Report from Washington:
Federal funding action on Capitol Hill
July 15, 2017

The mission of the National Association for Family Child Care is to support and leverage a nationwide network of providers and partners in expanding and promoting the power of family child care.

Our priority is to build the supply of high-quality family child care to meet the needs of infants and toddlers, preschoolers, and school-age children; to support working families with reliable, affordable choices for child care arrangements that meet their needs; and to create crucial early learning opportunities right in our own neighborhoods.

Congress and the Administration make federal budget and policy decisions that matter to family child care homes across the country – and every voice counts to advocate for children, families and the child care programs that keep America working. Let's take action together!

First Step: The Administration's Budget Proposal

In May, the Administration released a federal budget proposal for the fiscal year 2018. We saw a portion of the proposal in March. That early version included calls for cuts or elimination of programs that support the most vulnerable children and families – and may also impact family child care providers themselves – including health care, nutrition, housing, education, transportation, and heating.

Where is the child care priority in the budget proposal?

The May package is actually worse, unfortunately. The March proposal indicated funding for "the highest priorities such as…early care and education", but it did not name programs. In this full proposal the Administration calls for cuts in early care and education:

- A cut of $95 million from CCDBG (essentially deleting the increase that Congress approved for FY2017 and returning the program to FY2016 levels)
- A cut of $85 million from Head Start (deleting the FY2017 approved increase and returning the program to FY2016 levels)
- Elimination of 21st Century Community Learning Centers, the school-age after-school program
- Elimination of Preschool Development Grants
- Elimination of CCAMPIS, the child care program supporting college student parents

Implications in other areas of the budget proposal

The cuts to CCDBG and Head Start are significant to our community but also pale in comparison to the proposed cuts and changes in other areas which also reach children, families, and the early childhood workforce:

- The proposal cuts TANF by $21 billion over a decade which not only could impact families' basic income supports but could have an impact on child care because the second largest use of TANF dollars is child care subsidies.
- The proposal reduces funding for the Supplemental Nutrition Assistance Program (SNAP – formerly known as food stamps), shifting about 25% of SNAP funding responsibility to the states.
- The proposal calls for deep cuts to Medicaid.

The Child Care and Development Block Grant (CCDBG) matters to all of family child care. Here's why:

CCDBG guides the subsidy program: family eligibility, the payment rates to providers, and the overall experience in the program for families and child care providers.

CCDBG is *also* about the strategies and resources of state licensing departments and approaches to boost the quality of care. This is about whether and how a state prioritizes family child care – or leaves out family child care.

Investments in CCDBG are crucial for meeting the needs of low-income working families and their children. Investments are also needed for supporting, recognizing, and building the supply of high-quality family child care.

- The Administration's proposal indicates a priority of supporting families by way of a 2-year extension of the Children's Health Insurance Program (CHIP) and six weeks of paid parental leave paid for by cutting Unemployment Insurance, costing $25 billion over ten years and leaving implementation up to the states.

Action in Congress

Each year, the Administration's budget proposal is a non-binding *request* to Congress. Still, this is an important milestone in the process, articulating the priorities of the Administration.

It is up to Members of Congress to decide on the details of the federal budget. Congress needs to determine the total amounts that they'll use so they can divide up dollars to specific programs. The Administration's budget proposal calls for changing the Congressionally-approved budget caps on defense and non-defense discretionary spending.

Committee work moving forward in the House

Congress has not yet developed a FY18 Budget Resolution. This would serve as the map of spending and revenue targets and direct the Appropriations Committees and Subcommittees on total dollar amounts.

The House Appropriations Committee is moving forward even without the instructions of a Budget Resolution. On July 13, the House Appropriations Subcommittee on the Departments of Labor, Health and Human Services and Education – working with a total of about $5 billion less than their total for FY17 – decided on the following:

- A $4 million increase over FY17 for CCDBG
- A $22 million increase over FY17 for Head Start
- A decrease of $191 million for 21st Century Community Learning Centers
- Level funding at $250 million for Preschool Development Grants
- Elimination of CCAMPIS

While we appreciate the direction of the investments in CCDBG and Head Start, they are inadequate, and overall this is an appropriations bill that will harm millions of families and children if it became the final law and funding levels for FY18. The full House Appropriations Committee plans to vote on this legislation on July 19. The Senate Appropriations Committee has not yet scheduled action or released draft legislation with funding amounts.

Child care tax strategy

In April, the Administration released tax cut and tax reform policy proposal, which included expanding the value of the Child and Dependent Care Tax Credit. The Administration is also considering making it refundable. These ideas are things NAFCC can support to give a boost to families This shift in focus to the DCTC instead of a new tax deduction comes after significant criticism about the earlier versions of the proposal.

However, we also know that families struggle with paying for child care throughout the year, not just at tax time when a benefit would be received. Families struggling to afford child care cannot enroll in a licensed, high quality child care setting with tax help alone.

The Senate Finance Committee and the House Ways and Means Committee have jurisdiction over tax policy, including the Dependent Care Tax Credit, and these committees are also of interest to us because they decide the mandatory funding amounts for CCDBG.

NAFCC advocates for smart policies and investments that support family child care. Please visit www.nafcc.org/federalbudget for news, fact sheets, and a guide to the federal budget process.