



May 20, 2009

An Update on the Tax and Budget System

Recently President Obama released his detailed budget that outlines funding for key programs that support low-income children and their families in Arkansas. On the same day that the President released his budget, Sen. Blanche Lincoln filed two bills to increase funding for child care and child care facilities. Pressure continues to build in the Senate and House on healthcare reform legislation, and in the House on climate change.

Federal Tax and Budget Update

The President's Budget

Generally the President's proposed budget is released the first week in February. Historically, a new administration releases its budget proposal later in the year to allow the new President time to establish his administration. Keeping with this tradition, President Obama released his detailed proposed budget for fiscal year 2010 on May 7.

The President proposes key investments and key cuts in funding for programs affecting Arkansas's low- and moderate-income children and their families. One million families in Arkansas receive tax cuts under the President's proposed budget through his new created Making Work Pay tax credit. Arkansas is set to receive new funding for certain programs that support low- and moderate-income children and their families, such as, child health insurance, K-12 education, and Pell grants. However, the \$51 million allocated for child care funding for Arkansas remains flat funded for the seventh consecutive year.

Moreover, the President's budget decreases Arkansas's share of funding for a few key discretionary programs that provide critical services to low-income children and their families. Arkansas is set to lose approximately \$18 million for the Low-Income Housing Energy Assistance Program; about \$2 million for the Weatherization Assistance Program, and \$73 thousand for foster care. This data does not account for additional temporary funding allocated for programs in the American Recovery and Reinvestment Act.

[Click here to view a more detailed summary of Arkansas's share of funding in the President's budget.](#)

Child Care

On Thursday, May 7, 2009, Sen. Lincoln and Sen. Bob Casey (D-PA) filed two bills to improve access to child care vouchers and to improve the condition of child care facilities. *The Starting Early, Starting Right Act* (S. 1000) is designed to help more families access high quality child care. Last year approximately 1,200 children lost child care in Arkansas due to eight years of underfunding at the federal level. Sen. Lincoln's bill increases discretionary dollars in the Child Care and Development Block Grant by about \$4 billion nationally over five years. The funding allocated in this bill does not restore child care funding to the necessary level to counteract years of underfunding, but it is a necessary first step. Also, because dollars are discretionary as opposed to mandatory, each year child care funding remains vulnerable to cuts or additional years of flat funding through Congress's appropriation process. The bill also makes quality improvements to child care programs like ensuring states visit and monitor child care providers on announced and unannounced basis yearly; requiring licensed child care providers to complete 40 hours of training before working with children; and increasing funding for state quality improvement initiatives.

The Child Care Facilities Financing Act of 2009 (S. 1002), would authorized \$50 million for fiscal years 2010 through 2014. This additional funding would create a pool of flexible capital for the acquisition, improvement, renovation or construction of quality early care and education facilities and allow intermediaries to use the federal pool of funds to provide low-cost loans and grants to early care and education providers to develop quality facilities.

[Click here to view a more detailed summary of *The Starting Early, Starting Right Act* and *The Child Care Facilities Financing Act of 2009*.](#)

AACF would like to thank Senator Lincoln on her leadership on these issues. We recognize that these bills are the first and necessary steps towards improving access to quality child care for Arkansas's most vulnerable children.

Health Care Reform

Sen. Lincoln serves on the Senate Finance Committee, which last week released policy options for improving health care coverage. The Senate and House committees will mark-up health care reform legislation in June and in this time our congressional delegation would benefit from your insights.

[Click here to view the Senate Finance Committee Health Reform Options.](#)

Climate Change

This week the House Energy and Commerce Committee, which includes Representative Mike Ross among its members, is finally ready to mark up climate change legislation and has released a summary. The Committee has not yet released the details but we are hearing that the bill will provide resources to fully offset the average increased energy costs on low- and some moderate-

income Americans. Democratic members were told this week that the committee has added a consumer relief component targeted at these households that would complement the consumer relief provided through local utilities. The mark-up in the House could last all week. Once the Energy and Commerce Committee acts, key leaders will work on modifications to the bill as needed to build enough support so the measure can pass in the full House.