Family Security

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REDUCING CHILD CARE ASSISTANCE

THE IMPACT ON WEST VIRGINIA'S LOW-INCOME WORKING FAMILIES

west virginia
Center on Budget & Policy

About the Author

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Overview

Every day in West Virginia, thousands of low-income families rely on public child care assistance. In 2011, the West Virginia Child Care Program – which is funded primarily through the federal Child Care and Development Fund (CCDF), Temporary Assistance for Needy Families (TANF), and state matching funds – provided financial assistance to more than 24,000 children whose parents were working or going to school.[1]

Access to affordable child care is an integral part of helping low-income parents keep the jobs they need to support their families while also providing a safe and reliable environment that prepares children for school. Without this support, many low-income families would be unable to be gainfully employed and could end up stuck in poverty. The West Virginia Child Care Program also plays a critical role in supporting the state's economy by creating thousands of jobs.

Over the last several years, West Virginia increased funding to the program from additional federal appropriations (the American Recovery and Reinvestment Act) and TANF. On June 21, 2012, the West Virginia Department of Health & Human Resources (DHHR) announced substantial cuts to the program because these additional funds were no longer available.[2] These cuts included freezing enrollment in the program to mostly TANF eligible families, increasing daily copayments paid by parents, and scaling back eligibility of those enrolled in the program.

While Governor Tomblin lifted the enrollment freeze in the program in July of 2012, he did not stop the other cuts to the program. On August 1, 2012, the copayments for families receiving child care assistance grew dramatically. For example, a single mother with one child living at 100 percent of poverty (approximately $15,130 yearly income) saw her monthly copayments grow from roughly two percent of monthly income ($29) to more than nine percent ($115). The changes in co-payments will reduce child care assistance by an estimated $3 million annually, or by an annual average of approximately $250 per enrolled child.

Beginning January 1, 2013, families earning between 150 and 185 percent of the federal poverty level will no longer receive childcare assistance. According to DHHR, the changes in eligibility will remove over 800 families with 1,400 children from the program and reduce funding by $4.5 million per year once fully implemented.[3] In addition, there will likely be layoffs of child care workers.

These changes in copays and eligibility could leave many low-income families without the child care support they need to keep their job or go to school. If costs become too prohibitive, some parents will likely have to stop working in order to stay home and care for their children. Children could also be adversely affected, as some families may have to leave children home alone or in other unsafe situations because they cannot afford the higher price of child care.

The purpose of this brief is to examine how these changes will impact low-income working families enrolled in the WV Child Care Program. It will also explore the relevant research on the importance of child care assistance, how the program is structured and funded, the importance of the child care industry to the state, and offer several recommendations for how policymakers can help low-income families with child care assistance.

Key Findings about Child Care Assistance in West Virginia

- Low-income parents - those with incomes below 150 percent of poverty – can enroll children ages 0 to 12 (up to age 18 in some circumstances) if they are working or going to school.
- West Virginia's income eligibility limit is lower than all but 15 states.
- Enrollment in the program is at its lowest point in four years (13, 449 in 2012), and there are 7,500 fewer children enrolled compared to 2001.

- Single mothers with one child at 100 percent of poverty now pay on average 9.1 percent of their monthly income for child care compared to 2.3 percent at the beginning of 2012.
- Approximately 90 percent of child care assistance funding ($68.1 million) is from two federal block grants (Child Care Development Fund and Temporary Assistance for Needy Families), while nine percent or $6.2 million came from state general revenue funds in 2011.
- In 2008, West Virginia spent $18.9 million in TANF funds on child care assistance compared to $29.4 million in 2011. These additional TANF funds came from carryover reserve funds.

Solutions to Improve Child Care Assistance

- With $898 million in Rainy Day Funds, the state can prevent child care cuts. Lawmakers could also explore raising the tobacco tax or other sources of revenue to stop cuts in child care assistance. West Virginia would not be alone in appropriating additional money for child care assistance. In 2010, nine other states spent $82 million on child care assistance programs beyond what they needed to match federal funds.
- A close examination of the TANF budget should be made. From 1997 to 2008, West Virginia did not spend TANF funds under the category of "Authorized Under Prior Law." However, between 2009 and 2011 the state spent about $85 million under AUPL, and a good portion of these funds went toward "foster care services" even though these services do not meet one of the four stated purposes of TANF. West Virginia also spends an above average amount of funds on administration and systems, 12.1 percent compared to the national average of 6.9 percent in 2011.
- The state should explore the creation of a refundable child care tax credit.
- Over the long-run, West Virginia should examine best practices in child care assistance policies in other states that could be used to strengthen the WV Child Care Program.

Section One

Child Care Assistance Works

Research shows that child care assistance is crucial to helping low-income families maintain employment, stay off welfare, and have higher earnings. Without public child care assistance, many low-income parents and single mothers would be unable to afford the high cost of private child care. For example, the average annual cost for an infant in full-time care in a child care center in West Virginia is $6,932.[4] For a single mother earning the minimum wage ($15,080 annually), this would be nearly 46 percent of her pre-tax annual income.[5]

A recent study by the Economic Policy Institute found that single mothers with children under age 6 who receive child care assistance are 40 percent more likely to be employed after two years than mothers who do not receive assistance.[6] The study also found that former welfare recipients were 82 percent more likely to still be employed after two years than those who received no child care assistance.

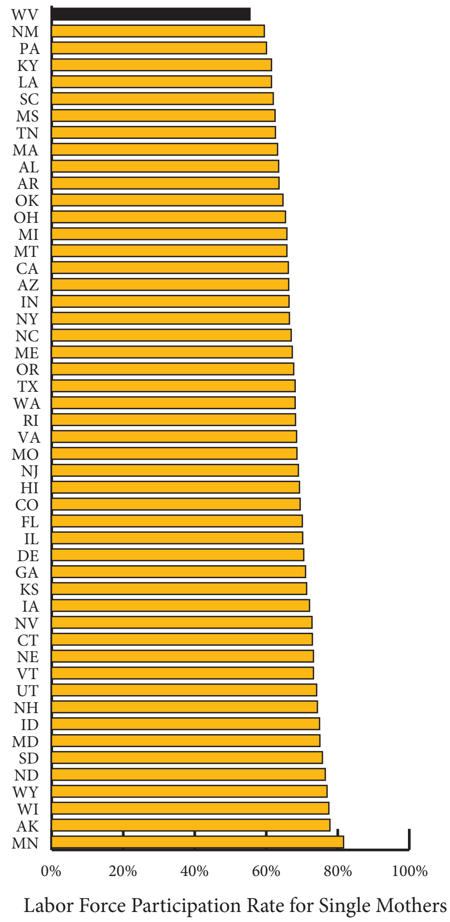
Both a study from the Government Accountability Office (GAO) and a study of low-income single mothers in California showed a positive relationship between decreasing child costs and women's labor participation.[7] In 2011, West Virginia had the lowest women's labor force participation rate (the share of the state's population working or looking for work) in the country at 48.9 percent. West Virginia also had the lowest labor force participation rate among women who maintain families without a spouse at 55.5 percent (**Figure 1**). Nationally, two-thirds of these women had children under the age of 18. and one in five were in poverty. Among those that were in poverty, 87 percent had children under the age of 18.[8]

A 2004 University of Chicago study of three states found that using a child care subsidy decreased the probability of ending employment between 25 and 43 percent.[9] A more recent study in Arizona found that 49 percent of Arizona parents receiving child care assistance said they would be unable to work without the subsidy program and 41 percent indicated they would request cash assistance.[10]

In a similar vein, the Urban Institute found that families receiving public child care assistance were significantly less likely to return to welfare than families did not receive assistance.[11] According to the study, about 15 percent of former welfare recipients with child care subsidies returned to welfare compared with about 25 percent without subsidies.

FIGURE 1

West Virginia's Labor Force Participation Rate for Single Mothers Is the Lowest in the Nation



Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics.

Section Two

West Virginia Child Care Program

In 2011, the West Virginia Child Care Program (WVCCP) assisted the parents of more than 24,000 children with the cost of child care. The program also provided funding for quality improvements and licensing for child care providers. It is funded primarily through the federal CCDF and through funds that West Virginia spends directly or transfers from the TANF block grant. West Virginia must adhere to basic guidelines set by the federal government, but it also has a significant amount of discretion in eligibility criteria, copayment levels, reimbursement rates to providers, and program administration.[12]

Eligibility

The WVCCP subsidizes the cost of child care for eligible, low-income families. In general, this assistance is provided to children under the age of 13. In some circumstances – children with developmental disabilities, physical or behavioral disorders, or under court supervision – a child can enroll up to age 18. To be eligible for the program, parents must be residents of the state, show a need for care, be employed or in school, and must meet certain income requirements. Parents can also continue receiving child care assistance for 30 days after losing a job.[13]

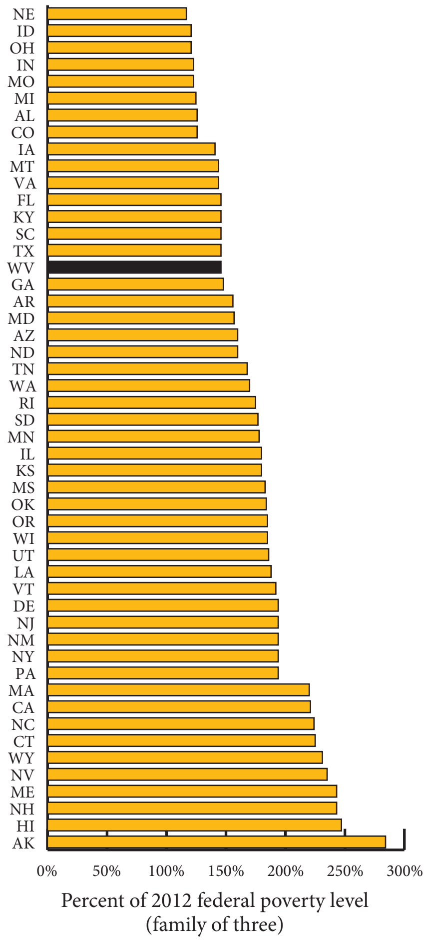
A family's ability to obtain child care assistance in West Virginia depends largely on the state's income eligibility limits. Maintaining an appropriate income eligibility level is essential to providing access to low-income families. West Virginia's income eligibility limit has fallen over the past decade. In 2001, it was 193 percent of the federal poverty level, which was higher than 25 states.[14] By 2011, the limit for new enrollees had fallen to 150 percent, lower than all but 15 states (**Figure 2**).[15] According to the 2009 West Virginia Self-Sufficiency Standard, a single mother with one infant in child care would need an annual income of $28,323 – or about 200 percent ($29,140) of the federal poverty level - to sustain her family without public or private assistance.[16] In addition, unlike 23 other states, West Virginia does not maintain a waiting list for child care assistance.[17]

Existing enrollees could stay in the program until they reached 185 percent of the federal poverty level. This graduated income eligibility allowed families to keep their child care assistance as their incomes increased, thereby avoiding the "cliff effect" where a small increase in earnings leads to the complete loss of assistance.

However, beginning January 1, 2013, families with income between 150 and 185 percent of poverty will no longer be eligible to receive child care assistance. According to the WV DHHR, approximately 841 families currently receiving child care assistance are between 150 and 185 percent of poverty. This cut in eligibility is expected to save an estimated $4.5 million annually.

FIGURE 2

West Virginia's Income Eligibility Limits Among the Lowest in 2012



Source: National Women's Law Center.
Note: For states that have multiple eligibility limits the lowest level was displayed.

Enrollment

From January to August 2012, an average of 13,449 children a month received child care assistance in the WVCCP (**Figure 3**). Enrollment in the program is at its lowest point in four years, and there are 7,500 fewer children enrolled compared to 2001.

Of those receiving child care assistance funded through the CCDF in 2010, approximately 30 percent were infants and toddlers (0-2 years), 36 percent were pre-school age (3-5 years), and 34 percent were school-age (6-13 years).[18] 86 percent of the parents were employed, and 13 percent were receiving job training or were in school.[19] 74 percent of enrollees identified as white, 12 percent as multiracial, 11 percent as African American, and two percent as other.[20]

Income and employment data suggest that West Virginia, like most states, may be serving only a fraction of families that could potentially be eligible for assistance. Estimates of the actual number of children eligible for child care assistance in West Virginia do not exist. However, the American Community Survey (ACS) provides some information on children's household income and parental employment. While not an exact proxy for child care subsidy eligibility, it offers a look at the numbers of families that may be in need of assistance. According to 2008-2010 ACS data, there are an estimated 272,864 children in West Virginia between the ages of zero and 12.[21] Of these children, 38 percent (102,497 children) are living at or below 150 percent poverty.[22] Seven out of ten children under 150 percent of poverty have at least one working parent, while slightly less than half live in families where all parents are working.[23]

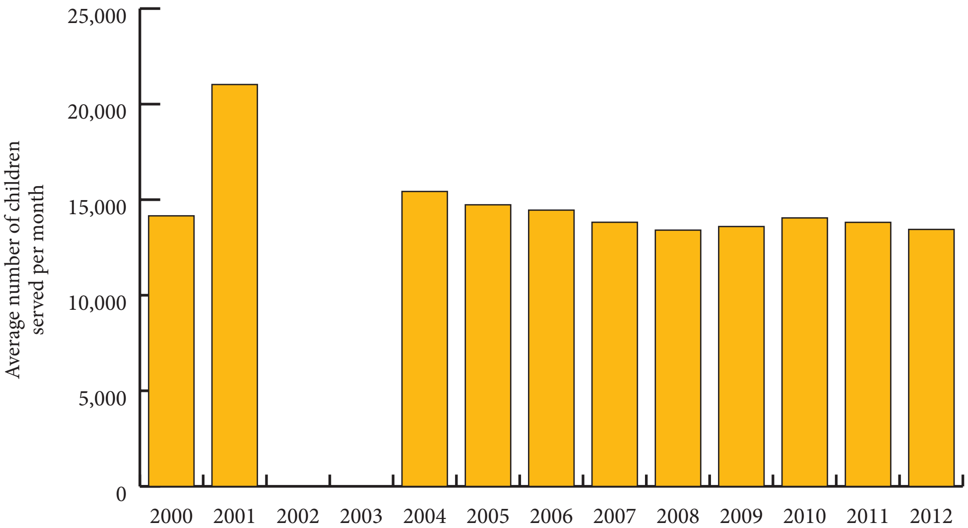
Parental Copayments (Fees)

West Virginia, like all states, requires families to contribute toward their child care costs based on a sliding fee scale based on a percentage of a family's monthly gross income. There are a few exceptions. Those making below 40 percent of the federal poverty level do not pay daily copays, which exempts most TANF recipients from parental copayments.[24] Foster children in approved foster homes are also exempt. The sliding fee scale is designed to charge progressively higher copayments to families as their income increases. Copays are charged per child, but families are not charged for more than three children.

As previously mentioned, starting August 1, 2012, West Virginia dramatically increased copayments for families between 40 and 185 percent of poverty. These changes are estimated to save the program $3 million annually.[25] However, some families now will have to pay up to four and a half times as much in copayments per month than they did before. These changes will especially impact single parent families in deep poverty – those between 40 and 50 percent of poverty.

FIGURE 3

Enrollment in West Virginia Child Care Assistance Declining



Source: West Virginia Department of Health and Human Services.
Note: Data for 2002 and 2003 were unavailable.

In the first half of 2012, a single parent with one child at 100 percent of poverty paid on average 2.3 percent of their monthly income toward copayments for child care (**Figure 4**). Today, after the changes in the WVCCP, this same family pays slightly more than nine percent of its monthly income toward child care. Families today are paying nearly twice as much of their monthly income to child care as they did in 2007, before the additional federal funding had been added.

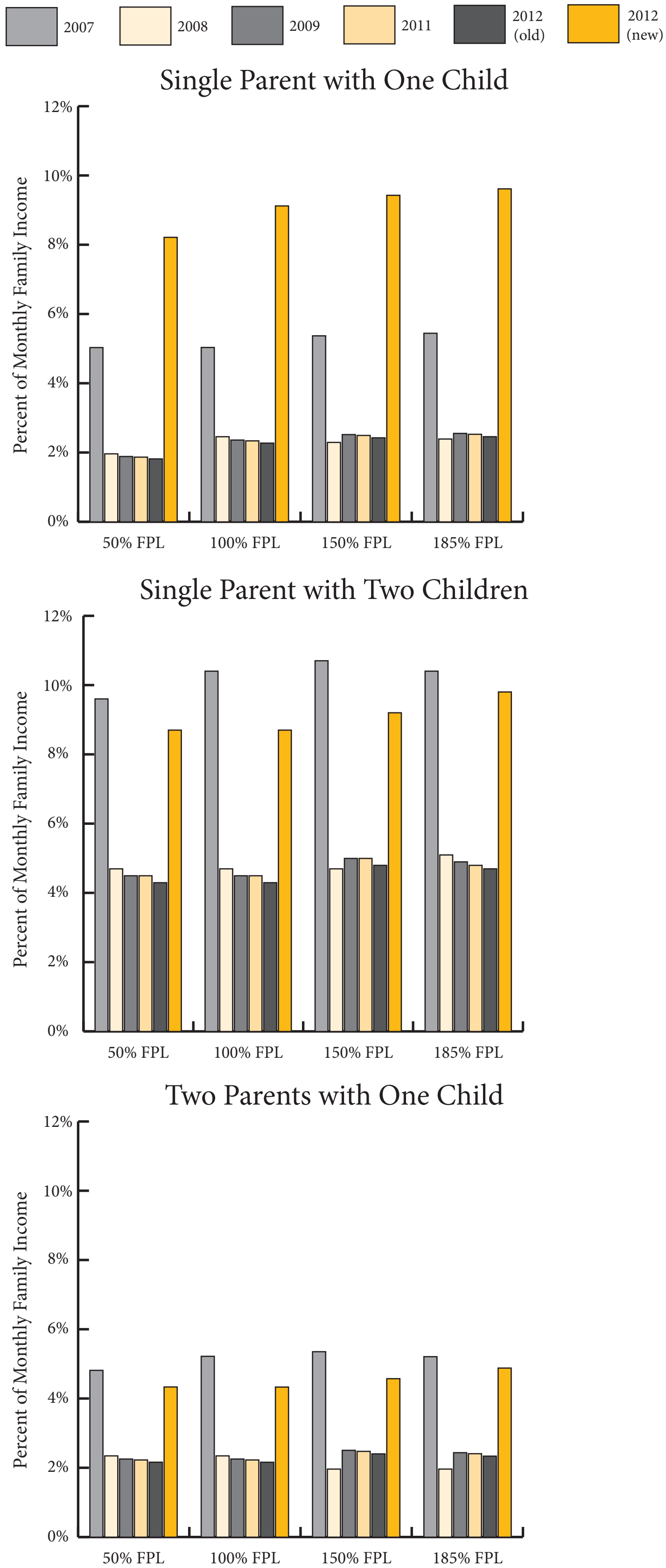
For single parents between 40 and 50 percent of poverty, the changes mean an increase from 1.8 percent of monthly income to 8.2 percent, or from $11.50 to $51.75 per month in copayments. As a point of comparison, in 2007 a family in deep poverty with one child would have paid 4.7 percent of its monthly income to child care.

A two-person family at 150 percent of poverty now pays 9.4 percent ($178.25) of its monthly income each month for child care compared to 2.3 percent prior to August 1, 2012. A similar family at 185 percent of poverty pays an estimated 9.6 percent ($224.25) of its monthly income.

A three-person family comprised of one parent and two children did not experience as large of an increase, but still saw its copayments more than double. In 2011, this type of family needed five percent of its monthly income to cover the costs of child care. Today, that same family would need approximately 9.2 percent of its income to pay for child care.

The impact of the increase in copayments on families of three with only one child in child care is less stark, doubling in size for most families. The copay for a family of three with one child at 50 percent of poverty increased from 2.2 to 4.3 percent of monthly income on August 1. Instead of paying $17.25 a month for child care, the family now pays $34.50. For the same family at 100 percent of poverty, the copay increases from $34.50 to $69 (from 2.2 to 4.4 percent of the family's income). At 150 percent of poverty the copay increases from $57.50 to $109.25 (2.4 to 4.6 percent), and at 185 percent of poverty it grows from $69 to $143.75 a month (2.3 to 4.9 percent).

FIGURE 4
Copayments for Parents Rise Dramatically



Source: West Virginia Department of Health and Human Services.
Note: These calculations assume 23 days of child day care in a month. Data for 2010 could not be located.

These increases in copayments may lead many low-income parents to quit their jobs in order to provide care for their children. This is particularly true for low-income single mothers, since the cost of care is so high compared to their wages. For example, a single mother making minimum wage ($15,080 annually) with an infant will now have to pay close to nine percent of her monthly income on child care for her infant compared to just two percent before the changes.

Families between 150 and 185 percent of poverty – the families that will be purged from the program beginning in 2013 – may find that this increase in copayments puts access to child care out of their reach. In some instances, one of the parents may quit their jobs to take care of the children. Other families may be forced to leave children home alone or in other unsafe situations in order to continue working. For example, a single mother with one child living at 185 percent of poverty would see her child care costs grow from 9.6 percent of monthly income to an estimated 25 percent. For a family of three (with one child in day care) at 185 percent of poverty, monthly costs would increase from 4.9 percent to about 20 percent. Families will be forced to make rational decisions about work and child care in order to maximize their already squeezed budgets.

Reimbursement Rates

West Virginia, like all states, sets a maximum rate at which they reimburse child care providers. States are encouraged, but not obligated, to set their rates at the 75th percentile of current market rates.[26] This is designed to allow participating families access to 75 percent of the providers in their communities and to ensure that child care providers have enough resources to sustain their business. Unfortunately, West Virginia, like most other states, does not accomplish this goal. In 2011, only one state in the nation set its provider rates at the 75th percentile or higher.[27]

West Virginia's reimbursement rate is based on the age of the child (infant, toddler, preschooler, and school-age), type of care (child care center or family care), special needs, and quality (Tier 1-3). The reimbursement rates are higher for young children, child care centers, and programs that have achieved higher standards (Tier 2) or are nationally-accredited (Tier 3) (See **Appendix**). In 2011, only 7.9 percent of child care centers in West Virginia were accredited by the National Association for the Education of Young Children.[28]

According to the National Women's Law Center, the 2012 monthly reimbursement rate at child care centers in West Virginia was $606 for a one-year-old and $498 for a four-year-old.[29] These rates fall below the 75th percentile of $628 and $541, respectively. Since there is some connection between higher cost and better quality, West Virginia's families receiving child care assistance may be unable to afford the best available care for their children.[30] As of October 10, 2012, DHHR has not made changes to the reimbursement rates.

Financing Child Care Assistance

West Virginia's child care assistance program is primarily funded through two federal block grants, the Child Care and Development Fund (CCDF) and Temporary Assistance for Needy Families (TANF). The state also provides matching and maintenance of effort (MOE) funding to the program from general revenue.[31] In Federal Fiscal Year 2011, West Virginia spent 19.5 percent of its TANF funds on child care, compared with the national average of 16.6 percent.[32]

In State Fiscal Year 2011, West Virginia spent approximately $68.1 million on child care assistance, 90 percent of which came from federal funding (**Figure 5**). Direct TANF funds accounted for $29.4 million, CCDF for $26.9 million, and ARRA additions to CCDF for $5.4 million. The state's general revenue fund provided a total of about $6.2 million: $3.1 million in CCDF matching funds and $2.9 million in TANF MOE funds that doubled as CCDF MOE funds.

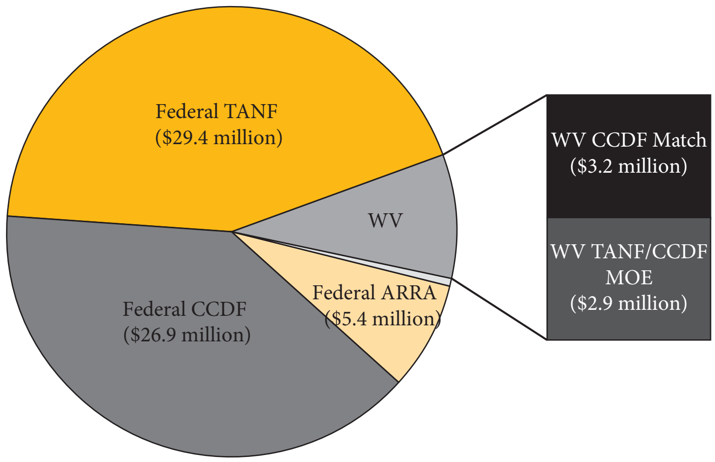
Total expenditures on child care assistance have ranged from a low of $43.6 million in 2000 to a high of $68.1 million in 2011 (**Figure 6**). In recent years, child care assistance funding has grown because of additional federal stimulus funds from the American Recovery and Reinvestment Act of 2009 and from an increase in federal TANF funds allocated to child care assistance.

In 2009, the Recovery Act provided states with $2 billion in additional funding for the CCDF that did not require state matching funds. West Virginia received $13 million in 2010 and 2011. This included $11.3 million for direct child care assistance and $1.7 million in targeted funds for activities to improve quality of care for infants and toddlers. The state spent approximately $12.7 million.[33] The infusion of new federal funds increased total federal CCDF spending from $26.6 million in 2009 to $35 million in 2010 and $32.3 million in 2011.

Between 2008 and 2011, West Virginia sharply increased the amount of federal TANF funding directed toward child care assistance. In 2008, the state spent $18.9 million in TANF funds on child care compared to $29.4 million in 2011. In 2008, federal TANF funds made up 37.4 percent of total child care assistance compared to 43.1 percent in 2011. According to DHHR, the additional federal TANF funds allocated to child care assistance came from spending down their TANF reserves or "unobligated balance."

FIGURE 5

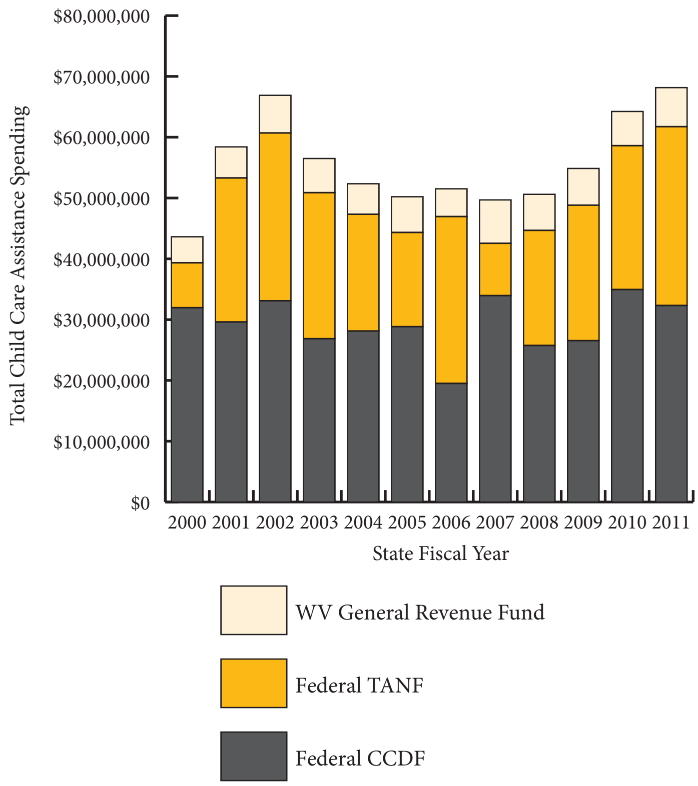
Federal Government Pays for Almost All Child Care Assistance



Source: West Virginia Department of Health and Human Services.

FIGURE 6

Child Care Assistance Spending Has Fluctuated from 2000 to 2011

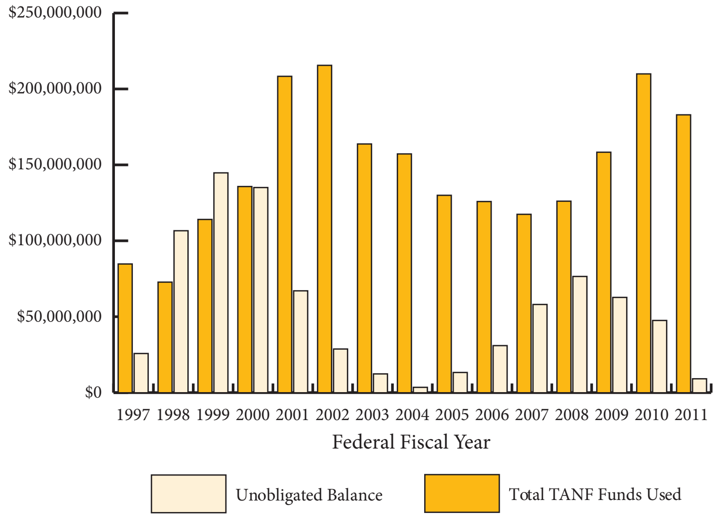


Source: West Virginia Department of Health and Human Services.

Since the enactment of TANF in 1996, West Virginia's unobligated balance has fluctuated dramatically from a high of $144.8 million in 1999 to a low of $3.8 million in 2004 (**Figure 7**). From 2008 to 2011, West Virginia's unobligated balance dropped from $76.7 million to just $9.4 million. The use of these reserve funds to fund a program such as child care is unsustainable, because the carryover funds will eventually disappear.

FIGURE 7

West Virginia's TANF Reserves Have Diminished



Source: U.S. Department of Health and Human Services, Administration for Children & Families, TANF Financial Data.

Section Three

Child Care and West Virginia's Economy

Child care is an important part of West Virginia's economy. It not only helps low-income parents move off welfare and into work, but also employs a large number of workers who contribute tax revenue to the state's economy. In 2011, there were 2,770 child care workers in the state that were employed in child care centers.[34] This figure does not include those self-employed as family child care providers or additional staff (administrative assistants, cooks, custodians, etc.) who may work in child care centers. According to Workforce West Virginia, the total number of child care workers – including those working at schools, businesses, private households, and child care institutions – was 5,957 in 2011.[35] Workforce West Virginia projected that there will be 6,119 employed child care workers in the state in 2020.[36]

The child care industry not only supports child care jobs and the jobs of parents who rely on child care, but also indirectly supports jobs from the goods and services that child care providers procure (e.g. food vendors). State and local taxes are generated by the income earned by workers directly and indirectly involved in the industry and on the sale of goods to support child care delivery.

While the child care industry supports the state's economy, child care workers remain one of the lowest-paid groups of employees in the state. In 2011, the typical child care worker earned only $8.62 an hour ($17,780 annually), with entry level workers making only about $8.18 an hour.[37] The state median wage for all occupations in 2011 was $13.46 an hour or $36,220 annually.[38] The low starting and median wages of child care workers can lead to a high rate of turnover, which ultimately affects the quality of care.[39] The low pay of child care workers also means that many child care workers will need workforce support in order to be employed.

Should the state reduce its investment in child care assistance in 2012 and beyond, it will significantly impact the child care industry and the businesses that rely on workers who need child care to be employed. As child care costs rise, welfare recipiency could increase and employment and wages directly and indirectly tied to the industry could fall.[40]

Section Four

Conclusion and Recommendations

Child care assistance helps low-income working parents with the high cost of child care. For many struggling families working at low-wage jobs, access to affordable child care is a key component helping them stay off welfare and be productive citizens. Affordable child care is also vitally important to the state's economy, employing over 2,700 workers at more than 360 child care centers across West Virginia.

While Governor Tomblin took an important step by lifting the freeze in enrollment to the program, state budget cuts to child care assistance create a difficult situation for low-income parents, child care workers, and business owners whose clients are largely recipients of child care financial assistance. State budget cuts to child care assistance will raise child care costs dramatically for thousands of working parents at a time when they can least afford it. If parents opt out of placing their children in child care due to the rising costs, then a number of providers may suddenly be faced with vacancies and empty centers, which will lead to layoffs and job reductions. The consequences will be a less stable workforce, possibly dangerous situations for children, and job cuts by child care providers.

Although finding additional funds to avoid cuts to child care assistance could be challenging, the following recommendations should be considered given the adverse impact that such cuts will have on low-income families and providers.

Appropriate additional funds to the West Virginia Child Care Program

Fortunately, West Virginia is in a good financial position to avoid making these sudden and deep cuts by using other sources of available funding. For example, the state ended fiscal year 2012 with nearly $88 million in surplus in the general revenue fund and $81 million in lottery funds. The state has a robust Rainy Day Fund, with nearly $898 million, the second largest in the country in 2012.[41] The state could also explore using other funds, such as raising the tobacco tax, scaling back tax expenditures, or other sources of revenue. In 2010, nine states reported spending $82 million for child care assistance beyond their matching and MOE requirement - Alaska, Colorado, Connecticut, Kansas, Nebraska, New Hampshire, Ohio, South Dakota, and Vermont.[42]

Increase transparency in WV Child Care Program

In order to help advocates, policymakers, and those working in the child care industry to better understand the impact of the state's child care assistance program, the state should publish annual statistics. For example, the Minnesota Department of Human Services published an annual summary of statistical information about families and children participating in their child care assistance program.[43]

Closely examine recent TANF spending categorized as Authorized Under Prior Law (AUPL)

Generally states can only spend TANF funds to further one of the four purposes of TANF, but AUPL is spending allowed under TANF because it is used for a service that was in the state's Aid to Families with Dependent Children (AFDC) Emergency Assistance plan at the time of the conversion of AFDC to TANF.[44] Thus, it was grandfathered as a permissible use of federal TANF funds.

From 1997 to 2008, West Virginia did not spend any TANF funding under AUPL. However, from 2009 to 2011 the state began spending millions under AUPL, including $30 million in 2009, $26.3 million in 2010 and $28.3 million in 2011. It appears that West Virginia used a portion of the AUPL funding for "foster care services" even though these services do not meet one of the four stated purposes of TANF.[45] West Virginia did not use this grandfathered authority for the first 12 years of TANF. The state's abrupt diversion of substantial amounts of TANF funding to foster care or other child welfare spending appears more of a raid on TANF than the type of continuation of previously permissible expenditure in the transition from AFDC to TANF that Congress envisioned.

Explore the possibility of using existing TANF funds currently allocated by the state to Administration and Systems on child care subsidies

West Virginia has consistently spent a higher amount of its TANF budget on administration and systems than other states.[46] From 1997 to 2011, West Virginia spent on average 16.5 percent of its TANF budget on administration and systems. In comparison, the U.S. average over this period is just 8.5 percent. In 2011, West Virginia spent 12.1 percent of its TANF budget on administration and systems compared to the national average of 6.9 percent. Only four states spent a higher share than West Virginia that year. West Virginia's high share of TANF funds allocated to administration and systems may be a difference in how West Virginia reports these funds to the federal government compared to other states. However, it raises a red flag.

Explore the creation of a refundable child care tax credit

As of 2011, twenty-eight states have income tax provisions tied to the federal child care and dependent care (CADC) tax credit.[47] A state child care credit or deduction tied to the federal CADC provisions allows low-income families to subtract a portion of their child care expenses from their income tax labiality. In 13 states, CADC credits are refundable. This allows the lowest-income families that have little or no tax liability to receive a benefit.

Identify best practices in other states that could be used to strengthen the WV Child Care Program

Over the long run, the state should examine child care assistance policies in other states that would strengthen the WV Child Care Program. For example, examining the feasibility of annually committing more than the federal required amount of state funds to child care assistance (nine states did this in 2010), establishing a legal entitlement to child care assistance (Rhode Island), maintaining a waiting list (23 states maintain waiting lists), providing child care assistance to parents searching for a jobs (16 states allowed families to qualify for and begin receiving child care assistance while they searched for a job) and adding budget language that requires WV DHHR to seek additional funds from the legislature before capping any services (Vermont).[48]

Endnotes

1 West Virginia Department of Health and Human Services, "DHHR curtails child care services, cuts grants," (Press release), June 21, 2012. Retrieved from http://www.wvdhhr.org/communications/news_releases/DHHRcurtailsChildCareServicesCutsGrants.pdf.

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5 The minimum wage in West Virginia was $7.25 an hour in 2012. If a mother works forty hours a week for 52 weeks this is $15,080 annually.

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44 The statutory purpose of TANF is to increase state flexibility to achieve goals to: (1) provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives; (2) end the dependence of needy parents on government benefits by promoting job preparation, work, and marriage; (3) prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies; and (4) encourage the formation and maintenance of two-parent families.

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48 See source in endnote 41 for the nine states that commit more than the federal required amount of state funds to child care assistance. According to analysis from the Fiscal Policy Center at Voices for Illinois Children, Illinois spent $27.3 million in additional general revenue money on child care assistance in FY 2010 (email from Fiscal Policy Director Larry Joseph). For information regarding Rhode Island's legal entitlement to child care assistance and Vermont's budget language requiring its child care assistance agency to seek additional funds from the legislature before capping services, see: Valora Washington and et al, "Keeping the Promise: A Study of The Massachusetts Child Care Voucher System, Final Report," Bessie Tartt Wilson Children's Foundation, February 14, 2006. Retrieved from www.cayl.org/files/MassachusettsChildCareStudyReport.pdf. For information regarding states that maintain waiting lists and that allow families to qualify for and begin receiving child care assistance they searched for a job, see Schulman and Blank, "Downward Slide."

Appendix

Child Care Rate Structure

Type of Care	Rate Type	Infant (0-12 Months) Per Day/Month	Toddler (25-36 Months) Per Day/Month	Pre-School (37-59 Months) Per Day/Month	School-Age (60 Months & Up) Per Day/Month
Family Child Care Home	Tier I	$20/$400	$20/$400	$20/$400	$16/$320
	Tier II	$22	$22	$22	$18
	Tier III - Accreditation	$24	$24	$24	$20
Family Child Care Facility	Tier I	$25/$500	$20/$400	$20/$400	$18/$360
	Tier II	$27	$22	$22	$20
	Tier III - Accreditation	$29	$24	$24	$22
Child Care Center	Tier I	$28/$560	$24/$480	$23/$460	$19/$380
	Tier II	$30	$26	$25	$21
	Tier III - Accreditation	$32	$28	$27	$23
Unlicensed School-Age Child Care	Tier I	$14.50/$290			
Informal/Relative Child Care	Tier I	$7.50/$150	$6/$120	$6/$120	$6/$120
In-Home Child Care	Tier I	$18/$360	$16/$320	$16/$320	$16/$320
Available Incentive Rates	Documented Special Needs	Additional $2 added to daily tier rate			
	Non-Traditional Hours	Additional $4 per qualifying day			

Source: Table recreated from West Virginia Department of Health and Human Services.

Working Toward a Shared Prosperity

The **West Virginia Center on Budget and Policy** is a policy research organization that is nonpartisan, nonprofit, and statewide. It focuses on how policy decisions affect all West Virginians, including low- and moderate-income families, other vulnerable populations, and the important community programs that serve them.

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