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## Recommendations for Using Federal Stimulus Child Care Funds in Georgia

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The American Recovery and Reinvestment Act of 2009 (ARRA), designed to boost employment and the economy, provides an additional \$2 billion nationwide in child care funding under the Child Care and Development Block Grant (CCDBG) with the goal of serving more children and creating jobs.

Under the ARRA, these funds “shall be used to supplement, not supplant state general revenue funds for child care assistance for low-income families.”<sup>1</sup> While additional guidance from the U.S. Department of Health and Human Services and the U.S. Office of Planning and Budget are forthcoming, no other “strings” for states are expected to be linked to these funds.

Federal CCDBG funds are the primary budget source of Georgia’s Children and Parent Services (CAPS) program, which provides subsidized child care for children in low-income working families and low-income families in which parents are engaged in education or training. CAPS is managed at the state level by the Georgia Department of Human Resources (DHR), Department of Family and Children Services (DFCS) Child Care Unit. DFCS county staff determines families’ eligibility for CAPS.

For Georgia, the governor should draw down an estimated \$82.8 million in CCDBG federal funds from the ARRA that do not require a state match. Included in the \$82.8 million is \$10.8 million for quality improvement, of which \$4 million is targeted for infants and toddlers. Therefore, *Georgia will receive about \$72 million in new CCDBG funds for subsidized child care through September 30, 2010.*<sup>2</sup>

### **Only a Fraction of Eligible Children Served**

Only a fraction of families eligible for child care assistance in Georgia currently receive any help paying for child care. Nearly 300,000 Georgia children under age 6 are living in families with incomes below 150 percent of federal poverty level, e.g. \$25,755 annual income for a family of three.<sup>3</sup> CAPS eligibility extends to children up to age 13, and up to age 18 for special needs children, therefore the number of CAPS eligible children greatly exceeds 300,000.

Although these children live in families income-eligible for Georgia CAPS, the program only serves an average of about 54,000 children per month, due to funding appropriated in the state budget. The need for child care assistance will remain high and is likely to increase during this recession. Some employed parents who previously could afford child care will need help when their earnings fall. Parents who are out of work but are going to school or training programs also need child care assistance. Even parents who are unaffected by the recession but work for low or moderate pay will need assistance to cover the high cost of child care.

### Opportunities for Additional Funds

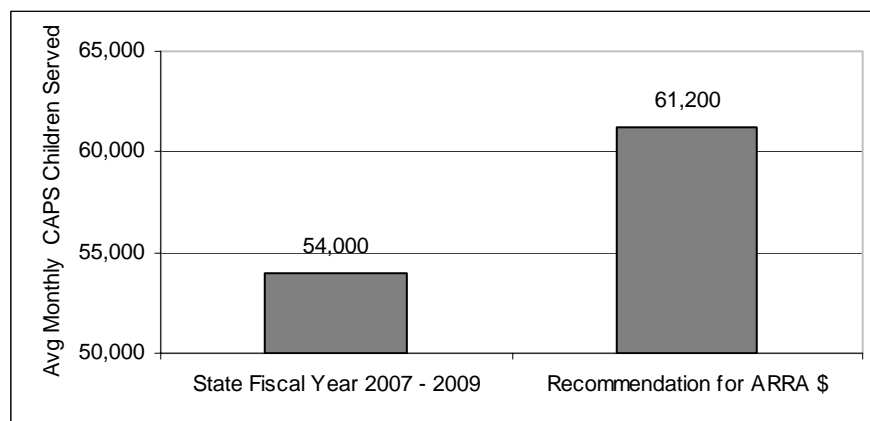
Additional child care subsidy funds granted to Georgia through ARRA will provide needed support during this economic crisis for low-income families eager to work and whose spending will directly benefit Georgia's economy. The sooner Georgia uses the federal stimulus funds to support working families, the faster Georgia's economy is likely to improve.

The following four recommendations are opportunities Georgia has to use the additional CCDBG federal funds and modify policies to help more families access and maintain CAPS subsidies during this period of economic recovery:

1. **Eliminate the CAPS waiting list and serve a monthly average of 58,000 to 61,200 children through September 30, 2010.** The monthly average number of families on the CAPS waiting list for the state fiscal year 2009 is **4,000 families.**<sup>4</sup> DHR could serve 4,000 to 7,200 additional children for approximately \$14.7 million to \$26.4 million a year.<sup>5</sup>

Figure 1

**Increased Average Monthly Number of Children Served in CAPS with ARRA Funds**



2. **Extend the job search period after job loss to three months in order to help existing CAPS recipients maintain child care subsidies.** Other states are considering this type of policy change. For example, California

temporarily suspended its time limit on child care subsidy eligibility during a job search for parents with children ages birth to 5.<sup>6</sup>

Georgia current policy states that an existing CAPS client (non-TANF) who loses his or her job due to company closing or layoffs may receive child care services for a maximum of four weeks per occurrence in order to conduct job search. After four weeks, if the CAPS client has not obtained regular and predictable employment, child care services could be suspended up to twelve (12) weeks or terminated. If a client has an assessed family fee (copayment), the fee may be waived during the 4 weeks of job search.<sup>7</sup>

Three months is the average time period for Georgian's moving from unemployment insurance to employment,<sup>8</sup> therefore Georgia's four week policy should be extended to three months. This policy also recognizes the need for children to remain in stable child care.

- 3. Waive copayments (called "family fees") for families with incomes under the current year's poverty level.** Twelve states (AR, CA, HI, IA, IN, KY, MA, NE, NH, RI, SD, and VT) waive fees for all families with income under 100 percent of poverty. Currently, Georgia waives copayments only for TANF recipients, families with annual income less than \$3,600, or for specific families through a formal waiver process.

In Georgia, a family of three with income at the poverty line pays \$123 per month, or 9 percent of the family's income (an increase from 3 percent in 2001). If Georgia used the stimulus to pay full child care costs for this population, poor families would buy necessities, thereby putting money back into the local economy.

To determine the cost impact, the Georgia DHR should identify the number of children served in CAPS who are under the 2009 federal poverty level and the corresponding number in their family units. This would enable DHR to estimate the forgone copayment revenue.

- 4. Update CAPS income eligibility definition to use current federal poverty level, rather than the four-year old federal poverty level.** Policy makers should have a current assessment of Georgia families in need of child care assistance from which to make sound decisions. Georgia's income eligibility for CAPS is 160 percent of the federal poverty level as defined on February 18, 2005.<sup>9</sup> This is equivalent to only 140 percent of the 2009 federal poverty level. Georgia's income eligibility definition should be 160 percent of accurate income numbers and linked to the current federal poverty guidelines, which are updated annually. See Figure 2.

Figure 2

**160 Percent of Federal Poverty Levels for  
2005 and 2009**

<b>Persons in family</b>	<b>2005 160% FPL CAPS Definition</b>	<b>2009 160% FPL Current Data</b>
1	\$15,312	\$17,328
2	\$20,528	\$23,312
3	\$25,744	\$29,296
4	\$30,960	\$35,280
5	\$36,176	\$41,264

<sup>1</sup> ARRA H.R. 1-64 [http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111\\_cong\\_bills&docid=f:h1enr.pdf](http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111_cong_bills&docid=f:h1enr.pdf)

<sup>2</sup> Danielle Ewen and Hannah Matthews, "Impact of American Recovery and Reinvestment Act (ARRA) of 2009 on Child Care and Development Block Grant (CCDBG) Funding, Estimated State Calculations," Center for Law and Social Policy, February 13, 2009.

According to CCDBG law, CCDBG Discretionary funds must be obligated (or legally committed) within two years and spent within three years. Portions of these funds may be allocated through FY 2009 and FY 2010 by HHS. CLASP estimates of state allocations are based on estimated FFY 2009 CCDBG Funding Allocations (Prior to Appropriation), which are based on the previous Bush Administration's FY 2009 budget request and are subject to change (<http://www.acf.hhs.gov/programs/ccb/law/allocations/current/state2009/2009allocations.htm>).

<sup>3</sup> 2007 American Community Survey conducted by the U.S. Census Bureau

2007 Federal Poverty Guidelines <http://aspe.hhs.gov/POVERTY/07poverty.shtml>

<sup>4</sup> Number of Families: Childcare Inquiry Waiting List SFY 2003 – SFY 2009, provided by DHR 2/17/09.

<sup>5</sup> Author calculation. Uses 1.81 factor to convert families to children based on Table ST-F1-2000. Average Number of Children Per Family and Per Family With Children, by State: 2000 Census <http://www.census.gov/population/socdemo/hh-fam/tabST-F1-2000.pdf>. This does not include costs for eligibility determination.

Also assumes average annual cost for care \$3,670 based on data provided by DHR Budget office in May 2008.

<sup>6</sup> CLASP Child Care and Early Education <http://childcareandearlyed.clasp.org/>

<sup>7</sup> Department of Human Resources Online Directives Information System, MAN3540, Section 6101, Child Care and Programmatic Requirements – Eligibility [http://www.odis.dhr.state.ga.us/3000\\_fam/3540\\_caps/MAN3540.doc](http://www.odis.dhr.state.ga.us/3000_fam/3540_caps/MAN3540.doc)

<sup>8</sup> per the Georgia Department of Labor Commissioner.

<sup>9</sup> Georgia Department of Human Resources, *Child Care and Development Fund for FFY 2008-2009*.

<http://www.files.georgia.gov/DHR-DFCS/DHR-DFCS%20CAPS/08-09%20CCDF%20State%20Plan%20-%20acf-rev-9-07.pdf>