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Capitol Connection

CCR&Rs' weekly source for federal child care policy news.

BREAKING NEWS - PRESIDENT RELEASES FY 2011 BUDGET PROPOSAL

Today, the President released his budget proposal for FY 2011 that totals \$3.8 trillion (\$1.16 trillion in discretionary spending). The Administration broke discretionary spending into two categories: security and non-security spending. The President's budget proposal recommends a three-year spending freeze on non-security spending.

Due to the proposed spending freeze overall, some programs received cuts, while others were frozen at current funding levels, or eliminated. Overall, the President proposed reducing or eliminating 120 programs. **With regard to early childhood programs, the President proposed a \$1.6 billion increase in child care, the largest one year increase ever!** As such, the President's budget proposal provides the child care community with a tremendous opportunity to call for the reauthorization of the Child Care and Development Block Grant (CCDBG) with much needed quality improvements.

The chart below shows the proposed amounts in the President's Budget.

Early Childhood Development Highlights in the President's FY 2011 Budget (\$ in Millions)

Program	FY2010 FINAL*	President's FY 2011 Proposal	Difference From FY 2010	Total Increase
Child Care & Development Block Grant**				
Discretionary	\$2,127	\$2,927	+\$800	+\$1,600
Mandatory	\$2,917	\$3,717	+\$800	
Social Services Block Grant (SSBG)	\$1,700	\$1,700		
Head Start	\$7,200	\$8,224	+\$1,024	+\$1,024
Child Abuse and Neglect Prevention				
State Grants	\$27	\$27		
Discretionary Activities	\$29	\$39	+\$10	+\$10
Community-based	\$41	\$41		
Community Services Block Grant (CSBG)	\$700	\$700		

Child & Adult Care Food Program (CACFP)	\$2,640	\$2,729	+\$89	
Early Learning Challenge Fund	\$0	\$625	+\$625	+\$625
IDEA/Preschool Grants	\$374	\$374		
IDEA/Part C (Infants & Toddlers)	\$440	\$440		
Child Care Means Parents in School (CCAMPS)	\$16	\$16		
21 st Century Learning Centers***	\$1,166	\$1,166		

*Final appropriations for FY 2010 excludes ARRA/stimulus funding.

**Of the amount proposed \$26.09 million would be for child care resource and referral and school-aged child care activities (about a \$7 million increase), of which \$1 million is for Child Care Aware. In addition to the quality set-aside funding, \$373.4 million (about \$102 million more than last year) would be reserved for quality funding, of which \$136.9 million would be reserved for infant and toddler care (\$36.5 million more). The budget proposal also includes \$9.9 million for child care research, demonstration, and evaluation activities.

***Funding for 21st Century Learning Centers is the same as the actual FY 2010 appropriation, however the President's budget proposal allows for reforms to the program during reauthorization.

In addition, several programs are proposed for termination including: Early Reading First, Striving Readers, Reading First State Grants, and Even Start.

Finally, the President's FY 2011 Budget proposes changes to tax credits that help families.

- (1) The Child and Dependent Tax Credit (DCTC) allows families to take a tax credit based on a percentage of their child care expenses (capped at \$3,000 in expenses for one child and \$6,000 in expenses for two or more children). The way a credit works is that families can take a credit (30 percent of expenses for lowest income families declining to 20 percent of expenses for families with income above \$43,000). The President's proposal would enable families with income up to \$85,000 to take the highest credit possible (30 percent of expenses) before the phase-down in the credit occurs (which is estimated to reach 20 percent for families in income to \$113,000 or higher).
- (2) The Earned Income Tax Credit (EITC) would be expanded to give low wage working families with three or more children a larger credit. This expansion in the EITC was enacted as part of the American Recovery and Re-Investment Act (ARRA), but is scheduled to expire so the President's proposal would make this expanded credit for larger families permanent (rather than expire at the end of the year).