IMPACT OF THE PRESIDENT'S FY 2020 BUDGET ON INCOME SUPPORT

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FIRST FOCUS

On March 11, President Trump presented his budget request for fiscal year 2020 (FY20) to Congress, outlining his spending priorities for the coming year.

The FY20 budget request calls for $4.7 trillion to fund government operations in the next fiscal year. This would set funding at $543 billion in non-defense discretionary spending, down from $597 billion in FY19. In so doing, it cuts education, health, and child welfare funding. On the mandatory side of the ledger, the budget uses various policy proposals to effectively gut funding for housing and nutrition assistance, health programs, and income support. 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 United States.

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 on income supports is mandatory, however, the resources dedicated to this area of the President's budget are generally projections of what will be spent. Notable policy changes that affect funding for particular programs are noted below.

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)
  - ◊ TANF is the primary cash assistance program for low-income families with children, and 75 percent of TANF funding goes to children. Boosting family income through cash assistance helps parents and guardians provide resources for children that support their healthy development, such as nutritious food and stable housing. 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.
- » **Low Income Home Energy Assistance Program (LIHEAP):** The President's budget for FY20 would completely eliminate Low Income Home Energy Assistance Program (LIHEAP), which provides assistance for low-income families in paying the energy costs necessary to keep families safe and healthy. LIHEAP currently receives $3.7 billion, almost 25% of which goes to children.

- **Supplemental Security Income (SSI):** The budget cuts Supplemental Security Income benefits by $8.6 billion for children with disabilities over 10 years through a "sliding-scale family maximum." The scale would work by allowing the maximum benefit for a family's first disabled child, but would reduce the amount for each additional eligible child. Since 1972, the SSI program has served as a critical lifeline for low income families of children with special needs. SSI pays benefits to adults and children with disabilities who have limited income and resources in order to offset the financial burden associated with disabilities for families. Nearly 500,000 children were lifted out of poverty due to SSI in 2017.

- **Family Tax Credits:** The President's FY20 budget proposes a $67.9 billion cut from the Earned Income Tax Credit (EITC) and the Child Tax Credit (CTC) over the next ten years. This would begin with a cut of $1.8 billion in FY20. The administration has proposed rejecting families that file their taxes with an Individual Taxpayer Identification Number (ITIN), which would in turn put over 4 million children of immigrant citizens at a much 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. In 2017 alone, the EITC and CTC helped make almost 8 million children less poor, and lifted nearly 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.

- **Paid Parental Leave Proposal:** The budget proposes a national paid parental leave program, which would include six weeks of paid leave to parents of newborn babies or recently adopted children. States would be required to pay for the program through transferring unemployment insurance funds. While a step in the right direction, this proposal is woefully inadequate to meet the lack of 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 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 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 financial independence for families and healthy child development.

- **Child Support Enforcement:** The President's budget provides an increase of nearly $17 million from the FY19 enacted level for the Child Support Enforcement Program. In FY17, this program distributed $28.6 billion in child support, 95% of which was sent directly to families. The program produced a $5.15 return on investment for every $1 spent on the program. The Child Support Enforcement Program helps to ensure that children benefit from the economic support of both parents, regardless of whether they live together through services like the establishment and collection of child support orders, paternity establishment, and distribution of child support payments. Over 500,000 children were lifted out of poverty due to child support in 2017.

- » **Social Services Block Grant (SSBG):** The President's budget proposes to eliminate the Social Services Block Grant program. This program currently funds an array of state services for children, including child care, foster care, child abuse prevention, adoption assistance, and transitional services. Around 26 million children and adults benefit from this program. Currently, states use about 35% of SSBG dollars for child welfare services to supplement funds. Eliminating this funding stream would leave states strapped for resources to supplement systems serving the most vulnerable children and families in our society.

CONCLUSION

It is important to recognize that the president's budget represents the administration's wish list of priorities and is non-binding for Congress. Ultimately, Congress, not the president, holds the power of the purse on setting funding levels and makes the final budget decisions during the appropriations process. We are heartened that many congressional leaders do not appear to support the President's spending outline and will not be using it as a guideline for their FY20 budget.

As Congress begins the FY20 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.

CONTACT

For more information, contact Cara Baldari, Vice President of Family Economics, at carab@firstfocus.org.