



# At Risk: Early Care and Education Funding and Sequestration

September 2012

## What Is Sequestration?

Sequestration was created in August 2011 as part of the Budget Control Act of 2011, which ended that year's showdown over raising the federal debt ceiling. Because Congress failed to come up with a deficit reduction plan, the Budget Control Act calls for \$1.2 trillion in automatic spending cuts over the next decade, divided equally between defense and "non-defense discretionary" programs -the term used to refer to spending on a wide range of domestic programs including education, health, human services, and labor. Policymakers crafted the Act with the expectation that these indiscriminate cuts would be so devastating that lawmakers would be forced to come to the table before they would take effect and hammer out another, longer-term deal to responsibly get the government's fiscal house in order.

So far, that has not happened, and these very real, very harmful cuts are set to start January 1, 2013. Reductions, totaling approximately \$100 billion in next year's federal budget, are expected to hit defense and domestic programs that are vital for national security and families' economic security and advancement. What's more, these cuts will have a disproportionate effect on the lowest-income families, those who have already experienced the worst impacts of the economic downturn and for whom a middle-class existence is being pushed further and further out of reach.

To avert those devastating impacts and come up with a fair solution, Congress could take action and enact a balanced package of spending reductions and increased tax revenues.

## Which Programs Will Face Cuts?

The sequester differentiates between mandatory and discretionary programs. Most discretionary programs, those that are subject to the annual Congressional appropriations process, would experience automatic cuts under the sequester. Many discretionary programs provide critical supports for children and families. Mandatory programs—those entitlement programs not subject to annual appropriations, including Medicaid and the State Children's Health Insurance Program (SCHIP), Social Security, TANF, SNAP or food stamps, and the Child Nutrition programs—are generally exempt from sequestration.

## How Will Early Care and Education Be Impacted?

Many child care and early education programs are threatened by the pending automatic cuts, including child care subsidies and Head Start. Because child care is comprised of both mandatory and discretionary funding streams, only the discretionary portion (approximately half) of child care funding is threatened by the sequester. Head Start is a discretionary program and thus fully subject to cuts under the sequester. Current estimates by the Congressional Budget Office, as of August 2012, indicate that non-defense discretionary programs will be cut by 8 percent in 2013.<sup>1</sup> These cuts would come at a time when child care and early education programs presently are funded at levels that serve only fractions of eligible children.

**If Congress does not take action the following impacts could be felt by children and families:**

- 80,000 fewer low-income children would receive child care subsidies through the **Child Care and Development Block Grant**,
- 96,179 fewer poor children would receive comprehensive early childhood education services in **Head Start**,
- 26,949 fewer infants and toddlers would receive early intervention services through **IDEA Part C**,
- 145,180 fewer students would be served by **21<sup>st</sup> Century Community Schools**,
- 1.8 million fewer disadvantaged students, including some preschool-aged children, would receive education services through **Title I of ESEA**, and
- 5 million fewer families would receive help with maternal and child health needs through the **Title V Maternal and Child Health Services Block Grant**.<sup>2</sup>

## What Can Be Done to Prevent These Cuts?

Congress should act in the final months of 2012, during the “lame duck” session and/or early in 2013, to prevent these catastrophic cuts. Early childhood advocates can talk to their members of Congress now about the importance of public investment and the devastating impact to children, parents, communities, states and our nation that sequestration would have on child care and early education programs. Tell your members of Congress to act responsibly and take a balanced approach to deficit reduction:

- Congress should avoid indiscriminate cuts that would have a harmful effect on the well-being of young children and their families and on programs that are critical to get children off to a strong start and ensure their parents are able to work.
- Congress should take a balanced approach to dealing with the country’s long-term federal deficit by increasing revenues to a sustainable level and making thoughtful choices about spending cuts.
- Budget savings should not come at the expense of low-income families who have already borne much of the burden of the prolonged economic downturn and for whom a middle-class existence is being pushed further and further out of reach.
- Congress should reject any proposals to exempt defense programs from budget cuts and reject any proposals to reduce the long-term deficit without including revenue increases, either of which would have the disastrous effect of making cuts even greater to programs serving low- and moderate- income families.

### Additional Information

**NDD United.** A coalition of organizations fighting non-defense discretionary program cuts.  
[http://publichealthfunding.org/index.php/ndd\\_united1/](http://publichealthfunding.org/index.php/ndd_united1/)

**Americans for Tax Fairness.** Campaign for comprehensive, progressive tax reform.  
[www.americansfortaxfairness.org/](http://www.americansfortaxfairness.org/)

Your actions now can help ensure that the vital programs that make a difference in the lives of young children and their families will continue to exist for future generations.

**For more information or questions,** please contact Hannah Matthews at (202) 906-8006 or [hmatthews@clasp.org](mailto:hmatthews@clasp.org).

<sup>1</sup> Congressional Budget Office (CBO), *An Update to the Budget and Economic Outlook: Fiscal Years 2012 to 2022*, August 2012, [http://www.cbo.gov/sites/default/files/cbofiles/attachments/08-22-2012-Update\\_to\\_Outlook.pdf](http://www.cbo.gov/sites/default/files/cbofiles/attachments/08-22-2012-Update_to_Outlook.pdf).

<sup>2</sup> Sen. Tom Harkin, *Under Threat: Sequestration’s Impact on Nondefense Jobs and Services*, July 2012, <http://harkin.senate.gov/documents/pdf/500ff3554f9ba.pdf>. Note that these estimates are based on a previous CBO calculation indicating that non-defense discretionary programs would be cut by 7.8 percent in 2013. Numbers based on the current 8 percent estimate would be even larger.