IMPACT OF THE PRESIDENT'S 2020 BUDGET ON CHILDREN

MARCH 2019

President Trump's $4.7 trillion budget proposal for Fiscal Year 2020 (FY 20) seeks massive cuts to critical programs that help children and families. The proposal takes aim at a wide spectrum of programs and initiatives that work collectively to support child wellbeing through investments covering a broad policy landscape from health, education and financial security to housing, nutrition, and welfare. In light of the recently released landmark study from the National Academies of Sciences, Medicine and Engineering outlining a path to cutting child poverty in half in 10 years with greater federal investment in existing assistance programs, the President's budget proposal is in most respects an unacceptable and dangerous step backwards.

Return to Harmful Discretionary Spending Limits

Rather than build on the investment of the Bipartisan Budget Agreement of 2018—which contributed to the share of federal spending on children climbing back up to 8.06 percent in FY 18 after falling to an all-time low of 7.97 percent in FY 17—the President's FY 20 Budget subjects Non-Defense Discretionary (NDD) spending to the unrealistic spending limits of the Budget Control Act of 2011. The result would be a $55 billion cut in the overall spending allowed for domestic discretionary programs. Yet the administration essentially ignores those same limits for defense spending by calling for unprecedented increases in the off-budget Overseas Contingency Operations account. With this budget loophole, the Administration is seeking $750 billion in defense spending and just $543 billion in NDD funding.

The gap between proposed NDD and defense spending speaks to a failure to treat investments in domestic programs as an equally important tool for shoring up our national security, from guarding against public health and cyber threats to improving military readiness via education, health, and nutrition. These proposed cuts also are uniquely harmful for children's programs, for which funding is disproportionately discretionary, making it subject to annual debate, cuts, and other legislative changes. Spending on children is often temporary, capped, and lacks both built-in growth and dedicated revenue. The proposed 9 percent reduction in NDD spending would exacerbate those structural disadvantages.

Inadequate Increase to Census Funding

Because the Decennial Census (the nation's largest peacetime mobilization) is in 2020, the Census Bureau requires a significant increase in FY 20 funding. The President's FY 20 Budget requests $7.2 billion for the entire Census Bureau, but that figure assumes a $1.020 billion carry over from resources available in FY 19, funds that advocates believe need to be spent in 2019 to prepare for the Decennial Census. Notably, this funding request is lower than the $7.4 billion that Secretary Ross has previously said would be needed in FY 20 for the Decennial Census alone. The President's FY 20 Budget request rightly acknowledges the need for additional census funding for an accurate count in the 2020 Decennial Census. However, it falls far short of the $8 billion figure that advocates say is necessary for the Decennial Census alone to ensure an accurate count, especially of young children.

HEALTH

- **Long-Term Cut to Medicaid and the Affordable Care Act:** The President's FY 20 Budget includes a gross cut of roughly $1.98 trillion over 10 years from Medicaid and Affordable Care Act marketplace subsidies funding through proposed limits on coverage, benefits, access to care, cuts to providers, and a shift of costs to low-income families. The cut would be offset by the creation of a block grant of around $1.21 trillion, resulting in a net cut of $777 billion to Medicaid and Affordable Care Act marketplace coverage. Those changes would harm the more than 37 million children in America relying on Medicaid for their health insurance. This includes children in foster care, most of whom are covered through Medicaid and rely on it for physical health exams and mental health services and therapies, as well as children with disabilities and complex medical needs.

  A new administrative proposal in this budget would also allow states to "conduct more frequent eligibility redeterminations" for Medicaid recipients. Currently, states can provide up to twelve months of continuous eligibility for Medicaid, and CHIP, allowing children to remain covered for a full year after enrollment, stabilizing coverage. This policy, coming through a potential regulation, would dismantle that continuous, seamless coverage and increase the number of eligible children who churn on and off coverage due to paperwork and administrative burdens. This policy would make children's coverage rates decline.

- **Inadequate Opioid Crisis Funding:** The President's FY 20 Budget rightly recognizes the need for funding to combat the opioid substance abuse epidemic, which has threatened the health and welfare of millions of children around the nation. It makes some needed investments in this crisis, including a proposal allowing states to provide full Medicaid benefits for one-year postpartum for pregnant women diagnosed with a substance use disorder and new funding for grants to accredited medical schools and teaching hospitals to develop substance abuse treatment curricula. Unfortunately, it undermines these investments by proposing long-term cuts to Medicaid, and deep reductions in discretionary and mandatory funding streams within the Centers for Disease Control, Health Resources Service Administration, and Substance Abuse and Mental Health Services Administrations. Compounding these cuts, the proposal does not increase funding for Child Abuse Prevention and Treatment Act grants, the nation's only dedicated funding for primary prevention of child abuse and neglect, which is on the rise as a result of the opioid crisis.

- **Elimination of other Children's Health Programs:** While some child-focused programs remain, flat or receive modest increases, others are zeroed out in the President's FY 20 Budget. This includes Emergency Medical Services for Children, Autism and Other Developmental Disorders, Infant and Early Childhood Mental Health, and Universal Newborn Hearing Screening.

EDUCATION

- **Elimination of Critical K-12 Education Funding:** The President's FY 20 Budget includes a 12 percent cut to the Department of Education. It zeroes out twenty-nine funding streams aimed at improving educational quality in public K-12 schools, especially for disadvantaged children. As a result, it seeks to eliminate roughly $6.4 billion in public education dollars in FY 20, gutting resources for areas like student improvement, safe schools, full-service community schools, teacher development, impact aid payments for schools on federal property, afterschool programming, and literacy.

- **Tax Credit for "School Choice":** The President's FY 20 Budget proposes a federal tax credit of up to $50 billion over 10 years for donations to scholarship programs for families of elementary and secondary students who are seeking state-defined public or private education options. This effort to support "school choice" programs likely would shift even more dollars away from public schools, exacerbating the President's proposed cuts and undermining public education.

NUTRITION

- **Cut to the Supplemental Nutrition Assistance Program (SNAP):** The President's FY 20 Budget proposes cuts to SNAP of $219 billion over 10 years by reducing the grocery credit that families receive and replacing it with pre-boxed portions of non-perishable food. The proposed "Harvest-Box" system is inefficient, lacks evidence, administratively burdensome and costly for states, and would ultimately mean families have less healthy food to eat. Children would also suffer as a result of proposed benefit caps for large families, and burdensome application requirements would reduce the cost of the program at the expense of eligible families who would no longer be able to access this resource.

- **Cut to School Meals:** The President's FY 20 Budget would reduce spending on free and reduced-price school meals through changes to verification processes and limiting options for schools to utilize the Community Eligibility Provision, a tool that streamlines access to free school meals. In total, these proposals would cut spending on School Meals Programs by $1.7 billion over ten years.

- **Possibly Underestimation of Caseloads for Special Supplemental Nutrition Assistance Program for Women, Infants, and Children (WIC):** WIC helps improve the health and nutritional intake of low-income pregnant, breastfeeding and postpartum women, infants and children up to their fifth birthday. WIC serves about half of all babies in the United States. The President's FY 20 proposal for grants to states for WIC is $5.75 billion, a 13 percent cut from FY 19, but would also include an additional $1 billion rescission of unspent food package funds.

EARLY CHILDHOOD

- **Elimination of Preschool Development Grants:** The President's FY 20 Budget would eliminate this $250 million program, which supports high-quality preschool programs and early childhood education programs for children from low-and moderate-income families, including children with disabilities.

- **Cut to Child Care Access Means Parents in Schools (CCAMPIS):** The President's FY 20 Budget also proposes a $35 million reduction in CCAMPIS, a 70 percent cut, which supports the participation of low-income parents in postsecondary education through the provision of campus-based child care services.

- **Flat-funding of the Child Care and Development Block Grant (CCDBG) and Head Start:** The President's FY 20 Budget proposal would flat-fund CCDBG, our main federal child care program, and Head Start, an essential early learning opportunity for young children, continuing to drastically underfund these necessary programs that provide vital care, education, and wrap-around services for children and families. CCDBG serves 450,000 fewer children now than it did in 2006, and fewer than one in six eligible children receives CCDG funding. Head Start is currently only able to serve seven percent of eligible children ages 0-3 and 31 percent of eligible children ages 3-5.

- **Potentially Harmful Child Care Proposal:** The President's FY 20 Budget also seeks to address the crisis of inadequate access to affordable, quality child care and proposes a new $1 billion competitive child care fund available for 5 years and aimed at building the supply of care for underserved populations and to stimulate employer investment. Unfortunately, the proposal would require states to accomplish so-called "deregulation requirements." Forcing child-care providers to roll back bipartisan regulatory protections in exchange for these funds would almost certainly jeopardize the safety and well-being of children. And a one-time investment in child care isn't reflective of the long-term need to support accessible, quality child care in this country.

HOUSING & HOMELESSNESS

- **Cuts to Rental Assistance:** The President's FY 20 Budget proposes $4.7 billion, or 12 percent, in cuts to rental assistance programs from FY 19, including Project Based Rental Assistance, Housing Choice Vouchers, and Public Housing. Driving these reductions are proposals to establish and/or increase mandatory minimum rent for tenants, increase the amount of rent paid by tenants from 30 percent of adjusted income to 35 percent of gross income, and would require non-disabled and non-elderly tenants to prove they are meeting a minimum weekly work requirement regardless of whether their family includes children. If enacted without any additional supports such as affordable child care, access to transportation, higher education and job training, these proposals will make it harder for parents and guardians to meet the requirements for housing assistance. As a result, child and youth homelessness will rise beyond already skyrocketing numbers, resulting in irreparable harm to child development and well-being.

- **Elimination of the National Housing Trust Fund:** The President's FY 20 Budget also proposes to eliminate this program that provides resources to build and rehabilitate housing, including rental housing, for low-income families. A little over 25 percent of this spending, or $71 million in FY 19, goes to children.

- **Elimination of Legal Services Corporation (LSC):** The LSC is an important organization providing civil legal services for low income families, including representation for families facing eviction. The President's FY 20 Budget seeks to eliminate the LSC, which was funded at $415 million in FY 19. This request will exacerbate the existing eviction crisis and the harm it does to children.

- **Cut to the Runaway and Homeless Youth Program:** The President's FY 20 Budget requests an $8.3 million cut, or 7.5 percent from FY 19, to the Runaway and Homeless Youth Program. This program is designed to meet the needs of runaway and homeless youth by funding local facilities, providing temporary residential care and counseling, and establishing a national toll-free hotline.

- **Increase to the Office of Lead Hazard Control and Healthy Homes (OLHCHH):** The President's FY 20 Budget takes the right step in requesting an $11 million increase, or 4 percent, in funding for the OLHCHH. The OLHCHH seeks to protect low-income families, particularly those with children, from exposures to lead and health hazards in their homes that contribute to such conditions as asthma, cancer, and other injuries. However, the Budget's drastic proposed reductions to housing assistance for children undermine those efforts.

INCOME SUPPORT

- **Cuts to Cash Assistance:** The President's FY 20 Budget proposes a devastating cut of nearly $21 billion over 10 years to the Temporary Assistance for Needy Families (TANF) program, the primary cash assistance program for low-income families with children. This cut includes the elimination of the TANF Contingency Fund. Fully 75 percent of TANF funding goes to children. Income support is critical to healthy child development and academic achievement. In addition, TANF supports child welfare services (states use these funding streams to supplement child welfare programs), child care, and state tax credits benefiting low-income families. This enormous cut would devastate TANF by reducing caseloads even further and harming its already weakened ability to respond to increased need during economic downturns.

- **Elimination of the Low Income Heat and Energy Assistance Program (LIHEAP):** The President's FY 20 Budget would eliminate LIHEAP, which keeps families safe and healthy through initiatives that provide assistance for energy costs. The FY 20 budget eliminates this $3.7 billion program, nearly one-quarter of which goes toward children.

- **Cut to Supplemental Security Income:** The President's FY 20 Budget would cut $8.6 billion from SSI benefits for children with disabilities over 10 years through the imposition of a "sliding-scale family maximum." This proposal would keep the maximum SSI benefit for one disabled child, but reduce that amount for each additional eligible child. This proposal wrongly argues that the economies of scale that inform other means-tested programs can apply to the cost of caring for children with disabilities. However, this is not the case due to the unique and often individualized expenses associated with meeting the needs of children with disabilities.

» **Paid Parental Leave Proposal:** The President's FY 20 Budget proposal rightly acknowledges the need for a national paid parental leave program and includes an initiative that would provide six weeks of paid leave to a parent to care for their babies, which is a step in the right direction. The program would be funded at $750 billion in FY 20 and accumulate to $20 billion over 10 years. However, the proposed six-week period would be inadequate for most families, and the budget proposes significant offsets from unemployment insurance funding.

» **Cuts to Family Tax Credits:** The President's FY 20 Budget proposes a drastic cut of $67.9 billion from the Earned Interest Tax Credit (EITC) and Child Tax Credit (CTC) over 10 years, with a $1.8 billion cut alone in FY 20. These cuts would result from the Administration's proposal to prevent families from filing their taxes with an Individual Taxpayer Identification Number (ITIN), putting more than 4 million immigrant citizen children at greater risk of poverty. This goes beyond the cut included in the Tax Cut and Jobs Act passed in December 2017 which restricted access to the Child Tax Credit for an estimated one million immigrant children through the imposition of a new Social Security number requirement for children in households filing for the credit.

CHILD WELFARE

» **Elimination of the Social Security Block Grant (SSBG):** This vital $1.7 billion program currently funds an array of services for children, including child care, child abuse prevention, adoption assistance, and transitional services. Currently, states use about 53 percent of SSBG dollars for child welfare services to supplement their child welfare programs.

» **Cut to Adoption and Legal Guardianship Incentive Payments:** The President's FY 20 Budget would cut the Adoption and Legal Guardianship Incentives Program by $37.9 million dollars, or 50 percent, from FY 19. This program provides incentive payments to states that increase the number of adoptions of children in the public foster care system. Of the 400,000 children in foster care, more than 100,000 of them are waiting to be adopted.

» **Expansion of the Court Improvement Program:** The President's FY 20 Budget takes the right step in proposing a doubling of the Court Improvement Program within the Promoting Safe and Stable Families program, from $30 million to $60 million. This program seeks to provide child welfare courts with adequate support, training, and the skills needed to do their work and help to ensure that family needs are timely and effectively met.

» **Harmful "Flexible Funding" Block Grant Proposal:** This proposal to block grant title IV-E foster care maintenance payments via the Child Welfare Flexible Funding Option allows states to opt in to a 5-year capped allocation for IV-E foster care maintenance payments. While the expressed purpose is to give states flexibility, this will result in cuts to spending for children who have experienced abuse and neglect.

Two positive proposed changes to the Foster Care program include creating Child and Family Service Review (CFSR) incentives and promoting family-based care.

SAFETY

» **Cuts to Juvenile Justice Programs:** The President's FY 20 Budget requests a $44 million cut to juvenile justice programs administered by the Office of Juvenile Justice and Delinquency. These programs support state, local, and tribal governments as they address juvenile crime and delinquency, assist children who have been victimized, and develop community interventions for at-risk youth and justice-system involved youth with reentry into their communities following their release from secure correctional facilities. The bulk of the cuts come from reductions to the Youth Mentoring Program, including mentoring for youth impacted by the opioid crisis.

TRAINING

» **Cuts to Youth Employment Training Funding:** The President's FY 20 Budget reduces funding that links youth who are disconnected from education and the workforce to training and employment. This includes a proposal to cut JobCorps by roughly $703 million, or 41 percent. A little over half of JobCorps funding goes to youth. The proposal also seeks a cut to YouthBuild by $5 million, a 5.6 percent cut.