



## Administration Proposal Highlights Child Care

January 27, 2010

### **A Proposal to Help Working Families**

On January 25, the Administration previewed a package directed at aiding middle class families who are struggling with the costs of child care, college education, caring for elderly relatives and saving for retirement. This package, which was highlighted in tonight's State of the Union Address and will be featured in the Administration's Budget Proposal for FY 2011 next week, includes two important measures related to child care. First, the Administration proposes an increase of \$1.6 billion for the Child Care and Development Block Grant, which helps working families afford child care. The package also includes an expansion of the Child and Dependent Care Tax credit, to reach families at higher income levels and to increase the amount of expenses that parents can include. This non-refundable tax credit can help families offset the costs of their child care and care for other dependents. Together, these measures are big news for our field and if successful, could have a great impact on providers and families.

A tax package for the middle class is not surprising in an election year. This is a critical voting block as one-third of the Senate and the entire House of Representatives prepares for elections in November.

Shortly after previewing the package for middle class families this week, the Administration called for a three-year freeze on most discretionary spending, although not including defense and homeland security-related spending, which means the freeze is only on approximately 17 percent of the total federal budget. This announcement has received a mixed response from Congress.

### **Impact of the Child Care Funds**

The proposed \$1.6 billion increase would become part of the "baseline" of CCDBG funds, which is what ECEC and partners advocated to the Administration following the American Recovery and Reinvestment Act (ARRA) one-time investment. The Administration refers to serving as many as 235,000 children and to addressing the quality of child care with the \$1.6 billion. In reality, funds will move through the existing CCDBG structures and states will have considerable flexibility about dollars for slots, rates, and quality initiatives.

### **Next Steps**

The Administration's annual Budget Proposal is just that – a proposal. Each year the Administration puts together a conceptual "blueprint" for federal revenue and expenses for the next fiscal year. It is a guide to the Administration's priorities, but it is not binding. The child care community will need to work strategically as advocates to keep these proposals intact. For more information about the annual federal funding process, please see: [http://www.ececonsortium.org/Federal\\_Budget\\_Basics.pdf](http://www.ececonsortium.org/Federal_Budget_Basics.pdf)