



Oct. 16, 2008

An Update on the Tax and Budget System

Now that President Bush has signed the financial rescue legislation called the Emergency Economic Stabilization Act, child advocates are waiting to see what the \$700 billion dollar bailout will mean for low- and moderate-income families. As we work to move forward, it is more important than ever to advocate for tax policies and spending measures that lift our low-income families out of poverty. Here are several significant pieces of legislation that were passed before Congress went home for the election recess.

Child Tax Credit

We did it!!! The earnings threshold for the child tax credit (CTC) was reduced from \$12,050 to \$8,500 for tax year 2008. This 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. To learn more click [here](#).

Child Welfare Legislation

The President has signed the *Fostering Connections to Success & Improved Adoptions Act (H.R. 6893)*. It is the most important child welfare legislation since the enactment of the Adoption & Safe Families Act in 1997. This new act will allow foster children to achieve greater permanency by: providing financial support to kinship and guardianship families, improving incentives for adoptions from foster care; continuing supports for foster youth up to age 21; and strengthening the educational stability of foster youth. Arkansas is one of a handful of states that does not currently provide financial assistance to guardianship families. This act will allow our state the option to help them. To learn more click [here](#). We would like to thank Senator Blanche Lincoln for her hard work to garner support for this bill among her Senate colleagues. Both she and Senator Mark Pryor were co-sponsors of the Senate bill.

Low-Income Home Energy Assistance Program (LIHEAP)

As cold weather approaches, Congress has passed an additional \$5.1 billion in funding for the Low-Income Home Energy Assistance Program (LIHEAP) — the largest allocation in the history of the program. According to the U.S. Department of Health and Human Services, Arkansas stands to receive \$36.43 million in additional funds for fiscal year 2009, as compared

to \$14.67 million last year. In our current economic state, it is crucial for Arkansans with low incomes to have the help they need heating their homes this winter. AACF would like to extend a heartfelt thank you to the Arkansas Congressional Delegation for their diligent work in making this additional LIHEAP funding become a reality for Arkansans in need.

Child Care Funding for Low-Income Families

Senator Lincoln has introduced legislation to increase federal funding for the Child Care Development Block Grant (CCDBG) called *the Child Care Investment Act of 2008 (S. 3620)*. Senator Pryor is a co-sponsor. This legislation will help low-income families in Arkansas and across the nation afford quality child care. It is the first step to addressing a critical issue affecting the economic well-being of Arkansas's working families. On July 1, 2008, sadly almost 1,200 families lost child care in Arkansas due to lack of CCDBG funding. AACF appreciates the efforts of Senator Lincoln and Senator Pryor to pass this legislation. Click here for the text of the [bill](#).

*If you would like more information on the topics discussed above, please contact **Candice Smith**, federal tax and budget policy director, at csmith@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.*