

Senate Budget Committee

**“Investing in our Future:
The Impact of Federal Budget Decisions on Children”**

Testimony by

**Bruce Lesley
President, First Focus**

June 26, 2013

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Written Testimony for Senate Budget Committee
Hearing on “Investing in our Future: The Impact of Federal Budget Decisions on Children”

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Chilean educator, poet, and Nobel Prize winner Gabriela Mistral wrote:

We are guilty of many errors and many faults, but our worst crime is abandoning the children, neglecting the fountain of life. Many of the things we need can wait. The child cannot. Right now is the time his bones are being formed, his blood is being made, and his senses are being developed. To him we cannot answer ‘Tomorrow,’ his name is today.

Certainly, there is a clear and personal aspect to her sense of urgency. Parents and families are primary in the lives of children. And yet, there is also an imperative for a strong public interest in ensuring children have the opportunity to achieve their full potential and a prosperous future or we will pay for our negligence. Jane Waldfogel of Columbia University says:

The care that children receive matters for their development and for the kind of adults they will turn out to be. To grow and thrive, children need not just food and material goods but also care and affection that promote their health, cognitive development, and social and emotional well-being. When children’s needs in these areas are well met, all of us benefit. But when they are not, society suffers. So all of us have an interest in what happens to children...and in how well their needs are met.

America’s Report Card on Children

So, how are we doing?

Last fall, First Focus and Save the Children, at the behest of Senator Christopher Dodd, sought to do a comprehensive analysis by looking at a number of indicators of child well-being to assess how our nation is faring. In our report, *America’s Report Card 2012: Children in the U.S.*, we found some points of success, including the fact that passage of the bipartisan “Children’s Health Insurance Program” in 1997 has helped spur a dramatic drop in the number of uninsured children in this nation, so that today 91 percent of our nation’s children now have health coverage.

But the news for children is not all good. More than 8.5 million children lived in households where one or more child was food insecure, 1,560 children died due to abuse and neglect, and 1.1 million children were identified as homeless. Our nation has the 2nd worst infant mortality rate among industrialized nations, and a shocking 22 percent of our nation’s children live in poverty.

In fact, child poverty now stands at its highest level in 20 years and the effects of child poverty are lasting and deeply damaging, particularly to children’s health, nutrition, education, housing, safety, and future earnings. Parental stress over finances during a child’s early years can also result in what is known as “toxic stress,” which can further threaten a child’s future cognitive, social, emotional, and health outcomes in ways difficult to alter.

According to a 2012 study by UNICEF:

...failure to protect children from poverty is one of the most costly mistakes a society can make. The heaviest cost of all is borne by the children themselves. But their nations must also pay a very significant price – in reduced skills and productivity, in lower levels of health and educational achievement, in increased likelihood of unemployment and welfare dependence, in the higher costs of judicial and social protection systems, and in the loss of social cohesion.

After reviewing all the domestic and international indicators, it was the conclusion of a distinguished group of experts advising First Focus and Save the Children in fall 2012 that, if our nation were graded for how well we are doing in support of our children, the United States would receive an overall grade of C- and failing grades in a number of specific areas.

Although a C- is not a failing grade, it is far from excelling. In fact, the United States now ranks 25th out of 29 nations, according to UNICEF, in terms of the percentage of 15-19 year-olds enrolled in schools and colleges and 23rd in the percentage not participating in either education, employment, or training. We are witnessing a rapid increase in the number of disconnected youth in our nation that is a consequence of our failure to help children reach their full and God-given potential.

We simply must do better. The poor outcomes children face are terribly unfortunate because we have models for success but often fail to act or even pay attention to the crisis at hand. Even worse, at all levels of government, our nation is cutting current investments and support for children.

Federal Budget Cuts to Investments in Children

At the federal level, it is often said that our nation's federal budget is a reflection of our national priorities. If so, children are faring quite poorly. According to our analysis in the soon to be released *Children's Budget 2013*:

- Children now receive less than 8 percent of the federal budget (7.8 percent).
- Since a peak in 2010, total spending on children has fallen by \$35 billion after adjusting for inflation, a 16 percent drop. Total spending on children has now declined for three years in a row.
- Discretionary spending, where Congress makes decisions each year, has been cut by more than \$11 billion, a drop of almost 13 percent.
- The share of the federal budget invested in children is also down 8 percent from 2010. Some might think this is due to all federal spending being reduced to combat the federal deficit, but the fact that the share of spending has declined shows that children have borne a disproportionate share of the cuts.
- It is estimated that this year alone, sequestration will cut a total of \$4.2 billion out of funding for children, particularly in the areas of education, early childhood, and children's housing.

Though sequestration is a major reason for the drop in discretionary investments – it's underscoring an alarming trend that began several years earlier and making it even worse. As a result of sequestration,

schools districts have been forced to lay-off teachers and drastically reduce support services to needy students and students with disabilities. Some schools have eliminated athletics and all extra-curricular activities as well as some bus routes, making it more and more difficult for kids to get to school. Head Start programs have had to close weeks early or kick children out. One program in Columbus, Indiana, literally held a lottery drawing to decide which family would lose their seat. That's a contest no parent wants to win.

According to the Annie E. Casey Foundation's *2013 Kids Count*, nearly 1 out of 3 children (32 percent) have parents who lack secure employment. Our own data shows that 2.8 million of those children have parents who have been unemployed for 6 months or more. Because of sequestration, states are cutting emergency unemployment compensation by at least 10 percent, with many cutting it by substantially more. Some states like North Carolina are eliminating it entirely.

If sequestration remains in place, the pain is only going to get worse. Already, families have lost housing supports and more children will face homelessness in the coming years. In anticipation of further cuts, schools in Idaho have already made plans to cut the school week from five days a week to four. We've heard from the National Association of Federally Impacted Schools, that some schools, particularly in rural areas, are likely to be forced to close entirely if cuts continue. How can we tell our children that we value them so little?

Even with these dire statements, the House of Representatives passed a 302(b) allocation for their discretionary spending priorities that makes sequestration even worse. Compared to pre-sequester levels, the House allocations cut an additional 22 percent in the Labor, Health and Human Services, and Education bill, where most discretionary investments are made for kids.

What does a 22 percent cut mean in real dollars? It means \$3.2 billion in Title I cuts to support students. It means \$2.5 billion less for students with disabilities. It means nearly \$300 million less for schools that serve military families and Native American reservations. It means \$140 million less for maternal and child health services. And it means \$62 million less to protect children from child abuse and neglect.

Over the long term the because of sequestration and other poor policy choices, additional budget analysis by the Urban Institute in their report entitled *Kids' Share 2012* finds that:

- Interest on the national debt will eclipse our investments in children by 2017 and exceed investments in children by 50 percent by 2020.
- Defense spending is now triple the federal investment in our nation's children.
- Federal spending on the elderly exceeds that for children by a 7-to-1 ratio. When including state and local funding, seniors still receive twice as many public dollars as do children.
- The projected level of federal spending on children as a share of GDP will drop by 24 percent in the next decade if federal budget policy does not change.

Senate vs. House Budget for Children

Moving forward, there are dramatic differences in the vision as to the extent of making investments or substantial budget cuts to children's programs. First Focus has analyzed both of the budget proposals

that passed the House and Senate and has found that the budget produced by the Senate under Chairman Murray's leadership to be far superior for children.

In every policy area, the Senate budget clearly places a much higher value on America's children and protects investments critical to them, while the House budget would make enormous cuts.

Key findings from the First Focus analysis include:

- Children's health: The Senate budget protects the Children's Health Insurance Program (CHIP) and Medicaid, which provide health care for millions of children. The House budget cuts Medicaid by \$810 billion and converts the program into a block grant, which would compromise care for children, and eliminates the Affordable Care Act's protections for CHIP.
- Child nutrition: The Senate budget protects the Supplemental Nutrition Assistance Program (SNAP) and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), explicitly recognizing these investments' value for children. The House budget leaves "sequestration" budget cuts to WIC in place and cuts SNAP by \$135 billion and converts the program into a block grant.
- Education and other non-defense discretionary investments: The Senate budget largely protects the "non-defense discretionary" component of the federal budget, which includes education, housing, child abuse and neglect prevention and response, child care, and other critical initiatives for children. The House budget extends sequestration cuts to such investments and expands their impact on children by more than \$100 billion over 10 years. Some of those impacts I've mentioned above.
- Anti-poverty tax credits: The Senate budget makes permanent improvements to the Child Tax Credit and the Earned Income Tax Credit, which with those improvements, lift more than five million children out of poverty every year. The House budget allows those improvements to expire in 2017.

State Budget Cuts to Children

In addition to the recent federal budget cuts and future threats to children programs, there are dramatic cuts at the state level compounding the program and will undoubtedly harm the next generation. For example:

- The National Institute for Early Education Research (NIEER) recently released its annual yearbook and found that state funding for pre-K decreased by over \$500 million in 2011-2012, adjusted for inflation, and this was the largest one-year drop ever. As a result, funding per child dropped by more than \$400, and state spending per child has decreased by more than \$1,100 since 2001-2002.
- The U.S. Census Bureau reported that per-student public education spending decreased in 2011 for the first time in four decades with accompanying stories of how school districts have been closing schools, cutting teachers, increasing class size, and cutting extracurricular activities across the country.

The Public Values Investing in Children – Our Future

How does the public feel about these trends? According to recent polling, Americans are dismayed by our failure to address the needs of children. In fact, by a nearly 3-to-1 margin (56-20 percent), Americans believe the lives of children have become worse over the last ten years and are deeply pessimistic about their future. The group most concerned was Republican women, who believe that things have become worse over the last ten years for children by a 74-10 percent margin.

And while voters recognize the need to make budget cuts to reduce the federal deficit, they overwhelmingly want policymakers to make real choices that reflect the importance children and families. Thus, in two separate polls conducted by Public Opinion Research and Greenberg Quinlan Rosner Research (one Republican and one Democratic firm), voters strongly opposed making major cuts to K-12 education, child nutrition, the Children's Health Insurance Program (which outpolled Medicare), Medicaid, early childhood education, funding to combat child abuse and neglect, and student loans.

In fact, Tea Party supporters expressed opposition to cutting critical programs for children, such as funding to prevent child abuse and neglect (35-64 percent), Medicaid (37-62 percent), education (42-58 percent), and tax credits for working families with children (40-56 percent), in order to reduce the federal deficit. Again, they chose a number of non-children's programs to cut instead.

Money Matters: Cost Effectiveness and Adequacy

As we look to address the myriad of challenges facing children, it is always important to examine whether funds are spent in the most efficient way possible. For example, in education policy, finance experts Michael Rebell and Joseph Wardenski have concluded that "money spent on qualified teachers, smaller class sizes, preschool initiatives, and academic intervention programs does make a substantial difference in student achievement...."

Bruce Baker at the Rutgers Graduate School of Education concurs:

To be blunt, money does matter. Schools and districts with more money clearly have greater ability to provide higher-quality, broader, and deeper educational opportunities to the children they serve. Furthermore, in the absence of money, or in the aftermath of deep cuts to existing funding, schools are unable to do many of the things they need to do in order to maintain quality educational opportunities.

It is certainly reasonable to acknowledge that money, by itself, is not a comprehensive solution for improving school quality. Clearly, money can be spent poorly and have limited influence on school quality. Or, money can be spent well and have substantive positive influence. But money that's not there can't do either. The available evidence leaves little doubt. Sufficient financial resources are a necessary underlying condition for providing quality education.

In contrast, it is far less clear that all the dollars spent on more and more student testing has had a positive impact on educational achievement.

Meanwhile, funding for high-quality, early childhood programs has been proven to have enormous positive outcomes for children. According to the Texas Equity Center in its report *Money Still Matters!*, these include:

- Improvements in school readiness
- Narrowing of the achievement gap
- Improvements in academic performance
- Reductions in retention-in-grade rates
- Reductions in dropout rates
- Reductions in incarceration rates
- Reductions in referrals to special education
- Prevention of academic failure
- Remediation of the negative effect of poverty
- Increased employment and earnings when adult
- Increased IQ
- Increased college attendance
- Improved vocabulary acquisition
- Improved self-esteem
- Stimulated intellectual curiosity
- Improved social skills

The promise of these significant changes in the life-trajectory of children from high-quality and effective early childhood programs has been proven to yield a substantial return on investment to national, state, and local economies.

In his book entitled *Investing In Kids: Early Childhood Programs and Local Economic Development*, economist Timothy Bartik concludes that high-quality universal pre-K education, high-quality child care, and the Nurse Family Partnership program all yield significant returns on investment and increased state earnings per capita, particularly in the long-term.

Arthur Rolnick and Rob Grunewald from the Federal Reserve Bank of Minneapolis have concluded:

Compared with the billions of dollars spent each year on questionable economic development schemes, we think investment in early childhood is a far better and more promising economic development tool. We are confident that ECE investments, driven by a scalable market-based approach that focuses on at-risk children, encourage parental involvement, produce measurable outcomes, and secure a long-term commitment, will lower crime, create a stronger workforce, and yield a high public return. . . Not only will these efforts benefit children and families, they will benefit the taxpaying public and the national economy.

And, in research for the Foundation for Child Development by William O'Hare at the Annie E. Casey Foundation and Mark Mather and Genevieve Dupuis at the Population Research Center, they also find that a strong correlation clearly exists between the well-being of children and state decisions to make investments in children.

As their study, entitled "Investing in Public Programs Matters: How State Policies Impact Children's Lives," concludes: "Public investments from federal, state, and local governments matter. . . When

states invest in programs that benefit children and families and contribute to their well-being, children and families are better off. When states cut or neglect investing in these programs, the nation is worse off.”

But lawmakers need not rely on academics for proof of the value of smart investment in kids. Each of your states administers a federal-state Children’s Health Insurance Program partnership that proves it every day. CHIP, the creation of a Republican-controlled Congress and a Democratic president, works with Medicaid to provide cost-effective care for kids every day. That means spending a few hundred dollars for inhalers that keep asthma under control, rather than a few thousand dollars on a hospital admission when it gets out of control. It means kids don’t fall behind in school because of vision or hearing problems. And it means parents climbing the economic ladder can spend more time at work and less time at home with sick children.

The evidence and our own experience are clear: the choices we make with respect to children and their future matters for both them and the nation.

Agenda for Action

As a result, we can make the right investments now to take advantage of our nation's greatest resource, its children, or we can fail them and our future. It is our choice to make and now is the time.

As President Barack Obama said at the prayer vigil in Newtown, Connecticut, in December, “This is our first task, caring for our children. It’s our first job. If we don’t get that right, we don’t get anything right. That’s how, as a society, we will be judged.”

And, as House Speaker John Boehner said on CBS’s *60 Minutes* in December 2010, “I have been chasing the American Dream my whole career. There are some things that I have a difficult time talking about – family, kids. . . Making sure that these kids have a shot at the American Dream like I did is important.”

It takes a partnership of families, schools, communities, and yes, government to help children grow strong bodies and minds. And, Americans very much want to restore American leadership in the world and ensure that the next generation is better off than we have been.

But, the simple fact is that you cannot expect returns on investments you do not make. And children have just one childhood, so they cannot wait any longer for action. Now is the time for us to start making cost-effective and targeted investments in our children or we will bear the consequences of our inaction for decades and generations to come.

To reverse the three-year downward trend for America’s children, a first step would be to renew the National Commission on Children, which finalized its call to action, *Beyond Rhetoric: A New American Agenda for Children and Families* in 1991.

That Commission, appointed by President H. W. Bush and chaired by Senator Jay Rockefeller, put forth a national blueprint to improve the lives and well-being of America's children and families. It successfully generated momentum toward the enactment of some critical policy changes, such as the Child Tax Credit and the State Children's Health Insurance Program. Building on the basic principle that every child should have the opportunity to develop to his or her full potential, the Commission sought to identify ways to ensure that parents have the necessary means and supports to raise healthy children. Now, 22

years after the Commission's final report, a fresh look at how our children are faring reveals a compelling need for an updated national action plan, ensuring the wellbeing of our youth with a focus on creating a bipartisan vision for America as a global frontrunner in child well-being.

Recognizing current budget constraints and that the budget deficit is also a children's issue, the President and Congress should consider some low-cost, immediate changes to make the systems, structures, and overall functions of government work better for children. These include, but are not limited to, the following ideas:

- Creation of a Children's Budget whereby the federal government commits to measuring and fully understanding whether children are gaining or losing ground in the federal budget, which is symbolic of our national priorities and commitment to our children.
- Adoption of a Child Poverty Target that would commit the United States to the goal of cutting our nation's child poverty rate in half in 10 years, just like British Prime Minister Tony Blair successfully did after his pledge in 1999.
- Establish more Youth Councils, as have been created in a number of states across the country and in at least 93 countries spanning the alphabet from Anguilla to Zimbabwe, to give children and youth a voice in public policies that impact their lives.

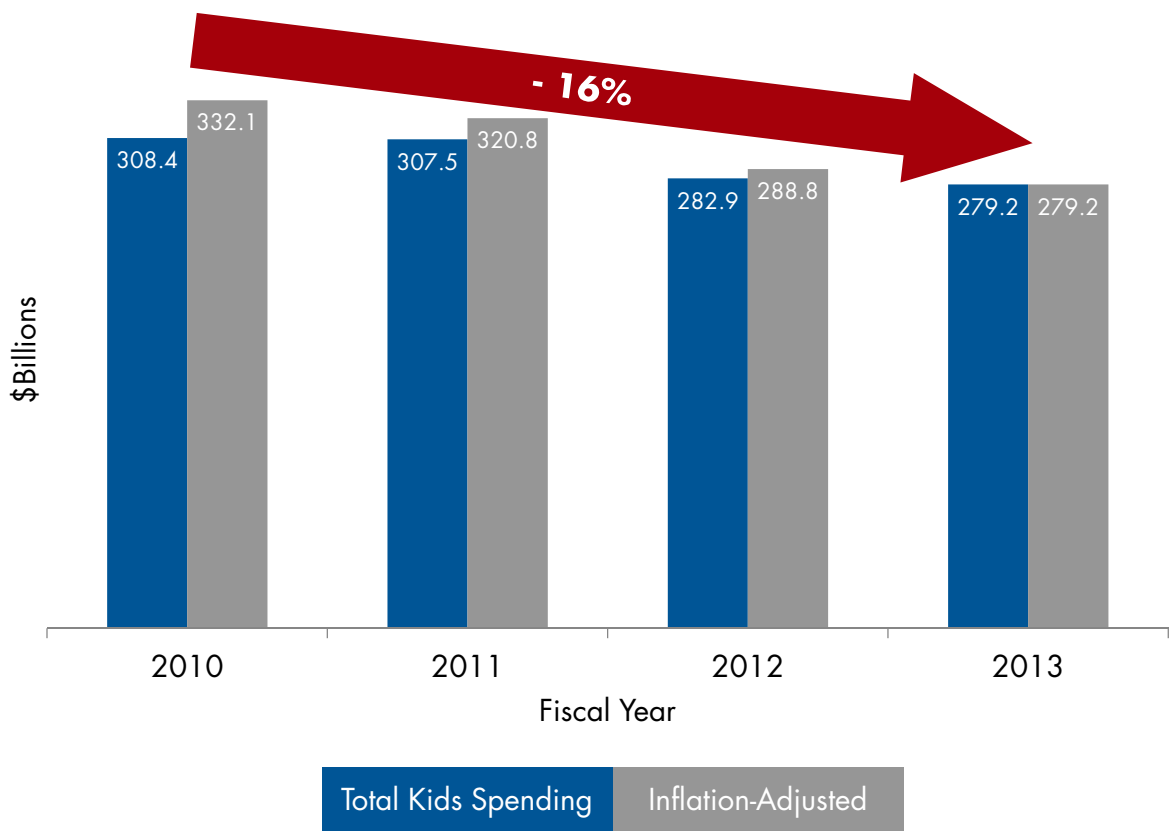
In short, less than 8 percent of the federal budget is currently dedicated to children and that amount is a fraction of the total provided to our nation's senior citizens. Continued cuts from sequestration will only make that number fall even further. With support so low and outcomes as poor as they are, children should no longer be an afterthought in federal budget and policy decisions. Our children cannot wait any longer.

APPENDIX: Additional Materials

- 1. Slides – Kids & the Federal Budget**
- 2. House 302(b) Puts Kids at Risk**
- 3. Fiscal Year 2014 Budget's At A Glance**

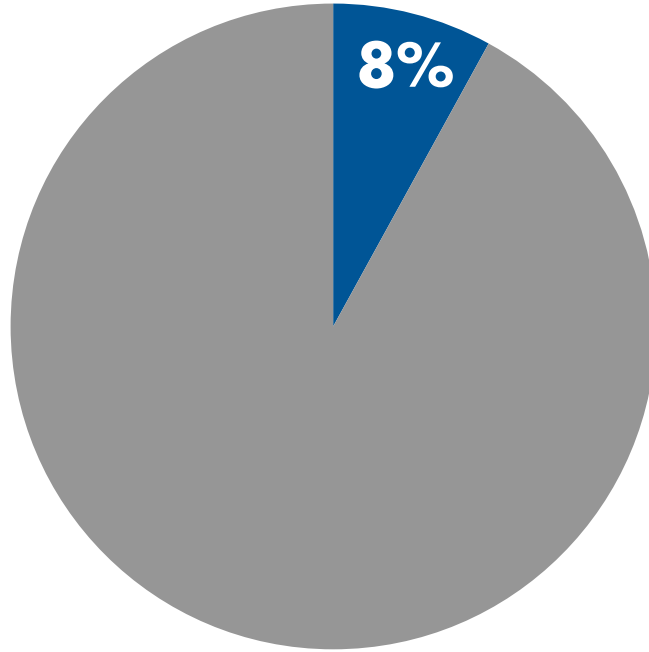


TOTAL SPENDING ON CHILDREN



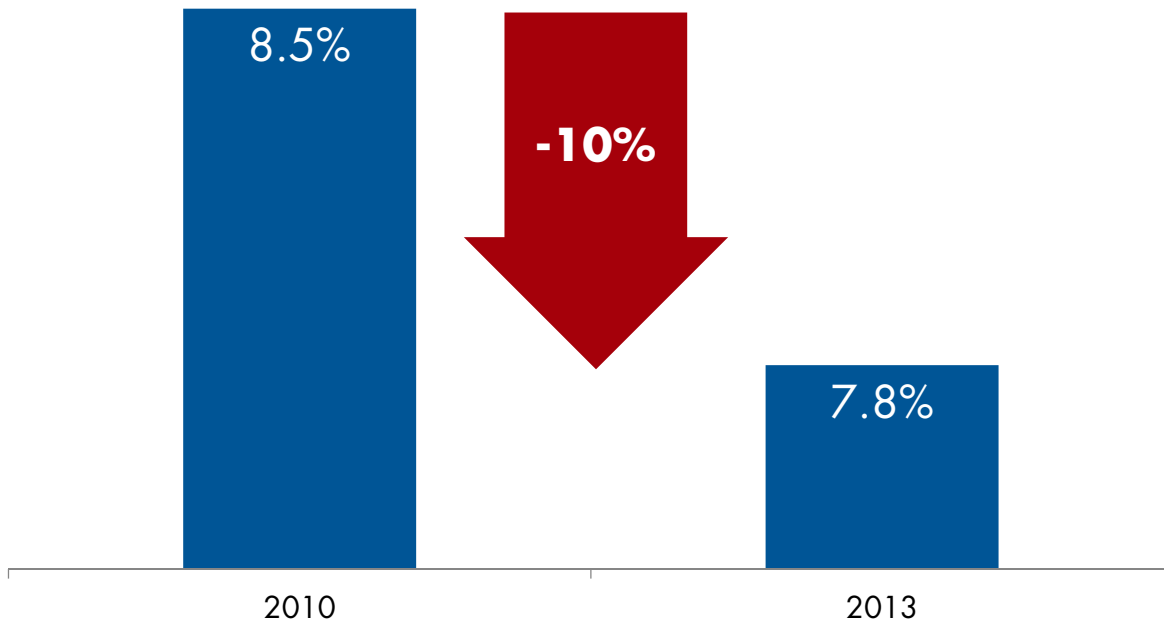


SHARE OF TOTAL FEDERAL SPENDING



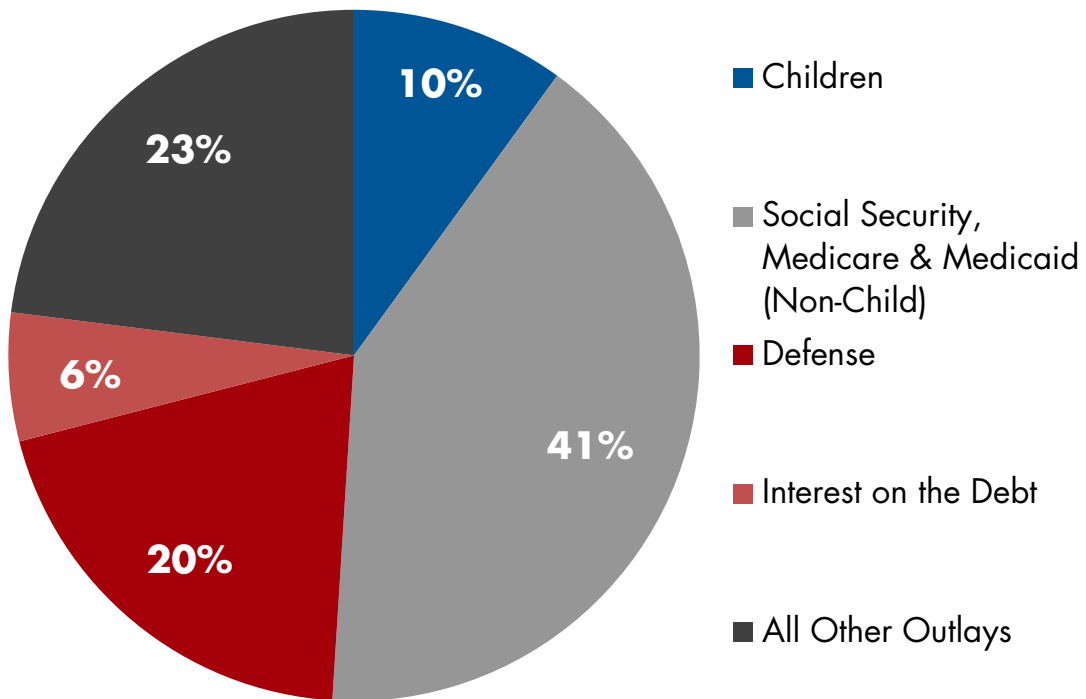


KIDS SHARE OF TOTAL FEDERAL SPENDING





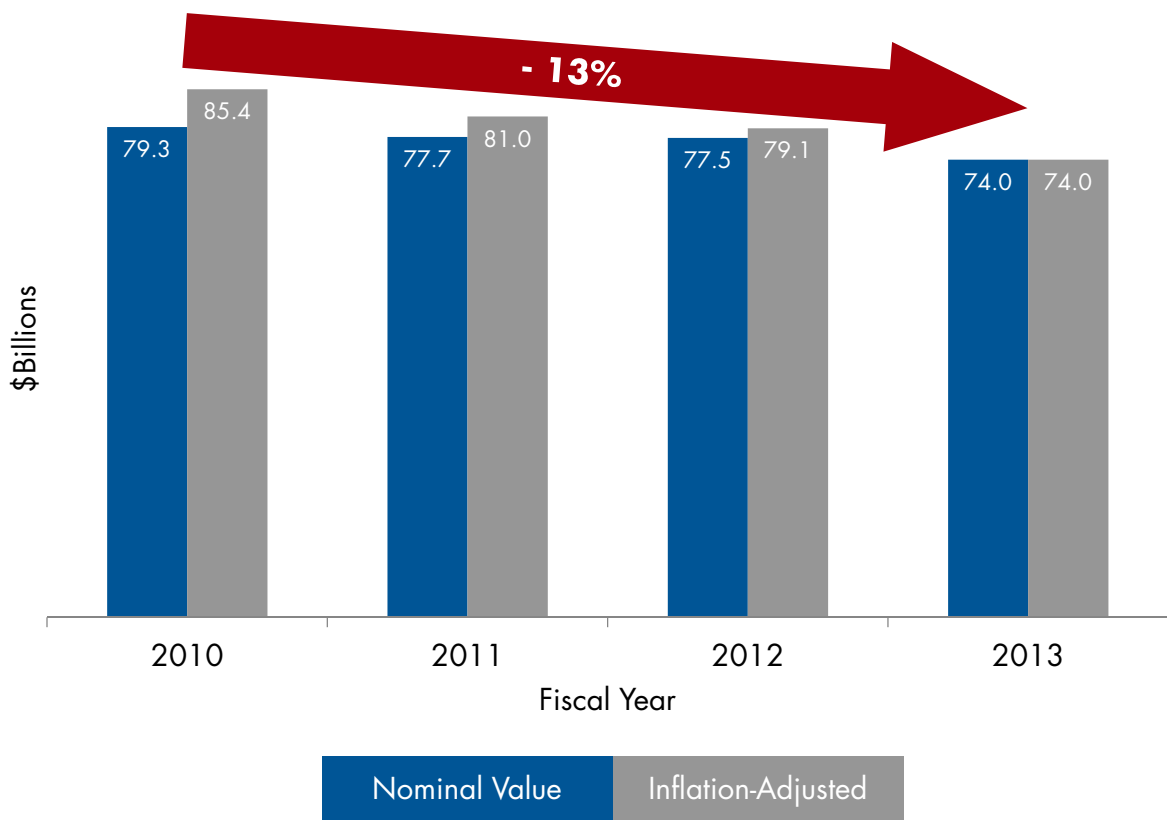
WHERE DOES ALL THE MONEY GO?



Based on data from Urban Institute & Brookings Institute *Kids Share 2012*.
Outlays for children include tax expenditures.

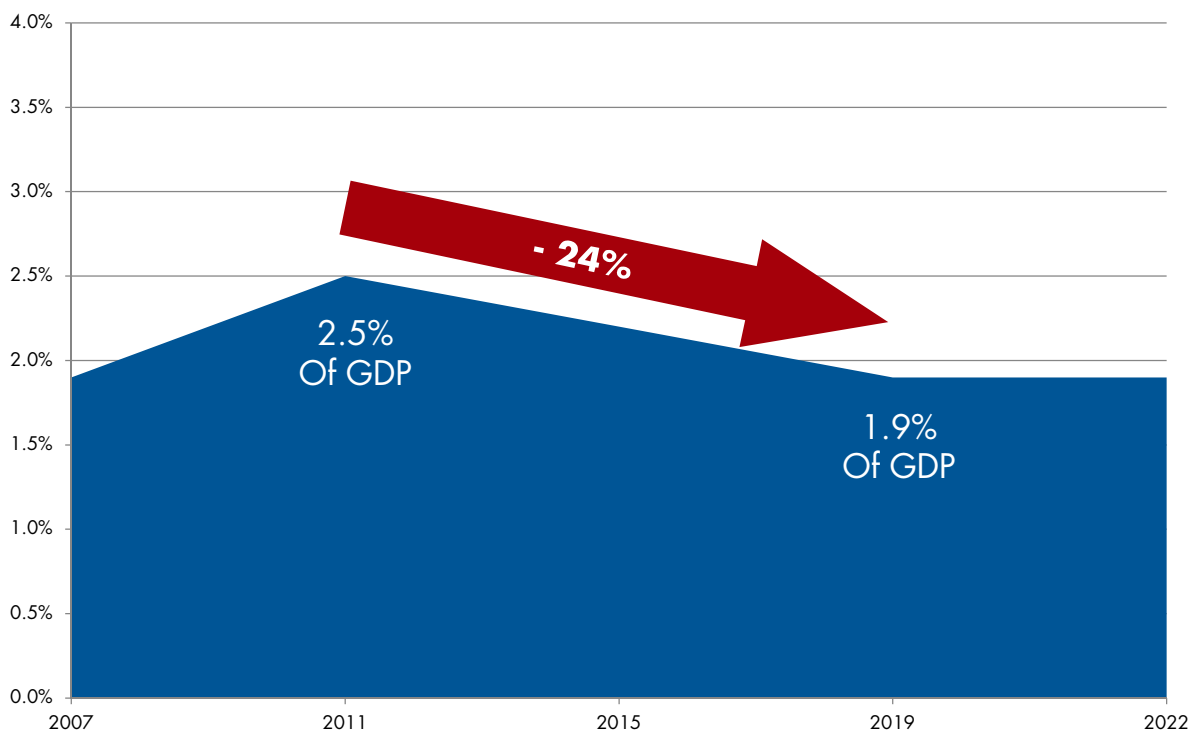


CHILDREN'S DISCRETIONARY SPENDING





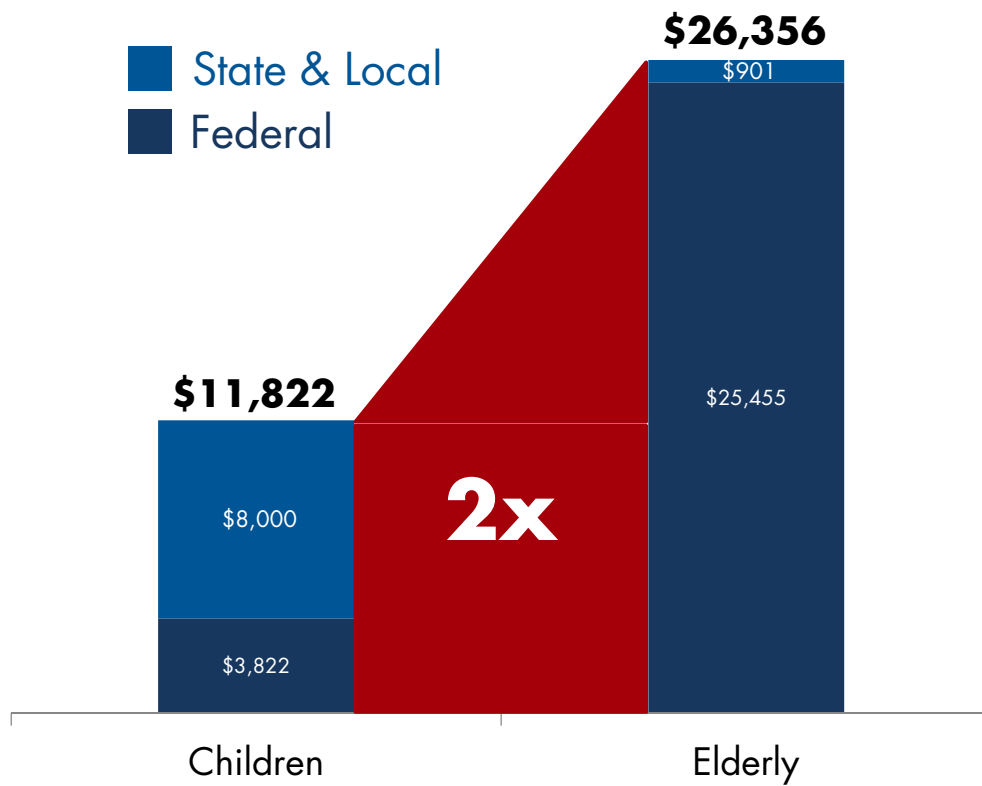
LONG-TERM DISINVESTMENT IN KIDS



Source: *Kids Share*

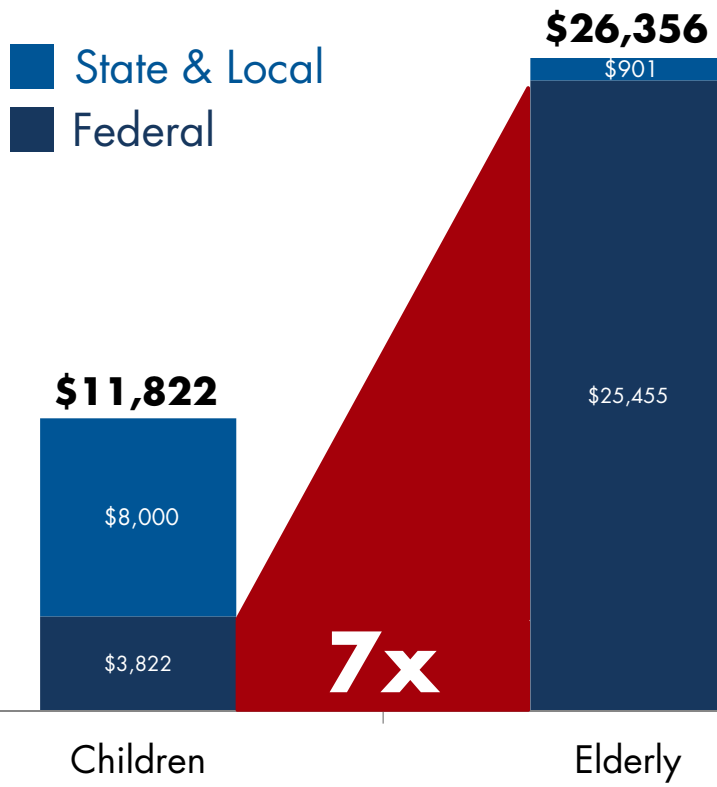


WHERE IS AMERICA INVESTING?



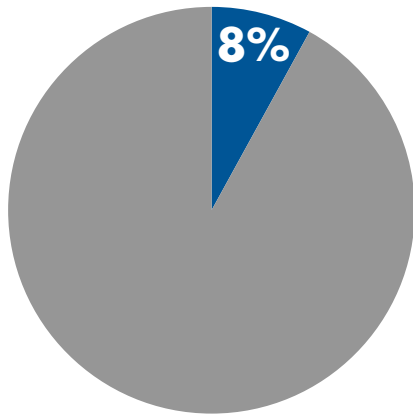


WHERE IS AMERICA INVESTING?

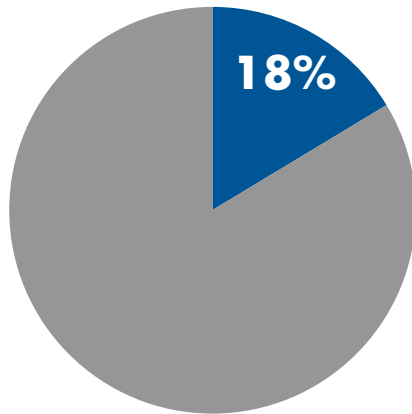




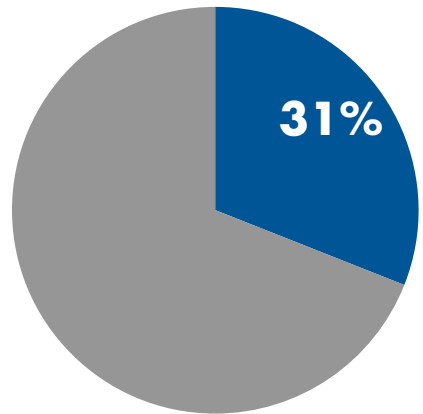
VOTERS WANT TO INVEST IN KIDS



Kids' Share



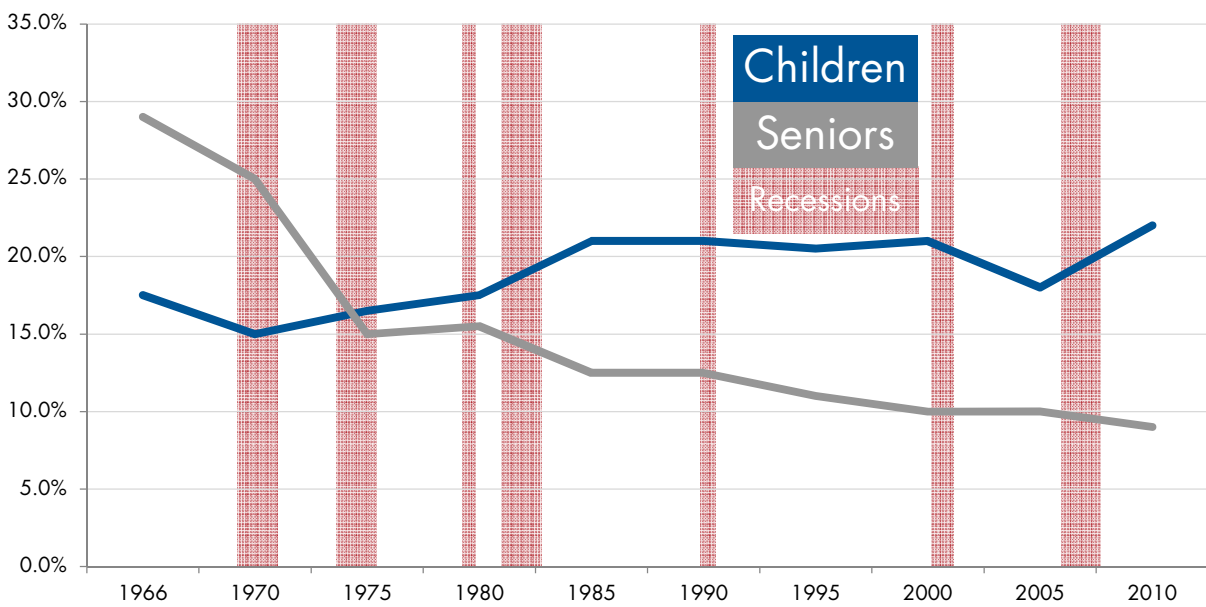
**What
Voters Think**



**What
Voters Want**

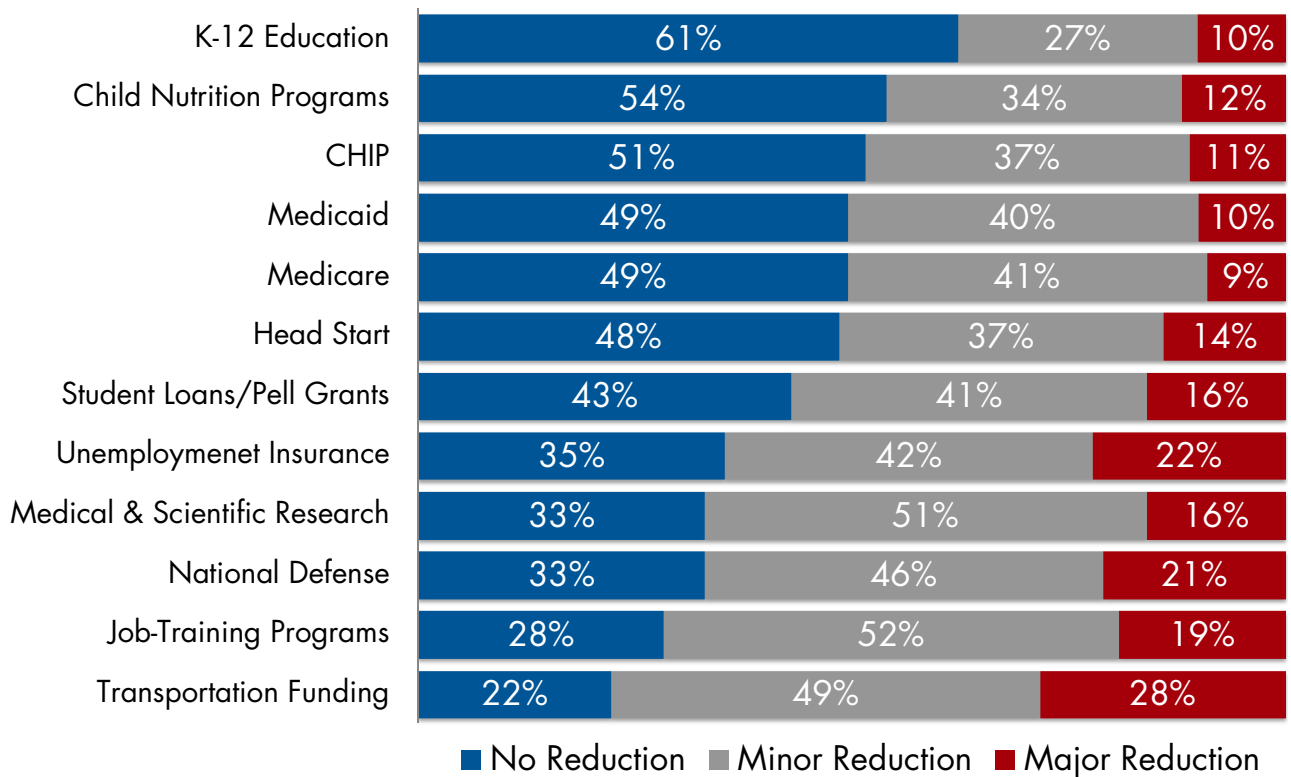


POVERTY TRENDS BY AGE





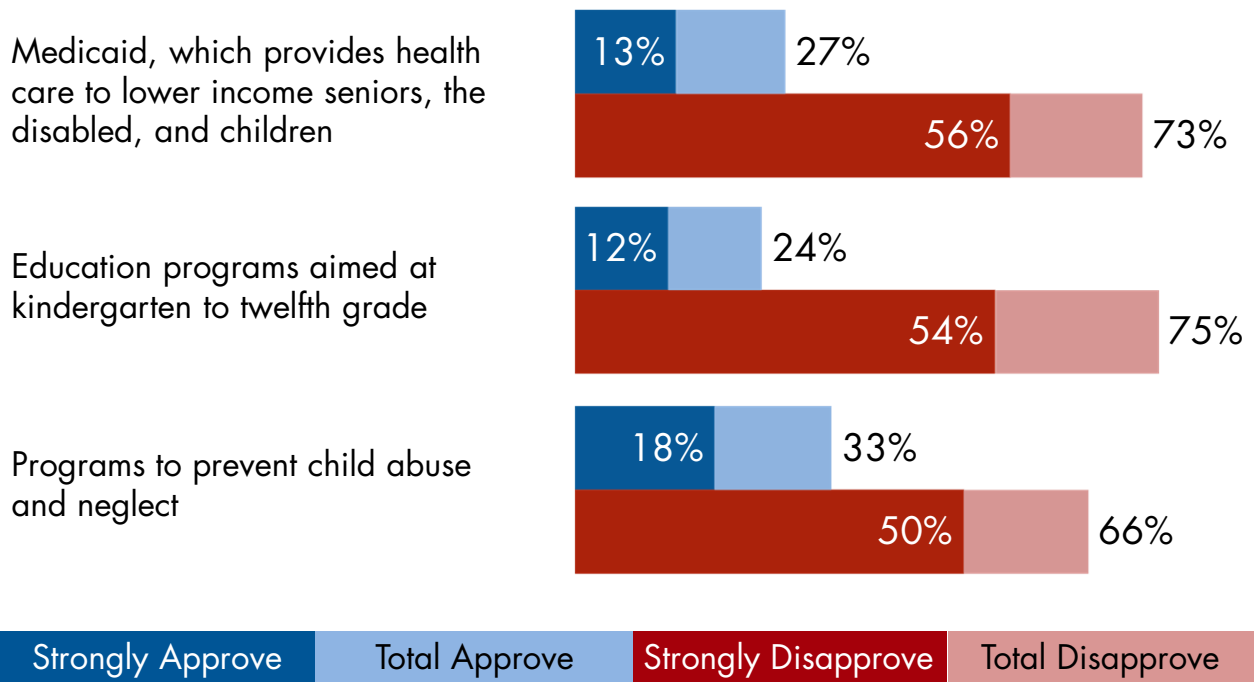
KIDS' PROGRAMS ARE VOTERS' PRIORITIES



Greenberg Quinlan Rosner Research



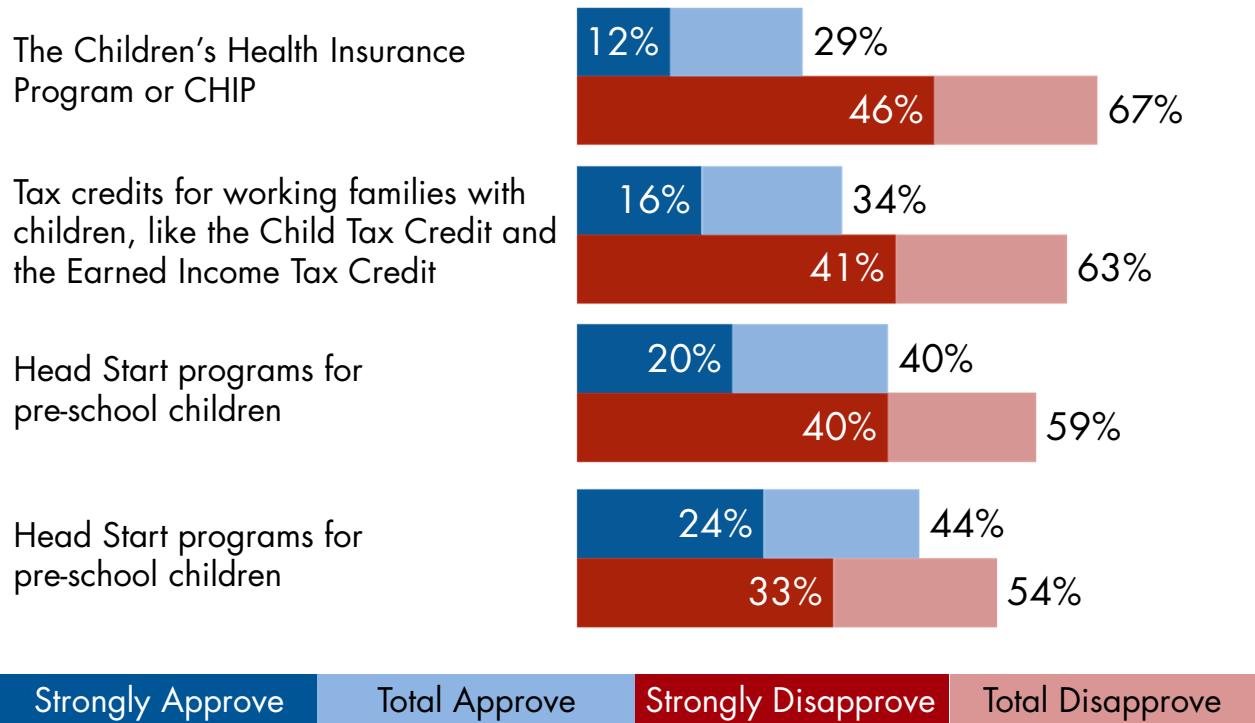
INTENSITY IS ALL ONE SIDED — NO TO CUTS IN THESE PROGRAMS



Source: Public Opinion Strategies



INTENSITY IS ALL ONE SIDED — NO TO CUTS IN THESE PROGRAMS



Source: Public Opinion Strategies



VOTERS DISAPPROVE OF CUTTING CHILDREN'S PROGRAMS

	Tea Party		Moderates	
	Approve	Disapprove	Approve	Disapprove
Medical & scientific research	52%	47%	36%	63%
Tax credits for working families with children	40%	56%	36%	63%
Programs to prevent child abuse & neglect	35%	64%	31%	67%
The Children's Health Insurance Program or CHIP	48%	48%	25%	71%
Medicaid	37%	62%	26%	74%
Education programs aimed at kindergarten to twelfth grade	42%	58%	23%	76%
Medicare, which provides healthcare to seniors	28%	72%	24%	75%
Social Security	29%	69%	24%	74%

Source: Public Opinion Strategies

HOUSE 302(B) APPROPRIATIONS CAPS PUT KIDS' INITIATIVES AT RISK

May 2013

The Appropriations Committee in the House of Representatives recently approved subcommittee allocation levels, commonly referred to as 302(b) allocations, which will devastate investments to kids. The 302(b) allocation provides each appropriation subcommittee with the amount of money it has to spend on discretionary budget items – or programs that are not funded automatically through legislation.

Compared to the pre-sequester levels in the Fiscal Year 2013 Continuing Resolution passed in March, the Labor, Health & Human Services, & Education committee, which funds the majority of discretionary investments for kids will see a 22 percent cut. Investments in education, children's health, child abuse and neglect prevention, and early childhood education could be cut by almost \$13 billion. The Transportation, Housing and Urban Development committee will see a 15 percent cut, meaning crucial investments in children's housing could be cut by as much as \$1.4 billion.

Appropriations Bill	Selected Kids' Initiatives	FY2013 CR - Pre Sequester*	FY14 House 302(b)	Difference	Percent Change	Potential Cut to Kids
Labor, Health & Human Services, & Education	Head Start, IDEA, Title I	\$156,872	\$121,797	-\$35,075	-22.36%	\$12.7 Billion
Transportation, Housing & Urban Development	Assistance for Homeless Kids, Housing Supports	\$51,817	\$44,100	-\$7,717	-14.89%	1.4 Billion
Agriculture	WIC, Child Nutrition	\$20,531	\$19,450	-\$1,081	-5.27%	\$388 Million
Interior	Indian Education	\$29,827	\$24,278	-\$5,549	-18.60%	\$158 Million
Defense	Schools for Military Families	\$517,632	\$512,522	-\$5,110	-0.99%	\$20 Million
Commerce Justice & Science	Juvenile Justice Initiatives	\$50,210	\$46,845	-\$3,365	-6.70%	\$18.8 Million
Financial Services	Consumer Product Safety Commission	\$21,453	\$16,966	-\$4,487	-20.92%	\$12 Million
					Total Cut	\$14.8 Billion

**All figures in Millions unless otherwise noted.*

In total, the cut to investments for kids could be \$15 billion. Sequestration cuts, which took effect earlier this year, have already hit kids by nearly \$4 billion. These allocations are another move in the wrong direction.

With child poverty at levels not seen for decades, it's not only short sighted but irresponsible to cut investments in kids. Congress must repeal sequestration and restore these cuts. Our children's futures are at stake.

On April 10, 2013, President Obama released his Fiscal Year 2014 budget request. This document provides a comparison of President Obama's budget and the budgets passed by the House and Senate, looking at four key areas that impact children's well-being: health; nutrition; federal budget sequestration and non-defense discretionary investments like education; and family tax credits. It also provides a detailed analysis of the discretionary portion of his budget proposal from a children's perspective, highlighting notable increases, cuts, and new initiatives.

KEY ISSUES: SIDE-BY-SIDE COMPARISONS

Investments in Health

Federal investments in children's health go a long way in helping kids grow-up strong and happy. Medicaid and the Children's Health Insurance Program (CHIP) together help provide health services for nearly one third of the nation's children. Nearly half of all Medicaid beneficiaries are children, despite the fact that they only make up 20 percent of the cost.

House Budget	Senate Budget	Obama Budget
<ul style="list-style-type: none"> • Turns Medicaid into a block grant, cutting \$810 billion over the next 10 years, resulting in a cut of more than \$160 billion to children's health. Last year the Urban Institute estimated that a very similar proposal in the House budget would result in 14 to 21 million individuals losing Medicaid coverage by 2022.¹ • Defunds the Affordable Care Act (ACA), making it harder for low-income and middle class families to get health coverage. In last year's analysis, the Congressional Budget Office found that the ACA cuts would cause states to make considerable cutbacks including CHIP and Medicaid eligibility restrictions, rationing the care children receive, and lower payments to providers – all of which would make it harder for children to get the care they need. 	<ul style="list-style-type: none"> • Protects investments in Medicaid, CHIP, and the ACA and highlights their importance for children. The budget plan also explicitly recognizes that half of the beneficiaries in Medicaid are children. 	<ul style="list-style-type: none"> • Protects investments in Medicaid, CHIP, and the ACA and highlights their importance for children.

Tax Credits

The Child Tax Credit (CTC) and Earned Income Tax Credit (EITC) are two of the most effective anti-poverty investments for working families with children. **Combined, these credits lift 5 million children out of poverty annually. In 2009, Congress passed significant improvements to these credits, which alone kept nearly 1 million kids from poverty in 2011.**² The American Tax Relief Act, of January 2013 extended these credits with the improvements through 2017. With more than one in every five children in poverty, preserving these improvements is vital.

House Budget	Senate Budget	Obama Budget
<ul style="list-style-type: none"> • Assumes the improvements will expire in 2017 and does not extend them. 	<ul style="list-style-type: none"> • Calls for the improvements to be made permanent. 	<ul style="list-style-type: none"> • Calls the improvements to be made permanent.

Investments in Nutrition

One in every five children in America faces the possibility that they or a family member will not have enough food to eat tomorrow. Investments in child nutrition are critical to providing the help families need to put food on their tables. Nearly half of all resources in the Supplemental Nutrition Assistance Program (SNAP) go to children. **In 2011, SNAP alone helped lift 2.1 million children out of poverty.**³

House Budget	Senate Budget	Obama Budget
<ul style="list-style-type: none"> • Turns SNAP into a block grant and changes eligibility requirements, cutting \$135 billion over ten years. This would result in a cut of more than \$63 billion to kids. These cuts and changes would jeopardize the food security of millions of children.⁴ • Leaves in place harmful sequestration cuts that could have had a dramatic impact on the Special Supplemental Nutrition Program for Women, Infant, and Children (WIC).⁵ 	<ul style="list-style-type: none"> • Protects investments in SNAP and WIC. The budget plan explicitly recognizes the importance of these programs for children and strongly supports their role in reducing hunger. 	<ul style="list-style-type: none"> • Protects investments in SNAP and WIC. The budget plan explicitly recognizes the importance of these programs for children and strongly supports their role in reducing hunger.

Sequestration & Non-Defense Discretionary Investments like Education

Discretionary investments make up one third of all federal money that goes to children. These crucial investments include things like Head Start and child care assistance, special education services and help for low income students, as well as child abuse prevention and housing supports that prevent homelessness. **Discretionary investments provide some of the biggest bang for the buck, particularly in early childhood, where studies show a return of seven dollars for every one dollar spent.**⁶ From 2010 to 2013, discretionary investments for kids have already been cut by more than \$5 billion dollars.

House Budget	Senate Budget	Obama Budget
<ul style="list-style-type: none"> • Leaves in place and extends harmful sequestration cuts that proportionally could cut investments to kids by more than \$40 billion over 11 years. These cuts fall heavily on investments in education, early childhood, and children's housing.⁷ • Cuts non-defense discretionary spending by an additional \$650 billion over 10 years by shifting all the scheduled cuts in defense spending onto non-defense areas. Applied proportionally, these additional cuts could cost kids another \$72 billion.⁸ • By protecting defense spending, in total, the House budget cuts non-defense discretionary investments by nearly \$1 trillion below the Budget Control Act over 10 years, meaning kids lose \$112 billion. 	<ul style="list-style-type: none"> • Eliminates sequestration, including the restoration of all cuts currently in effect. This alone would restore more than \$4 billion in investments for kids for Fiscal Year 2013. • Further lowers non-defense discretionary spending caps by \$150 billion. Applying this reduction proportionally, this would result in a \$17 billion reduction in funding for children's initiatives. However, the budget proposal emphasizes the importance of early education, child care, child nutrition, as well as other areas suggesting the intent to protect critical investments in children. 	<ul style="list-style-type: none"> • Eliminates sequestration, including the restoration of all cuts currently in effect. This alone would restore more than \$4 billion in investments for kids for Fiscal Year 2013. • Further lowers non-defense discretionary spending caps by \$101 billion over 10 years, beginning in 2017. Applying this reduction proportionally, this would result in an \$11 billion reduction in funding for children's initiatives. However, like the Senate budget, the proposal emphasizes the importance of early education, child care, child nutrition, as well as other areas suggesting the intent to protect critical investments in children even with the lowered caps.

In addition to the categories above there are several other sharp distinctions between the budget plans that impact kids. The House budget also calls for significant cuts in mandatory programming, much of which serves low income children. Initiatives like Supplemental Social Security, which helps disabled and orphaned children, and Temporary Assistance for Needy Families

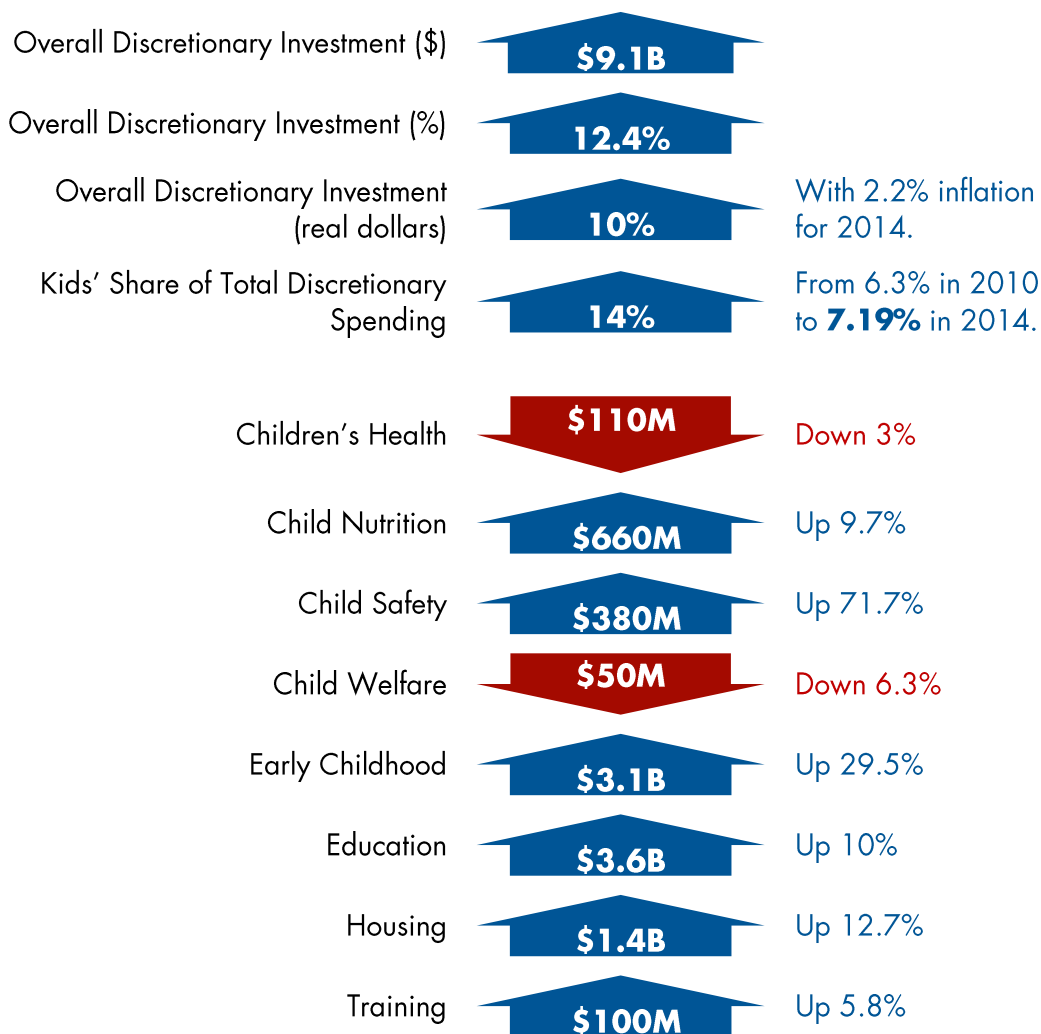
are likely to be cut. The House budget also includes reconciliation instructions to eight committees calling on them each to produce legislation that saves at least \$1 billion. **While details are unclear at this point, similar instructions last year resulted in at least another \$40 billion in cuts to investments for kids over 10 years, including ending access to the CTC for up to 5.5 million kids.**⁹

The Senate budget includes no such reconciliation instructions and does not call for any additional substantial cuts in mandatory initiatives that impact children. **The Senate budget does sets aside an additional \$100 billion worth of stimulus investments. Though not detailed, the budget calls for a large part of the stimulus to be invested in rebuilding schools, new education and training initiatives, and expansion of high quality early childhood initiatives.**

The President's budget calls for a number of new initiatives that will greatly benefit children. **These include a 10 year investment of more than \$76 billion for universal pre-kindergarten, a push for higher minimum wage, a stronger unemployment insurance system, a renewed focus and investment in low-income housing, and a restoration of the TANF supplemental block grants.**

DISCRETIONARY BUDGET DETAILS

Changes below are denominated in nominal dollars, compared to 2013 appropriations, unless otherwise noted. The President's budget restores sequestration cuts, so discretionary increases to many investments for children are striking. **The kids' share of total discretionary spending would rise more than 14% under President Obama's budget, compared to 2010.**



Note: Totals reflect First Focus calculations on the share of spending in each program that goes to kids. 2013 spending totals assume current law, which means sequester has gone into effect. These cuts result in an approximate 5% cut to all non-defense discretionary items.

Selected Notable Increases

Initiative	Increase (\$Nominal)	Relative to FY2013 (%)
Child Care Development Block Grant	\$200M	12%
Head Start	\$2.03B	27%
Healthy Homes Program	\$15.5M	164%
Homeless Assistance Grants ¹⁰	\$454M	24%
Juvenile Justice Programs ¹¹	\$73M	37%
Project Based Rental Assistance ¹²	\$1.4B	16%
Promise Neighborhoods	\$243M	429%
Public Housing Operating Fund ¹³	\$560M	14%
Special Supplemental Program for Women, Infants, & Children (WIC)	\$631M	10%
Tenant Based Rental Assistance ¹⁴	\$2.03B	11%
Unaccompanied Alien Child Program	\$335M	210%

Selected Notable Cuts

Initiative	Decrease (\$Nominal)	Relative to FY2012 (%)
Children's Hospital Graduate Medical Education	\$166M	65%
Community Service Block Grant	\$325M	48%
High School Graduation Initiative	\$46M	100%
Low Income Home Energy Assistance ¹⁵	\$270M	8%

Selected New Proposals

Initiative	\$ Proposed Increase
Preschool Development Grants	\$750M
Preschool for All ¹⁶	\$1.3B
Project AWARE & Other School Based Mental Health Expansions	\$130M

CONCLUSION

While President Obama's budget and the Senate budget plan are not perfect, they clearly place a higher value on investments in children than the House plan. The White House and Senate plan show it is possible to deliver fiscal progress while still investing in our children. As policymakers continue with the FY14 budget process, it is important to remember that

investments in children make up less than 8 percent of the entire federal budget. Children are not the cause of our fiscal imbalance, and cutting the investments that help them grow is a poor decision that threatens their future.

The right budget for our nation is one that provides appropriate investments in our children's healthcare, housing, nutrition, and education. Every child deserves an equal chance at the American dream.

¹ Children make-up 20 percent of the overall costs of Medicaid, which applied proportionally, equals the cut to children's investments.

² CBPP (February 1, 2013) "Policy Basics: The Child Tax Credit." <http://www.cbpp.org/cms/index.cfm?fa=view&id=2989>

³ CBPP (March 15, 2013) Ryan Budget Would Slash SNAP Funding By \$135 Billion Over Ten Years."

http://www.cbpp.org/cms/index.cfm?fa=view&id=3923#_ftnref17

⁴ Children make up 47 percent of the overall costs of SNAP, which applied proportionally, equals the cut to children's investments.

⁵ At the last minute the Senate approved a spending bill for the Department of Agriculture that restored much of the funding cut from WIC because of sequestration in 2013. Additional cuts were offset by tapping into transfer funds, as well as the WIC contingency fund, which is meant to be used for increases in food costs or additional enrollees during a time of high need.

⁶ Heckman, James. Journal of Public Economics. "The Rate of Return to the HighScope Perry Preschool Program." 18 November 2009.

⁷ Non-defense discretionary investments in children make-up 11.2 percent of all non-defense discretionary investments. Applied proportionally to the extended sequestration baseline as well as scheduled cuts for FY13 gets you to over \$40 billion.

⁸ Shifts the \$55 billion each year for 10 years from the defense sequestration and shifts additional Pell resources onto the non-defense discretionary ledger.

⁹ First Focus (April 20, 2012) "House Budget Forces Deeper Cuts to Child Tax Credit, Child Care, and Child Welfare."

<http://www.firstfocus.net/library/fact-sheets/house-budget-forces-deeper-cuts-to-child-tax-credit-child-care-and-child-welfare>

¹⁰ Share dedicated to children is 50%.

¹¹ Includes Title II, Title V, & the Juvenile Accountability Block Grant.

¹² Share dedicated to children is 26%.

¹³ Share dedicated to children is 41%.

¹⁴ Share dedicated to children is 26%.

¹⁵ Share dedicated to children is 23%.

¹⁶ Preschool for All is a mandatory investment and is not included in the discretionary totals on page 3.