FIRST FOCUS

MAKING CHILDREN & FAMILIES THE PRIORITY

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Income Support in The President's 2018 Budget

On May 23rd, President Trump presented his budget request for fiscal year 2018 (FY18) to Congress, outlining his spending priorities for the coming year.

The FY18 budget request calls for $4.1 trillion to fund government operations in the next fiscal year, setting funding would at $69 billion in discretionary budget authority, down from $84.1 billion in FY17. This includes slashing funding for the Department of Health and Human Services (HHS) by 16 percent. If implemented, the cuts proposed in this budget would be devastating to low-income families with children who are struggling to make ends meet and would result in an increase of child poverty in the U.S.

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 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. Where there are notable policy changes for particular programs, those proposals are noted.

Notable Income Support Programs

- **Temporary Assistance for Needy Families (TANF):** The budget cuts $21 billion over 10 years, including zeroing out of the TANF Contingency Fund ($6 billion)
- **Child Support Enforcement:** The President's budget requests level funding at $4.3 billion.
- **Social Services Block Grant (SSBG):** The President's budget zeroes out SSBG. 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 an enormous cut of $21 billion over 10 years to the TANF program, including a $6 billion cut to the TANF Contingency Fund.

TANF is the primary cash assistance program for low-income families with children, and 75 percent of TANF funding goes to children. Income support is critical to healthy child development and academic achievement. It helps parents provide the resources needed for economic mobility – such as transportation to work, childcare, and educational materials for their kids. In addition, TANF funds go towards funding child welfare services, child care, and state tax credits benefiting low-income families.

Due to TANF's design as a fixed block grant, very few families currently receive cash assistance. In most states only a small percentage of TANF funds go towards cash assistance. Instead, these funds are often used to improperly supplant state funding for other purposes. When TANF started in 1996, 68 percent of families in poverty received assistance. However, by 2010 that number dropped to just 27 percent, and caseloads have continued to drop even though the need has not decreased.

This enormous cut would devastate TANF by reducing caseloads even further and eliminating the Contingency Fund reduces its already weak ability to respond to increased need during economic downturns.

- **Child Support Enforcement:** The President's budget level funds the Child Support Enforcement Program. This program collected $32.4 billion in child support and produced a $5.26 return on investment for every $1 collected.

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  - This includes $833 million over 10 years to address the aging child support systems and replacing some technology to increase security, efficiency and integrity.

- **Social Services Block Grant (SSBG):** This program currently funds an array of services for children, including child care, child abuse prevention, adoption assistance, and transitional services. Currently, states use about 35% of SSBG dollars for child welfare services to supplement Title IV-E and IV-B funds. Eliminating this funding stream would leave states strapped for resources to supplement systems serving the most vulnerable children and families in our society.

- **Family and Medical Paid Leave**: The FY18 budget proposes $18.5 billion over 10 years for a new leave program that would require states to offer six weeks to parents after birth of a newborn or adoption of a child. States would be required to pay for the program through transferring unemployment insurance funds. While a step, this proposal is woefully inadequate in many ways to meet the lack the paid leave for millions of families in the U.S.

  - It would only provide six weeks of paid leave after the birth of a new child, which is an insufficient amount of time for a mother to heal and for parents to care and bond for a newborn or adopted child before having to return to work;

  - Paid leave could not be used for other medical purposes, such as caring for a sick child or relative;

  - Funding this proposal with unemployment insurance funds coupled with cuts to anti-poverty programs in this budget severely undermines the ability of this proposal to support family financial security. Families would be left without assistance if they lose their job, have hours cut or have trouble finding employment during times of economic downturns.

We need a paid family and medical leave program in the U.S. that is robust enough to give all workers the flexibility to balance their obligations at home and at work, thereby actually promoting family financial independence and healthy child development.

- **Family Tax Credits:**

The budget proposes to cut $40 billion from the Earned Interest Tax Credit (EITC) and Child Tax Credit (CTC) over 10 years. These cuts would prevent access for families filing their taxes with an Individual Taxpayer Identification Number (ITIN), putting more than 4 million Latino citizen children at greater risk of poverty.

In 2015 alone, the EITC and CTC helped lift more than 5 million children out of poverty. In addition to supporting financial stability, the benefits for families with children who claim these credits also include improved maternal and infant health, higher test scores, and academic achievement for students in elementary and middle school.

It is important to recognize that the President's budget represents the Administration's wish list of priorities and not the force of law. Ultimately, Congress, not the President, holds the reins on setting funding levels and makes the final budget decisions during the appropriations process. We are heartened that congressional leaders do not appear to support the President's spending outline and will not be using it as a guideline for their FY18 budget.

As Congress begins the FY18 budget process in the coming weeks and months First Focus will continue to remind lawmakers that investments in children are essential not only to protect their health and well-being but also to secure our nation's future economic success.