

On April 10, 2013, President Obama released his Fiscal Year 2014 budget request, outlining his spending priorities for the coming year. Undoing federal budget sequestration and reducing the deficit through an approach that balances targeted spending cuts with revenue proposals are centerpieces of the proposal, which nets an additional \$1.8 billion in deficit reduction over the next 10 years. Despite deficit reduction, increased investments and new early childhood initiatives are a primary piece of the proposal. This is a bold new plan to provide comprehensive services for children from birth to age five, paid for in part by an increase in the tobacco tax of 94 cents per pack of cigarettes that raises \$78 billion over 10 years.

The plan's centerpiece is a new state-federal partnership to provide high quality pre-K to low- and moderate-income four-year-olds. It also increases investment in child care and Head Start, including a new child care-Early Head Start partnership, and extends evidence based voluntary nurse home visiting. With this proposal the President shows his commitment to children's learning and development in the early years. Key early childhood proposals include:

- **Preschool for All:** The President requests \$1.3 billion in FY2014 to launch a 10-year, \$75 billion mandatory investment to support state initiatives to provide high quality pre-K for 4-year-olds from low- and moderate-income families. This funding would be available to states with public pre-K that meets quality requirements (such as class size and teacher to student ratios, curriculum requirements, and offering on-site comprehensive services) based on the relative share of 4-year-olds in families living below 200 percent of the federal poverty line. The federal share in the first year would be 90 percent of the total cost and a 10 percent state match, with the federal share decreasing incrementally each year to 25 percent in 10 years. The state share would be lower for states that serve a high proportion of low- and moderate-income children and make pre-K available to 4-year-olds in middle-income families. If a state already provides universal pre-K to 4-year-olds from low- and moderate-income families, this money could be used to expand full-day high quality kindergarten to children living below 200 percent of poverty. If a state already provides full day kindergarten, this money could be used to expand pre-K to 3-year-olds living below 200 percent of poverty. This would be the federal government's largest investment in pre-K but would allow states the flexibility to create or expand high quality pre-K initiatives that are best for that state. In doing so, this proposal would ensure that more children across the country are ready to learn when they enter kindergarten. Preschool for All would be paid for by the tobacco tax hike, which has the additional benefit of lowering youth smoking rates.
- **Preschool Development Grants:** The President's budget includes a request for a \$750 million discretionary investment in FY2014 for competitive grants to states to create or expand high quality pre-K initiatives for 4-year-olds from low- and moderate-income families. These grants would be used to build capacity for high quality pre-K, such as building pre-K facilities and workforce development. They would be available to states that have no state-funded pre-K or only a small pre-K initiative and to states that want to improve the quality of their pre-K efforts or expand local examples of high quality pre-K to serve as models for Preschool for All.
- **Early Head Start-Child Care Partnerships:** The president requests \$1.4 billion of discretionary funding in FY2014 for new competitive grants for existing and new Early Head Start programs that partner with child care providers that meet Early Head Start quality requirements and serve a high number of children from birth to age 3 with child care subsidies. This investment would enroll approximately 110,000 children, nearly doubling current enrollment in Early Head Start. By increasing the number of slots for infants and toddlers in high quality full-day and full-year child care, offering comprehensive services, and preparing children for the transition to pre-K, this initiative helps ensure children's healthy development while meeting the needs of working families.

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- **Head Start:** In addition to the above investment, the President requests an additional \$222 million over FY2013 funding levels to fund a cost-of-living increase for grantees and continue serving children currently enrolled, including \$25 million to continue recompetition for grants for low performing grantees.
- **Research-Based Voluntary Nurse Home Visiting:** The President requests \$400 million in FY2014 and \$15 billion over 10 years in mandatory funding for voluntary nurse home visiting. This represents a major extension of this initiative that will be funded by the increased tobacco tax.
- **Child Care and Development Fund:** The President requests a total of \$5.9 billion for child care in FY2014. This includes \$3.4 billion in mandatory funding for the child care entitlement; a \$500 million increase in FY2014 and a \$7 billion increase over 10 years. The other \$2.5 billion is discretionary funding for the Child Care and Development Block Grant (CCDBG) and represents a \$200 million increase in FY2014. Of the \$2.5 billion of discretionary funding, \$200 million is reserved for competitive grants to states to help improve quality of child care through improved Quality Rating and Improvement Systems (QRIS), better monitoring, and more transparency for parents. Child care subsidies allow parents the peace of mind they need to find and afford quality child care 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 President's requested increase for child care subsidies means approximately 100,000 additional children would receive child care subsidies, bringing the total to about 1.4 million children.
- **Early Intervention for Infants and Toddlers with Disabilities (IDEA Part C):** The President's budget requests an additional \$20 million for FY2014, for a total of \$462.7 million to help states provide services for infants and toddlers with disabilities from birth through age two. The increased investment would raise the average state allocation by over \$300,000 and enable states to provide early intervention services to an addition 360,000 infants and toddlers.
- **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 three through five.

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

- **Promise Neighborhoods:** Promise Neighborhoods provide a comprehensive cradle to career 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 \$300 million for Promise Neighborhoods, a significant increase of \$240 million over FY 2013.
- **Child and Dependent Care Tax Credit:** Expands the child and dependent care tax credit, which helps parents defray the high cost of child care, by increasing the credit available to families with income between \$15,000 and \$103,000.
- **Social Services Block Grant:** Proposes \$1.7 billion for the Social Services Block Grant (SSBG), \$102 million less than FY 2013, not including the Sandy Supplemental for states impacted by Hurricane Sandy. The SSBG offers a diverse range of social services to children and families, including child care.
- **Investing in Innovation:** Proposes \$215 million, \$50 million more than FY2013, for this initiative seeking innovative and evidence-based strategies that improve learning, and includes improved early learning outcomes as one of its priorities for funding.

The President's budget only represents the Administration's wish-list for funding, and it remains up to Congress to agree to a budget and to appropriate funding. Still, the unprecedented major investments in a continuum of services from birth to age

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five show that early childhood is a priority for the administration. Their approach also shows that enhancing important investments in children should be done even in this tight fiscal climate, and can be fiscally responsible. Additionally, the benefits of raising the tobacco tax to fund a broad new pre-K initiative and to extend nurse home visiting are twofold: decreasing smoking rates, especially among youth, and providing essential early learning and development opportunities to low- and moderate-income children who are otherwise often left out.

Funding for early childhood in the Administration's proposed budget shows that deficit reduction need not be undertaken at the expense of our children's health and wellbeing and that we can and should invest more in children in the early years without adding to the deficit.