

## The Congressional Budget Resolution: *An Opportunity to Renew Support for Low-Income People*

---

**March 13, 2009**

President Obama's FY 2010 budget proposal is a clear and bold departure from the misdirected policies of the previous eight years and charts a new course for the country. The President's budget proposes to reset our nation's priorities by making major investments in health care reform, education, and clean energy. The proposal will jumpstart our economy, create jobs, and tackle long-term challenges. It calls for long overdue investments in a broad range of programs that support low-income children, youth, and families, helping to rebuild an economy that works for all of us. The President's proposal makes a serious commitment to deficit reduction by investing in future economic growth, increasing revenues, restoring fairness to our tax system, and reducing military expenditures over time in a responsible manner.

Congress should adopt a budget resolution that supports the President's priorities, ensures that low- and moderate-income working people share the benefits of economic recovery and long-term growth, and commits to fiscal responsibility.

### **The Right Priorities at the Right Time**

The President's budget proposal commits to tackling the largest challenges of our time—health care reform, education, clean energy, and a record federal deficit. In addition, the President proposes to make responsible investments in our future and help the people who have been most affected by the economic crisis. The proposal lays out a roadmap for investments in learning from birth through adulthood that will put America, and its children and youth, on the path to quality jobs that will again put us at the forefront of innovation and global leadership. And the commitment to deficit reduction will keep our debt from draining resources necessary for critical investments over time.

The President is clear that further investments and reforms are necessary to build upon the Recovery Act. In February, unemployment rose to 8.1 percent, with the rate for African-Americans and Hispanics even higher at 13.4 percent and 10.9 percent respectively.<sup>1</sup> Even before the recession deepened, more than 37 million people were living in poverty—including more than 13 million children—and more than 91 million people were living in low-income households, earning less than twice the federal poverty level,<sup>2</sup> despite their best efforts to work and support their families.

**The President's budget proposes investments where they count.** Government can work for all of us by increasing investments in effective strategies and programs to ensure that all children, young people, and adults have the skills and supports they need to thrive and their communities can prosper in tomorrow's economy. For example, the President's budget proposes:

- new investments in early childhood education, including doubling the number of children in Early Head Start. Currently, fewer than 3 percent of eligible children receive Early Head Start services.<sup>3</sup> This will ensure that more vulnerable children grow up safe, healthy, nurtured, and prepared to succeed.

- providing critical supports to address the nation’s escalating dropout problem. The proposal commits resources to turn around low-performing schools by scaling up educational practices that show results, cultivating promising new practices, and supporting states to address the root causes of low-performing schools. Additionally, the Innovation Fund expands and replicates the successful work of school systems and nonprofit organizations in raising student achievement.
- expanding Pell Grants, indexing them to inflation, and using mandatory funding to support them. Young people and adults need skills to access good jobs with decent wages. Pell Grants will allow more people access to post-secondary education, creating pathways to good jobs and economic success.
- investing in innovative public, private, and nonprofit partnerships to improve life outcomes for children, youth, and families in communities of concentrated poverty. The President’s funding for Promise Neighborhoods and the Choice Neighborhoods Initiative signals his intention to promote coordinated and transformative interventions to address complex challenges facing these communities.
- making permanent both the newly created Making Work Pay refundable tax credit and the Child Tax Credit expansion in the Recovery Act. Expanding income and work supports, a critical component of modernizing our safety net, bolsters individuals and families who are impacted the most by a weak economy and reduces the number of individuals living in poverty.

**The President’s budget proposal is honest and realistic about the need to bring in revenues to match spending commitments.** The proposal identifies programs’ true costs and the need for pay for them. For example, it recognizes that, while investments in prevention, wellness, and evidence-based medicine will have long-term payoffs, expanding health care coverage to all will require increased funding. It proposes a comprehensive energy and climate policy that will generate sufficient revenue to fund a tax cut for most people to offset the rising costs of energy. The specific revenue measures included in the proposal are designed to ensure that those who have benefitted the most from the growth in our economy in recent decades will pay their fair share of taxes. For example, the budget proposal would close loopholes that benefit hedge funds and companies that move production offshore and it would begin to address the disproportionate value of tax deductions provided to those in the highest income brackets.

### **A Budget Resolution Should Provide Sufficient Funding for These Priorities**

Congress should pass a budget resolution that includes substantial funding to support the priorities laid out in the President’s budget proposal. To provide sufficient resources for these priorities, allocations for budget functions related to appropriations that invest in people and jobs should be the highest possible numbers.

The budget resolution should support increases in mandatory programs that support the President’s priorities, as well. The resolution should allow for budget baselines that permit growth in mandatory programs outlined in the President’s budget proposal, including a new home visiting program for young children and their families and increases in Pell Grants.

---

<sup>1</sup> U.S. Department of Labor, Bureau of Labor Statistics, *The Employment Situation: February 2009*.

<sup>2</sup> U.S. Census Bureau and Bureau of Labor Statistics, Current Population Survey 2008 Annual Social and Economic Supplement.

<sup>3</sup> Calculations by National Women’s Law Center based on Census data on children in poverty and Office of Head Start data.