

# HOUSE BUDGET COMMITTEE PROPOSAL JEOPARDIZES BILLIONS IN CHILDREN'S FUNDING



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This fact sheet looks at the House Fiscal Year 2013 (FY13) budget resolution as it affects America's children. While some details are still unknown, it is clear that this proposal will dramatically cut federal investments in children.

## MANDATORY BUDGET

### Cuts to Mandatory Initiatives

	Cuts over 10 Years	Share to Kids	Potential Cuts to Kids
Medicaid	\$810 billion	20%	\$162 billion
SNAP	\$122.5 billion	47%	\$57.6 billion
	Cuts over 2 Years*	Share to Kids	Potential Cuts to Kids
CHIP <sup>1</sup>	\$28.9 billion	100%	\$28.9 billion

\*The cuts to the Children's Health Insurance Program are scheduled for 2014 and 2015.

Overall, mandatory funding makes up nearly two thirds of all federal investments that help children. More than 60 percent of those help support children's health and nutrition. The House resolution proposes significant cuts to mandatory investments in kids. Children's health and nutrition, in particular, would suffer from cuts to Medicaid, CHIP, and the Supplemental Nutritional Assistance Program (SNAP). For Medicaid, a cut of \$810 billion over 10 years would result in a loss of nearly \$162 billion for children's health coverage and the two year cut in the Children's Health Insurance Program (CHIP) would be nearly \$29 billion. The proposed repeal of the Affordable Care Act would also contribute to the cut in children's health.

In its analysis of the House budget, the Congressional Budget Office (CBO) estimates that the effects of the cuts in children's health would reduce funding for Medicaid and CHIP by as much as 78 percent, compared to current projections. This would force states to increase their own health care spending or deny health care to children. Given the fiscal situation in most states, cutbacks are most likely. According to CBO, these cutbacks would include CHIP and Medicaid eligibility restrictions, rationing of the care children can receive, and lower payments to providers – all of which would make it harder for children to get the care they need. Children are the most cost-effective population to insure, so making children uninsured is an inefficient way to balance the budget with a high cost to children's health and families' economic stability.

A SNAP cut of \$122.5 billion over 10 years would result in a loss of \$57.6 billion for child nutrition. SNAP provides the nutritious food children need to grow up healthy and concentrate on school. This cut would deny wholesome food to millions of children. Proposed changes to Supplemental Security Income and the Temporary Assistance for Needy Families (TANF), of which children receive 75 percent of funding, could weaken parents' ability to meet children's basic needs, like shelter, clothing, and school supplies. Other mandatory cuts are likely to impact kids, some of which are discussed below.

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<sup>1</sup> The CBO 2012 baseline estimates CHIP spending at \$40.3 billion total in 2014 and 2015. Under the proposed repeal of the Affordable Care Act, CHIP spending falls to \$11.4 billion during that time.

## DISCRETIONARY BUDGET

### Potential Impact on Federal Discretionary Investments in Children

	FY12	House FY13	Change	% Change
Total Discretionary Funding	\$1.043 trillion	\$1.028 trillion	-\$19 billion	-1.8%
Non-Defense Discretionary Funding	\$501 billion	\$474 billion	-\$27 billion	-5.4%
Discretionary Funding for Kids <sup>2</sup>	\$77.37 billion	\$73.19 billion	-\$4.18 billion	-5.4%

The remaining one-third of federal investments in children comes from the federal government's discretionary budget. The House budget resolution calls for a reduction in FY13 discretionary funding by \$19 billion overall. However, because defense spending in FY13 increases by 7 percent, non-defense spending actually drops by more than \$27 billion. If applied proportionally, this 5.4 percent drop would mean a cut of \$4.2 billion to investments in kids for FY13. This in addition to the final bills in FY11 and FY12, when for the first time in history, discretionary funding for kids was cut two years in a row, dropping almost \$2 billion.

Based on currently available information, the House budget calls for the elimination of initiatives like the Corporation for National and Community Service and the Social Services Block Grant, as well as countless other education programs not specifically named. These alone amount to a cut of more than \$1.4 billion for kids. The low overall discretionary funding cap and the priority placed on increased defense spending means that the list of children's initiatives on the chopping block will grow as the budget process advances.

## PENDING SEQUESTER

The House budget eliminates the nearly \$97 billion in across the board cuts, or sequester, set to take effect on January 1, 2013. In the process, it eliminates protections for all children's investments, while fully shielding defense spending from any cuts. It leaves in place nearly \$1 trillion in long-term discretionary cuts.

To protect defense spending in FY13, the resolution gave six House committees reconciliation instructions to make \$18.4 billion in mandatory spending cuts for next year, and nearly \$313 billion in cuts through 2022. Three of the six committees, listed below, reached their target through deep cuts to children.

Committee	Children's Initiatives Cut	Cuts FY12 to 22	Cuts to Kids - FY12 to 22
Agriculture	SNAP	\$36 billion	\$16.9 billion
Energy & Commerce	CHIP, Medicaid, & Affordable Care Act	\$113 billion	Data Unavailable
Ways & Means	Child Tax Credit & Social Services Block Grant	\$53 billion	\$24.3 billion
<b>Total</b>		<b>\$202 billion</b>	<b>\$?</b>

The Agriculture Committee's cuts to SNAP could take benefits away from 2 million recipients and kick nearly 300,000 kids off of free and reduced price lunch. Though it is unclear the exact amount of the Energy and Commerce cuts that fall directly on children, nearly 14 million children could lose their health insurance because of the proposed changes. The Ways and Means Committee proposal to eliminate the Social Services Block Grant means 4 million children could lose access to child care, 1.7 million children could lose access to protective services, and 451,000 children would be denied foster care. Proposed changes to the Child Tax Credit could prevent 5.5 million children and their families from receiving this important credit.

These mandatory cuts come on top of the already low discretionary levels that will result from sequestration. The caps, coupled with rising defense spending, will mean harsh cuts to investments for kids in the years to come.

<sup>2</sup> The FY13 figure is based off a proportional application of proposed cuts. The actual amount could be significantly higher or lower.

## **CONCLUSION**

At a time when nearly one in every four children in America lives in poverty, our government should be fully investing in, and not cutting, kids. Already, federal investments in children are less than 10 percent of total government spending – an alarmingly small commitment to 25 percent of the nation’s population. Under this budget resolution, that share drops even further. A budget built on the backs of children is a move in the wrong direction.