RESEARCH REPORT

Kids' Share 2024

Report on Federal Expenditures on Children through 2023 and Future Projections

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Glossary

Children. People from birth through age 18.

Expenditures. Includes both outlays and tax reductions.

Discretionary spending. Expenditures set by appropriations acts; policymakers decide most appropriations on a periodic and usually annual basis; none have the permanency of mandatory programs and many tax reductions. In recent years, discretionary spending has been constrained by spending caps set separately for defense and nondefense discretionary spending.

Mandatory spending. Expenditures governed by programmatic rules and not constrained by annual appropriations acts; it includes spending on entitlement programs and other programs designated by the Congressional Budget Office (CBO) as mandatory spending, as well as the refundable portion of tax credits.

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

Outlays. Direct spending from federal programs as well as the portions of refundable tax credits that exceed income tax liability and are included in families' annual tax refunds.

Real or **2023 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 2023 dollars unless otherwise noted.

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

Spending on children. Expenditures from both outlay 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. (See appendix for details on methods.)

Tax reductions. Reductions in families' net income tax liabilities (and revenue losses to the federal government) resulting from tax exclusions, exemptions, deductions, and credits that benefit specific activities or groups of taxpayers. These provisions include the portions of tax credits that reduce what families owe in income taxes.

Executive Summary

Public spending on children usually represents an effort to invest in the nation's future. Though this report does not examine the relative efficacy of different programs, 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 (Maag et al. 2023).

To inform policymakers, children's advocates, and the general public about how public funds are spent on children (from birth through age 18), this 18th edition of the annual *Kids' Share* report provides a new analysis of federal expenditures on children from 1960 to 2023. It reveals how public expenditures shifted in response to the COVID-19 pandemic and how federal expenditures on children are projected to unfold over the next decade under current law.

Here are a few highlights of the report:

- Federal expenditures per child were about $8,990 in 2023, continuing the steep decline since the pandemic-related high reached in 2021. Most of the temporary relief funding had been spent down by 2023, and federal expenditures on children are projected to level off in 2024 (page 5).
- COVID-19 relief bills expanded assistance to children through dozens of programs or expansions that were largely temporary. Expenditures for children through tax provisions and social services, training, and housing programs peaked in 2021 before falling in 2022 and again in 2023. Between 2022 and 2023, federal tax expenditures benefiting children declined most sharply as emergency response measures expired. Spending also declined sharply in nutrition and more modestly in education. The drops were partially offset by increases in spending on health. Changes in other categories of spending on children were relatively small (page 7).
- Despite declining in total value, tax provisions remained the largest category of federal support for children in 2023, accounting for nearly one-third of all federal expenditures on children. Health, education, nutrition, 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 (page 12).

- State and local outlays on children increased a bit from $11,780 per child in 2019 to $11,880 per child in 2021, defying early expectations that declining revenues would lead state and local governments to cut spending during the pandemic (page 15).
- The $567 billion invested in children in 2023 equaled about 9 percent of all federal outlays. Under laws in place as of May 12, 2024, the children's share of federal outlays is projected to decline to 6 percent in 2034, as budgetary pressure from growing entitlement spending on adults and interest on the national debt threatens to crowd out other priorities (page 22).
- Interest payments on the national debt are projected to grow as a share of federal outlays, from 11 percent in 2023 to 17 percent by 2034, under laws in place as of May 12, 2024. This reflects a higher national debt and continued high interest rates (page 24; also see CBO 2024b).
- While federal outlays for children grew during the pandemic, other budget priorities grew even more. Total federal outlays during the pandemic grew from about 20 percent of gross domestic product (GDP) to a post–World War II high of more than 30 percent of GDP before falling to 25 percent of GDP in 2022 and 23 percent in 2023. Outlays on children grew from around 1.8 percent of GDP prepandemic to 2.7 percent in 2021 and declined to 2.1 percent in 2023 (page 25).
- By 2034, all categories of expenditures on children as a share of GDP are projected to decline below current levels, and all except health are also projected to decline below prepandemic levels (page 43).

Errata

This report was corrected on October 4, 2024. In a previous version, figures 7 and 8 were identical; figure 7 now shows the correct chart.

Kids' Share 2024

Introduction

Public expenditures on children ideally 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 health care; investments in early education and public schools promote learning and opportunity. Public investments in these areas often have a positive long-run payoff in children's lives (Rohacek, Greenberg, and Massey 2016). The largest payoffs for specific programs occur in children's health, child care, early education, and K–12 education, with some studies estimating that each dollar invested returns $10 or more for society in some programs (Maag et al. 2023). Public and private investments in children today can benefit the nation and improve the quality and strength of tomorrow's workforce and economy, more than paying for themselves over time by increasing future tax revenues and reducing future government expenditures (Maag et al. 2023).

Increased understanding of how childhood circumstances affect lifelong outcomes has at times 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 expenditures on children each year.[1] How our government spends money, and who benefits from that spending, reflects our national priorities. Knowing which programs have the most expenditures 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—not only between spending on children and other priorities, but also among the children's programs themselves.

The COVID-19 pandemic and response rapidly and dramatically altered the economy. Congress temporarily increased government expenditures, with far-reaching consequences. During the height of the pandemic in 2020 and 2021, multiple federal fiscal relief bills and a robust state-level response provided unprecedented new funding. Conditions for many children and their families improved significantly (Wheaton, Giannarelli, and Dehry).[2] Using a measure of poverty that 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 (Shrider and Creamer 2023).[3] This *Kids' Share* 2024 report provides an updated view of public expenditures through 2023, after much of the governmental response to the COVID-19 pandemic had subsided. Looking forward, long-standing budgetary pressures from scheduled growth in entitlements and payments on the national debt contrast with little or no scheduled growth in children's spending after 2024 in Congressional Budget Office (CBO) projections.

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 2034 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; Isaacs, Lou, and Lauderback 2020a–b; Lou, Isaacs, and Hong 2018),[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, while journalists and political commentators frequently 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 expenditures 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, the 18th in the annual series, quantifies federal expenditures from 1960 to 2023 and projections through 2034. The report is divided into four major sections:

1. **Federal Expenditures on Children during and Following the Pandemic,** highlighting changes in federal expenditures from 2019 to 2023 and future projections.

2. **Recent Federal, State, and Local Expenditures on Children,** focusing on the level and composition of expenditures on children in 2023 and recent years from federal, state, and local governments.
3. **Broad Trends in Federal Spending,** comparing past, present, and projected future spending on children with spending on defense, spending on adults for health and retirement programs, interest payments on the debt, and other federal budget priorities. This section also compares spending per person on children and older adults.
4. **A Closer Look at Trends in Federal Expenditures on Children**, examining such issues as historical spending on children by category and program and projected growth or decline in specific categories of spending on children (e.g., health, education, and tax provisions) through 2034.

Calculating current expenditures on children requires making multiple estimates not available in traditional budget accounts. These estimates rely on other detailed data sources, combined with reasonable assumptions. Projecting spending into the future requires even more assumptions—in this case, based largely on CBO June 2024 projections reflecting tax and spending laws in place as of May 12, 2024. Our methodology for developing estimates is summarized in a short appendix to this report. To facilitate comparisons over time, past and future expenditures are reported in real dollars (inflation adjusted to 2023 levels), as a percentage of the economy (percentage of GDP), or as a percentage of the federal budget.

BOX 1

Projecting Current Law

Expenditures for future years in *Kids' Share* are based on the CBO's June 2024 baseline budget projections, which reflect legislation and regulations enacted through May 12, 2024, and economic developments reflected in its June 2024 baseline. For projections of total discretionary spending, the CBO assumes spending will be maintained, with adjustments for inflation going forward, except for pandemic relief spending and for any sequesters that might be in place. Otherwise, these projections generally assume no change in tax and spending laws after May 12—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, there was no way for the 10-year projections made in prior years' reports to anticipate the pandemic's effects.

Federal Expenditures on Children during and Following the Pandemic

In this section, we describe public expenditures on children in the current period, which includes the run-up to the COVID-19 pandemic and the years that follow. We focus on how spending on children grew rapidly in response to the pandemic and related economic disruptions, peaked in 2021, fell substantially in 2022 and again in 2023, and is projected to decline more slowly in coming years. In addition to the discussion of the pandemic in this section, the pandemic's impacts are also evident in later sections of this report, such as figure 9 showing longer-term trends on spending as a share of the economy. Figures 1 and 2 in this section address the following questions:

- How much did federal government spending on children change during the pandemic?
- How did the pandemic impact different categories of children's spending (e.g., tax provisions and nutrition)?

How Much Did Federal Government Spending on Children Change during the Pandemic?

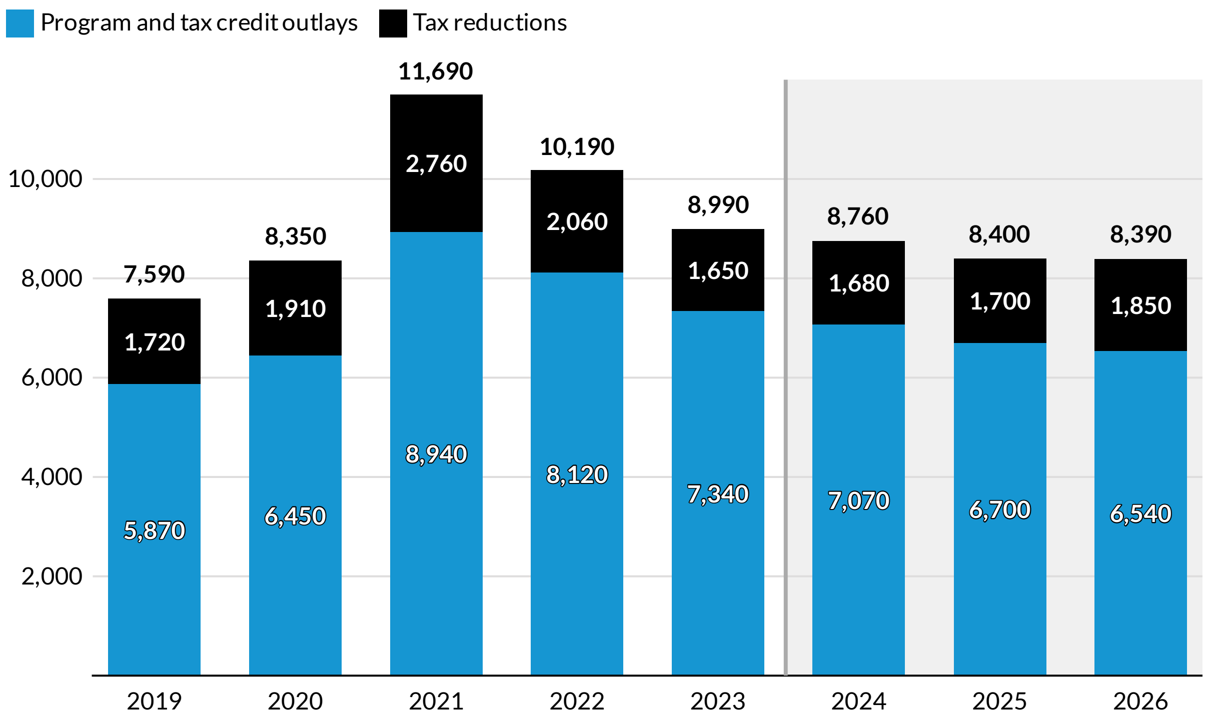
In 2023, federal expenditures totaled $8,990 per child, including $7,340 in outlays and $1,650 in tax reductions.

- Federal expenditures dropped by about $1,200 per child, from $10,190 in 2022 to $8,990 in 2023 after adjusting for inflation. This continued the steep decline in federal expenditures on children from its peak of $11,690 per child in 2021, following the dramatic increase between 2020 and 2021 from pandemic relief efforts.
- In total, the federal government spent approximately $567 billion in program and tax outlays and $127 billion in tax reductions on 77 million children ages 18 and younger in 2023 (table 1, p. 13).
- In 2024, federal expenditures are projected to level off, declining by $230 per child, to $8,760 per child.

FIGURE 1

Actual and Projected Federal Expenditures per Child by Expenditure Type, 2019–26

Expenditures in 2023 dollars



Sources: Authors' estimates based primarily on CBO (2024a), OMB (2024b), and past years' releases of these reports.
Notes: Numbers may not sum to totals because of rounding. Data through 2023 capture actual expenditures, while data from 2024 onward are projections and are delineated by the gray shading. Projections reflect current law as of May 12, 2024, and economic developments and information as of May 2, 2024.

How Did the Pandemic Impact Different Categories of Children's Spending (e.g., Tax Provisions and Nutrition), and How Is That Spending Projected to Change?

Federal expenditures on children declined between 2022 and 2023, as emergency response measures expired. Tax expenditures saw the sharpest drop. Spending also declined sharply in nutrition and more modestly in education. The drops were partially offset by increases in spending on health. Changes in other categories of spending on children were relatively small.

- Expenditures on children associated with **tax provisions**—including both tax reductions and outlays for refundable tax credits—decreased sharply in 2023, for the second year in a row, following an unprecedented pandemic-related peak in 2021. The decline in 2023 occurred primarily because the one-year expansion in the child tax credit (CTC) ended (most payments of the 2021 increase were paid out in fiscal year 2022). The economic impact payments (stimulus checks) administered through the tax code also ended, and expenditures on the nonrefundable portion of the dependent care tax credit declined in 2023 (table 1). Tax-related expenditures on children are projected to increase slightly before dropping again later in the decade, as temporary provisions of the 2017 Tax Cuts and Jobs Act expire.
- **Health** spending on children—driven by Medicaid spending—continued to experience temporary pandemic-related increases in 2023 because of higher federal-state match rates. As the temporary provisions expire, health spending is projected to dip slightly in the next couple of years. However, in the longer term, health spending is projected to grow, unlike almost any other category of expenditures on children. The number of children enrolled in Medicaid is projected to decline slightly and then remain stable after 2025, but growth in costs per enrollee is expected to continue outpacing inflation, following broader trends in health spending (CBO 2024a).
- Spending on **nutrition and income security programs** fell in 2023, following a 2022 peak that resulted primarily because of growth in nutrition programs stemming from pandemic-related expansion of benefits and increases in need.
- **Federal spending on K–12 education, early education, and child care programs** decreased in 2023, following the 2022 peak, primarily because the temporary, pandemic-related Education Stabilization Fund supporting K–12 education was phased out. Spending in these categories in real dollars is expected to fall to prepandemic levels by 2027. Education and child care are primarily funded with discretionary spending and so compete annually with other discretionary programs for funding.

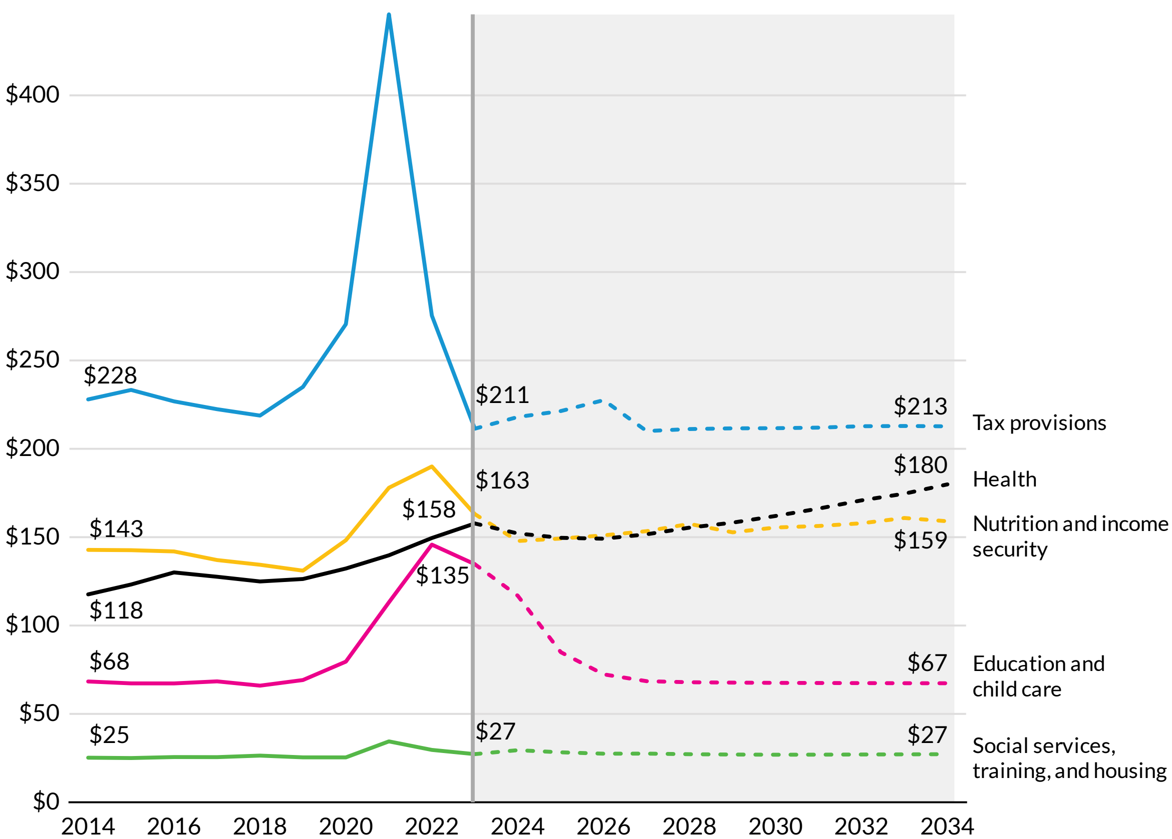
- **Social services, training, and housing** program spending increased slightly in 2021 but fell back in 2022, with little change in 2023. Spending in these categories is projected to remain relatively flat over the next decade in the face of long-term budgetary pressures. These programs include child abuse prevention and other social service programs, the children's share of housing benefits, and Job Corps and other training programs.

Expenditures on children have declined following pandemic peaks in tax provisions, nutrition, and education.

FIGURE 2

Actual and Projected Federal Expenditures on Children by Program Category, 2014–34

Expenditures in billions of 2023 dollars



Sources: Authors' estimates based primarily on CBO (2024a), OMB (2024b), and past years' releases of these reports.

Notes: Data through 2023 capture actual expenditures, while data from 2024 onward are projections and are delineated by the gray shading. Projections reflect current law as of May 12, 2024, and economic developments and information as of May 2, 2024.

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 2023, the most recent year for which complete federal spending data are available. Figure 3 and table 1 focus on federal expenditures to address the following questions:

- What categories, programs, and tax provisions accounted for the most federal spending on children in 2023?
- How did federal expenditures on children change between 2022 and 2023?

This discussion is followed by a more comprehensive examination of state and local outlays on children (figures 4 and 5). 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 outlays from 2005 to 2021 (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 2023?

Tax provisions were the largest category of federal expenditures on children in 2023. Health, education, nutrition, and income security were the next largest categories. Relatively little was spent on the four smallest categories: child care and early education, social services, housing, and training.

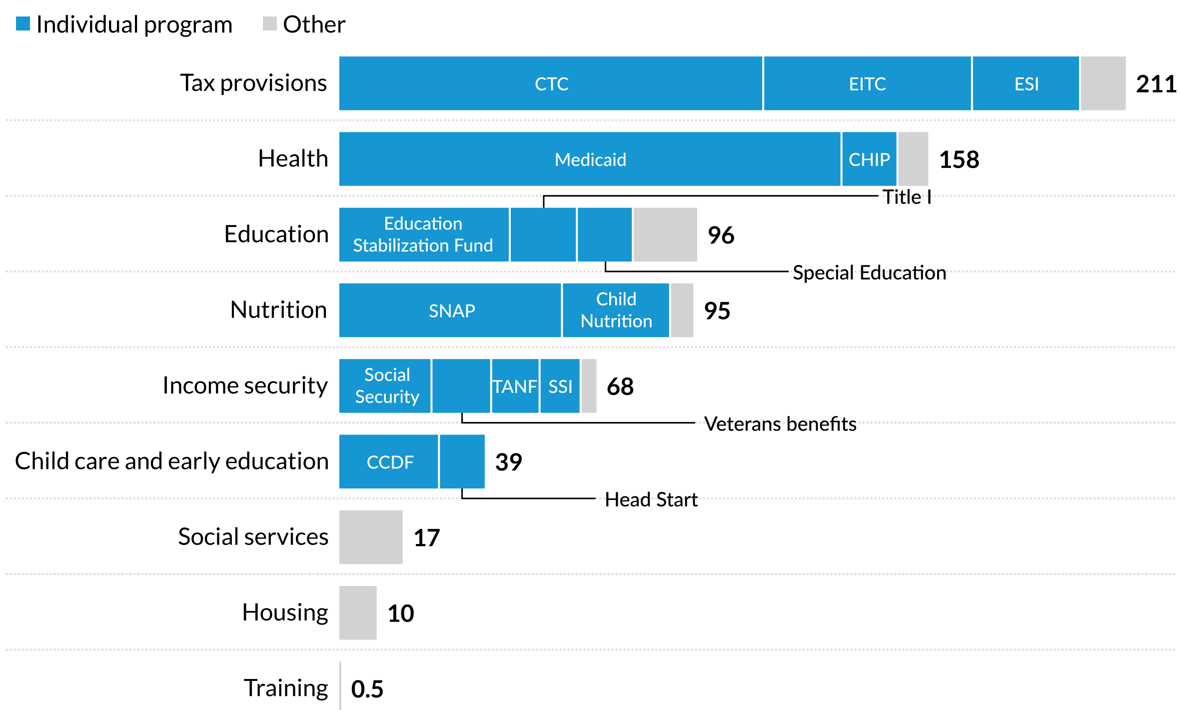
- **Tax provisions** benefiting children exceed any other major budget category. Expenditures from tax provisions totaled $211 billion in 2023, or nearly one-third (30 percent) of total expenditures on children. The CTC, of which $33.3 billion was from the refundable portion of the credit and $80.5 billion was from tax reductions, was the largest child-related tax provision. The EITC provided families with children $56.5 billion in benefits, the vast majority of which ($48.5 billion) was received as the refundable portion of the credit. The **exclusion of employer-sponsored health insurance** accounted for another $29 billion in expenditures on children.
- **Health** outlays were the second-largest expenditure category ($158 billion) in 2023, representing 23 percent of total expenditures on children. **Medicaid** is the largest source of health spending on children and the single largest program benefiting children. In 2023, $135 billion, or about one-fifth of all Medicaid funds, were spent on children. In addition, we estimate nearly $15 billion was spent on **CHIP.**
- Other large categories of spending included the following:
    - **Education** ($96 billion), including $46 billion in **Education Stabilization Fund** outlays to support K–12 education during the pandemic, $18 billion on **Title I** funding to schools with high percentages of children from families with low incomes, and $15 billion on **special education** and related services.
    - **Nutrition** ($95 billion), including $60 billion on the children's share of **Supplemental Nutrition Assistance Program (SNAP)** benefits and $29 billion on **child nutrition** programs such as the school lunch and breakfast programs.
    - **Income security** ($68 billion), including $25 billion on **Social Security** survivors' and dependents' benefits directed toward people younger than age 18; $15.5 billion on **veterans' benefits** for the children of veterans who were disabled, retired, or deceased; $13 billion on the children's share of **TANF**; and $11 billion on **Supplemental Security Income (SSI)** for children.
- Other categories were much smaller: **early education and care** outlays ($39 billion) included the **Child Care and Development Fund** ($26.5 billion), **Head Start** ($12 billion), and other child

care and early education programs. **Child welfare** and other **social services** ($17 billion); **housing** assistance ($10 billion); and the youth components of **job training** ($500 million) provided additional support for children.

FIGURE 3

Federal Expenditures on Children by Category and Major Programs, 2023

Expenditures in billions of 2023 dollars



Sources: Authors' estimates based primarily on OMB (2024b) and past years' releases of these reports.

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; ESI = exclusion from income tax on employer-sponsored health insurance. To see what is included in the "other" categories, please see the notes for table 1.

How Did Federal Expenditures on Children Change between 2022 and 2023?

Federal expenditures on children totaled $694 billion in 2023, a drop of $96 billion from 2022. The decline was primarily driven by decreasing federal tax provisions—notably, the pandemic-related economic impact payments and the CTC expansion.

- Expenditures on children through **tax provisions** totaled $211 billion in 2023, including $127 billion in tax reductions and $84 billion in outlays on the refundable portions of tax credits. The 2023 expenditures represented a $64 billion decline from 2022. Expenditures on the CTC declined by $51.5 billion between 2022 and 2023, accounting for 80 percent of the overall decline in tax expenditures on children. Dependent care credit expenditures declined by 9.5 billion. The final $4 billion in expenditures on pandemic-related economic impact payments was paid out through tax filings in 2022, leaving no new expenditures in 2023.
- **Health** spending grew modestly between 2022 and 2023, growing by more than $8 billion to nearly $158 billion. Medicaid spending, the largest of the health programs serving children—and the single largest program serving children—increased by nearly $9 billion from 2022, totaling $135 billion in 2023. Outlays on CHIP and other programs fell slightly to just under $23 billion in 2023.
- **Federal outlays on education** fell by $11 billion from 2022, to less than $96 billion in 2023. Small increases in Title I funding ($600 million) and other education programs offset a $12.7 billion drop in spending through the Education Stabilization Fund as that pandemic relief fund expired.
- **Nutrition** outlays totaled nearly $95 billion in 2023, a decrease of nearly $29 billion from 2022, including a $20 billion decrease in SNAP spending and a $9 billion decrease in spending on child nutrition programs because the pandemic relief expansions of SNAP and school meals expired.
- **Income security, child care and early education, social services, housing, and training** program spending changed only slightly between 2022 and 2023.

TABLE 1

Federal Expenditures by Program in 2023 and Change from 2022

Expenditures in billions of 2023 dollars

		2023	Change from 2022 to 2023
1.	**Health**	**157.7**	**8.2**
	Medicaid	135.0	8.7
	CHIP	14.7	-0.1
	Vaccines for Children	5.2	-0.5
	Other health	2.8	0.1
2.	**Nutrition**	**94.6**	**-28.7**
	SNAP (formerly Food Stamps)	59.6	-19.9
	Child nutrition	29.1	-9.4
	Special Supplemental food (WIC)	6.0	0.7
3.	**Education**	**95.6**	**-11.2**
	Education Stabilization Fund	45.7	-12.7
	Education for the Disadvantaged (Title I, Part A)	17.9	0.6
	Special education/IDEA	15.3	0.2
	School Improvement	5.7	0.3
	Impact Aid	1.7	0.3
	Emergency Connectivity Fund	1.7	-0.1
	Indian Education	1.6	0.2
	Dependents' schools abroad	1.2	-0.1
	Innovation & Improvement	1.0	0.1
	Other education	3.7	0.1
4.	**Income Security**	**68.4**	**1.8**
	Social Security	25.2	1.0
	Temporary Assistance for Needy Families	12.7	0.1
	Veterans Benefits	15.5	0.7
	Supplemental Security Income	10.9	-0.5
	Child support enforcement (net)	4.0	0.4
	Other income security	*	*
5.	**Child Care and Early Education**	**39.1**	**0.1**
	Child Care and Development Fund	26.5	-0.5
	Head Start (including Early Head Start)	12.2	0.6
	Other early education and care	0.3	0.1
6.	**Social Services**	**17.0**	**-1.0**
	Foster care	5.1	-0.2
	Unaccompanied alien children	4.2	-1.2
	Adoption Assistance	4.0	0.2
	Social Services Block Grant	1.0	*
	Other social services	2.7	0.1
7.	**Housing**	**9.7**	**-1.1**
	Section 8 low-income housing assistance	7.4	0.3
	Low Income Home Energy Assistance	1.1	-0.3
	Emergency Rental Assistance	0.5	-1.1
	Other housing	0.7	*
8.	**Training**	**0.5**	**-0.2**
9.	**Refundable Portions of Tax Credits**	**84.0**	**-31.4**
	Earned income tax credit	48.5	5.4
	Child tax credit	33.3	-34.2
	Premium tax credit	1.5	*

		2023	Change from 2022 to 2023
	Economic impact payments (stimulus checks)	*	-2.6
	Other refundable tax credits	0.6	*
10.	**Tax Reductions**	**127.4**	**-32.6**
	Child tax credit (nonrefundable portion)	80.5	-17.3
	Exclusion for employer-sponsored health insurance	29.1	1.2
	Earned income tax credit (nonrefundable portion)	7.9	-5.8
	Dependent care credit (nonrefundable portion)	3.9	-9.5
	Exclusion for Veterans Death Benefits and Disability Compensation	1.2	0.1
	Economic impact payments (nonrefundable portion)	*	-1.5
	Other tax reductions	4.8	0.3
TOTAL EXPENDITURES ON CHILDREN		**694.1**	**-96.2**
	SUBTOTAL, OUTLAYS WITHOUT TAX REDUCTIONS (1–9)	**566.7**	**-63.6**

Sources: Authors' estimates based primarily on CBO (2024a), OMB (2024b), and past years' releases of these reports.

Notes: Because this analysis shows outlays 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 2022 or 2023. Numbers may not sum to totals because of rounding.

* = 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/developmental disabilities, Healthy Start, home visiting, and school-based health care.

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 the Special Milk Program.

Other education includes English language acquisition; Department of Defense domestic schools; the Institute of Education Sciences; safe schools and citizenship education; Junior ROTC; and career, technical, and adult education (formerly vocational and adult education); and STOP school violence.

Other income security includes Railroad Retirement.

Other early education and care includes Preschool Development Grants.

Other social services include 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, the Personal Responsibility Education Program and abstinence education, the Unaccompanied Refugee Minors program, and certain child and family services programs.

Other housing includes public housing, emergency rental assistance, and rental housing assistance.

Training includes Workplace Innovation and Opportunity Act Youth Formula grants, Job Corps, youth offender grants, and YouthBuild grants.

Other refundable tax credits include outlays from economic impact payments, Qualified Zone Academy Bonds and Qualified School Construction Bonds.

Other tax reductions include economic impact payments; 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 expenses, Social Security retirement and dependents' and survivors benefits, and public assistance benefits.

How Much Do the Federal Government and State and Local Governments Contribute to Total Public Spending on Children?

State and local governments provide the majority of public outlays on children, but their share of the contributions dropped during the pandemic. Public outlays per child from federal, state, and local governments totaled about $20,820 in 2021, the most recent year in which comprehensive state and local data are available. State and local government outlays totaled $11,880 per child, and federal outlays accounted for $8,940. (These estimates exclude federal tax reductions—valued at approximately $2,760 per child in 2021—because nationwide tax reductions at the state and local levels are unavailable for comparison.)[7]

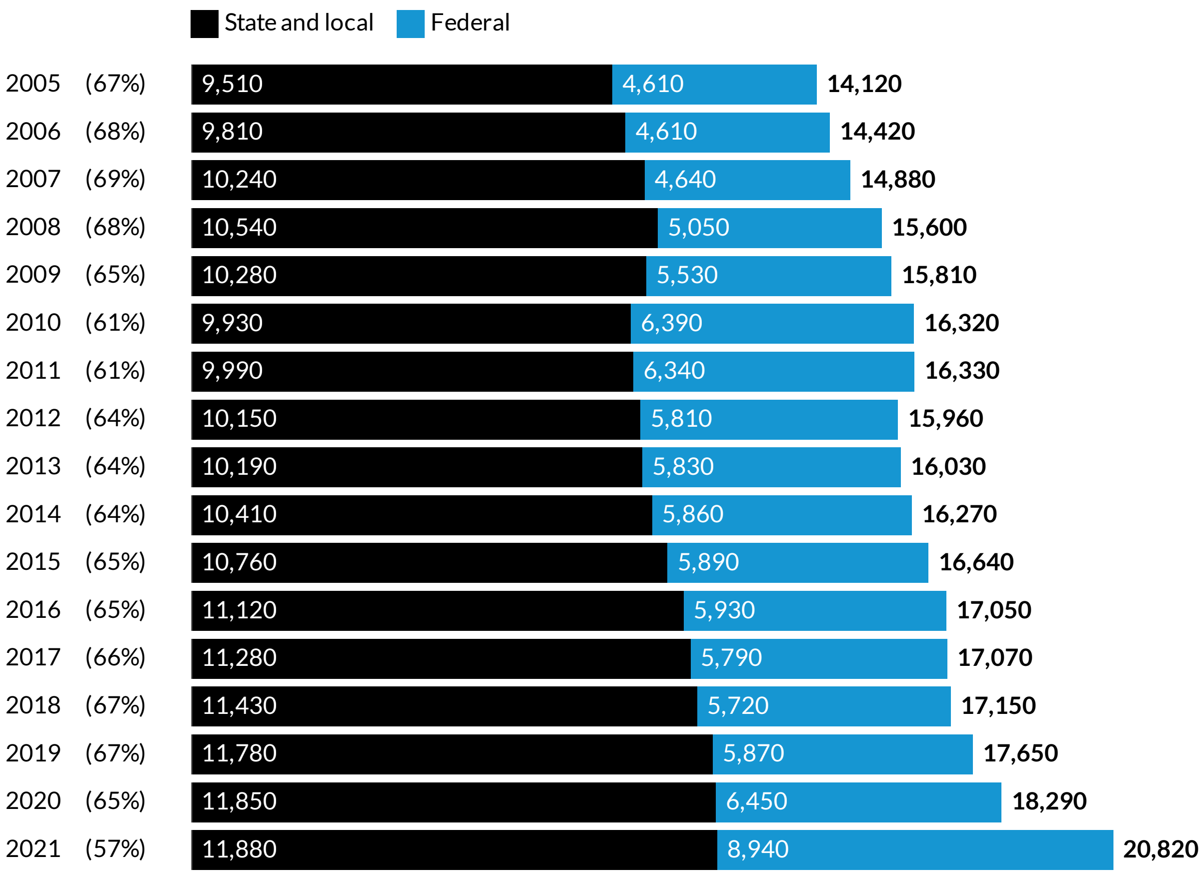
- Federal spending on children increased significantly during the pandemic. In 2019, the federal government spent about $5,870 per child. In 2021, federal spending reached $8,940 per child, reflecting an increase of 52 percent due to pandemic relief spending.
- State and local spending on children increased during the pandemic (from $11,780 in 2019 to $11,880 in 2021), contrary to early expectations that pandemic budgetary shortfalls would force states and localities to cut their spending.[8] State and local finances fared better than originally expected in part because of robust federal stimulus and the lack of any serious recession (Dadayan 2021, 2022).
- State and local outlays on children accounted for 57 percent of total public outlays on children in 2021, the lowest share in decades due to temporary federal pandemic relief measures.

In 2021, 57 percent of public spending on children came from state and local governments—the lowest share in decades.

FIGURE 4

Public Outlays per Child by Level of Government, 2005–21

Outlays in 2023 dollars (state and local spending as a share of total spending in parentheses)



Sources: Authors' estimates based primarily on Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2022* (Washington, DC: US Government Printing Office, 2021), past years' releases of this report, and various other sources. See Phillips et al. (2024) for details on additional sources.

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

How Do the Categories of Spending on Children Differ across Levels of Government?

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

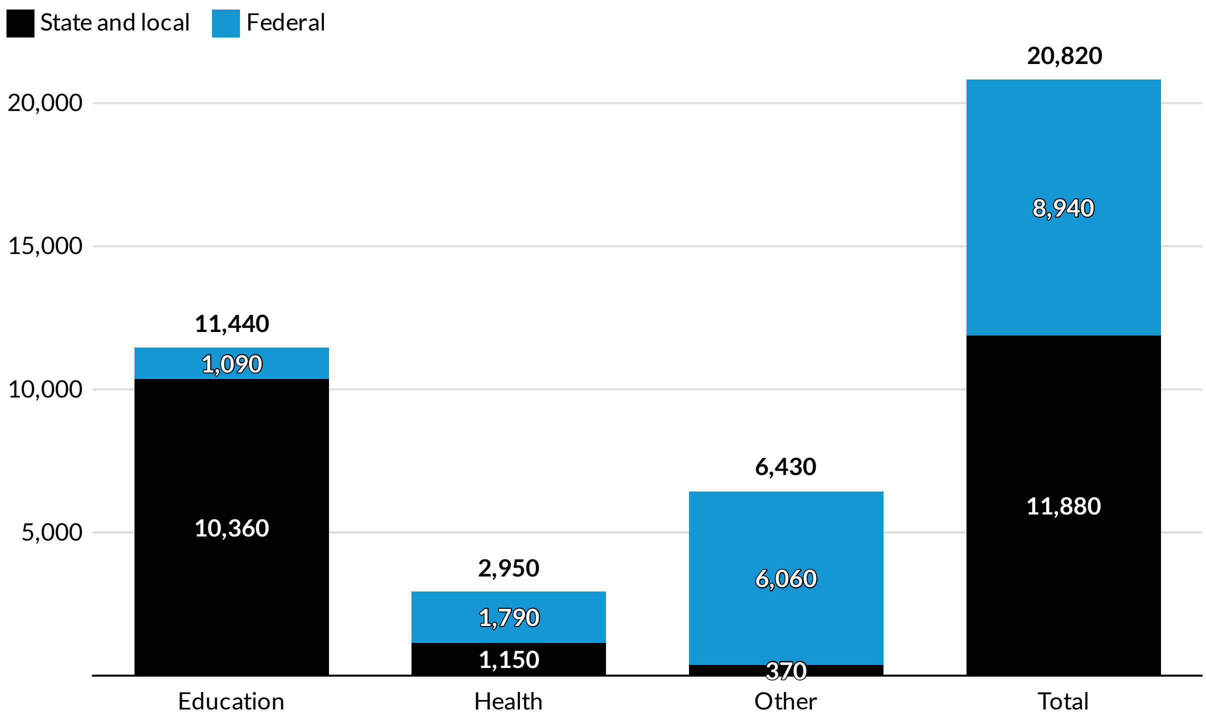
- State and local spending is dominated by spending on **public education**, the largest form of public investment in children overall. When looking across all levels of government, state and local governments account for nearly 91 percent of the education outlays on children. The federal government contributed 9.5 percent of total education outlays in 2021, in contrast with a fairly consistent level of 6 percent in prior years. Prior analyses of spending by age show state and local governments spend substantially less on infants, toddlers, and preschool children than on school-age children. Total (federal plus state) public investments per person is also significantly lower for younger children than school-age children (Isaacs et al. 2019).
- State and local governments contribute almost 40 percent of total public expenditures on children's **health**, with federal government spending accounting for nearly 61 percent. 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 categories of spending on children—such as outlays on **income security, tax credits, child care, foster care,** and **social services**—these investments are small relative to federal outlays. States and localities also spend little on **nutrition, housing, or training**. The federal government contributed more than 94 percent of all noneducation, nonhealth outlays on children in 2021, an increase over the 91 percent it typically contributed in prepandemic years.

Public education drives state and local spending on children.

FIGURE 5

Public Spending per Child by Category and Level of Government, 2021

Spending in 2023 dollars



Sources: Authors' estimates based primarily on Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2022* (Washington, DC: US Government Printing Office, 2021) and are also drawn from various other sources. See Phillips et al. (2024) for details on additional sources.

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

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 (including the outlays associated with refundable tax credits), setting aside tax reductions. Figures 6 through 9 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?

Figures 10 and 11 compare children younger than age 19 with people ages 65 and older, two groups where 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?

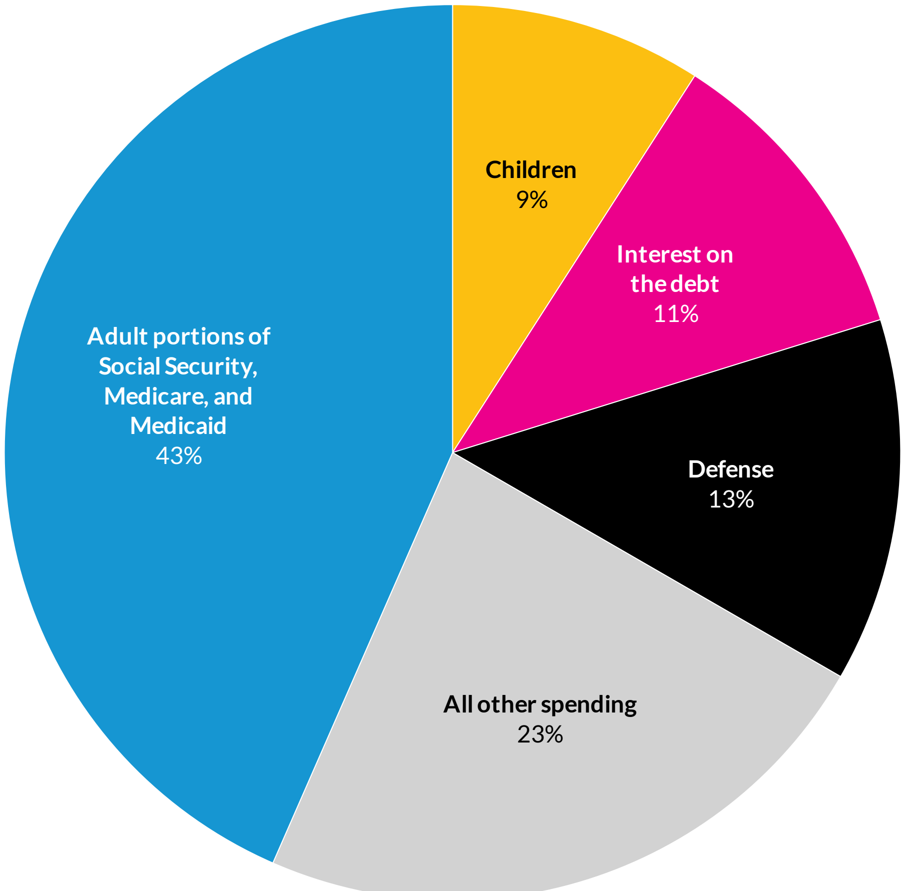
In 2023, approximately 9 percent of federal outlays (or $566.7 billion of $6.1 trillion in outlays) was spent on children.

- **Retirement and health benefits for adults in the forms of Social Security, Medicare, and Medicaid for adults accounted for more than two-fifths of federal outlays (43 percent).** 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, in some states, childless adults with low incomes.[9]
- In 2023, **interest payments on the debt accounted for 11 percent of federal outlays.** Payments on interest now account for a greater share of the budget than outlays on children.
- Approximately 13 percent of federal spending in 2023 was on **defense**.
- **"All other" federal spending accounted for 23 percent of federal outlays in 2023.**

Child-related tax reductions (totaling $127 billion in 2023) are not reflected in these figures and represent approximately 8 percent of the $1.5 trillion in individual and corporate tax reductions identified by the Office of Management and Budget (OMB).[10] The children's share of tax reductions has fluctuated between 7 and 13 percent over the past decade.

FIGURE 6

Share of Federal Budget Outlays Spent on Children and Other Items, 2023



Sources: Authors' estimates based primarily on OMB (2024b) and past years' releases of these reports.

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

Nine percent of federal budget outlays were spent on children in 2023.

How Is the Children's Share of the Federal Budget Changing over Time?

The share of total federal outlays allocated to children grew modestly, albeit unevenly, from the 1960s to the mid-2000s and has remained around 9 to 10 percent of the budget since then, outside of recessions. In 2023, the children's share of federal outlays was 9 percent. This share is projected to decline significantly over the next decade.

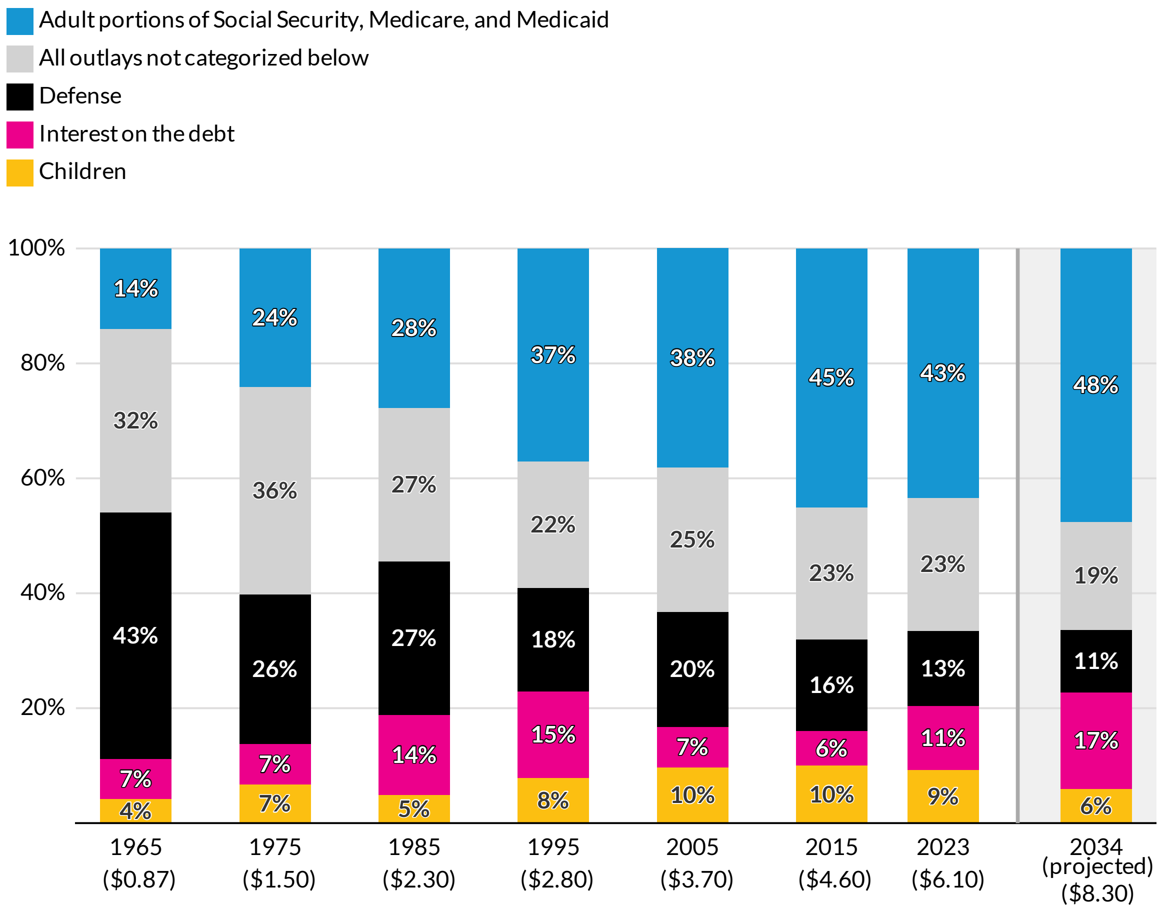
- In 1965, only 4.2 percent of federal outlays were spent on **children**. The children's share of the budget grew over the next few decades to 9.7 percent of outlays in 2005 and then stabilized around this level outside of economic downturns. The children's share of federal spending fell to 6.8 percent in 2020 (not shown) as initial pandemic spending was tilted toward the "all other" outlays category, which does not include children. In 2023, the federal share of outlays on children rebounded to 9.2 percent, as temporary relief spending for children's programs continued while most other pandemic relief spending dropped.
- The children's share of the budget is projected to decline to 6 percent in 2034, under laws in place as of March 2023. This represents a 35 percent decline in the share of budget spent on children over the next decade. Over the same period, the share of the population younger than age 19 is projected to contract by 10 percent (declining from 23 percent of the total US population to 20.7 percent).
- The share of federal outlays going to the adult portions of **Social Security, Medicare, and Medicaid** increased from 14 percent in 1965 to around 45 percent in the years before the pandemic because of growth in per person health spending and Social Security benefits, additional years of benefits as people live longer, and the workforce aging. Because of pandemic response spending on other priorities, this category fell to around one-third in 2020 and 2021 (not shown), but in 2023, it has rebounded to prepandemic levels and is 43 percent of federal outlays. Spending on this category is expected to increase to nearly half (48 percent) of federal outlays in 2034, continuing the category's longer-term growth trend.
- The share of federal outlays spent on **defense** fell dramatically between 1965 and 1995, essentially financing a substantial expansion of domestic programs without any significant increase in average tax rates. After stabilizing between 15 and 20 percent of the budget, the share of federal outlays on defense shrank significantly to only 11 percent of the federal budget during the pandemic and remained at 13 percent in 2023. It is projected to stay around 11 percent of the budget in coming years, remaining below prepandemic levels through 2034.

- **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 increased to 11 percent in 2023. Interest payments on the debt now constitute a larger share of federal outlays than spending on children. This percentage is projected to increase to 17 percent in 2034, reflecting a larger national debt and rising interest rates. For three decades before the pandemic, the share of federal outlays going to **all other** priorities besides children, defense, interest payments, and entitlements for adults had remained around 20 to 25 percent. Though this share increased in recent years because of temporary pandemic relief aiding businesses, workers, and adults, it dropped to prepandemic levels of 23 percent in 2023. Spending on this "all other" outlays category is projected to fall well below prepandemic levels over the next decade, reaching 19 percent in 2034.

FIGURE 7

Actual and Projected Share of Federal Budget Outlays Spent on Children and Other Items, Selected Years, 1965–2034

Percentage of total spending (total spending in trillions of 2023 dollars in parentheses)



Sources: Authors' estimates based primarily on CBO (2024a), OMB (2024b), and past years' releases of these reports.

Notes: Numbers may not sum to totals because of rounding. Data through 2023 capture actual expenditures, while data for 2034 projections and are delineated by the gray shading. Projections reflect current law as of May 12, 2024, and economic developments and information as of May 2, 2024.

How Large Is the Federal Budget and Spending on Children Relative to the Economy?

Before the pandemic, federal outlays represented about one-fifth of the total US economy or GDP, while federal outlays on children only represented around 2 percent of GDP. Because of pandemic relief measures, federal spending spiked to post–World War II highs of more than 30 percent of GDP in 2020 and 2021 before falling back to one-quarter of GDP in 2022 and slightly less than one-quarter of GDP in 2023. At the same time, outlays on children fell from a pandemic high of around 3 percent of GDP to 2.1 percent in 2023, approaching prepandemic levels.

- Between 1960 and 2019, **federal outlays** grew substantially in real terms (from $679 billion to $5.2 trillion) but only modestly as a share of the economy (from 17 to 21 percent of GDP). After hitting a high of $7.6 trillion or 31 percent of GDP during the pandemic, total outlays declined to $6.1 trillion or 23 percent of GDP in 2023 as programs spent down emergency response funding. Federal outlays are projected to remain slightly less than one-quarter of GDP over the next decade, somewhat higher than the prepandemic average of around one-fifth of GDP.

- Federal outlays on **children** grew from a very small base of about 0.6 percent of GDP in 1960 to 1.8 percent in 2019, down from a peak of 2.5 percent in 2010 during the Great Recession.[11] Outlays on children increased to 2.7 percent of GDP in 2021 driven by the pandemic response before falling to 2.1 percent in 2023 as the temporary spending subsided in 2022 and 2023. Outlays on children are expected to continue decreasing to 1.5 percent in 2034, reflecting growing budgetary pressures from other priorities.

- Federal outlays for adults on **Social Security, Medicare, and Medicaid** have 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 2023. Outlays for this category are projected to increase further to 11.9 percent of GDP by 2034. 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. It has risen somewhat since then, reaching 3 percent of GDP in 2023. Outlays on defense are projected to decline to 2.7 percent in 2034.

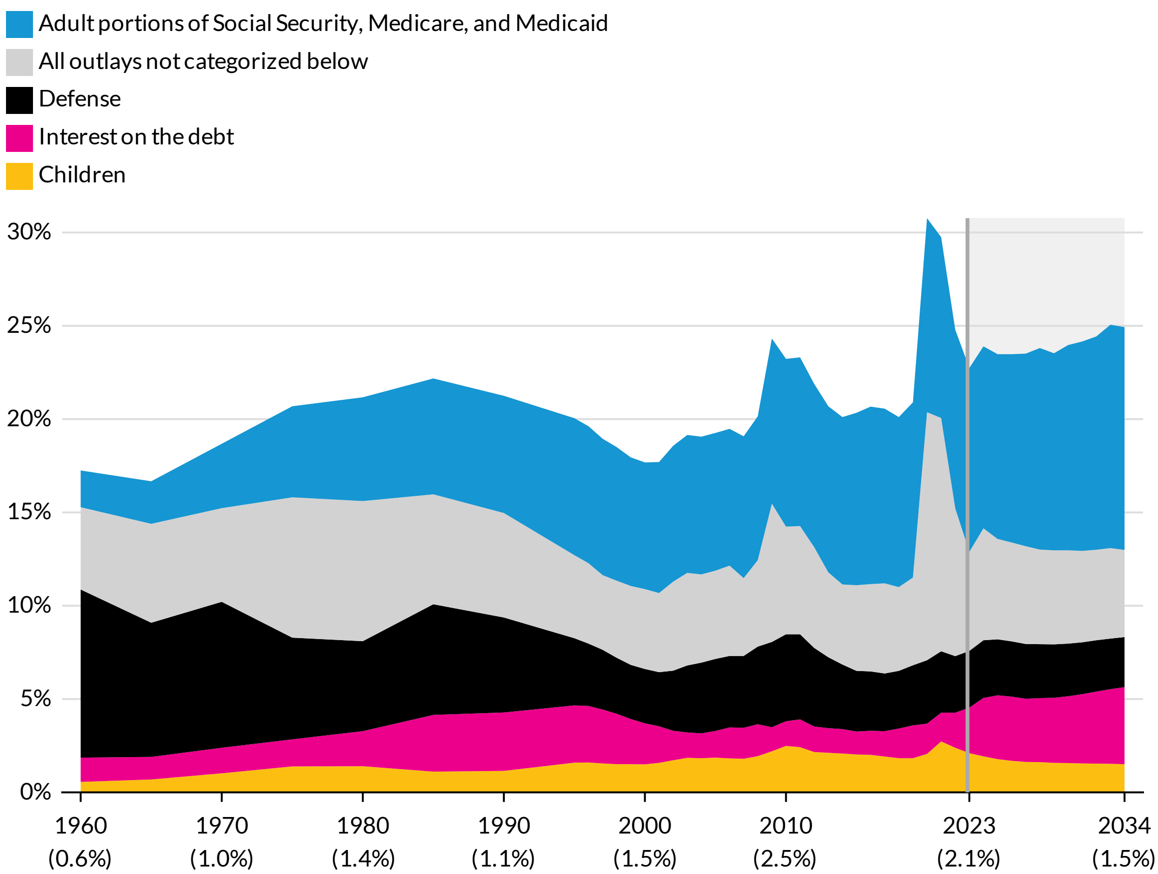
- Outlays for **interest payments** on the national debt have ranged between 1 and 3 percent of GDP historically. Interest payments are projected to increase from 2.4 percent in 2023 to 4.1 percent in 2034, further surpassing outlays on children.

- From 1960 to 2019, federal outlays on **all other priorities** generally hovered between 4 and 8 percent of GDP. Outlays in these areas increased sharply during the pandemic to 13 percent of GDP, driven by spending to support businesses, workers, and adults. Outlays on these priorities dropped to 5 percent in 2023 and are expected to stay around 5 percent or slightly less through 2034.

FIGURE 8

Actual and Projected Federal Outlays on Children and Other Major Budget Items as a Share of GDP, 1960–2034

Spending as percentage of GDP (spending on children as percentage of GDP in parentheses)



Sources: Authors' estimates based primarily on CBO (2024a), OMB (2024b), and past years' releases of these reports.
Notes: Percentages shown along the horizontal axis are the share of GDP spent on children in the corresponding year. Data through 2023 capture actual outlays, while data from 2024 onward are projections and are delineated by the gray shading. Projections reflect current law as of May 12, 2024, and economic developments and information as of May 2, 2024.

How Does Federal Spending on Children Compare with Interest Payments on the Debt?

For the first time in two decades, interest payments exceed federal outlays on children. Since 1970, federal outlays have generally exceeded revenues, resulting in budget deficits and a growing national debt. Even so, the decline in interest rates for the years up until the post-COVID-19 years have kept interest costs for that debt relatively modest, even as that debt increased fourfold as a share of GDP. However, both interest rates and the national debt as a share of GDP rose in 2023. The trend of interest payments on the debt exceeding spending on children is projected to continue throughout the next decade.

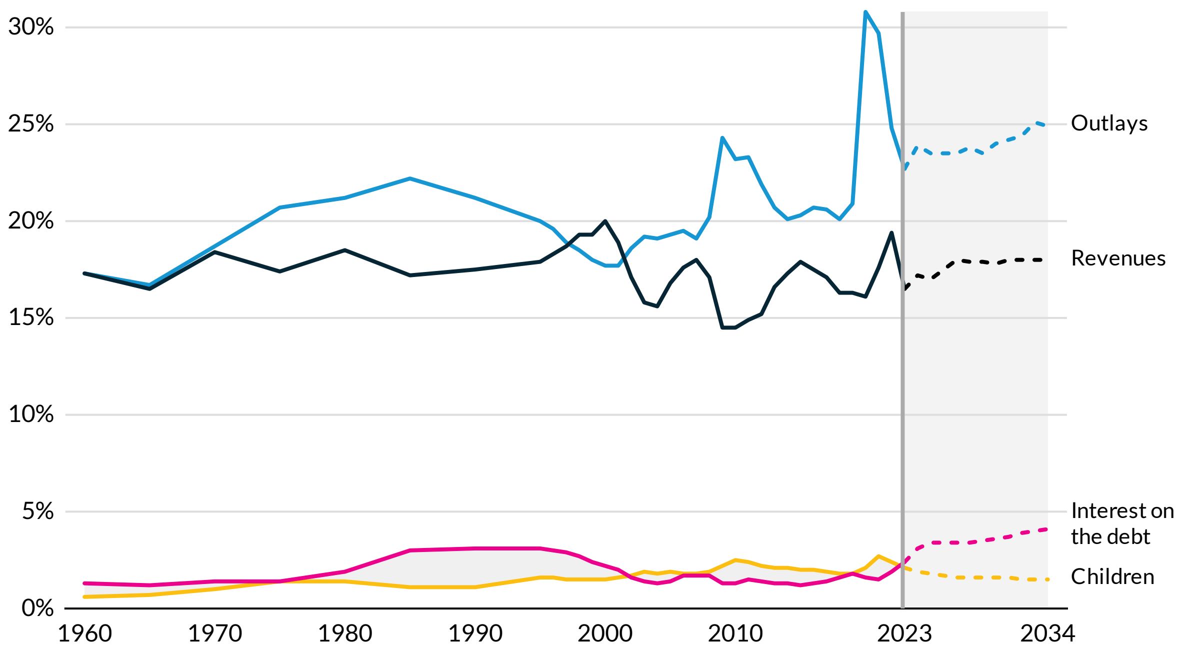
- Since 1960, federal outlays have generally ranged from 17 to 22 percent of GDP, except for spikes of spending during the Great Recession and following pandemic legislation to aid the economy. Total federal outlays fell in 2023 but still remain at a high level of 23 percent. CBO projects federal spending will remain around one-quarter of GDP over the next decade under current law.
- **Revenues** remain well below outlays, as they have since 2001. Revenues have declined from a high of 20 percent of GDP in 2022 to 17 percent in 2023 and are projected to hover around 18 percent over the next decade.
- As outlays have exceeded revenues nearly every year, the federal debt has risen to its highest level relative to the economy since just after World War II. It is projected to reach an all-time high within a few years. With an increasing national debt and higher interest rates, **interest payments** are projected to increase significantly, from 2.4 percent in 2023 to 4.1 percent of GDP in 2034.
- In sharp contrast with the growth in total federal outlays, **spending on children** relative to the economy had been falling in the years before the pandemic. While pandemic response measures boosted spending in 2020 and 2021, federal outlays on children began declining again in 2022 and have fallen below spending on interest payments on the debt in 2023, with this downward trend set to continue through 2034.

The federal government is now spending more on interest payments on the debt than on children.

FIGURE 9

Actual and Projected Federal Outlays, Revenues, Spending on Children, and Interest Payments as a Share of GDP, 1960–2034

Outlays as share of GDP



Sources: Authors' estimates based primarily on CBO (2024a), OMB (2024b), and past years' releases of these reports.

Notes: Spending on children and payments on the debt are included as components of total outlays and also displayed separately. Data through 2023 capture actual outlays, while data from 2024 onward are projections and are delineated by the gray shading. Projections reflect current law as of May 12, 2024, and economic developments and information as of May 2, 2024.

How Does Spending on Children Compare with Spending on Older Adults?

Per person outlays are much higher for adults ages 65 and older than for children, especially at the federal level.

- **The federal government spent slightly more than $5 per older adult for every $1 spent per child in 2023.**
  - **Annual federal outlays per adult** increased from about $6,700 in 1965 to about $37,700 in 2023, 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 automatic growth in annual per person Social Security and health care benefits;[12] and real increases in health care costs. Even these numbers do not reflect how these outlays grew further as a share of GDP because people have been living longer and the workforce's growth has slowed due to declining birth rates.
  - **Federal outlays on children** over this same period rose by nearly $6,900 per child, from $490 in 1965 to $7,340 in 2023.
- **When adding state and local outlays, the ratio in total outlays per person drops to slightly less than $2 per older adult for every $1 per child** because state and local outlays are heavily slanted toward spending on public K–12 schools. In 2021, the most recent year for which state and local data are available, the federal government spent slightly more than $4 per older adult for every $1 spent per child. This is a lower ratio than other years, because spending on children across all levels of government increased by 18 percent from 2019 to 2021 due to pandemic spending, compared with the 10.5 percent increase in spending on older adults.
- Health care expenses are a significant portion of public outlays on older adults. Yet even when excluding health spending, per person spending on older adults remains considerably higher than per person spending on children (data not shown).

FIGURE 10

Per Person Federal Outlays on Children and Older Adults, Selected Years, 1965–2023

Outlays in 2023 dollars with ratio of spending on older adults relative to children

Year	Children (< 19)	Older Adults (≥ 65)	Ratio
1965	490	6,680	13.6x
1975	1,410	15,050	10.7x
1985	1,720	21,170	12.3x
1995	3,030	26,850	8.9x
2005	4,610	32,070	7x
2015	5,890	35,000	5.9x
2023	7,340	37,650	5.1x

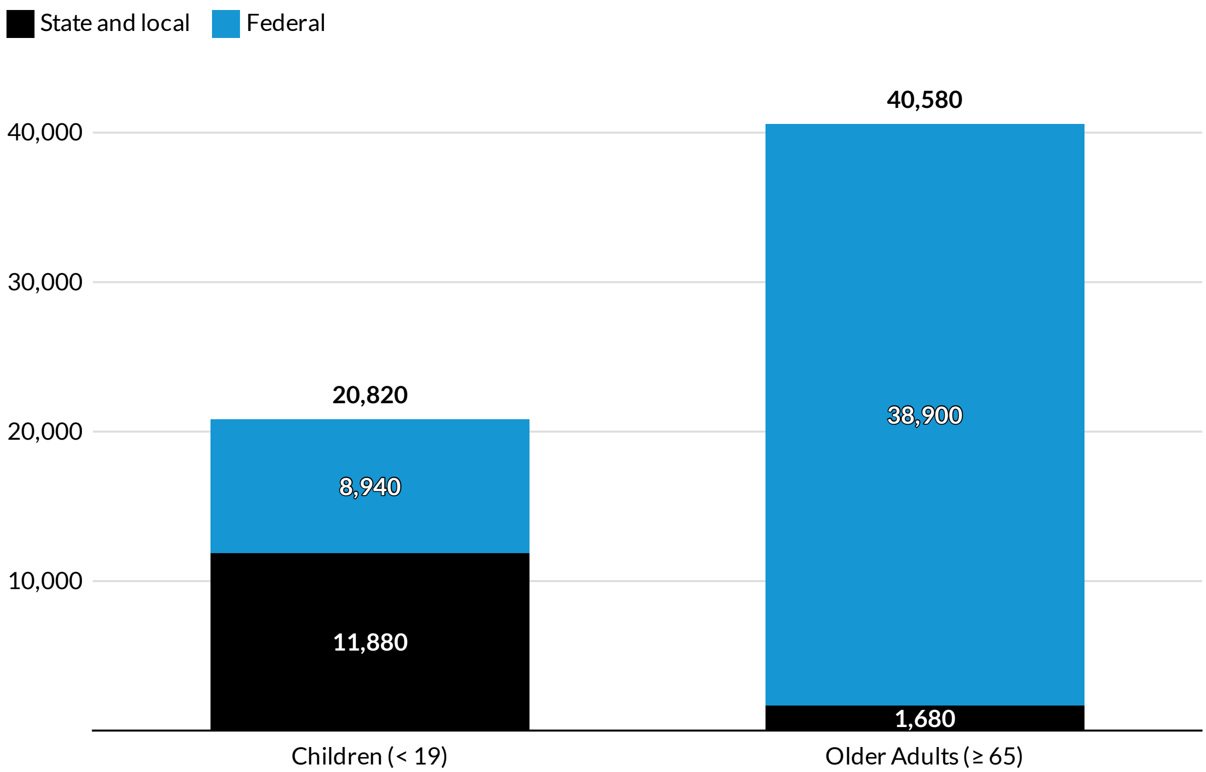
Sources: Authors' estimates based primarily on OMB (2024b) and past years' releases of this report.

Note: Values exclude tax reductions.

FIGURE 11

Per Person Federal and State and Local Outlays on Children and Older Adults, 2021

Outlays in 2023 dollars



Sources: Authors' estimates based primarily on Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2022* (Washington, DC: US Government Printing Office, 2021) and are also drawn from various other sources. See Phillips et al. (2024) for details on additional sources.

Notes: Values exclude tax reductions. Numbers may not sum to totals because of rounding.

A Closer Look at Trends in Federal Expenditures on Children

This final section looks closely at trends in federal expenditures on children, including outlays and tax reductions.

Three figures and one table look at historical trends from 1960 to 2023 and address four questions:

- How have the components of federal expenditures on children changed since 1960? (figure 12)
- How have expenditures by program and category changed over time? (table 2)
- How has the mix of cash support and in-kind benefits and services for children changed over time? (figure 13)
- How targeted are expenditures to children in families with low incomes, and how has this changed over time? (figure 14)

One figure and one table both address this question:

- How does current spending on categories of expenditures on children (e.g., nutrition, education) compare with prepandemic spending and projections into the next decade? (figure 15 and table 3)

A final figure examines tax expenditures in detail and addresses this question:

- How did tax expenditures on children change during the pandemic, and how are they expected to change in the future? (figure 16)

How Have Expenditures by Program and Category Changed over Time?

Expenditures on children have increased since 1965 (in inflation-adjusted dollars) in all categories of spending; many of today's major programs did not exist in 1965.

- In 1965, nearly 90 percent of expenditures on children were concentrated in only a single **tax reduction** (the dependent exemption) and **income security** (Social Security, Aid to Families with Dependent Children,[13] and veterans' benefits).
- **Health** outlays on children have risen dramatically, from $0.6 billion in 1965 to $157.7 billion in 2023, driven by the introduction and expansion of Medicaid (1965) and CHIP (1997).
- **Nutrition** outlays have grown from $2.1 billion in 1965 to $94.6 billion in 2023.
- Federal outlays on **education** programs increased from $5 billion in 1965 to $42 billion in 2019 (data not shown). They rose dramatically during the pandemic, reaching $104 billion in 2022, primarily because of temporary increases in COVID-19 relief spending for schools through the Education Stabilization Fund. They dropped to $95.6 billion in 2023 and are projected to continue to decline but never drop back to prepandemic levels after adjusting for inflation.
- In 1965, the federal government spent less than $1 billion on **child care and early education**, as well as less than $1 billion on **social services** programs targeted to children, but outlays on these categories reached $39.1 billion and $17 billion, respectively, in 2023.
- Annual federal outlays on **housing** programs grew from low initial levels in 1965 to between $10 and $13 billion during the 2000s and 2010s. The federal government spent slightly less than $10 billion on children through housing programs in 2023.
- Outlays on youth **training programs** grew from $1 billion in 1965 to slightly more than $7.5 billion in 1980 (not shown) before declining to $3.5 billion in 1985. They have since fallen dramatically to only $0.5 billion in 2022.
- The **refundable portion of tax credits** has grown from $0 in 1965 to $84 billion in 2023 with the introduction and expansion of the EITC and CTC. This is a drop from the pandemic-era high of $207 billion in 2021.
- **Tax reductions** have also grown, fueled by the growth in the children's share of the employer-sponsored health insurance exclusion and the CTC. The dependent exemption provided

substantial benefits (close to $40 billion) until 2019, when it was replaced by a temporary increase in the standard deduction for adults and expansion of the CTC.

Many of today's major programs did not exist in 1965.

TABLE 2

Federal Expenditures on Children by Program, Selected Years, 1965–2023

Expenditures in billions of 2023 dollars

		1965	1985	2005	2015	2023
1.	**Health**	**0.6**	**10.2**	**70.8**	**123.2**	**157.7**
	Medicaid	--	9.4	59.3	105.0	135.0
	CHIP	--	--	6.7	10.8	14.7
	Vaccines for Children	--	--	2.1	4.8	5.2
	Other health	0.6	0.9	2.7	2.6	2.8
2.	**Nutrition**	**2.1**	**25.9**	**48.7**	**73.8**	**94.6**
	SNAP (formerly Food Stamps)	0.1	13.9	24.6	40.8	59.6
	Child nutrition	1.9	8.8	17.7	26.0	29.1
	Special Supplemental food (WIC)	--	3.1	6.5	7.0	6.0
	Other nutrition	--	0.1	*	--	--
3.	**Education**	**5.2**	**19.3**	**59.0**	**50.2**	**95.6**
	Education Stabilization Fund	--	--	--	--	45.7
	Education for the Disadvantaged (Title I, Part A)	--	10.1	21.9	19.0	17.9
	Special education/IDEA	0.1	2.4	16.4	15.3	15.3
	School Improvement	0.5	1.3	10.4	5.3	5.7
	Indian Education	0.8	0.7	1.4	1.1	1.6
	Emergency Connectivity Fund	--	--	--	--	1.7
	Impact Aid	2.6	1.6	1.9	1.7	1.7
	Dependents' schools abroad	0.5	1.5	1.6	1.4	1.2
	Innovation & Improvement	--	--	0.8	1.5	1.0
	Other education	0.6	1.8	4.7	4.9	3.7
4.	**Income Security**	**26.1**	**37.5**	**63.8**	**68.8**	**68.4**
	Social Security	11.5	19.8	25.3	26.8	25.2
	Temporary Assistance for Needy Families	8.7	12.5	19.8	15.8	12.7
	Veterans Benefits	5.6	2.5	3.2	8.1	15.5
	Supplemental Security Income	--	1.9	11.3	14.0	10.9
	Child support enforcement	--	0.5	4.2	4.1	4.0
	Other income security	0.3	0.2	*	*	*
5.	**Child Care and Early Education**	**0.7**	**2.5**	**17.3**	**17.1**	**39.1**
	Child Care and Development Fund	--	--	7.3	6.4	26.5
	Head Start (including Early Head Start)	0.7	2.5	10.0	10.4	12.2
	Other early education and care	--	--	--	0.3	0.3
6.	**Social Services**	**0.1**	**5.6**	**14.2**	**13.0**	**17.0**
	Foster care	--	1.2	6.7	5.7	5.1
	Unaccompanied alien children	--	--	0.1	0.8	4.2
	Adoption Assistance	--	0.1	2.6	3.0	4.0
	Social Services Block Grant	--	3.4	1.6	1.2	1.0

		1965	1985	2005	2015	2023
	Other social services	0.1	1.0	3.2	2.2	2.7
7.	**Housing**	**0.3**	**6.9**	**11.9**	**10.5**	**9.7**
	Section 8 low-income housing assistance	--	4.2	9.6	8.2	7.4
	Low Income Home Energy Assistance	--	1.4	0.7	0.9	1.1
8.	**Training**	**1.1**	**3.5**	**2.4**	**1.5**	**0.5**
9.	**Refundable Portions of Tax Credits**	**--**	**2.5**	**69.0**	**100.1**	**84.0**
	Child tax credit	--	--	21.9	33.3	33.3
	Earned income tax credit	--	2.5	47.1	65.2	48.5
	Economic impact payments (stimulus checks)	--	--	--	--	0.0
	Premium tax credit	--	--	--	0.5	1.5
	Other refundable tax credits	--	--	--	1.0	0.6
10.	**Tax Reductions**	**46.0**	**40.3**	**125.3**	**133.2**	**127.4**
	Child tax credit (nonrefundable portion)	--	--	48.0	37.2	80.5
	Exclusion for employer-sponsored health insurance	NA	6.5	22.3	30.6	29.1
	Earned income tax credit (nonrefundable portion)	--	0.8	6.7	9.1	7.9
	Dependent care credit (nonrefundable portion)	--	--	4.4	4.4	3.9
	Economic impact payments (nonrefundable portion)	--	--	--	--	0.0
	Exclusion for Veterans Death Benefits and Disability Compensation	0.2	0.3	0.3	0.7	1.2
	Dependent exemption	45.0	30.3	39.3	45.7	--
	Other tax reductions	0.8	2.3	4.3	5.4	4.8
	TOTAL EXPENDITURES ON CHILDREN	**82.1**	**154.2**	**482.5**	**591.4**	**694.1**
SUBTOTAL, OUTLAYS WITHOUT TAX REDUCTIONS (1–9)		**36.2**	**113.9**	**357.2**	**458.3**	**566.7**

Sources: Authors' estimates based primarily on OMB (2024b) and past years' releases of these reports.

Notes: See table 1 notes on page 16 for lists of programs included in other health, child nutrition, and other categories. The lists of programs cover those with funding in 2023; 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.

How Have the Components of Federal Expenditures on Children Changed since 1960?

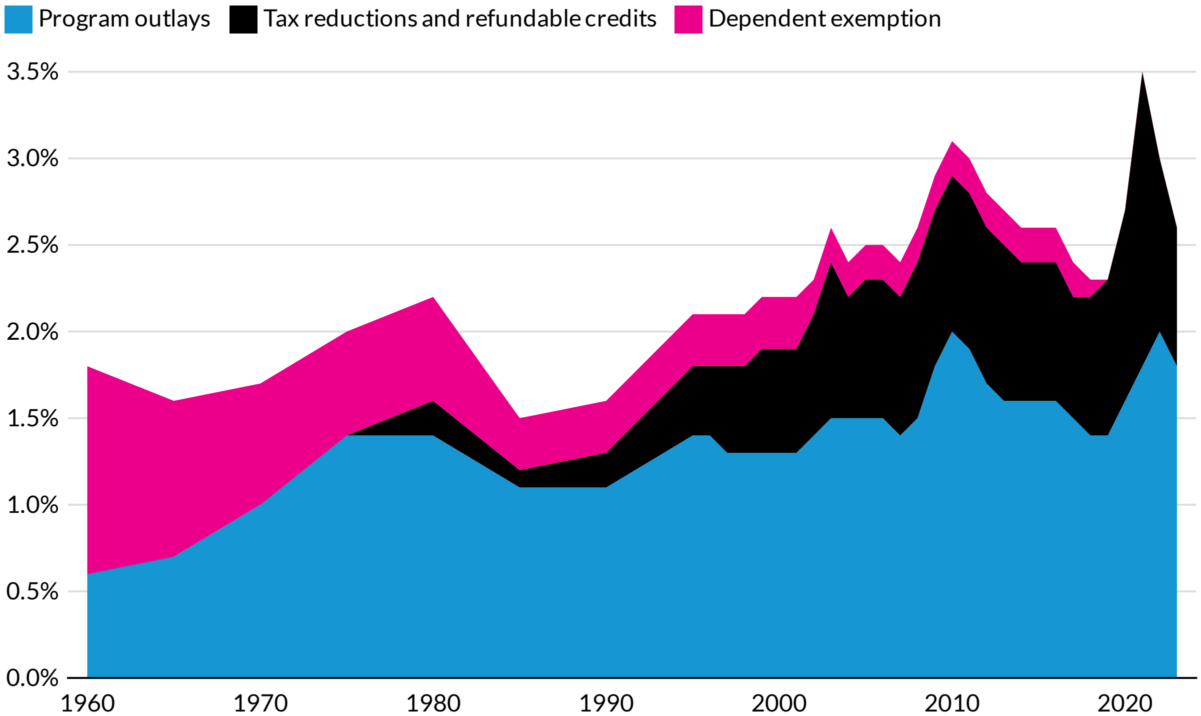
Spending on children has generally increased as a share of GDP since 1960. Most of the growth has resulted from the introduction of legislation to establish and expand new programs and tax provisions.

- **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, Title I, 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. Program outlays on children came down from their recession-era high and stabilized at an average level of about 1.5 percent of GDP before the pandemic. In 2021 program outlays increased to 1.8 percent of GDP due to pandemic-related spending. Pandemic-related legislation continued to contribute to a slight increase to 2 percent of GDP in 2022. Program outlays declined slightly in 2023 to 1.8 percent of GDP. In the coming years, this is projected to continue to decline slightly.
- **Tax reductions and refundable credits** have played a growing role in providing federal support for children since the late 1980s. 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 expanded CTC and stimulus checks administered through the tax code. Tax reductions and refundable credits declined from a peak of 1.7 percent of GDP in 2021 to 0.8 percent in 2023, and they are projected to slowly decline in the years going forward.
- The exception to this story of tax provisions is the **dependent exemption,** which provided more than half of all support for children in 1960 and declined to zero in 2019. The dependent exemption is slated to return after 2025, if the Tax Cuts and Jobs Act (TCJA) expires as scheduled.

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

FIGURE 12

Components of Federal Expenditures on Children as a Share of GDP, by Category, 1960–2023



Sources: Authors' estimates based primarily on CBO (2024a), OMB (2024b), and past years' releases of these reports.

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, also in cash, were the main forms of support for families with children. Since then, spending on in-kind benefits and services has grown and now accounts for more than half of all expenditures on children.

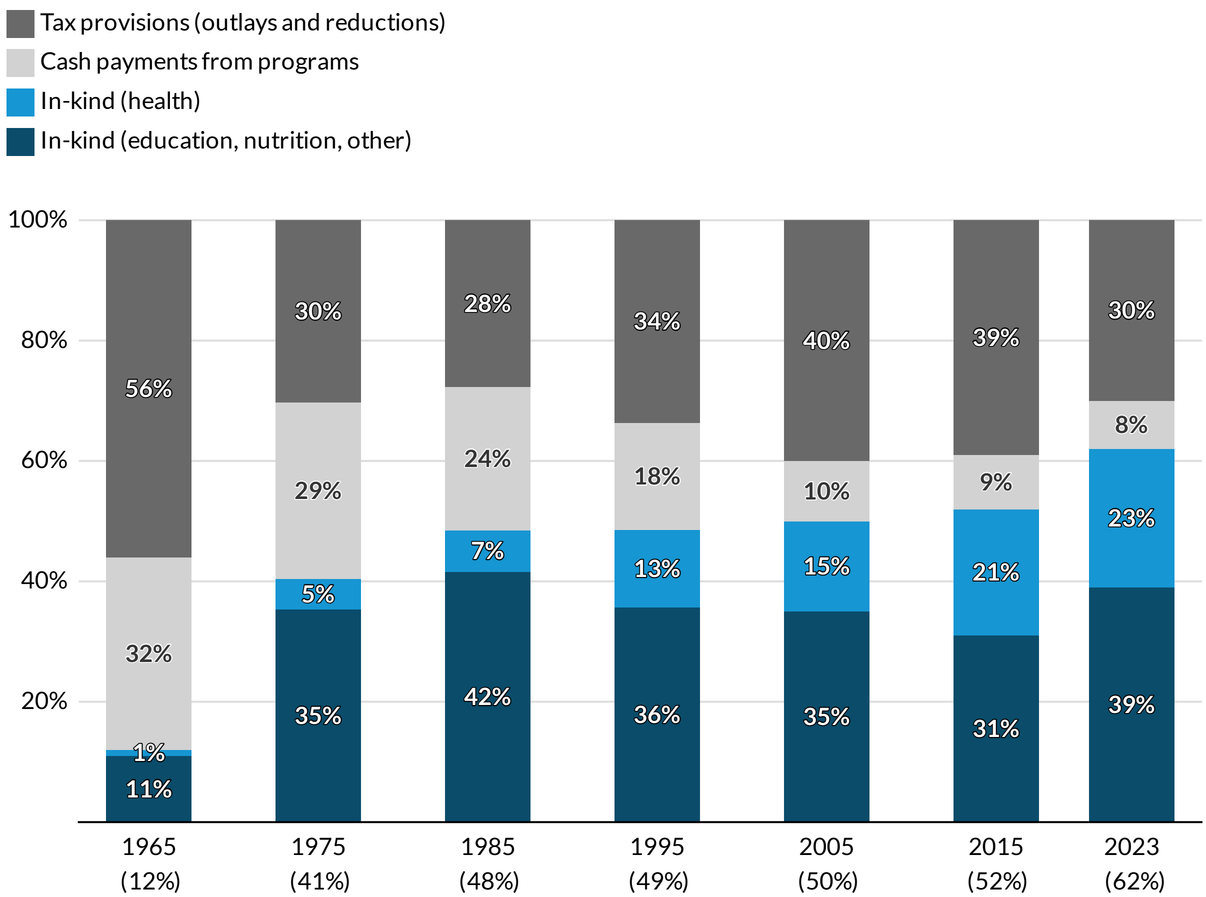
- In 1965, the federal government primarily supported children through **tax provisions** (specifically, the dependent exemption) and **cash payments** to parents on behalf of their children. Very few benefits were provided through noncash benefits, also known as in-kind supports.
- As new programs providing 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 before generally decreasing through 2015. The rate of spending hovered around 30 percent between 2016 and 2021 and increased to 40 percent in 2022 as a result of spending from the pandemic. It decreased to 39 percent in 2023 and is projected to continue decreasing in the coming years to prepandemic levels.
  - **Health programs** have driven the more recent growth in spending on in-kind benefits**,** accounting for 21 percent of all spending on children in 2015. This temporarily fell to 15 percent in 2021 because of large increases in pandemic-relief spending in other areas, specifically cash economic impact payments. In-kind health spending increased to 23 percent of all spending on children in 2023.
- In total, in-kind benefits and services (health, education, nutrition, and other) accounted for 62 percent of expenditures on children in 2023. This is up from 51 percent in 2020 and 45 percent in 2021, when the federal government temporarily provided cash support through economic impact payments (stimulus checks) to families.
- The other 38 percent of support to children in 2023 was through **tax provisions** (30 percent) and **cash payments from programs** (8 percent). Cash payments from outlay programs have declined sharply, from 32 percent in 1965 to only 8 percent in 2023. Tax provisions have also sharply decreased from 56 percent in 1965 to 30 percent in 2023.

In-kind benefits accounted for 62 percent of total expenditures on children in 2023.

FIGURE 13

Federal Cash and In-Kind Expenditures on Children, 1965–2023

Percentage of expenditures on children (total percentage of in-kind spending in parentheses)



Sources: Authors' estimates based primarily on CBO (2024a), OMB (2024b), and past years' releases of these reports.

Notes: Percentages shown along the horizontal axis are the share of in-kind spending on children. Percentages 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. With temporary pandemic-response funding, this share declined to 47 percent in 2021, while expenditures for universal tax programs increased. Federal expenditures for children targeted to families with low incomes increased again to 61 percent as pandemic-related spending subsided.

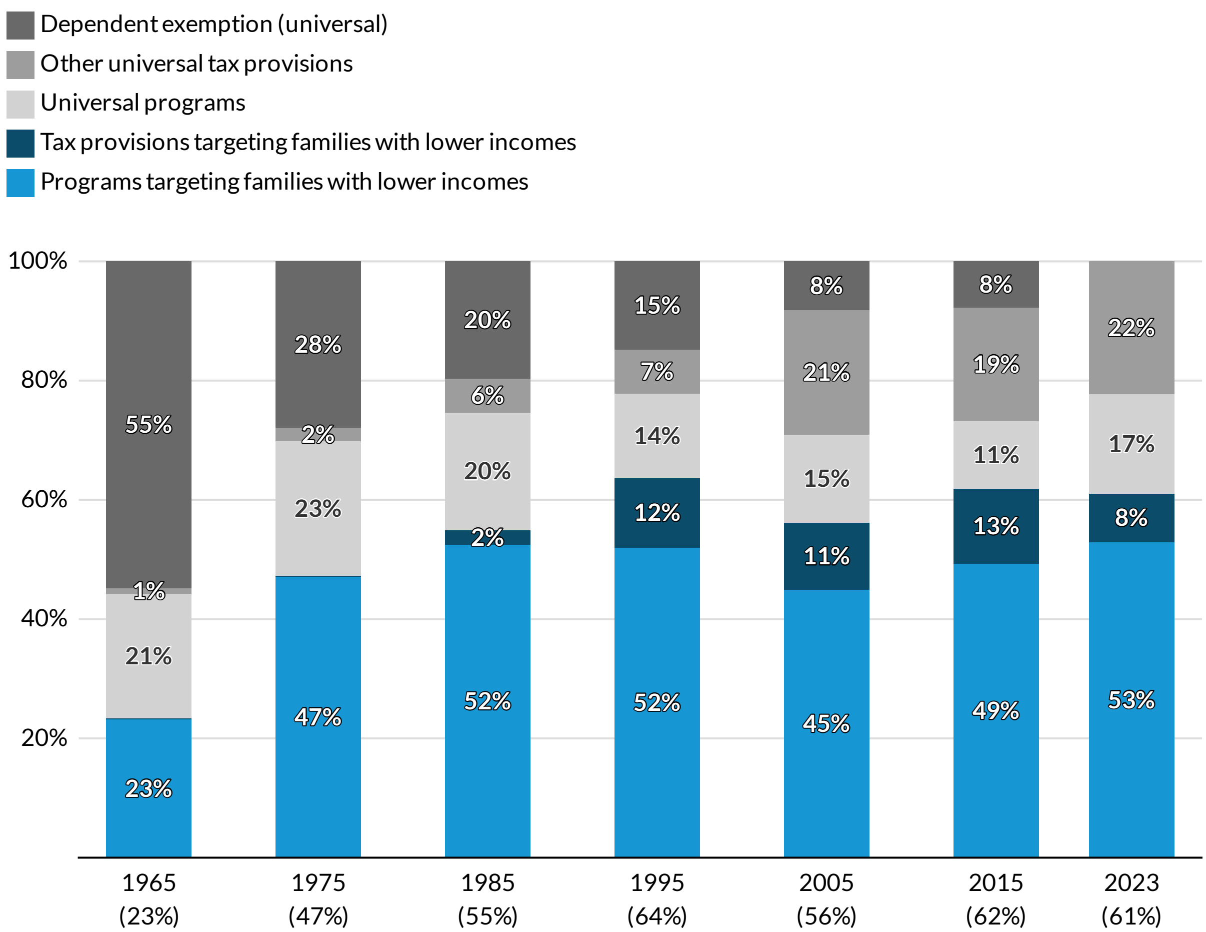
- In 1965, most expenditures for children were distributed through the **dependent exemption**, Social Security, and other benefits generally available to all children regardless of family income—that is, through **universal programs and tax provisions.**
- The focus of children's spending shifted toward households 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.[14] During the pandemic, the share of federal expenditures on children that were income targeted fell to its lowest point since 1975, accounting for only 47 percent of expenditures on children in 2021. The expenditures on programs targeting families with lower incomes increased to prepandemic levels, reaching 61 percent in 2023, and are projected to increase to 63 percent of expenditures on children in 2025.
- In 2023, the total share of expenditures through **universal programs and tax provisions** (39 percent) was similar to what it had been in 2015. This masks the dramatic increase in expenditures through universal tax provisions during the pandemic in 2021, when universal tax provisions alone accounted for 42 percent of federal expenditures on children—particularly through economic impact payments paid out as stimulus checks.

- 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).

FIGURE 14

Income Targeting of Federal Children's Programs and Tax Provisions, 1965–2023

Percentage of expenditures on children (total expenditures targeting families with lower incomes in parentheses)



Sources: Authors' estimates based primarily on CBO (2024a), OMB (2024b), and past years' releases of these reports.

Notes: Percentages shown along the horizontal axis are the share of spending targeting families with lower incomes. Percentages may not sum to totals because of rounding.

How Does Current Spending on Categories of Expenditures on Children (e.g., Nutrition, Education) Compare with Prepandemic Spending and Projections into the Next Decade?

Over the next decade, all categories of spending on children are expected to decline as a share of GDP relative to 2023. Spending as a share of GDP is also projected to decline relative to prepandemic levels in 2019 for all categories, except health.

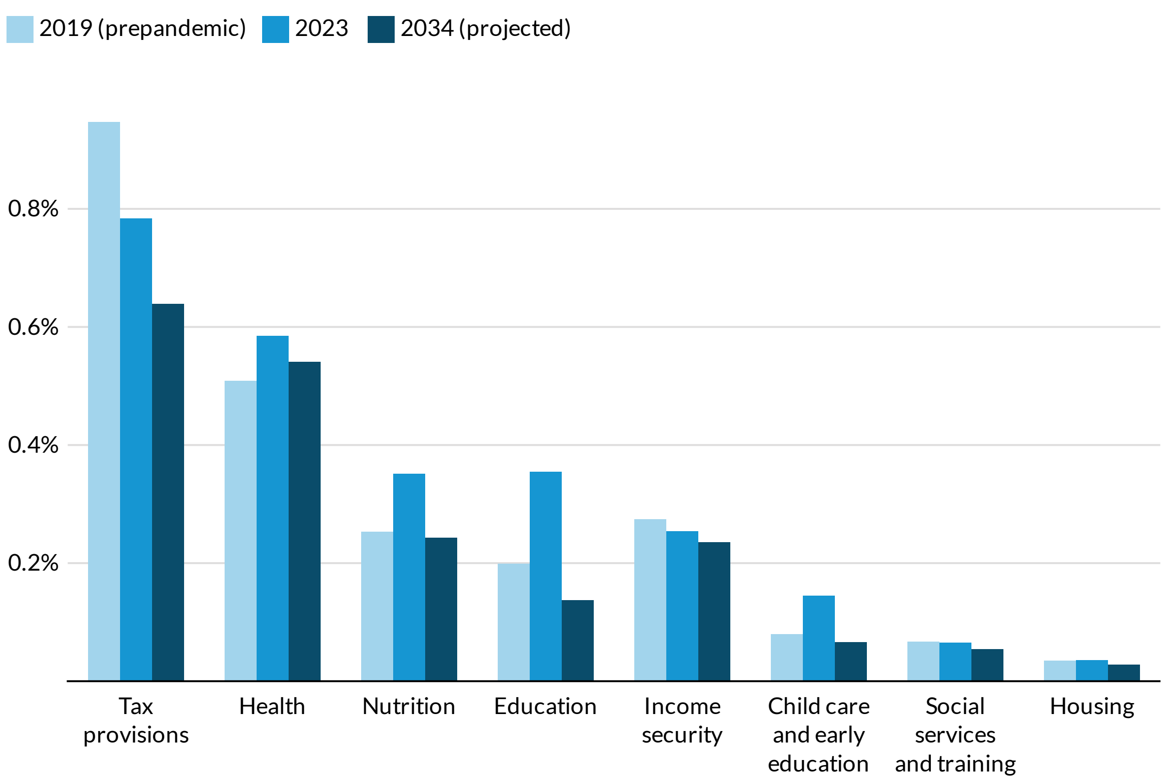
Spending could decline as a share of GDP while staying flat or even rising in real dollars because of the strong growth in GDP projected between 2023 and 2034 (from $27 to $33 trillion, in inflation-adjusted dollars, data not shown).

- Expenditures through **tax provisions** as a share of GDP are projected to be lower in 2034 than in 2023 or 2019. In real dollars, tax provisions are projected to increase by $2 billion (less than 1 percent) in comparison with 2023 but decrease in comparison with prepandmic levels. The American Rescue Plan's temporary increase of the CTC and the economic impact payments (stimulus checks) program ended in 2022, and other changes to the CTC and dependent exemption expire after 2025.
- Outlays on children's **health** and **income security** programs are projected to rise by $22 billion (14 percent) and $10 billion (15 percent) in real dollars over the next decade, respectively. 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 will fall below 2023 levels but will be slightly higher than prepandemic levels from 2019. Children's income security spending as a share of GDP will fall below 2023 levels, which was already a decline from prepandemic levels. 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 **child care and early education** and **education** are projected to decline significantly in real dollars and as a share of GDP over the next decade. Spending on child care and early education will fall by $17 billion (44 percent), and spending on education will fall by $50 billion (52 percent) in real dollars. As a share of GDP, education spending will fall below 2023 levels by more than half and will also fall below prepandemic levels from 2019. Spending on child care and early education as a share of GDP will also fall below 2023 and 2019 levels by about half.

- 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 comprise an increasing share of expenditures. Declining categories include spending on **nutrition** (e.g., SNAP and school lunch and breakfast programs)**, social services and training,** 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. Compared with prepandemic levels from 2019, spending for these categories in 2034 is projected to increase or remain level in real dollars but fall at least slightly as a share of GDP.

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

FIGURE 15
Federal Expenditures on Children as a Share of GDP, by Category, 2019, 2023, and 2034



Sources: Authors' estimates based primarily on CBO (2024a), OMB (2024b), and past years' releases of these reports.

Note: Projections reflect current law as of May 12, 2024, and economic developments and information as of May 2, 2024.

TABLE 3

Federal Expenditures on Children in Selected Years, by Category

	As a Share of GDP			Billions of 2023 dollars		
Category of spending	**2019**	**2023**	**2034 (projected)**	**2019**	**2023**	**2034 (projected)**
Health	0.51%	0.58%	0.54%	126	158	180
Nutrition	0.25%	0.35%	0.24%	63	95	81
Education	0.20%	0.35%	0.14%	49	96	46
Income security	0.27%	0.25%	0.23%	68	68	78
Child care and early education	0.08%	0.14%	0.07%	20	39	22
Social services and training	0.067%	0.07%	0.054%	17	18	18
Housing	0.0354%	0.04%	0.0282%	9	10	9
Refundable portions of tax credits	0.49%	0.31%	0.22%	122	84	74
Tax reductions	0.45%	0.47%	0.42%	113	127	139
Total expenditures	**2.36%**	**2.57%**	**1.94%**	**587**	**694**	**646**
Total outlays (all but tax reductions)	**1.91%**	**2.10%**	**1.52%**	**474**	**567**	**507**

Sources: Authors' estimates based primarily on CBO (2024a), OMB (2024b), and past years' releases of these reports.

Note: Projections reflect current law as of May 12, 2024, and economic developments and information as of May 2, 2024.

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

How Did Tax Expenditures on Children Change during the Pandemic, and How Are They Expected to Change in the Future?

Tax expenditures benefiting children increased substantially during the pandemic and are projected to decrease over next few years if various changes to the tax code expire as scheduled.

As a result of the Tax Cuts and Jobs Act of 2017, various changes to the individual income tax provisions, including the CTC, went into effect in 2018 and are scheduled to remain in effect through the end of 2025. As a result of the pandemic, congress passed several pieces of legislation in 2020 and 2021 that created new temporary provisions or expanded existing tax expenditures that benefited families with children. The changes affect not only the overall amount of tax expenditures, but also the extent to which they benefit children in families with low incomes.

- Pandemic-related tax expansions were largest in 2021 and were driven by three rounds of economic impact payments (stimulus checks) that started in 2020 and a one-year expansion of the CTC in 2021 (paid out in 2021 and 2022).
    - » **The three rounds of economic impact payments or stimulus checks** (*green bars in figure 16)* enacted between March 2020 and March 2021 in response to the COVID-19 pandemic included larger payments for families with children. The Coronavirus Aid, Relief, and Economic Security (CARES) Act provided an additional $500 per dependent younger than age 17; the Coronavirus Response and Relief Supplemental Appropriations Act provided an additional $600 per dependent younger than age 17; and the American Rescue Plan provided an additional $1,400 per dependent including those ages 17 and 18. economic impact payments to families with children totaled $36 billion in fiscal year 2020 and $155 billion in fiscal year 2021. About $4 billion was paid out in 2022; none in 2023.
    - » **The American Rescue Plan increased the CTC** (*light and dark yellow bars in figure 16)* from a maximum of $2,000 per child to $3,000 per child (and to $3,600 per child younger than age 6) for 2021. The bill also made the credit fully refundable, allowing families with little or no income to claim the maximum amount, and provided up to half of the credit in monthly advance payments. This greatly increased not only the total amount of the CTC, but also the amount of the credit that could be claimed by taxpayers with low incomes who owe little to nothing in income taxes (often called the refundable portion of the credit; *dark yellow bars in figure 16*). This bump in children's spending persisted into 2022 as people filed

their tax returns from the previous year. In 2023, CTC expenditures fell below prepandemic levels.

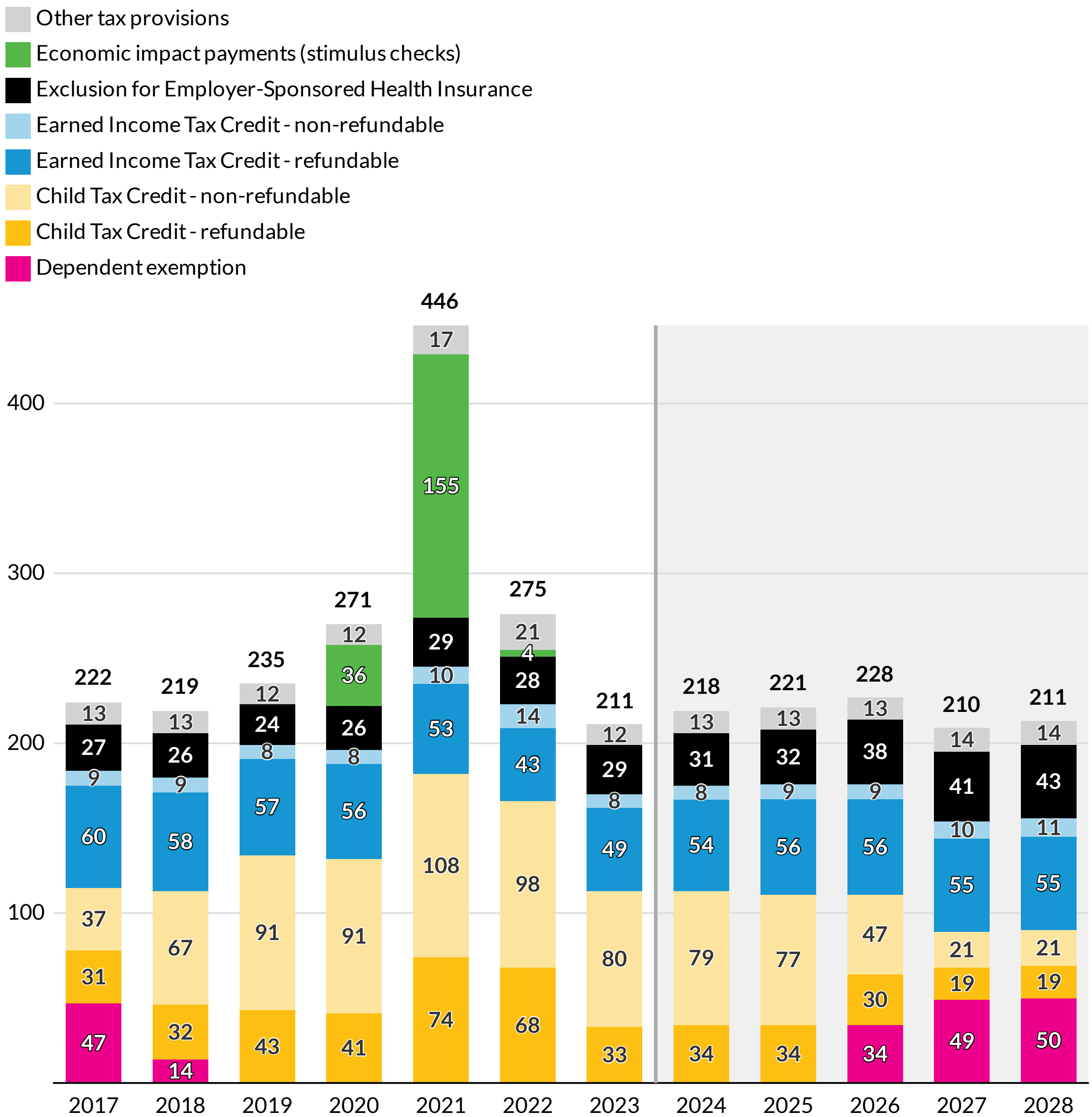
- When some provisions of the Tax Cuts and Jobs Act expire after 2025, the CTC is scheduled to drop from a maximum credit of $2,000 per child to $1,000 per child, and the dependent exemption will be reinstated.
  - » In 2018, as a result of the Tax Cuts and Jobs Act, the maximum CTC doubled from $1,000 per child to $2,000 per child under age 17. For families with low incomes, the refundable portion of the credit (*dark yellow bars in figure 16)* phases in with earned income to a maximum of $1,400 per child.[15]
  - » After 2025, the CTC reverts to a maximum of $1,000 per child under age 17, which is the same maximum amount that will be available to families with low incomes. To be eligible for the credit, families with low incomes will need to have at least $3,000 of earnings after 2026, up from $2,500.
  - » The Tax Cuts and Jobs Act also eliminated the dependent exemption (*pink bars in figure 16)*. When the dependent exemption is reinstated after 2025, the increased expenditures on children will partially offset the scheduled decreases in the CTC.
  - » Taken as a whole, the tax expenditures for children are roughly equivalent before and after the Tax Cuts and Jobs Act. However, the relative shares of each benefit are expected to change, in part because of the expiration of temporary changes and in part because inflation may reduce the value of and eligibility for unindexed benefits like the CTC.

The mix of specific tax expenditures on children is shifting as temporary pandemic-related changes have ended, and temporary provisions of the Tax Cuts and Jobs Act of 2017 are scheduled to expire after 2025.

FIGURE 16

Federal Expenditures on Children through Tax Provisions, 2017–28

Expenditures in billions of 2023 dollars



Sources: Authors' estimates based primarily on CBO (2024a), OMB (2024b), and past years' releases of these reports.

Notes: Tax provisions with less than $15 billion in expenditures in all years are combined under "other tax provisions." These provisions include the dependent care credit; premium tax credit; Qualified Zone Academy Bonds; Qualified School Construction Bonds; the employer-provided child care credit; the adoption credit; tax reductions for assistance for adopted foster children; 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. Data through 2023 capture actual expenditures, while data from 2024 onward are projections and are delineated by the gray shading. Projections reflect current law as of May 12, 2024, and economic developments and information as of May 2, 2024.

Appendix. Methods

Estimating the portion of government expenditures 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 OMB's *Budget of the United States Government* for fiscal year 2025 (2024a–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 expenditures that directly benefits children. These methodological steps are described below, followed by a discussion of methods for estimating expenditures on older adults, state and local estimates, future projections (where we rely heavily on CBO projections), and methodological changes made in this year's report.

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 only 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 or Head Start) or serve all age groups but deliver a portion of benefits directly to children (e.g., Supplemental Security Income, or SSI, payments for children with disabilities or Medicaid services for children).
- Family benefit levels increase with family size (e.g., SNAP and 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 they do not meet the criteria for inclusion in our analysis 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. 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 direct outlays paid out for the refundable portion of tax credits and from 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 OMB, 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 2025* (OMB 2024b) and prior years. The *Analytical Perspectives* volume of the budget (OMB 2024a) 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 2023 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 expenditures 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 provide benefits only to households with children, with the amount of benefits determined by the number of children (e.g., CTC and dependent exemption), we consider 100 percent of program expenditures as going to children.
- For programs that directly serve people of different ages (e.g., Medicaid and SSI), we determine the percentage of program expenditures going to children.
- For programs where benefits increase with the number of children present, we calculate the additional expenditures that are because of children's presence.
- 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 person 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 Estimating Spending on Older Adults

Although *Kids' Share* focuses on federal expenditures on children, we also have developed rough estimates of expenditures 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 2021, we also include expenditures 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 expenditures on children and disabled adults ages 18 to 64 to estimate older adults' share of expenditures for Social Security, Medicare, and Medicaid. However, except in estimates denoted as expenditures on "older adults" or "seniors," our estimates for the 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 outlays on children from 2005 to 2021. Estimates through 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 2009 and after include the US Census Bureau's Annual Survey of School System Finances, unpublished tabulations of Medicaid claims (Medicaid Statistical Information Statistics 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 outlays 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, and CHIP).

Methods for Projections

To estimate future trends in expenditures on children, we primarily use the CBO's *An Update to the Budget Outlook: 2024 to 2034* (CBO 2024a). These June 2024 budget projections reflect current law as of May 12, 2024, and economic developments and information as of May 2, 2024. They generally assume no change in laws or regulations governing permanent tax provisions and mandatory spending after May 12th. For projecting tax provision expenditures, we turn to the Urban-Brookings Tax Policy Center Microsimulation Model for major provisions and the OMB's projections in *Analytical Perspectives* (OMB 2024a) for smaller provisions.

Our methodology for projections differs depending on whether a program is mandatory, discretionary, or a tax provision:

- 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 expenditures directed to children for each program will remain constant from 2024 to 2034. However, we use the CBO's detailed projections by age group for Medicaid, Social Security, and SSI to calculate the share of spending going to children in future years. We also assumed the shares of spending going to children in two programs (SNAP and child nutrition) were higher in 2020–22 because of temporary pandemic-relief funding and then reverted to the share before the pandemic.
- For discretionary spending, with spending set by appropriations actions, 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. 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, pandemic-related 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

In last year's abbreviated *Kids' Share* report, we did not fully update the share of program expenditures going to children (Lou et al. 2023). This year, we updated the share of program expenditures going to children for all programs including all expenditures.

Notes

1 The previous *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); Lou et al. (2022 and 2023); 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 Over the course of the pandemic, the official child poverty rate, which accounts for a narrower set of income sources, increased from 14.4 percent in 2019 to 16.1 percent in 2020 before falling to 15.3 percent in 2021 and 15.0 percent in 2022 (Shrider and Creamer 2023).

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), 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), 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 child age (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 2022* (First Focus 2022), provides detailed, program-by-program information on appropriations for children's programs from 2017 to 2022 and the president's proposed funding for 2023. Other analyses drawing on *Kids' Share* data include Bruner and Johnson (2018), Committee for a Responsible Federal Budget (2017), and Hoynes and Schanzenbach (2018).

7 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.

8 "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.

9 The Social Security and Medicaid estimates here exclude spending on children to avoid double counting.

10 To calculate the total tax-expenditure budget, we sum OMB 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 OMB views it as part of the overall tax structure rather than a special tax provision.

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 3.0 percent of GDP in 2022.

12 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.

13 In 1997, TANF replaced Aid to Families with Dependent Children.

14 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 2024* (Phillips et al. 2024).

15 This $1,400 amount is the only part of the CTC that is indexed for inflation.

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