



Children's Defense Fund

A Look at Children and the President's FY 2011 Federal Budget

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President Obama's 2011 Budget signals the Administration's continued commitment to children and families even in these extraordinarily tough economic times. It reflects the President's understanding that investing in children now will ensure a more stable economy and a healthier, more competitive workforce in the future. The recommendations in the budget are consistent with the President's assertion in his State of the Union address that "the best anti-poverty program around is a world-class education." In education and throughout other areas of the budget, there is attention to the needs of children of all ages and recognition of the crucial need for investments in prevention and basic supports that reach across systems and focus on the whole child in order to help reduce the multiple risks that many children now face.

The President's Budget tackles the deficit and at the same time makes important investments in children and low income families. It proposes to reduce the deficit with \$750 billion in tax adjustments, a three year freeze on non-security domestic discretionary programs, the establishment of commission to reduce deficits by 2015, and passage of health reform legislation this year. At the same time the budget significantly increases investments in education for all children and includes other investments in early childhood programs to help children start school ready to succeed and parents work. It supports the kind of dramatic transformation we need in education in America to prepare all of our children for success in the 21st century. These steps will be reinforced when significant improvements in children's health coverage, also key to school performance, are enacted.

The challenge now is to ensure Congress enacts these deficit measures and the investments in children and low income families described below to ensure children and families will truly benefit from them.

Major Investments in Education

- **Significant New Investments:** The President's Budget proposes an increase of up to \$4.5 billion in 2011 for the Department of Education, \$1 billion of which would become available upon the successful reauthorization of the *Elementary and Secondary Education Act (ESEA)*, which reflects the Administration's new vision for that law. Three billion dollars of the proposed increase would support competitive funding to: establish the expectation that every student will graduate from high school ready for college and career; recognize and reward schools that help students make significant achievement gains; and turn around persistently low-performing schools (\$900 million is targeted for School Turnaround Grants). Much of this increase would be paid for from savings achieved through the restructuring of postsecondary student loans, the consolidation of programs, and the elimination of earmarks.
- **Success for All Students: Closing the Achievement Gap**
 - **Promise Neighborhoods:** The budget's new \$210 million neighborhood initiative is modeled on the successful Harlem Children's Zone. These competitive grants will provide children with wrap-around services from birth through college and careers and

engage parents and the community working together with schools to ensure student success. \$10 million in planning grants had been provided in FY 2010.

- **Successful, Safe and Healthy Students:** This \$410 million initiative, created by consolidating existing initiatives, will focus on supporting the health, fitness, and well-being of children and preventing and reducing drug use, violence, and harassment.
- **Comprehensive Literacy Development:** The budget emphasizes comprehensive literacy development through the Title I Program for Education for the Disadvantaged. It will focus on lower income children from birth through grade 12, including limited-English-proficient students and students with disabilities. It requires state educational agencies to distribute a large portion of these funds equitably among pre-k programs (15%), elementary schools (40%), and middle and high schools (40%).
- **Effective Teachers and School Leaders.** Recognizing that there are no good schools without good principals, the budget proposes investing fivefold in quality school leadership and effective teaching. Highlights include the:
 - \$3.9 billion **Excellent Instructional Teams** program to help state and local education agencies increase effectiveness of teachers and principals.
 - \$2.5 billion **Effective Teachers and Leaders** program, which replaces the Improving Teacher Quality and Ready to Teach programs. It will help state and local education agencies ensure the equitable distribution of effective teachers and principals and implement rigorous and fair evaluation systems.
 - \$405 million **Teacher and Leader Pathways** program, which will focus on recruiting, training, and retaining effective principals and school leadership teams for turning around low-performing schools.
- **College Access and Completion.**
 - The budget proposes to make permanent the American Recovery and Reinvestment Act's (ARRA) increase in **Pell Grants**. It will help make college more affordable for students by including a maximum grant award of \$5,710, to be increased annually for inflation beyond that amount.
 - \$10.6 billion in funding over 10 years is requested to launch a new **American Graduation Initiative** to help community colleges graduate five million more students by 2020.
 - **Income-based repayment plans for student loans** will be strengthened. Monthly student loan payments will be capped at 10 percent of discretionary income for 10 years for those who choose public service careers, with any remaining loan balance to be forgiven. For others, loans will be forgiven after 20 years.

Stronger Supports for the Care of Young Children

- **Child and Dependent Care Tax Credit:** The President's 2011 Budget proposes to increase the Child Care and Dependent Care Tax Credit for families making less than \$85,000 a year from 20 to 35 percent of their child care expenses; families earning \$115,000 would be eligible for a 20 percent credit. Families could claim up to \$3,000 in expenses for one child or \$6,000 for two children. This will help make child care more affordable.
- **Child Care and Development Fund:** To balance the fact that the Child and Dependent Care Tax Credit is not made refundable for low-income families with no tax liability, the FY 2011

budget also proposes an increase of \$1.6 billion for the Child Care and Development Fund. Half of this funding is mandatory (and is increased by inflation for years after 2011), and half discretionary. This increase is projected to expand child care subsidies to serve an additional 235,000 children in 2011 and to improve the quality of child care.

- **Head Start/Early Head Start:** The budget proposes \$8.22 billion for Head Start and Early Head Start, an increase of nearly \$1 billion from FY 2010 funding. The proposed increase is projected to continue providing early care and education services to the additional 64,000 children and families served through the *American Recovery and Reinvestment Act* (ARRA).
- **Early Learning Challenge Fund:** The budget proposes \$625 million for FY 2011 (and \$9.3 billion over 10 years) in mandatory funding for the new Early Learning Challenge Fund once it is enacted. The Early Learning Challenge Fund, which passed the House in September and is awaiting action in the Senate, will make available competitive grants for states to build high quality early learning systems for children from birth through age five. There is also an emphasis on increasing the number of low income children in high quality early childhood programs.

Commitment to Improving Children's Health

- **Funding for Extension of ARRA's Temporary FMAP (Federal Medical Assistance Percentage) Increase in Medicaid:** The President's Budget proposes \$25.5 billion to provide a six-month extension through June 30, 2011, of the ARRA temporary increase in the federal match for Medicaid expenditures. This is key to helping states maintain their Medicaid programs and ensuring access to health care for millions of children and adults.
- **Prevention and Wellness Activities:** The budget requests a \$290 million increase in funding for community health centers to provide affordable high quality primary and preventive care to underserved populations, including the uninsured. This funding will allow the centers to continue to provide care to the two million additional patients served under ARRA and to support approximately 25 new health center sites. In 2008, health centers provided direct services to 17 million people.
- **Children's Health Insurance Program (CHIP):** Funding for CHIP will increase by nearly \$1 billion over 2010, consistent with the Children's Health Insurance Program Reauthorization Act (CHIPRA) passed in 2009, and its goal of reaching the five million children who were eligible for CHIP but not enrolled in the program. States are eligible for bonus payments when they exceed their established enrollment targets for expanding CHIP outreach.
- **Maternal and Child Health Block Grant:** The Maternal and Child Health Block Grant, which until now had seen its funding reduced each year since 2005, will be increased by \$11 million. The block grant is projected to support services for more than 40 million women, children and families and help reduce infant mortality.
- **Home Visiting Programs:** The President's Budget assumes passage of health reform and a voluntary quality evidence-based home visiting initiative. Both the House and Senate health reform bills include mandatory funding for a variety of home visiting models that promote improved maternal health and pregnancy outcomes and healthy child development, prevent

child abuse and neglect, and promote school readiness. The increases discussed below for child abuse discretionary programs and for the Fatherhood, Marriage and Families innovation Fund also seem to be able to be used for various home visiting approaches.

Expanded Nutrition Assistance

- **Nutrition Assistance:** The President's Budget is expected to fully fund the projected participation in nutrition assistance programs. Both the Child Nutrition and Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) must be reauthorized this year. To fully serve all eligible individuals, \$7.6 billion has been allocated for WIC. This is an increase of approximately \$350 million above the 2010 level. According to the Food Research and Action Council (FRAC), the proposed increase in funding, along with significant funding carried over from last year, is expected to serve more than 500,000 additional participants per month in FY 2011 compared to FY 2010. There also is an increase in the budget of \$10 million for the Summer Food Service Program. These increases and others, totaling about \$1 billion a year for 10 years, will be focused on ending childhood hunger, reducing childhood obesity and improving program performance to better meet children's needs.
- **Supplemental Nutrition Assistance Program (SNAP):** The budget proposes to increase spending on SNAP, formerly the Food Stamp Program, by nearly \$7.6 billion over the FY 2010 amount, a level that reflects the ARRA provisions, as well as an increase in program participation. The President's Budget also seeks to make a number of changes that the Department of Agriculture estimates will allow SNAP to serve 2.7 million more low-income individuals in FY 2011, bringing the total average monthly level of recipients to 43.3 million.
- **Healthy Food Financing Initiative:** \$50 million is proposed for a new "Healthy Food Financing Initiative" to bring grocery stores and other healthy food retailers to underserved communities.

Increased Supports Families, Children and Youths

- **Funding for Expansion of Tax Credits in the ARRA:** The President proposes to make permanent the expansions of the Child Care Credit and the Earned Income Tax Credit that were in the ARRA, both of which help to reduce poverty for millions of children. The budget also extends for one year the "Making Work Pay" Tax Credit, which creates a new refundable credit of up to \$400 per worker and \$800 per couple.
- **Temporary Assistance for Needy Families (TANF):** The budget continues TANF through 2011, including the contingency fund and supplemental grants previously funded through the ARRA. The proposal for the extension of the TANF Emergency Fund will expand its uses for 2010, providing 100 percent federal funding for states that use these dollars for subsidized jobs. The budget also provides \$2.5 billion to continue the Emergency Fund in 2011.
- **Fatherhood, Marriage and Families Innovation Fund:** This new \$500 million mandatory funding initiative would provide competitive grants to states to strengthen families by investing in comprehensive responsible fatherhood initiatives and to improve child outcomes by assisting custodial parents facing serious barriers to self-sufficiency, with priority for those activities with the strongest evidence of effectiveness. Funds would be divided equally between the two purposes.

- **Paid Family Leave:** The President's Budget establishes a \$50 million State Paid Leave Fund within the Department of Labor. It will help states, on a competitive basis, cover the start-up costs of their paid family leave programs.
- **Child Support Enforcement:** More than \$500 million in new funding will be requested to enhance child support collections and programming. The ARRA provision that allows states to reinvest incentive payments in the program would be continued for one year. The budget also proposes other child support proposals aimed at increasing collections by \$271 million over five years. A \$2 million increase would be sought to support non-custodial parents' access to and visitation with their children.
- **Innovations in Job Training and Youth Employment:** In addition to the significant investments in education and a commitment to the reauthorization of the Workforce Investment Act, the President's Budget increases investments for youths and builds a partnership between the Departments of Labor and Education to make grants that will combine summer or year-round employment with education for youths. This initiative is part of the Workforce Innovation Partnership that will promote the streamlining of programs at the state level.
- **Low Income Home Energy Assistance Program (LIHEAP):** The budget proposes a Home Energy Automatic Trigger for LIHEAP that would establish a new mandatory funding stream to enable an almost immediate response to eligible families and individuals when there are changes in energy prices and/or the numbers of households in poverty. The mandatory trigger is estimated to result in increased investments in LIHEAP of \$2 billion.

Preventing Abuse and Family Violence

- **Child Abuse Prevention:** The President's Budget includes \$107 million for Child Abuse Prevention programs through child abuse state grants, community-based child abuse prevention and child abuse discretionary activities. There is a \$10 million increase in child abuse discretionary activities, which will be used for a new competitive grant program to encourage states to use evidence-based practices for preventing child abuse and neglect. The Social Services Block Grant, which is used for child protection and a range of other services, is flat funded at \$1.7 billion.
- **Family Violence Prevention:** The budget includes \$145 million for Family Violence Prevention and Service programs, \$11 million more than FY 2010 funding. The increase will be used to expand shelter capacity and support services and provide help to children who witness domestic violence. An additional \$2 million will be used to respond to increased calls to the Domestic Violence Hotline. The programs targeting youth victims of domestic violence in the Department of Justice are all funded at their FY 2010 levels.
- **Protecting Victims of Trafficking:** The budget includes a \$58 million increase through the work of the Office of Refugee Assistance to provide shelter to more refugee children and also to implement provisions of the Trafficking Victims Protection reauthorization and get help to victims sooner.

Promoting Stability and Permanence for Children

- **Funding for Extension of ARRA's Temporary FMAP Increases:** The President's Budget proposes to extend the ARRA increase in the FMAP rate for Foster Care, Adoption Assistance

and Kinship Guardianship Assistance under Title IV-E of the Social Security Act for six months through June 30, 2011.

- **State Court Improvement Program:** The budget proposes the reauthorization of the State Court Improvement Program to promote increased collaborations between courts and child welfare agencies and enhanced data collection and training.
- **Adoption Assistance:** The budget increases funding for the Adoption Opportunities Grant by \$10 million, or 50 percent, over 2010, and the Adoption Incentives Grants by \$3 million. These programs help eliminate barriers to adoption and to move older children, and others with special needs, to permanent families from foster care.

Responding to Other Special Challenges Facing Children and Families

- **Mental Health and Substance Abuse Prevention and Treatment:** The 2011 Budget freezes funding for the Mental Health and Substance Abuse Block Grants at their 2010 levels but includes targeted modest increases in prevention and wellness activities for children at risk. These increase include suicide prevention (\$6 million), the promotion of mental health and substance abuse screenings and brief interventions in primary care settings (\$8 million), the children's mental health services program for children and youths with serious emotional disturbances (\$5 million), attention to the mental health needs of homeless families and individuals (\$17 million), increases in the treatment capacity of drug courts (\$13 million), and improvements to help learn more about the challenges of and strategies for addressing mental illness and substance abuse (\$34 million). Funding for Project LAUNCH (Linking Actions for Unmet Needs in Children's Health) is increased by almost 50 percent. This program, which will be funded at \$37 million in FY 2011, targets children with risk factors that lead to mental health and substance use disorders. About 20 additional communities will receive Project LAUNCH support to assist with effective mental illness and substance abuse prevention practices for children.
- **Juvenile Justice Programs:** Despite reductions in several key juvenile justice programs, the President's Budget includes an overall increase in funding for juvenile justice and related youth programs in the Department of Justice. It increases funding to assist with the reentry of youth and adult prisoners into the community, more than doubles funding for a small program for new community-based violence prevention initiatives, and establishes a new \$13 million national juvenile delinquency court improvement program. It also targets close to \$1 million for evaluations and pilot programs that address disproportionate minority confinement and targets that same amount for new technology to keep the field informed about evidence-based and other promising initiatives. The budget also proposes to eliminate the set asides and earmarks in Title V of the Juvenile Justice and Delinquency Prevention Act, which would free up more funds for collaborative community-based delinquency prevention activities. Funding for the Juvenile Accountability Block Grant, focused on gang prevention, graduated sanction programs and mental health and substance abuse treatment, is reduced from \$55 million to \$40 million; the Youth Mentoring Program is reduced from \$100 million to \$45 million; and the Court Appointed Special Advocate Program from \$15 million to \$10 million.

For more information on the President's 2011 Budget and children, please contact the Children's Defense Fund Policy Department at ssprow@childrensdefense.org or at 202-662-3568.