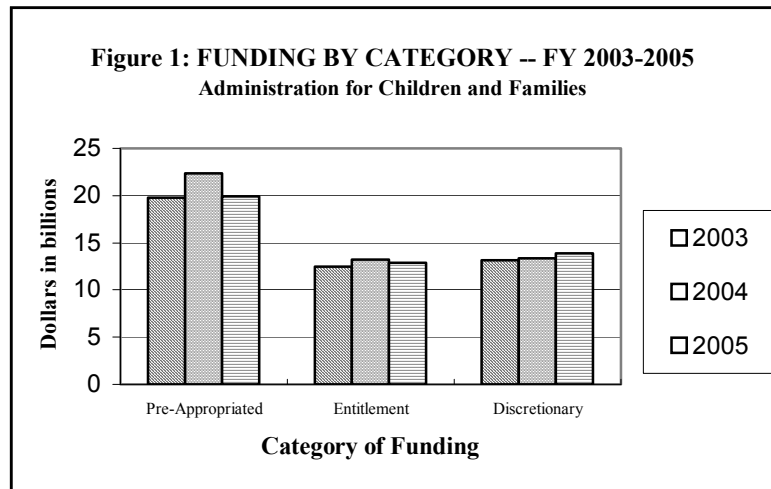


OVERVIEW OF THE FY 2005 BUDGET REQUEST

The Administration for Children and Families (ACF) administers programs which promote the economic and social well-being of children, youth, and families, focusing particular attention on vulnerable populations including preschool age children, adolescents, families and children in crisis, the developmentally disabled, Native Americans, and refugees. These programs, which are carried out by state, territorial, county, city, and tribal governments – as well as by private, nonprofit, community and faith-based organizations – have been designed to promote stability, economic security, responsibility and self-sufficiency.

ACF budgetary resources appropriated by the Congress are in three major categories – pre-appropriated, entitlement, and discretionary programs – as shown in Figure 1. The ACF budget request for FY 2005, including both mandatory and discretionary portions, is \$46.6 billion.



PREAPPROPRIATED AND ENTITLEMENT FUNDING

Approximately two-thirds of the ACF budget request in FY 2005 is for preappropriated or entitlement programs – that is, programs whose funding is determined outside the scope of annual appropriations bills. These programs include Temporary Assistance for Needy Families (TANF), Child Support Enforcement, Foster Care and Adoption Assistance, Promoting Safe and Stable Families, the Social Services Block Grant, Children’s Research and Technical Assistance, Child Care Entitlement, and Abstinence Education.

DISCRETIONARY FUNDING

The discretionary portion of this budget request is composed of funding for such programs as the Low Income Home Energy Assistance Program (LIHEAP), the Child Care and Development Block Grant (CCDBG), Head Start, and the Community Services Block Grant. In addition, this request includes funding for Presidential priority programs, such as the Compassion Capital Fund, Mentoring Children of Prisoners, Maternity Group Homes, and Promotion and Support of Responsible Fatherhood and Healthy Marriage. Discretionary spending in ACF is proposed to increase to \$13.9 billion in FY 2005 – \$523 million (3.9 percent) above the FY 2004 Conference level. In this period of tight discretionary budgets, ACF has focused limited spending increases on Presidential priority programs and programs serving the Nation’s most vulnerable children

and families. The ACF budget request would support 1,425 full-time equivalent (FTE) positions in FY 2005 – the same as the FY 2004 Conference level.

HIGHLIGHTS OF THE FY 2005 BUDGET REQUEST

For FY 2005, the Administration is proposing to target resources in the following key areas:

Discretionary Programs:

- **Continuing Support for Key Presidential Initiatives (+\$228 million):** The Administration continues to vigorously support targeted spending aimed at helping children and families, including an expansion of Promoting Safe and Stable Families, Compassion Capital Fund, Promoting Responsible Fatherhood, Independent Living Education and Training Vouchers, and Maternity Group Homes. This budget requests includes \$420 million for these programs in FY 2005, an increase of \$228 million (119 percent) above the FY 2004 Conference level, as follows:

Promoting Safe and Stable Families (+\$100.6 million) — The Administration is committed to helping families in crisis and to protecting children from abuse and neglect. To support this effort, the federal-state child welfare system must sustain its investment in supporting and preserving families. Fully funding the Promoting Safe and Stable Families program at the authorized level is critical to meeting this commitment.

Compassion Capital Fund (+\$52.3 million) — The Administration is committed to expanding the federal role in providing support to charitable organizations. Those organizations are closest to the people in need. They have a stake in the community and they have a history of providing services to those in need. In order to build upon those efforts, we must substantially increase the funding provided for the Compassion Capital Fund.

Strengthening Fatherhood (+\$50 million) — The Administration is committed to making responsible fatherhood and healthy marriage national priorities. Some positive steps have been taken in this direction, but far more needs to be done to address the 25 million children who are growing up in homes without fathers. These dedicated funds would spur state- and community-level efforts to assist fathers to be more actively involved in the lives of their children and encourage the formation and stability of healthy marriages.

Independent Living Education and Training Vouchers (+\$15.3 million) — This request would expand our ability to provide \$5,000 vouchers for youth who “age out” of foster care for college tuition or vocational training. This increase would provide an additional 3,000 youth with resources to prepare for independent living, increasing the prospect that they would secure work and become contributing members of society. The Congress has demonstrated significant support for the Independent Living Training Vouchers program, but we must do more — by fully funding the program.

Maternity Group Homes (+\$10 million) — The Administration continues to strongly support increased funding for the newly authorized Maternity Group Homes program. To break the cycle of abuse and poverty often faced by young pregnant women and their children who lack safe and stable environments in which to live, we must provide funding for community-based, adult-supervised group homes. Funding for these maternity group homes will provide pregnant and parenting homeless youth access to transitional living opportunities, an alternative to the environments of violence and despair which many young pregnant mothers face and secure brighter futures for their children.

- **Community-Based Abstinence Education (+\$111.9 million):** In his State of the Union message, the President announced that his FY 2005 budget would double the funding for abstinence education delivered in schools and community-based settings. These funds would be used to support a new Presidential initiative focused on educating teens and parents about the health risks associated with early sexual activity and to provide the tools needed to help teens make responsible choices. The major funding increase proposed for Community-Based Abstinence Education reflects a portion of the President's funding commitment by broadening the availability of abstinence education for adolescents.

- **Assisting States to Expand Services to Victims of Child Abuse and Neglect (+\$51.9 million):** The FY 2005 request for the Child Abuse State Grant and the Community-Based Child Abuse Prevention programs is \$107,015,000, an 82 percent increase over the FY 2004 Conference level. Child abuse and neglect continues to be a significant problem in the United States. One of the most important tools we have to use in eliminating the tragedy of child abuse and neglect is prevention. Providing an increase in funding to the State Grant program would assist states as they implement the prevention-related requirements of the Keeping Children and Families Safe Act of 2003. According to the most recent data from the National Child Abuse and Neglect Data System, states currently provide post-investigative services to approximately 58% of child victims of abuse and neglect, within an average of 48 days. An increase of \$20.1 million in the State Grant program would allow states to increase that percentage to 75% (if appropriate) and potentially decrease the number of days to service provision to 30, or increase services to other at-risk families, resulting in improved and timely child and family safety and stability.

In addition, the FY 2005 request for the Community-Based Child Abuse Prevention program would provide significant increases in child abuse and neglect prevention activities in order to satisfy the requirements of this newly-reauthorized program. The reauthorization strengthened evaluation provisions, requiring that states improve the capacity of programs to more effectively measure the impact of prevention services on target audiences and to use these evaluation data to improve services and programs. Greater efforts to support the meaningful involvement of parents through parent engagement and parent leadership would also be a focus of the increase in funding. It is estimated that over 184,000 families and over half a million children are served by these programs every year. An increase of \$31.8 million would increase the number of families served by this program by over 55,000 per year.

- **Strengthening Head Start (+\$168.7 million):** The Administration is committed to providing high quality, comprehensive child development services to children and families, while continuing our efforts to strengthen and enhance school readiness and the development of early literacy skills. This increased funding would be used to award all Head Start programs an increase in their FY 2004 funding level of 1.8 percent, which would offset inflationary increases and provide competitive salaries for classroom staff while maintaining FY 2004 enrollment levels. In addition, \$45 million is requested to support implementation of a pilot project which would allow up to nine states to coordinate their state Pre-K, Head Start and child care programs in a comprehensive system which would address the needs of low-income pre-school age children and their families. This pilot project would assess the extent to which states could increase coordination, reduce bureaucratic overlap and achieve more cost efficiencies if they were given a greater role in administering all the programs in their state focused on pre-school age children.
- **Increased LIHEAP Funding (+\$111.7 million):** In order to continue to provide home energy assistance, \$2,000,500,000 is requested for FY 2005, \$1,800,500,000 of that amount is for the LIHEAP Block Grant and \$200,000,000 is for the LIHEAP Contingency Fund. This increase would enable states to meet the increasing demands for LIHEAP assistance, ensure that low-income households are not without heating or cooling, and provide protection to our most vulnerable populations, the elderly, households with small children and person with disabilities.

Entitlement Programs:

- **Improvements in the Child Support Enforcement Program to Increase Medical Support for Children:** For FY 2005, ACF is proposing two legislative changes for the Child Support Enforcement program: (1) to improve the collection of medical child support by increasing the number of children who receive and maintain medical support coverage; and (2) by assuring that IV-D agencies receive notice of a child's loss of health insurance coverage and seek health insurance from either parent, more children will have access to continuous health coverage, which will result in healthier children and families.
- **Clarify Eligibility Criteria For Title IV-E Foster Care Maintenance Payments Related to "Home of Removal":** ACF is proposing to amend the Social Security Act to clarify that a child's title IV-E foster care maintenance payment (hereafter, "title IV-E") eligibility is linked inextricably to the custodial relative's home from which the child is removed and is based on whether the child would have been eligible for AFDC in that home as it was in effect on July 16, 1996. On March 3, 2003, the Court of Appeals for the 9th Circuit held in *Rosales v. Thompson* that a child living with a specified relative may be eligible for title IV-E foster care even though the child would not have been AFDC-eligible in the home from which he was legally removed. The *Rosales* decision contravenes the Department's long-standing interpretation of the Social Security Act stipulating that the child's AFDC eligibility is based upon the home (custodial relative) from which the child is removed, not the home of the interim caretaker. The Department never has interpreted the statute to mean that states may consider whether the child is AFDC eligible in *either* the home of the custodial relative from which the child is removed *or* the home where the child is living. As a result of the *Rosales* decision the federal government will be responsible for paying title IV-E foster care

maintenance payments for a new group of children who reside in states within the 9th Circuit. ACF proposes to amend the statute so that the statute and the Department's long-standing interpretation are clearly in full accord.

- **Increased Funding to Support Healthy Marriages and Family Development through the Temporary Assistance for Needy Families (TANF) Program (+\$40 million):** The Administration's welfare reform reauthorization includes the establishment of a Healthy Marriage and Family Formation Grant program and a Research, Demonstration and Technical Assistance fund primarily targeted to family formation and healthy marriage strategies. These new efforts originally were proposed with a \$100 million funding level for each initiative. Each of these initiatives is proposed to be funded at \$100 million in FY 2004 and the FY 2005 budget would increase the funding for each initiative to \$120 million a year for FY 2005 through FY 2009. These funding increases would be used to broaden the Administration's efforts to support healthy marriages and promote effective family formation.

STRATEGIC GOALS AND ACCOMPLISHMENTS

ACF is committed to working with our partners to focus on results by measuring performance and holding ourselves accountable for achieving results. Under the requirements of the Government Performance and Results Act and within the framework of Departmental goals, ACF strategic goals, objectives, and performance measures have been developed. The priorities reflected in the FY 2005 budget are in support of the four strategic goals in the ACF performance plan:

To accomplish this mission, ACF strives to achieve the following four strategic goals:

- **Strategic Goal 1 – Increase economic independence and productivity for families:** ACF assists families, particularly the most vulnerable, in achieving economic self-sufficiency and providing for their children's well-being. Key objectives include supporting job preparation and work, providing opportunities for independent living, ensuring parental responsibility, and offering child care subsidies targeted primarily to low-income families.
- **Strategic Goal 2 – Improve healthy development, safety, and well-being of children and youth:** ACF invests in opportunities for children and youth to enjoy stable, safe, and healthy years of growth, enabling them to become successful learners and productive adults. Primary outcomes include healthy marriages, safe environments, school readiness, and positive youth development.
- **Strategic Goal 3 – Increase the health and prosperity of communities and Tribes:** ACF believes that supportive communities and Tribes help families succeed. With its partners – including faith- and-community-based organizations, private organizations, and state and local government – ACF is committed to supporting strategies that build strong, stable, and supportive communities and tribes.

- **Strategic Goal 4 – Manage resources to improve performance:** ACF understands that positive outcomes for individuals, families, and communities can be achieved through building a more effective organization and has aligned its management objectives with the President’s Management Agenda and the HHS Strategic Plan. Major initiatives are underway in the areas of human capital, organizational development, electronic government, and financial management.

The FY 2005 Performance Plan identifies the performance measures that we will use to track our progress toward achieving strategic goals. The FY 2003 Performance Report highlights significant progress in such areas as: (1) improved economic independence of low-income families; (2) the quality of child care services, which helps low-wage working parents and their children; (3) increasing parental involvement and financial support of non-custodial parents in the lives of their children; (4) improving the healthy development and learning readiness of preschool children; and (5) increasing the safety and security of youth.