

WHAT'S IN THE FY 2008 BUDGET FOR CHILD CARE?

Funding Summary

Mayor's Budget

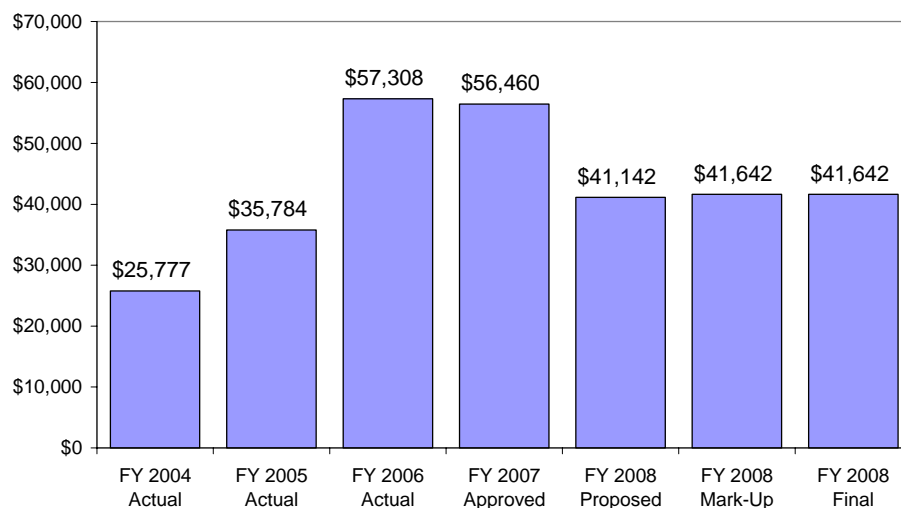
Request: The local operating budget request for Early Childhood Development — a program within the Department of Human Services — is \$41.1 million. This represents a \$15 million, or 27 percent, decrease from the FY 2007 approved budget when adjusted for inflation.

This reduction reflects an effort to shift local

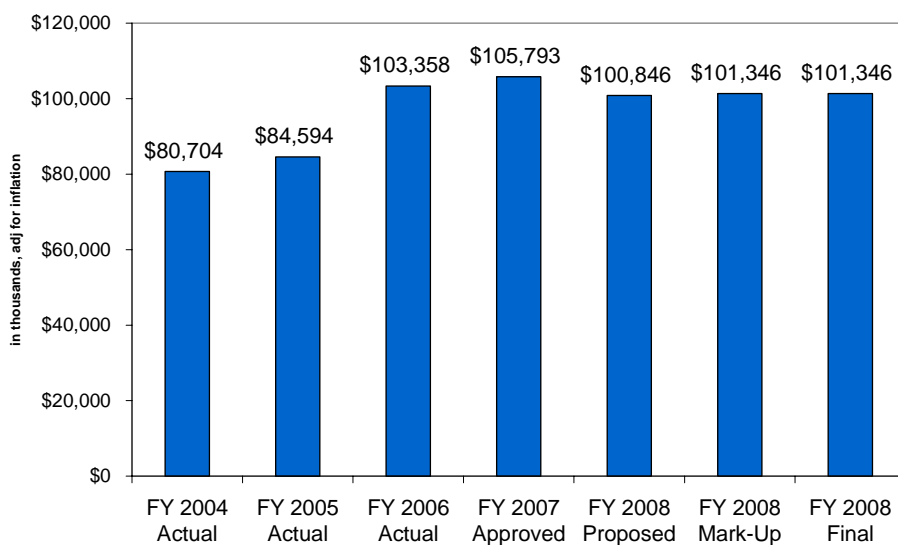
funds from the child care program to DC's TANF welfare-to-work program, with a corresponding shift of federal TANF funds to the child care program. This shift in the source of child care funding was made in response to new federal TANF rules adopted in 2006. It was not intended to change the overall funding level for child care.

The reduction in local funding also reflects tight fiscal conditions faced by the District each year. Each agency was asked by the Mayor to trim its budget in response to a projected budget shortfall, and the Department of Human Services responded in part by reducing local funding for child care.

Local Funding for Child Care
FY 2004 - FY 2008



Gross Funding for Child Care, 2004-2008



When both local funds and federal funds are considered, the proposed child care budget for 2008 is \$100.8 million, or \$5 million lower than in 2007 after adjusting for inflation.

Despite the proposed reduction, the Mayor's proposed FY 2008 budget document indicates that this funding level will allow the District to provide

child care services to 23,000 children in 2008, the same as in 2007.

At hearings on the proposed child care budget, officials from the Department of Human Services explained that the funding reduction partly reflects technical changes – in that some elements of the FY 2007 child care operating budget were moved to the separate capital budget. The DHS officials also noted that the funding change stems from targeted reductions in services other than payments for child care services.

Nevertheless, it remains unclear whether the child care program will be able to maintain services at 2007 levels in 2008 while also absorbing this reduction in funding.

Council mark-up: The Committee on Human Services marked up the budget for the Department of Employment Services on May 2. The committee accepted the Mayor’s proposed child care funding level, accepting the statement from the office of the Mayor that this funding level would allow the child care program to maintain services. On Friday, May 4, the Committee on Economic Development transferred \$500,000 of its budget authority to the Committee on Human Services for the purpose of enhancing the child care program. The additional funding will support services that help child care workers get child development credentials and other initiatives to improve the quality of child care services.

Final Submission: The DC Council Committee of the Whole considered the entire FY 2008 budget request on May 15, 2007. They did not make any changes to the committee mark up of the budget for child care services.