URBAN INSTITUTE

KIDS' SHARE 2022

REPORT ON FEDERAL EXPENDITURES ON CHILDREN THROUGH 2021 AND FUTURE PROJECTIONS

CARY LOU
HEATHER HAHN
ELAINE MAAG
HANNAH DALY
MICHELLE CASAS
C. EUGENE STEUERLE

ACKNOWLEDGMENTS

The authors are grateful to the Annie E. Casey Foundation and Peter G. Peterson Foundation for sponsoring this research and to the authors of previous reports on children's budgets for laying the groundwork for this series. We also express our appreciation to Gina Adams and Julia Isaacs for their careful review, Brittney Spinner for graphic design, Liza Hagerman for editorial assistance, and Rhiannon Newman for assistance selecting photographs.

Photos via Shutterstock.

Errata: In an earlier version of figure 10, the vertical line denoting actuals and projections was labeled as 2021 but was located at the tick mark for 2020. We have moved the line one tick mark to the right to accurately label which year is 2021 and reflect that projections start after that point (corrected October 5, 2022).

EXECUTIVE SUMMARY

Public spending on children represents an effort to invest in the nation's future. Investments supporting children's healthy development and human potential can promote their well-being and help them grow into the next generation of adults and workers, leading to a stronger workforce and economy.

To inform policymakers, children's advocates, and the general public about how public funds are spent on children, this 16th edition of the annual *Kids' Share* report provides an updated analysis of federal expenditures on children from 1960 to 2021. It also offers an updated view of public expenditures made in response to the ongoing COVID-19 pandemic. Projections of federal expenditures on children through 2032 give a sense of how budget priorities are scheduled to unfold over the longer term under current law.

A few highlights of the report:

- In response to the pandemic, federal expenditures per child reached a new high in 2021 when the federal government spent about $10,700 per child younger than age 19. Under the law in place as of April 2022, federal spending on children is expected to fall starting in 2022 as temporary relief funding is spent down (page 10).
- COVID-19 relief bills enacted during the pandemic expanded assistance to children through three rounds of economic impact payments, an increase in the child tax credit (CTC), an Education Stabilization Fund, expanded child care funding, increased nutritional assistance through the Supplemental Nutrition Assistance Program (SNAP), and increased federal funding for Medicaid. Dozens of other children's programs and tax credits received smaller increases (page 14).
- Tax provisions were the largest category of federal support for children in 2021, accounting for nearly half of all federal expenditures on children (page 18). Expenditures on children through tax provisions increased sharply in 2021 as a result of the economic impact payments administered through the tax code and a temporary increase in the CTC.
- As a share of federal outlays, the $482 billion invested in children in 2021 was 9.4 percent of all federal outlays, similar to the roughly 9 percent in recent years before the pandemic (page 30). Under laws in place as of April 2022, the children's share of the federal budget is projected to decline to 6.4 percent over the next decade as pressure from growing entitlement spending on adults crowds out other priorities (page 32).
- Interest payments on the national debt are projected, under laws in place as of April 2022, to grow as a share of the budget, from 5 percent in 2021 to 13 percent by 2032, reflecting a higher national debt and continued interest rate increases expected in response to high inflation (page 32).
- As a share of the economy (GDP), federal outlays for children grew during the pandemic but by significantly less than other budget priorities. Federal outlays during the pandemic grew from about 20 percent of GDP to a post–World War II high of more than 30 percent of GDP during the pandemic, with outlays on children growing from around 2 percent to 2.9 percent of GDP (page 34).
- Increased investments during the pandemic are not maintained over the rest of the decade. All categories of spending on children as a share of GDP are projected to decline by 2032 below their pandemic levels. Most categories also see little or negative growth in real dollars even as the economy and federal budget continue expanding (page 52).

INTRODUCTION

Public expenditures on children aim to help children reach their full potential. Though parents and families provide most of children's basic needs, broader society plays a vital role in supporting their healthy development. For example, nutrition benefits, housing assistance, and health insurance programs support children's needs for food, shelter, and good health, and investments in early education and public schools promote learning and equal opportunity. Despite increased costs in the short term, greater public investments in these areas have a positive long-run payoff in children's lives (Rohacek, Greenberg, and Massey 2016). Public and private investments in children today can benefit the nation and improve the quality and strength of tomorrow's workforce and economy.

Increased understanding of how childhood circumstances affect lifelong outcomes at times has led to more public support for children's programs and tax credits and resulted in the introduction of new programs and expansions of others. Even so, spending on children has often received less attention than other categories of the federal budget. The Urban Institute's *Kids' Share* series tracks government spending on children each year.[1] How our government spends money, and who benefits from that spending, reflects our national priorities. Knowing which programs spend the most on children and how investments in children are changing over time informs debates on budget, tax, and appropriations legislation and the difficult trade-offs policymakers must make.

The COVID-19 pandemic and response rapidly and dramatically altered the economy and shifted government expenditures with far-reaching consequences for many years. This *Kids' Share* 2022 report provides an updated view of public expenditures during 2021 as the nation continued responding to the pandemic. The federal government's response provided unprecedented new funding through multiple fiscal relief bills. This federal response, combined with some state responses, significantly improved conditions for many children and their families. As measured by the Supplemental Poverty Measure,[2] which takes into account the government programs designed to assist individuals and families with low incomes, child poverty decreased from 12.6 percent in 2019 to 5.2 percent in 2021 (Creamer et al. 2021).[3] However, the increase in federal spending on children is temporary and expected to fall quickly starting in 2022 as emergency funds are fully spent. Under current law, long-standing budgetary pressures from growth in entitlements and payments on the national debt result in little or no growth in children's spending after 2024.

ABOUT KIDS' SHARE

The *Kids' Share* annual reports provide a comprehensive picture of federal, state, and local expenditures. They also show long-term trends in federal spending, including historical spending since 1960 and projected spending 10 years following the year of each report (to 2032 in this case), assuming no changes to current law. These reports have been the foundation for additional Urban Institute analyses on how the president's budget, congressional appropriations bills, and proposed legislation would affect future spending on children (Isaacs, Lou, and Hong 2017; Lou, Isaacs, and Hong 2018; Isaacs, Lou, and Lauderback 2020a–b),[4] spending on children by age group (Hahn et al. 2017; Isaacs et al. 2019), spending differences across states (Isaacs 2017), and spending on children in families with low incomes (Vericker et al. 2012).[5] Outside organizations and researchers, including First Focus, the Committee for a Responsible Federal Budget, the Center for the Study of Social Policy, and researchers writing for Brookings Papers on Economic Activity, rely on *Kids' Share* data and reports to produce additional studies, and journalists and political commentators cite statistics from *Kids' Share*.[6]

The *Kids' Share* series does not judge the success of each current expenditure on meeting children's needs, nor does it measure or incorporate private spending on children. The report does not prescribe an optimal division of public dollars or resources. Instead, *Kids' Share* uniquely provides program-by-program estimates of government support for children and analyses of how these investments have changed over time. Budget accounting exercises are designed to reveal priorities. This annual accounting of spending on children can inform Congress and the President as they consider legislation introducing or amending individual children's programs or tax provisions, set funding levels in annual appropriation bills, and debate broad tax and budgetary reforms affecting public resources invested in children and the public
more generally.

This report, 16th in the annual series, quantifies federal spending from 1960 to 2021 and projections through 2032. The report is divided into four major sections:

1. **Expenditures on Children during the Pandemic,** highlighting changes in federal expenditures in 2020 and 2021.
2. **Recent Federal, State, and Local Expenditures on Children,** focusing on the level and composition of children's expenditures in 2021, recent years, and 2022 projections from federal, state, and local government.
3. **Broad Trends in Federal Spending,** comparing past, present, and projected future spending on children with spending on defense, health and retirement programs, interest payments on the debt, and other federal budget priorities. This section also compares spending per capita on children and older adults.
4. **A Closer Look at Trends in Federal Expenditures on Children**, examining such issues as growth in means testing of benefits from 1960 to 2021 and projected growth or decline in specific categories of spending on children (e.g., health, education, tax provisions) through 2032.

Calculating current spending on children requires making multiple estimates not available in traditional budget accounts. These estimates rely generally on other detailed data sources, combined with reasonable assumptions. Projecting spending into the future requires even more assumptions—in this case, based largely on Congressional Budget Office May 2022 projections based on tax and spending laws in place as of April 2022. Our methodology for developing our estimates is summarized in a short appendix to this report; additional details are provided in a longer *Data Appendix to Kids' Share 2022* (Casas et al. 2022). To facilitate comparisons over time, past and future expenditures are reported in real dollars (inflation adjusted to 2021 levels), as a percentage of the economy (percentage of GDP), or as a percentage of the federal budget.

GLOSSARY

Children: People from birth through age 18.

Older adults or **seniors:** People ages 65 and older.

Spending on children: Spending from programs and tax provisions that (1) benefit only children or deliver a portion of benefits directly to children, (2) increase benefit levels with increases in family size, or (3) require that families have a child to qualify.

Outlays: Direct spending from federal programs as well as the portions of refundable tax credits that exceed tax liability and are paid out to families.

Refundable portions of tax credits: The portions of refundable tax credits exceeding families' net income tax liability that are treated as outlays rather than tax reductions in budget accounts.

Tax reductions: Reductions in families' net income tax liabilities (and revenue losses to the federal government) resulting from tax exclusions, deductions, and credits that benefit specific activities or groups of taxpayers. These provisions include expenditures on tax credits besides the refundable portions counted as outlays.

Expenditures: Includes both outlays and tax reductions.

Mandatory spending: Spending governed by programmatic rules, not constrained by annual appropriations acts; includes spending on entitlement programs and other programs designated as mandatory spending as well as the refundable portion of tax credits.

Discretionary spending: Spending set by appropriations acts; policymakers decide most appropriations on an annual basis, while none have the permanency of mandatory programs. In recent years, discretionary spending has been constrained by spending caps set separately for defense and nondefense discretionary spending.

Real or 2021 dollars: Expenditures that have been adjusted for inflation. All budget numbers represent federal fiscal years, which run from October 1 to September 30, and we have expressed them in 2021 dollars unless otherwise noted.

[1] The earlier *Kids' Share* reports are Carasso et al. (2008); Carasso, Steuerle, and Reynolds (2007); Clark et al. (2000); Edelstein et al. (2016); Hahn et al. (2014, 2020, and 2021); and Isaacs et al. (2009, 2010, 2011, 2012, 2013, 2015, 2017, 2018, and 2019).

[2] The Supplemental Poverty Measure takes into account many of the government programs designed to assist individuals and families with low incomes, allowing a more comprehensive assessment of families' economic well-being than the official poverty measure.

[3] At the same time, the official child poverty rate, which accounts for fewer items of income, increased from 14.4 percent in 2019 to 15.3 percent in 2021 (Creamer et al. 2021).

[4] Cary Lou, Julia B. Isaacs, and Eleanor Lauderback, "Draft Senate Labor-HHS-Education Appropriations Bill Proposes a 2 Percent Reduction in Spending on Children," *Urban Wire* (blog), Urban Institute, October 11, 2019, https://www.urban.org/urban-wire/draft-senate-labor-hhs-education-appropriations-bill-proposes-2-percent-reduction-spending-children; Cary Lou and Julia B. Isaacs, "Build Back Better Could Make Transformative Investments in Children for Years to Come," *Urban Wire* (blog), Urban Institute, January 12, 2022, https://www.urban.org/urban-wire/build-back-better-could-make-transformative-investments-children-years-come.

[5] Additional reports that build on the *Kids' Share* database include further analyses of spending on children by age of child (Edelstein et al. 2012; Kent et al. 2010; Macomber et al. 2009, 2010; Vericker et al. 2010).

[6] The First Focus *Children's Budget* series, including *Children's Budget 2021* (First Focus 2021), provides detailed, program-by-program information on appropriations for children's programs from 2016 to 2021 and the president's proposed funding for 2022. Other analyses drawing on *Kids' Share* data include Bruner and Johnson (2018), Committee for a Responsible Federal Budget (2017), and Hoynes and Schanzenbach (2018).

PROJECTING CURRENT LAW

The *Kids' Share* expenditure projections draw from the Congressional Budget Office's (CBO's) May 2022 baseline budget projections, which reflect legislation enacted through April 8, 2022, and economic developments through March 2, 2022. The projections generally assume no change in tax and spending laws after that date—laws set to expire are assumed to expire and mandated changes in spending or revenues are assumed to occur. In fact, laws, regulations, and administrative actions are not frozen in time but are continually changing, and it is not uncommon for temporary provisions to be extended or made permanent. For example, the Inflation Reduction Act of 2022 will lead to further changes in spending and taxes not reflected in this report. Further, we are all more aware than ever that life itself—and therefore, economic projections—are uncertain. There was no way for the 10-year projections made in prior years' reports to anticipate the pandemic's effects. For projections of discretionary spending, the CBO assumes spending will be maintained, with adjustments for inflation going forward, except for pandemic relief spending. The CBO also projects higher inflation in its May 2022 projections than in its 2021 baseline.

EXPENDITURES ON CHILDREN DURING THE PANDEMIC

In this section, we describe public expenditures on children in the current period, focusing on how spending on children grew rapidly in response to the COVID-19 pandemic and related economic disruptions but is now set to decline.

Though this section focuses on expenditures during the pandemic, the pandemic's impacts are also evident in tables and figures included in later sections of this chartbook, such as table 1 showing federal expenditures by program in 2020, 2021, and 2022, and figure 9 showing longer-term trends in spending as a share of the economy. The three figures in this section address the following questions:

- How much did federal government spending on children grow during the pandemic?
- Which categories of spending on children (e.g., tax provisions, nutrition) changed the most during these pandemic years?
- Which children's programs and tax credits received the largest increases from COVID-19 relief legislation?

How much did federal government spending on children grow during the pandemic?

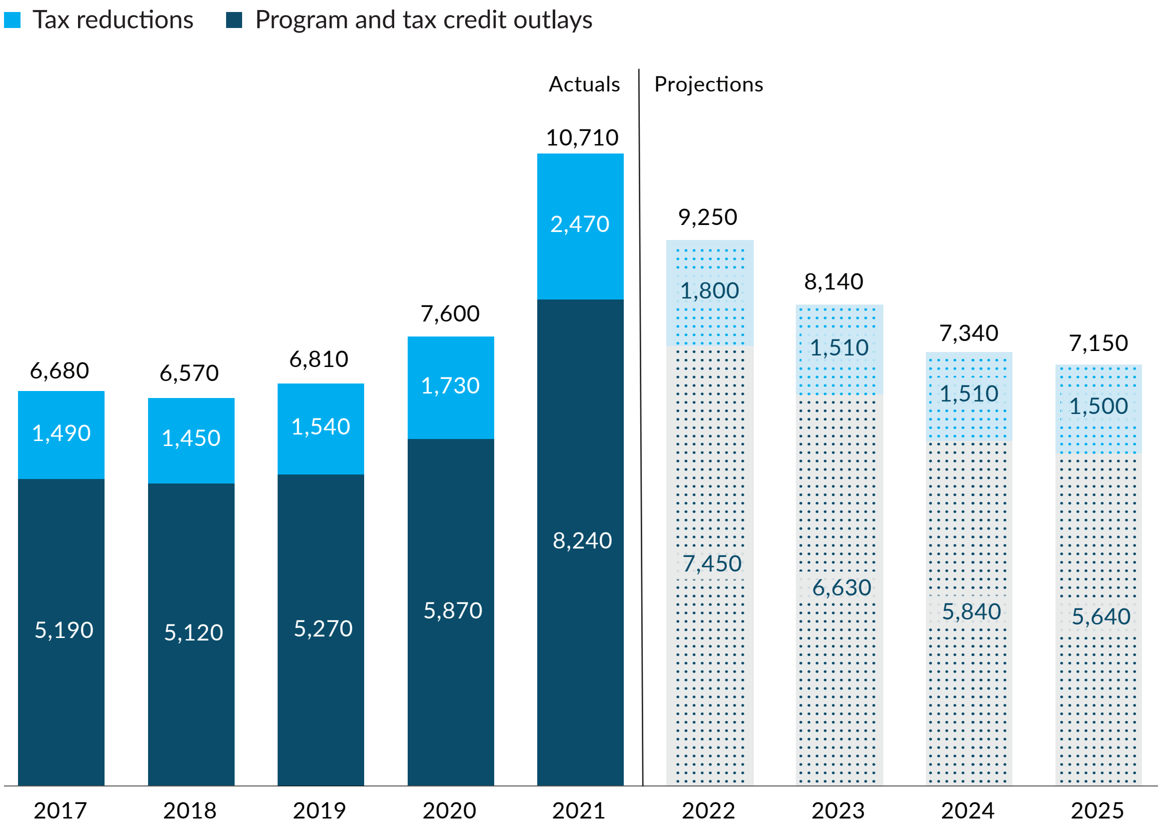
In 2021, federal expenditures totaled $10,710 per child, including $8,240 in outlays and $2,470 in tax reductions.

- Federal expenditures per child increased by more than $3,000 from 2020 to 2021 after adjusting for inflation—consistent with our estimate from last year (Hahn et al. 2021). This followed an increase of around $800 per child between 2019 and 2020. Federal expenditures rose sharply starting in 2020 after being relatively stable for several years and exceeded their prior peak in 2010 and 2011, following the Great Recession (data not shown). As detailed in table 1 (page 21), the increase between 2020 and 2021 primarily reflects increased spending for economic impact payments (stimulus checks) and to a lesser extent a temporary expansion of the CTC. Spending on nutrition, health, child care, and education also increased considerably.
- In total, the federal government spent approximately $642 billion in program and tax outlays and $192 billion in tax reductions on 78 million children 18 and younger in 2021 (table 1; page 21).
- In 2022, federal expenditures are projected to decline by more than $1,400 per child to $9,250 per child as the spending of federal relief funds authorized during the pandemic begins to wind down.
- Under laws in place as of April 2022, federal expenditures are projected to fall back toward prepandemic levels by 2024, as these temporary spending increases end.

FIGURE 1

Federal Expenditures per Child by Expenditure Type, 2017–25

2021 dollars



Sources: Authors' estimates based primarily on Congressional Budget Office, *The Budget and Economic Outlook: 2022 to 2032* (Washington, DC: Congressional Budget Office, 2022); Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2023* (Washington, DC: US Government Printing Office, 2022); and past years. For more source information, see the appendix.

Notes: Numbers are rounded to the nearest $10, so they may not sum to totals. Projections reflect current law as of April 8, 2022, and economic developments through March 2, 2022.

Federal government expenditures increased to a new high of $10,700 per child in 2021.

Which categories of spending on children (e.g., tax provisions, nutrition) changed the most during these pandemic years?

Federal expenditures on children spiked in 2021 at the height of pandemic-related spending. Tax expenditures saw the sharpest increases and are expected to quickly return to their prepandemic levels. Other categories also experienced largely temporary increases resulting from federal relief funds. In general, funding in nontax categories takes longer to spend, delaying returns to prepandemic levels slightly.

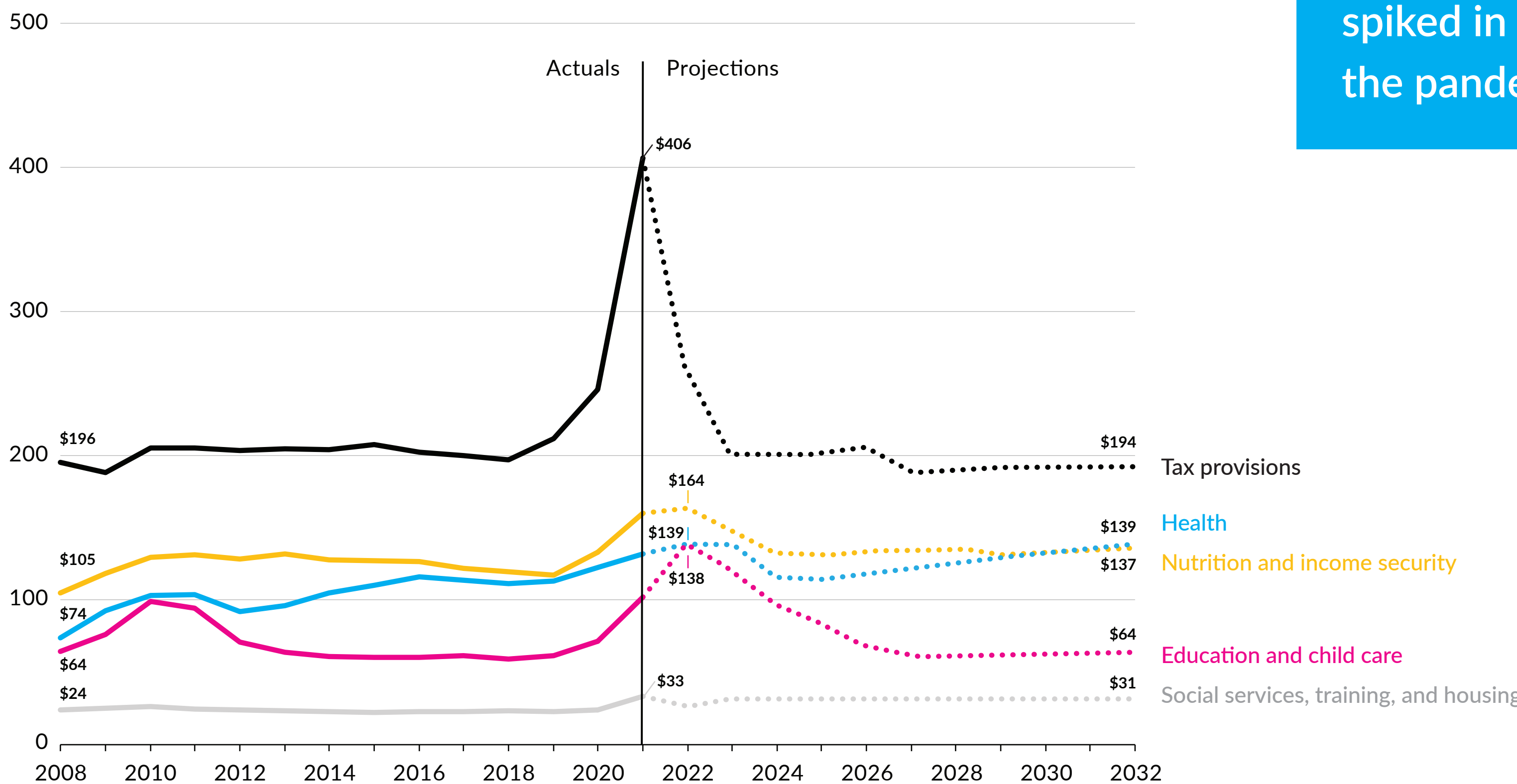
- Children's expenditures associated with **tax provisions**—including both tax reductions and outlays for refundable tax credits—increased steeply in 2021 primarily because of measures enacted in response to the pandemic, including economic impact payments (stimulus checks) administered through the tax code and a temporary (one-year) increase in the CTC. The CTC increased from a maximum of $2,000 per child younger than 17 to up to $3,600 for children younger than 6 and up to $3,000 per child ages 6 through 17. Under laws in place as of April 2022, tax-related expenditures on children are expected to fall sharply in 2022 and 2023 as spending for these temporary provisions winds down. Expenditures on children through tax provisions are projected to drop further later in the decade, as temporary provisions of the 2017 Tax Cuts and Jobs Act expire. Specifically, in 2025, the legislation reinstates a dependent exemption and removes a child tax credit expansion of greater value.[7]
- **Health spending on children** (i.e., primarily Medicaid and CHIP) experienced temporary pandemic-related increases because of changes to state match rates and eligibility but is the only type of expenditure projected to grow in the longer term after the pandemic response ends. The number of children enrolled in Medicaid is projected to remain stable after 2024, but costs per enrollee are expected to increase faster than inflation, following broader trends in health spending.
- Spending on **nutrition and income security programs** increased during the pandemic, primarily because of growth in nutrition programs stemming from both greater need and expanded benefits.
- **Federal spending on K–12 education, early education, and child care programs** increased temporarily, driven by investments during the pandemic in the Child Care and Development Fund and the establishment of the Education Stabilization Fund supporting K–12 education. The outlays of these funds are expected to occur over several years, with spending projected to peak in 2022 before declining moderately to prepandemic levels by 2027. As primarily discretionary spending programs, education and child care compete annually with other discretionary programs for funding.
- **Social services, training, and housing** programs increased modestly during the pandemic and we expect them to then stagnate in the face of long-term budgetary pressures. These programs include child abuse prevention and other social service programs, the children's share of housing benefits, and Job Corps and other training programs.

[7] A temporary increase occurs in 2026 because of timing issues. Changes in the CTC are not fully felt until families file taxes, often in April following the calendar year the changes are implemented.

FIGURE 2

Federal Spending on Children by Category, 2008–32

Billions of 2021 dollars



Sources: Authors' estimates based primarily on Congressional Budget Office, *The Budget and Economic Outlook: 2022 to 2032 (Washington, DC: Congressional Budget Office, 2022)*; Office of Management and Budget, *Budget of the United States Government*, *Fiscal Year 2023* (Washington, DC: US Government Printing Office, 2022); and past years. For more source information, see the appendix.

Note: Projections reflect current law as of April 8, 2022, and economic developments through March 2, 2022.

Children's expenditures through tax provisions spiked in response to the pandemic.

Which children's programs and tax credits received the largest increases from COVID-19 relief legislation?

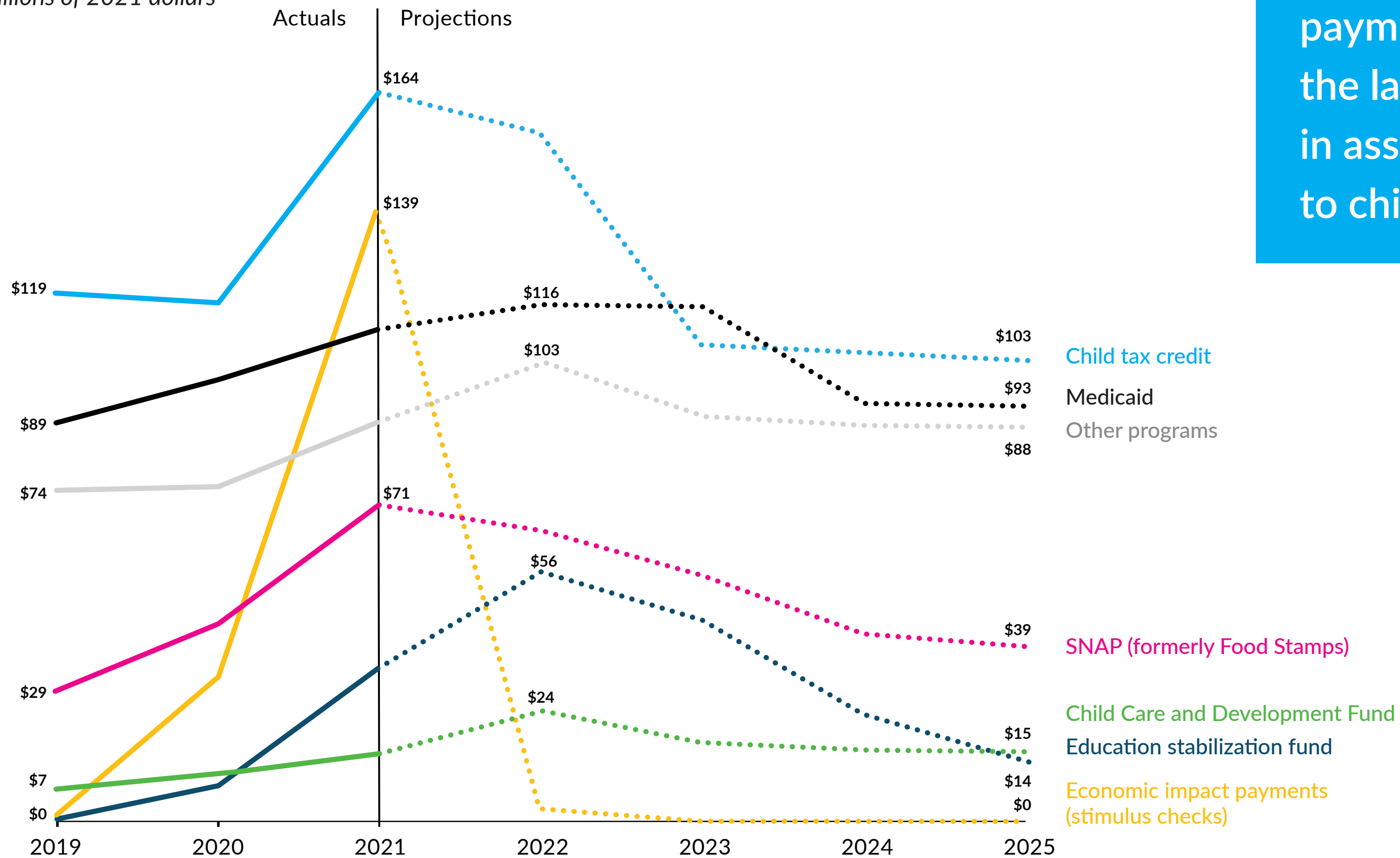
COVID-19 relief bills enacted during the pandemic temporarily expanded assistance to children through three rounds of economic impact payments (stimulus checks) administered through the tax code, an increase in the CTC, an Education Stabilization Fund and expanded child care funding, increased nutritional assistance through the Supplemental Nutrition Assistance Program (SNAP), and increased federal funding for Medicaid. Dozens of other children's programs and tax credits received smaller increases.

- **The three rounds of economic impact payments or stimulus checks** enacted between March 2020 and March 2021 in response to the COVID-19 pandemic included payments for children. The Coronavirus Aid, Relief, and Economic Security (CARES) Act provided $500 per dependent younger than age 17; the Coronavirus Response and Relief Supplemental Appropriations Act provided $600 per dependent younger than age 17; and the American Rescue Plan provided $1,400 per dependent including those ages 17 and 18. Payments to families with children are estimated to total $32 billion in fiscal year 2020 and $139 billion in fiscal year 2021.
- **The American Rescue Plan increased the CTC from a maximum of $2,000 per child to $3,000 per child (and to $3,600 per child younger than age 6) for calendar year 2021.** The bill also made the credit fully refundable, allowing families with little or no income to claim the full amount, and provided up to half of the credit in monthly advance payments. Effects are seen not only in 2021, but also in 2022, when people file taxes for the previous year.
- **Relief spending to school districts through the Education Stabilization Fund** and to child care providers and families though the Child Care and Development Fund is expected to peak in 2022. The unprecedented increase in child care spending includes stabilization grants to help child care providers survive under challenging pandemic conditions, as well as funds for child care assistance to families with low incomes and essential workers and investments in quality.
- **The substantial increase in the children's share of SNAP benefits, from $29 billion in 2019 to $71 billion in 2021**, generally reflects temporary increases in SNAP benefit amounts in COVID-19 relief legislation, rising caseloads because of increased economic need, and funding for the new Pandemic-EBT program.
- As in prior recessions, **Congress increased the federal match rate on the federal-state Medicaid program**.
- Federal expenditures on other programs supporting children also increased, including an **expansion of the dependent care credit, increased funding for school meals** under the Child Nutrition program, enactment of an **Emergency Rental Assistance fund, increased funding for Head Start**, and increases to more than a dozen other programs (see notes for figure 3).

FIGURE 3

Federal Expenditures on Children through Programs Receiving Pandemic Response Funding, 2019–25

Billions of 2021 dollars



Economic impact payments provided the largest increase in assistance to children.

Sources: Authors' estimates based primarily on Congressional Budget Office, *The Budget and Economic Outlook: 2022 to 2032* (Washington, DC: Congressional Budget Office, 2022); Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2023* (Washington, DC: US Government Printing Office, 2022); and past years. For more source information, see the appendix.

Notes: Programs affected by pandemic stimulus legislation that spend less than $30 billion each year are combined under "other." Other programs include Home Visiting, immunization, child nutrition, Special Supplemental food (WIC), School Improvement, the Institute of Education Sciences, education for the handicapped/special education, Indian Education, the Emergency Connectivity Fund, Head Start, Preschool Development Grants, Emergency Rental Assistance, Section 8 low-income housing assistance, dependent care credit, premium tax credit, Community Services Block Grant, unaccompanied alien children, independent living, and children and families services programs. Our estimates do not include the new paid sick and family leave provision under the Families First Coronavirus Response Act, because we cannot estimate its impact. Projections reflect current law as of April 8, 2022, and economic developments through March 2, 2022.

RECENT FEDERAL, STATE, AND LOCAL EXPENDITURES ON CHILDREN

In this section, we describe public expenditures on children in recent years, beginning with federal spending and tax programs and then adding in state and local spending.

Federal expenditures are reported through fiscal year 2021, the most recent year for which complete federal spending data are available. We also highlight projections for 2022 to capture the arc of pandemic relief spending. The first figure and table focus on federal expenditures to address the following questions:

- What categories, programs, and tax provisions accounted for the most federal spending on children in 2021?
- How did federal expenditures on children change between 2020 and 2021, and how are they projected to change in 2022?

This discussion is followed by a more comprehensive examination of state and local spending. These numbers exclude state and local tax programs other than the earned income tax credit (EITC) because consistent tax data are not available across the 50 states. Examining spending from 2008 to 2019 (the most recent year for which complete state and local spending data are available), we answer the following questions:

- How much do the federal government and state and local governments contribute to total public spending on children?
- How do the categories of spending on children differ across levels of government?

What categories, programs, and tax provisions accounted for the most federal spending on children in 2021?

Tax provisions were by far the largest category of federal expenditures on children in 2021. Health, nutrition, education, and income security were the next largest categories of federal expenditures on children. Relatively little was spent on the four smallest categories: child care and early education, social services, housing, and training.

» **Tax provisions** benefiting children, counted together, far exceed any other major budget category. Expenditures on tax provisions totaled $406 billion in 2021, or nearly half (49 percent) of total expenditures on children. The **child tax credit (CTC)**, with $70 billion in refundable tax credits and $94 billion in tax reductions, was the largest child-related provision. **Economic impact payments** provided families with children $88 billion in refundable tax credits and $51 billion in tax reductions in 2021. The **earned income tax credit (EITC)** provided families with children $51 billion in tax refunds and $6.5 billion in tax reductions. Expenditures for the **exclusion from income tax on employer-sponsored health insurance (ESI)** accounted for $30 billion.

» **Health** was the second-largest expenditure category ($132 billion) in 2021, representing 16 percent of total expenditures on children. **Medicaid** is the largest source of health spending on children: $111 billion, or about one-fifth of all Medicaid funds, were spent on children in 2021. We estimate that an additional $15 billion was spent on the **Children's Health Insurance Program (CHIP)**.

- Other large categories of spending included the following:

» **Nutrition** ($102 billion), including $71 billion on the children's share of **SNAP** benefits and nearly $26 billion on **child nutrition** programs such as the school lunch and breakfast programs.

» **Education** ($77 billion), including $34 billion in **Education Stabilization Fund** outlays to support K–12 during the pandemic, $16 billion on **Title I** funding to schools with high percentages of children from families with low incomes, and $13 billion on **special education** and related services.

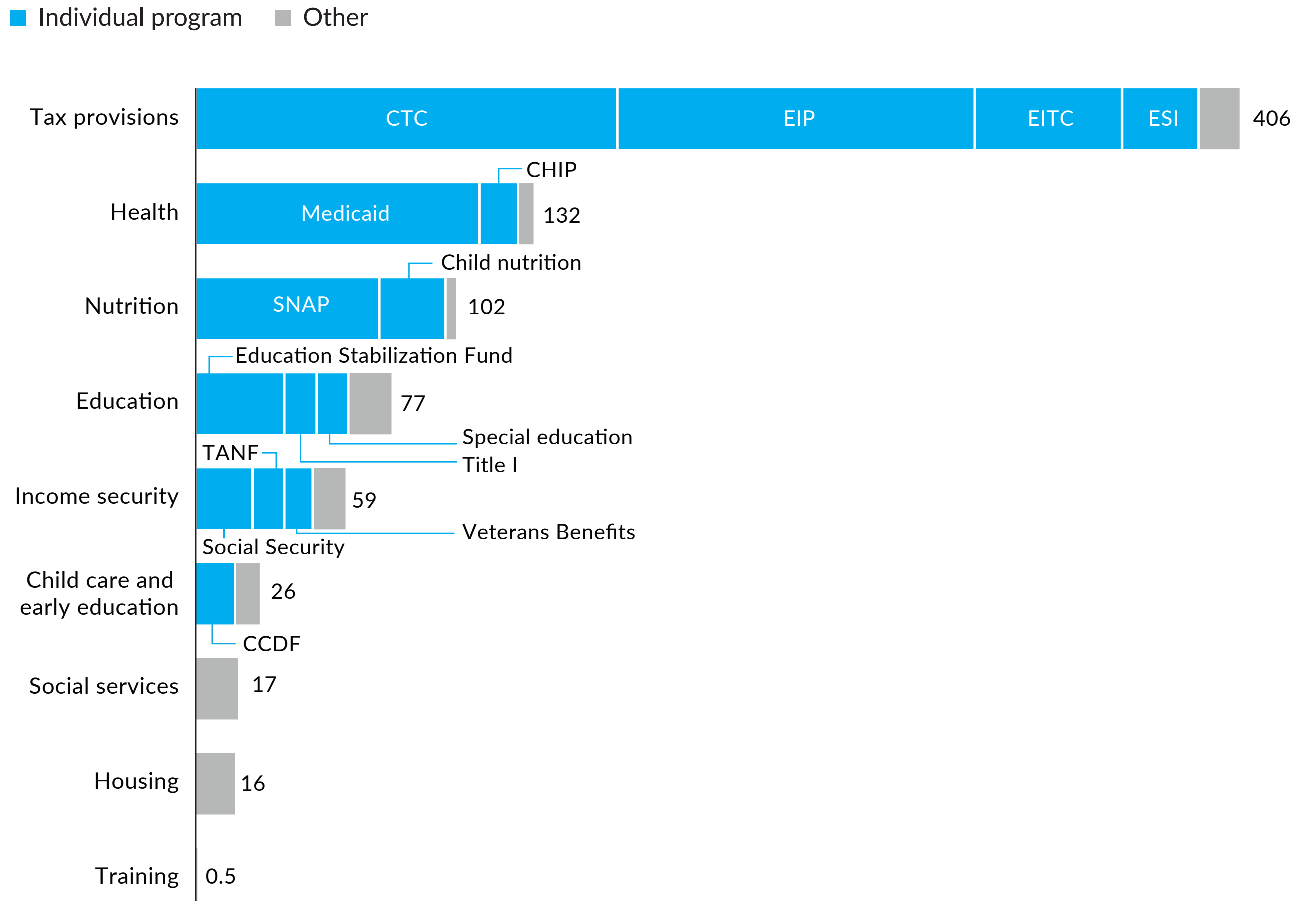
» **Income security** ($59 billion), including $22 billion on **Social Security** survivors' and dependents' benefits directed toward people younger than age 18, $12 billion on the children's share of **Temporary Assistance for Needy Families (TANF)**, and $11 billion on **Veterans Benefits** for the children of veterans who were disabled, retired, or deceased.

» Other categories were much smaller: **child care and early education** outlays ($26 billion) included the **Child Care Development Fund (CCDF)** ($15 billion), **Head Start**, and other child care and early education programs. **Child welfare** and other **social services** ($17 billion); **housing** assistance ($16 billion); and the youth components of job **training** (nearly $500 million) provided additional support for children.

FIGURE 4

Federal Expenditures on Children by Category and Major Programs, 2021

Billions of 2021 dollars



Child-related tax provisions totaled $406 billion in 2021.

Sources: Authors' estimates based primarily on Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2023* (Washington, DC: US Government Printing Office, 2022). For more source information, see the appendix.

Notes: Programs spending less than $10 billion are not shown separately but are included as part of "Other" and in the totals by category. CCDF = Child Care and Development Fund, CHIP = Children's Health Insurance Program, CTC = child tax credit; EIP = Economic impact payments (pandemic response stimulus checks administered through the tax code), EITC = earned income tax credit, ESI = employer-sponsored health insurance, SNAP = Supplemental Nutrition Assistance Program, SSI = Supplemental Security Income, TANF = Temporary Assistance for Needy Families.

How did federal expenditures on children change between 2020 and 2021, and how are they projected to change in 2022?

Spending on children grew from 2020 to 2021 but is expected to decline in 2022.

Federal expenditures on children increased from $597 billion in 2020 to $834 billion in 2021 as programs spent pandemic relief funds. The 2020–21 increase was primarily driven by federal tax provisions—notably, the pandemic-response economic impact payments and increases to the CTC. Federal expenditures are projected to decline in 2022 by about $107 billion.

- Expenditures on children through **tax programs** increased to more than $400 billion in 2021 ($214 billion on the refundable portions of tax credits and $192 billion in tax reductions) but is expected to decline in 2022. Expenditures on economic impact payments were $32 billion in 2020, $139 billion in 2021, and expected to drop to less than $4 billion in 2022. Children's expenditures from the CTC increased from $117 billion in 2020 to $ 164 billion in 2021 and are expected to drop to $155 billion in 2022.
- **Health** spending grew modestly between 2020 and 2021, growing from $122 billion to $132 billion. We anticipate it will grow to $139 billion in 2022. Medicaid spending, the largest of the health programs serving children, increased from $99 billion in 2020 to almost $111 billion in 2021. Outlays on CHIP and other programs declined slightly from $23 billion to $21 billion.
- **Nutrition** outlays increased to $102 billion in 2021 and are expected to increase slightly more, to $103 billion in 2022. Almost all of the change from 2020 to 2021 was driven by changes in SNAP, where outlays grew in response to increased need, legislation expanding household benefits, and spending on the Pandemic-EBT program administered through SNAP. In 2022, spending on child nutrition programs is expected to grow from $26 billion to $34 billion from increased pandemic funding for school meals, while SNAP benefits are set to decline to slightly less than $65 billion.
- **Federal outlays on education** grew from almost $51 billion in 2020 to almost $77 billion in 2021. This increase is nearly entirely the result of new spending through the Education Stabilization Fund supporting K–12 education. That same fund drives children's education expenditures to nearly $104 billion in 2022.
- **Child care and early education** outlays grew from slightly more than $20 billion in 2020 to almost $26 billion in 2021 as a result of substantial investments in the Child Care and Development Fund for subsidies and quality activities as well as stabilization funding to support providers directly. We anticipate Child Care and Development Fund expenditures will increase to more than $24 billion in 2022.
- **Housing** outlays increased from $9.4 billion in 2020 to $15.8 billion in 2021 but are projected to decline to $9.7 billion in 2022 as states spend federal relief funds for emergency rental assistance.
- **Income security, social services, and training** program spending changed only slightly between 2020 and 2021, with similar projections for 2022.

TABLE 1

Federal Expenditures on Children by Program in 2020, 2021, and 2022

Billions of 2021 dollars

	2020	2021	2022 (projected)
1. Health	**122.3**	**131.7**	**139.0**
Medicaid	99.0	110.5	115.6
CHIP	16.3	15.1	15.3
Vaccines for Children	4.7	3.8	5.7
Other health	2.3	2.3	2.4
2. Nutrition	**72.4**	**101.7**	**103.3**
SNAP (formerly Food Stamps)	44.5	71.4	64.9
Child nutrition	23.2	25.7	33.8
Special Supplemental food (WIC)	4.7	4.6	4.6
3. Education	**50.9**	**76.6**	**103.9**
Education Stabilization Fund	8.1	34.5	56.0
Education for the Disadvantaged (Title I, Part A)	16.3	16.1	16.2
Special education/IDEA	13.3	12.8	13.4
School Improvement	4.8	4.8	5.5
Indian Education	1.6	1.8	1.6
Impact Aid	1.5	1.5	1.5
Dependents' schools abroad	1.2	1.2	1.2
Other education	4.1	4.0	8.6
4. Income Security	**60.9**	**58.7**	**60.5**
Social Security	22.5	22.1	21.9
Temporary Assistance for Needy Families	13.7	12.3	12.2
Veterans Benefits	10.9	11.2	12.8
Supplemental Security Income	10.2	9.8	10.3
Child support enforcement (net)	3.5	3.2	3.3
Other income security	*	*	*
5. Child Care and Early Education	**20.3**	**25.5**	**34.4**
Child Care and Development Fund	10.3	15.3	24.5
Head Start (including Early Head Start)	9.7	10.0	9.6
Other child care and early education	0.3	0.3	0.3
6. Social Services	**13.7**	**17.1**	**16.8**
Foster care	5.3	5.4	5.0
Unaccompanied Alien Children	1.6	4.6	5.1
Adoption assistance	3.4	3.3	3.4
Social Services Block Grant	1.0	1.0	0.9
Other social services	2.5	2.6	2.4
7. Housing	**9.4**	**15.8**	**9.7**
Section 8 low-income housing assistance	7.7	7.6	7.5
Emergency Rental Assistance	--	6.5	--
Other housing	1.7	1.6	2.2
8. Training	**0.9**	**0.5**	**0.8**
9. Refundable Portions of Tax Credits	**110.2**	**214.3**	**117.0**
Economic impact payments (stimulus checks)	18.8	87.9	2.4
Child tax credit	37.0	70.4	67.5
Earned income tax credit	52.2	50.6	44.6
Dependent care credit	--	3.1	--
Premium tax credit	1.2	1.6	1.9
Other refundable tax credits	0.9	0.6	0.6
10. Tax Reductions	**135.7**	**192.1**	**141.1**
Child tax credit (nonrefundable portion)	79.4	93.7	87.2
Economic impact payments (nonrefundable portion)	13.6	51.2	1.4
Exclusion for employer-sponsored health insurance	27.4	30.0	29.1
Earned income tax credit (nonrefundable portion)	6.5	6.5	6.6
Dependent care credit (nonrefundable portion)	3.6	5.6	11.6
Other tax reductions	5.2	5.2	5.2
TOTAL EXPENDITURES ON CHILDREN	**596.7**	**834.0**	**726.4**
SUBTOTAL, OUTLAYS WITHOUT TAX REDUCTIONS (1–9)	**461.0**	**641.9**	**585.3**

Table 1 Sources and Notes

Sources: Authors' estimates based primarily on Congressional Budget Office, *The Budget and Economic Outlook: 2022 to 2032* (Washington, DC: Congressional Budget Office, 2022); Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2023* (Washington, DC: US Government Printing Office, 2022); and past years. For more source information, see the appendix.

Notes: Because this analysis shows expenditures, rather than appropriated or authorized levels, and because the dollars are adjusted for inflation, these estimates may differ from other published estimates. Individual programs are shown only when expenditures on children are $1 billion or greater in 2021. Numbers may not sum to totals because of rounding. Projections reflect current law as of April 8, 2022, and economic developments through March 2, 2022.

* Less than $50 million. -- = program did not exist.

Other health covers immunizations, the Maternal and Child Health Block Grant, Children's Hospitals Graduate Medical Education, Lead Hazard Reduction, children's mental health services, Birth Defects and Developmental Disabilities, Healthy Start, the Community Mental Health Services Block Grant, Home Visiting, and School-Based Health Centers.

Child nutrition includes the National School Lunch Program, the School Breakfast Program, the Child and Adult Care Food Program, the Summer Food Service Program, and Special Milk.

Other education includes English language acquisition; Department of Defense domestic schools; the Institute of Education Sciences; Safe Schools and Citizenship Education; Junior ROTC; Innovation and Improvement; the Emergency Connectivity Fund; Students, Teachers, and Officers Preventing (STOP) school violence program; and Career, Technical, and Adult Education (formerly vocational and adult education).

Other income security includes Railroad Retirement.

Other child care and early education includes Preschool Development Grants.

Other social services includes the Social Services Block Grant, the Community Services Block Grant, child welfare services and training, Safe and Stable Families, juvenile justice, guardianship, independent living, missing children, children's research and technical assistance, Personal Responsibility Education Program and abstinence education, Unaccompanied Refugee Minors Program, and certain child and family services programs.

Other housing includes rental housing assistance, low-rent public housing, and the Low-Income Home Energy Assistance Program (LIHEAP).

Training includes Workplace Innovation and Opportunity Act (WIOA) Youth Formula Grants, Job Corps, and YouthBuild grants. Youth Offender grants are included for 2020 and earlier years but are not reflected for 2021 and later years because annual children's spending fell below our $50 million threshold for tracking programs.

Other refundable tax credits includes outlays from Qualified Zone Academy Bonds and Qualified School Construction Bonds.

Other tax reductions includes the employer-provided child care credit; the adoption credit; assistance for adopted foster children; the nonrefundable portions of Qualified Zone Academy Bonds, Qualified School Construction Bonds, and the premium tax credit; and tax exclusions for employer-provided child care, certain foster care payments, adoption, Social Security retirement and dependents' and survivors benefits, public assistance benefits, and veterans' death benefits and disability compensation.

How much do the federal government and state and local governments contribute to total public spending on children?

Federal outlays accounted for $5,270, and state and local government outlays totaled nearly $10,490 per child in 2019. We do not yet have data on how the relationship between federal and state and local spending may have shifted during the pandemic.

(These estimates exclude federal tax reductions—valued at approximately $1,540 per child in 2019. These were excluded to improve the comparability of our federal estimates with our state and local estimates.)[8]

- State and local outlays on children were 67 percent of total public outlays on children in 2019.
- Because the most recent state and local spending data predate the pandemic, we do not yet know how the relationship between federal and state and local spending may have shifted. Lessons from the Great Recession may provide insight, though the prior circumstances differ from the current situation.
  - Between 2009 and 2011, state and local spending on children fell, as states struggled to balance budgets during a time of recession and falling revenues, but these declines were offset by increased federal spending to support state and local governments, help families facing poverty and unemployment, and stimulate the economy. The federal increases were large enough to boost **total spending per child** during that time. In 2012, total public spending per child fell as sharp reductions in federal funding were only partly offset by a small increase in state and local spending.
- In 2020 and early 2021, state and local spending fell again as most states experienced temporary budget shortfalls during the pandemic-related recession.[9] State and local governments faced challenges balancing budgets and turned toward federal assistance to help implement programs and services (GAO 2021). However, the timing and depth of the crisis varied by state and, with significant federal help, the situation in most states improved in 2021. Some states also enacted tax cuts because of increased federal supports. Given the large increase in federal public spending during the pandemic, state and local spending will likely represent a smaller share of higher total public spending on children in 2020 and 2021. We will analyze state and local spending on children in 2020 and beyond as data become available.

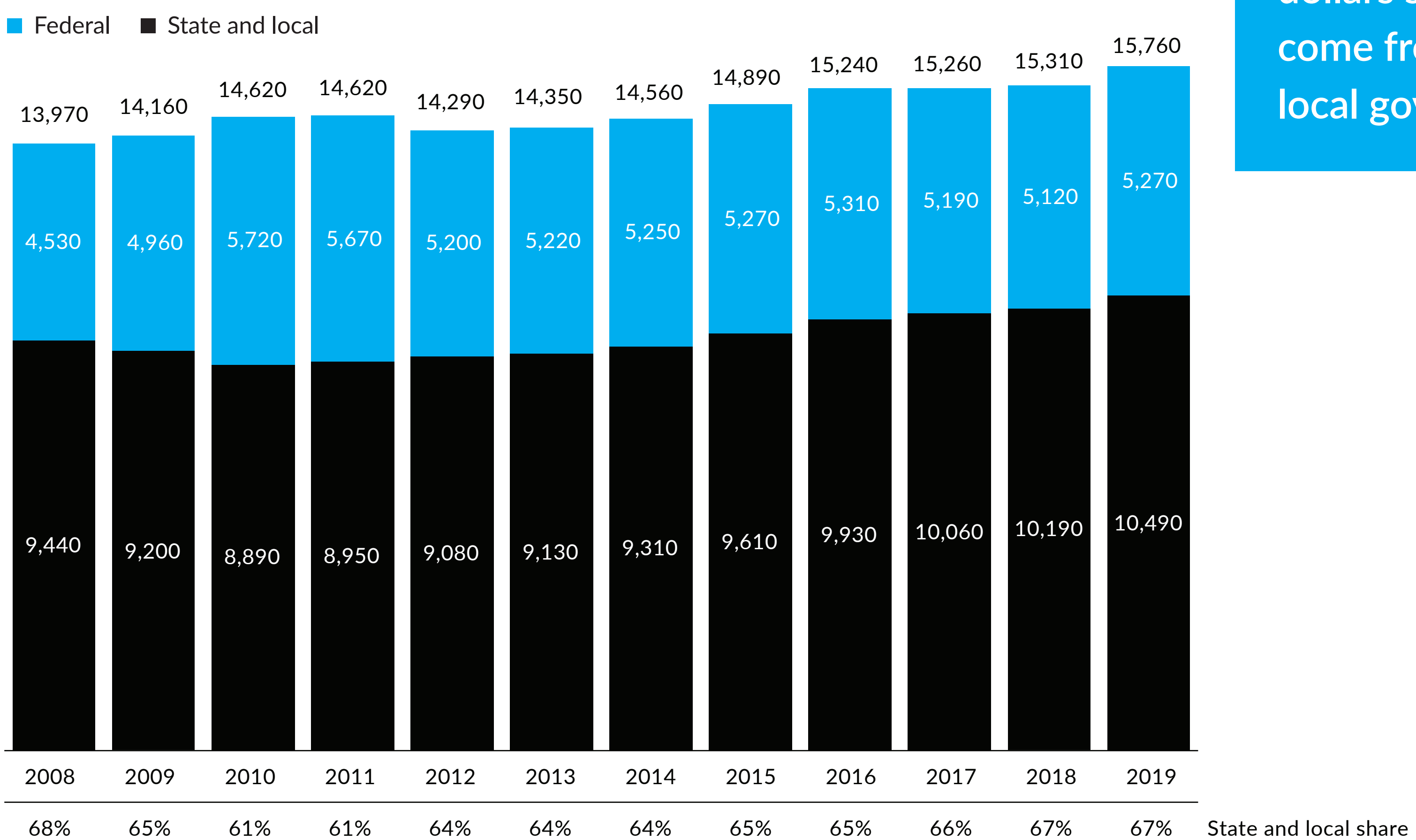
[8] The federal estimates include program spending and outlays on the refundable portions of tax credits. The state estimates include program outlays and expenditures related to any state EITCs.

[9] "How the COVID-19 Pandemic Is Transforming State Budgets," State and Local Finance Initiative, Urban Institute, April 16, 2021, https://www.urban.org/policy-centers/cross-center-initiatives/state-and-local-finance-initiative/projects/state-fiscal-pages-covid-edition.

FIGURE 5

Public Spending per Child by Level of Government, 2008–19

2021 dollars



Two out of three public dollars spent on children come from state and local governments.

Sources: Authors' estimates based on Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2021* (Washington, DC: US Government Printing Office, 2020), and past years as well as various other sources. For more source information, see the appendix.

Notes: These estimates do not include tax reductions. Numbers are rounded to the nearest $10, so they may not sum to totals.

How do the categories of spending on children differ across levels of government?

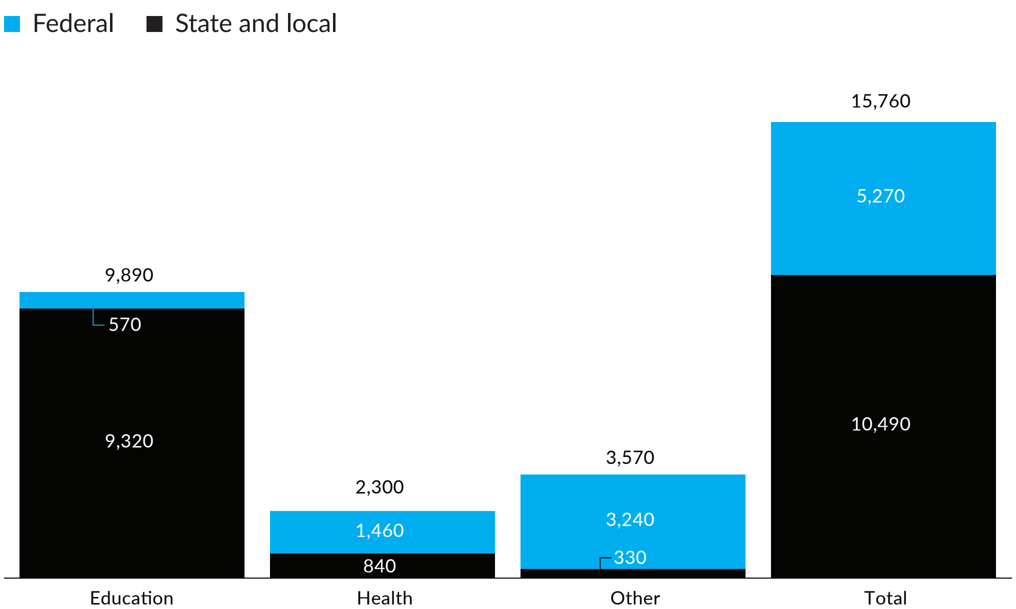
State and local government spending on children is predominantly for public education, while the federal government spends more on tax credits, income security, nutrition, and other areas. Both levels of government spend substantial amounts on health programs.

- State and local spending is dominated by spending on public **education**, the largest form of public investment in children when looking across all levels of government. State and local governments account for 94 percent of the education outlays on children. Analyses of spending by age show state and local governments spend much less on infants, toddlers, and preschool children than on school-age children. This results in lower total (federal plus state) public investments per capita in younger children than in school-age children (Isaacs et al. 2019).
- State and local governments also contribute significantly to **health** spending on children, though not as much as the federal government, which accounts for 63 percent of public expenditures on children's health. The federal government also provides substantial incentives for state health spending by providing funding for Medicaid and other programs as matching grants.
- Though states and localities make important contributions to other budget items for children, such as **income security, tax credits, child care, foster care,** and **social services**, these investments are small relative to federal spending. States and localities spend little on **nutrition, housing, or training**. The federal government contributes 91 percent of all noneducation, nonhealth spending on children.

FIGURE 6

Public Spending per Child by Category and Level of Government, 2019

2021 dollars



Sources: Authors' estimates based on Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2021* (Washington, DC: US Government Printing Office, 2020) as well as various other sources. For more source information, see the appendix.

Notes: These estimates do not include tax reductions. Numbers are rounded to the nearest $10, so they may not sum to totals.

Public education drives state and local spending on children.

BROAD TRENDS IN FEDERAL SPENDING

This section analyzes broad trends in spending on children—both past and future—in the context of the entire federal budget.

Unless otherwise noted, here we primarily focus on budget outlays, setting aside tax reductions. The first four figures address the following questions:

- What share of the federal budget is spent on children?
- How is the children's share of the federal budget changing over time?
- How large is the federal budget and spending on children relative to the economy?
- How does federal spending on children compare with interest payments on the debt?

The final two figures compare children younger than age 19 with people ages 65 and older, when most people are outside the working-age population and thus more likely to rely on public or private support. Both figures address the following question:

- How does spending on children compare with spending on older adults?

What share of the federal budget is spent on children?

In 2021, 9 percent of federal outlays (or $642 billion of $6.8 trillion in outlays) were spent on children. The share is similar to the years immediately preceding the pandemic.

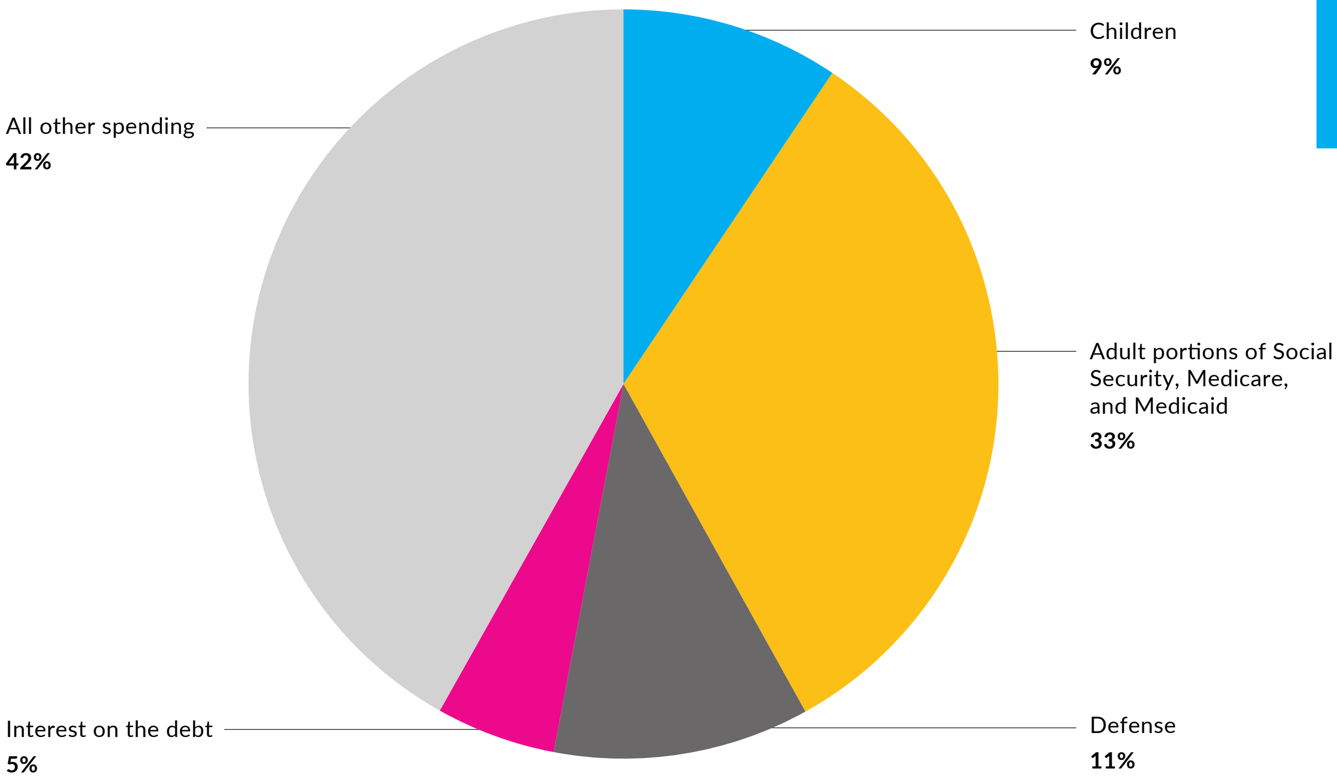
- Pandemic-response spending was focused on providing financial support for individuals, families, businesses, and states and localities through programs such as the Paycheck Protection Program and expanded unemployment benefits. As a result, the largest share of federal spending in 2021 (42 percent) fell outside the specific budget categories *Kids' Share* typically tracks (children; defense; interest on the debt; and spending on adults for Social Security, Medicare, and Medicaid).
- One-third of 2021 federal outlays (33 percent) went to retirement and health benefits for adults through **Social Security, Medicare, and Medicaid, a much lower share than before the pandemic (45 percent in 2019) because of increased spending in the "all other" priorities budget category.** Most adults benefiting from these programs are seniors or disabled, but Medicaid also provides health insurance to several other groups of adults, including pregnant women, parents, and childless adults (in some states) with low incomes. (The Social Security and Medicaid estimates here exclude spending on children to avoid double counting.)
- The remaining shares of the budget include 11 percent on **defense** and 5 percent on **interest payments on the debt**.

Child-related tax reductions (totaling $192 billion in 2021) represent approximately 13 percent of the $1.4 trillion in individual and corporate tax reductions identified by the Office of Management and Budget (data not shown).[10] The children's share of tax reductions has fluctuated between 7 and 13 percent over the past decade.

[10] To calculate the total tax-expenditure budget, we sum Office of Management and Budget estimates of tax provisions for individuals and corporations, although such provisions are not strictly additive because of interaction effects. We include the dependent exemption, available before 2018, in our analyses of expenditures on children, though the Office of Management and Budget views it as part of the overall tax structure rather than a special tax provision.

FIGURE 7

Share of Federal Budget Outlays Spent on Children and Other Items, 2021



Source: Authors' estimates based primarily on Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2023* (Washington, DC: US Government Printing Office, 2022). For more source information, see the appendix.

Notes: Numbers may not sum to totals because of rounding. These estimates do not include tax reductions.

Nine percent of federal budget outlays were spent on children in 2021.

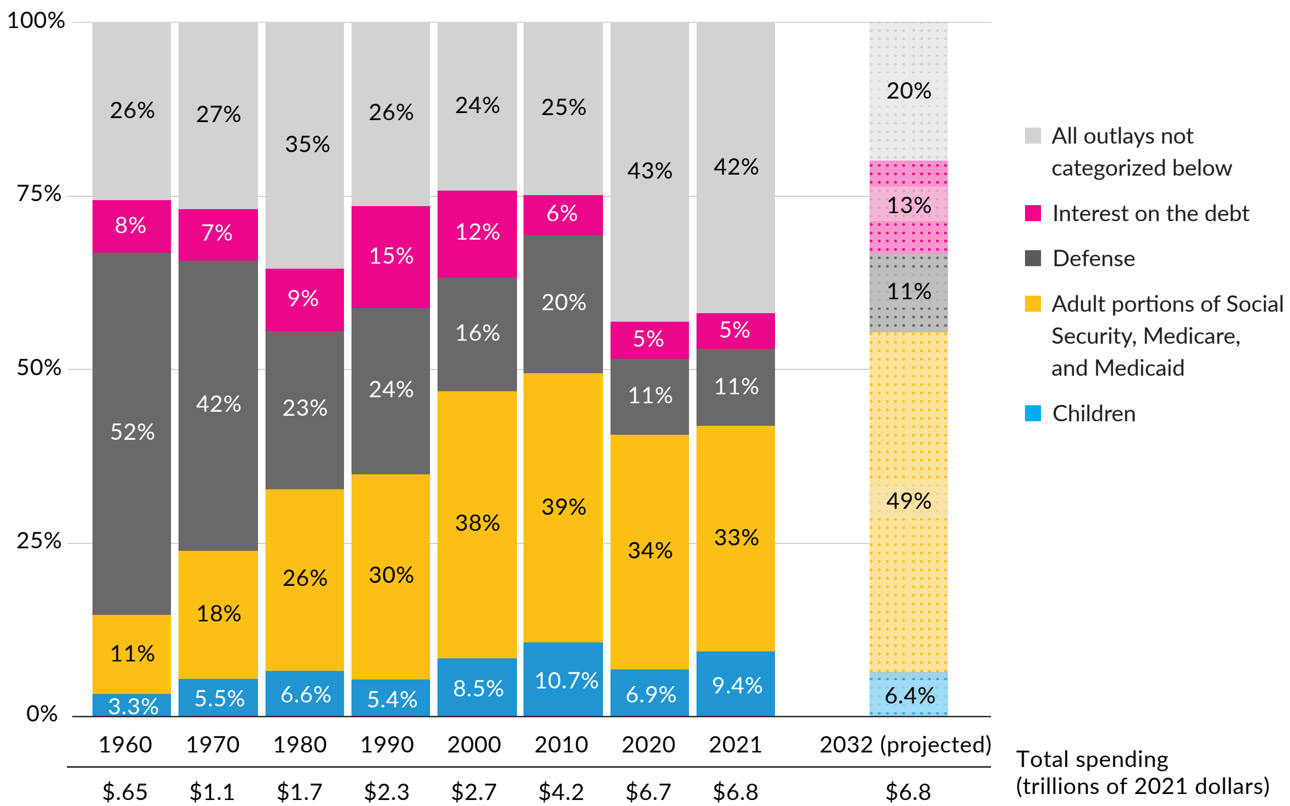
How is the children's share of the federal budget changing over time?

The share of federal budget outlays allocated to children grew, albeit unevenly, from 1960 to 2010, when it reached a high in the aftermath of the Great Recession. It dipped in 2020 as federal outlays shifted to pandemic-related priorities. In 2021, the children's share of federal outlays rebounded to 9 percent and is projected to decline significantly over the next decade.

- In 1960, only 3.3 percent of federal outlays were spent on **children**. The children's share of the budget grew over the next few decades and reached a peak of 10.7 percent in 2010 during the Great Recession. The children's share of total federal outlays fell to 6.9 percent in 2020 because of large increases in federal pandemic-response spending on other priorities. In 2021, the federal share of outlays on children grew to 9.4 percent, as temporary funding for children's programs continued to be spent while most other response funding dropped.
- The children's share of the budget is projected to decline to 6.4 percent in 2032, under laws in place as of April 2022. This represents a 32 percent decline in the share of the budget spent on children over the next decade.
- In response to the pandemic, the share of the federal budget going to **other priorities** besides children, defense, interest payments, and entitlements increased in 2020 and remained high (42 percent) in 2021. By 2032, with pandemic response spending exhausted, spending on this unspecified category is projected to decline below prepandemic levels to only 20 percent of the federal budget.
- Due to pandemic-response spending on other priorities, spending on the adult portions of **Social Security, Medicare, and Medicaid** decreased from nearly half (45 percent) of federal outlays in 2019 (not shown) to around one-third in 2020 and 2021. By 2032, that temporary decline will have ended and the share will rise to 49 percent of the budget, continuing the category's longer-term, prepandemic growth trend. This growth stems from multiple factors, including projected growth in real health and Social Security benefits per person under current law, additional years of benefits as people live longer, and the aging of the population.
- The share of the budget spent on **defense** fell dramatically between 1960 and 2000, essentially financing a substantial expansion of domestic programs without any significant increase in average tax rates. After two decades of modest growth, the share of federal spending on defense shrank significantly to only 11 percent of the federal budget during the pandemic. It is projected to stay around 11 percent through 2032, remaining below prepandemic levels.
- **Interest payments** on the debt have fluctuated over the past half-century. While the share of the budget going toward interest payments has been relatively low since 2000, it is projected to grow from 5 percent in 2021 to 13 percent in 2032. This increase reflects a higher national debt and rising interest rates because of inflation.

FIGURE 8

Share of Federal Budget Outlays Spent on Children and Other Items, Selected Years, 1960–2032



The children's share of federal spending is expected to fall over the next decade.

Sources: Authors' estimates based primarily on Congressional Budget Office, *The Budget and Economic Outlook: 2022 to 2032* (Washington, DC: Congressional Budget Office, 2022); Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2023* (Washington, DC: US Government Printing Office, 2022); and past years. For more source information, see the appendix.

Notes: Numbers may not sum to totals because of rounding. Projections reflect current law as of April 8, 2022, and economic developments through March 2, 2022. These estimates do not include tax reductions.

How large is the federal budget and spending on children relative to the economy?

In recent years, federal outlays represented about one-fifth of the total US economy or GDP, while federal outlays on children only represented around 2 percent. In 2020 and 2021, measures to combat the pandemic and economic downturn led federal spending to reach highs of more than 30 percent of GDP, while spending on children increased more modestly to around 3 percent of GDP.

- Between 1960 and 2019, **federal outlays** grew substantially in real terms (from $648 billion to $4.6 trillion) but only modestly as a share of the economy (from 17 to 21 percent of GDP). Total outlays increased dramatically during the pandemic to $6.8 trillion in 2021 or 31 percent of GDP. Federal spending is expected to fall back toward prepandemic levels by 2024, followed by a period of steady growth back to $6.8 trillion or 24 percent of GDP in 2032.

- Federal outlays on **children** grew from a very small base of about 0.6 percent of GDP in 1960 to 1.9 percent in 2019, down from a peak of 2.5 percent in 2010 during the Great Recession.[11] In 2021, spending on children increased to 2.9 percent of GDP driven by the pandemic response. Children's spending is expected to drop back down to 1.9 percent of GDP in 2024 before a gradual decline to 1.6 percent in 2032, reflecting growing pressures from other priorities.

- Spending for adults on **Social Security, Medicare, and Medicaid** has steadily increased over the past 60 years. Excluding spending on children, these programs grew from 2.0 percent of GDP in 1960 to 9.9 percent in 2021. Outlays are projected to increase further to 11.9 percent of GDP by 2032. Spending growth on these entitlement programs is built into existing law and will continue absent changes that significantly reform the programs.

- Outlays on **defense** fell substantially, from 9 percent of GDP in 1960 to 2.9 percent in 2000. They have risen somewhat since then, reaching 3.4 percent of GDP in 2021. Outlays on defense are projected to decline to 2.8 percent of GDP in 2032.

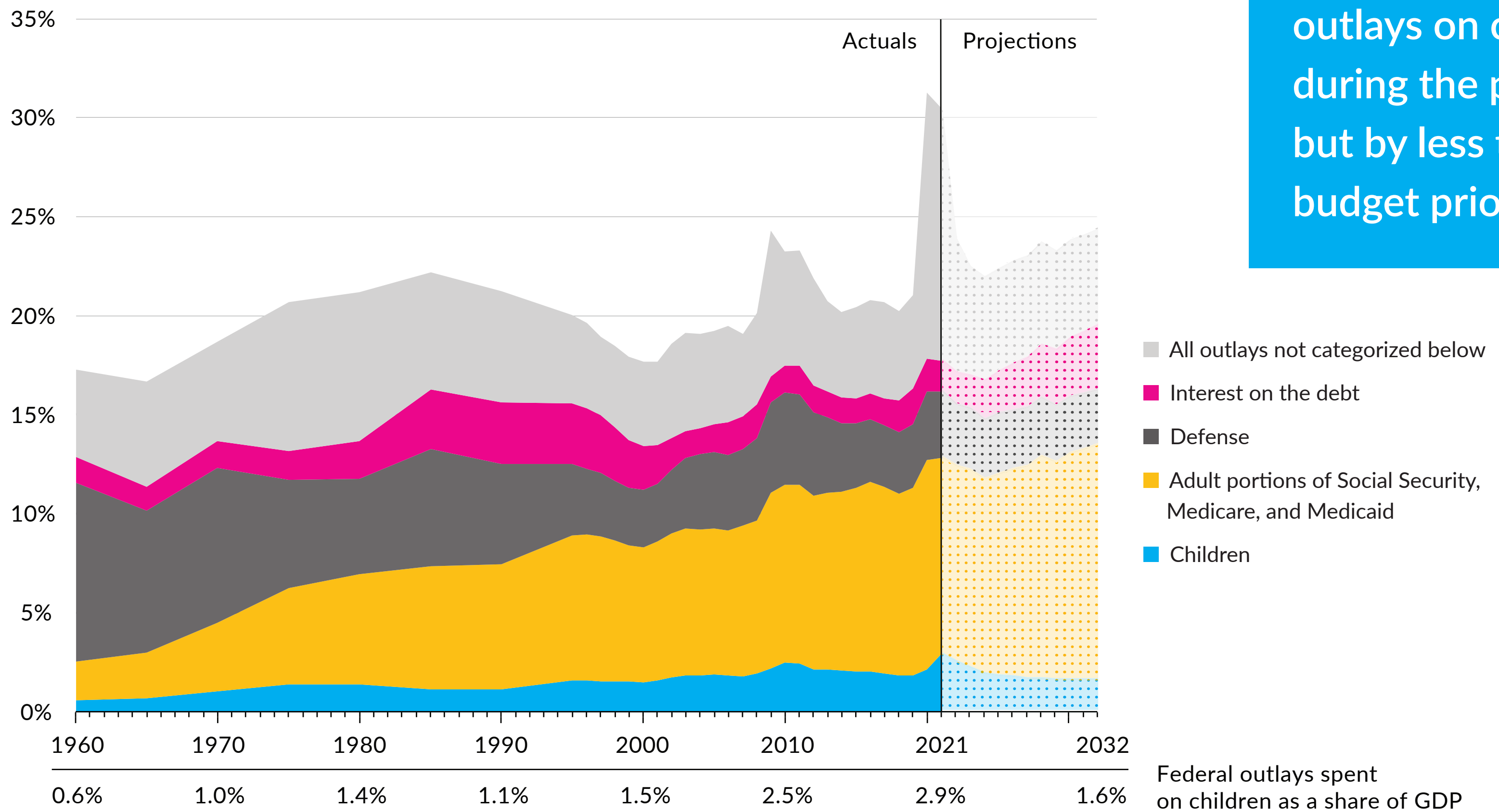
- Outlays for **interest payments** on the national debt have ranged between 1 and 3 percent of GDP historically. Interest payments are projected to increase from 1.6 percent of GDP in 2021 to 3.3 percent in 2032, surpassing spending on children.

- From 1960 to 2019, federal outlays on **other budget priorities** generally hovered between 4 and 8 percent of GDP. In response to the pandemic, outlays in these areas increased sharply to 13 percent of GDP in 2020 and 2021, driven by funding to support businesses, workers, and families. These outlays are expected to fall back to 5 percent by 2024 and remain around that level.

[11] Tax reductions on children are not shown in these budget estimates. Including them would put total expenditures on children at 2.4 percent of GDP in 2019 and 3.8 percent of GDP in 2021.

FIGURE 9

Federal Outlays on Children and Other Major Budget Items as a Share of GDP, 1960–2032



As a share of the economy, federal outlays on children grew during the pandemic but by less than other budget priorities.

Sources: Authors' estimates based primarily on Congressional Budget Office, *The Budget and Economic Outlook: 2022 to 2032* (Washington, DC: Congressional Budget Office, 2022); Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2023* (Washington, DC: US Government Printing Office, 2022); and past years. For more source information, see the appendix.

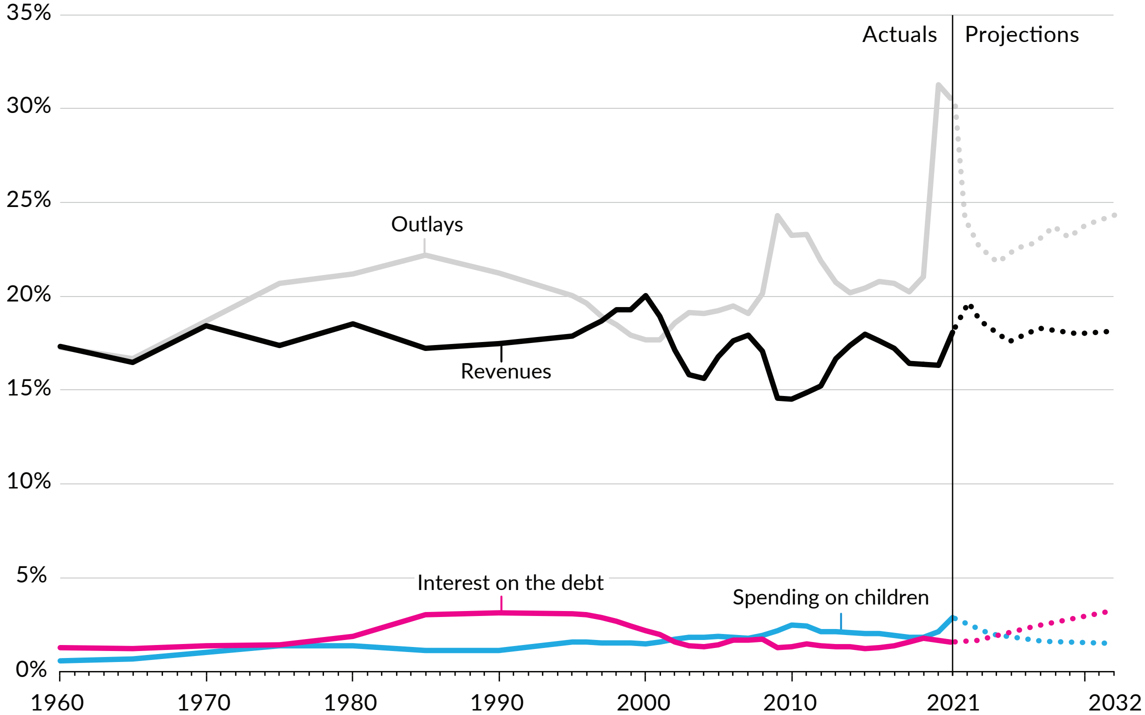
Notes: Totals shown below the horizontal axis are the share of GDP spent on children in the corresponding year. Projections reflect current law as of April 8, 2022, and economic developments through March 2, 2022. These estimates do not include tax reductions.

How does federal spending on children compare with interest payments on the debt?

Since 1970, federal outlays have exceeded revenues, except for a brief period around 2000, resulting in budget deficits and a growing national debt. Even so, low interest rates over the past 40 years have kept interest costs for that debt relatively modest. Both interest rates and the national debt as a share of GDP are expected to rise, which lead to projections of interest payments exceeding federal spending on children in coming years.

- **Federal outlays** were already projected to grow more rapidly than the economy before the pandemic. Provisions to aid the economy and people during the pandemic have driven spending even higher in 2020 and 2021. And the CBO continues to project long-term growth in federal outlays under current law later in the decade.
- **Revenues** are also projected to increase over the next 10 years while remaining well below outlays, as they have since 2001. They are projected to fall further relative to outlays after 2022.
- As spending has exceeded revenues nearly every year, the federal debt has risen to its highest level relative to the economy since right after World War II. It is projected to reach an all-time high by 2032. With an increasing national debt and higher inflation and interest rates, **interest payments** are projected to increase dramatically. Such payments would more than double, from 1.6 percent to 3.3 percent of GDP, over the next decade.
- In sharp contrast to the growth in total federal outlays, **spending on children** relative to the economy had been falling before the pandemic. While pandemic-response measures boosted spending in 2020 and 2021, children's spending is expected to decline again and fall below spending on interest payments on the debt in 2024.

Federal Outlays, Revenues, Interest Payments, and Spending on Children, as a Share of GDP, 1960–2032



Sources: Authors' estimates based primarily on Congressional Budget Office, *The Budget and Economic Outlook: 2022 to 2032* (Washington, DC: Congressional Budget Office, 2022); Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2023* (Washington, DC: US Government Printing Office, 2022); and past years. For more source information, see the appendix.

Notes: Spending on children and payments on the debt are included as components of total outlays and also displayed separately. Projections reflect current law as of April 8, 2022, and economic developments through March 2, 2022. These estimates do not include tax reductions.

The federal government will spend more on interest payments than on children in coming years.

How does spending on children compare with spending on older adults?

Per capita spending is much higher on adults ages 65 and older than on children, especially at the federal level.

- The **federal government** spent slightly more than $6 per older adult for every $1 spent per child in 2019. The ratio in per capita outlays drops to approximately $2 for every $1 when adding state and local spending, which is heavily slanted toward public schools.[12]
- **Health care** expenses are a significant portion of public expenditures on older adults. Yet even when excluding health spending, per capita spending on older adults remains considerably higher than per capita spending on children because of large retirement and disability program expenditures (data not shown).
- Federal outlays on **older adults** between 1960 and 2021 increased by more than $30,000 per older adult, from about $4,700 to more than $35,000, after adjusting for inflation. These increases have been driven by the establishment of Medicare and Medicaid and enactment of the Older Americans Act in 1965; legislated increases in Social Security, Medicare, and Medicaid benefits; real growth in annual Social Security benefits;[13] and real increases in health care costs. Federal outlays in 2021 also reflect the more than $75 billion in stimulus check payments that went to older adults.
- Over this same period, federal outlays on **children** rose by around $7,900 per child, from about $300 to more than $8,200.
- Per person spending on both children and older adults, bolstered by pandemic-related spending, reached a new peak in 2021. This exceeds the previous peak in 2010 related to the Great Recession.

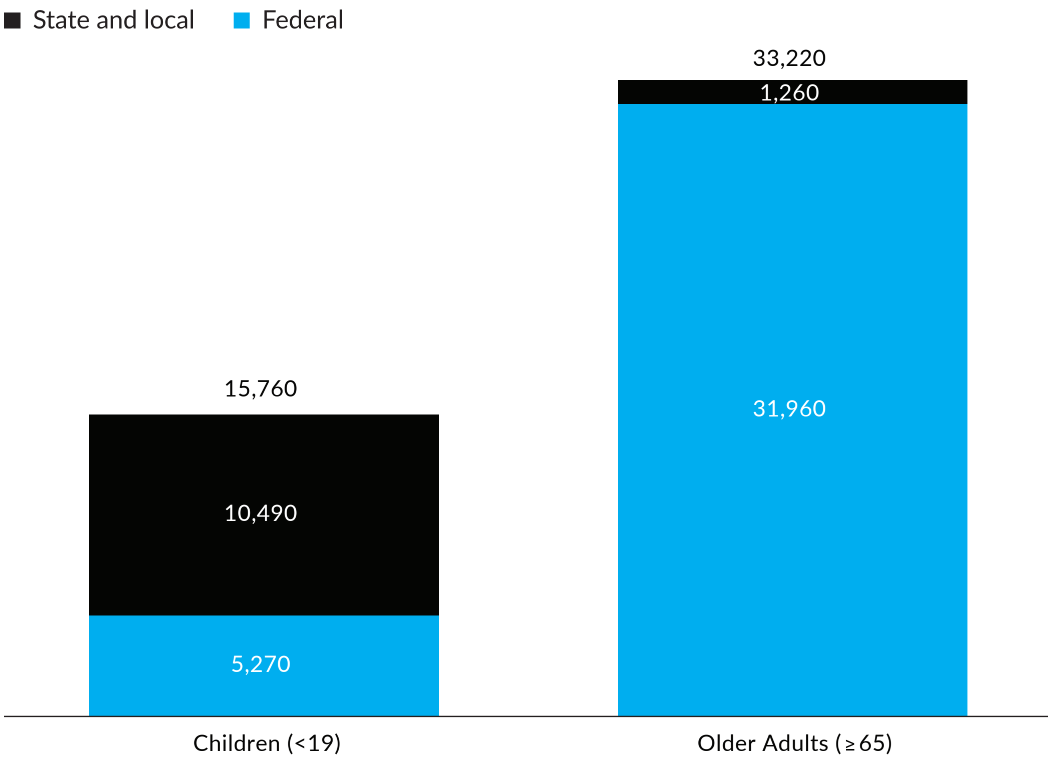
[12] Data in figure 11 are for 2019, the most recent year for state and local data. The federal spending ratio was more than 4:1 in 2021.

[13] Each generation (or cohort) of social security beneficiaries is scheduled to receive benefits that rise relative to the previous generations' benefits in line with wage growth in the overall economy.

FIGURE 11

Per Capita Federal, State, and Local Spending on Children and Older Adults, 2019

2021 dollars



Sources: Authors' estimates based on Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2021* (Washington, DC: US Government Printing Office, 2020) as well as various other sources. For more source information, see the appendix.

Notes: Numbers are rounded to the nearest $10, so they may not sum to totals. These estimates do not include tax reductions.

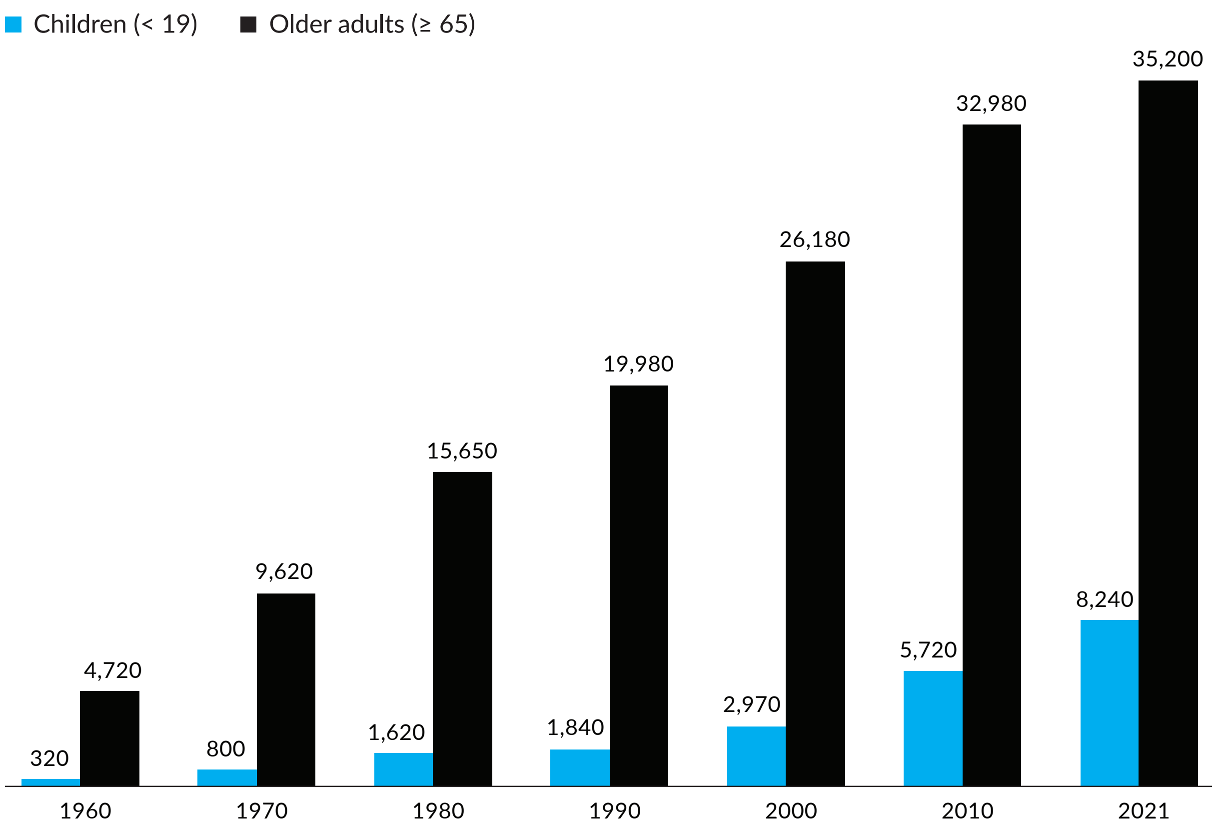
The federal government spent $6 per older adult for every $1 spent per child in 2019.

Federal outlays on older adults increased from $4,700 to $35,200 per capita between 1960 and 2021.

FIGURE 12

Per Capita Federal Spending on Children and Older Adults, Selected Years, 1960–2021

2021 dollars



Sources: Authors' estimates based primarily on Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2023* (Washington, DC: US Government Printing Office, 2022), and past years. For more source information, see the appendix.

Notes: Numbers are rounded to the nearest $10, so they may not sum to totals. These estimates do not include tax reductions.

A CLOSER LOOK AT TRENDS IN FEDERAL EXPENDITURES ON CHILDREN

This final section looks closely at trends in federal expenditures on children, including budget outlays and tax reductions. Three figures and one table look at historical trends (1960–2021), addressing four questions:

- How have federal expenditures on children changed since 1960?
- How have expenditures by program and category changed over time?
- How has the mix of federal cash support and in-kind benefits and services for children changed over time?
- How targeted are expenditures to children in families with low incomes, and how has this changed over time?

One final figure and one table offer a more detailed look at projected spending on children, addressing one question:

- Which categories of expenditures on children (e.g., nutrition, education) are projected to decline over time?

How have federal expenditures on children changed since 1960?

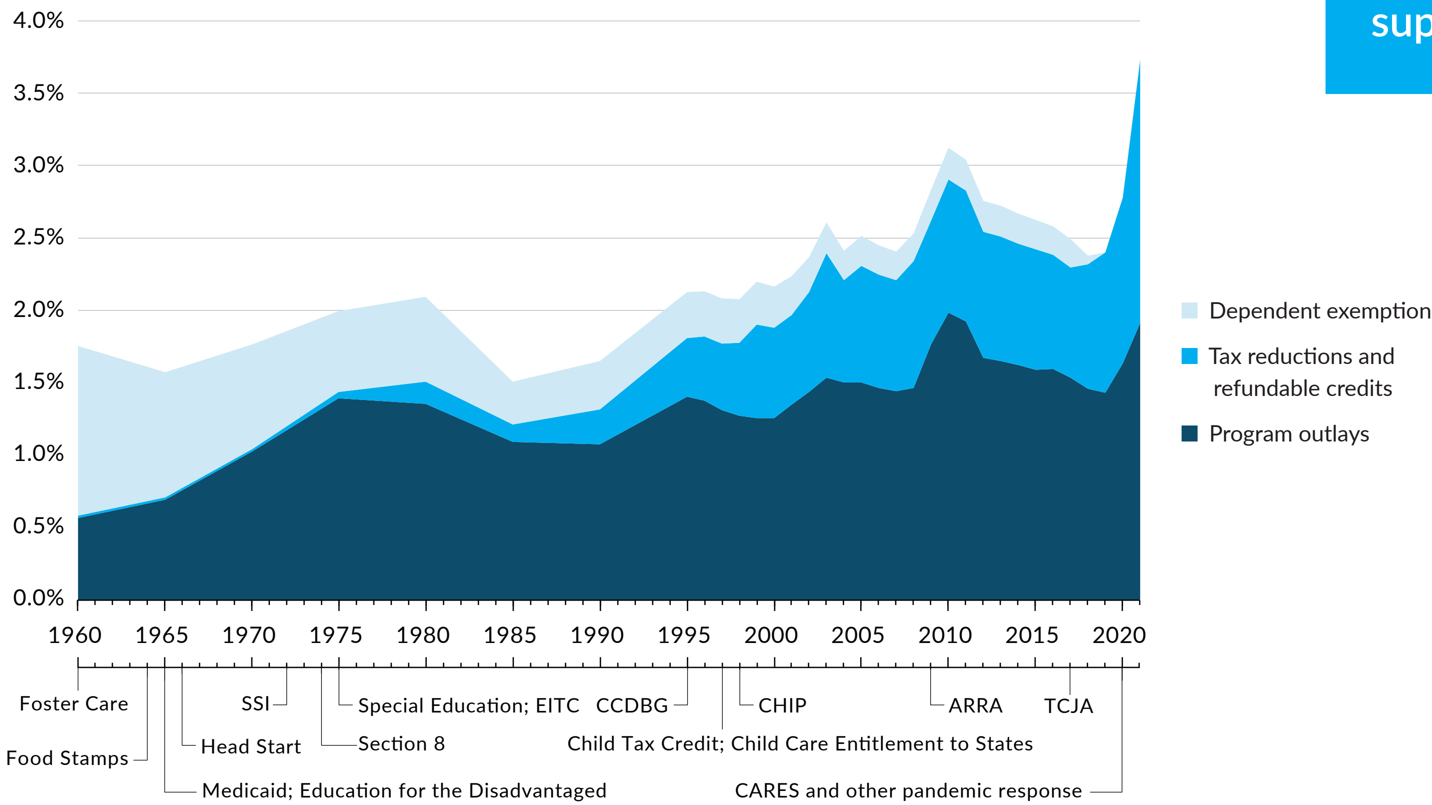
Spending on children has generally increased as a share of GDP since 1960. Most of the growth has resulted from the introduction of new programs and tax provisions, rather than from programs that grow automatically with inflation or in response to enrollment or need.

- **Program outlays** increased as a share of GDP in the 1960s and 1970s with the introduction of new programs such as food stamps (now called SNAP), Medicaid, Title I Education for the Disadvantaged, Head Start, SSI, Section-8 housing assistance, and special education. Spending on programs rose temporarily to around 2 percent of GDP with increased federal stimulus spending during the Great Recession. In recent years, program outlays on children have come down from their recession-era high and stabilized at an average level of about 1.5 percent of GDP. However, 2021 saw a significant increase resulting from pandemic-related legislation to a level of 1.9 percent of GDP, nearly equaling the peak during the Great Recession.
- Since the late 1980s, **tax reductions and refundable credits** have played a growing role in providing federal support for children. Over the past decades, both the EITC and CTC have gone through several legislative expansions. Most recently, the CTC was expanded under a 2017 law and in 2021 through the temporary (one-year) increase in the CTC, paid as a monthly benefit. Tax reductions and refundable credits were particularly high in 2020 and 2021 because of the CTC and economic impact payments (stimulus checks) administered through the tax code.
- The exception is the **dependent exemption,** which provided more than half of all support for children in 1960 and declined to zero in 2019. If the individual income tax provisions of the 2017 tax law expire as scheduled, the dependent exemption will return after 2025.

FIGURE 13

Components of Federal Expenditures on Children, 1960–2021

Percentage of GDP



Federal tax credits have played a growing role in supporting children.

Sources: Authors' estimates based primarily on Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2023* (Washington, DC: US Government Printing Office, 2022), and past years. For more source information, see the appendix.

Notes: ARRA = American Recovery and Reinvestment Act; CARES = Coronavirus Aid, Relief, and Economic Security Act; CCDBG = Child Care and Development Block Grant; CHIP = Children's Health Insurance Program; EITC = earned income tax credit; SSI = Supplemental Security Income; TCJA = Tax Cuts and Jobs Act. The Food Stamps program was renamed in 2008 to the Supplemental Nutrition Assistance Program (SNAP).

How have expenditures by program and category changed over time?

Many of today's major programs did not exist in 1960.

Spending on children has increased since 1960 (in inflation-adjusted dollars) in all categories of spending, as many of today's major programs did not exist in 1960.

- In 1960, spending on children was concentrated almost entirely in **tax reductions** (the dependent exemption), **income security** (Social Security, Aid to Families with Dependent Children,[14] and Veterans Benefits), **education** (Impact Aid), and **nutrition** (child nutrition programs, specifically school lunch). Together, tax reductions and income security alone accounted for more than 90 percent of children's spending.
- **Health** outlays on children have risen dramatically, from $0.2 billion in 1960 to $132 billion in 2021, driven by the introduction and expansion of Medicaid and CHIP.
- **Nutrition** outlays have grown from $1.6 billion in 1960 to $102 billion in 2021.
- Federal outlays on **education** programs increased from $3 billion in 1960 to $44 billion in 2019 (data not shown). They jumped up in 2020 to $51 billion and 2021 to $77 billion because of temporary increases in COVID-19 relief funding for schools and other education programs.
- In 1960, no federal funds were spent on **child care and early education** or **social services** programs targeted to children, but outlays on these categories reached $26 billion and $17 billion, respectively, in 2021.
- Federal outlays on **housing** programs grew from low initial levels in 1960 to $9 billion in 2020 and $16 billion in 2021 because of federal pandemic relief provisions. Housing spending is projected to decline from its 2021 peak in the coming years.
- Outlays on youth **training programs** grew from $0 in 1960 to nearly $7 billion in 1980 and have since fallen dramatically to only $0.5 billion in 2021.
- The **refundable portion of tax credits** has grown from $0 in 1960 to $214 billion in 2021 with the introduction and expansion of the EITC and CTC and recent tax rate reductions. This category also includes $88 billion in expenditures in 2021 on pandemic-response economic impact payments to families with children.
- **Tax reductions** also have grown, fueled by growth in the children's share of the exclusion of employer-sponsored insurance and the CTC. However, the dependent exemption provided substantial benefits (close to $40 billion) only until 2019 when it was replaced by a temporary increase in the standard deduction for adults and expansion of the child credit.

[14] In 1997, Temporary Assistance for Needy Families (TANF) replaced Aid to Families with Dependent Children.

Table 2 Sources and Notes

Sources: Authors' estimates based primarily on Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2023* (Washington, DC: US Government Printing Office, 2022), and past years. For more source information, see the appendix.

Notes: See table 1 notes on page 22 for lists of programs included in other health, child nutrition, and other categories. The lists of programs cover those with funding in 2021; a few additional programs that no longer exist are included in the totals for earlier years. Other nutrition includes Commodity Supplemental Food.

NA = estimates not available.

* Less than $50 million. -- = program did not exist.

TABLE 2

Federal Expenditures on Children by Program, Selected Years, 1960–2021

Billions of 2021 dollars

	1960	1980	2000	2020	2021
1. Health	**0.2**	**8.2**	**39.9**	**122.3**	**131.7**
Medicaid	--	7.4	35.5	99.0	110.5
CHIP	--	--	1.8	16.3	15.1
Vaccines for Children	--	--	0.8	4.7	3.8
Other health	0.2	0.8	1.8	2.3	2.3
2. Nutrition	**1.6**	**24.4**	**33.4**	**72.4**	**101.7**
SNAP (formerly Food Stamps)	--	12.7	14.5	44.5	71.4
Child nutrition	1.6	9.9	13.7	23.2	25.7
Special Supplemental food (WIC)	--	1.7	5.2	4.7	4.6
Other nutrition	--	*	*	--	--
3. Education	**3.3**	**20.2**	**32.7**	**50.9**	**76.6**
Education Stabilization Fund	--	--	--	8.1	34.5
Education for the Disadvantaged (Title I, Part A)	--	9.0	12.8	16.3	16.1
Special education/IDEA	--	2.3	7.4	13.3	12.8
School Improvement	--	2.2	3.8	4.8	4.8
Indian Education	--	0.8	1.1	1.6	1.8
Impact Aid	1.8	1.9	1.3	1.5	1.5
Dependents' schools abroad	0.2	1.0	1.4	1.2	1.2
Other education	1.2	2.9	5.0	4.1	4.0
4. Income Security	**15.8**	**36.5**	**50.5**	**60.9**	**58.7**
Social Security	7.6	19.2	20.3	22.5	22.1
Temporary Assistance for Needy Families	5.2	11.9	17.2	13.7	12.3
Veterans Benefits	2.7	3.8	2.3	10.9	11.2
Supplemental Security Income	--	1.0	7.2	10.2	9.8
Child support enforcement	--	0.3	3.3	3.5	3.2
Other income security	0.3	0.3	*	*	*
5. Child Care and Early Education	**--**	**2.3**	**11.6**	**20.3**	**25.5**
Child Care and Development Fund	--	--	5.0	10.3	15.3
Head Start (including Early Head Start)	--	2.3	6.7	9.7	10.0
Other early education and care	--	--	--	0.3	0.3

	1960	1980	2000	2020	2021
6. Social Services	**--**	**5.0**	**11.6**	**13.7**	**17.1**
Foster care	--	0.8	6.5	5.3	5.4
Unaccompanied alien children	--	--	--	1.6	4.6
Adoption Assistance	--	--	0.2	3.4	3.3
Social Services Block Grant	--	3.5	1.4	1.0	1.0
Other social services	--	0.6	3.5	2.5	2.6
7. Housing	**0.3**	**3.0**	**9.0**	**9.4**	**15.8**
Section 8 low-income housing assistance	--	1.5	7.0	7.7	7.6
Emergency Rental Assistance	--	--	--	--	6.5
Other housing	0.3	1.5	2.0	1.7	1.6
8. Training	**--**	**7.0**	**1.6**	**0.9**	**0.5**
9. Refundable Portions of Tax Credits	**--**	**3.4**	**37.0**	**110.2**	**214.3**
Economic impact payments (stimulus checks)	--	--	--	18.8	87.9
Child tax credit	--	--	1.2	37.0	70.4
Earned income tax credit	--	3.4	35.8	52.2	50.6
Dependent care credit	--	--	--	--	3.1
Premium tax credit	--	--	--	1.2	1.6
Other refundable tax credits	--	--	--	0.9	0.6
10. Tax Reductions	**44.7**	**54.3**	**100.6**	**135.7**	**192.1**
Child tax credit (nonrefundable portion)	--	--	29.0	79.4	93.7
Economic impact payments (nonrefundable portion)	--	--	--	13.6	51.2
Exclusion for employer-sponsored health insurance	NA	4.4	14.9	27.4	30.0
Earned income tax credit (nonrefundable portion)	--	1.9	6.4	6.5	6.5
Dependent care credit (nonrefundable portion)	--	--	3.5	3.6	5.6
Dependent exemption	44.0	45.9	43.0	--	--
Other tax reductions	0.7	2.0	4.0	5.2	5.2
TOTAL EXPENDITURES ON CHILDREN	**66.0**	**164.2**	**328.0**	**596.7**	**834.0**
SUBTOTAL, OUTLAYS WITHOUT TAX REDUCTIONS (1–9)	**21.2**	**110.0**	**227.4**	**461.0**	**641.9**

How has the mix of federal cash support and in-kind benefits and services for children changed over time?

In 1965, cash payments and tax reductions were the main form of support for families with children. Since then, spending on in-kind benefits and services has grown and now accounts for nearly half of all expenditures on children.[16]

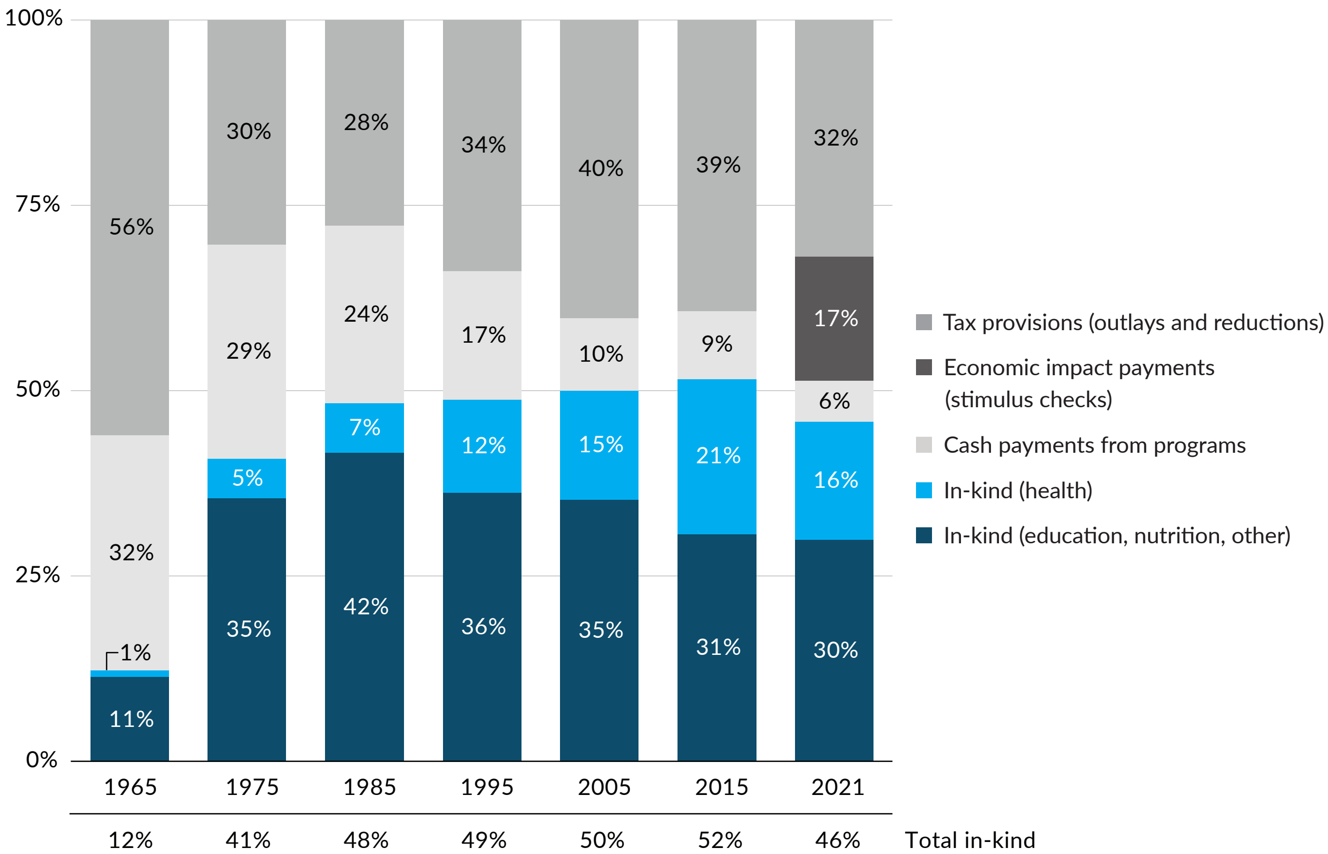
- In 1965, the federal government primarily supported children through **tax provisions** (specifically, the dependent exemption) and **cash payments** to parents on behalf of their children. Very few benefits were provided through noncash benefits, also known as in-kind supports.
- As new programs providing health, education, nutrition, and other in-kind benefits and services were introduced, noncash benefits became an increasingly important share of the supports provided to children.
    - » In-kind spending on **education, nutrition, and other nonhealth** services grew to 42 percent of all expenditures on children in 1985 but has fallen to 30 percent as of 2021.
    - » More recently, the growth in in-kind benefits had been driven by **health programs,** which grew to 21 percent of in-kind spending on children in 2015. This has temporarily fallen to 16 percent in 2021 because of large increases in pandemic-relief spending in other areas, specifically cash economic impact payments.
- In total, in-kind benefits and services (health, education, nutrition, and other) accounted for 46 percent of expenditures on children in 2021—much lower than the 52 percent share in 2015. This decrease is driven mainly by the increase in cash support from economic impact payments (stimulus checks) to families.
- The other 54 percent of support to children in 2021 was through **cash payments from programs** (6 percent), **pandemic-response economic impact payments** administered through the tax code (17 percent), and **tax provisions** (32 percent). Cash payments from programs have declined sharply, from 32 percent in 1965 to only 6 percent in 2021.

[16] This chart presents information for the middle of each decade to avoid a number of comparisons with recession years.

FIGURE 14

Federal Cash Benefits and Spending on In-Kind Services for Children, 1965–2021

Percentage of expenditures on children



In-kind benefits accounted for 46 percent of total expenditures on children in 2021.

Sources: Authors' estimates based primarily on Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2023* (Washington, DC: US Government Printing Office, 2022), and past years. For more source information, see the appendix.

Note: Numbers may not sum to totals because of rounding.

How targeted are expenditures to children in families with low incomes, and how has this changed over time?

The share of federal expenditures for children targeted to families with low incomes has generally grown over time, reaching 62 percent in 2015. However, with temporary pandemic-response funding, this share declined to 47 percent in 2021.[17]

- In 1965, most expenditures for children were distributed through the dependent exemption, Social Security, and other benefits generally available to all children regardless of family income—that is, through **universal programs and tax provisions.**

- The focus of children's spending shifted toward families with lower incomes as new programs such as food stamps (now called SNAP), Medicaid, and SSI were introduced to serve populations with low incomes. By 1985, more than half (55 percent) of total federal expenditures on children were on programs and tax provisions targeted to families with lower incomes.

- The share of child-related expenditures targeted to families with lower incomes through **income-targeted spending programs** and **income-targeted tax provisions** rose steadily to nearly two-thirds of total expenditures on children by 1995 before settling in between 55 and 65 percent.[18] In 2021, the share of federal expenditures on children that were income targeted fell to 47 percent—the lowest it has been since 1975.

- In 2021, expenditures through universal tax provisions increased significantly, accounting for 42 percent of federal expenditures on children. This increase is a result of temporary pandemic-related federal spending and legislation providing support to children and families—particularly economic impact payments paid out as stimulus checks. However, it follows the long-term trend toward providing cash benefits mainly through tax programs.

- Children in families with lower incomes may receive benefits from both universal and income-targeted programs. Some children in families with higher incomes also receive services from programs that are income targeted but phase out at fairly high incomes. A special *Kids' Share* analysis found that children in families with incomes below 200 percent of the federal poverty level received 70 percent of federal expenditures on children in 2009, a year when they represented 42 percent of the child population (Vericker et al. 2012).

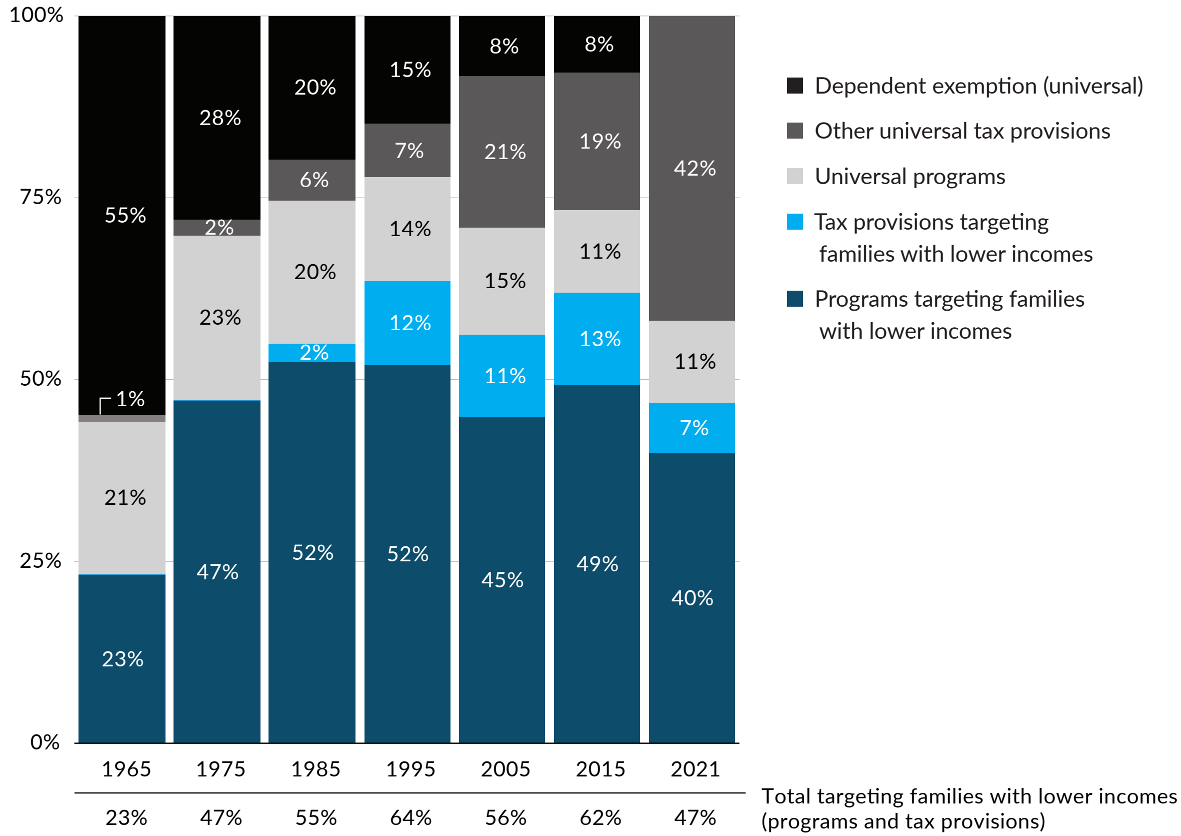
[17] This chart presents information for the middle of each decade to avoid a number of comparisons with recession years.

[18] The longer-term, prepandemic increase in spending on income-targeted programs is partly explained by the expansion of Medicaid and CHIP from narrower eligibility for people with low incomes to broader eligibility that includes people with closer-to-median incomes. For example, the median upper eligibility limit for children increased from 200 percent of the federal poverty level in 2006 to 255 percent in 2016. Programs with higher-income limitations are hard to classify in a dichotomous choice between income-targeted and universal. Our analysis treats the premium tax credit for purchases of health insurance on an exchange as targeted to families with lower incomes and the CTC as universal; further information on how we classified each program is provided in the *Data Appendix to Kids' Share 2022* (Casas et al. 2022).

FIGURE 15

Income Targeting of Federal Children's Programs and Tax Provisions, 1965–2021

Percentage of expenditures on children



In 2021, more than half of children's programs were generally available to all children regardless of family income.

Sources: Authors' estimates based primarily on Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2023* (Washington, DC: US Government Printing Office, 2022), and past years. For more source information, see the appendix.

Note: Numbers may not sum to totals because of rounding.

Which categories of expenditures on children (e.g., nutrition, education) are projected to decline over time?

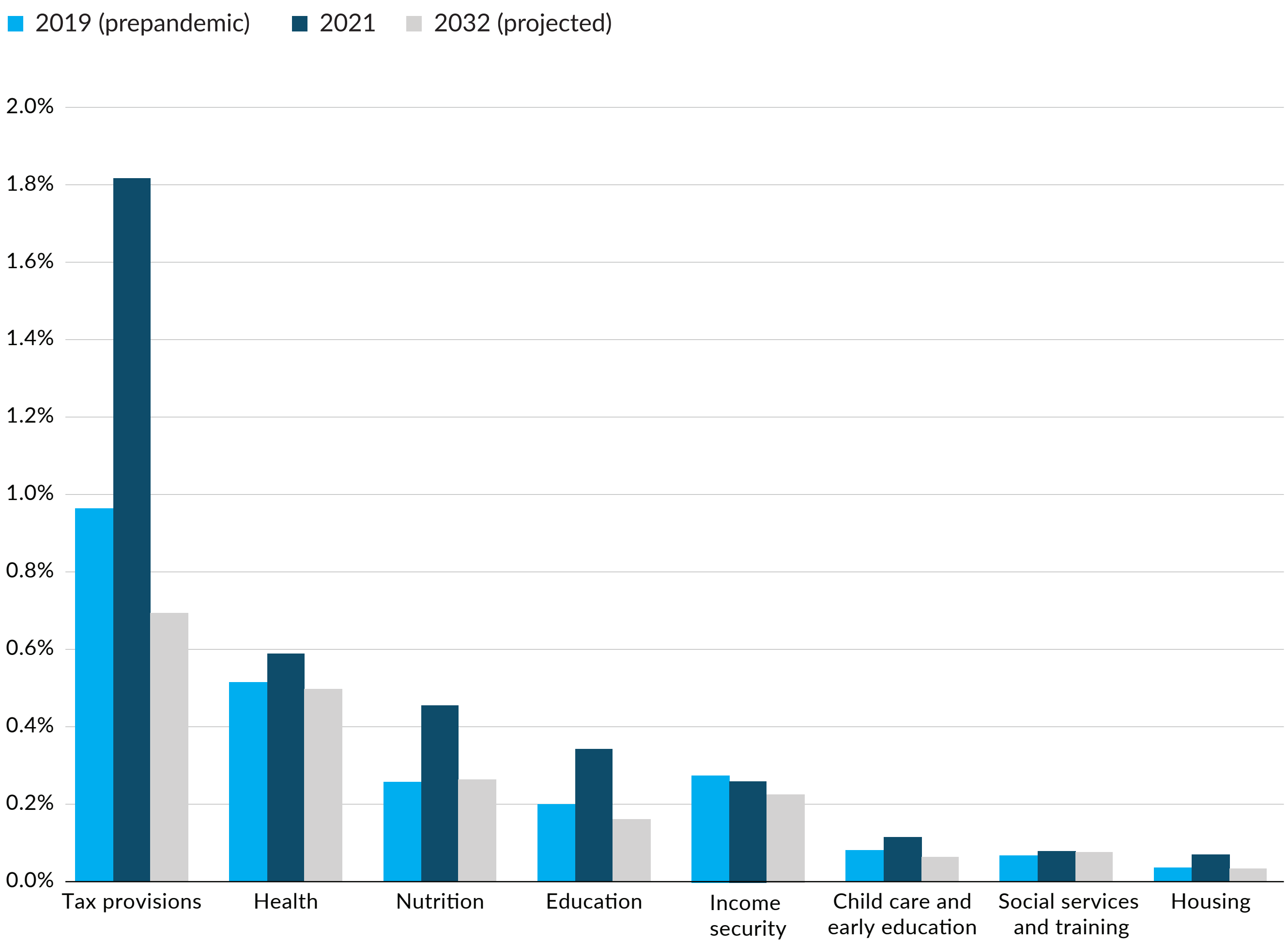
Over the next decade, all categories of spending on children are expected to decline as a share of GDP relative to 2021, when spending was high in response to the pandemic. Spending as a share of GDP is also projected to decline relative to prepandemic levels in 2019 for all categories, except nutrition, social services, and training.

Spending could decline as a share of GDP while staying flat or even rising in real dollars because of the strong growth in GDP projected between 2021 and 2032 (from $22 to $28 trillion, in inflation-adjusted dollars), as shown in table 3.

- Outlays on children's **health** programs are projected to rise by $7 billion (5 percent) in real dollars over the next decade. As noted earlier, real growth in health spending is driven by economy-wide increases in health care costs. As a share of GDP, children's health spending in 2032 will fall below its 2021 level and also slightly below prepandemic levels in 2019.
- Outlays on **income security** and **social services and training** are expected to rise slightly in real dollars but remain similar as a share of GDP over the next decade. Income security spending as a share of GDP will decline less than other categories because some benefits are automatically adjusted for inflation (e.g., survivors' and dependents' benefits under Social Security and disabled children's benefits under SSI).
- Outlays on all other categories of programs are projected to decline or remain at the same level in real dollars and decline relative to GDP over the next decade as pandemic-related spending measures wind down and other priorities take up an increasing share of the budget. Declining categories include spending on **nutrition** (e.g., SNAP and school lunch and breakfast programs), K–12 **education** (e.g., Title 1 and special education), **child care and early education** programs (e.g., Head Start and child care assistance), and **housing** (e.g., Section 8 and public housing). Many of these are discretionary programs subject to the annual appropriations process and face long-term budgetary pressures from growing entitlement spending and rising interest payments. Compared with prepandemic levels from 2019, 2032 spending for these categories increases or remains similar in real dollars but falls slightly or is constant as a share of GDP.
- Compared with 2021 as well as 2019, expenditures through **tax provisions** decline in the future both in real dollars and relative to GDP. The American Rescue Plan's temporary increase of the CTC and the economic impact payments (stimulus checks) program both are scheduled to end by 2022, and other changes to the CTC and dependent exemption expire after 2025.

FIGURE 16

Federal Expenditures on Children as a Share of GDP, by Category, 2019, 2021, and 2032



Sources: Authors' estimates based primarily on Congressional Budget Office, *The Budget and Economic Outlook: 2022 to 2032* (Washington, DC: Congressional Budget Office, 2022); Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2023* (Washington, DC: US Government Printing Office, 2022); and past years. For more source information, see the appendix.

Note: Projections reflect current law as of April 8, 2022, and economic developments through March 2, 2022.

All categories of spending on children are projected to decline relative to GDP.

Most categories of spending on children are also projected to decline or remain similar in real dollars.

TABLE 3

Federal Expenditures on Children in Selected Years, by Category

	As a Share of GDP			Billions of 2021 Dollars		
Category of spending	**2019**	**2021**	**2032 (projected)**	**2019**	**2021**	**2032 (projected)**
Health	0.51%	0.59%	0.50%	113	132	139
Nutrition	0.26%	0.45%	0.26%	57	102	74
Education	0.20%	0.34%	0.16%	44	77	46
Income security	0.28%	0.26%	0.23%	61	59	63
Child care and early education	0.08%	0.11%	0.06%	18	26	18
Social services and training	0.07%	0.08%	0.08%	15	18	22
Housing	0.04%	0.07%	0.04%	8	16	10
Refundable portions of tax credits	0.42%	0.96%	0.24%	93	214	67
Tax reductions	0.54%	0.86%	0.45%	119	192	127
Total expenditures	**2.40%**	**3.73%**	**2.02%**	**527**	**834**	**565**
Total outlays (all but tax reductions)	**1.85%**	**2.87%**	**1.57%**	**408**	**642**	**438**

Sources: Authors' estimates based primarily on Congressional Budget Office, *The Budget and Economic Outlook: 2022 to 2032* (Washington, DC: Congressional Budget Office, 2022); Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2023* (Washington, DC: US Government Printing Office, 2022); and past years. For more source information, see the appendix.

Notes: Numbers may not sum to totals because of rounding. Projections reflect current law as of April 8, 2022, and economic developments through March 2, 2022.

APPENDIX. METHODS

Estimating the portion of government spending on children requires making assumptions and decisions about how to classify and allocate federal, state, and local spending and tax data. First, we identify programs that directly benefit children or households with children. Second, we collect expenditure data from federal sources, particularly the Office of Management and Budget's *Budget of the United States Government* for fiscal year 2023 (OMB 2022a–d) and prior years, drawing on its *Appendix* volume for information on spending and the *Analytical Perspectives* volume for tax reductions. We estimate the share of each program's spending that directly benefits children. These methodological steps are described below, followed by a discussion of methods for estimating spending on older adults, state and local estimates, future projections (where we rely heavily on Congressional Budget Office projections), and methodological changes made in this year's report. Further details regarding methods are available in the *Data Appendix to Kids' Share 2022* (Casas et al. 2022).

DEFINING AND IDENTIFYING PROGRAMS BENEFITING CHILDREN

Like all budget exercises that allocate spending to categories, defining spending that goes to children is a complex task that could be calculated using different methodologies. Each dollar spent on a particular program must be determined to go to a particular recipient. This task is relatively straightforward for programs that spend directly on children—elementary education is a simple example. But for programs that serve both children and adults, discerning who benefits from spending is more difficult. For example, how should one determine the amount of refundable tax credits, such as the EITC, distributed to adults rather than children? Calculating spending on children and comparing data over time require a concrete and consistent set of rules and assumptions.

To be included in this analysis, a program (as a whole or in part) must meet at least one of the following criteria:

- Benefits or services are provided entirely to children (e.g., K–12 education programs, Head Start) or serve all age groups but deliver a portion of benefits directly to children (e.g., SSI payments for children with disabilities, Medicaid services for children).
- Family benefit levels increase with family size (e.g., SNAP, low-rent public housing).
- Children are necessary for a family to qualify for any benefits (e.g., TANF and CTC).

Therefore, some services that may benefit children are excluded from our calculations because they do not directly rely on the presence of a child. For example, unemployment insurance and some tax benefits for homeownership may benefit children, but because being a child or having a child are not prerequisites for these services, and because having a child does not result in any additional direct monetary benefit, they do not meet the criteria for inclusion in our analysis. Additionally, we do not include programs generally classified as public goods that provide benefits to the general population, such as roads, communications, national parks, defense, and environmental protection.

In reporting federal expenditures on children, our most comprehensive measure includes *tax reductions* (e.g., reduced tax liabilities as a result of the CTC, the dependent exemption, or other provisions in the tax code) as well as *outlays* from the refundable portion of tax credits and programs such as Medicaid, child nutrition programs, and education programs. In other places, we focus solely on budget outlays for children, such as when we report the share of total federal outlays spent on children. Some tax provisions are included in our estimates as outlays: the portions of the EITC and CTC paid out to families as a tax refund (and treated in our estimates as outlays rather than as reductions in tax liabilities), as well as the outlay portions of smaller tax provisions (e.g., outlays associated with Qualified Zone Academy Bonds). The division of tax subsidies between outlays (for the refundable portion of credits) and tax reductions (for the nonrefundable portion) adheres to standard budget accounting practices used by the Office of Management and Budget, Department of the Treasury, and Joint Committee on Taxation.

COLLECTING EXPENDITURE DATA

Expenditure data on program outlays largely come from the *Appendix*, *Budget of the United States Government*, *Fiscal Year 2023* (and prior years). The *Analytical Perspectives* volume of the budget provides tax expenditure data. For programs not included in the *Appendix*, we obtain expenditure data from the relevant agencies' budgetary documents or their representatives. In this report, all budget numbers represent fiscal years, and we have expressed them in 2021 dollars unless otherwise noted.

CALCULATING THE SHARE OF PROGRAM SPENDING ON CHILDREN

Some programs exclusively spend on children, while others benefit the general population regardless of age. We calculate each program's share of spending going to children in one of the following ways:

- For programs that serve children only, we assume 100 percent of program expenditures (including benefits and associated administrative costs) go to children.
- For programs that directly serve people of different ages (e.g., Medicaid, SSI), we determine the percentage of program expenditures that goes to children.
- For programs that provide benefits only to households with children, with the amount of benefits determined by the number of children (e.g., CTC, dependent exemption), we consider 100 percent of program expenditures as going to children.
- For other programs that provide families benefits without any delineation of parents' and children's shares, we generally estimate a children's share based on the number of children and adults in the family, assuming equal benefits per capita within the family (e.g., TANF and SNAP).

For large programs, such as SNAP, Medicaid, and SSI, we put significant effort into correctly estimating the share of spending that goes to children. In some cases, programs publicly release administrative data on spending on children, but we must occasionally contact federal agency staff directly to obtain participation data. Using the best data available, we then calculate spending on children. When program data are unavailable, other Urban Institute researchers provide carefully crafted estimates using, for example, the Urban Institute's Transfer Income Model, Health Insurance Policy Simulation Model, and the Urban-Brookings Tax Policy Center Microsimulation Model. In some cases, we scour government websites or contact federal agency staff directly to obtain program participation information.

METHODS FOR SPENDING ON OLDER ADULTS

Although *Kids' Share* focuses on federal expenditures on children, we also have developed rough estimates of spending on older adults, namely, spending in 16 programs: Social Security, Medicare, Medicaid, SSI, SNAP, Veterans Benefits, Railroad Retirement, unemployment compensation, federal civilian retirement, Military Retirement, Special Benefits for Disabled Coal Miners, veterans' medical care, annuitants' health benefits, housing, the Administration for Community Living (previously the Administration of Aging), and the Low Income Home Energy Assistance Program. For 2020 and 2021, we also include spending on Economic Impact Payments (pandemic-related stimulus checks) administered through the tax code. As with our methodology for children, we estimate the share of the program that goes to older adults; for example, we subtract spending on children and adults ages 18 to 64 to estimate older adults' share of spending for Social Security, Medicare, and Medicaid. However, except in estimates denoted as spending on "older adults" or "seniors," our estimates for adult portions of Social Security, Medicare, and Medicaid include all spending on people ages 19 and older.

METHODS FOR STATE AND LOCAL ESTIMATES

Although this report focuses on federal expenditures on children, it also estimates state and local spending on children from 1998 to 2019. Estimates for 1998 to 2008 are drawn from the Rockefeller Institute of Government's State Funding for Children Database, as described by Billen and colleagues (2007); estimates for 2009 forward are by the *Kids' Share* authors. Both sets of estimates focus on state and local expenditures for K–12 education, state EITCs, and several joint federal-state programs (Medicaid, CHIP, Maternal and Child Health Block Grants, TANF, child support enforcement, child care, and several child welfare programs). Data sources for the 2009–19 estimates include the US Census Bureau's Annual Survey of School System Finances, unpublished tabulations of Medicaid claims (MSIS data), the websites and reports of various federal agencies, and information from the IRS compiled by the Urban-Brookings Tax Policy Center. We estimated shares of spending on children for Medicaid, TANF, and CHIP; the other state programs were programs that could be assumed to spend 100 percent on children (i.e., child care, child welfare, CHIP).

METHODS FOR PROJECTIONS

To estimate future trends in spending on children, we primarily use the Congressional Budget Office's *The Budget and Economic Outlook: 2022 to 2032* (CBO 2022). These May 2022 budget projections reflect current law as of April 8, 2022, and economic developments through March 2, 2022. They generally assume no change in tax and spending laws after April 8th. For projecting expenditures under tax provisions, we turn to the Urban-Brookings Tax Policy Center Microsimulation Model for major tax provisions and the Office of Management and Budget's projections in *Analytical Perspectives* for smaller tax provisions. The projection methodology differs depending on whether a program is mandatory, discretionary, or a tax reduction.

In the mandatory spending area, the CBO baseline projections assume a continuation of current law, except that certain expiring programs that have been continually reauthorized in the past are also assumed to continue. In general, for programs serving both children and adults, we assume that the share of spending directed to children for each program will remain constant from 2022 to 2032. However, we use the CBO's detailed projections by age group for Medicaid, Social Security, and SSI. We also assumed the share of spending going to children in two programs (SNAP and child nutrition) would be higher in 2020–22 because of temporary pandemic-response funding and then would revert to the share before the pandemic.

For discretionary spending, with spending set by appropriations actions annually, the CBO traditionally uses a baseline assumption that spending is kept constant in real terms—that is, spending is based on the most recent year's appropriation, adjusted for inflation. However, in its May 2022 projections, the CBO made an exception for the pandemic-response emergency funding, assuming it would not continue in future years. Our statements about future spending generally focus on spending as a whole and in broad categories, such as health and education, or types of spending, such as mandatory and discretionary given the tentative nature of budget projections.

The Urban-Brookings Tax Policy Center Microsimulation Model provides 10-year projections for major children's tax provisions including the CTC, EITC, dependent exemption, economic impact payments (stimulus checks), and child and dependent care credit. These projections are made assuming continuation of current law. For all other, smaller tax provisions, we use the five-year projections from *Analytical Perspectives* and then apply the projections' average growth rate to the following five years.

MAJOR CHANGES SINCE LAST YEAR

We added four new programs to our estimates of spending on children: the Community Mental Health Services Block Grant, Unaccompanied Refugee Minors Program, Emergency Connectivity Fund, and Students, Teachers, and Officers Preventing (STOP) school violence program. We newly identified these as children's programs this year and incorporated their historical, current, and future expenditures on children in our estimates. The Community Mental Health Services Block Grant increases our estimates of health spending on children; the Unaccompanied Refugee Minors Program increases our estimates of social services spending on children; and the Emergency Connectivity Fund and STOP school violence program increase our estimates of education spending on children. We also stopped tracking children's spending on the Youth Offender Grants for 2021 and later years because the amount fell below our $50 million threshold for inclusion.

REFERENCES

Billen, Patricia L., Donald Boyd, Lucy Dadayan, and Thomas Gais. 2007. *State Funding for Children: Spending in 2004 and How It Changed from Earlier Years*. Albany, NY: Nelson A. Rockefeller Institute of Government.

Bruner, Charles, and Kay Johnson. 2018. *Federal Spending on Prenatal to Three: Developing a Public Response to Improving Developmental Trajectories and Preventing Inequities*. Washington, DC: Center for the Study of Social Policy.

Carasso, Adam, C. Eugene Steuerle, and Gillian Reynolds. 2007. *Kids' Share 2007: How Children Fare in the Federal Budget*. Washington, DC: Urban Institute.

Carasso, Adam, C. Eugene Steuerle, Gillian Reynolds, Tracy Vericker, and Jennifer Macomber. 2008. *Kids' Share 2008: How Children Fare in the Federal Budget*. Washington, DC: Urban Institute.

Casas, Michelle, Hannah Daly, Cary Lou, Elaine Maag, Heather Hahn, and C. Eugene Steuerle. 2022. *Data Appendix to Kids' Share 2022: Report on Federal Expenditures on Children through 2021 and Future Projections*. Washington, DC: Urban Institute.

CBO (Congressional Budget Office). 2022. The Budget and Economic Outlook: 2022 to 2032. Washington, DC: CBO.

Clark, Rebecca L., Rosalind Berkowitz King, Christopher Spiro, and C. Eugene Steuerle. 2000. *Federal Expenditures on Children: 1960–1997*. Assessing the New Federalism Occasional Paper 45. Washington, DC: Urban Institute.

Committee for a Responsible Federal Budget. 2017. "Budgeting for the New Generation: A New Series on Children and the Federal Budget." Washington, DC: Committee for a Responsible Federal Budget.

Creamer, John, Emily A. Shrider, Kalee Burns, and Frances Chen. 2022. Poverty in the United States: 2021. Washington, DC: US Census Bureau.

Edelstein, Sara, Heather Hahn, Julia Isaacs, Ellen Steele, and C. Eugene Steuerle. 2016. *Kids' Share 2016: Federal Expenditures on Children through 2015 and Future Projections*. Washington, DC: Urban Institute.

Edelstein, Sara, Julia Isaacs, Heather Hahn, and Katherine Toran. 2012. *How Do Public Investments in Children Vary with Age? A Kids' Share Analysis of Expenditures in 2008 and 2011 by Age Group*. Washington, DC: Urban Institute.

First Focus. 2021. *Children's Budget 2021*. Washington, DC: First Focus.

GAO (Government Accountability Office). 2021. *State and Local Governments: Fiscal Conditions During the COVID-19 Pandemic in Selected States* (GAO-21-562). Washington, DC: GAO.

Hahn, Heather, Ian Hill, Brigette Courtot, and Emily Burroughs. 2021. *How Might State Responses to the Pandemic Affect the Safety Net?* Washington, DC: Urban Institute.

Hahn, Heather, Julia Isaacs, Sara Edelstein, Ellen Steele, and C. Eugene Steuerle. 2014. *Kids' Share 2014: Report on Federal Expenditures on Children through 2013*. Washington, DC: Urban Institute.

Hahn, Heather, Cary Lou, Julia B. Isaacs, Eleanor Lauderback, Hannah Daly, and C. Eugene Steuerle. 2021. *Kids' Share 2021: Report on Federal Expenditures on Children through 2020 and Future Projections*. Washington, DC: Urban Institute.

Hahn, Heather, Cary Lou, Julia B. Isaacs, and Joycelyn Ovalle. 2017. *Spending on Children Ages 8 and Younger*. Washington, DC: Urban Institute.

Hoynes, Hilary W., and Diane Whitmore Schanzenbach. 2018. "Safety Net Investments in Children." Berkeley, CA: Brookings Papers on Economic Activity.

Isaacs, Julia. 2017. *Unequal Playing Field? State Differences in Spending on Children in 2013*. Washington, DC: Urban Institute.

Isaacs, Julia B., Sara Edelstein, Heather Hahn, Ellen Steele, and C. Eugene Steuerle. 2015. *Kids' Share 2015: Report on Federal Expenditures on Children through 2014*. Washington, DC: Urban Institute.

Isaacs, Julia B., Sara Edelstein, Heather Hahn, Katherine Toran, and C. Eugene Steuerle. 2013. *Kids' Share 2013: Report on Federal Expenditures on Children through 2013*. Washington, DC: Urban Institute.

Isaacs, Julia B., Heather Hahn, C. Eugene Steuerle, Stephanie Rennane, and Tracy Vericker. 2011. *Kids' Share 2011: Report on Federal Expenditures on Children through 2009*. Washington, DC: Urban Institute and Brookings Institution.

Isaacs, Julia B., Cary Lou, Heather Hahn, Ashley Hong, and C. Eugene Steuerle. 2018. *Kids' Share 2018: Report on Federal Expenditures on Children through 2017 and Future Projections*. Washington, DC: Urban Institute.

Isaacs, Julia B., Cary Lou, Heather Hahn, Eleanor Lauderback, and Caleb Quakenbush. 2019. *Public Spending on Infants and Toddlers in Six Charts*. Washington, DC: Urban Institute.

Isaacs, Julia B., Cary Lou, Heather Hahn, Joycelyn Ovalle, and C. Eugene Steuerle. 2017. *Kids' Share 2017: Report on Federal Expenditures on Children through 2016 and Future Projections*. Washington, DC: Urban Institute.

Isaacs, Julia B., Cary Lou, and Ashley Hong. 2017. "How Would Spending on Children Be Affected by the Proposed 2018 Budget? A Kids' Share Analysis of the Presidents' 2018 Budget." Washington, DC: Urban Institute.

Isaacs, Julia B., Cary Lou, and Eleanor Lauderback. 2020a. "How Would the President's Proposed 2021 Budget Affect Spending on Children?" Washington, DC: Urban Institute.

———. 2020b. "Children's Programs Receive Smaller Increase Than Other Programs in 2020 Labor–HHS–Education Act: A Kids' Share Analysis." Washington, DC: Urban Institute.

Isaacs, Julia B,, C. Eugene Steuerle, Stephanie Rennane, and Jennifer Macomber. 2010. *Kids' Share 2010: Report on Federal Expenditures on Children through 2009*. Washington, DC: Urban Institute and Brookings Institution.

Isaacs, Julia B., Katherine Toran, Heather Hahn, Karina Fortuny, and C. Eugene Steuerle. 2012. *Kids' Share 2012: Report on Federal Expenditures on Children through 2011*. Washington, DC: Urban Institute.

Isaacs, Julia B., Tracy Vericker, Jennifer Macomber, and Adam Kent. 2009. *Kids' Share: An Analysis of Federal Expenditures on Children through 2008*. Washington, DC: Urban Institute.

Kent, Adam, Jennifer Ehrle Macomber, Julia Isaacs, Tracy Vericker, and Elizabeth H. Bringewatt. 2010. *Federal Expenditures on Pre-Kindergartners and Kindergartners in 2008 (Ages 3 through 5)*. Washington, DC: Urban Institute.

Lou, Cary, Julia B. Isaacs, and Ashley Hong. 2018. "How Would Spending on Children Be Affected by the Proposed 2019 Budget? A Kids' Share Analysis." Washington, DC: Urban Institute.

Macomber, Jennifer, Julia Isaacs, Tracy Vericker, and Adam Kent. 2010. "Public Investment in Children's Early and Elementary Years (Birth to Age 11)." Washington, DC: Urban Institute.

Macomber, Jennifer, Julia Isaacs, Tracy Vericker, Adam Kent, and Paul Johnson. 2009. *Federal Expenditures on Infants and Toddlers in 2007*. Washington, DC: Urban Institute.

OMB (Office of Management and Budget). 2022a. *Analytical Perspectives, Budget of the United States Government, Fiscal Year 2023*. Washington, DC: US Government Printing Office.

———. 2022b. *Appendix, Budget of the United States Government, Fiscal Year 2023*. Washington, DC: US Government Printing Office.

———. 2022c. *Budget of the United States Government, Fiscal Year 2023*. Washington, DC: US Government Printing Office.

———. 2022d. *Historical Tables, Budget of the United States Government, Fiscal Year 2023*. Washington, DC: US Government Printing Office.

Rohacek, Monica, Erica Greenberg, and Meg Massey. 2016. "The State of the Science on Early Childhood Interventions: Pay for Success Early Childhood Education Toolkit Report #1." Washington, DC: Urban Institute.

Vericker, Tracy, Julia Isaacs, Heather Hahn, Katherine Toran, and Stephanie Rennane. 2012. *How Targeted Are Federal Expenditures on Children? A Kids' Share Analysis of Expenditures by Income in 2009*. Washington, DC: Urban Institute and Brookings Institution.

Vericker, Tracy, Jennifer Macomber, Julia Isaacs, Adam Kent, and Elizabeth H. Bringewatt. 2010. *Federal Expenditures on Elementary-Age Children in 2008 (Ages 6 through 11)*. Washington, DC: Urban Institute.

Wheaton, Laura, Linda Giannarelli, and Ilham Dehry. 2021. *2021 Poverty Projections: Assessing the Impact of Benefits and Stimulus Measures*. Washington, DC: Urban Institute.

ABOUT THE AUTHORS

CARY LOU

Cary Lou is a research associate in the Center on Labor, Human Services, and Population, focusing on policies impacting children and quantitative data and analyses.

HEATHER HAHN

Heather Hahn is associate vice president and a senior fellow in the Center on Labor, Human Services, and Population. Throughout her career, Hahn has conducted nonpartisan research on the wide range of issues related to the well-being of children and families, including cash assistance, nutrition assistance, and other supports for families with low incomes. She is coprincipal investigator for Urban's *Kids' Share* analyses of public spending on children.

ELAINE MAAG

Elaine Maag is a senior fellow in the Urban-Brookings Tax Policy Center at the Urban Institute. She is an expert on the taxation of low- and middle-income families. Her work examines the interactions between tax and transfer programs, the impact of cash supports, and the administration of tax and spending programs. Before joining Urban, Maag worked at the Internal Revenue Service and Government Accountability Office as a presidential management fellow. She has advised congressional and administration staff on the taxation of families with children, higher education incentives in the tax code, and work incentives in the tax code. She was a member of the National Academy of Social Insurance panels on assured income and paid family and medical leave programs. She serves on the board of The Commonwealth Institute (Virginia) and Humanity Forward's bipartisan policy council.

HANNAH DALY

Hannah Daly is a research analyst in the Center on Labor, Human Services, and Population. Her work centers on a range of issues surrounding children and families, and her research interests include racial equity centered policy and community development.

MICHELLE CASAS

Michelle Casas is a research assistant in the Center on Labor, Human Services, and Population, primarily ocused on research into child care and early education. Her research interests include early childhood education, immigrant families, and supporting the well-being of low-resourced families.

C. EUGENE STEUERLE

C. Eugene Steuerle, institute fellow, Richard B. Fisher chair at the Urban Institute, and cofounder of the Tax Policy Center, is the originator of Urban's *Kids' Share* analyses of public spending on children. He has held numerous leadership positions within and outside of government related to budget and tax analysis and other economic policies. Steuerle is the author, coauthor, or coeditor of 18 books, including *Dead Men Ruling*, *Nonprofits and Government* (3rd edition), *Contemporary US Tax Policy* (2nd edition), and *Advancing the Power of Economic Evidence to Inform Investments in Children, Youth, and Families*.

STATEMENT OF INDEPENDENCE

500 L'Enfant Plaza SW Washington, DC 20024
www.urban.org