

The Federal Budget

Each year, Congress must pass a series of Appropriations bills that fund the work of the Federal Government. Both Congress and the President use this process to identify their priorities for the coming year. In recent years, spending has been limited by the use of "sequestration," a process that automatically makes cuts to all agencies across the federal government without regard to the impact on services.

Most of the impact of sequester is felt in "discretionary" programs, which includes the majority of programs serving low-income children and their families. Currently, the automatic cuts triggered by the sequester affect both defense related programs and non-defense programs (the latter are known as "nondefense discretionary spending" or NDD). While the sequester was limited in 2014 and 2015, the cuts are scheduled to be in effect as Congress debates the budget for the next fiscal year (FY 2016).

According to the Center for Budget and Policy Priorities, "[u]nder current policies including the sequestration cuts, NDD spending is projected to fall to its lowest level as a share of gross domestic product (GDP) on record in 2016, with data going back to 1962, and will continue to fall thereafter. (Even without the sequestration cuts, NDD spending is projected to reach its lowest level as a share of GDP in 2017.) By 2021, if sequestration stays in place, funding for NDD programs will be 18 percent below the 2010 level (adjusted for inflation); 2010 was the last year before Congress began cutting discretionary funding to reduce the deficit."

Under current funding levels, the unmet needs of children and families are significant:

- Only one in six eligible children receives child care assistance that help families work and children be safe and supported in learning and development.
- Less than half of eligible preschoolers can enroll in Head Start, which provides school-readiness and comprehensive services.
- Less than four percent of eligible babies and toddlers can enroll in Early Head Start, which ensures a positive developmental foundation for young children.
- Many children with developmental delays and disabilities are unable to receive early intervention services because of inadequate funding of Part C of IDEA.

If the sequester cuts are allowed to move forward, the impact on early childhood programs will be significant. Programs that have already had to cut hours of service, serve fewer children, limit the services available, cut staff, lower compensation and make do with much less will see even fewer resources available in their states and communities.

The President, in his Budget proposal for FY 2016, recognized both the need for thoughtful investment and the importance of early childhood programs. The President's budget document invests heavily in early childhood programs to improve outcomes for young children and to support working families. It proposes, first, to end the sequester.

The budget recognizes that quality child care is expensive, but is a necessary cost for most families. Increased investments in child care and Head Start, as well as expansion of child care tax credits, preschool grants and home visiting will ensure that millions of children and families have access to the early care and learning opportunities they need, specifically:

- Investments in the Child Care and Development Block Grant (CCDBG) to increase quality (\$266 million increase), foster innovation (\$100 million) and help more than a million low-income working families pay for child care for their infants and toddlers (nearly \$3.7 billion increase in mandatory funding).
- Growth in Head Start and Early Head Start (\$1.5 billion increase), including expansion of the Early Head Start-Child Care Partnerships and promoting full-school day and year programs.
- New investments in early intervention and identification programs (\$115 million increase) to help families access interventions as early as possible.
- Expansion of Preschool Development Grants (\$500 million increase) to help states provide new high quality preschool programs in areas with unmet needs.
- Expansion of home visiting programs.
- Begins investments in universal preschool for low and moderate income families with four-year-olds through a \$1.3 billion increase in the tobacco tax.
- Expands the Dependent Care Tax Credit to help more families pay for high-quality child care.

During the next few months, Congress will begin to debate the right level of investment through the various Appropriations bills.

Recommendations

NAEYC makes the following recommendations for the Budget and Appropriations process as Congress begins to debate the nation's spending priorities.

- Invest an additional \$1 billion in CCDBG to help states implement new requirements in the reauthorized CCDBG law.
- Maintain and expand the new Early Head Start-Child Care Partnerships and expand both Head Start and Early Head Start by investing at least \$1.5 billion in the program.
- Maintain and expand the Preschool Development Grants.
- Continue the successful Maternal, Infant, and Early Childhood Home Visiting Program with a \$400 million investment.
- Expand the Dependent Care Tax Credit to help more families pay for high-quality child care.