



## ***May Funding Tip***

The Finance Project is pleased to announce the next installment in a series of [monthly funding tips](#) for youth programs. These tips cover different financing strategies to help programs finance and sustain their work.

### **Tip: Transfer TANF Funds to CCDF to Support Out-of-School Time Initiatives**

Using TANF dollars is one strategy to generate funding for maintaining, improving, and expanding out-of-school time initiatives. States are allowed to transfer up to 30 percent of their TANF funds to the Child Care Development Fund (CCDF). CCDF is the largest federal child care subsidy program, funding both direct services and quality enhancements. Once TANF funds have been transferred to CCDF, they are treated as CCDF funds and are subject to CCDF requirements. These requirements include, for example, state health and safety standards, state licensing requirements, and state-designated reimbursement rates. Generally, CCDF funds serve children up to age 13, and each state sets its own income eligibility levels up to a federal maximum of 85 percent of the state's median income.

The *Deficit Reduction Act of 2005*, which reauthorized the TANF block grant, also extended the CCDF mandatory funding stream through fiscal 2010, increasing child care funding available to states by \$200 million per year, or a total of \$1 billion over five years. However, these funds do require a state match to draw them down. Additional child care funding is critical to states given the new child care demands likely to stem from the strengthened work participation requirements. State officials may need to increase their spending on child care for TANF recipients by, for example, directing more TANF dollars to child care directly or through a transfer to CCDF.

TANF dollars transferred to CCDF enable states to provide subsidies to families on waiting lists, increase income eligibility levels to serve more families, and increase the subsidy payment level. In addition, they can also support out-of-school time capacity-building and quality enhancement efforts. CCDF funding includes a quality set-aside of at least 4 percent and targeted funds for out-of-school time and resource and referral activities. Both the quality set aside and the targeted funds for out-of-school time can be used for efforts to improve the availability of quality child care.

Examples of funding options under the quality set-aside and the targeted funds for out-of-school time include:

- providing grants and loans for startup, expansion, or enhancement of programs;
- funding partnership projects aimed at coordinating resources and leveraging private sector investment; and
- funding technical assistance to help stakeholders develop, implement, and finance out-of-school time programs.

### **Example from the Field: Providing Access to Affordable, Quality Out-of-School Time Care in Wisconsin**

In Wisconsin, TANF funds support child care services and out-of-school time care directly and through the transfer of funds to CCDF. In fiscal year 2005, Wisconsin transferred \$63 million in TANF funds to CCDF. The availability of TANF funds for the state's child care subsidy program enabled policymakers to establish eligibility for children up to age 13 in working families with incomes up to 200 percent of poverty. CCDF dollars also support several initiatives that address the quality of care, including professional development programs for child care workers, community child care grants to local government agencies to improve the supply and quality of care, and higher reimbursement rates for accredited facilities. These quality enhancement efforts target school-age care as well as early care. For example, the T.E.A.C.H. (Teacher Education and Compensation Helps) Early Childhood Wisconsin scholarships and R.E.W.A.R.D. (Rewarding Education with Wages and Respect for Dedication) Wisconsin stipends are available to school-age care providers who meet the eligibility criteria.

For more information, visit the website of the Wisconsin Department of Workforce Development's child care section at

<http://www.dwd.state.wi.us/dws/programs/childcare/default.htm>.

For more information on this financing strategy and the various strategies for using TANF to fund out-of-school time initiatives see The Finance Project's publication, [Using TANF to Finance Out-of-School Time Initiatives](#).

Within the [Youth Programs Resource Center](#) you will also find an [online clearinghouse](#), jointly developed by The Finance Project and The Forum for Youth Investment. The clearinghouse contains a wealth of information and resources for supporting and sustaining youth programs and initiatives. It is designed to help you learn about data, tools, policies, practices, financing strategies, coordination efforts and technical assistance resources developed by organizations in the field that aim to improve the lives of youth.