President Releases 2011 Budget; Increases HHS Funding While Freezing Spending for Most Domestic Programs

President Obama’s 2011 budget freezes most discretionary domestic spending, but makes an exception for many entitlement programs under the Health and Human Services Department (HHS). The budget would:

- Provide additional funds for tax credits, unemployment supports, the extension of the *Making Work Pay* tax credit (a refundable tax credit of up to $400 for individuals and up to $800 for married taxpayers filing joint returns), and for aid to state governments, with the intention of creating jobs. Funds designated for these activities total $250 billion in 2010 and 2011.

- Extend TANF in its current form, delaying a five-year reauthorization for a year, and add $3 billion in funding, of which:
  - $2.5 billion would extend the TANF emergency fund established by the American Recovery and Reinvestment Act (ARRA) for one year, providing incentives for the use of funds for subsidized employment.
  - $500 million would be designated for a *Fatherhood, Marriage and Families Innovation Fund* (FMFIF) that would replace the current $150 million *Responsible Fatherhood and Healthy Marriage* grants. FMFIF would make competitive grants to states for:
    - innovative programs that address responsible fatherhood, and
    - programs that seek to improve child outcomes through services aimed at custodial parents with serious barriers to self-sufficiency. Programs applying for funding would have to be able to comply with evaluation requirements.

- Include a one-year, $669 million extension of the federal match to states’ reinvestment of incentive payments into Child Support Enforcement programs. Without this critical extension of resources, it is estimated that states would reduce program expenditures by 10 percent. The budget also includes two proposals focused on increasing child support collections and a proposal to expand resources for non-custodial parents’ access to and visitation with their children.

- Include a total of $6.6 billion for the Child Care and Development Fund (discretionary and entitlement child care assistance), an increase of $1.6 billion. This would allow 1.6 million children to receive childcare assistance, approximately 235,000 more than were served in the previous fiscal year.

The U.S. Bureau of Labor Statistics (BLS) has prepared a composite of statistics that provide a snapshot of the economic status of African Americans today. The snapshot, prepared to recognize February as African-American History month, provides a subset of available statistics. According to the BLS snapshot:

- In 2009, there were 17.6 million African Americans in the labor force, accounting for about 11 percent of the total labor force.
- Approximately 30 percent of employed African Americans worked in education and health services in 2009, compared to 23 percent of all employed Americans who worked in these fields.
- Between 1992 and 2009, the rate of African Americans in the labor force with no high school degree was reduced from 18 to 9 percent. The rate of college graduation for this group during the same time period rose from 16 to 24 percent.

In other BLS data:

- Between January 2000 and January 2010, the number of unemployed African-American adults (aged 16 and older) more than doubled, from 1,349,000 in 2000 to 2,929,000 in 2010.
- During this same period, the unemployment rate for African Americans also more than doubled, from 8.2 percent in 2000 to 16.5 percent in 2010. The rate also more than doubled for whites, but remained much lower, going from 3.4 percent in 2000 to 8.7 percent in 2010.
- While the rate of long-term unemployment (unemployment that lasts longer than 6 months) has grown for all demographic groups, it has grown most sharply for African-American men, who made up just 5.5 percent of the labor force, but 13 percent of the long-term unemployed, in January 2010.

The information was compiled from various reports and tables available at BLS, www.bls.gov.

Earned Income Tax Credit Expanded, But is Underutilized by Eligible Families and Individuals

The American Recovery and Reinvestment Act has expanded the Earned Income Tax Credit (EITC) for tax year 2009 to include a higher EITC for low-income working families with three or more children, and to raise the income limit to $48,279 from the $41,646 limit in 2008. The maximum EITC for families with three or more children is now $5,657; for those with two children, it is $5,028; families with one child can receive a maximum of $3,043, and for those not claiming children, the maximum is $457.

The EITC has become one of the largest federal anti-poverty programs, and many more families will be eligible this year, given the expanded income eligibility and high unemployment and underemployment rates in 2009. In tax year 2008, nearly 24 million people received $50 billion in EITC benefits, with an average credit of more than $2,000. Still, one in four eligible taxpayers failed to claim the credit. Many are unaware that the credit is refundable, meaning that even if they do not owe taxes, they could receive the
EITC benefit. In order to receive the benefit, a tax return must be filed, and the credit must be claimed. An EITC Assistant tool on the IRS website (http://www.irs.gov) assists in the determination of eligibility. Free tax assistance is also available through the Volunteer Income Tax Assistance (VITA) program. The IRS can also make a referral to the closest VITA site; contact the IRS at 800-829-1040.

Child Support in the News

- County commissioners in Cumberland County North Carolina are considering a plan to privatize child support enforcement, joining three other counties in the state in contracting child support enforcement services out to a private contractor. The plan is in response to action by the state legislature that turned all responsibility for child support enforcement over to the counties. The withdrawal of the state from child support enforcement is expected to cost Cumberland County $1 million annually, and the county agency is anticipating that its current level of staffing and funding would make it difficult to take on the full responsibility for child support enforcement.

- A federal judge has granted the city of Fargo permission to release the names, addresses, Social Security numbers and other identifying information of nearly 54,000 people to the North Dakota child support enforcement agency. The database was compiled in order to distribute more than $1 million to almost 14,000 people who submitted qualified claims under the settlement of a class action lawsuit that charged the city with issuing traffic citations that exceeded the amount allowed by state law. The child support agency plans to cross-reference the class-action members’ data, and to intercept payments for parents who owe child support. States commonly obtain data on tax refunds and bank holdings in order to intercept payments for child support, but it is unusual for a state to initiate legal proceedings in order to obtain the data.

- As has been reported for many other regions nationally, the number of unemployed noncustodial parents who are not able to meet current child support payments is increasing in Berks County, Pennsylvania. Requests for reductions in child support have increased by 64 percent since the economic downturn started in 2007, according to Domestic Relations Director Linda Epes. "This is reflective of our 9.4 percent unemployment in Berks County," Epes said. And in Tennessee, the state Department of Human Services reports that payments to custodial parents are down, and the number of cases seeking assistance to enforce payments is up. Collections in the first half of fiscal year 2010 were just over $254 million and were just over $557 million in all of fiscal year 2009. The child support caseload, however, had grown to 448,000 in 2010 compared to its 2009 level of 431,554. In Ohio and New Hampshire, the same trend has been reported. Ohio child support collections dropped 20 percent, or $15 million, from December 2009 to January 2010, with $13 million of the collections for the month coming from unemployment checks. Child support orders increased by 16,000 in 2009, but the amount of ordered support dropped by $3 million. Child support enforcement officials expect collections to drop further as parents exhaust their unemployment benefits. In New Hampshire, the amount of child support collections being withheld from unemployment benefits rose by more than 300 percent in 2009 alone, and child support collections overall were down for the first time since 2005.
Mass Incarceration and Its Effect of Racial Control Explored in New Book

A newly published book by civil rights advocate Michelle Alexander makes the case that mass incarceration, evidenced by the rise over the past 30 years in inmates in the U.S. from 350,000 to more than 2 million has created a system of laws, policies and institutions under which the status of black men is being subordinated. The book counters a current national inclination to feel that race has been made less relevant with the election of an African-American president. The author posted the following facts at www.huffingtonpost.com:

- There are more African Americans under correctional control today -- in prison or jail, on probation or parole -- than were enslaved in 1850, a decade before the Civil War began.
- As of 2004, more African American men were disenfranchised (due to felon disenfranchisement laws) than in 1870, the year the Fifteenth Amendment was ratified prohibiting laws that explicitly deny the right to vote on the basis of race.
- If you take into account prisoners, a large majority of African American men in some urban areas, like Chicago, have been labeled felons for life. These men are part of a growing undercaste -- not class, caste -- a group of people who are permanently relegated, by law, to an inferior second-class status. They can be denied the right to vote, automatically excluded from juries, and legally discriminated against in employment, housing, access to education, and public benefits -- much as their grandparents and great-grandparents once were during the Jim Crow era.


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