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Senate Budget Much Better for Kids than House

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Though not yet finished with funding levels for Fiscal Year 2013, legislators in the House and Senate have introduced budget plans for Fiscal Year 2014. This document will provide a comparison of the budgets passed by the House and Senate Budget Committees, looking at four key areas that impact children's well-being:

1. Health
2. Nutrition
3. Sequestration & Non-Defense Discretionary investments like Education
4. Tax Credits

Budgets can be viewed as statements of values and it will be clear in this comparison that the Senate budget puts a higher value on investments in children.

INVESTMENTS IN HEALTH

Federal investments in children's health go a long way in helping kids grow-up strong and happy. Medicaid and the Children's Health Insurance Program (CHIP) together help provide health services for nearly one third of the nation's children. Nearly half of all Medicaid beneficiaries are children, despite the fact that they only make up 20 percent of the cost.

House Budget	Senate Budget
• Turns Medicaid into a block grant, **cutting $810 billion over the next 10 years, resulting in a cut of more than $160 billion to children's health.** Last year the Urban Institute estimated that a very similar proposal in the House budget **would result in 14 to 21 million individuals losing Medicaid coverage by 2022.**[1] • Defunds the Affordable Care Act (ACA), making it harder for low-income and middle class families to get health coverage. In last year's analysis, the Congressional Budget Office found that the ACA cuts would cause states to make considerable cutbacks including **CHIP and Medicaid eligibility restrictions, rationing the care children receive, and lower payments to providers – all of which would make it harder for children to get the care they need**.	• **Protects investments in Medicaid, CHIP, and the ACA** and highlights their importance for children. The budget plan also explicitly recognizes that half of the beneficiaries in Medicaid are children.

INVESTMENTS IN NUTRITION

One in every five children in America faces the possibility that they or a family member will not have enough food to eat tomorrow. Investments in child nutrition are critical to providing the help families need to put food on their tables. Nearly half of all resources in the Supplemental Nutrition Assistance Program (SNAP) go to children. **In 2011, SNAP alone helped lift 2.1 million children out of poverty.**[2]

Contact: Jared Solomon, Senior Director – Budget Policy
jareds@firstfocus.net | 202.657.0679 | www.firstfocus.net

House Budget	Senate Budget
• Turns SNAP into a block grant and changes eligibility requirements, **cutting $135 billion over ten years. This would result in a cut of more than $63 billion to kids**. These cuts and changes would jeopardize the food security of millions of children.[3] • Leaves in place the harmful sequestration cuts that will have a dramatic impact on the Special Supplemental Nutrition Program for Women, Infant, and Children (WIC). **The sequester cuts alone could result in 600,000 mothers, infants, and children losing nutrition assistance**.	• **Protects investments in SNAP and WIC**. The budget plan explicitly recognizes the importance of these programs for children and strongly supports their role in reducing hunger.

SEQUESTRATION & NON-DEFENSE DISCRETIONARY INVESTMENTS LIKE EDUCATION

Discretionary investments make up one third of all federal money that goes to children. These crucial investments include things like Head Start and child care assistance, special education services and help for low income students, as well as child abuse prevention and housing supports that prevent homelessness. **Discretionary investments provide some of the biggest bang for the buck, particularly in early childhood, where studies show a return of seven dollars for every one dollar spent.**[4] From 2010 to 2012, **discretionary investments for kids have already been cut by $2 billion dollars**, and they are expected to drop further in 2013.[5]

House Budget	Senate Budget
• Leaves in place and **extends harmful sequestration cuts that proportionally could cut investments to kids by more than $40 billion over 11 years**. These cuts fall heavily on investments in education, early childhood, and children's housing.[6] • Cuts non-defense discretionary spending by an additional **$650 billion over 10 years** by shifting all the scheduled cuts in defense spending onto non-defense areas. Applied proportionally, **these additional cuts could cost kids another $72 billion**.[7] • By protecting defense spending, in total, the House budget cuts non-defense discretionary investments **by nearly $1 trillion below the Budget Control Act over 10 years, meaning kids lose $112 billion**	• **Eliminates sequestration**, including the restoration of all cuts currently in effect. This alone would **restore more than $4 billion in investments for kids for Fiscal Year 2013**. • Further lowers non-defense discretionary spending caps by $150 billion. Applying this reduction proportionally, this would result in a $17 billion reduction in funding for children's initiatives. However, the budget proposal emphasizes the importance of early education, child care, child nutrition, as well as other areas suggesting the intent to protect critical investments in children.

TAX CREDITS

The Child Tax Credit (CTC) and Earned Income Tax Credit (EITC) are two of the most effective anti-poverty investments for working families with children. **Combined, these credits lift 5 million children out of poverty annually. In 2009, Congress passed significant improvements to these credits, which alone kept nearly 1 million kids from poverty in 2011.**[8] The American Tax Relief Act, of January 2013 extended these credits with the improvements through 2017. With more than one in every five children in poverty, preserving these improvements is vital.

House Budget	Senate Budget
• Assumes the improvements will expire in 2017 and does not extend them.	• Calls for the improvements to be made **permanent**.

In addition to the categories above there are several other sharp distinctions between the budget plans that impact kids. The House budget also calls for significant cuts in mandatory programming, much of which serves low income children. Initiatives like Supplemental Social Security, which helps disabled and orphaned children, and Temporary Assistance for Needy Families are likely to be cut. The House budget also includes reconciliation instructions to eight committees calling on them each to produce legislation that saves at least $1 billion. **While details are unclear at this point, similar instructions last year resulted in at least another $40 billion in cuts to investments for kids over 10 years, including ending access to the CTC for up to 5.5 million kids**.[9]

The Senate budget includes no such reconciliation instructions and does not call for any additional substantial cuts in mandatory initiatives that impact children. **The Senate budget does sets aside an additional $100 billion worth of stimulus investments. Though still not detailed, the budget calls for a large part of the stimulus to be invested in rebuilding schools, new education and training initiatives, and a broad expansion of high quality early childhood initiatives**.

CONCLUSION

While the Senate budget plan is not perfect, it clearly places a higher value on investments in children than the House plan. The Senate plan shows it is possible to deliver fiscal progress while still investing in our children. As Congress continues with the budget process, it is important for them to remember that investments in children make up less than 8 percent of the entire federal budget. Children are not the cause of our fiscal imbalance, and cutting the investments that help them grow is a poor decision.

The right budget for our nation is one that provides appropriate investments in our children's healthcare, housing, nutrition, and education. Every child deserves the chance at the American dream.

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[1] Children make-up 20 percent of the overall costs of Medicaid, which applied proportionally, equals the cut to children's investments.
[2] CBPP (March 15, 2013) Ryan Budget Would Slash SNAP Funding By $135 Billion Over Ten Years." http://www.cbpp.org/cms/index.cfm?fa=view&id=3923#_ftnref17
[3] Children make up 47 percent of the overall costs of SNAP, which applied proportionally, equals the cut to children's investments.
[4] Heckman, James. Journal of Public Economics. "The Rate of Return to the HighScope Perry Preschool Program." 18 November 2009.
[5] First Focus (June 27, 2012) "Children's Budget 2012." http://www.firstfocus.net/cb2012
[6] Non-defense discretionary investments in children make-up 11.2 percent of all non-defense discretionary investments. Applied proportionally to the extended sequestration baseline as well as scheduled cuts for FY13 gets you to over $40 billion.
[7] Shifts the $55 billion each year for 10 years from the defense sequestration and shifts additional Pell resources onto the non-defense discretionary ledger.
[8] CBPP (February 1, 2013) "Policy Basics: The Child Tax Credit." http://www.cbpp.org/cms/index.cfm?fa=view&id=2989
[9] First Focus (April 20, 2012) "House Budget Forces Deeper Cuts to Child Tax Credit, Child Care, and Child Welfare." http://www.firstfocus.net/library/fact-sheets/house-budget-forces-deeper-cuts-to-child-tax-credit-child-care-and-child-welfare