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Analysis of Proposed Budget Shortfalls for Child Care and Parent Services (CAPS)

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Summary

The governor's, Senate's, and House of Representatives' budgets all fall short of reducing or eliminating children on the CAPS waiting list, despite available ARRA funds. The Senate and House budgets fund a new DHR program for child care which has no public details, and remove or reduce TANF funds from the CAPS budget.

There are three different versions of the 2010 Child Care Services Budget:

- **Governor's** – Proposes level funding from FY 2009 for Child Care and Parent Services (CAPS), which primarily provides subsidized child care for children in low-income working families. CAPS would continue to only serve approximately 54,000 children per month in state fiscal year 2010. The governor did not include any American Recovery and Reinvestment Act (ARRA) funds; there is an estimated \$72 million in federal child care stimulus funds available to Georgia in FY 2010 and FY 2011.
- **House of Representatives'** – Cuts the Temporary Assistance for Needy Families (TANF) investment in CAPS by \$3.5 million, reducing the number of children served by 950 children per month. The House appropriated \$27 million out of the \$72 million available ARRA funds for the Department of Human Resources' (DHR) — not for CAPS — presumably following DHR's plan for providing time-limited, subsidized child care to parents in school/training.
- **Senate's** – Eliminates all TANF funding in CAPS (\$12.1 million). Adds \$36 million out the \$72 million available in ARRA funds for CAPS and for DHR's new plan; it is unclear how much of the \$36 million the Senate directs to each.

Facts

- CAPS currently serves a fraction of eligible children. There are 300,000 eligible children under age 6 living in families with incomes below 150 percent of the federal poverty level (\$25,755 annual income for a family of 3). There are about 4,000 families currently on the CAPS waiting list, representing about 4,000 to 7,200 children.

- DHR recommends using ARRA child care stimulus funds for time-limited child care for parents in school or training and not for serving more children under CAPS. DHR has not publicly shared any data explaining why this need surpasses that of 4,000 families waiting for CAPS subsidized child care.
- The fact that the House and Senate budgets move limited TANF funds from child care to fund the child welfare program highlights the need for additional revenues (such as from an increase in the tobacco tax) for both areas. Additional revenues would allow TANF funds to focus on helping families become self sufficient through child care, as they are intended, while assuring that the child welfare program is adequately funded.

Recommendations

1. Rather than creating a new temporary child care program, Georgia should use federal ARRA child care stimulus funds to *primarily* address the waiting list for families in need of CAPS.

2. The Child Care Services 2010 Budget (which includes CAPS) should start with the governor's proposed budget and add federal ARRA child care stimulus funds maximized to serve more children. Here's how:

- Maintain some level of TANF funding in CAPS. Subsidized child care is essential for working poor families to become self-sufficient.
- Use \$36 million in federal ARRA child care stimulus funds as follows:
 - As much of the ARRA funds as needed to eliminate the CAPS waiting list of 4,000 to 7,200 children.
 - Any remaining ARRA funds to fund DHR's new program for time-limited subsidized child care for parents in school/training, assuming DHR demonstrates an immediate need for this program.

3. Lawmakers should require DHR to publicly report the number of children served per month using ARRA funds.

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Clare Richie is available for interviews and comments.

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