

# FY 2011 federal budget process begins with bold proposal

by Eric Karolak

The federal government's annual budget process was kick-started this year with a bold proposal that has implications for anyone who provides child care. But keeping child care front and center in Washington will take a lot of effort in 2010.

## A major investment in child care

On February 1, the Administration released the Budget Proposal for Federal Fiscal Year 2011 (October 1, 2010 to

September 30, 2011). It calls for two major new investments in child care. First, the Administration proposed an increase of \$1.6 billion for the Child Care and Development Block Grant (CCDBG) which helps working families afford child care. According to the Administration, this increase could help families of as many as 235,000 more children receive help in paying for child

care. This historic increase in CCDBG funding could make a big difference to states, programs, and families.

The Proposal also included an expansion of the Child and Dependent Care Tax Credit designed to reach families at higher income levels and to increase the amount that parents can claim and get credited in their taxes. This non-refundable tax credit can help families offset some of the costs of child care and care for other dependents.

These measures are core parts of what the Administration calls its 'Zero to Five Plan,' a broad effort to support early childhood development and learning. Together, they are big news for our industry and field, and could have a great impact on providers and the families we serve.

## Support for the middle class — and those who aspire to it

Helping working families with their child care expenses — through subsidies for low-income families and tax credits that can help virtually all families — is one way Washington can ease the impact of the current economy on the middle class and those who aspire to it, Administration officials say. This, in part,

## Federal Budget Basics

The annual federal funding process begins each year with the Administration (that's the President and federal agencies) submitting a budget proposal to Congress at the beginning of February. The Budget Proposal outlines the Administration's priorities and acts as a framework for how federal spending should proceed. It's a 'request' to Congress.

Once submitted, it's Congress' job to develop and decide upon specific funding amounts for programs, a legislative process that will take many months. (For more information, visit [www.ececonsortium.org/Federal\\_Budget\\_Basics.pdf](http://www.ececonsortium.org/Federal_Budget_Basics.pdf).)



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of quality early learning programs. ECEC members operate more than 7,600 centers enrolling more than 800,000 children in 49 states and the District of Columbia. Dr. Karolak previously led the National Child Care Information Center, the largest federal clearinghouse focused on child care and early education for low-income families. He has worked closely with states developing the technical aspects of child care assistance programs, quality rating systems, and partnerships across early childhood programs. He has conducted policy research and fiscal analysis in the areas of child welfare, child care, women's labor force participation, and public housing, and has testified before several state legislatures and the U.S. Congress. Dr. Karolak also has served as an advisor to a national quality initiative, a non-profit child care center, a local government commission, and a metropolitan United Way.

explains why child care received bold emphasis in the Administration's Budget Proposal, which also called for a 'freeze' on non-defense discretionary spending. Discretionary spending is spending for programs that Congress finances as it chooses (at its 'discretion') through the annual funding process and includes about one-third of all federal spending. By 'freezing' a portion of the budget, the Administration hopes to address the large budget deficits of recent years.

Emphasizing child care in the budget makes sense. Many of you took action in 2009 to alert the Obama Administration and Congress to the importance of child care. You know better than most that parents need child care to work, that the child care industry is a significant employer and purchaser, and that our work — the care and education of young children — is a major investment in the development of the workforce of the future.

In addition to child care investments, the Budget Proposal included other early education recommendations.

### Early Learning Challenge Fund

The Early Learning Challenge Fund — part of college student loan reform legislation still before Congress — would receive about \$9 billion over 10 years if the law is passed. The Budget Proposal accounts for this investment, and urges completion of the legislation in Congress. The Challenge Fund (see *Exchange*, September/October 2009, Policy Matters column) encourages states to compete for grants to help build or maintain quality early childhood systems that increase the number of low-income children from birth through age five in high-quality settings.

### CCDBG Reauthorization

The proposed \$1.6 billion increase in the Child Care and Development Block

Grant (CCDBG) was presented in budget documents as an investment "in preparation for reauthorization to expand child care opportunities, and improve the health, safety, and outcomes for children." Reauthorizing CCDBG — the process by which Congress would extend and make improvements to the program — will involve challenging and complex issues related to the substance of CCDBG and its relationship with other early education programs.

As the Budget Proposal was released, it was not clear whether Congress would have time on its calendar to complete reauthorization, especially given competing national priorities and the looming November Congressional elections. Still, reauthorization is not technically required for Congress to make the proposed \$1.6 billion investment in the budget.

### Elementary and Secondary Education Act

The Administration proposed a significant investment and changes to the Elementary and Secondary Education Act (ESEA), the primary way Washington funds K-12 education. For FY11, the Administration proposed a \$3 billion increase for K-12 education and an additional \$1 billion if Congress successfully reauthorizes ESEA this year.

In reauthorization, the Administration is interested in rethinking 'Adequate Yearly Progress' and allowing for different levels of success, and incentivizing and rewarding higher achievements.

Currently, and since ESEA's inception, school districts can choose to use Title I ESEA funds for preschool, including preschool delivered in community-based settings like child care and Head Start. The Budget Proposal does not reference any changes to this practice.

The Budget Proposal includes two grant programs — created in last year's

American Recovery and Reinvestment Act (ARRA) — that, as implemented, have important early education components. The Race to the Top and Investing in Innovation Grants would not only each get a proposed funding increase (\$1.35 billion and \$500 million, respectively), but would get a permanent place in ESEA. These are important programs the Administration hopes will provide the incentives and rewards necessary to help accomplish education reform. In each grant program, early childhood education can be included in a state or local district's grant proposal. As in Title I, it's left to state and local authorities to choose to use funds for early education, but the new competitive grants may give them an incentive to do so.

### Head Start

The President also proposed to increase Head Start and Early Head Start by \$989 million, which would allow children enrolled through funds made available in last year's stimulus bill to continue in the program.

### Child Nutrition

The Child Nutrition Act includes the federal school breakfast and lunch programs, the Women, Infants, and Children (WIC) program, and is the law behind the Child and Adult Care Food Program (CACFP), which provides reimbursements for nutritious meals and snacks in child care and Head Start programs, as well as valuable training, assistance, and monitoring.

The Administration proposed \$10 billion over 10 years for "a strong Child Nutrition and WIC reauthorization." The Senate seems poised to begin work on a reauthorization this spring (see *Exchange*, January/February 2010, Policy Matters column), but just what the changes to CACFP will be — and how much of the additional resources will be available to the program — remains to be seen.

## Highlights of Administration's Budget Proposal

- Child Care and Development Block Grant.....\$1.6 billion increase
- Head Start/Early Head Start.....\$989 million increase
- Early Learning Challenge Fund .....\$9 billion over 10 years; pending legislation
- Elementary and Secondary Education Act (ESEA) .....\$3 billion increase for K-12 education programs
- Individuals with Disabilities Education Act.....\$250 million increase overall, but initiatives for infants/toddlers and for preschoolers are flat-funded
- Child Nutrition Act Programs .....\$10 billion over 10 years
- Child and Dependent Care Tax Credit ..... "Nearly doubled"

For more details, visit [www.ececonsortium.org](http://www.ececonsortium.org).

## Just the beginning

The increases in the Administration's Budget Proposal are a bold statement about the importance of child care and early learning to working families and to the economy. In the months ahead, we'll need to help Congress understand the importance of the proposed additional spending on child care assistance, the improved tax credit for child care expenses, and other proposals to our businesses and the families we serve.