



January 16, 2009

An Update on the Tax and Budget System

AACF is closely following several important pieces of tax and budget legislation that impact low- families now that the Arkansas State Legislature and the U.S. Congress have reconvened, As we move forward, it's more important than ever to advocate for tax policies and spending measures that lift our low-income families out of poverty. They are hit hard by the economic downturn. This update includes a summary of three important pieces of federal legislation: the State Children's Health Insurance Program (SCHIP), the Child Tax Credit, and the Economic Recovery Package.

Federal Tax and Budget update

State Child Health Insurance Program

By a vote of 289-139, the U.S. House of Representatives voted to reauthorize the Child Health Insurance Program Reauthorization Act known as the State Children's Health Insurance Program (SCHIP) (H.R. 2) on Wednesday. The Senate is moving quickly and there is a strong indication that a final bill will be ready for the new President to sign in late January.

SCHIP reauthorization is critical to Arkansas's efforts to maintain the health and economic stability of families through the successful ARKids First program. Without passage, Arkansas will not be able to continue to serve many children currently enrolled.

We would like to thank Reps. Marion Berry and Mike Ross for voting for this critical legislation. Passing the House was only the first legislative hurdle. We will follow the bill closely as it moves through the Senate and may ask you to weigh in by calling our Congressional members to encourage the continued support of this legislation. Watch for coming action alerts!

More information: [Yes We Can...Cover More than 4 Million Uninsured Children \(pdf\)](#)

<http://www.familiesusa.org/assets/pdfs/yes-we-can-chip-2009.pdf>

Child Tax Credit

In the last Congress, the earnings threshold for the child tax credit was reduced from \$12,050 to \$8,500 for tax year 2008. This reduction was temporary. To make the reduction permanent, Sen. Blanche Lincoln recently introduced the Working Family Child Assistance Act (S. 26). It will

help 33,677 Arkansas children who otherwise wouldn't be eligible and will provide an increased tax benefit to an additional 116,657 Arkansas children because the size of the credit is based on the amount by which the family's earnings exceed the threshold. Please let Senator Lincoln know that we appreciate her continued support of working families in Arkansas!

The child tax credit is also an effective stimulus for the economy.

AACF: Weighing the Options (pdf)

U.S. House Economic Recovery Package Proposal

<http://appropriations.house.gov/pdf/PressSummary01-15-09.pdf>.

The Economic Recovery Package

Congress will soon consider a comprehensive economic recovery package designed to stimulate our national economy. Although legislation has not been filed, Democrats in the U.S. House of Representatives just released its proposal this week. The House proposal provides funding for many important low-income related programs, including: the Child Care and Development Block Grant, Head Start, and the Supplemental Nutrition Assistance Program.

AACF urges Congress to adopt well-designed policies that help low-income families and provide a meaningful boost to the economy by preserving and restoring jobs.

More information:

AACF: Weighing the Options (pdf)

[U.S. House Economic Recovery Package Proposal](#). (pdf)

<http://appropriations.house.gov/pdf/PressSummary01-15-09.pdf>.

Link to Website-Assistance for Hard-Pressed Families is One of the Best Ways to Save the Economy and Create Jobs

State Tax and Budget Update

It is still early in the session, but AACF's State Tax and Budget team already has high hopes. Some areas of interest are low-income tax relief and revenue enhancers. We will update you on these bills in coming editions of the Moving Families Forward e-Newsletter. So stay tuned! We also invite you to check out our [website](#) to find different reports on tax and budget issues.

Call to Fairness

AACF is reaching out into the faith community to find one common voice that calls our state legislators to enact a fair and balanced tax system in Arkansas. We encourage you to sign on to the [Call to Fairness](#). If you would like to hear more about how the faith community can be

involved in the work of AACF please contact Rev. Pat Bodenhamer at pbodenhamer@aradvocates.org or (501) 371-9678.

If you would like more information on the topics discussed above, please contact Candice Smith, our federal tax and budget policy director, at csmith@aradvocates.org or Pat Bodenhamer, our state tax and budget outreach director, at pbodenhamer@aradvocates.org. If you would like to subscribe to Moving Families Forward, which provides updates and alerts on state and federal tax and budget issues, please email csmith@aradvocates.org or visit our [website](#).