

TAX & BUDGET

REPORT

President Obama's Fiscal Year 2014 Budget: Key Provisions for Women and Their Families

April 2013

President Obama's budget for Fiscal Year (FY) 2014, released April 10, 2013, proposes substantial new investments in early care and education for children from birth to age five that will help more low-income families afford high-quality early learning opportunities for their children.¹ It maintains funding for most programs targeted to low-income people – a priority that is particularly important to women, who are more likely than men to be poor and to rely on federal programs to protect their health, obtain quality child care and higher education, and help them meet their basic needs during difficult times and as they age. The budget continues to implement the Affordable Care Act, makes improvements in tax credits for low- and moderate-income families permanent, and raises new revenues by closing tax loopholes that benefit the wealthiest Americans, in sharp contrast to the FY 2014 budget passed by the House.²

In addition, the President's budget ends deep, across-the-board sequestration cuts to discretionary programs that are currently reducing services for many low-income families and individuals.

But the budget also proposes some deeply troubling program cuts, and fails to raise sufficient revenues to make the new investments needed to get our economy moving and help families get back on their feet.

Technical note: In this report, unless otherwise noted, NWLC compares President Obama's budget for Fiscal Year (FY) 2014 to "current funding" – that is, the estimated level of funding a program has for FY 2013 under enacted legislation before sequestration. For some programs, sequestration has reduced funding below enacted FY 2013 levels; FY 2013 program funding is identified as "pre-sequestration" where applicable below. All comparisons are made in nominal dollars and do not account for inflation – thus, programs whose funding would be maintained at current levels would actually lose ground to inflation.

Women who head families and elderly women are especially reliant on programs for low-income people.

Many low-income assistance programs are designed to improve the lives of poor children – and more than half of all poor children (nearly six in ten) live in single-mother families. Four in ten single-mother families, and roughly one in two black and Latina single-mother families, were poor in 2011.

Women are over two-thirds of the elderly poor, and more than one in ten women 65 and older were poor in 2011. Elderly women of color and elderly women who live alone are particularly vulnerable: in 2011, roughly one in five black and Latina elderly women was poor and more than one in six elderly women living alone were poor.³

What is sequestration?

Sequestration, or "the sequester," refers to a set of automatic, across-the-board cuts required by the Budget Control Act (BCA) of 2011. These cuts, totaling about \$1.2 trillion (including interest savings) over nine years, began March 1, 2013 and are currently scheduled to remain in effect through FY 2021.

While Social Security benefits and mandatory programs for low-income people (including Medicaid, SNAP/Food Stamps, and Temporary Assistance for Needy Families) generally are exempt from sequestration, many discretionary programs that women and their families depend on – such as Head Start, child care, education, and women's health services – are subject to cuts.⁴

Overall, the President's budget cuts non-defense discretionary spending by approximately \$100 billion below the caps established by the Budget Control Act of 2011 (BCA).⁵ The BCA caps alone will bring federal spending on programs in this category – including many that serve low-income people – to its lowest level in over 50 years;⁶ additional cuts could compel further reductions in services that women and their families depend on.

The budget also proposes potentially harmful cuts to health care programs,⁷ cuts energy assistance for low-income households, and recommends adopting the chained Consumer Price Index (the "chained CPI"), which would alter the way a number of government programs and the tax code account for inflation. The chained CPI would reduce the annual cost-of-living adjustment in Social Security benefits, producing benefit cuts that would be particularly harmful to women and would only be partially mitigated by a bump-up in benefits for long-term beneficiaries.⁸ However, the budget would not apply the chained CPI to needs-based benefit programs, such as Supplemental Security Income, or use it to determine eligibility for programs like SNAP.

The President's budget raises needed revenue and promotes tax fairness by closing tax loopholes and limiting tax breaks for very high-income taxpayers. But although the budget identifies a number of corporate tax loopholes that should be closed, it devotes all of that revenue to paying for new or extended business tax breaks and lowering corporate tax rates, short-changing needed investments and leaving the entire burden of deficit reduction on individuals and families.

The analysis below examines what the President's budget would mean for low-income women and families, detailing proposed funding levels and policy changes for programs in the following categories:

- Supports for Children
- Women's Health
- Tax Assistance for Individuals and Families
- Nutrition Programs
- Income and Work Supports
- Education & Training
- Housing Assistance
- Revenues

Early Learning Initiative & Supports for Children

Preschool for All

The President proposes to invest \$75 billion over 10 years in a major new initiative to expand access to high-quality preschool, starting with low- and moderate-income four-year-olds.⁹ **For more information on this initiative, see NWLC, President Obama's Early Learning Proposal.**

The Child Care and Development Block Grant (CCDBG)

The **Child Care and Development Block Grant** (CCDBG) program helps low-income working families afford child care and supports activities that improve the quality of care for all families. CCDBG served a monthly average of more than 998,000 families with nearly 1.7 million children in FY 2010.¹⁰ Eighty-six percent of the families served by CCDBG were single-parent households.¹¹

Under the President's budget, CCDBG would receive an additional \$500 million in mandatory funding in FY 2014 (\$7.3 billion over 10 years) to maintain low-income families' access to child care assistance¹² and an additional \$186 million in discretionary funding compared to FY 2013 (pre-sequestration) levels for a new child care quality initiative.¹³

Head Start and Early Head Start

The **Head Start** program provides grants to public and private agencies to provide comprehensive early education and child development services to low-income children and families, helping preschool-age children build their reading, arithmetic, social, physical, and other learning skills to prepare them for school. The **Early Head Start** program provides child and family development services to low-income pregnant women and families with children under age three. In 2011, the Head Start preschool program served more than 942,000 young children nationwide,¹⁴ and Early Head Start served more than 148,800 children under three and more than 16,700 pregnant women.¹⁵ Nearly six in ten families served by both Head Start and Early Head Start were headed by a single parent.¹⁶

The President's budget funds Head Start at \$9.62 billion in FY 2014, \$1.6 billion above FY 2013 (pre-sequestration) levels.¹⁷ Most of this additional funding (\$1.43 billion) would be dedicated to expanding high-quality early learning opportunities for infants and toddlers

through new Early Head Start-Child Care Partnerships. This initiative would serve 110,000 infants and toddlers, nearly doubling enrollment in Early Head Start.¹⁸

Voluntary Home Visiting

The **voluntary home visiting** program offers parent education and connects parents with resources that help them promote their children's health, well-being, learning, and development. The budget proposes the program be level-funded at \$400 million in FY 2014 and then expanded over the following decade, proposing an investment of \$15 billion over 10 years (beginning in FY 2015) for home visiting programs to support vulnerable families with young children.¹⁹

Child Support Enforcement

The **child support enforcement** program serves nearly one in four children – more than 17 million – and distributed about \$25 billion in child support to families in 2011.²⁰ Child support represents 40 percent of family income for poor families who receive it,²¹ and although eligibility for services does not depend on income, it lifted over 900,000 people from poverty in 2011.²²

The President's budget maintains funding for child support enforcement in FY 2014 compared to FY 2013. It proposes a number of new initiatives, including one that could increase the support paid to families by \$1.7 billion by encouraging states to give more of the child support noncustodial parents pay on behalf of children receiving TANF to the family, rather than retaining the money to reimburse welfare costs. The budget invests \$1.41 billion over ten years in support of this initiative, including \$859 million over ten years in funding to help states implement the reforms.²³ However, it does not propose to restore funding for states (the federal match for reinvested incentive funds) that was cut by the Deficit Reduction Act and restored for FY 2009 and 2010 by ARRA, making it more difficult for states to maintain child support enforcement services.

Women's Health

Medicaid

Over 22 million women get their health coverage from **Medicaid**,²⁴ which provides health care coverage to low-income individuals who are elderly and live with disabilities, as well as low-income children, parents, and pregnant women. More than two-thirds of adult Medicaid recipients are women,²⁵ and up to 7

million currently uninsured women could gain coverage through Medicaid beginning in 2014 under the Affordable Care Act.²⁶

The President's budget would cut approximately \$21 billion over 10 years in federal Medicaid funding,²⁷ with the majority of savings drawn from improvements to prescription drug payment policies, fraud reduction and more efficient payment for durable medical equipment. The budget request also includes extended support to help certain low-income Medicare beneficiaries with their Medicare premiums, and ultimately protects women's access to this vital program.²⁸

Title X Family Planning Program

The **Title X family planning program** provides comprehensive family planning and related preventive health services to low-income women. In 2011, the program served over five million people, 92 percent of whom were women.²⁹ The President's budget requests \$327.4 million for Title X in FY 2014, \$28.7 million above current (pre-sequestration) levels,³⁰ which would restore necessary funding that has been cut in recent years.

Maternal and Child Health Block Grant

The **Maternal and Child Health Block Grant** provided prenatal care for almost 2.4 million women and primary and preventive care services for more than 37 million children in FY 2011,³¹ including many children with special needs. The President's budget reduces funding for the Maternal and Child Health Block Grant by \$10.4 million from (pre-sequestration) FY 2013 levels to about \$639 million for FY 2014.³²

For more information on the health care proposals in the President's budget, see [NWLC, The President's FY 2014 Budget and Women's Health](#).

Tax Assistance for Individuals and Families

Improved Refundable Tax Credits

The budget makes permanent three important improvements in refundable tax credits that were enacted in 2009 and extended for five years (through 2017) by the American Taxpayer Relief Act of 2012. These include the expansion of the refundable **Child Tax Credit**, improvements in the **Earned Income Tax Credit** (EITC) (additional marriage penalty relief and an increased credit for families with three or more children) and the **American Opportunity Tax Credit**

(a refundable tax credit for expenses of post-secondary education).³³ These proposals are included in the 2014 budget baseline.³⁴

In addition, the budget proposes to **simplify eligibility rules for the EITC** for taxpayers without qualifying children. The budget would allow taxpayers who would otherwise be eligible for the EITC for childless adults, but for residing with a qualifying child they do not claim, to claim the credit available to childless adults.³⁵

Child and Dependent Care Tax Credit

The budget expands the **Child and Dependent Care Tax Credit**, which helps offset parents' work-related child and dependent care expenses. Under the proposal, families earning up to \$75,000 would be eligible for a tax credit equal to 35 percent of qualified child care expenses (up to \$3,000 for one child and \$6,000 for two or more children), for a maximum credit of \$2,100. The percentage would phase down to 20 percent for families earning above \$103,000, for a maximum credit of \$1,200. Currently, the percentage starts phasing down for families with incomes above \$15,000, so families with incomes between \$15,001 and \$103,000 could see an increase under this proposal.³⁶ However, the proposal would not make the credit refundable, so families with little or no federal tax liability would continue to receive little or no benefit from the credit.

Retirement-Related Provisions

The President's budget proposes to require employers in business for at least two years with more than ten workers who do not offer retirement plans to offer an **automatic IRA** (Individual Retirement Account) option to which employees could contribute by payroll deduction. (Employers would not be required to contribute.) Employers could claim a temporary tax credit for establishing auto-IRAs. Employees would be automatically enrolled, but could choose to opt out or increase or reduce their contributions.³⁷ The budget does not proposing making the non-refundable Savers' Credit refundable.

Nutrition Programs

Supplemental Nutrition Assistance Program (SNAP)/Food Stamps

The President's budget fully funds the **Supplemental Nutrition Assistance Program (SNAP)/Food Stamps**

at \$78.4 billion and extends the availability of enhanced SNAP benefits through March 2014.³⁸ SNAP currently feeds more than 47 million people a month,³⁹ helping families put food on the table and stimulating local economies.⁴⁰ In FY 2011, women were 62 percent of nonelderly adult recipients and 66 percent of elderly adults receiving benefits.⁴¹ More than half (56 percent) of all SNAP households with children were headed by a single adult, 93 percent of whom were women.⁴²

Women, Infants, and Children (WIC) Special Supplemental Nutrition Program

The President's budget maintains support for the **Women, Infants, and Children (WIC)** program, which provides grants to states for supplemental foods, health care referrals, and nutrition education for low-income pregnant, breastfeeding and postpartum women, and to infants and children up to age five. WIC provided nutritious food to approximately 8.9 million low-income pregnant women, new mothers, and young children each month in FY 2012.⁴³ The budget requests \$7.1 billion for WIC, an increase expected to be sufficient to serve all eligible women and children who seek assistance in FY 2014.⁴⁴

Commodity Supplemental Food Program (CSFP)

The **Commodity Supplemental Food Program (CSFP)** provides nutritious food to low-income elderly adults, pregnant and breastfeeding women, children, and infants. CSFP food packages provide a good source of nutrients often lacking in the diets of these populations. In FY 2012, CSFP served an average of over 594,000 people a month, including 576,600 elderly people and 17,600 pregnant and breastfeeding women and young children.⁴⁵ The President's budget proposes funding CSFP at \$203 million, a level sufficient to keep pace with anticipated need.⁴⁶

Child Nutrition Programs

The President's budget proposes \$20.6 billion in funding for child nutrition programs in FY 2014, an increase of about \$830 million from current funding levels to support anticipated participation, food cost inflation, and compliance with science-based nutrition standards.⁴⁷ Child nutrition programs include the national school meals programs. The **National School Lunch Program** provided nutritious lunches to 31.6 million children each school day in FY 2012, over two-thirds of which were served as free or reduced-price meals.⁴⁸ The **School Breakfast Program** served breakfast to more than 12.8 million children each

school day in FY 2012, about 84 percent of which were served as free or reduced-price meals.⁴⁹ Roughly two-thirds (66 percent) of single-mother families, or over 6.8 million single-mother families, were eligible to receive free or reduced-price meals in 2011.⁵⁰

Child nutrition programs also include the **Child and Adult Care Food Program**, which provided nutritious meals and snacks to 3.2 million children in day care, Head Start or outside-school-hours care centers as well as 115,000 adults in adult day care facilities in 2010.⁵¹ In FY 2012, the program served more than 1.9 billion meals, more than 1.8 billion of which were served in day care homes and child care centers.⁵² Free and reduced-price meals accounted for nearly 82 percent of all meals served.⁵³

Income and Work Supports

Temporary Assistance for Needy Families (TANF)

The **Temporary Assistance for Needy Families** (TANF) program is a block grant to states to fund cash assistance, work supports, and other services for low-income children and parents. In FY 2012, over 1.75 million families and over 3.1 million children received TANF assistance.⁵⁴ In FY 2009, nearly nine in ten (86 percent) adults served by TANF were women.⁵⁵ The budget maintains current total funding levels for TANF in FY 2014 at \$17.35 billion, while modifying the funding structure to shift \$319 million from the Contingency Fund to Supplemental Grants for Population Increases.⁵⁶

Funding for the basic TANF block grant has not increased since the program was enacted in 1996, and the levels maintained in the President's budget are inadequate to meet current needs; in 2011, only 27 percent of poor families with children received TANF compared to 68 percent of poor families in 1996.⁵⁷ However, the budget does state: "When Congress takes up reauthorization, the Administration will work with lawmakers to strengthen the program's effectiveness... [by] using performance indicators to drive program improvement and ensuring that states have the flexibility to engage recipients in the most effective activities to promote success in the workforce, including families with serious barriers to employment. The Administration will also be prepared to work with Congress to revise the Contingency Fund to make it more effective during economic downturns."⁵⁸

Unemployment Insurance (UI)

Unemployment insurance (UI) benefits provide temporary income support to jobless workers who have lost employment through no fault of their own and meet other state requirements. During periods of high unemployment, the federal government funds additional weeks of emergency unemployment benefits to supplement state UI benefits. Nationwide, federal and state UI benefits kept 2.3 million people out of poverty in 2011, including 621,000 children and 833,000 women.⁵⁹ The President's proposal to end sequestration would restore funding for federal UI benefits for long-term unemployed workers; the sequester cuts these benefits by about 11 percent for the remainder of FY 2013.⁶⁰ By replacing the sequester, the budget would also restore UI administrative funding for states, and it includes several initiatives designed to improve reemployment opportunities for jobless workers.⁶¹

Social Security

Social Security is a social insurance program, funded by payroll taxes separately from the rest of the federal budget, that protects workers and their families when income is lost due to retirement, disability, or death. It covers nearly all workers and their families, not just those with low income, but is the nation's most successful anti-poverty program. Social Security is especially important to women's economic security: for nearly three in ten female beneficiaries 65 and older (29 percent), Social Security is virtually the only source of income.⁶² The average Social Security benefit for women 65 and older is modest – about \$12,700 per year – but without Social Security, nearly half of women 65 and older would have been poor in 2011.⁶³

President Obama's budget proposes cutting Social Security benefits by adopting the **chained Consumer Price Index** (CPI) to calculate the cost-of-living adjustment (COLA) for Social Security and other programs. The chained CPI would lower the annual COLA, reducing the value of Social Security benefits by an amount that gets larger the longer a beneficiary lives. The chained CPI is not a more accurate measure of inflation for the elderly – and it would be especially harmful to women, because on average they live longer than men, rely more on income from Social Security, and are already more likely to be poor.⁶⁴ Although the budget proposes "bump-ups" in benefits for long-term beneficiaries, these small and gradual benefit increases would not restore the monthly benefit of the typical

single elderly woman to current-law levels – unless she lives to 104.⁶⁵ **For more on the chained CPI proposal in the President's budget, see NWLC, [Obama Plan Fails to Adequately Protect Long-Term Social Security Beneficiaries from Chained CPI](#).**

Supplemental Security Income (SSI)

Supplemental Security Income (SSI) provides income support for low-income individuals who are elderly or living with disabilities. In 2011, SSI served over 8.1 million people, including nearly 1.3 million children.⁶⁶ The majority of adults in the program in 2011 were women – nearly six in ten – and over two-thirds of elderly SSI beneficiaries were women.⁶⁷ The President's budget maintains funding for SSI in FY 2014, requesting just over \$60 billion to ensure coverage for additional recipients and cost-of-living adjustments.⁶⁸ The budget would exempt SSI, a means-tested program, from the application of the chained CPI.

Education & Training

Pell Grants

The President's budget maintains a scheduled increase to the maximum **Pell Grant** award, raising it by \$140 to \$5,785,⁶⁹ which – while critical for improving access to higher education for low-income women and men – still falls far short of covering the cost of college tuition. Nearly 9.4 million students are expected to receive Pell Grants in the 2014-2015 academic year.⁷⁰ In 2007-2008, the latest year for which data are available, two-thirds (66 percent) of Pell Grant recipients were women.⁷¹

The budget maintains funding for the Supplemental Educational Opportunity Grant (SEOG) program, which provides additional grants of up to \$4,000 to the lowest-income Pell Grant recipients, reaching nearly 1.6 million of the nation's neediest students.⁷²

Career and Technical Education

Career and Technical Education (CTE) programs are a critical component of education for girls and women, as they remain vastly underrepresented in traditionally male CTE courses that can lead to high-skill, high-wage, and high-demand jobs. The President's budget maintains funding for Career and Technical Education, proposing an investment of \$1.1 billion to support the reauthorization of the Perkins Career and Technical Education Act.⁷³ Perkins-funded programs are critical for improving job opportunities for women because

Perkins holds states accountable for ensuring that women and men participate in and complete training programs in fields where they are traditionally under-represented.

The President also proposes \$8 billion over seven years (beginning in FY 2015)⁷⁴ for a joint initiative between the Department of Education and the Department of Labor (DOL) called the "Community College to Career Fund,"⁷⁵ which would support job training partnerships between community colleges and businesses in growth industries. It is critical that this initiative include a focus on improving job training opportunities for women, particularly in nontraditional fields – especially in light of the President's proposal to eliminate funding for the Women in Apprenticeship and Nontraditional Occupations (WANTO) grant program⁷⁶ and reduce funding for the DOL Women's Bureau by over 20 percent.⁷⁷

Housing Assistance

Rental Assistance

The Department of Housing and Urban Development (HUD) provided rental assistance to more than 5.4 million families in FY 2012 through various programs.⁷⁸ The **Housing Choice Voucher Program** (HCVP, also known as Section 8 Tenant-Based Rental Assistance) provided core rental assistance to about 2.2 million families with very low incomes in FY 2012; 81 percent of households served were headed by women and half were families with children.⁷⁹ The President's budget requests approximately \$20 billion to fund HCVP, an increase of nearly \$830 million from FY 2013 (pre-sequestration) levels to ensure that participating families can continue to receive assistance – but insufficient to expand the program to meet current need.⁸⁰

Low Income Home Energy Assistance Program (LIHEAP)

The **Low Income Home Energy Assistance Program** (LIHEAP) helps millions of low-income households afford to heat and cool their homes in extreme weather conditions. An estimated 8.9 million families received LIHEAP assistance in FY 2011.⁸¹ The typical household receiving assistance in FY 2010 had income below the HHS Poverty Guidelines,⁸² and survey data indicate that in 2011, a vast majority (89 percent) of households that received LIHEAP assistance had at least one vulnerable household member (someone who was elderly, a child or a person with disabilities).⁸³

The President's budget proposes to cut LIHEAP by about 13.5 percent, from the current (pre-sequestration) level of \$3.49 billion to \$3.02 billion.⁸⁴

Revenue Proposals

Close Loopholes for High-Income Taxpayers

President Obama's budget includes several proposals to limit tax breaks for the wealthiest Americans. Two of these measures – capping itemized deductions and other tax preferences at 28 percent, and implementing a minimum tax on high-income earners – are dedicated to deficit reduction; they were part of the package of deficit-reduction measures President Obama offered to Speaker Boehner during the fiscal cliff negotiations in 2012.⁸⁵

The budget would **limit the tax subsidies the wealthiest taxpayers get from itemized deductions and certain other tax preferences** (such as tax-exempt interest) to 28 percent. For example, under current law, a wealthy taxpayer in the 39.6 percent tax bracket who pays \$10,000 in mortgage interest gets a tax savings of \$3,960. A middle-income taxpayer in the 15 percent tax bracket who pays the same \$10,000 in mortgage interest gets a tax savings of only \$1,500. The proposal would limit the tax subsidy for taxpayers in the top two tax brackets to 28 percent.⁸⁶ This proposal, which is part of the President's deficit-reduction package, would raise \$529.3 billion over ten years.⁸⁷

The budget proposes **a new minimum tax – the Fair Share Tax – on very high-income taxpayers** to ensure that they don't pay a lower income tax rate than middle-class families, a principle known as the Buffett Rule. (Billionaire Warren Buffett famously called for reform of a tax code that allows him to pay a lower tax rate than his secretary.) The budget proposes a minimum tax on very high-income taxpayers: 30 percent of Adjusted Gross Income, less a credit for charitable contributions for households with incomes above \$2 million. (The amount payable phases in starting at \$1 million and is fully phased in at \$2 million.) These thresholds are indexed for inflation beginning after 2014.⁸⁸ This proposal, which is part of the President's deficit-reduction package, would raise about \$53.4 billion over 10 years.⁸⁹

The budget would permanently **restore the estate tax at the 2009 rates and exemption levels** – a maximum

rate of 45 percent and an exclusion of \$7 million for couples, \$3.5 million for individuals – starting in 2018.⁹⁰ This change and other proposed estate and gift tax reforms would raise \$78.6 billion over ten years.⁹¹

The budget would **close the tax loophole that currently allows multi-millionaire managers of private investment funds to pay a lower tax rate** on their compensation than ordinary working Americans by reporting earnings from "carried (profits) interests" as capital gains income. The proposal would require this compensation to be reported as ordinary income⁹² and is estimated to raise \$15.9 billion over 10 years.⁹³

The budget would **limit the total amount of money that can be accumulated in tax-favored retirement accounts**. Some taxpayers have managed to shelter millions of dollars in tax-favored retirement accounts despite contribution limits. The proposal would prohibit a taxpayer from making additional contributions or receiving additional accruals under the tax-favored retirement-system if they have accumulated balances in excess of the amount necessary to provide the maximum annuity permitted under current law (about \$3.4 million this year).⁹⁴ This would raise \$9 billion over 10 years.⁹⁵

Increase cigarette tax

The budget would **increase the tax on cigarettes from just under \$1.01 per pack to about \$1.95 per pack**, increase taxes on other tobacco products by roughly the same proportion, and index for inflation. The proposal would help finance the President's early learning initiative, and the increased cost of cigarettes would help discourage teen smoking.⁹⁶ This change would raise an estimated \$78 billion over ten years.⁹⁷

Other Revenue-Raising Measures

The budget would impose a new "financial crisis responsibility fee" on the largest firms in the financial sector (those with assets in excess of \$50 billion) to compensate taxpayers for the extraordinary support provided to the financial sector during the financial crisis, while discouraging excessive risk-taking.⁹⁸ This would raise an estimated \$59.3 billion over 10 years.⁹⁹

The budget would apply a new and lower measure of inflation, the chained CPI, to tax provisions, as well as to Social Security and other federal programs that are not means-tested. Tax brackets would increase more slowly, so taxpayers would move into higher tax brackets at lower income levels than under the current CPI; in

addition, the EITC would grow more slowly.¹⁰⁰ This proposal, part of the President's deficit-reduction plan, would raise about \$100 billion in revenue over 10 years.¹⁰¹

The budget proposes a number of measures to improve tax enforcement, including expanding information reporting, strengthening tax administration, and reducing misclassification of workers as independent contractors, a step which protects workers' rights as well as raising revenues. These proposals raise \$77.9 billion over 10 years.¹⁰²

Revenue-Neutral Corporate Tax Reform

The budget calls for corporate tax reform that is "revenue-neutral." Thus, although the budget proposes closing a number of corporate tax loopholes that would raise hundreds of billions of dollars, that revenue is devoted to lowering corporate tax rates and creating or extending other tax breaks for business.

Corporate tax loopholes that would be closed and dedicated to revenue-neutral corporate tax reform include: reforms of the international tax system; elimination of preferences for the oil, gas and coal industries; reforms of the treatment of financial and insurance industry products; reforming certain accounting practices; and closing the corporate jet loophole. The package of reforms in this part of the budget would raise about \$335 billion in revenue over 10 years.¹⁰³ Most of this revenue would be used to pay for extending or creating other business tax breaks, such as increased expensing, the research and development tax credit, and incentives for manufacturing and clean energy. The combination of revenue increases and new business tax expenditures would leave a reserve of \$94.6 billion, which the budget would dedicate to lowering corporate tax rates – making it unavailable to pay for needed investments or contribute to deficit reduction.¹⁰⁴

- 1 See NWLC, President Obama's Early Learning Proposal (Apr. 2013), available at <http://www.nwlc.org/sites/default/files/pdfs/presidentsproposalfactsheet.pdf>.
- 2 See NWLC, The Ryan House Budget FY 2014: Once Again, Gutting Vital Programs for Women and Families, Giving Trillions in Tax Cuts to Millionaires and Corporations (Mar. 2013), available at <http://www.nwlc.org/resource/ryan-house-budget-fy-2014-once-again-gutting-vital-programs-women-and-families-giving-trill>.
- 3 NWLC, Insecure & Unequal: Poverty Among Women and Families 2000-2011 (Sept. 2012), available at <http://www.nwlc.org/resource/insecure-and-unequal-poverty-and-income-among-women-and-families-2000-2011>.
- 4 NWLC, A Roadmap to the 2013 Federal Budget Debates (Apr. 2013), available at <http://www.nwlc.org/sites/default/files/pdfs/federalbudgetroadmap.pdf>.
- 5 Exec. Office of the President, The Budget for FY 2014, at 45 (Apr. 2013), available at <http://www.whitehouse.gov/sites/default/files/omb/budget/fy2014/assets/budget.pdf>.
- 6 NWLC, A Roadmap to the 2013 Federal Budget Debates, *supra* note 4.
- 7 See NWLC, The President's FY 2014 Budget and Women's Health (Apr. 2013), available at http://www.nwlc.org/sites/default/files/pdfs/the_presidents_fy2014_budget_and_womens_health_4-26-13.pdf.
- 8 NWLC, Obama Plan Fails to Adequately Protect Long-Term Social Security Beneficiaries from Chained CPI (Apr. 2013), available at <http://www.nwlc.org/sites/default/files/pdfs/chainedcpi-presidentobamabumpup.pdf>.
- 9 U.S. Dep't of Ed., President's FY 2014 Budget Request for the U.S. Department of Education, Investing in Early Learning, at 1 (Apr. 2013), available at <http://www2.ed.gov/about/overview/budget/budget14/crosscuttingissues/earlylearning.pdf>.
- 10 HHS, Admin. for Children & Families (ACF), Office of Child Care, FFY 2010 CCDF Data Tables (Dec. 2011), available at <http://www.acf.hhs.gov/programs/occ/resource/ccdf-data-10acf800-preliminary> (Table 1). Participation figures in the budget documents focus on the number of slots available for children and therefore differ.
- 11 HHS, ACF, Office of Child Care, Child Care and Development Fund Report to Congress for FY 2006 and FY 2007, at 23 (Sept. 2012) available at http://www.acf.hhs.gov/sites/default/files/occ/rtc_2006_2007.pdf.
- 12 HHS, ACF, FY 2014 Justification of Estimates for Appropriations Comm., at 2 (Apr. 2013), available at https://www.acf.hhs.gov/sites/default/files/olab/fy_2014_cj_final.pdf.
- 13 HHS, FY 2014 Budget in Brief, at 94 (Apr. 2013), available at <http://www.hhs.gov/budget/fy2014/fy-2014-budget-in-brief.pdf>.
- 14 Stephanie Schmit, CLASP, Head Start Participants, Programs, Families and Staff in 2011 (Nov. 2012), available at <http://www.clasp.org/admin/site/publications/files/HSpreschool-PIR-2011-Fact-Sheet.pdf>. Participation figures in the budget documents focus on the number of slots available for children and therefore differ.
- 15 Stephanie Schmit, CLASP, Early Head Start Participants, Programs, Families and Staff in 2011 (Nov. 2012), available at <http://www.clasp.org/admin/site/publications/files/EHS-PIR-2011-Fact-Sheet.pdf>. Participation figures in the budget documents focus on the number of slots available for children and therefore differ.
- 16 See Schmit, *supra* notes 14 and 15.
- 17 HHS, FY 2014 Budget in Brief, *supra* note 13, at 94-96.
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