



FIRST FOCUS

MAKING CHILDREN & FAMILIES THE PRIORITY

THE ROLE OF FIRST FOCUS IN ADVOCATING FOR CHILD FRIENDLY STIMULUS PROVISIONS

FEDERAL MATCHING PAYMENTS FOR FOSTER CARE AND ADOPTION ASSISTANCE

First Focus led an effort, in partnership with over 115 federal and state advocacy organizations, to call on Congress to temporarily increase federal payments for Foster Care and Adoption Assistance as part of a new economic stimulus plan. In addition to producing several policy briefs and spearheading a letter to Congress, we worked with key staff from the House Ways and Means and Senate Finance Committees, as well as Leadership in both chambers to ensure the inclusion of this provision in the stimulus bill. We are pleased to report that the stimulus package which passed the House, the **American Recovery and Reinvestment Act of 2009 (H.R.1)**, will provide nearly \$750 million in additional funding for Foster Care and Adoption Assistance Payments (Social Security Act Title IV-E) over a 27-month period. The Senate version of the economic stimulus package (S.1) also includes this critical provision.

Title IV-E is a federal program administered by state and local public child welfare agencies that provides assistance to vulnerable children and youth. Specifically, Title IV-E provides foster care maintenance payments to states on behalf of each child who has been removed from the home, as well as adoption assistance and reimbursement for administrative and training expenses. States receive matching funds for IV-E based on the Federal Medical Assistance Program (FMAP) rate. Under the bill, this rate would increase by 4.9% for each state. This temporary increase will provide significant fiscal relief to states, and is vital in helping states meet the needs of vulnerable children and families during a recession.

CHILD-RELATED TAX PROVISIONS

Approximately one-third of the money contained in the stimulus proposals comes in the form of tax provisions. First Focus is the leading child-specific organization on issues surrounding the tax code and its impact on families with children, as well as investments in children as whole. The stimulus package has two major provisions that impact children and their families and First Focus has been actively engaged on both of them.

CHILD TAX CREDIT

First and foremost, both the House and Senate stimulus packages include an improvement to the Child Tax Credit (CTC). Currently, the CTC is structured in such a way as to prevent many low-income working families from benefiting in full, and some families are actually excluded all together. This is because the income floor, above which families can begin claiming a refund is set too high. For example, a family with two children earning \$10,000 will only be eligible for a \$225 credit, only 11% of the full credit. In fact, in order to qualify for the full credit, a family with two children would need to earn at least \$21,833, more than 50% above full-time, federal, minimum wage earnings.

First Focus has consistently worked to lower this income threshold, thereby extending the benefits of the CTC to as many working families as possible. One year ago, the threshold was as high as \$12,050. After a successful campaign last year to improve the CTC, the threshold was lowered to its current level, \$8,500. The House-approved version of the economic recovery legislation would actually reduce the threshold all the way to zero, meaning that working families with children can begin claiming a portion of the CTC starting with their first dollar of earnings. Initially, the Senate Finance committee was reluctant to include any income threshold reduction in their version of the legislation. First Focus worked, in conjunction with several non child-specific organizations, such as the Center on Budget and Policy Priorities and the Coalition on Human Needs, to persuade the Chairman of the Finance Committee to include a reduction. In addition to producing policy briefs and analysis, First Focus also used paid media, placing an advocacy advertisement in Capitol Hill newspapers, to advance our position. We also partnered with Senator Robert Menendez (D-NJ) to elevate the issue of the Child Tax Credit during the committee session.

The Senate Finance Committee passed the American Reinvestment and Recovery Act, including a provision to reduce the CTC income floor to \$6,000. First Focus will continue our efforts to lower the floor, and we are hopeful that when President Obama signs the final package into law, the CTC income threshold will be substantially under \$6,000.

EARNED INCOME TAX CREDIT

Both chambers of Congress included in their respective versions of the recovery package a crucial improvement to the Earned Income Tax Credit (EITC). Until now, low-income employees are eligible to claim a refundable credit based on their earnings over the course of the year. This credit is greater if the worker has a child, and even greater if they have two or more children. However, due to the current structure of the EITC, families with more than two children are treated no different than those with only two children. First Focus has taken the lead in efforts to introduce to the EITC a differentiation for larger families. We were extremely gratified to see that both the House and Senate included this change in each version of the economic recovery package.

The improvements to the Child Tax Credit and the Earned Income Tax Credit will, if passed, mean more than \$25 billion in additional resources for low-income working families with children. These additional resources will benefit more than 12 million families over the next two years. First Focus is proud to be the leading children's organization working on these important provisions.

FEDERAL MATCHING PAYMENTS FOR MEDICAID

First Focus joined a diverse coalition of national and state advocacy organizations in urging the inclusion of state and local fiscal assistance as a vital component of any economic stimulus package. Specifically, we voice support for temporarily increases to the Medicaid Federal Medical Assistance Percentage (FMAP), as well as general funding aid to state and local governments. We were pleased that H.R. 1 provided an increase to federal matching payments for Medicaid. H.R. 1 will provide additional federal matching funds to help states maintain their Medicaid programs in the face of recession-driven revenue declines and caseload increases. The Congressional Budget Office (CBO) estimates that this FMAP increase will total \$87 billion over a 27-month period. The Senate bill will include a similar provision.

CURRENT LAW MORATORIUM ON HARMFUL MEDICAID REGULATIONS

First Focus played a key strategic role in earlier efforts to halt a spate of regulations issued by the Centers for Medicare and Medicaid Services (CMS), including a directive to states that effectively cut off coverage for children in families with incomes above 250 percent of the federal poverty level (FPL), as well as other proposals to curb reimbursement for school-based Medicaid services and rehabilitation services, limit funding for targeted case management, and restrict payments for public providers, among others. First Focus has been a strong voice on this advocacy front, working in partnership with traditional health allies and others from the health, education, child welfare, and disability communities to carry a unified message to Capitol Hill that Congress should reject any administrative actions that are contrary to statute and would cause currently-covered children to lose access to health care.

First Focus continued to work with Congressional staff and other partners to ensure that the stimulus package extended the current moratorium on six Medicaid regulations, including those related to cost limits on rehabilitative services, targeted case management services, as well as school administration and transportation services. We are pleased that H.R. 1 extended the current moratorium through June 30, 2009 (P.L. 110-252), and included the addition of a new regulation related to outpatient hospital services. The Senate version of the stimulus bill does not include the extension on current law moratorium on the aforementioned Medicaid regulations. We have voiced our strong support for the inclusion of the moratorium in the Senate bill and expect that an amendment to include this provision will be offered on the Senate floor during the debate, which may begin as early as February 2nd.

HOUSING & HOMELESSNESS

The foreclosure crisis and economic downturn are causing an increase in homelessness that is going largely unnoticed by policymakers. First Focus research estimates that 2 million children will be directly impacted by the foreclosure crisis.

Additionally, we have found that 330 school districts have enrolled more homeless students in the first two-to-three months of this school year than during the entire previous school year. To address this spike in homelessness, First Focus joined with other organizations to secure the following provisions in the stimulus package:

- \$70 million (100% increase) for the Education for Homeless Children and Youth program. These funds will be used by school districts to ensure that children experiencing homelessness due to the recession are able to stay in their schools, even if they lose their homes, by providing transportation, counseling, service referrals, etc.
- \$1.5 billion for homeless prevention. This critical funding will be used to provide supports such as utility payments, rental assistance, and first and last month's rent, in an effort to prevent families from becoming homeless due to the recession.
- Housing for homeless students. Senator Debbie Stabenow (D-MI) will introduce an amendment to the stimulus package providing housing for homeless youth who are full-time students. This amendment addresses a flaw in the Low Income Housing Tax Credit (LIHTC) that prohibits full-time students from living in housing financed by the LIHTC. The prohibition was originally included in the statute to prevent the LIHTC from being used to construct college dorms, but has the unintended consequence of forcing homeless students to choose between their education and their housing. The Stabenow amendment addresses this problem by including an exception to the so-called "student rule" for full-time students who are or were homeless.

EARLY CHILDHOOD

The recession is also having a tremendous impact on our youngest children. Research shows that long-term child outcomes are in many ways dependent on the development of children during their early years. As families struggle to provide for the health, nutrition, and other needs of their young children during these difficult times, it becomes all the more important to increase federal support for early childhood programs, as they address the immediate needs facing these families while also building a foundation for the future. First Focus used a research-based analysis conducted in partnership with the Brookings Institution to support the request for investments in early childhood programs to be included in the stimulus package. We are pleased that the stimulus includes \$2 billion for the Child Care and Development Block Grant and \$2.1 billion for the Head Start Program.

EDUCATION

At least 19 states are cutting funding for K-12 education. The American Association of School Administrators reports that nearly 40% of the job cuts planned by school districts are teaching positions, and nearly 1 out of 5 job cuts are of student services positions (nurses, transportation, etc). In short, as children require additional support to mitigate the added stress placed on families at home, schools are in less of a position to provide it. First Focus is very pleased that among the many education investments made in the stimulus, \$13 billion is provided for education as part of Title I. This infusion of funds will help prevent cuts to school budgets and teaching positions while supporting the education of low-income children.

CHILD NUTRITION

First Focus has partnered with the Food Policy Working Group, which includes groups such as Bread for the World and Lutheran Services, to advocate for nutritional assistance in the House and Senate economic recovery packages. As the leading children's advocacy group participating in the Food Policy Working Group, First Focus has strongly supported nutritional assistance for many of the children and families that have been adversely affected by the economic downturn. We were pleased to see significant nutrition assistance for children in the House passed bill and will continue to work with the Food Policy Working Group to advocate for the inclusion of funding for these programs in the Senate bill. The assistance includes:

- \$20 billion for a significant, immediate boost in Supplemental Nutrition Assistance Program (food stamps) benefit levels;
- \$726 million for an expansion of the afterschool supper program nationwide; and,
- \$100 million for Women Infants and Children (WIC) technology systems.