



America's Kids: America's Future An Analysis of the President's FY2012 Budget



Introduction

The future of our communities is directly connected to the opportunities that we provide to our children. On top of families being hurt by home losses, prolonged joblessness and reduced pay, many families are for the first time turning to public services as a temporary source of help. Employment data indicate that people looking for jobs are stuck in unemployment longer than ever before, 44 percent of people looking for work are doing so for at least six months.¹ Parents, aunts, uncles and grandparents who lose their jobs or who lose income and fall into economic distress often need public services – in many cases for the first time in their adult lives.

States and local governments are also in crisis as they face declining revenues and massive budget shortfalls. Despite a growing need for public services, financially-strapped states are making deep cuts to education, health, and other programs that help children and families. This dire situation is placing the most vulnerable families at risk for long-term damage.²

The state of children today in America is grim. Here is a brief outline of the obstacles children face in 2011:

- Children represent 25 percent of the population. Yet one in five children lives in low-income families, the highest level in more than a decade. Whites comprise the largest number of all low-income children under age 18, but Black, American Indian and Hispanic children are disproportionately low-income.³
- While health care is available to most low-income and poor children, eight million children remain without coverage.
- The incidences of homelessness among children, mental health problems and suicide are also on the rise.
- Only one-third of America's fourth- and eighth-graders are reading at grade level, according to the latest National Assessment of Education Progress tests. These statistics are significantly lower for Black and Hispanic students and for children eligible for free and reduced meals.

Deep cuts to education, health, nutrition, and child safety services at the local, state and federal levels jeopardize our children's future. Any responsible approach to reducing the deficit requires a hard and balanced look at how we as a nation spend money and how we as a nation bring in money. Making deep, short-sighted cuts to spending for services for children now will short circuit our children's progress in the future. The budget is not only a document that guides short-term spending decisions today, but it is a planning document for our future that reflects our priorities as a nation. As an old African proverb reminds us, "If you want to know the end, look at the beginning."

¹ ["State of Working America"](#), Economic Policy Institute, January 2011.

² Algernon Austin, "Budget Cuts and Our Children's Future", The American Prospect, November 2010.

³ Racial categories reflect categories used in the data source.

Closing out Fiscal 2011: Diminishing the Future for America's Kids

Congress didn't pass a budget for 2011, so the government has been operating at FY2010 spending levels through a series of bills known as "continuing resolutions." The House of Representatives recently passed another continuing resolution, H.R. 1, to fund government operations through September 30. The funding bill will cut more than \$60 billion in federal spending for the remaining months of the year. These deep cuts are especially significant since they will be applied to the remaining months in the FY2011 fiscal year, which ends on September 30.

What will this mean for investments in children? House Republican leaders have proposed painful cuts to critical programs and services for children and families. The cluster of funding that includes appropriations for Labor-HHS-Education – where most child and family services are funded – received the largest cuts in the measure. For example, large portions of the health reform law were not funded. Teacher Quality State Grants were cut by \$500 million and another \$336.6 million was cut from School Improvement Grants. (See Table 1 for examples of other child and family services cut in H.R. 1.)

There was good news for preschoolers and other children with disabilities: Part B of the Individuals with Disabilities Act (IDEA) was increased by \$558 million to restore it to \$11.5 billion. This funding helps states provide special education and related services to preschoolers and school-aged children with disabilities

Table 1. Selected Spending Cuts in H.R. 1 – Compared to Current Spending Levels and the FY2011 Budget Request (Dollars in millions)

Program/Service Area	Cut Compared to Current Levels (FY2010)	Cut Compared to President's Budget Request (2011)
Supplemental Nutrition Program for Women, Infants and Children (WIC)	-747	-1,008
Juvenile Justice	-191	-57
Community Health Centers	-1,000	1,290
Maternal Child Health Block Grants	-50	-61
Low Income Energy Assistance Program (LIHEAP)	-390	-590
Community Services Block Grant	-305	-305
Head Start	-1,083	2,072
Child Care Development Block Grant	-39	-39
Title I (education grants to states)	-694	147

Note: H.R. 1 cuts 13 education programs and eliminates 60 others. The names of specific programs, services and funding levels are too numerous to list here.

The Senate will begin work on its continuing resolution during the first week of March. If legislation to keep the government operating is not passed before March 4, the date the current funding measure expires, then Congress will need to pass a short term measure or risk a government shutdown. Voices is concerned that many of the deep cuts in child and family services were made without thoughtful deliberation of the disproportionate impact on low- and middle-income families.

Federal Budget Outlook

President Obama identified reducing the federal government's budget deficit as one of his top goals in his State of the Union address. That goal reflects the political climate on Capitol Hill and to some degree public opinion although exactly how to do it remains a contentious question. A key part of the president's deficit reduction plan is the proposed five-year spending cap on non-security discretionary spending that is estimated to generate approximately \$400 billion over 10 years for deficit reduction.

The cap is an overall spending limit. Within the cap, increases are made in some areas like the Early Learning Challenge Fund and the restoration of the benefit cuts to the Supplemental Nutrition Assistance Program (SNAP, formerly food stamps) while deep cuts are made in other areas such as the Low Income Energy Assistance Program (LIHEAP) and juvenile justice services. Under the cap, cuts and increases balance and when combined fall at or below the spending limit. It is important to note that even if a program receives level funding, such as the case for many child welfare programs, many of these services have not seen real budget increases in many years and the erosive effects of inflation will mean that each year the program will have less to spend on services than the prior year.⁴

Domestic non-security discretionary spending is only 12 percent of the overall budget and has not been the cause of the budget deficits the president and Congress are working to reduce. The growth in the deficits has been fueled instead by 1) growth in mandatory spending, which is almost 60 percent of the budget, and makes up the spending that falls outside of the annual appropriations process (e.g., Supplemental Nutrition Assistance program, Medicare and Medicaid) fueled by greater need for services due to the devastating impact of the recession; and 2) deep losses in revenues over the last several years as a result of tax cuts in 2001 and 2003, in which benefits were concentrated to high income taxpayers. Historically, deficits increase during times of recession, when the need increases for public services that are included in mandatory spending at the same time revenues decrease because of high unemployment and a decline in corporate profits.⁵

Federal budget decisions are often contradictory, and the FY2012 budget is no different. For instance, last December the president and Congress struck a deal to extend the tax cuts from 2001 and 2003 and roll back the estate tax, which will cost taxpayers \$953 billion over the next decade. Yet, only a few months later, citing deficit reduction, newly elected members of the

⁴ The National Priorities Project, "[The President's Budget Unveiled](#)"

⁵ Ibid.

House began deeply cutting \$100 billion in services, many for children and families, from the president’s FY2011 budget request.

Federal Spending & Deficit Reduction

The president’s FY2012 budget request contains \$1.1 trillion in discretionary spending, representing a 2.8 percent increase over the FY2010, the last budget passed by Congress.⁶ Under this budget, the federal government is facing a deficit of \$1.1 trillion (see Table 2). The president’s deficit-reducing proposals are roughly two-thirds from spending cuts and one-third from tax increases. The president’s budget contains three large revenue generating measures and smaller proposals which would subtract \$1.1 trillion over 10 years from that deficit. These proposals include:^{7,8}

- a five-year spending freeze on non-security discretionary spending (will generate \$400 billion)⁹;
- a cap on itemized deductions high-income earners that would be used to pay for a three-year patch of the Alternative Minimum Tax (will generate \$321 billion);¹⁰
- Other revenue raisers and corporate loophole closers (will generate \$344 billion).

**Table 2. Projected Spending & Revenues: Federal Budget, FY2010-2015
(Dollars in billions – includes ten year projections)**

	2010 ¹ Actual	2011 ² Request	2012 Request	2013	2014	2015	2012- 2021
Budget Authority³	1,258	1,280	1,243	1,188	1,280	1,225	12,777
Outlays	3,456	3,819	3,729	3,771	3,977	4,190	45,952
Revenues	2,163	2,174	2,627	3,003	3,333	3,583	38,747
Deficit/Surplus	1,293	-1,645	-1,101	-768	-645	-607	7,205
Non-security Freeze⁴	*	12	-6	-20	-33	-47	-406

Note: Years refers to fiscal years. Source: [Budget of the United States, Fiscal Year 2012](#).

¹ Reflects budget totals as enacted.

² Reflects president’s budget request. No budget was enacted for FY2011.

³ Includes overseas operations and the other supplemental/emergency funding.

⁴ Refers to the impact of the spending cap on discretionary “non-security” spending.

⁶ FY2012 begins October 1, 2011. The discretionary spending figure excludes spending for military operations in Afghanistan and Iraq.

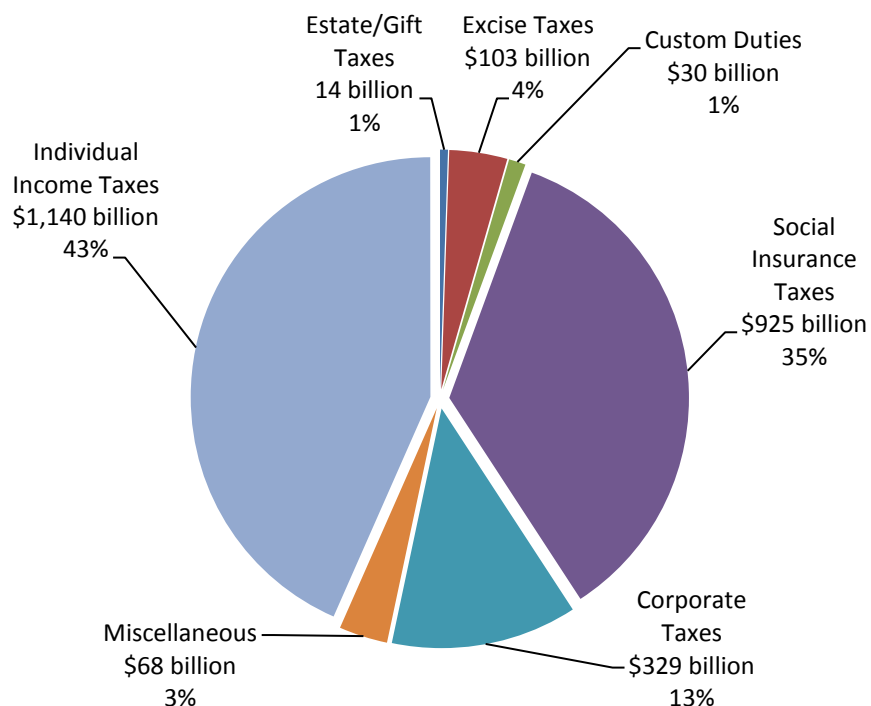
⁷ [A Short History of Deficit Reduction](#), Office of Management and Budget, February 2, 2010.

⁸ Total deficit reduction is \$2.1 trillion when including discretionary security proposals.

⁹ Non-security discretionary funding refers to spending outside of defense, homeland security, veteran’s affairs, and international affairs.

¹⁰ Applies to those earning more than \$250,000.

FY2012: Where Does the Money Come From?



Tax Policy in the Budget

The president's FY2012 budget contains a set of revenue generating measures, but overwhelmingly relies on spending cuts to reduce the deficit. The president's budget assumes that proposals included in the tax deal that passed in December 2010 will expire December 31, 2012. Those proposals include:

- Permanent extension of all of the 2001/2003 tax cuts except those targeted toward families earning more than \$250,000 (\$200,000 for single individuals), when the provisions of the tax deal negotiated in December expires in December 2012. This would revert the top two tax rates to their pre-2001 levels, reinstate the personal exemption phase-out and the limitation on itemized deductions.
- Taxes on capital gains and dividends would increase from 15 to 20 percent for higher-income taxpayers. Prior to 2001, dividends had been taxed as ordinary income based on existing tax rates. The tax deal made in December extended these tax cuts as well through the end of 2012. The president's proposal assumes these tax cuts expire as well.
- Estate tax rates would revert back to 2009 levels in December 2010, after the expiration of December's tax deal. After December 2012, the president's budget assumes a rate of 45 percent with a lifetime exclusion of \$1 million.

Combined, these tax cuts add \$953 billion to the deficit over 10 years, which accounts for nearly all of the revenue generated by president's deficit reduction proposals in the FY2012 budget.

Many of the president's tax proposals are similar to those proposed last year. These proposals include:

- Expanding the Child and Dependent Care Tax Credit, increasing the phase-out from \$15,000 to \$85,000, which will cover more child (and dependent care) expenses for middle-income families;
- Extending the American Opportunity Tax Credit, making permanent a partially refundable tax credit up to \$2,500 per student who is enrolled at least half-time;
- Extending the Earned Income Tax Credit for low- to moderate-income families with three or more children, made permanent.

New proposals include:

- Paying through 2014 the cost of patching the Alternative Minimum Tax, a fix that Congress extends every year to prevent it from impacting close to 24 million middle-income tax payers; and
- Exempting as income the portion of student loan balances that have been forgiven under the Federal Family Education Loan and the Federal Direct Loan programs.

Tax policies that have been paid for using borrowed money have contributed significantly to the nation's debt over the past decade; yet, services for children and families is the first place budget cutting typically starts, as evidenced by both the continuing resolution recently passed by the House and the president's budget request.

Budget Areas

HEALTH CARE

The President's FY2012 budget provides \$79.9 billion for the Department of Health and Human Services (HHS), which is slightly above last year's funding level. The HHS budget supports vital programs that protect and promote the health of all Americans. In addition, HHS agencies are responsible for overseeing the implementation of many aspects of the Affordable Care Act (ACA). This law ensures that more children, and their families, will have access to vital health care services to support their development. From infants to young adults, the health reform law sets into motion efforts to build a healthier nation, close health disparities while also reducing the federal deficit.¹¹

¹¹ For further analysis on the provisions within the Affordable Care Act that benefit children and families, please refer to the Voices brief "[What the Health Reform Law Means for Kids](#)" by Carla Plaza, Sr. Director, Government Affairs and Policy.

The analysis of the HHS budget will focus only on issues of interest to the Voices for America's Children network. The HHS budget in its entirety can be found by [here](#).

Maternal and Child Health

The president seeks to reduce the Maternal and Child Health Block Grant by \$6 million. This block grant is designed to support programs that improve the health of all mothers and children by improving access to and quality of health care. It also seeks to eliminate disparities, through a wide array of public health and community-based programs.

Investments in Community Health Centers

Community health centers provide access to comprehensive, culturally-competent, high-quality primary care services in medically underserved communities. In 2008, of the total patient-base served, 36 percent were children under the age of 19, 28 percent were Black and 33 percent were Hispanic. The percentage of Black and Hispanics served was more than twice the proportion reported in the overall U.S. population.¹² Through the ACA, significant investments were made to support the expansion of health centers across the country. The president's budget includes \$3.3 billion for health centers. It is estimated that in 2012, 24 million patients will be served by community health centers.

Health Workforce

A shortage of primary care providers exists in this country, particularly in low-income communities and communities of color. In order to ensure that more children and families have access to high quality care, the FY2012 budget invests \$1 billion to train more than 4,000 primary care providers, including physicians, physician assistants and nurse practitioners. An additional investment of \$16 million (totaling \$163 million) has been recommended to help diversify our nation's health workforce. Having a diverse health workforce contributes to reducing racial disparities.

Public Health and Prevention

The ACA established the Prevention and Public Health Fund. The ACA sets aside \$15 billion over 10 years to expand and support prevention and public health programs. For FY2012, the president's budget calls for \$1 billion to support "activities that have demonstrated improved health outcomes." To this effort, the President's budget establishes a new initiative – the Baby Friendly Hospital Initiative - that will promote breastfeeding.

The Centers for Disease Control and Prevention (CDC) will continue to administer the Childhood Obesity Demonstration Project. Through the ACA, \$25 million was set aside over five years to help develop a comprehensive and systematic model for children who receive coverage through the Children's Health Insurance Program (CHIP). In addition, the CDC will continue to administer the Communities Putting Prevention to Work initiative. This initiative seeks to improve access to nutrition, increase physical activity, and decrease smoking and exposure to second-hand smoke. This initiative was funded through the American Recovery and

¹² U.S. Department of Health and Human Services, Health Resources and Services Administration, "[What is a Health Center?](#)" (accessed April 7, 2010).

Reinvestment Act of 2009. To date, 44 communities reaching 44 million Americans have benefited from this effort.

Investments in Mental Health and Substance Abuse Prevention

Because of state budget shortfalls, many states have reduced the level of behavioral and mental health services offered. For FY 2012, Substance Abuse and Mental Health Services Administration (SAMHSA) is recommended to receive \$90 million to expand Project LAUNCH (Linking Actions for Unmet Needs in Children's Health). The federal government will provide grants to states so they can focus on early interventions for children – targeting risk factors that lead to substance abuse and mental illness.

Medicaid

The Medicaid program was created in 1965 under Title XIX of the Social Security Act. The state-administered program provides medical assistance to low-income individuals, including children, the elderly and those with disabilities. The Centers for Medicare and Medicaid Services (CMS) has authority over Medicare, Medicaid and the Children's Health Insurance Program. According to estimates, this year Medicaid is expected to serve 29 million children. Although children make up the largest proportion of individuals served by Medicaid (49 percent), they only account for 20 percent of total Medicaid expenditures.

The program is financed jointly by the state and federal governments. With the enactment of the stimulus, states received additional federal financing to support their Medicaid programs. The extension of the increased federal commitment is scheduled to run out June 2011. To receive these funds, states were required to maintain their state programs eligibility levels and enrollment procedures. This "maintenance of effort" requirement was then extended under the Affordable Care Act. However, now in this time of severe budget shortfalls, state governors are calling on Congress to lift this requirement. If Congress complies, millions of children, seniors and disabled individuals would be at risk for losing their coverage. It is imperative that this "maintenance of effort" requirement remain in place to ensure that are most vulnerable citizens, including millions of children, have access health care coverage.

This year's FY 2012 budget also calls for the extension of Transitional Medical Assistance (TMA) program through Sept. 30, 2012. The program provides Medicaid coverage to low-income families who lose cash assistance due to an increase in income or hours of employment.

Children's Health Insurance Program (CHIP)

The Children's Health Insurance Program (CHIP) provides health insurance to children and youth under the age of 19 who are not eligible to receive coverage through a state's Medicaid program or are unable to afford coverage in the private market. In FY 2010, an estimated 8.5 million individuals received coverage through CHIP, representing an increase in enrollment of 2.9 percent compared to FY 2009. Medicaid and CHIP combined serve more than 42 million children.¹³ In addition, the program seeks to improve the quality of care provided to children

¹³ Department of Health and Human Services, Centers for Medicare and Medicaid Services, "[Connecting Kids to Coverage: Continuing the Progress](#)," February 2011.

under Medicaid and CHIP. Partnering with the Agency for Healthcare Research and Quality, a core set of new child health quality measures and a model electronic health record were developed. In addition, 10 states received grant funding to conduct demonstration projects for improving the quality of care children receive under both Medicaid and CHIP.

Closing Racial Gaps in Health

Together, both Medicaid and CHIP have helped bring down the nation's uninsured rate among children to a 20 year low. However, more needs to be done to ensure that all children have accessible, affordable, comprehensive and continuous coverage, particularly among communities of color. Until all children are able to access affordable health care services that support their healthy development, disparities will continue to exist. Compared to White children, Black, Native American and Hispanic children are at higher risk for being uninsured, not having access to a regular source of care and developing a childhood illness.¹⁴

CHILD NUTRITION

Seventeen million American children, one in four, do not know where their next meal is coming from. Last year, Congress passed the Healthy, Hunger-Free Kids Act of 2010 (P.L. 111-296) that reauthorizes child nutrition programs and was a positive first step in reducing child hunger during and after the school day. The president's budget designates resources for implementing the child nutrition reauthorization by:

- Providing \$10 million in first time funding for School Breakfast Grants to increase participation in school breakfast programs by improving existing programs or starting a school breakfast program;
- Providing \$25 million in first time funding for State Hunger Challenge Grants, funding for states to try innovative strategies for reducing child hunger;
- Providing \$7.4 billion for the Supplemental Nutrition Program for Women, Infants and Children (WIC), \$138 million more than current levels (FY2010).¹⁵
- Directing \$100 million toward the Emergency Food and Shelter Program;
- Restoring the SNAP benefit cut used to help pay for the child nutrition law; and
- Provides \$35 billion for the Healthy Food Financing Initiative to address food access in places where accessing healthy foods and vegetables is a hardship.

Closing Racial Gaps in Child Nutrition

There are existing racial gaps among children in food hardship. Food hardship is disproportionate among Black and Hispanic households than White households.¹⁶ For example, among households with children, Black (17 percent) and Hispanic (19 percent) households experienced food hardship at far higher rates than White households (7 percent). Possible

¹⁴ Racial categories reflect categories used in the data source.

¹⁵ The president's budget request is based on 9.6 million participants and is dependent on the funding level currently proposed in the FY2011 continuing resolution.

¹⁶ U.S. Department of Agriculture, "[Household Food Security in the United States: 2009](#)", November 2010. Racial categories reflect categories used in the data source.

explanations for racial gaps include food stamps and other benefits not being accessed or the inability of families with low incomes to afford basic needs for their children, particularly in high cost areas with low accessibility to affordable foods.

CHILD WELFARE

The child welfare system serves many of the country's most vulnerable population – abused and neglected children. Current law allows states little flexibility in investment and innovation in providing the continuum of services needed to serve the best interest of children in the system. The president's FY2012 budget includes \$2.5 billion over 10 years to support a reform agenda to incentivize improvements in foster care – \$250 million allocated for FY2012. The administration plans to work with Congress to pursue a reform agenda based on the following principles:

- Creating financial incentives to improve child outcomes in key areas, by reducing the length of stay in foster care, increasing permanency through reunification, adoption, and guardianship, decreasing rates of maltreatment recurrence and any maltreatment while in foster care, and reducing rates of reentry into foster care;
- Improving the well-being of children and youth in the foster care system, transitioning to permanent homes, or transitioning to adulthood;
Reducing costly and unnecessary administrative requirements, while retaining the focus on children in need;
- Using the best research currently available on child welfare policies and interventions to help the states achieve further declines in the numbers of children who need to enter or remain in foster care, to better reach families with more complex needs, and to improve outcomes for children who are abused, neglected, or at risk of abuse or neglect.
- Expanding our knowledge base by allowing states to test innovative strategies that improve outcomes for children and reward states for efficient use of federal and state resources.¹⁷

Also included is \$370 million over ten years for a proposal to require child support payments made on behalf of youth in foster care be used in the best interest of the child, rather than as an offset to state and federal child welfare costs. This proposal does not impact the funding required for Foster Care until FY2013, and is estimated to cost \$46 million per year once fully implemented.

Child Maltreatment Prevention

The Child Abuse Prevention and Treatment Act (CAPTA) provides grants to states to assist with their child protective systems; allows for discretionary grants to be used for research and demonstration of the effectiveness of child abuse prevention programs; and serves as the core source for the Community-Based Child Abuse Prevention (CBCAP) initiatives. The CBCAP grants are provided to a lead state agency for community child abuse and neglect prevention

¹⁷ FY2012 Budget in Brief, U.S. Department of Health and Human Services

activities. CAPTA was reauthorized through FY2015 in December 2010. In the president's budget request, funding was the same as FY2010 for state grants at \$26.5 million; \$29 million for discretionary grants and \$41.7 million for CBCAP grants. Included in the reauthorization was a new funding section for state grants that establishes an initial allocation of \$50,000 per state with additional funds distributed in proportion to a state's population of children under 18 and provides for new funding formula adjustments should appropriations exceed current amounts by more than \$1 million. It also included a new area of focus to enhance collaboration between child protective services and domestic violence services.

Home Visiting Services

The president's budget proposes \$350 million dollars for the Maternal, Infant, and Early Childhood Home Visiting Program. This program, a collaboration between the Health Resources and Services Administration (HRSA) and the Administration for Children and Families (ACF), identifies and provides evidence-based home visiting programs to improve outcomes for families who reside in at-risk communities. At-risk communities will be identified through a statewide assessment of needs and of existing resources to meet those needs. Research shows high-quality home visitation programs can improve a child's school readiness, health and development while also improving parenting skills. Data further indicates that these programs reduce child maltreatment and reduces the likelihood of future criminal activity. Program and funds are housed in the HRSA agency budget.

Title IV-E Foster Care, Adoption Assistance, Guardian Assistance and Independent Living

The FY2012 budget request for programs authorized by Title IV-E of the Social Security Act is \$7.3 billion, the largest source of federal child welfare funding. The budget includes a new initiative discussed above. Of the request, \$4.5 billion, a \$571 million increase, will support foster care, including maintenance payments and new incentive-based funds. The proposed funding level will provide assistance to an estimated 166,800 children each month, about 4,500 fewer children than in FY2011. This decrease is due in part to the reduction in children funded under the program because the income eligibility requirements are tied to the former Aid to Families with Dependent Children (AFDC) program eligibility rules which are increasingly outdated.

Title IV-E Adoption Assistance program provides funds to states to subsidize families that adopt children with special needs who cannot be reunited with their families, thus preventing long, inappropriate stays in foster care. The president's budget allocates \$2.5 billion, a \$15 million increase above FY2011 levels. This increase reflects a rise in the number of children participating in the Adoption Assistance program. An estimated 470,400 children will have monthly payments made on their behalf. In accordance with the Fostering Connections legislation, Adoption Assistance eligibility requirements are being revised to exclude consideration of AFDC and Supplemental Security Income (SSI) eligibility requirements. These changes are being phased in over a nine-year period, using the age of the child in the year the adoption assistance agreement is finalized. For FY 2012, the phase-in applies to children aged 12 and older.

The president's budget includes \$80 million, nearly double last year's \$48 million request, for the Title IV-E Guardianship Assistance program. This request reflects an increase in the number of children participating in Guardianship Assistance programs, and allows agencies to provide a subsidy to relatives that have been granted legal guardianship of a child. The \$80 million also includes the impact of extending the enhanced federal Medicaid match for maintenance payments for an additional two quarters through June 30, 2011. An estimated 13,900 children per month will have payments made on their behalf in FY 2012. The IV-E Independent Living program funding levels remained level at \$140 million. This program funds services for youth who will likely remain in foster care until they turn 18 and for former foster children between the ages of 18 and 21.

Closing Racial Gaps in Child Welfare

Children of color are disproportionately represented in the child welfare system. This is especially true for Black children. Between September 30, 2008 and September 30, 2009, the number of Black children in foster care decreased by 14,681 children; however, according to the latest data from the Adoption and Foster Care Analysis and Reporting System (AFCARS), Black children were 30 percent of the population in foster care but account for only 15 percent of the total population of children.^{18,19} During the same time frame, the number of Hispanic children decreased by 5,883 children. Hispanic children make up 20 percent of the population in foster care but are 18 percent of the total population of children, a slight overrepresentation.²⁰ Voices remains committed to advocating for solutions that close these racial gaps, like encouraging kinship care. HHS estimates that 7,900 more children will use Title IV-E kinship guardianship services this year, justifying an increase of \$48 million above FY2011 in this year's proposed budget.

JUVENILE JUSTICE

The president's FY2012 budget makes significant cuts to juvenile justice services, cutting from \$419 million in FY2010 (the last year a budget was passed) to \$280 million in the president's FY2012 request. This cut represents a 33 percent decrease. The budget assumes the creation of a new funding stream called the Juvenile Justice System Incentive Grants. The goal of this new initiative is described as "consolidating funding targeting juvenile justice improvements into a competitive program that rewards or incentivizes states for progress against key indicators for the juvenile justice system." Key indicators include but are not limited to:

- Engagement in community-based juvenile strategic planning,
- Implementation of evidence-based strategies and practices,
- Employment of diversion strategies, and
- Reduction of disproportionate minority contact.

¹⁸ The [Adoption and Foster Care Reporting and Analysis System \(AFCARS\)](#), Report #17 (Preliminary Estimates for FY 2009).

¹⁹ [Children defined as zero to 19 years of age.](#)

²⁰ The [Adoption and Foster Care Reporting and Analysis System \(AFCARS\)](#), Report #17 (Preliminary Estimates for FY 2009).

The new program will be open only to states achieving compliance with the requirements of the Juvenile Justice and Delinquency Prevention Act (JJDP), which are:

- **Deinstitutionalization of Status Offenders:** Juvenile judges cannot incarcerate juveniles who are found to have committed status offenses, actions that would not be considered crimes if the offenders were adults (truancy, incorrigibility, running away, etc.).
- **Jail Removal:** Incarcerated juveniles cannot be locked up or held in adult jails or prisons, with rare exceptions.
- **Sight and Sound Separation:** In the rare instances in which juveniles can be held in an adult facility, they must be kept out of sight and sound of adult inmates.
- **Disproportionate Minority Contact (DMC):** States must attempt to assess and address differences in the ways minority youth are treated by the juvenile justice system.²¹

It is important to note that the president's budget appears to merge existing formula grants to create this new funding stream. For example, the president proposes no money for the Juvenile Accountability Block Grants, Title II - juvenile justice and delinquency prevention, or Safe Start in his budget. While this shift in funding will more than double funds available to states compliant with JJDP, there is no guarantee that if a state is compliant it will receive this new funding. While the outcome of this proposal is unknown, many states use the money from formula grants to fund monitoring and compliance at the state level. If this new funding streams makes it unclear if states can rely on these resources from year to year, then it may contribute to states could opt out of JJDP.

Meanwhile, the president's budget decreases or level funds for most other programs in the juvenile justice budget, for example:

- Designates no money for demonstration programs (\$91 million in FY2010);
- Provides \$45 million for mentoring (\$100 million in FY2010); and
- Directs \$62 million for Title V Delinquency Prevention Grants (\$64 million in FY2010)

Closing Racial Gaps in Juvenile Justice

Youth of color are at great risk of disproportionate minority contact (DMC) with the juvenile justice system, which includes police contact, arrests, stays in juvenile detention facilities, and the length of stay in such facilities. Black and Hispanic youth are disproportionately represented at each stage in the juvenile justice system when compared to White youth. Youth of color make up 35 percent of the total U.S. population but make up 62 percent of youth in juvenile detention facilities. Researchers at the National Council of Crime and Delinquency (NCCD) found that youth of color are not more likely to commit crimes than their white counterparts, but are more likely to be picked up and detained by police.

²¹ ["Obama's 2012 Budget and Youth: A Breakdown"](#), Youth Today, February 14, 2011.

EDUCATION

The President's FY2012 proposed budget request for education is \$77.4 billion. This includes an increase of \$2 billion in discretionary funding, excluding Pell grants. There are significant increases in education initiatives from early learning (Child Care) to college (Pell Grants). The budget includes funds for \$1.4 billion for reform in new programs and competitions such as The Early Learning Challenge Fund, Investing in Innovation, and Fund for the Improvement of Postsecondary Education. In addition, 13 programs are eliminated and 38 programs are consolidated.^{22,23}

The 2012 request for education is intended to support the reauthorization of the Elementary and Secondary Education Act (ESEA) and was designed to:

- Sustain state and local reform momentum by providing significant competitive funding for key initiative like Race to the Top, while maintain critical formula programs for at-risk students;
- Support the aggressive consolidation and restructuring of Federal education programs to emphasize fewer priorities and provide greater flexibility for local innovation;
- Eliminate ineffective program and earmarked activities not aligned with reform priorities; and
- Expand investments aimed at improving college access and success.²⁴

Early Care and Education

President Obama has expressed a commitment to high-quality learning programs that provide strong foundations for young children and his budget includes a new investment of \$350 million for the creation of the Early Learning Challenge Fund to improve the quality of early learning programs. The budget further demonstrates support of early learning with funding requests that will maintain the historic expansion of Head Start and Early Head Start while significantly increasing Child Care with the expectation that the Child Care and Development Block Fund program will be reauthorized.

Child Care Development Block Grants

The president's proposed budget requests an increase of \$1.3 billion for the Child Care Development Block Grant (CCDBG). A total of \$800 million is designated as discretionary funding and \$500 million is mandatory (requiring a state match) funding. The total budget request for CCDBG is \$6.3 billion. These funds will enable approximately 220,000 more children to receive child care assistance and allow a total of 1.7 million children to be served.

Early Head Start and Head Start

²² Department of Health and Human Services. Fiscal Year 2012. Administration for Children and Families: Justification of Estimates for Appropriations Committees.

²³ U.S. Department of Education, Fiscal Year 2012 Budget Summary. Also can be retrieved at www.ed.gov.

²⁴ Department of Health and Human Services. Fiscal Year 2012. Administration for Children and Families: Justification of Estimates for Appropriations Committees.

A total of \$8.1 billion has been requested for Head Start and Early Start, representing an increase of \$866 million. Head Start will provide services to an estimated 968,000 children with 854,000 children participating in Head Start and 114,000 in Early Head Start.

Infants, Toddlers and Children with Disabilities

This budget proposal provides an additional \$50 million in grants for Early Intervention Programs for Infants and toddlers with Disabilities (IDEA Part C). The total request is \$489 million and will serve 360,000 infants and toddlers with disabilities from birth to age 2. This allows an estimated increase of \$1 million to state allocations.

Elementary and Secondary Education – All Students Career and College Ready (formerly Title I)

The administration provides \$14.8 billion in formula grants for College and Career Ready students to Local Education Agencies. The administration calls for flexibility in the use of funds particularly as it relates to strengthening the continuum of services from a child's early years through to elementary school and beyond. The funds, for example, could be used for high-quality pre-school for eligible children or joint professional development between schools and early learning staff.

The president's budget also designates \$900 million for Race to the Top grants for states and school districts to drive systemic reform and innovation in districts and states. An additional \$300 million is requested for the Investing in Innovation program to assess, verify, and increase effective methods to improve student achievement and to reduce achievement gaps. The budget also provides \$600 million for School Turnaround Grants to address the lowest-performing schools by implementing effective and rigorous interventions.

Higher Education

The maximum Pell grant award has been maintained at \$5,550 in the President's budget proposal. These awards provide access to postsecondary education for more than nine million students in need. The president's budget proposal maintains the maximum Pell grant award at \$5,550. In order to cut spending, the administration recommends several changes to the way Pell Grants are administered. Starting in the 2011-2012 academic year the second Pell Grant awarded in a single year will no longer be available. This means that Pell Grants will not be available for summer courses. In addition, the in-school interest subsidy on student loans for graduate, medical and professional students will also no longer be available. These awards provide access to postsecondary education for more than nine million students in financial need.

Closing Racial Gaps in Education

The Voices network is committed to improving access and opportunity for all children and particularly for children who are typically behind their peers in school readiness and student achievement. Black and Latino children are more likely to trail their White peers in school achievement and school readiness. Increasing access to high-quality child care and early education programs for all is essential to reducing the existing persistent school readiness gaps. Investments in competitive programs such as the Early Learning Challenge Fund, Race to the

Top, and School Turnaround Grants will produce the knowledge base and practice needed to implement systemic reform to address disparity gaps.

In Summary

Voices applauds President Obama's request for new investments in child care, early education, Head Start, and nutrition programs and services. The president is to be complimented for proposals to generate new revenues that include closing corporate tax loopholes to reduce to nation's debt. However, Voices strongly rejects the idea that services and programs that position the nation's children toward a brighter future and enable them to compete globally should be sacrificed in name of deficit reduction.

Health reform, school meals, child welfare services and juvenile justice programs are not luxury items; they meet critical needs for our nation's children. As President John F. Kennedy said, "A child misguided is a child lost." Our nation has a responsibility to its children. If the federal government pulls back its dollars, states are not in a position to bear the resulting costs.

Just as a family's budget reflects its priorities, we urge Congress and the administration to reflect the nation's priorities through their budgets. Voices calls on the President and Congress to

- Fully fund early education and child care priorities;
- Protect funding designated for health reform activities that protect our nation's children and their parents; and
- Reject the deep cuts to juvenile justice programs that give our nation's children a second chance to achieve the hope of a bright future.

Article II. Here are basic budget terms used in this document:

Appropriations: The process by which Congress provides budget authority, through the enactment of 12 separate appropriations bills.

Discretionary spending: Funding that is subject to annual appropriations by Congress. The authorizing legislation for a program will set an authorized amount, but whether that amount is actually appropriated each year is subject to the discretion of Congress.

Domestic discretionary: Discretionary domestic include all federal programs controlled through appropriations except those in defense and international affairs.

Entitlement: This term can be confusing, because it has both a federal funding meaning and a legal meaning. In its federal funding usage, it is a funding stream that Congress is committed to spend – it is mandatory for Congress to meet that obligation. For example, a state may be entitled to receive federal reimbursement for its school lunch program. In legal usage, it means an individual’s right; for example, if individuals have an entitlement to Medicare, Medicaid or Social Security, they have certain legal rights to due process in applying for, receiving and terminating their benefits.

FY2012: The federal budget year that runs from Oct. 1, 2011 through Sept. 30, 2012.

Mandatory spending: Funding that the federal government is committed to spend on entitlement programs, which are those not subject to the annual appropriations process. Some mandatory funding has been permanently authorized; this includes the Medicaid program and Title IV-E Foster Care and Adoption Assistance funding. Other mandatory funding has been authorized for a period of years, and the level of funding is reconsidered whenever the program is reauthorized. Some programs include both mandatory and discretionary allotments, as is the case with Promoting Safe & Stable Families.

Non-security discretionary spending: Non-security discretionary funding refers to spending outside of defense, homeland security, veterans and international affairs.

Security discretionary spending: Security spending includes not only the Department of Defense, but also certain spending by the Departments of Veterans Affairs, Energy, Homeland Security and State, including international food aid. Each administration distinguishes “security” spending differently, as there is no uniform, agreed-upon way to divide security from non-security spending.