



Wider Opportunities for Women

American Recovery & Reinvestment Act – Child Care

Factsheet 2009:1

The American Recovery & Reinvestment Act

To great applause, the U.S. Congress has passed the American Recovery and Reinvestment Act (ARRA) and the President has signed it into law. ARRA offers a promising first step toward reinventing the American economy and will certainly slow the job loss crisis, giving working families a bit of breathing room. At present, we know ARRA:

- **strengthens safety net support programs** such as food stamps (now called SNAP), programs which have long suffered from under-funding, that may slow the fall for the newly and now chronically unemployed, and
- **provides \$80,000,000 for the enforcement of worker protection laws and regulations**, oversight and coordination activities for infrastructure and unemployment insurance investments—enforcement which may prevent employers from requiring overtime work or from cheating employees out of wages earned.

The states will receive \$1 billion over 2 years, effective March 26, 2009, in incentive payments for **child support enforcement services** in order to prevent the loss of income to families estimated to be about \$1 billion every year. States are required to use these incentive payments to strengthen their child support enforcement programs. These funds are expected to help collect the support owed to 17 million children. Additionally, \$5 billion will go to the states over the next two years for a new emergency fund to assist states with the rising **Temporary Assistance for Needy Families (TANF)** caseload. These grants are limited to 50% of a state's annual basic block grant for FY 2009 and 2010. States will be allowed to use any TANF funds reserved for prior years for any TANF benefit, service or activity allowed under current law. **Food stamp (SNAP) benefits** will likely be increased by 13.6% as well because of the ARRA's \$20 billion infusion. \$500 million will go into the **WIC (Women, Infants and Children)** nutritional program, \$400 million for increases in caseloads.

Indeed, the ARRA can make a tremendous down-payment on the future of low-income families and offers a tremendous opportunity to expand child care offerings for them and to provide self-sufficiency wages to child care workers. For parents, the Act depends heavily on tax provisions which include **tax credits**:

- a \$400 single filer/\$800 joint filer **Make Work Pay refundable tax credit**,
- **expanding the Child Tax Credit starting with \$3,000 in earnings**, and
- **expanding the Earned Income Tax Credit for parents with three or more children**.

ARRA Funding Levels for Programs That Impact Child Care Directly

Program	Total Amount	Program Highlights
Child Care & Development Block Grant	\$2 billion	CCDBG will provide child care for 300,000 children in low or moderate-income families. \$255 million is set aside for quality improvement. Of that nearly \$94 million is targeted for infant and toddler care.
Head Start	\$2.1 billion (over 2 yrs)	\$1 billion for Head Start and \$1.1 billion for Early Head Start. This funding is intended to serve special populations in an area such as children of migrant or seasonal workers.

WOW's work with the Self-Sufficiency Standard underscores what we know--child care can eat up one-third of a low-income family's finances. Both the CCDBG and the Head Start funding may help families who are struggling to afford quality care for their children and allow those parents to hold onto their jobs in these trying economic times. ARRA funding for Head Start and Early Head Start is anticipated to provide services for at least 120,000 additional infants and children over two years. Those investments are estimated to create at least 15,000 new jobs, many of which are

or will be held by low-income women. Remember, **the states will have to agree to participate**. To see what your state received from the Child Care Development Fund in FY 2009, go to <http://www.acf.hhs.gov/programs/ccb/law/allocations/current/state2009/2009allocations.htm>. The Department of Health and Human Services (DHHS) is relying on the general guidance issued by OMB (<http://www.recovery.gov/files/Initial%20Recovery%20Act%20Implementing%20Guidance.pdf>) on February 18, 2009. DHHS has not yet issued guidance on CCDBG but does stipulate that **all grants made from ARRA appropriations must include elements that create or preserve jobs**.

Anticipated Timelines

The bill sets goals to use funds quickly. At least **50% of the funds** are to be used for programs and projects that can be initiated **no later than 120 days** after the enactment of this bill, Feb. 17, 2009. **Formula grants** will be allocated to the states no later than **30 days after enactment**, and **competitive grants** are to be awarded no later than **90 days** after enactment. The greatest challenge may come in the need to fully obligate the funds within **two years**.

Influencing Implementation and the Federal Budget through Advocacy

Advocates can still have a major impact on child care in the states as this process is just beginning. **Guidances and definitions** are being written by federal department. State governments will have to agree to participate and **appropriate** the funds through their legislatures upon notice of allocation as must city governments in some cases. State government departments or agencies as well as some at the local level must consider **the expansion of staff, programming and other elements** to effectively administer these grants so that they can fully draw them down within the strict time constraints. While half of the funds must be drawn down within 120 days, the other half may be used over the following 20 months. There is much that can be done to influence the expenditure of these dollars.

Influencing the standards and criteria by which these dollars will be allocated and used at the state level will be critical to making sure:

- (1) **low-income children are served,**
- (2) **child care workers receive family-sustaining wages,**
- (3) **training programs with career ladders are targeted for funding in the first round and additional slots are created in the states with the second tranche of funding, and**
- (4) **child care programs offer quality programs with flexible hours in order to meet the needs of low-income workers.**

Implementation successes will require the application of best practices and strong evaluation tools. Recording success stories throughout the life of the ARRA is critical. Now more than ever having a measure of what it takes to make ends meet, the **Self-Sufficiency Standard**, can be an essential element of both policy and practice, in goal-setting and benchmarking progress for both low-income families served by child care facilities and for child care workers as well. Without coordinated activities by focused coalitions, these objectives may not come to pass.

YOU can make a difference by: making calls to your governor's offices and to legislators, sending emails or letters to policy and opinion makers, writing letters to the editor. Submit opinion pieces, organize and be heard! Ask for open, **transparent public processes** to determine how the block grant dollars are spent. Encourage policy makers and administrators to use the **Self-Sufficiency Standard** as a benchmark for eligibility or program outcomes. Advocates must act now to **make sure CCDBG and Head Start dollars are directed where they are needed the most** and to **follow the annual federal appropriations process** to insure the good work for child care done by the recovery package continues. For additional policy updates and information, go to www.wowonline.org.

Additional Resources

For additional resources on ARRA and child care, the following links offer estimates of available funding levels:

(1) **The Nationwide Allocation of Recovery Funding (Interactive Map)**, Center for American Progress at <http://www.americanprogress.org/>,

(2) **Provisions that Promote Shared Recovery**, Coalition on Human Needs, at <http://chn.org/pdf/2009/ConfEconRecoveryChart21709.pdf>, and

(3) **Economic Recovery Act: Key Provisions**, Center for Budget and Policy Priorities at <http://www.cbpp.org/>.

Center for Law and Social Policy, How Much Restored Child Support Funding Would Each State Receive in the House & Senate Economic Recovery Legislation? At http://www.clasp.org/publications/state_by_state_match_012709.pdf