

# BIG INVESTMENTS FOR KIDS IN THE PRESIDENT'S BUDGET

By First Focus Staff | Contact: [carab@firstfocus.org](mailto:carab@firstfocus.org)  
February 2016

On February 9th, President Obama presented his final budget request for fiscal year (FY) 2017 to Congress, outlining his spending priorities for the coming year. As in years past, the president has chosen to make kids a priority and requested large investments for children to improve their physical, mental, and economic well-being.

While the *Bipartisan Budget Act of 2015* restored spending for non-defense discretionary programs by eliminating many of the sequestration budget cuts for fiscal years 2016 and 2017 and raising spending caps, discretionary investments for kids are still below pre-sequester levels.

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.

Every child deserves the opportunity to grow up healthy, happy, and well educated. First Focus urges Congress to fully invest in these initiatives that serve as lifelines to our nation's children.

## Health

The president's budget extends the **Children's Health Insurance Program** (CHIP) funding through FY 2019, aligning federal CHIP funding with CHIP's authorization period.

It makes permanent the **Express Lane Eligibility** (ELE) option for states. ELE is designed to improve coverage for eligible, but unenrolled children in CHIP and Medicaid. In states that take up the ELE option, state Medicaid and CHIP agencies are permitted to use eligibility findings from other public programs, such as Head Start, the Supplemental Nutrition Assistance Program, the National School Lunch Program, the Special Supplemental Nutrition Program for Women, Infants, and Children, the Low Income Home Energy Assistance Program, Section 8 housing, child care subsidies, and/or tax return data, to identify, enroll, or recertify children for Medicaid and CHIP, rather than requiring them to reanalyze and determine eligibility using standard application procedures.

It lifts the Medicaid exclusion for children in inpatient psychiatric facilities, requiring Medicaid to cover **Early and Periodic Screening and Treatment** benefits for kids in these facilities.

It also ensures full Medicaid coverage for pregnant and post-partum Medicaid beneficiaries. This provision lifts existing restrictions that allow states to limit coverage in certain eligibility groups in Medicaid to "pregnancy-related services," rather than full benefits.

## Early Childhood

**Child care.** The president's budget expands access to child care for low-and-moderate income, working families with an \$82 billion investment in the **Child and Development Care Fund** over ten years. This investment will provide child care to an additional 1.1 million children under age 4 by 2026.

It also triples the **Child and Dependent Care Tax Credit** for families with children under age 5 and makes the full credit available for families earning up to \$120,000 per year. This increased credit will make child care more affordable for middle-class families, helping 5.1 million families cover the costs of child care for 6.7 million children beginning in 2017.

**Early learning.** The president's budget includes \$9.6 billion for **Head Start**, which increases its FY 2016 funding by \$434 million. It includes an additional \$292 million in 2017 to increase the number of children participating in all-day/all-year Head Start, and maintains funding for Early Head Start-Child Care Partnerships.

It requests \$75 billion over ten years through the **Preschool for All Initiative** to give all 4-year-olds from low-and-moderate income families access to high quality preschool. It also provides \$350 million (an increase of \$100 million over FY 2016) to the U.S. Department of Health and Human Services (HHS) for **Preschool Development Grants** to support state initiatives to increase access to preschool for children in low-income households.

It allocates \$400 million for **evidence-based home visiting services**, ramping up to \$2.1 billion by 2027, with an additional \$20 million for a new home visiting initiative jointly administered by the U.S. Department of Agriculture and HHS targeted to remote rural and tribal areas.

The budget also provides \$907 million (an increase of \$80 million above FY 2016 funding) in **Individuals with Disabilities Education Act (IDEA) Preschool Grants** and an increase of \$80 million for the IDEA Infants and Families Program. This proposal also includes \$15 million for a new initiative to screen and detect developmental delays and disabilities, with a potential focus on autism.

## Child Poverty

The **Temporary Assistance for Needy Families (TANF)** program is the primary cash assistance program for low-income families with children – 75 percent of TANF funding goes to children. The effectiveness of TANF in reducing child poverty has been eroding over time. As a capped block grant, it has not increased for inflation since its inception in 1996. The president's FY 17 budget proposes an increase of \$8 billion over five years, as well as policy reforms to prioritize children that include:

- Adding the reduction of child poverty as an outright purpose of TANF and proposes that HHS be required to publish an annual measure or measures related to child poverty in states;
- Requiring states to spend a majority of their TANF funds on the core purposes of TANF, such as cash assistance to families and child care;
- Redirecting funds in the contingency fund to support two-generation strategies to reducing child poverty by improving developmental and educational outcomes of children and employment outcomes of parents.

In addition, the budget includes a new initiative to help families climb out of deep poverty, and prevent those on the brink from falling into financial ruin. These **Emergency Aid and Service Connection Grants** would provide \$2 billion over ten years to test and expand innovative state and local approaches to assist families when a financial crisis occurs.

## Housing and Homelessness

The president displayed a commitment to addressing **family homelessness** with a significant investment of \$11 billion for homeless families. However, in order for this investment to make significant progress towards ending family homelessness, it needs to reach the most vulnerable families through recognizing of all forms of family homelessness and providing supportive services along with vouchers to address the barriers that are preventing them from becoming stably housed.

The president also made a commitment to addressing youth homelessness by requesting an over \$6 million increase for **Runaway and Homeless Youth Act** programs that include street outreach programs that conduct outreach to homeless youth and connect them to services, basic center programs that provide temporary housing along with crisis intervention services, and transitional living programs that offer longer-term housing with supportive services, and a prevalence study on runaway and homeless youth.

## Education

President Obama's FY 2017 budget makes several important investments in children through the \$69.4 billion in discretionary funding and \$139.7 billion in new mandatory funding over the next decade within the U.S. Department of Education. New programs include the **Stronger Together Grants** program that would provide \$120 million for efforts to increase socioeconomic diversity in schools through community and parent engagement as well as the **RESPECT: Best Job in the World** program, which would provide \$1 billion over five years to bring effective teachers to America's neediest schools.

Other key investments in education include \$85 million for the **education of homeless children and youth** (up \$15 million from 2016), \$128 million for **Promise Neighborhoods** (up over 75 percent from 2016), and \$10 million for full-service community schools.

FY 2017 will mark the first year states and districts operate under the new *Every Student Succeeds Act* (ESSA). Under ESSA, states are required to set aside 7 percent of their Title I funding for school improvement, up from 4 percent under No Child Left Behind. While the president's FY 2017 budget allocates \$15.36 billion for Title I (the same as the combined Title I and School Improvement Grants (SIG) funding from 2016), there is concern that some districts may see their funding decrease under the new set-aside changes and elimination of SIG.

## Nutrition

As Congress continues its efforts to reauthorize the array of child nutrition programs, President Obama's FY 2017 budget is a clear indication that the White House is dedicated to fighting child hunger and improving child nutrition. The budget includes \$6.35 billion for the **Special Supplemental Nutrition Program for Women, Infants, and Children** (WIC), enough to serve the projected 8.1 million individuals that will participate in the program each month, as well as \$81.69 billion for the **Supplemental Nutrition Assistance Program** (SNAP), which serves over 44 million people each month. Child nutrition programs, including the National School Lunch Program and School Breakfast Program, would receive more than \$23 billion in funding to continue providing students with the nutritious meals they need to thrive in and out of school.

In an effort to improve access to healthy food for low-income students over the summer months, the FY 2017 budget includes a \$12 billion investment over the next decade for the expansion of the **Summer Electronic Benefit Transfer for Children Program**. This permanent expansion would scale up the current demonstrations nationwide by providing \$45 per month through SNAP retailers for each child in families eligible for free and reduced price meals. Phased in over ten years, this investment will make a dramatic impact in eliminating gaps in food services for children during the summer.

## Child Welfare

Among the highlights, the president's FY 2017 budget requests an increase in federal investment on the front end of the child welfare service delivery system to prevent removals and foster care placements for children from the outset by **allowing title IV-E agencies to claim federal reimbursement with 50 percent federal financial participation (FFP) for evidence-based and evidence-informed pre-placement and post-placement services for candidates for foster care**. This would ensure that families who have been diverted from the child welfare system due to kinship care are properly supported and provided services as necessary. A majority of federal investments will be used to support evidence-based interventions, and a maintenance-of-effort requirement to maintain the current level of state or tribal investment in child welfare services. This proposal is estimated to cost \$29 million in FY 2017 and \$616 million over ten years.

The budget proposes amending IV-E to provide additional support and funding to promote specialized family based care as an alternative to congregate care for children with behavioral and mental health needs, and **provide oversight when congregate care placements are used**. This proposal is estimated to cost \$76 million in FY 2017 and reduce costs of title IV-E Foster Care by \$68 million over ten years.

The FY 2017 budget again includes a five-year collaborative Administration for Children and Families (ACF) and Centers for Medicare & Medicaid Services demonstration project to **address the over-prescription of psychotropic medications for children in foster care** by encouraging states to provide evidence-based psychosocial interventions to children and youth and improve outcomes for these young people. The ACF investment of \$250 million over five years would fund infrastructure and capacity building, while the Medicaid investment of \$500 million over five years would provide incentive payments to states that demonstrate measured improvement.

The budget also provides an increase in child abuse discretionary activities over FY 2016 enacted level. With these funds, ACF plans to support demonstration grants to help states and tribes implement the *Preventing Sex Trafficking and Strengthening Families Act of 2014* (P.L. 113-183). These grants would spur the development of strategies to identify children and youth in care who may be at risk of becoming trafficking victims, and to prevent those children and youth from becoming victims of trafficking. In addition, grants would also be awarded for the development of comprehensive services to children and youth who have already been trafficked and are in the care of the child welfare system.