Introduction

Americans have withstood economic and man-made disasters over the last decade. Two foreign wars. A terrorist attack on U.S. soil. A financial crisis that nearly wiped out the world’s banking system. And, a lingering recession worse than anything since the Great Depression.

The state budgets that began shrinking in 2007 signaled the early warning signs of the magnitude of the recession’s impact on children’s programs. Since then, state after state has made annual deep budget cuts. Children have paid an enormous price. Many states began their new fiscal years with additional cuts that will make it even more difficult to prepare children for success. This report illustrates the breadth of these cuts.

The federal government has failed to soften the damage to children and families caused by state budget woes. Congressional leaders have passed policies that will make things far worse.

Early on in this Great Recession, the federal government chose to protect and invest in the children most at risk.

- In 2009, Congress passed an expansion of the State Children’s Health Insurance Program (SCHIP) to 4 million previously uninsured children, as well as children whose parents had lost their employer-based coverage when they became unemployed.

- The American Recovery and Reinvestment Act of 2009 provided nearly $150 billion directly to states to keep them from slashing health, education and child safety programs as revenues plummeted.

- The Recovery Act also provided billions of dollars to programs targeted directly to children - Head Start, child care, special education, the Women, Infants, and Children (WIC) nutritional program, and many others.

However, all of these program expansions and state aid were slated to end early in 2011.

The members of the 112th Congress opposed extending them, despite the lingering impact of the recession.
The latest Census Bureau data shows:

46.2 million Americans are living in poverty, the largest number of people in poverty in the 52 years in which the Census Bureau has been tracking this data.

The number of children in poverty has increased by 900,000 since 2009. 16.4 million children are now living in poverty.

22 percent of children under age 18 are now living in poverty.

25.3 percent of children under age 6 are living in poverty – more than one out of every four young children.

The poverty rate for children under age 6 is now 25.3 percent – more than one out of every four children.

Recession Effects Linger

The recession was officially over more than two years ago, but unemployment remains high, consumer confidence (and spending) remains low, state revenues remain low, and demand for government services – particularly for families with children – to get by in this economy continue to climb. The majority of states are making deep budget cuts in areas affecting children: public education, health care, child care, and other key areas affecting the well-being of children.

On September 13, 2011, the Census Bureau released the latest poverty data reflecting the reality of 2010. For the fourth consecutive year, poverty continued to climb.

As part of the deal to increase the debt ceiling limit, spending cuts are again called for in the 2012 budget to be debated this fall. This will lead to pressure to cut children’s health, education, and safety programs. They will be forced to compete with more powerful interests, with their armies of lobbyists, for limited dollars.
More than 48.8 million Americans lived in households struggling against hunger in 2010 according to the U.S. Department of Agriculture’s annual report on food insecurity.

16.2 million children go hungry.

Discouraging Signs from Congress

The early signs for 2012 are not encouraging. In a bill which funds the Department of Agriculture, the House passed a large cut in funds for the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). The program provides nutritious foods, counseling on healthy eating, and health care referrals to roughly 9 million low-income pregnant and postpartum women, to infants, and to children under age 5 who are at nutritional risk.

- The House cut of $733 million would force WIC to turn away 300,000 to 450,000 eligible low-income women and young children next year, and would break a 15-year commitment by Administrations and Congresses of both parties to provide enough WIC funding to serve all eligible women, infants, and children who apply. An extensive body of research documents WIC’s high degree of effectiveness in improving birth outcomes, reducing child anemia, and improving participants’ nutrition and health.

In a bill that funds the Department of Justice, the House Appropriations Committee eliminated funding for Juvenile Justice Demonstration Projects, the Juvenile Accountability Block Grants (JABG), and Title V Local Delinquency Prevention Grants. The cuts will reduce support for local juvenile justice programs.

- JABG funds are provided to states for programs that provide comprehensive services for youth, renovate facilities, increase court or justice personnel, improve information-sharing, and make other system improvements.

- Similarly important, Title V grants focus on preventing youth at risk and non-serious offenders from entering the juvenile justice system.
We can expect much more when the House Appropriations Committee begins consideration of appropriations for the Departments of Education and Health and Human Services.

The debt deal created a Congressional Super Committee charged with finding an additional $1.5 trillion in cuts over the next decade by the end of 2011. These cuts could come from federal funding for Medicaid, which is among the largest expense in many states. Medicaid, the joint federal-state health care program for the poor and disabled, also represents the largest source of federal aid to states.

If $1.2 trillion in cuts are not agreed to, an automatic across-the-board cut will be applied for either all $1.2 trillion or the gap between what is approved and $1.2 trillion if the target is missed.

Some in Congress say they favor providing support for the “truly poor,” but say that other families should no longer look to the government for assistance.

The cuts passed already, to WIC and other low-income children’s programs, fail the poor and threaten the middle class. Family incomes for those in the middle and lower classes fell during the last decade. As a result, there has been greater demand for public preschool programs, subsidized child care, after-school programs, the Children’s Health Insurance Program and Medicaid, and many other programs that allow families to maintain their standard of living while their income has stagnated or declined. By cutting these programs at the state and federal level, many working families are being driven out of the middle class and into poverty.

There is another way. Children should be held harmless. Cuts in children’s services should be rejected and increased instead. We can reject these cuts and tell our leaders to invest in children. Despite claims to the contrary, America remains the wealthiest and strongest nation in the world.

Investment money flows into this nation from all over the globe. We can choose to fully fund Head Start, insure the health of every child, provide affordable quality child care to all working families, and reform our public schools.

Some in Congress reject this approach and instead want to lower the top tax rate for the wealthy and corporations from 35 percent to 25 percent. Some would eliminate any taxation on inheriting millions of dollars. These choices come at the expense of helping our children.
"The recovery is close to faltering.

Another factor likely to weigh on the U.S. recovery is the increasing drag being exerted by the government sector. Notably, state and local governments continue to tighten their belts by cutting spending and employment in the face of ongoing budgetary pressures, while the future course of federal fiscal policies remains quite uncertain . . . In setting tax and spending policies for now and the future, policymakers should consider at least four key objectives.

One crucial objective is to achieve long-run fiscal sustainability . . . A second important objective is to avoid fiscal actions that could impede the ongoing economic recovery."

Federal Reserve Chairman, Ben Bernake, testifying before Congress, October 4, 2011

We support four simple proposals to help children and families during these challenging times:

- **Promote Tax Fairness.** End the practice where Wall Street bond brokers pay a lower tax rate than teachers, policemen, and firemen. No children’s program should be cut until the wealthiest in this nation pay taxes at the same rate as the majority.

- **Close Tax Loopholes.** Eliminate tax breaks for oil and gas companies, hedge fund billionaires and corporate jets.

- **Protect Children.** Provide $100 billion in aid to states so that they don’t have to cut children’s health care, reduce child protection, close schools, fire teachers, crowd classrooms, and eliminate preschool.

- **Invest in Kids** - Launch a 10-year Invest-in-Kids Agenda that fully funds child abuse prevention and treatment programs, provides Head Start and preschool to all eligible children, provides access to affordable child care for all working families, and guarantees health insurance for every child.

The state cuts detailed in the next section and the federal cuts being proposed in Washington were not inevitable or unavoidable. They are not being forced to be cut because of “decades of overspending.”

In many cases, the programs with the greatest growth have grown as a need to compensate for the state of the economy.

- For example, food stamp spending has increased - a record 45.7 million Americans receive food stamps.

But, people receive food stamps due to rising eligibility with families out of work, working reduced hours, or working for reduced pay. Food stamps are meant to ensure that families have enough to eat when times are tough and also to maintain consumer spending in the economy.
It’s About Choices

The budget Super Committee will have many choices to make during the next several months. But, they are choices. Congress as a whole will have many difficult decisions to make, but they are choices. Protecting our children needs to be a priority. It is simply unfair to take away from children and give to millionaires.

Regardless of political party, it is time to ask Members of Congress what they are going to do to protect children. It is time to ask them to place children first, and then see what resources remain for priorities like tax breaks for the wealthiest in this country.

It is easy to be a leader when the economy is growing and families can provide for themselves. It is harder to be a leader when families are struggling to make ends meet and tough choices must be made.

It is time to ask policymakers if they will pledge to make the choice to protect children. If they won’t, it is time to find some who will. Voting is also a choice. It is time for everyone to choose to vote and to vote in every state and federal election, to volunteer in the community, and to let family, friends and neighbors know what these cuts are and what they will mean for children and families.

Please go to www.everychildmatters.org and www.naccrra.org for the latest information.

The following pages illustrate the types of budget cuts made this year in states affecting children.
## Appendix: State Budget Cuts - Impact on Children

### Alabama
- Department of Children’s Affairs, which houses Head Start and pre-k, is facing budget cuts of about $125.5 million (or a 31.52 percent decrease).\(^1\)
- The Department of Child Abuse and Neglect Prevention’s budget was decreased by about $786,388 (or a 74.25 percent decrease).\(^2\)
- State budget gap for FY2011: $861 million (12.3 percent of state’s general budget fund).\(^3\)

### Arizona
- Cancelled child care support for low-income families (denying 13,000 children assistance).\(^4\)
- Continued freeze on the state’s primary children’s health insurance program (60,000 eligible children have not received coverage since January 2010).\(^5\)
- State budget gap for FY2011: $3.3 billion (39 percent of state’s general budget fund).\(^6\)

### California
- Cut Temporary Assistance for Needy Families (TANF) benefits by 8 percent effective July 1, 2011, reducing benefits for a family of three from $694 to $638. On top of that 8 percent cut, California will impose additional cuts of between 5 and 15 percent for “child-only” cases – those with no adult in the assistance unit – that have received assistance for 60 months or longer.\(^7\)
- Child care and development programs statewide are seeing a decrease of more than $180 million, including nearly $131 million to providers.\(^8\)
- State budget gap for FY2011: $17.9 billion (20.7 percent of state’s general budget fund)\(^9\)

### Colorado
- Slashed public school spending by $227.5 million, dropping the average per-pupil funding in the state by $346 to $6,468 in the coming school year.\(^10\)
- State budget gap for FY2011: $1.8 billion (25.1 percent of state’s general budget fund).\(^11\)