



COLORADO FISCAL
POLICY INSTITUTE

ISSUE BRIEF

May 7, 2010

How the Recovery Act helps Colorado children

The American Reinvestment and Recovery Act, often referred to as the Recovery Act or Stimulus Package was implemented in 2009 to promote economic activity, support job maintenance and growth, and partially insulate families from the recession. Recognizing that children are often victims of unavoidable recessionary harm, the Stimulus Package includes numerous provisions to support children and their families.

Major provisions supporting children in the Stimulus Package

The Stimulus Package benefits children of all ages and across all income brackets with provisions promoting access to education, child development, youth employment, adoption and foster-care support, and food and income assistance. Some of the provisions include:

- *Head Start and Early Head Start programs:* The Head Start program was established to promote education and provide an array of health, nutritional and social services to 4- and 5-year old preschoolers and their families. The Head Start program has enrolled more than 25 million children since its inception. The Early Head Start program was established for pregnant women and children up to 3 years old to encourage early years of healthy development. The Head Start and Early Head Start programs were each expanded an additional \$1 billion by the Stimulus Package. This includes grants totaling nearly \$220 million to allow current Head Start grantees to serve 16,600 additional children and families nationwide. Grants worth nearly \$1.2 billion will support Early Head Start expansion and increase the program to serve 55,000 more pregnant women, infants, toddlers and their families to nearly double the number of Early Head Start participants.
- *Child Care and Development Block Grants:* The Child Care and Development Block Grant (CCDBG) provides grants to states to assist low-income families with children in accessing child care from birth to age 13. The stimulus provides \$2 billion in additional CCDBG funding to states across the country to support child care services for an increased number of families while parents are working, seeking employment, or receiving job training or education. Some of the money will be used to improve the quality of infant and toddler care.
- *Title I of No Child Left Behind:* The No Child Left Behind (NCLB) Act provides financial resources for disadvantaged students. Title I of NCLB supports high-quality early education programs. The Stimulus Package increases Title I funding by \$13 billion, including \$10 billion for grants to school districts (\$5 billion for targeted grants and \$5 billion for education finance incentive grants), and the remaining \$3 billion for school improvements.

- *Individuals with Disabilities Education Act (IDEA)*
 - *IDEA Part B:* Part B of IDEA provides money to state agencies to help ensure children with disabilities have access to a free, appropriate public education that is targeted to address each child's needs and to prepare each child for further education, employment and independent living. The Stimulus Package increases IDEA Part B funding by \$11.3 million.
 - *IDEA Part C – Infants and Toddlers:* Part C of IDEA provides grants to make early-intervention and detection services more readily available to infants and toddlers with disabilities. The Stimulus Package added \$500 million in funding to IDEA Part C
- *State Fiscal Stabilization Funds:* The State Fiscal Stabilization Fund program is a new, one-time appropriation of \$53.6 billion split among the states. This funding is divided \$39.5 billion for elementary, secondary and post-secondary education, \$8.7 billion for public safety and other government services including school modernization, renovation and repair, \$4.3 billion for state incentive grants and \$650 million for the creation of an Innovation Fund that rewards advances in closing the achievement gap and improving outcomes for students.
- *Child Tax Credit:* The Stimulus Package increased the number of families that will be eligible for the child tax credit. The child tax credit is a credit for families with qualifying children that can be taken in addition to the child and dependent care tax credit and the standard deductions taken for dependents. Families may receive up to \$1,000 per qualifying child. In 2009 and 2010, the Stimulus Package reduced the minimum income to qualify for the child tax credit. The stimulus also increased the average credit families will receive by \$260 on average. As a result, 2.9 million children will benefit from the credit who did not benefit in the past. Another 10 million children will benefit from a larger credit than they would have received under the 2008 rules.
- *Earned Income Tax Credit (EITC):* The EITC is a tax credit for low- to moderate-income working individuals and families. Nationally, 17 percent of taxpayers benefit from \$43.7 billion in EITC money every year. The stimulus increased the amount of the EITC in 2009 and 2010 to \$5,657 for qualifying families with three or more children. The Stimulus Package also increased the income ceiling for EITC qualification for married couples filing a joint return by \$1,880, regardless of the number of children. Under the stimulus expansion, an EITC-eligible filer will receive an average of \$140 more than they received in prior years. Married families with three or more children will receive an average increase of \$1,075. In total, the Stimulus Package will benefit roughly 7.3 million EITC-eligible families and will extend EITC eligibility to an additional 887,000 taxpayers nationwide.
- *Higher Education Assistance:*
 - *Pell Grants:* Pell Grants are provided to low-income students to help pay for higher education. They are also the primary vehicle for federally-funded financial aid. The Stimulus Package increased Pell Grant funding by \$15.6 billion. The stimulus also increases the maximum Pell Grant by \$500.
 - *College Work Study:* The Stimulus Package includes \$200 million for federal college work study programs. These programs provide part-time jobs for financially-disadvantaged college students. Wages from these part-time, work study jobs go toward educational expenses.

- *American Opportunity Tax Credit:* The American Opportunity Credit modified the existing Hope credit which provided a tax subsidy for college tuition. Formerly, millions of prospective college students, the equivalent of one-fifth of high-school age children nationally, could not take advantage of the Hope credit because their family income was too low to qualify. Now, under the American Opportunity credit, the Hope credit has been expanded to include low-income families in addition to middle-income families. By making the credit refundable, the American Opportunity credit will allow low-income families with no income tax liability to receive a partial credit in the form of a refund to offset college expenses. Also, more middle-income families will qualify for the credit as a result of a decrease in the income limitations. The creation of the American Opportunity credit has allowed an additional 3.8 million prospective college students to become eligible for assistance in paying for higher education. This credit has extended the opportunity to participate in continuing education to students who otherwise would have been unable to afford the expense.
- *Child Support Enforcement:* The Stimulus Package temporarily provides federal incentive matching for child support funds. It also temporarily suspends a 20 percent cut to the federal child support program created by the Deficit Reduction Act of 2005.

Stimulus funding for Colorado's children

Much of the stimulus relief aiding children is provided in the form of grants and funding to state agencies. Colorado had received roughly \$7.1 billion dollars in stimulus funding as of May 2010. That includes \$332 million for kindergarten through 12th-grade education and \$894 million for higher education.

Colorado children have also benefitted from stimulus funding distributed to other sources. The Colorado Labor Department, Health and Human Services and the Department of Justice have also developed and implemented programs to benefit children using stimulus money.

Colorado Education Programs

A vast majority of the stimulus funding directly benefitting children comes in the form of kindergarten through 12th grade and higher education support. More than \$1.2 billion has been allocated to improve, supplement, support and aid educational programs in Colorado as of May 2010.

One of the largest pieces of education funding is \$760 million used to create the State Fiscal Stabilization Fund. That includes \$621 million – roughly 80 percent – that must be used to support kindergarten through 12th grade, post-secondary and early childhood education. In Colorado, most of this money has been targeted at supplementing education funding in the face of the expanding state budget deficit. Additionally, more than 70 percent of the total stimulus funding received as of May 2010 has gone toward maintaining funding in Colorado's higher education system.

The chart below provides the expected breakout of Recovery Act funds by institution:

Institution	FY 2008-2009	FY 2009-2010	FY 2010-2011
Adams State College	\$2,459,127	\$7,207,904	\$1,413,343
Mesa State College	\$4,117,215	\$11,700,892	\$2,387,079
Metropolitan State College of Denver	\$9,934,844	\$24,765,859	\$4,665,091
Western State College	\$2,280,870	\$6,196,492	\$1,412,354
Colorado State University System	\$33,271,484	\$80,088,438	\$19,566,800
Fort Lewis College	\$3,978,508	\$7,752,908	\$2,843,580
University of Colorado System	\$49,995,467	\$119,390,747	\$35,003,398
Colorado School of Mines	\$4,443,761	\$12,463,207	\$2,845,658
University of Northern Colorado	\$8,909,433	\$23,222,224	\$5,793,766
Community College System	\$25,300,005	\$69,953,805	\$14,959,668
Local District Junior Colleges	\$3,288,323	\$8,414,708	\$2,154,256
Area Vocational Schools	\$2,697,018	\$5,351,059	\$1,649,106
TOTAL	\$150,676,055	\$376,508,243	\$94,694,099

Source: Governor's Office of State Planning and Budget

Students enrolled in higher education in Colorado also benefit from the \$131 million awarded for additional Pell Grant funding and \$2.7 million awarded for federal work study grants (as discussed above).

Beyond improvements in higher education, Colorado has received a variety of funds to support kindergarten through 12th grade and early education. For example, \$111.1 million in NCLB Title I aid has been allocated to Colorado to support disadvantaged students in schools with a high-percentage of low-income students. That is on top of \$33.8 million in Title I funds dedicated to school improvement grants for low-performing school districts.

Colorado also received \$80.5 million to support children with disabilities. Those funds are divided between three programs within the Individuals with Disabilities Education Act (IDEA). First, \$148.7 million has been allocated to making short-term investments in 10 Colorado school districts to support youth and children with disabilities. Second, \$5.3 million will go toward expanding the range and availability of placement options for preschool-age children with disabilities. Finally, just more than \$7.9 million will be spent on early intervention for disabled children age 2 and younger. The \$7.9 million will also go to improving programs for infants and toddlers with developmental delays or disabilities. As of April 2010, this third source of funding has benefitted 614 infants and toddlers and created more than 40 full-time jobs.

Those are just a sampling of the programs supporting the education of children in Colorado. For a more complete list of the stimulus funding filtered through the Colorado Department of Education, see Appendix I.

Youth Labor Programs

A priority outlined in the Stimulus Package is the creation of jobs and job development opportunities. The initiative includes opportunities for Colorado young people in the form of the Job Corps Program, the Workforce Investment Act Youth State Grants, and the YouthBuild Program, in addition to the federal work-study program mentioned above.

Health and Human Service Programs Supporting Children

Of the \$7.1 billion stimulus funds spent in Colorado as of May 2010, about \$1.4 billion has been spent to support health care and human services programs, many of which either directly support children or indirectly support children by benefitting Colorado families.

An example of a human service program that both directly and indirectly benefits children is aid provided by the Stimulus for food and nutrition assistance. Children in Colorado indirectly benefitted from the 13.6 percent increase in the Supplemental Nutrition Assistance Program or SNAP (formerly known as food stamps). Colorado families received an average monthly increase of \$40 to support families in need. As of October 2009, the increase in funding benefitted more than 160,000 Colorado households consisting of an estimated 370,000 individuals.

In addition to this program, Colorado children were directly benefitted by the Stimulus Package funding of the Supplemental Nutrition for Women, Infants and Children program. This program would provide nearly \$500,000 in increased supplemental nutrition support for children and infants on top of the SNAP increase. Colorado submitted an application for \$444,066 in funding on May 29, 2009.

Colorado children will also benefit from family support in the form of \$68 million in additional funding for the Temporary Assistance for Needy Families (TANF) program. The funds were combined with homelessness prevention funding to aid low-income families with children across Colorado. As of April 2010, the funds have helped 1,667 families with subsidized employment, 1,440 families with housing needs, and 15,000 families with utility payments through the Colorado Low-Income Energy Assistance Program.

The Stimulus Package money devoted to health and human services also supports children through improved child-care assistance programs, adoption and foster-care services and by increasing enforcement of child support payments.

Colorado received \$24.3 million to assist low-income families with the cost of child care. To date, Colorado has aided more than 4,000 families in finding and affording quality child care. The Stimulus Package also includes funding for the overall improvement of Colorado's child care system with specific money allocated to child care assistance for the Southern Ute Indian Tribe as well as the Ute Mountain Indian Tribe.

Roughly \$3.5 million dollars has been awarded to support adoption and foster care programs in Colorado. The Colorado foster care program received \$1.8 million dollars which has already benefitted about 2,100 children across all counties. The Colorado adoption programs have also received more than \$1.65 million from the stimulus funding. This money has already served about 6,600 in the state.

Finally, the stimulus package has implemented a 66 percent match for the administrative costs facing the state for increased child support enforcement. Of the \$6.7 million that Colorado has been awarded, roughly \$5 million has been spent so far. This funding has increased compliance with child support laws and in turn benefitted nearly 150,000 children.

Tax Benefits Supporting Colorado's Children

Colorado children also benefitted from the tax expansions for families in the Stimulus package, especially the Earned Income Tax Credit (EITC) and the Child Tax Credit (CTC). In 2007, more than 300,000 families received EITC refunds in Colorado. Three-quarters of the EITC filers in Colorado have children and the other one-quarter are childless adults (between ages 25 and 64) who make less than \$12,000 per year. With the stimulus expansion of the EITC, 11,463 more people were eligible for the credit and 94,454 families received a bigger credit.

Additionally, money was filtered to Colorado children through the stimulus tax expansion of the CTC. In Colorado in 2006, more than 200,000 families filed for the CTC. In total, Colorado families received \$241.8 million from this credit. With the changes made by the Stimulus Package, 103,836 taxpayers – 50 percent of all Coloradans who received the credit in 2006 – will benefit from the CTC, including 25,797 people who will be newly eligible for the credit and 78,039 who will see a bigger refund.

Looking at the increased benefit for children in Colorado also displays the immense impact that the stimulus-expanded CTC has on Colorado families. About 231,000 children under the age of 17 will receive a larger CTC benefit as a result of the expansion of the credit.

Programs Promoting the Public Safety of Colorado Children

Colorado has been awarded \$108 million in stimulus funding to further public safety. A large portion of the funding has been devoted to developing and implementing programs to protect children. One example, is the just more than \$675,000 that has been granted to Colorado to create a taskforce to prevent internet crimes against children. The Internet Crimes Against Children (ICAC) Task Force has been activated by the Colorado Springs Police Department and works to investigate the exploitation of children over the Internet. The Colorado Springs program will ultimately expand to coordinate and oversee state-wide ICAC programs.

Additionally, Colorado's children will benefit from public safety dollars invested in a local youth mentoring programs, juvenile justice programs, suicide prevention programs and substance abuse treatment targeted at high-risk youth.

Overall Job Creation in Colorado

Colorado families and thus, Colorado children, receive direct benefit from a consistent family income. The Stimulus Package has created more than 10,000 jobs in Colorado. These jobs “double benefit” Colorado because many of them are in fields that directly support children as well. The Stimulus Package has created more than 3,000 higher education jobs and more than 1,300 jobs for teachers and other professionals working in special education, Title I schools and homelessness prevention. On top of that, more than 3,500 young adults in Colorado received summer jobs or other job experience as a result of the funding.

Conclusion

Included in the countless benefits of the Stimulus Package is unprecedented support for children and their families. In Colorado, the stimulus funding devoted to supporting children with education, human services, employment and public safety has already changed the lives of millions of kids and their families. Going forward, as even more funding trickles into these

programs and the Colorado economy begins to stabilize as a result, Colorado's children will undoubtedly enjoy better lives as a direct result of the Stimulus Package's aid.

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Sources:

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- National Association for the Education of Young Children
- U.S. Department of Education
- Colorado Department of Education
- Colorado Department of Higher Education
- Colorado Department of Health and Human Services
- Colorado Governor's Office of Planning and State Budget