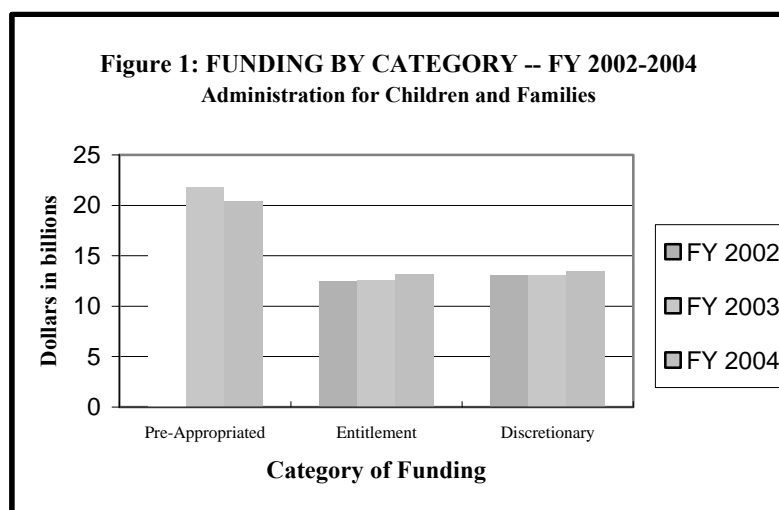


OVERVIEW OF THE FY 2004 BUDGET REQUEST ADMINISTRATION FOR CHILDREN AND FAMILIES

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 FY 2004 President's Budget request for activities administered by ACF is \$47.0 billion – \$405 million below the FY 2003 President's Budget level.



PREAPPROPRIATED AND ENTITLEMENT FUNDING

Approximately two-thirds of the ACF budget request in FY 2004 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, and the Child Care Entitlement. In FY 2004, approximately \$33.5 billion is requested for mandatory spending programs, a \$773 million decrease (-2 per cent) below the FY 2003 President's Budget.

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, including 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 \$13.4 billion in FY 2004 -- \$369 million (+2.8 per cent) above the FY 2003 President's Budget. The ACF budget request would support 1,472 full-time equivalent (FTE) positions in FY 2004 -- 40 FTE below the FY 2003 level.

HIGHLIGHTS OF THE FY 2004 BUDGET REQUEST

For FY 2004, the Administration is proposing to target resources in the following key areas:

Entitlement Programs:

- **Strengthening Services To Vulnerable Children Through An Innovative Child Welfare Program Option:** To strengthen services provided to these vulnerable children and further the goal of helping States develop a seamless system for child welfare services, ACF is proposing legislation to offer States an alternative to the current foster care entitlement program. Under this alternative system, States could choose to administer their foster care program within a fixed allocation of funds over a five year period if this approach would better support their unique child welfare needs. During this time, States would be given far greater flexibility in determining how best to use these funds in terms of services provided and populations served. The alternative program would encompass funding for the existing title IV-E foster care maintenance payments program and the associated administrative costs, including funding for the State Child Welfare Information Systems. Funding for the program would be cost neutral over five years. However, States would be able to receive up-front funding under the alternative option, and States that elect to use the alternative funding option and who experience emergencies affecting their foster care systems may apply for access to additional funding from the Temporary Assistance for Needy Families (TANF) Contingency Fund.
- **Improvements in the Child Support Enforcement Program to Increase Support to Families and to Increase Collections:** ACF is proposing legislation to enhance and expand the existing automated enforcement infrastructure at the Federal and State level and increase support collected on behalf of children and families. For example, proceeds from insurance settlements and gaming winnings will be subject to intercept for past due support and the process for freezing and seizing assets in multi-state financial institutions will be simplified at the Federal level. When combined with the opportunities to increase child support collections outlined in the President's FY 2003 budget (expanded passport denial, offset of certain Social Security benefits and mandatory review and adjustment of support orders) and the FY 2003 framework proposed for directing more of the support collected to children and families, over \$1 billion in increased support will be realized over five years as a result of the President's FY 2004 budget. Further, the FY 2004 budget request also recognizes that healthy families need more than financial support by seeking a \$2 million increase in funding for Access and Visitation grants to support and facilitate non-custodial parents access to and visitation with their children.

Discretionary Programs:

- **Increased LIHEAP Funding (+\$300 million):** In order to continue to provide home energy assistance, \$1,700,000,000 is requested for FY 2004, an increase of \$300,000,000 over the FY 2003 President's Budget. This increase will enable states to meet energy emergencies due to extremes in temperature, either during severe cold weather in the winter or sustained heat waves in the summer. This request will help 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 persons with disabilities.
- **Strengthening Head Start (+\$148 million):** The budget request for FY 2004 is \$6,815,570,000, an increase of \$148 million over the FY 2003 President's budget request. This increase, coupled with greater discretionary authority to allocate resources contained in our proposed Head Start reauthorization, will be used to maintain current service levels and to increase the Head Start children enrollment in FY 2004. In the Head Start reauthorization, we are proposing to strengthen the program by eliminating some of the extremely prescriptive provisions that have been added to the statute over the years in order to provide greater flexibility to target the dollars where they are needed most. Of particular note, we are proposing to change the current statutory set-aside for training and technical assistance from at least two percent of the total appropriation to up to two percent of the total appropriation, providing the Secretary with greater discretionary authority to allocate these resources each year in a manner that would maximize benefits to children and families.
- **Mentoring Children of Prisoners (+\$25 million):** This newly authorized Administration initiative would provide \$50,000,000 – an increase of \$25 million above the FY 2003 President's Budget level -- to provide competitive grants to State and local governments, Indian tribes and consortia, and faith and community-based organizations to mentor children of prisoners and those recently released from prison. The arrest and incarceration of a parent often results in traumatic separations for children, followed frequently by erratic shifts from one caregiver to another. These children are less likely than their peers to succeed in school and more likely to succumb to substance abuse, gangs, early childbearing, and delinquency. Children of incarcerated mothers are particularly vulnerable, as these children typically come from households where the mother was the sole provider, making placement in foster care more likely when the mother is in prison.
- **Additional Funding for the Domestic Violence Hotline (+\$843,000):** The FY 2004 request for the Domestic Violence Hotline is \$3,000,000, an increase of \$843,000 over the FY 2003 President's Budget. The increase addresses the need to answer more calls as well as to position the Hotline to properly respond to the "spike" in calls as various broadcast and public awareness activities impact their call numbers. The Hotline averages 300 to 400 calls a day; a response to a public awareness message or a program that publicizes the Hotline number can provide a "spike " of 400 to 500 calls within hours.

- **Targeted Reductions in the Community Services Block Grant, Rural Community Facilities Program, and Community Food and Nutrition Program (-\$88 million):** The budget request for FY 2004 reflects a lack of strong performance data for the CSBG program. The proposed reauthorization legislation includes measures that would generate more consistent performance data in future years for this program, and also ensure more accountability. Under this legislative proposal, non-performing grantees would lose their designation and be subject to a state-run award competition. In addition, funding is not requested for the Community Food and Nutrition Program and the Rural Community Facilities Program since these programs duplicate services provided by other programs.

STRATEGIC GOALS AND ACCOMPLISHMENTS

ACF is committed to working with our partners to focus on results by measuring performance and holding ourselves accountable to 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 2004 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.
- **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 2004 Performance Plan identifies the performance measures that we will use to track our progress toward achieving strategic goals. The FY 2002 Performance Report highlights the fact that ACF made significant progress in such areas as: (1) helping to improve the economic independence of low-income families; (2) continuing to promote access to quality child care services to help low-income 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.