How Would the President's Proposed 2021 Budget Affect Spending on Children?

A Kids' Share Analysis

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May 2020

Every year, the president's administration releases a budget, sharing its vision for allocating federal resources over the next year and decade. If fully adopted, the Trump administration's proposed 2021 budget would reduce federal spending by a cumulative $3 trillion over 10 years, or 5 percent below projected spending under current law, according to the Congressional Budget Office (CBO). In this brief, we examine how the president's budget proposal would affect spending on children.

We find that spending on children's discretionary programs (those subject to annual funding decisions) would be reduced by 22 percent below projected spending under current law. This includes sharp cuts to Title I, Special Education, and other education programs; the elimination of the preschool development block grant and reduced funding for Head Start; the elimination of the Low-Income Home Energy Assistance Program; and reductions in housing assistance programs. Mandatory (or direct) spending on children's programs such as the child tax credit and Medicaid would be protected, as would spending on most mandatory programs for older adults. (See box 1 for definitions of discretionary and mandatory spending.) Overall, if the president's proposed budget were enacted, federal spending on children would fall 4 percent below current law spending over the next decade.

This brief builds on the Urban Institute's *Kids' Share* series of annual reports, which track government spending on children each year and project spending 10 years into the future, assuming no changes to current law. The brief shows how these 10-year projections of federal spending would change if the president's proposed 2021 budget were enacted.[1] First, we review the president's budget as a whole, comparing reductions in spending on children with spending in other areas. Second, we describe the specific proposals affecting spending on children.

BOX 1

Defining Discretionary and Mandatory Spending

Discretionary spending: spending set by annual appropriations acts; policymakers decide each year how much money to provide. In recent years, discretionary spending has been constrained by spending caps set for defense and nondefense discretionary spending.

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

Plans to Reduce Total Federal Outlays by 5 Percent

On February 10, 2020, the Office of Management and Budget released a proposed budget for fiscal year 2021, setting the Trump administration's spending priorities and related policies for the next 10 years.[2] The blueprint is not useful as a forecast of future spending, as it was published before the full-scale emergence of the COVID-19 pandemic, which brought steep increases in unemployment and large increases in federal spending through legislation such as the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020. Yet it is a valuable statement of President Trump's priorities and serves as a guide to the policies he will pursue if elected for a second term.

If the Trump administration's 2021 budget were fully adopted, total federal spending would be $3 trillion lower over the next 10 years, compared with with current-law (baseline spending) projections prepared by the CBO; (2020a). Federal spending would still grow but at a slower rate than under current law, with a net reduction of 5 percent in federal outlays over the 10-year projection period. As shown in table 1, some spending areas would be cut sharply while others would be largely protected.

Large Reductions in Discretionary Spending

Some of the largest reductions in federal outlays would be in discretionary programs: those subject to annual funding decisions by Congress. Spending in this area has already been constrained by caps set in the Budget Control Act of 2011, as amended. Under current law, the caps continue through 2021. After that time, current-law projections assume that funding will remain constant in real terms; that is, they will grow at the same level as inflation.

- **Nondefense discretionary (NDD) spending programs targeted toward children would be reduced by 22 percent** below current-law projections. These reductions affect children's education programs, preschool development block grants, Head Start, housing assistance programs, Low-Income Home Energy Assistance, and other programs, as detailed in the second section (tables 2–8).

- **Other NDD programs (those not targeted toward children) would be cut by 21 percent**. This broad set of programs subject to annual funding decisions ranges from international affairs to highway construction, environmental protection, and federal administration. The budget proposes to reduce 2021 spending below the levels agreed to in last year's budget agreement, to 7 percent below 2020 levels in nominal dollars, or dollars not adjusted for inflation. The budget also proposes reductions of 2 percent per year in subsequent years, the "two-penny plan" (CFRB 2020).
- **Defense spending would be cut by 5 percent over the 10-year projection period**. Defense spending would remain close to baseline levels for the first five years. Then it would be frozen at the 2025 level through 2030, representing a reduction from the inflation-adjusted baseline.

Smaller Changes to Mandatory Spending

Mandatory spending programs, including programs targeted toward both children and older adults**, are largely protected from budget cuts.**

- **Mandatory spending on children would be protected.** This includes, for example, spending on tax credits, Medicaid, the Supplemental Nutrition Assistance Program (SNAP), and Social Security. Higher spending under the child tax credit and a new paid leave proposal would offset reductions in other programs (see section two, "Reductions in Education and Other Discretionary Programs Benefitting Children," for details).
- **Proposed spending for Medicare, which provides health insurance to disabled and older adults, would be 6 percent lower** than under current law. Savings stem from proposals to reduce payments for hospital outpatient services (to amounts paid for similar services in physician offices); slow the growth in payments for post-acute care; enact comprehensive reform of prescription drug pricing; and make other changes. Some savings in the Medicare budget would be offset by shifting costs to other health care accounts (specifically, payments to hospitals for graduate medical education and uncompensated care).
- **The president's budget proposes essentially no change to Social Security spending.** Under both current law and the president's proposed budget, the adult portions of the program are projected to grow by $450 billion between 2020 and 2030 because of the general population's aging and the indexing of Social Security benefits.
- **There would be a 1 percent reduction in spending on other mandatory programs.** Reductions in subsidies for postsecondary student loans and retirement benefits for federal employees are partially offset by increases from the administration's infrastructure initiative, which would boost spending on highways as well as air, water, and ground transportation.
    - The CBO assumes no savings associated with the administration's proposals to reform the health care system and replace some SNAP benefits with food boxes, because neither proposal included enough specifics for CBO to determine whether the new policies would result in costs or savings. Total reductions in mandatory spending would be larger if the

proposals achieved the savings expected by the administration ($844 billion and $121 billion for health care and SNAP, respectively).

Reductions in Revenues, Deficits, and Net Interest

In addition to spending reductions, **the administration's budget also proposes to reduce revenues, or taxes.** The administration proposes to extend certain provisions of the 2017 Tax Cuts and Jobs Act that are due to expire in 2025 (provisions related to the individual income tax and the estate and gift taxes) and to make other smaller changes in tax provisions.

Because the proposed spending reductions are larger than the proposed tax reductions, **the national debt is projected to grow more slowly under the proposed Trump budget than under current law.** As a result, interest payments on the debt are projected to be 4 percent lower than under current law over the 10-year projection period.

TABLE 1

Effects of the President's 2021 Budget on 10-Year Projections of Federal Spending on Children and Other Items, by Major Budget Category

Billions of nominal dollars

	Baseline spending, 2021–30	Proposed spending, 2021–30	Proposed spending cuts, 2021–30	Change
Children (mandatory)	3,818	3,838	20	0.5%
Children (discretionary)	874	682	-192	-22%
Children (total)	**4,692**	**4,520**	**-172**	-4%
Other NDD spending	7,241	5,732	-1,509	-21%
Defense	8,131	7,717	-414	-5%
Medicare	10,294	9,694	-600	-6%
Social Security	14,905	14,887	-17	-0.1%
All other mandatory	9,462	9,404	-58	-1%
Interest on the debt	5,963	5,726	-237	-4%
Total federal outlays	**60,688**	**57,680**	**-3,007**	-5%

Sources: Authors' estimates based on the CBO's *Baseline Budget Projections as of March 6, 2020* (Washington, DC: CBO, 2020b) and *An Analysis of the President's 2021 Budget* (Washington, DC: CBO, 2020a).

Notes: NDD spending = nondefense discretionary spending. Estimates in this table assume the unspecified NDD reductions related to the caps established by the Budget Control Act of 2011 would be spread uniformly across all programs. Children's portions of the programs included as Social Security (dependent and survivors' benefits), defense (schools), or other mandatory have been excluded because they are already captured as children's spending. Numbers may not sum to totals because of rounding.

Caveats

Like the CBO's analysis of the president's budget (CBO 2020a), this brief emphasizes changes from current-law projections. This may make it hard for readers to appreciate the vast differences in expected growth in various types of federal spending under current law. Most notably, **the proposed 22**

percent reduction in spending on education and other children's programs come on top of declines already scheduled into current-law projections. Specifically, discretionary spending on children is projected to drop by 5 percent between 2020 and 2030 (after adjusting for inflation and before any reductions in the president's budget).[3]

In contrast, current-law spending on interest payments on the debt and Social Security, Medicare, and Medicaid is projected to increase substantially over the next decade, as the population ages, health care costs rise, and revenues fail to match spending. Medicare, for example, is expected to increase by 65 percent between 2020 and 2030 under current law, and mandatory spending overall is expected to increase by 35 percent above inflation. See the annual *Kids' Share* chartbooks (e.g., Isaacs et al. 2019) for more on federal spending trends under current law, and see Kolasi and Steuerle (2020) for an analysis of how major components of federal spending would grow if the president's budget were adopted.

The estimates in this brief assume full implementation of the president's 2021 budget and related policies over a 10-year period (2021–30) and are based on the CBO's analysis of the budget and the authors' estimates of the share of federal spending that goes to children. All the estimates are subject to uncertainty and based on economic and spending projections made before the emergence of COVID-19 (see box 2 on methods below).

BOX 2

Methods

We compare projections of federal spending on children under current law (baseline spending) with projections based on full enactment of the president's proposed 2021 budget. To estimate federal spending on children, we follow the methods of the Urban Institute's annual *Kids' Share* reports.[4] We apply these methods to two sets of federal spending projections prepared by CBO: (1) CBO's baseline projections, which generally assume the continuation of current law, and (2) CBO's analysis of the president's 2021 budget, which provides estimates of the administration's proposals based on CBO's economic projections, estimating models, and assumptions about how policies will be implemented.

The 10-year projections (for both baseline spending and the analysis of the president's budget) are based on economic assumptions made in January 2020 and have not been adjusted for changes in economic conditions or federal spending resulting from the pandemic. Two additional caveats are worth noting, as follows.

The president's budget is a blueprint, not a detailed piece of legislation, and not all proposals are presented with sufficient detail to model program effects. For example, CBO did not model the administration's plan to replace some SNAP benefits with food boxes because the proposal did not include enough specifics for CBO to determine whether the policy would result in costs or savings. In another example, both the CBO baseline and the president's budget assume *unspecified cuts* across all NDD programs to keep aggregate spending within the caps set by the Budget Control Act of 2011, as amended. These reductions might be implemented through across-the-board cuts or through the elimination of selected programs funded by annual appropriations. Our estimates assume the unspecified cuts are uniformly made across children's spending and other spending and across different areas within children's NDD spending. We show these additional reductions in the totals for each children's spending area but without assigning them to individual programs, given the uncertainty of how they would be implemented.

We generally made the simplifying assumption that if 25 percent of spending on a program (e.g., housing assistance) went to children under current law, then 25 percent of its spending would continue to go to children under the president's budget, and thus 25 percent of any decrease or increase would be directed toward children. Although some proposed policies disproportionately target certain age groups, changing this assumption would not substantially affect our overall results.[5] The one exception is that we adjusted our estimate of Medicaid savings because the largest proposal (the work requirements for able-bodied adults) would disproportionately affect adults (see the health section on page 9 for details).

Sources: Our source for baseline spending projections is CBO (2020b) as well as the data tables available at *Baseline Budget Projections as of March 6, 2020*, CBO, March 19, 2020, https://www.cbo.gov/publication/56268. Our source for the CBO analysis of the president's budget is CBO (2020a) as well as the data tables available at *An Analysis of the President's 2021 Budget*, CBO, March 30, 2020, https://www.cbo.gov/publication/56278.

Reductions in Education and Other Discretionary Programs Benefitting Children

Spending on children aims to support children's healthy development, helping ensure that they are fed, housed, in good health, and able to grow to their full potential. However, spending on children has not been a high federal priority. For example, in 2018, only 9 percent of budget outlays were spent on children through federal programs such as Medicaid and school lunch and through refundable tax credits such as the child tax credit (Isaacs et al. 2019).

As already noted, federal spending on children from 2021 to 2030 would fall by 4 percent compared with projections under current law, if the proposals and policies specified in the Trump administration's 2021 budget were fully enacted. **Children's programs subject to annual funding decisions would be sharply reduced, while many mandatory programs and tax credits for children for the most part would be protected,** following a pattern seen throughout the budget (table 2).

- **The largest proportional cuts would be to education spending,** which would be reduced by 21 percent below baseline projections for 2021–30 (table 3).
- **Other spending categories that are largely discretionary also would experience disproportionate decreases,** with some discretionary programs eliminated entirely. Early education and care would be cut by 16 percent (table 4), while social services, housing, and training would be cut by 19 percent (table 8).
- Child-related health and nutrition programs would fall by 2 and 4 percent, respectively (tables 4 and 5). These estimates are quite uncertain and do not include the effects of the administration's incompletely specified proposals to reform the overall health care system or to shift some SNAP benefits to food boxes.
- **Child-related income security programs would increase above current law spending,** reflecting higher expenditures on the child tax credit and a new paid leave proposal (table 7).

TABLE 2

Effects of the President's 2021 Budget on 10-Year Projections of Spending on Children, by Category

Billions of nominal dollars

	Baseline spending, 2021–30	Proposed spending, 2021–30	Proposed spending cuts, 2021–30	Change
Education	476	377	-99	-21%
Early education and care	204	173	-32	-16%
Health	1,656	1,625	-31	-2%
Nutrition	624	599	-25	-4%
Income security	1,478	1,539	61	4%
Other[a]	254	206	-47	-19%
Total	**4,692**	**4,520**	**-172**	-4%

Sources: Authors' estimates based on the CBO's *Baseline Budget Projections as of March 6, 2020* (Washington, DC: CBO, 2020b) and *An Analysis of the President's 2021 Budget* (Washington, DC: CBO, 2020a).

Notes: Both baseline projections and the president's budget assume unspecified cuts across all nondefense discretionary programs to keep aggregate spending within the caps set by the Budget Control Act, as amended. Our estimates assume the unspecified cuts are uniformly made across all spending areas.

[a] Includes social services, housing, and training programs.

Large Reductions in Education Spending

The largest proportional reductions would be to K–12 education programs, where spending would be reduced by 21 percent below baseline spending projections over the 10-year budget projection period (table 2). The president proposes consolidating Education for the Disadvantaged (Title I, A) and 28 other programs into a new block grant (DoEd 2020). **The block grant would be funded below current-law levels**, with the gap growing over time**, for a total decrease of $63 billion (24 percent) over the projection period** (table 3). Title I, one of the largest programs to be consolidated, provides financial assistance to schools with high shares of children from families with low incomes, serving an estimated 25 million children (Snyder et al. 2019). Other consolidated programs include School Improvement, English Language Acquisition, Safe Schools and Citizenship Education, and Innovation and Improvement—programs that significantly impact lower-income and higher-need student populations.

In addition, the administration's budget proposes a **$12 billion (8 percent) reduction in federal resources for special education,** which helps states and local districts provide services to children and young people ages 21 and under with disabilities. Approximately 7 million students with disabilities (14 percent of total public school enrollment) receive special education services through the Individuals with Disabilities Education Act.[6]

The budget also proposes a **$4 billion (29 percent) decrease in Indian Education funding**, which supports elementary and secondary schools that serve Native American students.

While states contribute a majority of total funding for K–12 education, federal education funding is largely targeted to support the needs of vulnerable families and children.[7]

As shown in table 3, education spending, like all areas funded by annual appropriations, would be affected by unspecified cuts to all NDD programs.

TABLE 3

Effects of the President's 2021 Budget on 10-Year Projections of Education Spending on Children, by Program

Billions of nominal dollars

	Baseline spending, 2021–30	Proposed spending, 2021–30	Proposed spending cuts, 2021–30	Change
Education for the Disadvantaged (Title I)	186	21	-165	
Other programs affected by block grant	81	14	-67	
Proposed block grant	0	169	169	
Subtotal, block grant programs	**267**	**204**	**-63**	-24%
Special education/IDEA	152	140	-12	-8%
Other education	79	71	-8	-10%
Share of unspecified cuts[a]	-22	-37	-15	
Total	**476**	**377**	**-99**	-21%

Sources: Authors' estimates based on the CBO's *Baseline Budget Projections as of March 6, 2020* (Washington, DC: CBO, 2020b) and *An Analysis of the President's 2021 Budget* (Washington, DC: CBO, 2020a).

[a] Both baseline projections and the president's budget assume unspecified cuts across all nondefense discretionary programs to keep aggregate spending within the caps set by the Budget Control Act, as amended. Our estimates assume the unspecified cuts are uniformly made across all spending areas.

Large Reductions in Early Education and Care Spending

Federal spending on early education and care programs would be reduced by 16 percent below baseline projections over the 10-year budget projection period (table 2). The budget proposes to eliminate **Preschool Development Grant funding**, eliminating support for states to develop their public preschool infrastructure.

This proposal also includes a **16 percent reduction in funding for Head Start**, a federal program that supports children's growth and development through early-learning and school-readiness programs, health services, and family well-being supports.

The administration **proposes a net reduction of 3 percent in funding for the Child Care and Development Fund** (CCDF), which combines discretionary and mandatory funding to help working families with low incomes access child care and to improve child care quality for all children. The discretionary funding would be frozen for 10 years, representing a reduction relative to the inflation-adjusted baseline. The mandatory funding would be increased, under two different proposals. First, the administration proposes to increase mandatory CCDF spending to offset the effects of other policy changes (i.e., reduced funding for the Temporary Assistance for Needy Families (TANF) block grant, which funds child care for some families, and the elimination of the Social Services Block Grant (SSBG), which also funds child care in many states). (See tables 7 and 8 for the magnitude of reductions in TANF and SSBG). Second, there would be a one-time $1 billion competitive child care fund targeted toward increasing the supply of care for underserved populations. This one-time increase in funding would be

available over the next five years but is not large enough to support access to high-quality child care in the long term, especially given the net 3 percent decline in CCDF funding over the next 10 years and the reductions in TANF and SSBG funding.

TABLE 4

Effects of the President's 2021 Budget on 10-Year Projections of Early Education and Care Spending on Children, by Program

Billions of nominal dollars

	Baseline spending, 2021–30	Proposed spending, 2021–30	Proposed spending cuts, 2021–30	Change
Head Start	117	98	-19	-16%
CCDF	93	90	-3	-3%
Preschool development grants	3.0	0.1	-2.9	-97%
Share of unspecified cuts[a]	-9	-15	-7	
Total	**204**	**173**	**-32**	-16%

Sources: Authors' estimates based on the CBO's *Baseline Budget Projections as of March 6, 2020* (Washington, DC: CBO, 2020b) and *An Analysis of the President's 2021 Budget* (Washington, DC: CBO, 2020a).

Notes: CCDF = Child Care and Development Fund.

[a] Both baseline projections and the president's budget assume unspecified cuts across all nondefense discretionary programs to keep aggregate spending within the caps set by the Budget Control Act, as amended. Our estimates assume the unspecified cuts are uniformly made across all spending areas.

Reductions in Health Spending

The administration's proposal would **reduce child health spending by $31 billion (2 percent)** over the 10-year projection period. **These decreases are concentrated in Medicaid**, which provides health insurance to children, disabled adults, older adults, and certain other people from families with low and moderate incomes. The largest Medicaid proposal is to implement work requirements for able-bodied adults. Children could lose coverage if their parents lose coverage (CBPP 2020). However, the policies disproportionally affect adults, so our estimate assumes the children's share of the Medicaid savings would be half their share of baseline Medicaid spending.[8]

The administration's budget also cuts immunization and respiratory disease programs' spending on children by 34 percent ($3 billion) over the 10-year projection period. These programs support immunizations for at-risk, uninsured, and underinsured children, young people, and adults in the US by partnering with states and localities to improve access (CDC 2020). Spending on other children's health programs is reduced by $5 billion (2 percent).

These estimates do not include changes associated with the yet-unspecified details of the president's health reform vision noted in the administration's budget and could further lower spending on children's health. CBO assumes no savings with this proposal because there is insufficient detail to estimate its effect; the Office of Management and Budget included a placeholder allowance reduction of $844 billion over the next decade (CBO 2020a).

TABLE 5

Effects of the President's 2021 Budget on 10-Year Projections of Health Spending on Children, by Program

Billions of nominal dollars

	Baseline spending, 2021–30	Proposed spending, 2021–30	Proposed spending cuts, 2021–30	Change
Medicaid	1,403	1,380	-22	-2%
Immunization and respiratory diseases	10	6	-3	-34%
Other health	245	240	-5	-2%
Share of unspecified cuts[a]	-1	-2	-1	
Total	**1,656**	**1,625**	**-31**	-2%

Sources: Authors' estimates based on the CBO's *Baseline Budget Projections as of March 6, 2020* (Washington, DC: CBO, 2020b) and *An Analysis of the President's 2021 Budget* (Washington, DC: CBO, 2020a).

[a] Both baseline projections and the president's budget assume unspecified cuts across all nondefense discretionary programs to keep aggregate spending within the caps set by the Budget Control Act, as amended. Our estimates assume the unspecified cuts are uniformly made across all spending areas.

Reductions in Nutrition Spending

Child-related nutrition spending would be reduced by $25 billion, a 4 percent reduction over the 10-year projection period. This would be driven primarily by a **$24 billion (9 percent) reduction in funding for SNAP**, formerly referred to as food stamps, which provides people and families with low incomes with monthly benefits to purchase food. A package of more than a dozen new provisions would restrict eligibility, reduce benefits for certain populations, and cap the federal share of state administrative expenses. Although a few proposals are targeted toward households without children, most policy changes would directly affect households with children, which represent 41 percent of all SNAP households (table 6; Cronquist 2019).

This estimate does not include the provision to shift some SNAP benefits to food boxes, which the Office of Management and Budget estimates would save $121 billion over the next 10 years (USDA 2020). CBO did not show savings because it could not determine if the policy would result in costs or savings (CBO 2020a).

The administration's budget also would fund the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) by 6 percent less than baseline funding over the projection period. This reflects a projected decline in families signing up for benefits, following recent trends, and is not expected to reduce benefit amounts (FRAC 2020). (The CBO does not take this projected decline into account when estimating baseline spending for discretionary programs such as WIC).

Other mandatory nutrition funding increases by $5 billion (2 percent) over the projection period, supporting Child Nutrition programs such as the National School Lunch Program, the School Breakfast Program, and Special Milk.

TABLE 6

Effects of the President's 2021 Budget on 10-Year Projections of Nutrition Spending on Children, by Program

Billions of nominal dollars

	Baseline spending, 2021–30	Proposed spending, 2021–30	Proposed spending cuts, 2021–30	Change
SNAP[a]	276	252	-24	-9%
WIC	50	47	-3	-6%
Child Nutrition	300	305	5	2%
Share of unspecified cuts[b]	-2	-5	-2	
Total	**624**	**599**	**-25**	-4%

Sources: Authors' estimates based on the CBO's *Baseline Budget Projections as of March 6, 2020* (Washington, DC: CBO, 2020b) and *An Analysis of the President's 2021 Budget* (Washington, DC: CBO, 2020a).

Notes: SNAP = Supplemental Nutrition Assistance Program; WIC = Special Supplemental Nutrition Program for Women, Infants, and Children.

[a] Estimated spending cuts do not include the effect of shifting some benefits to food boxes.

[b] Both baseline projections and the president's budget assume unspecified cuts across all nondefense discretionary programs to keep aggregate spending within the caps set by the Budget Control Act, as amended. Our estimates assume the unspecified cuts are uniformly made across all spending areas.

Increases in Income Security Spending

Under the administration's proposal, spending on **child-related income security programs,** which provide cash benefits or tax credits to boost the incomes of families with children, **would increase by $61 billion (4 percent)** over the 10-year budget projection period.

This growth is driven by a $51 billion **increase in child tax credit outlays** related to the proposed extension of the 2017 Tax Cuts and Jobs Act's expansion of the credit. Under current law, the expansion is set to expire in 2025.[9] Outlays under the earned income tax credit for working families with children and low and moderate incomes are maintained at essentially the same levels as in current law.

Also, a newly proposed **paid parental leave** program is projected to increase children's spending by $27 billion over the next decade (table 7). This program would provide six weeks of paid leave to new parents and be financed by mandating state transfers of unemployment insurance funds.[10]

These increases would be partially offset by decreases in other mandatory programs. Spending on the **TANF program, which funds cash assistance and other services for families with children and low incomes, would be reduced by $16 billion (12 percent)** over the 10-year projection period. This includes a 9 percent reduction in the basic block grant to states and the elimination of the TANF contingency fund, which provides states with supplemental funding in times of high unemployment. In the first three quarters of fiscal year 2019, an average of 16 million children received TANF benefits each month.[11]

Among other changes to income security programs, the administration proposes reducing Supplemental Security Income benefits for multirecipient families. The total effects are relatively small

(a 1.5 billion, or 1.2 percent, decrease over the next decade), given the small number of families with more than one disabled member receiving Supplemental Security Income benefits. But reductions per affected family could be quite large—an average of $3,384 annually—and could disproportionately affect families with children, according to an analysis of a similar provision in the administration's 2018 budget proposal (Waxman and Giannarelli 2017). Children's spending in other income security programs, including veterans' benefits (which affect children through dependent benefits), child support enforcement, and Social Security survivor and dependent benefits, would be reduced by around 1 percent or less over the 10-year projection period.

TABLE 7

Effects of the President's 2021 Budget on 10-Year Projections of Income Security Spending on Children, by Program

Billions of nominal dollars

	Baseline spending, 2021–30	Proposed spending, 2021–30	Proposed spending cuts, 2021–30	Change
EITC	554	557	2	0.4%
CTC outlays	241	292	51	21%
TANF	136	119	-16	-12%
Paid parental leave (proposed)	0	27	27	n/a
Other income security	548	545	-3	-0.5%
Share of unspecified cuts[a]	-0.5	-1	-0.5	
Total	**1,478**	**1,539**	**61**	4%

Sources: Authors' estimates based on the CBO's *Baseline Budget Projections as of March 6, 2020* (Washington, DC: CBO, 2020b) and *An Analysis of the President's 2021 Budget* (Washington, DC: CBO, 2020a).

Notes: CTC = child tax credit; EITC = earned income tax credit; TANF = Temporary Assistance for Needy Families.

[a] Both baseline projections and the president's budget assume unspecified cuts across all nondefense discretionary programs to keep aggregate spending within the caps set by the Budget Control Act, as amended. Our estimates assume the unspecified cuts are uniformly made across all spending areas.

Reductions in Spending on Social Services, Housing, and Training

Spending on a residual category of other children's programs would be cut by $47 billion (19 percent) over the 10-year budget projection period. This includes **social services** (e.g., the Social Services Block Grant—SSBG—and the Community Services Block Grant—CSBG), **housing** (e.g., the Low Income Home Energy Assistance Program—LIHEAP—and Section 8), and **training** programs (e.g., Job Corps) (table 8).

The administration proposes eliminating the LIHEAP, SSBG, and CSBG programs.[12] An Urban Institute analysis of the administration's 2018 budget estimated that about 7.5 million families would lose heating and cooling assistance with the elimination of LIHEAP (Waxman and Giannarelli 2017). The SSBG program is a flexible funding source that allows states to deliver child care and other social services to children and adults, which benefited over 10 million children in 2017 (Office of Community Services 2019). The CSBG program supported around 4 million children in 2017 by providing funds to organizations working to reduce poverty in state and local communities (Gasser and Kujawski 2019).

Additionally, over the next decade, spending on children for **Section 8,** the federal government's main program for helping families and senior adults with low incomes obtain affordable housing in the private market**, would be reduced by $19 billion (22 percent); low-rent public housing** outlays benefitting children would fall by **$3 billion (31 percent)**; and support for **Job Corps** services to people younger than age 19 would be **$4 billion (44 percent)** lower. All other child-related programs would increase by $3 billion (2 percent) over 10 years. However, these increases would be more than offset by the higher amount ($11 billion) of unspecified NDD cuts in the administration's proposal compared with current law ($7 billion).

TABLE 8

Effects of the President's 2021 Budget on 10-Year Projections of All Other Spending on Children, by Program

Billions of nominal dollars

	Baseline spending, 2021–30	Proposed spending, 2021–30	Proposed spending cuts, 2021–30	Change
Section 8	88	69	-19	-22%
Low-rent public housing	11	7	-3	-31%
SSBG	9	0.3	-9	-97%
LIHEAP	8	0.3	-8	-97%
Job Corps	8	5	-4	-44%
CSBG	3	0.1	-3	-97%
Other	134	136	3	2%
Share of unspecified cuts[a]	-7	-11	-4	
Total	**254**	**206**	**-47**	-19%

Sources: Authors' estimates based on the CBO's *Baseline Budget Projections as of March 6, 2020* (Washington, DC: CBO, 2020b) and *An Analysis of the President's 2021 Budget* (Washington, DC: CBO, 2020a).

Notes: SSBG = Social Services Block Grant; LIHEAP = Low Income Home Energy Assistance Program; CSBG = Community Services Block Grant.

[a] Both baseline projections and the president's budget assume unspecified cuts across all nondefense discretionary programs to keep aggregate spending within the caps set by the Budget Control Act, as amended. Our estimates assume the unspecified cuts are uniformly made across all spending areas.

Conclusion

If the president's 2021 budget were enacted, fewer federal resources would be spent helping children reach their full potential. Education and early education and care programs would be hit hardest despite their importance in equalizing opportunity and improving human capital. Reductions in SNAP, TANF, and public housing and the elimination of the LIHEAP, SSBG, and CSBG programs would also affect children, who make up a sizable portion of the clients served by these programs. Even with increases in the child tax credit and the introduction of a new parental paid leave program, federal spending on children would decline by 4 percent relative to projected spending under current law.

These proposed reductions accentuate trends already expected to occur under current law. **Children's programs already face a budgetary squeeze,** as federal expenditures on mandatory health

and retirement programs and interest payments on the debt increase rapidly, consuming an ever-increasing share of the federal budget (see Isaacs et al. 2019 and other *Kids' Share* annual reports).

In one sense, both CBO's projections under current law and the president's proposals are outdated, with their assumptions about economic growth and federal spending overturned by the novel coronavirus pandemic, skyrocketing unemployment rates, and huge increases in federal spending. Yet the president's 2021 budget is not outdated as a policy vision. It represents the administration's most recent statement of how it would like to see Congress allocate future federal resources. This proposed allocation would further reduce the already diminishing federal resources spent on children.

Notes

1 This brief updates earlier analyses of the president's proposed 2018 and 2019 budgets (Isaacs, Lou, and Hong 2017; Lou, Isaacs, and Hong 2018).

2 All references to years are to federal fiscal years, which run from October 1 to September 30 and are named for the calendar year in which they end. All dollar amounts are in nominal dollars.

3 Authors' estimates based on CBO (2020a).

4 As in *Kids' Share*, we define children as people ages 18 and younger. We also follow *Kids' Share* methods regarding which programs aid children or their households and the share of each program's spending that goes to children (Hong et al. 2018; Isaacs et al. 2018). However, we focus on federal outlays (i.e., spending from federal programs and the refundable portions of tax credits) and do not include the tax reduction analyses found in other *Kids' Share* reports. Additionally, a handful of programs included in *Kids' Share* are omitted from this analysis because of their smaller size (less than $200 million in funding) and relative complexity. The omitted programs are Railroad Retirement and school-based health centers under the Affordable Care Act.

5 The question of the age distribution of proposed reductions is not relevant for programs that only serve children (education programs and Head Start) or are eliminated (the Social Services Block Grant and premium tax credits under the ACA).

6 "Children and Youth With Disabilities," National Center for Education Statistics, last modified May 2019, https://nces.ed.gov/programs/coe/indicator_cgg.asp.

7 Cary Lou, Heather Hahn, Julia B. Isaacs, Eleanor Lauderback, Caleb Quakenbush, and C. Eugene Steuerle, "Shortchanging Future Generations: Federal Spending on Education and Other Kids' Programs Is Getting Squeezed," Urban Institute, September 2019, https://www.urban.org/features/shortchanging-future-generations.

8 We assume the children's share of Medicaid spending reductions would be 50 percent of their share of baseline spending, as the midpoint between a lower-bound estimate of zero (if children were fully protected from all Medicaid savings) and an upper-bound estimate that the savings would impact them as fully as other age groups. Our estimate could be about $22 billion higher or lower under these different assumptions.

9 A fuller analysis of extending the Tax Cuts and Jobs Act past 2025 would show both the effect on outlays and the related effects on tax reductions. Such an analysis is beyond the scope of this brief.

10 Drew Aherne and Michelle Dallafior, "Fact Sheet: Impact of the President's 2021 Budget on Children," First Focus on Children, February 2020, https://firstfocus.org/resources/fact-sheet/fact-sheet-impact-of-the-presidents-2021-budget-on-children.

11 "TANF Caseload Data," Office of Family Assistance, last modified October 1, 2019, https://www.acf.hhs.gov/ofa/resource/tanf-caseload-data-2019.

12 The reductions shown in table 8 are less than 100 percent of spending because of some residual outlays in 2021 and beyond from funding authorized in earlier years.

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Acknowledgments

The authors are grateful to the Peter G. Peterson Foundation for sponsoring this research and to the authors and funders of previous reports on children's budgets for laying the groundwork for this series. We are grateful to them and to all our funders, who make it possible for Urban to advance its mission.

The views expressed are those of the authors and should not be attributed to the Urban Institute, its trustees, or its funders. Funders do not determine research findings or the insights and recommendations of Urban experts. Further information on the Urban Institute's funding principles is available at urban.org/fundingprinciples. We also express appreciation to Heather Hahn, C. Eugene Steuerle, and Brandon McComas for their insightful comments, and to Liza Hagerman for editorial assistance.

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