child care. Exemptions from the work requirements do not exempt TANF recipients from the federal time limit on assistance. Beyond the exemption rules in state policy manuals, though, there is little information on how states implement these rules in practice.

## CONNECTIONS BETWEEN TANF AND WORKFORCE DEVELOPMENT PROGRAMS

States have complete flexibility to decide how to provide work activities for TANF families. Many TANF programs provide work-related activities to families directly while others have partnered to varying degrees with American Job Centers (one-stop centers) supported by federal WIA/WIOA funds or through WIA/WIOA oversight bodies referred to generally as Workforce Investment Boards.<sup>10</sup> Some TANF programs also partner with other local organizations or seize other opportunities for engaging families in work or work activities.

The connections between TANF and the WIA/WIOA systems vary across states and communities but rarely give TANF recipients full access to workforce development programs. TANF agencies sometimes serve as members of Workforce Investment Boards, playing a role in setting policies and overseeing allocation of resources, thus facilitating more integrated systems. Some one-stop centers have been extensively integrated, with the one-stop center handling all work activities for the TANF program, while others have very limited practical connection to the TANF program. Where TANF and one-stops have been integrated, the catalyst for integration is usually a state mandate that TANF funding flow through the workforce system, such as in Florida and Texas. However, even in these integrated systems, TANF clients usually do not have the same access to intensive and training services as non-TANF clients. The coordination between TANF and one-stop centers typically has included common policies and procedures for upfront service delivery, such as common entry points, upfront job skills, job readiness services, and job development and placement (Kirby et al. 2015). TANF and WIA clients alike have been steered to these core WIA services, but the few one-stop clients who receive additional training or intensive services are almost entirely non-TANF clients. TANF recipients made up less than 4 percent of people receiving WIA intensive or training services in recent years (Social Policy Research Associates 2015). The extent of coordination may change as a result of the recent WIOA reauthorization, but until now has depended on the willingness of both TANF administrators to work within the WIA structure and of Workforce Investment Boards and one-stop center administrators to serve low-income, low-skilled individuals (Kirby et al. 2015).

In addition to WIA-funded services, other, smaller programs are also available to TANF clients. The Administration for Children and Families, which oversees TANF, also oversees the Health Profession Opportunity Grants (HPOG) Program, established by the Patient Protection and Affordable Care Act of 2010 (ACA). HPOG funds training in high-demand health care professions, targeted to TANF recipients and other low-income individuals. HPOG grantees include institutions of higher education, Workforce Investment Boards, local or state government agencies, and community-based organizations. The HPOG program evaluation offers some insights into the connections between workforce development

organizations and TANF. The TANF agency is a mandatory partner in the HPOG program, and some HPOG grantees are very close partners with TANF agencies—though others have very informal and distant connections (Rulf Fountain et al. 2015). Some HPOG grantees had no knowledge of or experience with TANF and understood neither the TANF work requirements nor people’s access to child care. Although the HPOG program specifically targets TANF recipients, only 16 percent of HPOG participants are also TANF clients, for reasons discussed later in this report (Sick et al. 2015).

## **What Have Been the Challenges to Integrating TANF and Workforce Development Programs?**

The limited connections between TANF and one-stop centers or other workforce development programs stem from a number of challenges to integrating TANF with workforce development programs. These challenges include each program’s requirements and performance measures (especially in context of the limited amount of funding in the WIOA system), the personal characteristics of TANF families, and the availability of suitable child care.

### **PROGRAM REQUIREMENTS AND PERFORMANCE MEASURES**

A mismatch between program goals for TANF and WIA, as manifested in their program requirements and performance measures, has created obstacles to program integration. As discussed above, federal TANF requirements emphasize work and limit the extent to which states can count training and education activities toward the work participation rate. This creates a disincentive for states to allow TANF recipients to engage in the full range of workforce development activities available through one-stop centers. Until recently, one-stop centers also had a disincentive to serve TANF recipients. WIA performance measures included job entry, employment retention, and earnings. WIA programs sometimes avoided serving TANF recipients out of fear that including them would hurt program performance. (Kirby et al. 2015). In fact, WIA program data show that among people who exited WIA after receiving intensive or training services, TANF recipients were less likely to enter or maintain employment and had lower earnings than other people who received WIA intensive or training services (Social Policy Research Associates 2015).

### **PERSONAL CHARACTERISTICS OF TANF RECIPIENTS**

The same characteristics that make it difficult for TANF recipients to maintain employment also create challenges for their participation in workforce development programs. Consistent with other research on the characteristics of TANF recipients (e.g., Bloom, Loprest, and Zedlewski 2011), HPOG program

staff reported that many TANF recipients had personal or logistical barriers to participation, such as mental and physical health challenges, children with special needs, experience of domestic violence, or a criminal record. Most HPOG programs also have eligibility requirements tied to academic achievement and skill levels that exclude all but a small minority of TANF recipients (Rulf Fountain et al. 2015).

#### AVAILABILITY OF SUITABLE CHILD CARE

WIA and HPOG programs have reported challenges serving TANF recipients because they do not have child care for their children despite possibly being eligible for child care subsidies. While lack of affordable and reliable care is a barrier to low-income families participating in training (Spaulding 2015), the greater challenge is finding care at the right time and place to facilitate engagement in workforce development activities. WIA-funded programs often have been reluctant to provide drop-in child care for parents visiting their one-stop centers because it is costly, though this created the challenge of clients bringing their children with them. Although HPOG providers often referred TANF participants to other services, and TANF recipients may have had priority for subsidized child care, HPOG providers and TANF participants were not always able to find a solution. For example, the locations of child care providers accepting subsidies were not always near the HPOG program locations (Rulf Fountain et al. 2015).

### **What New Opportunities and Risks Does WIOA Present for the Intersection of TANF and Workforce Development?**

The newly reauthorized WIOA differs from its predecessor, WIA, in ways that ostensibly move the program in the direction of serving the TANF population and create new opportunities for TANF/workforce collaboration. However, the challenges inherent in TANF may limit the extent to which TANF programs seize those opportunities.

#### WIOA OPPORTUNITIES

Key changes introduced in WIOA enhance the opportunities for connections between TANF and workforce development programs by encouraging a stronger formal partnership between the programs and mitigating concerns about TANF clients harming WIOA performance outcomes. Still, some of these opportunities depend on effective implementation by local TANF and workforce agencies.

The following WIOA provisions encourage stronger formal partnership between WIOA and TANF:

- **TANF is now a mandatory partner** with one-stop centers, unless the governor takes action to opt out. Under WIA, partnership with TANF was optional. Even under WIOA, though, states can choose the extent of coordination between WIOA and TANF, and the “partnership” could include no more than TANF having an on-site presence at one-stop centers.
- **Serving low-income individuals, such as TANF adults, is a priority** at all times under new WIOA provisions, whereas WIA only prioritized low-income individuals when funding was short. However, the stronger language regarding priority of service will only be meaningful if local workforce agencies implement it effectively (Lower-Basch 2015).
- WIOA increases the emphasis on serving out-of-school youth and extends the definition of “youth” up to age 24, which could include parents of young children. One-third of TANF parents are under age 24 and many fit the WIOA criteria of out-of-school youth. The incentives to serve this population and the expanded age range create opportunities to align workforce policies with TANF and child care.

The following WIOA provisions mitigate concerns about TANF recipients harming WIOA outcomes:

- **Performance measures under WIOA will be statistically adjusted** to account for states’ actual economic conditions (including differences in unemployment rates and job losses or gains in particular industries) and the characteristics of participants. These characteristics will include indicators of poor work history, lack of work experience, lack of educational or occupational skills attainment, dislocation from high-wage and high-benefit employment, low levels of literacy or English proficiency, disability status, homelessness, ex-offender status, and welfare dependency. These adjustments allow WIOA programs to serve TANF families who may have these characteristics without concern for how service will affect program performance.
- **New performance measures under WIOA give programs credit for interim skill gains**, which credits programs for the progress of individuals who enter with very low skill levels.

## WIOA RISKS

Although WIOA enhances opportunities for coordination and integration among TANF and workforce development systems, remaining challenges, particularly from the side of TANF, risk continuing the separation of TANF and workforce development systems and limit TANF families’ access to WIOA’s new opportunities.

- **Expanded education and training options under WIOA may not be available to TANF adults.** New WIOA provisions allow more direct access to skills assessments and training, rather than emphasizing immediate employment. WIOA eliminates a requirement that participants follow a strict sequence of services, beginning with basic job search and resume assistance followed by a comprehensive skills assessment; only later were participants given access to on-the-job or occupational skills training. While implementation of this aspect of WIA largely depended on local interpretation of the law—some centers moved people through these initial services within a single meeting—WIOA has greater flexibility to offer skills assessments and training immediately and an expanded ability to contract with community colleges or others to develop group trainings.

However, TANF program rules will continue to limit access. For example, TANF continues to require participation in a narrowly defined list of federally allowable work activities. TANF also requires close tracking of attendance and hours, which can be difficult for one-stop centers to administer.

- **TANF families might have difficulty accessing WIOA career pathways.** WIOA requires the development and implementation of career pathways, which combine education, training, credentialing, and support services to help individuals progress in high-demand occupations paying living wages (Lee 2015). Although TANF rules emphasize immediate employment and place a lifetime limit of 12 months on vocational education, they are flexible enough to allow for career pathways. TANF recipients can intersperse vocational education with work experience and subsidized or unsubsidized employment, which are allowable TANF work categories. Although TANF would not support an individual very far up the career ladder because of the 12-month limit on vocational education and the low-income level at which they would become ineligible for TANF, it can offer the support needed to start on the first rung.

However, WIOA's emphasis on career pathways does not address the likely inability of TANF participants to meet the entry requirements of many pathways programs. This is especially true if basic adult education, a necessity to even begin climbing the career ladder, is not an approved TANF activity.

- **Funds remain limited in TANF and the workforce development system,** and TANF clients are likely to need more intensive (and therefore more costly) child care and workforce development services. WIOA includes planned funding increases to restore previous cuts and provide additional resources to the system,<sup>11</sup> and changes in the sequencing rules may provide

easier access to training, but it is unlikely funding will be sufficient to dramatically increase the training or other intensive services offered to TANF adults and others.

- **TANF and WIOA timing windows for programs to submit plans are not aligned.** Although states have the option to develop combined plans for their TANF and WIOA programs, the mismatch in timing makes it more challenging for state TANF and WIOA administrators to do so, and joint planning would itself add complexity to oversight and reporting.
- **TANF political rhetoric about work remains at odds with WIOA's increased emphasis on career pathways and training.** WIOA's reduced emphasis on a work-first approach could lead to reluctance among some TANF administrators to undertake, or admit they are undertaking, training approaches or a career pathways model.

In light of these remaining challenges, some TANF and workforce experts speculate that the practical connections between WIOA and TANF will remain limited. Although WIOA shifts priority toward people with employment barriers, there are so many such people that WIOA programs could easily achieve program capacity without serving TANF recipients. Given the many constraints of the TANF program, the new legislation may not be enough to bring TANF and workforce agencies together.

Experts also point out that TANF programs often have not utilized existing opportunities under WIA, leading to speculation that the same will hold true for new WIOA opportunities. For example, TANF programs often do not access or use existing labor market information, assessment tools, online search engines, or other resources available within the labor and education systems. Involvement of TANF agencies in oversight through Workforce Investment Boards was limited, and relatively few TANF programs were fully integrated with WIA one-stops despite existing benefits of coordination. One-stops coordinating with TANF benefit from TANF's experience with basic skill development and the flexible resources TANF can offer. And TANF programs coordinating with one-stops gain access to workforce information, employers, trainings, and education, as well as more intensive career counseling provided by WIA staff with smaller caseloads and fewer responsibilities than TANF staff (Kirby et al. 2015). Yet these benefits often went unutilized.

## Conclusions and Recommendations

TANF families face extreme disadvantages and personal challenges that render them in need of the highest quality child care and most intensive workforce development services, yet they are also among

the most difficult families for existing systems to serve, often accentuating each system’s shortcomings. TANF recipients make up less than 4 percent of WIOA clients receiving training or intensive services and just 14 percent of families receiving CCDF-funded child care subsidies; only 6 percent of federal and state TANF funds spent directly on child care go to families receiving TANF cash assistance.

State TANF programs, which can provide a gateway to workforce development opportunities and child care subsidies, are theoretically well positioned as a model for serving the needs of both parents and children. However, as this report shows, current TANF policies and limited or complex connections with workforce and child care subsidy systems create disincentives and barriers to truly meeting the complex needs of TANF families. Likewise, this report highlights how child care subsidy and workforce development systems fall short of their potential for serving TANF families. If these programs are to move toward the goal of helping families be self-sufficient, they must consider the needs of both children and adults—a “two-generational approach”—and understand the needs of adults as both parents and workers.

The shortcomings of the TANF, child care subsidy, and workforce development systems in serving TANF families highlight additional changes needed in each system. We propose five recommendations:

1. **Allow TANF families to access real workforce development supports.** At the federal level, TANF should change the rules and incentives that lead states to focus on hours spent in specific work activities and steer adults away from basic education and workforce development programs. Revised TANF requirements should focus on participant outcomes and improvement, creating incentives for states to demonstrate that families are moving toward self-sufficiency. States could measure participant job placement instead of hours spent job searching, and could emphasize grades and progress in basic education, such as tests of skills mastery, instead of school attendance. A focus on outcomes would continue to encourage states to help families ready to work seize immediate employment opportunities and allow families to access the full range of workforce development opportunities to achieve even greater self-sufficiency outcomes. And for TANF families whose personal challenges limit their ability to maintain employment or succeed in workforce development and career pathway programs, the revised incentives to demonstrate progress toward self-sufficiency would encourage states to help families address barriers to employment and obtain the basic skills needed for stable employment.

2. **Use CCDF constructively to offer TANF families high-quality, continuous child care.** There are several ways states can take advantage of the opportunities CCDF offers while avoiding potential negative outcomes.

States should ensure that the particular needs of TANF families and children are being considered as they think creatively about how to authorize care in ways that support children's development.

States should fully implement new policies regarding annual reauthorizations and relax the tight association between work/workforce development activities and child care hours. Doing so would improve the stability of child care arrangements, benefiting children, parents, employers, child care providers, and agency staff. This hinges on increased funding for child care subsidies so that enhanced stability for some families does not mean inaccessibility for others.

If states choose to fund child care directly using TANF funds, they should minimize the creation of separate but parallel systems and do their best to follow CCDF policies on quality, continuity, and consumer education. TANF programs should not use separately funded child care systems to provide poor-quality services to children who need the best.

States should use some discretionary funds to support consumer education and supply-building efforts designed to meet the particular needs of TANF families.

3. **TANF and WIOA administrators should maximize opportunities available under WIOA to better serve TANF participants.** The new law governing workforce programs puts a strong emphasis on servicing the disadvantaged, including public assistance recipients. In addition, TANF programs are now mandatory partners of the one-stop center system. Those responsible for TANF programs should advocate for greater access to services for TANF families and help WIOA administrators design delivery systems that can meet families' needs. Access is also dependent on those in the WIOA system recognizing TANF parents as a key population to serve given the law's new mandate.
4. **Increase communication and collaboration across TANF, child care subsidy, and workforce development systems.** These systems are highly devolved, giving states and localities tremendous flexibility and responsibility for designing and implementing policies and programs. Local autonomy in these systems creates opportunities for innovation but also contributes to a

critical lack of communication and data within and across system. Communication between key actors and sharing of program information are critical if TANF, child care, and workforce systems are to develop and implement policies and practices that are consistent with the interests of families. Currently, a lack of connection between key actors limits their ability to effectively communicate or partner in the implementation of new policies. There remains no effective means of getting people in the same room and creating a dialogue between systems, a problem that has persisted for decades. A lack of information on how TANF, child care subsidies, and workforce development programs are administered at the local level leaves open questions regarding the implications of policy changes and which policies or practice models are most appropriate. If each system makes changes independently and without recognizing the inherent connections between programs, they may inadvertently create negative consequences for children and families. Limited funding in each system further contributes to the challenge of cross-system collaboration that meets the complex—and often costly—needs of TANF families.

5. **Improve data collection and sharing within and across TANF, child care subsidy, and workforce development systems.** Limited data collection within each system leaves many core questions unanswered, and the intersection of child care, workforce development, and TANF systems is characterized by major gaps in information and data. These gaps exist both within and across systems. Data collection processes within systems should be improved where relevant—for example, it is important to know how states currently spend their TANF direct funds on child care. However, it is also important that whatever data are available be shared across systems to reduce burdens on state agencies and families and facilitate data-driven decisionmaking.

To this end, states could develop enhanced, integrated data systems to better share eligibility data, renewal dates, and other family information across TANF, child care subsidy, and workforce programs. Comprehensive integrated systems can (1) reduce the burden on families of providing the same information to multiple programs, (2) reduce the burden on state agencies of collecting this information, (3) limit the risk of families falling through the cracks at hand-off or transition points, and (4) provide better data on program use so states can make more informed decisions on allocation of scarce resources and the need for additional resources (Loprest, Gearing, and Kassabian 2016).

Data collection for research purposes can be especially fruitful at this time, when both WIOA and CCDF are making key policy and practice changes. Researchers and system administrators should seize this opportunity to gather data before and after changes are implemented and analyze those data for additional insights into impacts on children, families, and providers.

The recent reauthorizations of both WIOA and CCDF, and the potential forthcoming reauthorization of TANF, create timely opportunities to elevate awareness of the child care and workforce development needs of TANF families. As states develop child care and workforce plans in response to new federal rules, state and local actors from these sectors and TANF should go beyond mere program compliance and think creatively and constructively about how best to structure their systems, both individually and in partnership, to meet the needs of TANF families.

In the month before this report was released, President Obama and the executive agencies overseeing TANF and CCDF signaled their attention to some of the issues raised in this report. The ACF Office of Family Assistance and Office of Child Care issued a joint information memorandum to the lead state agencies for both TANF and CCDF programs, encouraging them to work together to implement the CCDF reauthorization and “leverage this opportunity to support family economic security and well-being” (ACF 2016). Their specific guidance highlighted many of the same opportunities for action recommended in this report. The President’s fiscal year 2017 budget proposed (1) increased funding for TANF, CCDF, and Head Start; (2) that TANF-funded child care be subject to the health and safety requirements of CCDF; and (3) that states be given “more flexibility to design effective work programs in exchange for holding states accountable to the outcome that really matters—helping parents find jobs” (Office of Management and Budget 2016).

There are no easy solutions for meeting the complex needs of TANF families, but it is clear that a system with stated goals of moving families off welfare and toward self-sufficiency, supporting adults in their roles as parents and caregivers, and supporting children in their development as lifelong learners and members of their community must allow for intensive services, basic education, skill development, and high-quality, stable child care.

# Notes

1. “Bridging the Gap,” Urban Institute, accessed March 29, 2015, <http://www.urban.org/features/bridging-gap>.
2. TANF requires states to continue spending at least 75 percent of what they spent on welfare-related programs in fiscal year 1994 to meet a “maintenance of effort” requirement.
3. For more information on state CCDF rules, see the Child Care and Development Fund Policies Database, developed and maintained at the Urban Institute under funding from HHS/ACF, found at <http://www.urban.org/policy-centers/income-and-benefits-policy-center/projects/ccdf-policies-database>. Information is not available on the extent to which child care subsidies are available to parents or caretakers in “child only” cases, which make up almost 40 percent of the national TANF caseload.
4. “FY 2014 Preliminary Data Table 16 - Average Monthly Percent of Families Reporting Income from TANF,” Office of Child Care, Administration for Children and Families, US Department of Health and Human Services, accessed October 6, 2015, <http://www.acf.hhs.gov/programs/occ/resource/fy-2014-preliminary-data-table-16>.
5. “TANF Spending on Child Care Up Slightly in 2014,” CLASP, November 24, 2015, <http://www.clasp.org/issues/child-care-and-early-education/in-focus/tanf-spending-on-child-care-up-slightly-in-2014>.
6. Early Head Start serves a smaller number of pregnant women, infants, and toddlers.
7. “CCDF Reauthorization Frequently Asked Questions,” Office of Child Care, Administration for Children and Families, US Department of Health and Human Services, accessed January 2016, <http://www.acf.hhs.gov/programs/occ/resource/ccdf-reauthorization-faq>.
8. The statute includes a small increase in authorized funds over time, but these funds are not guaranteed and must be appropriated by Congress each year.
9. WIA and WIOA also refer to “core” activities, although these are a different set of activities than the “core” TANF work activities.
10. WIOA changed the name of Workforce Investment Boards to Workforce Development Boards.
11. Proposed funding increases are specified in the law through 2020, but the increases through 2017 merely restore what was cut starting in 2010. Further, funding for WIOA will be subject to annual appropriations and are not guaranteed (Spaulding 2015).

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