



Families Forgotten: Administration's Priorities Put Child Care Low on the List

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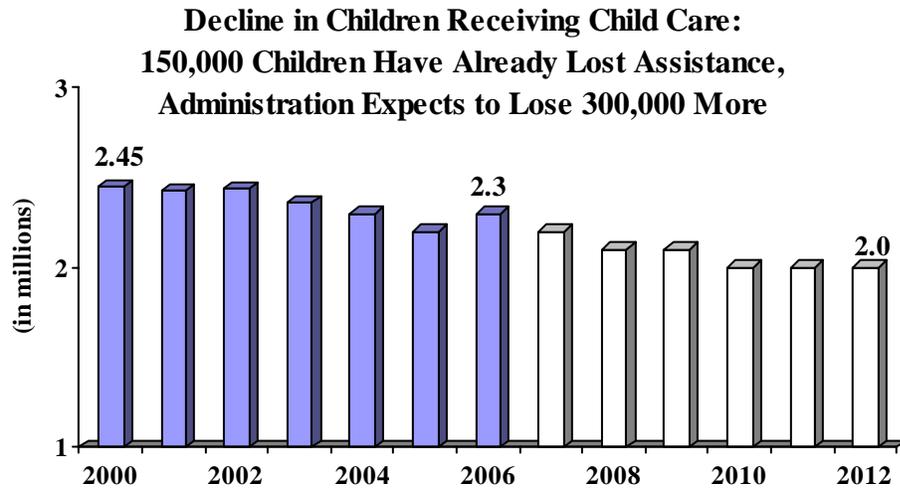
The Administration's 2008 budget follows a predictable pattern. The President has once again sent a message that America's hardworking families are on their own, especially when it comes to child care. Stable, affordable child care is essential for families to work and to succeed financially. The federal Child Care and Development Block Grant (CCDBG) was created in recognition of this need and has successfully helped millions of families go to work. The President's budget shows little recognition of the importance of the child care assistance program. Rather than making child care a priority for investments, the Administration has proposed a freeze in discretionary funding for CCDBG—for the sixth consecutive year.

Research supports this investment in families: low-income parents who receive help paying for child care are more likely to be employed, to have higher incomes, and to remain off of welfare.¹ High-quality child care has also been shown to improve the well-being and healthy development of low-income children. However, it is also more expensive than child care of lesser quality, and the costs can be prohibitive for many low-income families. A study of 17 states found that in 11 communities, families without any help paying for child care could only afford 10 percent or less of the center-based care in that community. Receipt of a child care subsidy made child care centers and regulated family child care homes more accessible for these low-income families.² Yet, the most recent available data show that only one in seven federally eligible children receives child care assistance.³

Years of flat funding have already resulted in 150,000 fewer children receiving assistance. As the costs of providing child care rise each year, a freeze results in fewer children served each year. The President's proposed child care funding freeze will reduce the number of children even further:

- According to the Administration's own projections, 300,000 fewer children would receive child care assistance by 2010.⁴
- Additional losses will result in a total decline of an estimated 450,000 children from 2000.⁵

- The parents of these children may have been forced to go into debt; return to welfare; choose lower-quality, less stable child care; or face untenable choices in their household budgets (e.g., between paying for child care and paying for rent or clothes).⁶



FY 2007-2012 are Administration's Projections

Note: The Deficit Reduction Act increased mandatory funding for CCDBG by \$200 million beginning in FY 2006.

While freezing CCDBG funding, the President’s budget proposal assumes that spending on child care from all sources—including Temporary Assistance for Needy Families (TANF) funds and Social Services Block Grant (SSBG) funds directed to child care—will remain steady. This proposal is contrary to evidence coming from states, evidence that shows the need for additional funds for child care:

- In 2005, total child care spending fell nationally for the second consecutive year. Numerous years of essentially flat funding for CCDBG have forced states to make cuts in their child care assistance programs—with 16 states making cuts for the second year in a row.⁷
- TANF funds used for child care (including both TANF transfers to CCDBG and TANF spent directly on child care) fell to \$3.2 billion in 2005, continuing a steady downward trend since reaching a high of \$4 billion in 2000. If this trend continues, it is likely that additional children will be cut from child care assistance.
- Since 2006, states have been under pressure to increase work participation rates among families receiving TANF, many of whom will need child care assistance to find and keep employment. Without additional resources, this creates in some states a tension between helping TANF families and continuing to provide subsidies for low-income working families that do not receive TANF.⁸ Cutting

low-income working families from child care assistance, however, is counter-productive to the goal of helping families to work.

- In response to insufficient child care funding, states pay child care providers at levels far below the amount needed to care for children, have raised the costs for families to participate, maintain waiting lists, or have stopped intake for eligible children.⁹

Restricting access to subsidies is just one example of how the President's budget further hurts America's working families and their children. In addition, the budget proposes:

- A freeze on funding for Head Start.¹⁰ Head Start has been shown to have positive benefits for children.¹¹ Head Start programs focus on the "whole child" and include early education that addresses cognitive, developmental, and socio-emotional needs; medical and dental screenings and referrals; nutritional services; parental involvement activities and referrals to social service providers for the entire family; and mental health services; and
- A \$500 million cut (approximately 30 percent) for SSBG. SSBG provides a broad range of services for families, including child care and adult care, child welfare, protective services, adoption, meals, transportation, case management, and other services. In 2004, 41 states spent more than a quarter million dollars to supplement their child care systems through SSBG.¹²

Working families are the cornerstone of American success; they should be the first priority for investments. Yet the President's budget shows that these families fall to the bottom in the Administration's list of what is most important.

In contrast, the new Congress has an opportunity to compensate for years of neglect by the Administration. To show its support for low-income, hard working families, Congress should act to increase funding for CCDBG in FY 2008 by at least the amount needed to offset inflation, about \$720 million.

Child care assistance is critical to helping parents to work and to helping children access the quality environments they need to support their healthy development. Yet, the President's budget ignores what many American know—that working families need help and that the federal government could do more to support them and their children.

¹ See Matthews, Hannah. *Child Care Assistance Helps Families Work: A Review of the Effects of Subsidy Receipt on Employment*. 2006. http://www.clasp.org/publications/ccassistance_employment.pdf.

² U.S. Department of Health and Human Services, Child Care Bureau. *Child Care and Development Fund (CCDF) Report to Congress, Fiscal Year 2001*. 2003.

³ Mezey, Jennifer; Greenberg, Mark; and Schumacher, Rachel. *The Vast Majority of Federally Eligible Children Did Not Receive Child Care Assistance in FY 2000—Increased Child Care Funding Needed to Help More Families*. 2002.

⁴ Table 25-5: Beneficiary Projections for Major Benefit Programs in *Analytic Perspectives of the Budget of the United States Government, Fiscal Year 2008*. Downloaded from <http://www.gpoaccess.gov/usbudget/fy08/pdf/spec.pdf>. The Administration's Beneficiary Projections include children served through CCDBG, TANF transfer and direct, and SSBG.

⁵ According to HHS, 2.45 million children received child care assistance in 2000. U.S. Department of U.S. Department of Health and Human Services. *Child care and Development Fund Report to Congress, Fiscal Year 2001*. 2003.

⁶ Greater Minneapolis Day Care Association. *Valuing Families: The High Cost of Waiting for Child Care Sliding Fee Assistance*. 1995; Shlick, Deborah, Daly, Mary and Bradford, Lee. *Faces on the Waiting List: Waiting for Child Care Assistance in Ramsey County*. 1999; Coonerty, Casey and Levy, Tamsin. *Waiting for Child Care: How Do Parents Adjust to Scarce Options in Santa Clara County?* 1998; Coltoff, Philip, Torres, Myrna and Lifton, Natasha. *The Human Cost of Waiting for Child Care: A Study*. 1999; Philadelphia Citizens for Children and Youth. *Use of Subsidized Child Care by Philadelphia Families*, 1997; Gulley, Jennifer and Hilbig, Ann. *Waiting List Survey: Gulf Coast Workforce Development Area*. 1999; Lyons, Jeffrey D., Russell, Susan D., Gilgor, Christina and Staples, Amy H. *Child Care Subsidy: The Costs of Waiting*, 1998.

⁷ Funding for CCDBG was flat from FY 2002-5. A \$200 million increase in Mandatory CCDBG funding in FY 2006 was offset by a 1 percent cut to Discretionary funding, resulting in a net loss of \$21 million between 2005 and 2006. See Matthews, Hannah and Ewen, Danielle. *Child Care Assistance in 2005: State Cuts Continue*. 2006. <http://www.clasp.org/publications/childcareassistance2005.pdf>.

⁸ Rein, Lisa. "Fairfax Won't Cut Vouchers but Seeks Kaine's Help," *Washington Post*, September 12, 2006. <http://www.washingtonpost.com/wp-dyn/content/article/2006/09/11/AR2006091101138.html>. See also, Greenberg, Mark. *Conference TANF Agreement Requires States to Increase Work Participation by 69 Percent, but New Funding Meets Only a Fraction of New Costs*. 2006. http://www.clasp.org/publications/tanfagreement_update_jan12.pdf.

⁹ Schulman, Karen and Blank, Helen. *State Child Care Assistance Policies 2006: Gaps Remain, with New Challenges Ahead*. 2006.

¹⁰ As of February 5, 2007, a Continuing Resolution (CR) for the FY 2007 budget is pending in Congress. The CR includes an increase of \$100 million for Head Start. The President's budget does not include this increase in funding. Therefore, if the President's budget is adopted, Head Start will be cut by \$100 million in FY 2008, which could result in more than 30,000 children losing access to Head Start.

¹¹ U.S. Department of Health and Human Services, Administration for Children and Families, Office of Planning, Research & Evaluation. *Head Start Impact Study First Year Findings. 2005 and Zill, Nicholas et.al. Head Start Performance Measures Center Family and Child Experiences Survey (FACES 2000) Technical Report (Executive Summary) 2006* Downloaded on August 29, 2006 from http://www.acf.hhs.gov/programs/opre/hs/faces/reports/technical_2000_rpt/tech2k_title.html.

¹² U.S. Department of U.S. Department of Health and Human Services, *SSBG Annual Report Fiscal Year 2004*, <http://www.acf.hhs.gov/programs/ocs/ssbg/annrpt/2004/index.html>.