

# TAX & BUDGET

## FACT SHEET

### President Obama's FY 2016 Budget: Early Learning Proposals

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President Obama's recently released FY 2016 budget proposal demonstrates a strong commitment to increasing families' access to affordable, high-quality child care and early education. The President's budget would significantly increase investments in child care and preschool, expand the child care tax credit for middle-income families, and support other key early care and education programs.

Under the President's proposed budget:

- **The Child Care and Development Block Grant (CCDBG)**, the major federal program that helps families afford child care assistance, would receive an additional \$82 billion over the next 10 years. This funding would be used to make child care assistance available to all children under age four in families with incomes up to 200 percent of the poverty line (about \$40,000 a year for a family of three), so that parents could work or attend school or job training. This measure would expand access to child care assistance to 1.1 million more children by 2025.

For FY 2016, the Administration proposes to increase mandatory funding for CCDBG to \$6.582 billion (from \$2.917 billion) and increase discretionary funding to \$2.805 billion (from \$2.435 billion). This increase includes \$266 million targeted to help states implement new provisions of the CCDBG reauthorization—which passed last year with broad bipartisan support and is aimed at ensuring the health and safety of children in child care, improving the quality of care, and making the program more family-friendly—and \$100 for the new Child Care Pilots for Working Families, which will test innovative strategies for addressing unmet child care needs such

as child care in rural areas, child care for children with special needs, and child care during non-traditional hours.

- **The Child and Dependent Care Tax Credit (CDCTC)** would be increased to help families meet their work-related child care expenses. The CDCTC would increase to a maximum of \$3,000 for a family with one child under age five in child care and \$6,000 for a family with two or more children under age five in child care, for families with incomes up to \$120,000. Currently, the maximum credit is \$1,050 for families with one child and \$2,100 for families with two or more children—but the current credit declines as family income rises above \$15,000, to a maximum of \$600 for families with one child and \$1,200 for families with two or more children, for families with incomes over \$43,000. Under the President's proposal, the credit would not begin to decline until family income rises above \$120,000, providing families with children ages five through 12 a maximum credit of \$1,050 for one child and \$2,100 for two or more children. The expense limits and income level at which the phasedown begins would be indexed for inflation. However, the credit would remain non-refundable and therefore unavailable to lower-income families with little or no federal income tax liability.
- **Head Start/Early Head Start**—comprehensive early education programs that serve low-income infants, toddlers, and preschool-age children and their families—would receive \$10.1 billion in funding in FY 2016, an increase from \$8.6 billion. With the additional funding, all Head Start programs would be able to operate for at least a full school day

(6 hours a day) and full school year (170 days a year). The additional funding would also allow funding for **Early Head Start-Child Care Partnerships**—an initiative aimed at expanding access to early care and education for infants and toddlers, particularly those who need full-day/full-year early care and education while their parents work—to be increased by \$150 million, to \$650 million in FY 2016.

- **Preschool Development Grants**—which support state efforts to build or expand high-quality preschool systems, including through investments in developing the early education workforce, improving quality, and expanding high-quality preschool for children in low- and moderate-income families—would receive an additional \$500 million, for a total of \$750 million in FY 2016. So far, 18 states have been awarded these competitive grants; the proposed funding would allow grants to be awarded to over 40 states.
- **Preschool for All**, an initiative to make high-quality preschool available to all four-year-olds in low- and moderate-income families through state-federal partnerships, would receive \$1.3 billion in funding during its first year. The President proposes \$75 billion over 10 years for this initiative, to be paid for with a tobacco tax increase.
- **Maternal, Infant, and Early Childhood Home Visiting**, a program that funds voluntary home visits by nurses, social workers, and other professionals to provide vulnerable families with support and

resources, would receive an increase in funding of \$100 million, to \$500 million. The budget proposal also calls for a total of \$15 billion in mandatory funding from FY 2016 to FY 2025.

- **Grants for Infants and Families** (Part C of the Individuals with Disabilities Education Act), a program that provides funding to states to support early intervention services for infants and toddlers with disabilities and their families, would receive an increase of \$65 million, to \$504 million.
- **Preschool Grants** (Part B, Section 619 of the Individuals with Disabilities Education Act), a program that provides funding to states to support special education and related services to children ages three through five with disabilities, would receive an increase of \$50 million, to \$403 million.
- **Child Care Access Means Parents in School**, a program that promotes campus-based child care services for low-income parents in postsecondary education, would be level-funded at \$15.1 million.
- **21st Century Community Learning Centers** would be level-funded at \$1.15 billion. The Administration's proposal would continue to allow funds to be used for before- and after-school programs, summer enrichment programs, and summer school programs, and would also permit states and eligible local entities to use funds to support expanded-learning-time programs during school hours.