

## The President's 2016 Budget

### Setting the Stage for Early Childhood Investments that Pay Large Dividends in the Future

March 2015

President Obama's fiscal year 2016 budget request sets forth a bold vision and clear pathway for promoting the early health and development of our nation's children and families, beginning with family support for pregnant women and families through evidence-based home visiting to expanded access to and high quality of childcare for working families to the promotion of full-day Head Start programs and universal preschool for all children 4 years of age residing in moderate- to low-income households. The budget reflects the growing and compelling body of evidence that demonstrates the effectiveness of early childhood programs on the health, development, and educational achievement of children.

These benefits not only produce positive outcomes for children and families, but save scarce taxpayer resources. For every dollar invested in high quality early childhood programs, society saves \$4 to \$10 in costly health, educational and economic disparities that could be prevented. Early childhood programs hold the key to closing the achievement gap and securing our economic future. In order to make worthy investments in early childhood development, the President's budget request sets funding levels above the federal budget caps set forth as a result of sequestration. The budget request highlights the important need for Congress to eliminate sequestration to pave the way for increased funding for critical policy initiatives that improve the lives of children and secure our economic prosperity.



## Childcare

"It's time we stop treating childcare as a side issue, or a women's issue, and treat it like the national economic priority that it is for all of us." – President Obama, State of the Union Address, January 20, 2015

Childcare is a national issue, impacting the ability of parents to work to provide for their families, and presenting enormous opportunities to stimulate the youngest minds during the early and most critical stages of brain development. The President's three-part plan seeks to expand access to childcare for millions of children while increasing its safety and quality. The three-part plan includes the following components:

- **Tripling the Child and Dependent Care Tax Credit:** The Child and Dependent Care Tax Credit is a non-refundable tax credit for unreimbursed childcare expenses for working families. Currently the credit is limited to a range of 20 percent to 35 percent of the \$3,000 for each child or dependent under age 13. The average credit per family in the range of \$550 per year and very few families qualify for the maximum credit. The President's plan would significantly expand the credit in two important ways: (1) it would allow working families to claim a 50 percent credit for up to \$6,000 of expenses per child under age 5; and (2) it would make the full credit available to most middle-class families with incomes of up to \$120,000. These tax credit expansions would provide meaningful assistance to working families to afford childcare.
- **Expanding Access to Childcare with Increased Funding for the Child Care and Development Fund (CCDF):** Authorized by the Child Care and Development Block Grant, the CCDF provides funding to states and territories to assist low-income families in obtaining childcare so they can work or attend training or education. In 2013, approximately 1.46 million children received childcare subsidized through the CCDF, which represents just 18 percent of the children eligible to receive

assistance under federal guidelines. The President's plan would expand funding by \$82 billion over 10 years. The plan would increase mandatory funding from \$2.917 billion to \$6.582 billion, and increase discretionary funding from \$2.435 billion to \$2.805 billion to ensure all low- to-moderate income families with incomes at or below 200 percent of the Federal Poverty Level with children under age 3 have access to a subsidy to pay for childcare. The plan would increase access to childcare for one million children, ultimately reaching 2.6 million children by 2025. The plan would also require states receiving funding to design sound plans to build the supply of quality childcare providers.

- **Creating an Innovation \$100 Million Competitive Grant Program for Families with Unique Needs:** The President's plan would establish an innovative competitive grant program to help states better design programs that help families facing unique challenges in finding quality childcare, such as families with special needs children and families in rural communities.

## Early Childhood Learning

- **Reforming and Expanding Head Start:** Funded at 8.6 billion annually, the federal Head Start program provides comprehensive early education, health, nutrition and parent involvement services to low-income children and families. The President's plan would increase funding to \$10.1 billion to expand Head Start to full-day (six hours) and full-year (170 days per year) services. The proposal would also increase funding for the Early Head Start-Childcare Partnerships by \$150 million to \$650 million to expand high quality early care for infants and toddlers.
- **Expanding Preschool Development Grants:** Preschool Development Grants support states' efforts to build or enhance the infrastructure of preschool programs to support high quality preschool services and to expand high quality preschool in targeted communities. The President's proposal would increase funding by \$500 million, bringing the total funding to \$750 million. The increased funding will allow federal funding to support grant awards in 40 states.
- **Preschool for All:** For the third year, the President's plan proposes a bold \$75 billion investment over ten years to make preschool available to all 4-year-olds in low-income families. This initiative would be paid for by an increase in tobacco tax.
- **Expanding Funding for the Maternal, Infant and Early Childhood Home Visiting Program:** The Maternal, Infant and Early Childhood Home Visiting Program (MIECHV) provides funding to states, territories, and tribes to fund primarily evidence-based home visiting services that have been proven to improve the early health, education, and economic self-sufficiency of children and families. MIECHV, which is currently entering its fifth year of operation, supports home visiting for over 115,000 children and families in all 50 states, the District of Columbia, five territories, and numerous tribes and tribal organizations. The President's plan would increase current funding for the MIECHV Program by \$100 million, bringing the annual allocation to \$500 million for FY 2016. From 2016 through 2024, the plan would expand mandatory funding by \$15 billion.
- **Grants for Infants and Families program (Part C under the Individuals with Disability Education Act):** The Grants for Infants and Families program (Part C) awards formula grants to the 50 States, District of Columbia, Puerto Rico, Secretary of the Interior, and Outlying Areas to assist them in implementing statewide systems of coordinated, comprehensive, multidisciplinary, interagency programs and making early intervention services available to children with disabilities, aged birth through 2, and their families. Under the President's plan, Part C would be increased by \$65 million to \$504 million.
- **Preschool Grants (Part B, Section 619 of the Individuals with Disabilities Education Act):** The President's plan would increase funding for this program by \$50 million to \$403 million. This program provides funding for states to support special education and related services to disabled children age 3 through 5.