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Capitol Connection

CCR&Rs' weekly source for federal child care policy news.

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Congress Adjourns

Financial Bailout Passes

Adoption Bill Becomes Law

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Center on Budget & Policy Priorities Updates State Economic Report

The Urban Institute Releases Fact Sheet on Gas Prices and Low Income Families

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As Congress has completed its work on a financial industry bailout, the 110th Congress adjourned last week. It is expected that Congress will return to Washington the week of November 17th for a lame duck session. The 111th Congress will begin work in January.

Financial Bailout Passes

On October 3, the Emergency Economic Stabilization Act of 2008 became law. The Act is the \$700 billion bailout of the financial market. The bill will provide more regulations and oversight of financial institutions. Included in the bill are consumer protections such as, increasing the bank deposit amount to be insured by the government through the Federal Deposit Insurance Corporation (FDIC) from \$100,000 to \$250,000 until December 31, 2009.

The bill also included other provisions related to taxes, including tax credits for those affected by recent hurricanes and other natural disasters.

Also a part of the tax component of the bill, the income threshold for the child tax credit was reduced to \$8,500, which will take effect for the 2008 tax year. This reduction will allow more families to qualify for the tax credit. To qualify for the credit, families will have to calculate a formula in which they have to consider their earned income in excess of what they owe in taxes. If their earned income is between \$8,500 and \$12,050 they will qualify for the credit. According to the Center on Budget and Policy Priorities, 13 million children will benefit from the change, including those whose parents work in child care or preschool settings. The Center on Budget and Policy Priorities' report, which includes a state by state analysis, can be

found at <http://www.cbpp.org/5-15-08tax.pdf>.

Adoption Bill Becomes Law

On October 7th, the President signed the Fostering Connections to Success and Increasing Adoptions Act of 2008. The bill will provide funding for states to create more programs to foster adoptions. The Act also creates more funding to transition children out of foster care, and increases the age limit for support from 18 to 21. Native American and tribes also receive funding under this bill to support Native American children in the child welfare system.

Other News

Center on Budget & Policy Priorities Updates State Economic Report

The Center on Budget & Policy Priorities updated the report, "Facing Deficits, Many States Are Imposing Cuts that Hurt Vulnerable Residents" to show that 22 states have reduced services to their residents, including the most vulnerable families. In 29 states, budget deficits exceeded \$48 billion. To read more about the economic plight of the states, see <http://www.cbpp.org/3-13-08sfp.htm>.

The Urban Institute Releases Fact Sheet on Gas Prices and Low Income Families

The Urban Institute released a brief paper about the impact of gas prices on low wage families. For more information, see <http://www.urban.org/publications/411760.html>.

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