



COALITION ON HUMAN NEEDS

The Human Needs Report

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SPECIAL EDITION: PRESIDENT OBAMA'S FY17 BUDGET REQUEST

The FY17 Federal Budget: *President Obama's Budget Makes Critical Investments in Human Needs Programs*

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The FY17 Federal Budget: *President Obama's Budget Makes Critical Investments in Human Needs Programs*

The Obama Administration released its [Fiscal Year 2017 budget request](#) on Tuesday, February 9. The budget stays within the levels agreed to in the Bipartisan Budget Act enacted last fall, while providing additional sequestration relief in later years. Highlights from select agency budgets are found in the articles that follow.

A federal budget should reflect the nation's priorities and its vision for the future. CHN's [statement](#) released on February 9 noted that any budget proposal must be judged on how responsibly it invests in

our future by nurturing our children, opening up opportunities for workers, and protecting our retirees. President Obama's budget provides a set of proposals that improve economic security and reduce poverty across all stages of life. There are specific multi-year plans to end family homelessness, reduce child hunger, and increase opportunities for stable employment, with extra help for young people just entering the labor force. There are work supports such as increased child care and plans for increased retirement income.

Members of the Republican majority in Congress have been quick to dismiss the President's last budget. But advocates point to its long-term vision and complementary approaches, building on proven means of reducing poverty.

The President's budget provides multi-billion dollar increases in anti-poverty initiatives without increasing the deficit as a share of the economy. (The deficit declines from 3.3 percent of Gross Domestic Product in 2016 to 2.8 percent in 2026.) The budget can afford its investments in part because it raises revenue. The Administration's new tax proposals would reduce the deficit by \$955 billion over the next decade. Federal receipts (revenues) would grow as a share of the economy from 18.1 percent this year to 20 percent in 2026. In addition, the President's FY 2017 budget makes \$378 billion in health care savings, and assumes that immigration reform would result in deficit reduction of \$170 billion, both over ten years. (These overview figures can be found in the President's FY 2017 budget's [Summary Tables](#).)

As the House and Senate Budget Resolutions are released in the upcoming weeks, they should also be judged by their likelihood of reducing poverty and improving economic security and opportunity. The FY16 Congressional Budget Resolution assumed giant cuts in programs, disproportionately affecting low-income people. It would have pushed millions of people into, or deeper into, poverty. If Congress agrees on a budget outline that again refuses to raise revenues, and perhaps even proposes to cut them further, reducing poverty and inequality would become more distant goals.

While the President's budget spells out program-by-program funding levels in detail, Congressional Budget Resolutions are only outlines, with assumptions about revenues and expenditures, including a total figure for appropriations. This year, Congress does not need to pass a new budget resolution to set the funding total, because it already set the levels for FYs 2016 and 2017 when it passed the Bipartisan Budget Act of 2015. But Congress will have to divide up the total among the 12 spending bills. Known as 302(b)s, these allocations set funding levels for each of the 12 appropriations subcommittees. As the Center on Budget and Policy Priorities found, the two subcommittee bills that cover the majority of appropriations for low-income programs – those that cover the Departments of Labor, Health & Human Services, and Education (L-HHS-Ed), and the Departments of Transportation and Housing and Urban Development (THUD) – received FY 2016 increases equal to [roughly half](#) those that the other nine non-defense subcommittees received. The total for FY 2017 appropriations is about the same as this year's, and increases required for certain programs will mean funding will be very tight. Congress needs to provide a fairer share to the program areas serving low-income people in FY 2017.

A note on budget terminology: throughout, you will see references to the two main categories of federal spending: “discretionary” and “mandatory.” Discretionary spending refers to those programs

that require annual appropriations by Congress. Most defense, education, and housing fall into this category, plus many social service, environmental and community development programs. Mandatory spending includes programs like Social Security, Medicare, Medicaid, SNAP/food stamps, and other basic safety net programs that do not need annual appropriations. Instead, Congress authorizes the ways they spend money by legislation. Congress can cut or expand these programs by amending the legislation that authorizes them.

In addition to the specific resources called out in the articles below, please visit [CHN's FY17 budget page](#) throughout the budget and appropriations process for more information and newly added resources.

Select Departmental Budget Requests

The Coalition on Human Needs compiled information from the President's FY17 budget request for select government departments that most directly impact low-income and other disadvantaged populations.

Department of Housing and Urban Development:

The Administration's request for the Department of Housing and Urban Development (HUD) for FY17 is \$48.9 billion in gross discretionary funding, an increase of \$1.9 billion above HUD's enacted FY16 level. (Various income and reserve funds offset nearly \$11 billion of this total, for net discretionary spending of just under \$38 billion.) Beyond this, the President's budget proposes new mandatory funding of \$11 billion over 10 years to meet the goal of ending family homelessness.

Budget Highlight:
President Obama's FY17 budget request seeks to end family homelessness by 2020 and will provide 550,000 families over the course of 10 years with the housing subsidies and other assistance they need.

The budget provides increases needed to keep pace with rent costs for key programs that will enable HUD to continue to house 4.5 million low-income families. Funding for the **Tenant-Based Rental Assistance voucher program** increases by \$1.23 billion to \$20.9 billion and includes 10,000 new vouchers for homeless families. **Project-Based Rental Assistance** funding is increased by \$196 million to \$10.8 billion. The **Public Housing Operating Fund** receives a \$69 million (1.5 percent) increase.

The President's budget contains a significant proposal to provide \$11 billion in new mandatory funding and \$122 million in discretionary spending over 10 years to reach and maintain the goal of **ending homelessness among families by 2020**. The funding will support **rapid rehousing and voucher assistance** for 550,000 homeless families with children, and investments to stabilize families' housing and assist them to become more self-sufficient. The Administration will put forth legislation to achieve the proposal.

The Administration's goal of ending homelessness among families with children by 2020 is enhanced with an 18 percent increase of \$414 million for the **Homeless Assistance Grants program**. The

additional resources will create 25,500 new units of permanent supportive housing to end chronic homelessness; provide 8,000 units of rapid rehousing for homeless families; and fund \$25 million in new projects targeted to homeless youths.

The budget includes \$200 million for **Choice Neighborhoods**, \$75 million over the FY16 level, to fund comprehensive revitalization strategies to create mixed income neighborhoods. However, the **Community Development Block Grant** formula grants are cut by \$200 million from its current \$3 billion level. These grants can be used by communities for urban renewal projects, child care centers, and other public spaces.

Housing for the elderly receives an increase of 17 percent to \$505 million. **Housing for persons with disabilities** is funded at \$154 million, a \$3 million increase over FY16. The **Native American Housing Block Grant** has a \$50 million increase to \$700 million.

Funding for **Healthy Homes and Lead Hazard Control** is unchanged at \$110 million. In cities such as Baltimore, New Orleans, Cleveland and Chicago, tenants have either won or settled lawsuits against housing authorities because of lead poisoning in contaminated HUD-funded properties. A group of organizations including the Coalition on Human Needs has submitted a petition to HUD seeking better protection of children from lead poisoning.

In FY17, for the first time, the **National Housing Trust Fund (NTHF)** will receive funding. The amount is based on a small assessment on the volume of business conducted by Fannie Mae and Freddie Mac, two federally-created entities that purchase home mortgages from banks so that banks have cash on hand to make more loans. The exact amount, now estimated at \$182 million, will be known at the end of February and will be available for 2016. The money will be transferred to HUD to distribute to states. This is the first new federal funding in a generation for the production of rental housing for the lowest income people in America.

For more information, see [this chart](#) from the **National Low income Housing Coalition** comparing funding levels for HUD programs from FY09 through FY16 and the President's request for FY17. You can also check out [this piece](#) from the **National Alliance to End Homelessness** and the full [details of the budget](#) from the **Department of Housing and Urban Development**.

Department of Health and Human Services:

In total, the budget request for the Department of Health and Human Services (HHS) accounts for \$1.15 trillion – more than one quarter of the President's total \$4.23 trillion FY17 budget request. While almost 90 percent of this is marked for Medicare and Medicaid, the HHS budget covers a wide variety of programs, from the Affordable Care Act and medical research to child care and vital services for low-income people.

Budget Highlight:
The President's proposal would expand access to high-quality child care for roughly 1.15 million additional infants and toddlers by the end of 10 years.

Key initiatives in the HHS budget proposal focus on children, including increasing funding for early learning programs. Similar to his FY16 budget, the President's budget once again includes \$82 billion over 10 years in mandatory funding (including \$3.7 billion for FY17) to ensure low- and moderate-income working families with children under age 4 have access to child care. Among annual appropriations, the budget includes \$9.6 billion for **Head Start/Early Head Start**, \$434 million (4.7 percent) more than FY16 levels, to support children already in the program as well as to increase the number of children attending full-day, full-year programs. The budget also requests \$350 million for FY17, \$100 million over FY16, for **Preschool Development Grants**. These would be jointly administered through the Department of Education and would allow states to build or expand high-quality preschool systems.

Most child welfare services are provided through mandatory funding streams. **Foster Care, Adoption Assistance, Guardianship Assistance, and Independent Living** programs are funded at \$8.6 billion for FY 2017, which includes \$505 million above FY16 levels to improve outcomes for children in the **foster care and child welfare system**. The budget proposes an increase of \$493 million for foster care, to \$5.2 billion, assuming support for 174,500 children each month (8,000 more than in FY 2016).

Among annually appropriated child welfare services, the budget includes \$109 million for **Child Abuse Prevention**, including \$11 million more than FY16 for child trafficking prevention. Most discretionary child welfare programs are little changed from the current year, but Runaway and Homeless Youth Programs are increased from \$119 million to \$126 million.

The budget takes several steps to make **Temporary Assistance for Needy Families (TANF)** more responsive to our poorest families, including increasing the program's funding for the TANF Family Assistance Grants by \$8 billion over 5 years to help offset years of eroded funding; TANF grant funding has not increased since the program's inception 20 years ago. A **TANF Economic Response Fund** is also created at \$2 billion over 5 years to allow states to invest in efforts that address the needs of families during economic downturns.

The budget also creates a new \$2 billion (over five years) **Emergency Aid and Service Connection** fund to allow for flexible emergency assistance to poor families, helping families with short-term needs such as car repairs or rent security deposits, as well as providing connections to longer-term assistance for those who need it.

The request repeats the inclusion of a new proposed **Upward Mobility Project** that would allow a select few states or communities to combine funds from four existing block grant programs, including HHS' **Social Services Block Grant and Community Services Block Grant** and HUD's Community Development Block Grant and HOME Investment Partnership Program, for efforts that promote self-sufficiency, improve outcomes for children, and provide opportunities for families.

Unfortunately, funding for the **Low Income Home Energy Assistance Program (LIHEAP)** was cut \$390 million to \$3 billion for FY17. However, a new \$769 million contingency fund is proposed, using mandatory funding, in the event of significant increases in the number of low-income households needing assistance, rising fuel costs, or extreme weather. In FY 2010, LIHEAP had funding of about \$4.5

billion, plus a contingency fund of \$590 million, both funded out of annual appropriations. The FY 2017 proposal continues a downward trend for home heating and cooling aid. Only one in five eligible households receives LIHEAP.

The proposed budget for **refugee programs** is \$2.2 billion, up \$510 million (30 percent) from FY16, and includes funding to support 213,000 humanitarian arrivals in FY17, including 100,000 refugees, with cash, medical assistance, and critical social services. This also includes \$1.3 billion, up \$373 million from FY16, to support services for unaccompanied children fleeing violence. A contingency fund is proposed to be available for unaccompanied children if the need exceeds the resources available.

Of course, the budget request would continue to fund the **Affordable Care Act's** marketplaces and subsidies. The budget also extends the ACA's incentives to **expand Medicaid coverage to the states**, guaranteeing three years of full federal support to any state that expands coverage no matter when the state takes up this option. To date, 19 states that have not yet expanded eligibility to low-income adults with household income up to 133 percent of the federal poverty level.

Nutrition services and home and community based services for seniors together received an increase of \$24 million dollars over FY16 levels, bringing their budget to \$1.28 billion for FY17. Included in the total is \$849 million for nutrition services (up \$14 million over this year's funding); this could provide 205 million meals to over 2 million seniors.

The budget includes an additional two years of funding for the **Children's Health Insurance Program** through 2019 (currently set to expire in 2017). The budget includes an additional \$402 million over FY16 levels for **Indian Health Services** to improve the health disparities faced by American Indian and Alaskan Natives.

While discretionary mental health services under the **Substance Abuse and Mental Health Services Administration** are close to flat-funded, the budget proposes additional mandatory funding. Over two years, \$500 million in new funding will expand access to mental health services. There are initiatives to prevent suicide and to address mental illness among children. The budget proposes \$312 million in new investments in FY17 for programs to better engage and treat Americans with serious **mental illness**, including early intervention programs. The budget proposes a new \$1 billion, two-year initiative for treatment for **prescription drug abuse and heroin use**.

White House budget documents estimate that **targeted reforms to Medicare, Medicaid and other health programs** are projected to save \$378 billion over the next decade. The annual cost of Medicare would still hit \$1 trillion by FY25, driven up by the aging baby boomer population.

For more information, see **Families USA's [statement](#)**, the **National Partnership for Women and Families' [statement](#)**, [this blog](#) on the Medicaid expansion proposal from the **National Women's Law Center**, and the [many resources](#) from the **Department of Health and Human Services**.

Department of Labor:

President Obama's FY17 budget proposal for the Department of Labor (DOL) includes \$12.8 billion of discretionary funding (up \$600 million or 5 percent from FY16), \$33.1 billion in mandatory funding to carry out current law requirements, and an additional \$17.6 billion in mandatory funding to carry out new job training and other proposals in the budget. Investments in DOL are intended to prepare workers for the future, support and protect working families, and provide a strong safety net for workers who retire or lose their jobs.

Budget Highlight:
A \$5.5 billion proposal would help more than 1 million low-income youth who are out of school and not working find their first job, and help communities struggling with youth disengagement.

The budget includes a \$5.5 billion mandatory spending proposal to help more than 1 million low-income youth between the ages 16-24 who are out of school and not working. Of this total, \$1.5 billion over four years would support **summer job opportunities**, and \$2 billion would be used to **create year-round first jobs** for 150,000 youth. An additional \$2 billion of mandatory funding would be available to aid communities struggling with high rates of youth disengagement, high school dropouts, and unemployment to become viable places of opportunity for young adults.

Similar to his FY16 budget, the President's FY17 budget again includes \$2.2 billion in new mandatory funding for a **Paid Leave Partnership Initiative** to help up to five states launch paid leave programs and assist with benefit payments for the first three years.

While the Administration proposes robust new initiatives with mandatory funding, many basic discretionary programs for job training also grow. The budget for DOL supports implementation of the bipartisan **Workforce Investment and Opportunity Act (WIOA)** with a \$148 million increase over FY16 funding to provide employment and training for disadvantaged, low-skilled adults, youth, and dislocated workers.

The **YouthBuild** program, which provides education and occupational skills training to 5,200 low-income youth, received flat funding of \$84.5 million. Funding for **Migrant and Seasonal Farmworkers** also remained the same, at nearly \$82 million. **Indian and Native American Programs** rose modestly, from \$50 million to \$52 million. The budget provides \$95 million (up \$7 million or 8 percent from FY16) for the **Reintegration of Ex-Offenders** program (ERxO), which promotes and protects opportunity by preparing adult and youth ex-offenders for the job market, particularly in areas that were affected by recent significant unrest. **Job Corps** funding rises from \$1.68 billion to \$1.75 billion. **Veterans' Employment and Training** is increased by \$14.4 million, to a FY 2017 total of \$285.5 million. Most of the increase (\$12 million) provides funding for the **Homeless Veterans' Reintegration Program**.

The budget provides a second year of **Apprenticeship Grants**, funded again at \$90 million. The Administration proposes to eliminate the \$1 million **Women in Apprenticeship** program, and would instead fold these activities into the larger Apprenticeship Grants program. DOL would also double the number of apprenticeships nationwide through a mandatory \$2 billion in new funding.

The budget proposes reforms to modernize and strengthen the **Unemployment Insurance (UI)** program, including ensuring part-time workers and workers who must leave work for family reasons qualify for UI benefits. It requires states to restore the standard UI maximum benefit duration of 26 weeks and creates a new federal extended benefit program to provide up to 52 weeks of additional benefits for states with high unemployment. It also provides wage insurance to protect experienced workers if they have to take a pay cut when starting new employment.

Providing further assistance to the long-term unemployed, the budget also includes a new \$1.5 billion request for mandatory funds over five years to establish a **Career Navigators Program** to assist with job search those who are out of work, are only able to find part-time jobs, or have dropped out of the labor force.

In addition, the President's budget provides \$1.9 billion for DOL's **worker protection agencies**, a 10 percent increase from FY16. Among the protections provided, employers are forced to pay back wages if they pay less than the worker is owed, and safety in mines and other workplaces is overseen. A package of proposals would expand **retirement saving** options for Americans without employer-based retirement plans, helping states and nonprofits to create retirement accounts that would be portable as workers moved from job to job.

For more information, see [this piece](#) from the **National Skills Coalition**, [this piece](#) from the **National Employment Law Project**, and [full budget details](#) from the **Department of Labor**.

Department of Agriculture:

The Department of Agriculture's budget request consists of \$24.6 billion in discretionary funds – a \$1.1 billion decrease below FY16 levels – and \$130 billion in mandatory funds, about \$8 billion below FY16 levels. In addition to supporting a variety of rural and agricultural programs, the Department of Agriculture's budget funds a variety of nutrition assistance programs for people with low incomes.

Budget Highlight:
One million children would benefit in the summer of 2017 alone from the President's proposed permanent, nationwide Summer Electronic Benefits Transfer for Children program.

The Department of Agriculture's budget includes \$81.7 billion for the **Supplemental Nutrition Assistance Program (SNAP)/food stamps**, a decrease of roughly \$850 million from FY16, to serve an estimated 44.5 million Americans. One SNAP initiative addresses the problem of elderly individuals being an underserved population, due to administrative complexities associated with application and recertification. The Department of Agriculture proposes to allow states to streamline application and recertification processes to improve SNAP access for the elderly, and includes \$10 million in FY17 funding to make this happen.

A major new initiative would provide \$12.2 billion over 10 years to implement a permanent, nationwide **Summer Electronic Benefits Transfer (EBT) for Children Program**. This proposal is based on the Summer EBT pilots, which have proven successful in reducing childhood hunger and improving nutrition for

children experiencing very low food security in the months when school meals are unavailable. One million children would benefit by receiving \$45 per month in the summer of 2017 alone.

The budget request includes \$6.35 billion for the **Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)**, continuing the Administration's commitment to serve the number of eligible individuals projected to seek WIC benefits. In 2017, 8.1 million low-income women, infants, and children are expected to participate in the program. The budget request includes \$80 million for breastfeeding peer counseling to help increase breastfeeding rates.

The budget request supports the ongoing implementation of the child nutrition reauthorization act and its goal of providing **healthy meals in schools**. To help schools purchase needed kitchen equipment as they continue to provide school lunches and breakfasts that give children the nutrition they need to learn and grow, the budget includes \$35 million for equipment grants.

The budget proposes \$25 million to tackle **rural poverty**. This would fund a demonstration program to implement innovative strategies to combat rural child poverty, and includes \$20 million for a new **Home Visits for Remote Areas Program**, through which competitive grants will be provided to enhance maternal, child, and family health in rural areas with high levels of poverty. It also would include \$5 million to support greater alignment between nutrition, health and social service data systems.

The **Commodity Supplemental Food Program (CSFP)**, which distributes meals almost exclusively to low-income home-bound seniors, would receive an increase of \$14 million, to \$236 million, to provide for higher costs and allow an additional 20,000 Americans to be served.

For more information, see [this statement](#) from the **Food Research and Action Center (FRAC)**, as well as full [details of the budget](#) from the **Department of Agriculture**.

Department of Education:

The President's budget includes \$69.4 billion in discretionary funds for the Department of Education for FY17, an increase of \$1.3 billion, or 2 percent, over FY16 levels. It also includes \$139.7 billion in new mandatory spending and reforms over the next 10 years. The budget increases funding for programs serving low-income students from pre-school through college.

Repeating his proposal to provide preschool education to all low- and moderate-income four-year-olds, the President's budget again calls for investing \$75 billion over 10 years, with \$1.3 billion in mandatory funding in 2017, in **Preschool for All** to cover universal pre-kindergarten. The President has proposed this initiative for several years now, but it has not yet been approved by Congress. As previously mentioned, the budget also requests \$350 million for FY17, \$100

Budget Highlight:
President Obama's FY17 budget provides two years of free community college, and the Second Chance Pell helps incarcerated individuals preparing for release transition into jobs and their communities.

million over FY16, in the HHS budget for the **Preschool Development Grants** program, which is authorized under the new Every Student Succeeds Act.

The budget includes \$15.4 billion for **Title I** grants to schools serving low-income children. Part of the \$450 million increase over FY 2016 would support efforts to improve the lowest-performing schools. The **Education for the Homeless** program is funded at \$85 million, a \$15 million (21 percent) increase over FY16, to help school districts meet the needs of homeless students, whose numbers have increased by 45 percent since 2008. **Special education (IDEA)** programs received only a tiny increase of 0.6 percent, bringing its budget to \$12.8 billion. Within that total, IDEA Part C grants for Infants and Families rises to \$504 million, a \$45 million increase intended to expand screening, early intervention and referral services for infants and toddlers with disabilities.

The **Promise Neighborhoods** initiative would receive a 75 percent increase in its funding, up to \$128 million to help low-income neighborhoods improve educational and life outcomes of children and youth from birth through college. Another initiative targeted to assist low-income students is the new **Stronger Together Grants** program, funded at \$120 million, intended to encourage socioeconomic diversity within and across school districts, to reduce segregation by income. **English Language Acquisition** grants are funded at \$800 million, up by \$63 million over FY 2016. **Native Youth Community Projects** would receive \$53 million, an increase of \$30 million over current funding, to improve college and career readiness.

The President's budget again proposes to fund two years of free community college through his **America's College Promise** initiative, which would cost \$60.8 billion over the next ten years. The proposal would also provide low-income students who attend Historically Black Colleges and Universities and Minority Serving Institutions with up to two free years of college or reduced tuition.

Among other positive changes to the **Pell Grant** program for low-income students, the budget would lift a current restriction on providing Pell Grants to incarcerated individuals eligible for release; **this Second Chance Pell** would help these individuals transition into jobs and strengthen their communities. The budget would also extend inflation indexing indefinitely to protect the value of Pell Grants.

For FY17, the Administration is requesting \$1.2 billion, an increase of \$77 million or almost 7 percent over the FY16 level, to support its proposal to reauthorize the **Carl D. Perkins Career and Technical Education Act**, to support vocational education. The budget also includes the new **American Technical Training Fund**, funded at \$75 million, to provide tuition-free short-term training in high-demand fields likely to lead to high-paying jobs.

For more information, see [this statement](#) from the **National Education Association**, [this piece](#) from **First Focus**, and the full details of the budget from the [Department of Education](#).

Tax Policies: Increased Support for Those with Low Incomes; More Revenues, Largely from High Earners and Corporations

The President's budget includes several proposed changes to tax credits that would benefit low- and middle-income families. First, the budget would strengthen and expand the **Earned Income Tax Credit** for workers not raising children – the one group the federal tax system taxes into, or deeper into poverty. It would also lower the eligibility age for claiming the EITC from 25 to 21 and also newly include 65- and 66-year olds. In an example of the proposal's impact, a single worker working full-time at the current federal minimum wage now only receives an EITC worth \$23; the proposed expansion would increase that to \$542. House Speaker Paul Ryan (R-WI) has proposed nearly identical expansions to this tax credit.

Budget Highlight:
Expanding the EITC for workers not raising children would lift about a half a million people out of poverty and make another 10 million people less poor.

The budget would triple the **Child and Dependent Care Tax Credit** for families with young children (to up to \$3,000 per child) and make the full credit available to families earning up to \$120,000 per year. This credit benefits families with young children and dependents who are elderly or have disabilities. The expanded credit would help 5.3 million families to afford child care costs for 6.9 million children, including 3.6 million children under five.

A new tax credit would reduce higher tax rates paid by **two-earner couples**. This credit for married couples in which both people work would provide up to \$500 for 23.4 million working families.

The President would expand the education-focused **American Opportunity Tax Credit** and make more of it refundable for low-income working families. He would also index it to inflation to protect its value in the future.

The budget would raise roughly \$3.2 trillion in **new tax revenues** over the next 10 years, primarily from corporations and the wealthiest taxpayers. Specifically, the President would increase the top tax rate on capital gains to 28 percent, bringing in \$235 billion over 10 years, end preferential tax breaks for hedge fund managers (worth \$19 billion over 10 years), and restore estate and gift taxes to their higher 2009 levels, raising more than \$200 billion over the next decade. The President proposes to close a loophole in the Medicare tax for high-income families, which helps fund the Affordable Care Act. Closing this loophole, which relates to high-income families' treatment of business income, would raise \$271 billion over the next ten years.

The budget would institute a one-time tax on U.S. corporations holding profits offshore. While the one-time tax on offshore profits would bring in nearly \$300 billion over 10 years, it would dramatically reduce tax liabilities for many corporations that shelter income overseas, compared to enforcing the 35 percent corporate tax rate they have been dodging. According to Citizens for Tax Justice, this plan would provide \$82 billion in tax reductions to just 10 of these big corporations. The President repeats his proposal to limit the value of deductions for taxpayers, affecting couples with incomes of \$250,000 or more, to produce a 10-year revenue gain of more than \$645 billion. A small fee imposed on large

financial institutions would generate more than \$160 billion over 10 years. Seeking higher tax payments from millionaires, the budget proposes a new “Fair Share Tax” that would increase revenues by \$37.5 billion over 10 years.

An estimated one-sixth of the tax increases included in the budget would affect low- and middle-income families: a proposed increase in the federal tobacco tax (worth \$115 billion through 2026) and a \$10.25 per barrel fee on oil that would affect gasoline and heating oil prices (generating \$319 billion over a decade). The oil fee is intended to replace shrinking revenue needed to pay for road and transit maintenance. The President has in the past proposed funds from an increased tobacco tax for expanded early childhood education.

Although most of the new revenues would allow for increased expenditures without enlarging the deficit, about 10 percent of the revenue gains would be plowed back into tax cuts, with 60 percent going to low- and middle-income families and the rest going to business.

For more information, see [this piece](#) from **Citizens for Tax Justice**, [this piece](#) from the **White House** and [this document](#) from the **Department of Treasury**.