

# Challenges and Opportunities of Welfare Reform

by David Allen

*Late this summer, President Clinton signed the "Personal Responsibility and Work Opportunity Reconciliation Act of 1996" and ended "welfare as we know it." This bill impacts child care with:*

- provisions that affect child care;
  - provisions that affect families;
  - tightening states' discretionary money for child care; and
  - changes to the general policy climate for child care.
- Eliminate payment for an extra meal for children spending more than 8 hours in a center enrolled in the child care food program
  - Increase paperwork for states and providers
  - Require consumer education and information to promote informed parent choice

## The child care provisions:

- Increase federal spending for child care
- Allow states to spend less on child care and encourage them to spend more by matching it with additional federal funds
- Require state health and safety licensing standards, and provider compliance with standards
- Decrease what states *must* spend for quality, but *allow* states to spend more
- Allow states to set reimbursement rates below the market rate

## The welfare provisions:

- End AFDC and replace it with Temporary Assistance to Needy Families (TANF)
- Impose strict time limits and work requirements on "welfare" families, thus increasing the need for child care more than the increase in federal child care dollars
- Reduce federal money for welfare, making it harder for states to fund child care

- Eliminate the guarantee of federal help paying child care costs of parents working their way off welfare
- Bar use of federal money to help legal immigrants (except Cubans or Haitians) for five years after they arrive in the country
- Reduce the amount of time parents can get help (including child care) while in school or training
- May allow some state flexibility in the work requirements for families who cannot find or afford child care or with a baby less than 12 months old, but the language is weak and contradictory

## Money

The combined effect of the tough new work requirements and the overall reduction in federal financial help for welfare is the creation of a major new "unfunded mandate" for the states. Add in current and future



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cuts in federal funding of other programs and the new law spells tougher fights ahead to increase — or even maintain — state child care funding, especially for working poor families who are not in the welfare system.

### **Climate**

Implementation of welfare reform will dominate child care policy discussions at the state level for the next year, making it much harder to gain attention for child care needs beyond welfare. The changes in rate setting rules, a provision that encourages TANF parents to provide free child care, and the tight dollars will bring downward pressure on child care rates for many centers, not only those getting public help.

### **Opportunities**

Despite the real problems in the law, there are important opportunities

and lessons before us. The law gives the states new kinds of flexibility in establishing their child care programs, creating opportunities for you to help shape the way the state sets reimbursement rates for centers (and others), and their consumer education plan. Advocates can encourage their state to spend more than the minimum 4% on “quality” issues, and should definitely use the carrot of a larger bite of federal funding to push for an increase in state child care dollars.

The hard work of child care advocates, and the voices of families across America, helped make the child care section the best part of a dubious bill. Politicians who knew nothing of child care have talked in the last year about its central importance to “welfare reform.” They did so because they (and America) believe in families working to support themselves, and together we made it clear to them that people can’t work without child care.

We know that good quality child care does far more than help people get “off of welfare.” It can make *the* difference in school readiness, economic development, job productivity, and in preventing future welfare dependence and anti-social behavior. Would it help if we began speaking of “effective” child care, child care that works for *all* these social outcomes? How can we “reposition” child care so that others can better understand that so many of the other issues that face us will never work without high quality “effective” child care?

### **For More Information**

Call your state Child Care Resource & Referral Network or local CCR&R. Also ask to be on the Children’s Defense Fund Welfare Reform fax or e-mail list. Fax your request to John Aravosis, (202) 662-3540, or e-mail (HN3208@handsnet.org).