

On February 2, President Obama presented his budget request for fiscal year 2016 (FY16) to Congress, outlining his spending priorities for the coming year. The budget reflects the challenges posed by the federal budget caps as well as the financial realities in Washington.

Even with the difficult fiscal situation, the President has chosen to make kids a priority. The budget proposes to eliminate sequestration for non-defense discretionary programs in FY16, resulting in an increase of \$37 billion in non-defense discretionary spending. Unfortunately, even with this increase, discretionary investments for kids are still below pre-sequester levels.

This fact sheet will look in greater detail at policy proposals in the budget that impact the economic security of families with children. Because spending on income supports for 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, those proposals are noted.

Notable Income Support Programs

- **Temporary Assistance for Needy Families (TANF):** The President's budget requests an extension for TANF beyond September 30, 2015 and maintains funding at \$16.5 billion for FY16.
- **Child Support Enforcement:** The President's budget requests \$4.1 billion, a slight increase from FY15.
- **Social Services Block Grant (SSBG):** The President's budget requests \$1.7 billion, an increase from FY15. \$850 million goes to children. Services funded by SSBG include child day care and protective services.

Notable Income Support Proposals

- **Temporary Assistance for Needy Families (TANF):** The President's budget proposes taking \$10 million of TANF's \$608 million contingency funds for program improvements, technical assistance to states, monitoring, research and evaluation. It also proposes to redirect Pathway to Jobs funds to support work opportunities through subsidized employment for youth as well as low-income parents and guardians.
- **Child Support Enforcement:** The President's budget includes several areas of reform, many which are a continuation from his previous budgets but some that are new. This includes \$2.8 billion over 10 years to modernize the program and promote responsible fatherhood, with some of these funds affecting other programs such as Medicaid and foster care. Some specific proposals include:
 - A \$1.3 billion investment over ten years to support payments directly to families receiving TANF assistance, rather than retaining these funds as reimbursement for public assistance;
 - A \$448 million investment over ten years for access and visitation services;
 - \$476 million over ten years to require child support payments made on behalf of foster care children be used to promote the best interests of the child rather than offset state costs;
 - \$1 billion over ten years for a research fund that would build upon efforts to increase family engagement and child support collections.

- **Social Services Block Grant (SSBG):** There is a request of an additional 1.5 billion for the Upward Mobility Project, which will award grants to 10 states to allow them more flexibility to use funds from up to four federal block grants to improve educational and other outcomes for children as well as assist communities to provide new opportunities for families.
- **Family and Medical Paid Leave:** The President's budget proposes a new and significant investment to encourage states to create paid family and medical leave programs, which would not only provide paid leave programs for millions of American workers, but also help to pave the way for a much-needed national program. The budget proposes more than \$2 billion in new funds for states to create their own programs, including:
 - \$2.2 billion in mandatory funding that would reimburse five states up to three years for costs associated with implementing a state paid leave program;
 - \$35 million in grants to states for building an administrative infrastructure to launch a program in the future;
 - The Department of Labor will also use \$1 million of existing funds for grants to 6-10 states to conduct paid leave feasibility studies.
- **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).
 - Also, the President's FY 16 budget would double the maximum EITC benefit for childless workers – doubling the credit to \$1,000 from its current \$500, while also raising the income limit to qualify for the credit from less than \$15,000 to almost \$18,000. First Focus believes that any expansion of EITC for childless adults needs to protect, or even enhance, the current provisions that help families with children.
 - **Child and Dependent Care Tax Credit (CDCTC):** The President's FY 16 budget triples the maximum CDCTC for families with children under age five and makes the full CDCTC available to families with incomes of up to \$120,000, benefiting families with children. The White House estimates that these child care tax reforms would benefit 5.1 million families, helping them cover costs for 6.7 million children.
 - **Second Earner Tax Credit:** When both spouses work, a family incurs additional costs in the form of child care, transportation and other expenses. To address these challenges, the President's FY 16 budget proposes a new \$500 "second earner" tax credit, which the White House estimates will benefit 24 million dual-earner couples.

It's important to recognize that the President's budget represents the Administration's wish list of priorities and not the force of law. It provides a blueprint for Congress to consider as it begins the process of allocating federal dollars for the coming fiscal year. With the current composition of Congress, we expect Congress's spending priorities to look different from the President's.

As the President (and other political leaders from both parties) consider various and significant reforms to reduce poverty and reform the tax code, they must ensure that children and families are prioritized.

Every child deserves the opportunity to grow-up healthy, happy, and well educated. First Focus urges Congress to fully invest in the initiatives that serve as lifelines to our nation's children, many of which are at risk because of our fiscal situation. Deficit-reduction cannot and should not be at the expense of our children's well being, our nation's future depends on it.