

INCOME SUPPORT 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 income support programs that serve the America's children.

The President's budget request contains a number of items that support the economic security of families with children. Because spending on income support programs is mandatory, however, the resources dedicated to this area of the President's budget are generally projections of what will be spent, rather than reflections of conscious policy decisions. Where there are notable policy changes for particular programs, these proposals are noted.

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NOTABLE INCOME SUPPORT PROGRAMS¹

- **Temporary Assistance to Needy Families (TANF)**
President's budget request: \$12,813,801,000; increase of \$360,687,000.
- **Child Support Enforcement**
President's budget request: \$3,873,000,000; increase of \$4,000,000.

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NOTABLE INCOME SUPPORT PROPOSALS

- **State Paid Leave Fund:** The President's budget proposes the creation of a \$5 million fund within the Department of Labor that would provide technical assistance to states that want to establish paid leave programs.
- **Child Support Enforcement:** The President's budget does not restore the full federal match funding for this program that was lost in the 2005 Deficit Reduction Act, but it does include \$1.37 billion over ten years to support states in passing through child support payments directly to families receiving TANF assistance, rather than retaining these funds as reimbursement for public assistance. The budget request also includes \$530 million over ten years for access and visitation services.
- **Temporary Assistance for Needy Families (TANF):** The President's budget maintains level funding for the TANF program at \$17.4 billion for FY13, but – importantly – restores the Supplemental Grants eliminated in a mid-2011 temporary funding extension by redirecting \$319 million from the Contingency Fund. The Supplemental Grants were designed to help address TANF's funding formula

inequity, functioning as add-on payments to 17 states that had relatively low spending per person in poverty or had experienced high population growth in the period leading up to the mid-1990s creation of the TANF program..

- **Family Tax Credits:** The President's budget calls for the permanent extension of improvements made over recent years to a number of tax credits that benefit families with children.
- **Child Tax Credit (CTC):** The budget request would make permanent the current improvements to the CTC, as first passed in the American Recovery and Reinvestment Act in 2009 and temporarily extended in the tax deal of December 2010. The CTC would be permanently established as a refundable credit (starting at an income threshold of \$3,000) worth up to \$1,000 per child.
- **Earned Income Tax Credit (EITC):** The budget request would also make permanent the current improvements to the EITC, which have increased its value and made it more accessible to larger working families with three or more children. The EITC would be permanently established as a fully refundable credit (with no income threshold).

It is important to remember that the President's budget represents only the Administration's wish list of priorities, providing 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, there is likely to be an end-of-year lame-duck Congressional 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.

As the budget season moves forward, First Focus continues to urge Congress to maintain support for the programs that serve as lifelines for our nation's children and ensure their basic needs are met. Deficit reduction efforts cannot and should not be undertaken at the expense of our children's well-being.

¹ Note: figures represent portions dedicated to children and compare to FY2012 appropriated levels.