

INCOME SUPPORT IN THE PRESIDENT'S 2017 BUDGET

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On February 9th, President Obama presented his final budget request for fiscal year 2017 (FY17) to Congress, outlining his spending priorities for the coming year. As in years past, the president has chosen to make kids a priority.

The Bipartisan Budget Act of 2015 eliminated much of the sequestration budget cuts for non-defense discretionary programs for fiscal years 2016 and 2017, thereby restoring spending for FY17 and raising spending caps over these two years. Yet despite this relief, 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. Some income support programs are funded through mandatory spending, so the resources dedicated to this are 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 \$17.5 billion for FY17, an \$8 billion increase over five years.
- **Child Support Enforcement:** The president's budget requests \$4.34 billion, a slight increase from FY16.
- **Social Services Block Grant (SSBG):** The President's budget requests \$1.7 billion for FY17, with \$850 billion going to children. Services funded by SSBG include child day care and protective services.

Notable Income Support Proposals

Temporary Assistance for Needy Families: The president's budget proposes a substantial investment and major policy reforms to the TANF program aimed at reducing child poverty and improving the program's ability to respond to increased need. These reforms include:

- Adding the reduction of child poverty as an outright purpose of TANF and proposes that the U.S. Department of Health and Human Services 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; and
- Developing 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.

It also continues to redirect money from the Contingency Fund for initiatives such as:

- 4.7 billion over ten years to the Pathway to Jobs program to support work opportunities through subsidized employment for youth as well as low-income parents and guardians; and
- \$100 million over ten years 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.

Child Support Enforcement: The president's budget includes several areas of reform, many of which are a continuation from his previous budgets but some that are new. This includes funds to modernize the program and promote responsible fatherhood, with some of these funds affecting other programs such as TANF and Medicaid. Some specific proposals include:

- A new Child Support Technology Fund to address the aging child support systems by replacing some technology to increase security, efficiency, and integrity and using reusable technology to maintain cost-efficiency. This includes a permanent fund of \$164 million over ten years to the development of model systems that would be available for state use to improve the child support enforcement system.
- A Child Support and Fatherhood Initiative that includes:
 - 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;
- A proposal, as in past years, to remove the requirement under Medicaid to assign the right to cash medical child support to the state as a condition of eligibility for child support. This will help increase resources for low-income families and improve access to health care.
- \$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 over five years for the Upward Mobility Project, which will award grants to ten states or communities 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.

In addition, there is \$10 million provided for a pilot project to meet diaper need in the United States by helping low-income families with infants and toddlers purchase diapers.

Family and Medical Paid Leave: Similar to last year, the president's budget proposes a 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.

Family Tax Credits:

- **Child and Dependent Care Tax Credit (CDCTC):** The president's FY17 budget triples the maximum CDCTC for families with children under age 5 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 beginning in 2017.
- **Earned Income Tax Credit (EITC):** The president's FY17 budget once again proposes to 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 with earnings up to about 150 percent of the poverty line. First Focus believes that any expansion of EITC for childless adults needs to also protect, or even enhance, the current provisions that help families with children, such as indexing the Child Tax Credit for inflation.

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 health, 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.