

EARLY CHILDHOOD IN THE PRESIDENT'S FY 2013 BUDGET



On February 13, President Obama presented his \$3.8 trillion FY 2013 budget request to Congress, outlining his spending priorities for the coming year. Similar to the plan the Administration released in September, the budget focuses on reducing the federal deficit, proposing \$4 trillion in deficit-reduction measures with an additional \$1.2 trillion in savings from across-the-board cuts to federal programs. The budget also includes \$1.5 trillion in proposed tax increases targeting high-income earners. Overall funding for the Department of Health and Human Services (HHS) would increase by a modest \$300 million, up to \$76.4 billion in FY 2013. The President's budget includes a request of \$50.3 billion for the Administration for Children and Families, the agency within HHS that administers multiple early childhood programs that serve the youngest and most disadvantaged of America's children.

The President's commitment to early learning and development is reflected in proposed funding for programs for children from birth through age five, children with disabilities, and children who are English learners. The budget request also expands the focus on early learning and development from birth through third grade, supporting the crucial connection between high quality early development and learning, and later academic and social success.

The proposals in the President's budget most significant for early childhood programs are:

- **Child Care and Development Fund:** The President's request increases overall spending on child care by \$825 million over FY 2012 levels, for a total of \$6.0 billion. An increase of \$500 million would go to mandatory funding (Child Care Entitlement) and \$325 million is designated for discretionary child care funding (Child Care and Development Block Grant), bringing those levels to \$3.4 billion for mandatory and \$2.6 billion for discretionary. Of the \$325 million increase in discretionary spending, \$300 million would serve as an initiative to support childcare quality (rating systems to help parents locate high-quality child care programs and improvements in teacher quality). The new quality funds would be distributed to states on both a formula and competitive grant basis. Child care subsidies allow parents the peace of mind they need to find and afford quality childcare for their children while they work and high quality child care programs provide babies and toddlers with the developmentally appropriate care and early learning they need to successfully move on to the next critical stages of learning and development. The increase in funding for The Child Care and Development Fund would serve approximately 1.5 million children, an increase of 70,000 children who would not otherwise be served.
- **Head Start and Early Head Start:** Increases Head Start funding by \$85 million, bringing Head Start's total to \$8.05 billion. Of the increase, \$40 million is devoted to transition needs related to re-competition (under new rules announced by the President last November, Head Start programs not meeting certain quality benchmarks must compete for continued funding), and \$45 million to cost of living adjustments. Head Start and Early Head Start provides high quality and comprehensive early learning and development to disadvantaged children through educational, health, nutritional, social and other services to children and families. The funding in the President's request represents the continuation of services for approximately 962,000 children, including 114,000 infants and toddlers in Early Head Start.

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- **Home Visiting:** Requests \$400 million, an increase of \$50 million over the FY12 level, for evidence-based home visiting programs serving low-income families in at-risk communities.
- **Race to the Top Early Learning Challenge:** The President's budget would continue a focus on the newly created competitive Race to the Top Early Learning Challenge program, although the exact amount dedicated to early learning is not specified. Rather, it is included as one priority in the Race to the Top Program, with proposed funding of \$850 million, an increase of \$300 million over FY 2012 levels.
- **Early Intervention Programs for Infants and Toddlers with Disabilities (IDEA Part C):** The budget request provides an additional \$20 million over FY12 levels for IDEA Part C formula grants, for a total of \$462.7 million. This funding helps states provide services for infants and toddlers with disabilities from birth through age two.
- **Preschool Grants for Children with Disabilities (IDEA Part B):** Level funded at \$372.6 million, it helps states provide public education in the least restrictive environment for children with disabilities ages 3 through 5.
- **Title I Grants to Local Education Agencies:** Under the Elementary and Secondary Education Act, The President has proposed \$14.516 billion for Title I funding, the same as in FY 2012. School districts can use Title I funding to support early education programs for children birth to age five.

Other programs of note that have a critical impact on children in the early years:

- **Promise Neighborhoods:** Based on the Harlem Children's Zone model, Promise Neighborhoods provide a comprehensive birth through adulthood system of care, early learning, parenting, community education and support that has proven highly successful in improving educational achievement and life outcomes for children and families in low-income at-risk communities. The President's proposal provides \$100 million for Promise Neighborhoods, an increase of \$40.1 million over FY 2012 levels.
- **Social Services Block Grant:** Proposes \$1.8 billion for the Social Services Block Grant, level funded from FY 2012. This program offers a diverse range of social services to children and families, including child care.
- **Investing in Innovation:** Proposes \$150 million for this program seeking innovative and evidence-based strategies that improve learning, and includes improved early learning outcomes as one of its priorities for funding.
- **The Child and Dependent Care Tax Credit:** Expands the child and dependent care tax credit, which helps parents cover a portion of their childcare expenses. Families earning up to \$75,000 would be eligible for a tax credit equal to 35% of qualified childcare expenses up to \$3,000 for one child and \$6,000 for two or more children. The percentage would phase down to 20 percent for families earning above \$103,000. Currently, the percentage starts phasing down for families with incomes above \$15,000, so families with incomes between \$15,000 and \$103,000 could see an increase in their credit under this proposal. The proposal would not, however, make the credit refundable. So families with little or no federal tax liability would continue to receive little or no benefit from the credit.

It is important to remember that the President's budget represents only the Administration's wish list of priorities. Usually, it serves as a blueprint for Congress to consider as it begins the process of allocating federal dollars for spending on programs. However, given the contentious nature of election-year politics and the severe gridlock on Capitol Hill this year, it is unlikely that Congress will be able to reach agreement on appropriations legislation or make any serious headway on budgetary or deficit-reduction issues before November. No matter the outcomes of the elections, it is almost a certainty that Congress will be back in Washington for an end-of-year lame-duck session to tackle a host of pressing deadlines, not the least of which are the expiring Bush tax cuts and Budget Control Act-related across-the-board spending cuts.

While the political climate in Washington diminishes the immediate impact of the President's FY 2013 budget, we expect that many of the policy proposals and spending guidelines will be back on the agenda in 2012. As the budget season moves forward, First Focus will continue to urge Congress to maintain support for the programs that serve as lifelines for our nation's children, ensuring that their basic needs can be met. Deficit-reduction cannot and should not be undertaken at the expense of our children's health and well-being.