

How Much Does the Federal Government Spend on Programs Benefiting Children?

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How our government spends money, and who benefits from that spending, reflects our national priorities. Today's investment in children affects tomorrow's workforce; economy; and educational, criminal justice, and health care systems.

Most federal spending on kids does not come from programs people typically associate with children, like Head Start, but from tax provisions and health programs—areas often associated with adults.

The federal government spent \$408 billion on children in 2019, which represents about 9 percent of the federal budget. An additional \$118 billion in tax reductions was targeted to families with kids, bringing total federal expenditures on children in 2019 to \$526 billion.

Tax Provisions and Health Programs Account for Most Federal Spending on Children

The child tax credit, with \$39 billion in refundable tax credits and \$79 billion in tax reductions in 2019, is the largest single program in any category of federal expenditures on children. This spending has grown recently because of the child tax credit expansion in the Tax Cuts and Jobs Act of 2017.

Tax provisions, in total, far exceed any other major budget category of spending on kids. The federal government spent \$210 billion in tax provisions in 2019, representing 40 percent of all spending on kids.

A blue rectangular graphic with the text "40%" in large white font. Below it, in smaller white font, is the text "of federal spending on children comes from tax provisions".

40%

of federal spending on children comes from tax provisions

The **child tax credit** was the single largest program in terms of federal expenditures on children (\$118 billion) in 2019. Other tax provisions with significant spending on kids include the **Earned Income Tax Credit** (\$59 billion) and the **tax exclusion for employer-sponsored insurance** (\$24 billion).

Medicaid was the second-largest program in terms of spending on children in 2019 (\$98 billion, or nearly one-quarter of all Medicaid funds). The **Children's Health Insurance Program**, which provides health insurance coverage for children, spent \$17 billion on kids in 2019.

Seven other programs spent \$10 billion or more on children in 2019:

Supplemental Nutrition Assistance Program (\$28 billion), **child nutrition programs** (\$22 billion), **Social Security** (\$21 billion), **Title I funding** for education (\$16 billion), **special education** and related services (\$13 billion), **Temporary Assistance for Needy Families** (\$13 billion), and **Supplemental Security Income** spending on disabled children (\$10 billion).

FEDERAL GOVERNMENT SPENDING ON PROGRAMS BENEFITING CHILDREN

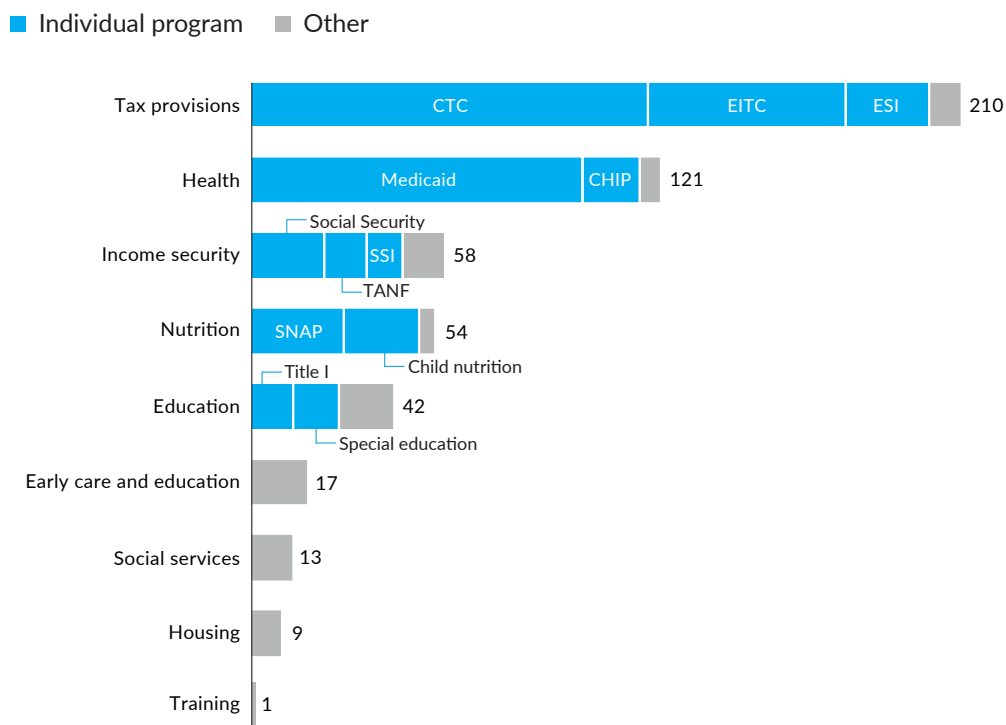
Health spending accounted for \$121 billion, or 23 percent of federal expenditures on children in 2019, primarily through programs providing health insurance for children including Medicaid and the Children's Health Insurance Program.

Other large categories of spending on kids include income security (\$58 billion), nutrition (\$54 billion), and education (\$42 billion). Smaller spending categories include early education and care (\$17 billion), which comprises Head Start, child care assistance, and preschool development grants; child welfare and other social services (\$13 billion); housing assistance (\$9 billion); and youth training programs (\$1 billion).

This fact sheet pulls from the 14th edition of the Urban Institute's annual *Kids' Share* report, which tracks federal expenditures on children from 1960 through 2019. This year's *Kids' Share* report also provides a baseline view of public expenditures before the COVID-19 pandemic. Our projections of federal expenditures on children through 2030 give a sense of how budget priorities were scheduled to unfold under the law before the pandemic and related economic and legislative responses. See the report at <https://urban.is/39BtSwe>.

Federal Expenditures on Children by Category and Major Programs, 2019

Billions of 2019 dollars



Source: Authors' estimates based primarily on Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2021* (Washington, DC: US Government Printing Office, 2020).

Notes: Programs spending less than \$10 billion are not shown separately but are included as part of "Other" and in the totals by category. CHIP = Children's Health Insurance Program; CTC = child tax credit; EITC = earned income tax credit; ESI = employer-sponsored health insurance; SNAP = Supplemental Nutrition Assistance Program; SSI = Supplemental Security Income; TANF = Temporary Assistance for Needy Families.