



Changing Systems, Changing Lives

Public Spending on Children in New Jersey

An Analysis from the Urban Institute's State-by-State Spending on Kids Dataset

Julia B. Isaacs, Eleanor Lauderback, and Erica Greenberg

April 2021

This brief examines public spending on children from birth through age 18 in New Jersey. It finds that public spending per child is higher in New Jersey than in many other states, driven by state investments in public education. It also finds that New Jersey children receive less federal support per child than the average American child; federal spending per child in New Jersey is low in the areas of pre-K–12 education, children's health, child-related tax credits, and economic supports for families with children. The analysis suggests steps that New Jersey policymakers and advocates can take to increase uptake of federal programs and tax credits.

Public investment in children matters. Whether in education, health, or economic supports, public funds support families and communities in raising the next generation. Yet state policymakers and advocates do not usually have a comprehensive picture of public spending on children—one that includes federal as well as state and local spending, one that includes tax credits as well as direct spending programs, and one that estimates the “kids’ share” of large programs, such as Medicaid and Supplemental Nutrition Assistance Programs (SNAP), that serve children as one of many populations.

This brief takes an unusually comprehensive look at spending on children from birth through age 18 in New Jersey using the Urban Institute's new State-by-State Spending on Kids Dataset. The dataset allows us to compare spending in New Jersey with comparable data collected across the country, as well as track spending from 1998 through 2016. For this brief, we also separately identify federal and state sources of spending and adjust some figures to account for the higher cost of living in New Jersey compared with other states.

Budgets reveal priorities and values. This brief presents spending as dollars per child, so spending in New Jersey can be compared with spending in smaller states, such as Connecticut, as well as larger states, such as New York. We include supplemental information alongside spending estimates to provide context as a starting point for interpretation. Readers are also encouraged to bring their own expertise to understanding findings and their implications for children in New Jersey and the organizations, public agencies, and families who support these children.

The brief proceeds in three sections. First is an estimate of total public spending on children in New Jersey, with a focus on education as the primary area of public spending in the state. Second is an exploration of the balance of federal and state sources of public spending. The third presents analyses of spending trends over time. Methods and caveats are summarized below (box 1), with details in a methods appendix.

BOX 1

Methods

Estimates in this brief are based on a new State-by-State Spending on Children Dataset (1998–2016), developed by the Urban Institute, building on earlier *Kids' Share* analyses of national spending on children.^a The dataset was built from the Census Bureau's Annual Survey of State and Local Government Finances and the authors' own estimates of the children's share of key federal programs derived from annual program data. It was designed to provide a comprehensive account of all public investments in children that support children's healthy growth and developmental outcomes.^b

This brief focuses on federal, state, and local programs and tax credits that provide direct benefits to children from birth through age 18, grouped into four categories:

- **pre-K–12 education**, including public funding for public K–12 education; public prekindergarten; Head Start; school meals; special education; and education services that operate outside of school systems (e.g., early intervention, vocational education)
- **children's health**, including spending on children through Medicaid and the Children's Health Insurance Program (CHIP)
- **child-related tax credits**, including the federal and state earned income tax credits and the federal child tax credit
- **economic supports for children and families**, including Social Security survivor benefits, Supplemental Security Income (SSI) benefits to disabled children, Temporary Assistance for Needy Families (TANF) cash assistance, and Supplemental Nutrition Assistance Program (SNAP) benefits to children

We estimate the federal and state shares of spending for each spending category, building on information in the State-by-State Spending on Children Dataset and supplemental data gathered for this brief, as detailed in the appendix.

Spending estimates are expressed as total annual spending divided by the entire population of children from birth through age 18 in New Jersey. When spending is compared over time, estimates are adjusted for inflation and expressed in 2016 dollars.

Caveats

Spending per child estimates can be compared with estimates in other states, with larger or smaller populations. However, per child estimates are lower than many commonly reported statistics, such as spending per pupil or spending per program participant because it is based on the total number of children in the state and not solely on those children receiving the benefit. For example, health spending per child is calculated across all children, whether or not they receive publicly funded health insurance through Medicaid or CHIP.

Some differences across states may reflect differences in cost of living. Two figures (figures 2 and 4) include spending estimates adjusted using the Bureau of Labor’s Regional Price Parities.^c

The study does not include public spending after 2016, including investments in key early childhood programs such as public prekindergarten. Complete data more recent than 2016 are not available.

Finally, the brief includes most, but not all, federal and state programs and tax credits aimed at children. We were unable to include spending on child care, child welfare, the Special Supplemental Nutrition Program for Women, Infants and Children (WIC), and the maternal and child health block grant because spending on these programs is difficult to split out from social services and public health spending on adults, as explained in the appendix. Adding child care spending would increase the estimate of per child spending in 2016 by \$122 (box 2), or less than one percent. The magnitude of the other omitted programs would similarly be small relative to total public spending on children.

^a Julia Isaacs, Eleanor Lauderback, and Erica Greenberg, State-by-State Spending on Kids Dataset, Urban Institute, updated 2020, <https://datacatalog.urban.org/dataset/state-state-spending-kids-dataset>. Data originally collected from multiple sources, developed at the Urban Institute, and made available under the ODC-BY 1.0 Attribution License.

^b Margot I. Jackson and Daniel J. Schneider, “Public Investments, Private Investments and Class Gaps in Child Development” (Working Paper, Providence, RI: Brown University, 2021), <https://www.edworkingpapers.com/ai21-376>.

^c “Regional Price Parities by State and Metro Area,” Bureau of Economic Analysis, updated January 7, 2021, [https://www.bea.gov/data/prices-inflation/regional-price-parities-state-and-metro-area#:~:text=Regional%20price%20parities%20\(RPPs\)%20measure,and%20New%20York%20\(116.3\)](https://www.bea.gov/data/prices-inflation/regional-price-parities-state-and-metro-area#:~:text=Regional%20price%20parities%20(RPPs)%20measure,and%20New%20York%20(116.3)).

Total Public Spending per Child is High in New Jersey

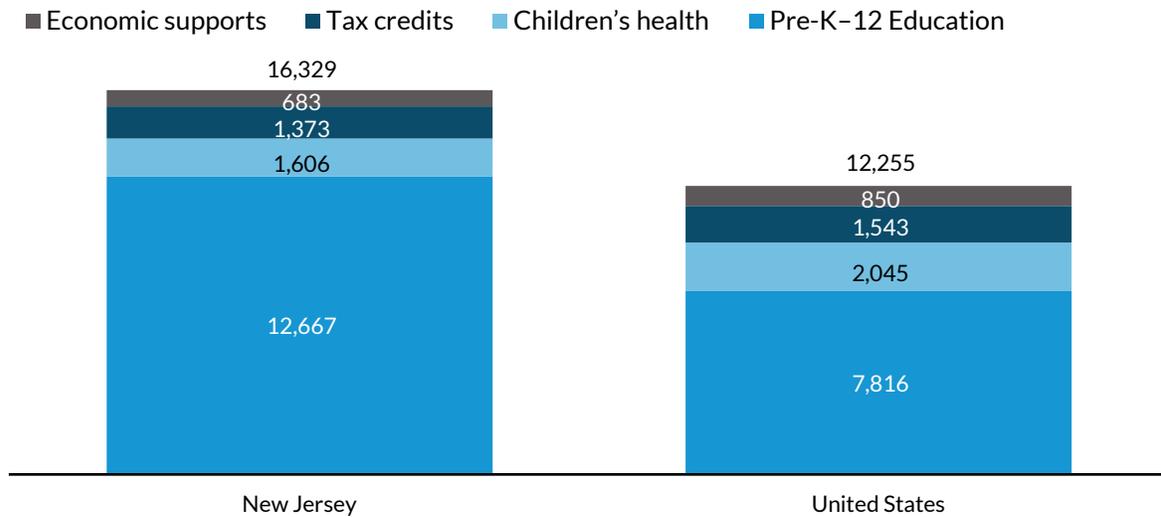
New Jersey spends substantially more on children than the national average. Figure 1 shows spending in New Jersey and the United States across four categories: pre-K–12 education, children’s health, child-related tax credits, and economic supports for families. These categories include federal and state spending and represent nearly all public spending on children in the state. Across all four categories, public spending in New Jersey totaled \$16,329 per child in 2016, over \$4,000 more than the United States, on average. What explains this difference?

New Jersey spends more on children than the national average because of its state investment in public education. Pre-K–12 funding is nearly \$5,000 more per child than other states. This investment includes compensation for teachers and administrators, curriculum and instructional materials, early education provided through Head Start and state prekindergarten, school meals, transportation, facilities, and services delivered outside of public schools, such as early intervention and vocational education. Although it includes some spending on early education, it does not include child care spending (box 2).

New Jersey spends less than the national average outside of education. Although spending differences in children’s health, tax credits, and economic supports are small (\$439, \$170, and \$167 per child, respectively), they add up to a substantial underinvestment—especially for children in households with low incomes who may rely on more than one of these supports.

FIGURE 1
New Jersey’s Public Spending on Children is Higher than the National Average, Overall and on Education

Dollars per child



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Source: Authors’ estimates based on the Urban Institute’s State-by-State Spending on Kids Dataset.

BOX 2

New Jersey Spending on Child Care and Early Education in 2016

We estimate that New Jersey spent a total of \$524 per child on child care and early education in 2016. This total includes \$402 per child in spending on public prekindergarten, Head Start, and the Individuals with Disabilities Education Act (IDEA; Special Education) Parts B and C for children from birth through age 5 and \$122 per child spent on child care. We do not have comparable figures for child care and early education in other states because they are not tracked in the State-by-State Spending on Kids Dataset.

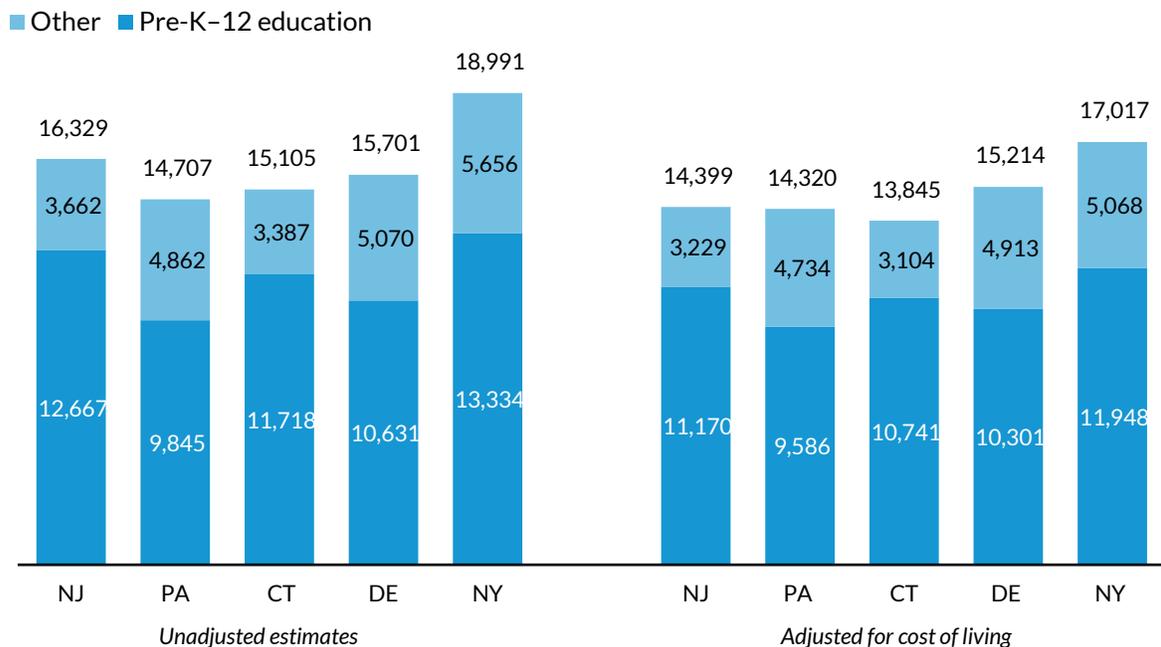
Spending on prekindergarten, Head Start, and IDEA is included in the pre-K-12 education estimates throughout this brief. Child care spending is not included in figure 1 or elsewhere in this brief, because it is difficult to split out from social services spending on adults, as discussed in the appendix.

Sources: Authors’ estimates based on the National Institute for Early Education Research (NIEER), *The State of Preschool 2016: State Preschool Yearbook* (New Brunswick, NJ: NIEER, 2017), https://nieer.org/wp-content/uploads/2017/09/Full_State_of_Preschool_2016_9.15.17_compressed.pdf; “Head Start Project Fiscal Facts: Fiscal Year 2016,” Early Childhood Learning and Knowledge Center, 2017, <https://eclkc.ohs.acf.hhs.gov/sites/default/files/pdf/hs-program-fact-sheet-2016.pdf>; US Department of Education Budget History Tables: State History Tables by State: 2016, <https://www2.ed.gov/about/overview/budget/history/sthisbypr16.pdf>; and Office of Child Care CCDF Expenditure Reports, FY 2016 from all appropriations, table 4a, <https://www.acf.hhs.gov/occ/data/table-4a-all-expenditures-state-categorical-summary-1>.

New Jersey spends similar amounts on children as its neighboring states, especially after adjusting for regional differences in cost of living. Public investment per child in New Jersey is similar to total per child spending in Pennsylvania, slightly above spending in Connecticut, and below levels in Delaware and New York (figure 2). (Bars on the left of figure 2 show spending per child in 2016 in unadjusted dollars, while bars on the right adjust for the cost of living in New Jersey and each of its neighboring states.)

New Jersey continues to outpace most neighboring states in spending on public pre-K–12 education. Adjustments for cost of living put New Jersey’s pre-K–12 spending at \$11,170, above spending in three neighboring states but still lower than New York (\$11,948). New Jersey’s other public spending on children (the total of children’s health, tax credits, and economic supports) is in line with Connecticut (\$3,229 versus \$3,104) but well below that of other neighboring states.

FIGURE 2
Public Investments per Child in New Jersey Are below Levels in New York and Similar to Levels in Other Neighboring States after Adjusting for Cost of Living
Dollars per child



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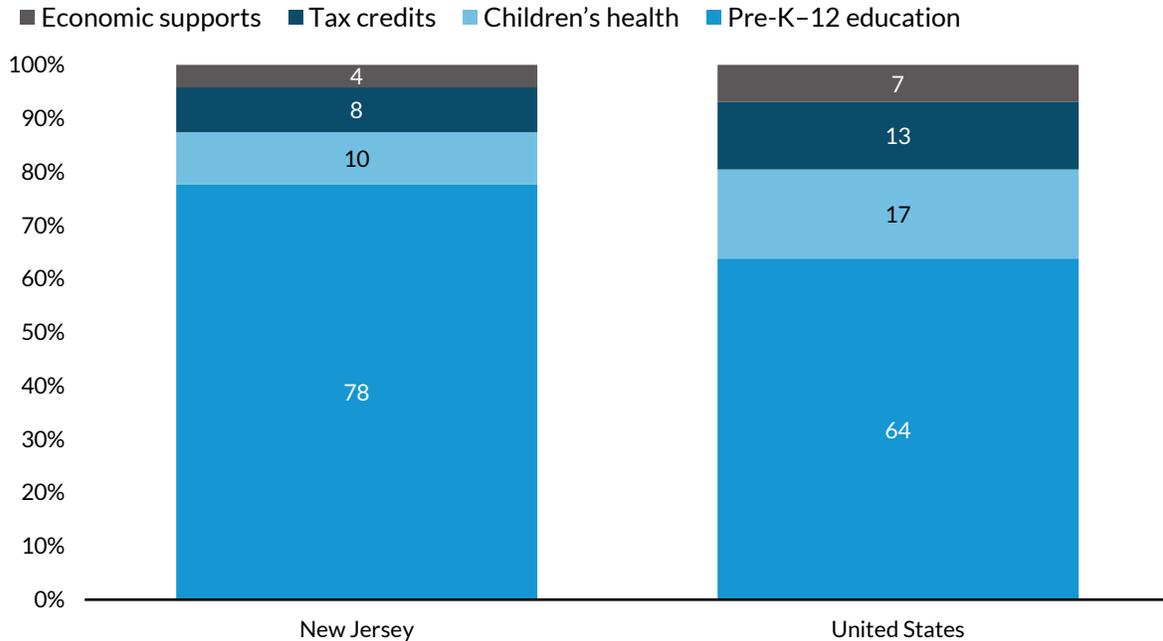
Sources: Authors’ estimates based on the Urban Institute’s State-by-State Spending on Kids Dataset and the Bureau of Labor’s Regional Price Parities.

Notes: This figure shows spending per child in New Jersey and neighboring states before and after adjustments for regional differences in cost of living. “Other” includes children’s health, tax credits, and economic supports.

Another way to look at these comparisons is to examine the relative share of funding spent on different categories. Here also we find that education makes up a higher share of public investments in

New Jersey than in other states. **Of every dollar invested in children, New Jersey spends 78 cents on pre-K-12 education**, 10 cents on health, 8 cents on tax credits, and 4 cents on economic supports (figure 3). By contrast, across the United States, 64 cents of every dollar invested in children is spent on pre-K-12 education, 17 cents on health, 13 cents on tax credits, and 7 cents on economic supports.

FIGURE 3
In New Jersey, 78 Cents of Every Public Dollar Invested in Children is Spent on Education
Percentage of public spending on children



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Source: Authors' estimates based on the Urban Institute's State-by-State Spending on Kids Dataset.

Has higher spending on education led to better student outcomes in New Jersey? **New Jersey ranks first in pre-K-12 education outcomes nationwide**, according to the Kids Count assessment of preschool participation, fourth grade reading, eighth grade math, and high school graduation (Annie E. Casey Foundation 2018). A large body of research from around the country shows that public education funds are generally spent wisely on resources that matter—especially for students from families with low incomes (Baker 2017). Research also demonstrates a strong link between higher pre-K-12 spending and outcomes such as high school graduation rates and postsecondary degree attainment (Candelaria and Shores 2019; Hyman 2017; Jackson 2020).

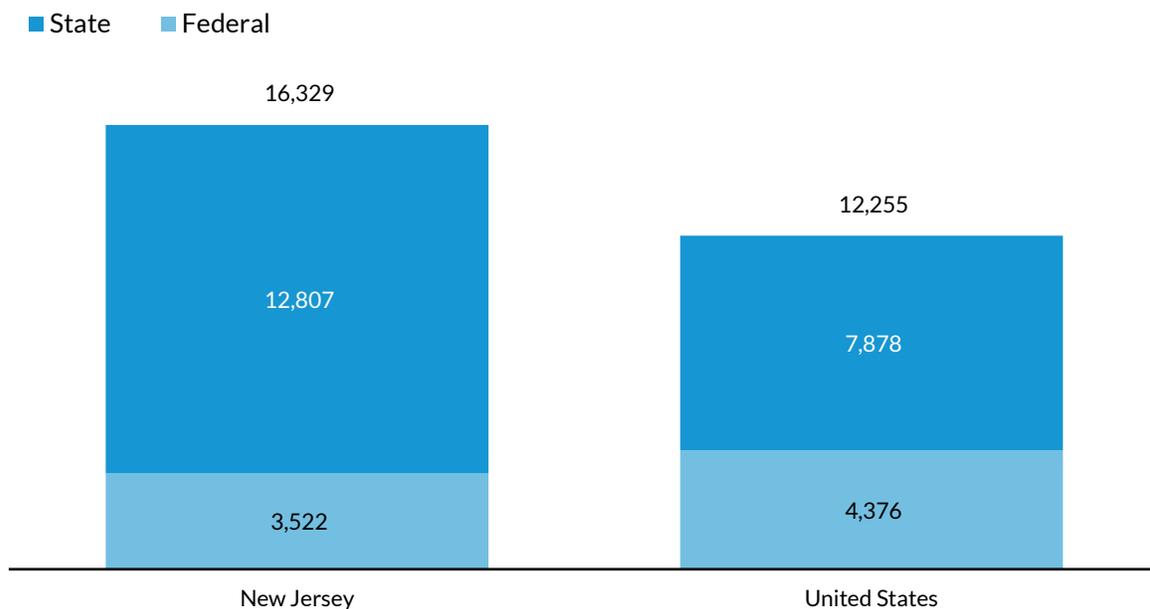
But large socioeconomic, racial, and ethnic disparities in student outcomes persist throughout New Jersey.¹ Although school finance reforms generated by *Abbott v. Burke*² have helped advance equity, they have been susceptible to cuts during the Great Recession and have never closed gaps between the most and least affluent districts in the state (Chakrabarti and Sutherland 2013; Ritter and Lauver 2003). Ongoing inequities in school funding along with high spending on educator pension

contributions and limited spending on children’s health and economic supports are three reasons why spending on education may be achieving some state goals while leaving others unaddressed.

Federal Spending per Child is Low in New Jersey

New Jersey draws down less in federal dollars per child than the average state. In 2016, federal funding averaged \$3,522 per child in New Jersey, compared with \$4,376 per child in the United States overall (figure 4). This is in striking contrast with New Jersey’s higher-than-average spending from state and local funding.

FIGURE 4
Federal Spending per Child is Lower in New Jersey Than the National Average
Dollars per child



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Sources: Authors’ estimates based on the Urban Institute’s State-by-State Spending on Kids Dataset and other sources. For more source information, see the appendix.

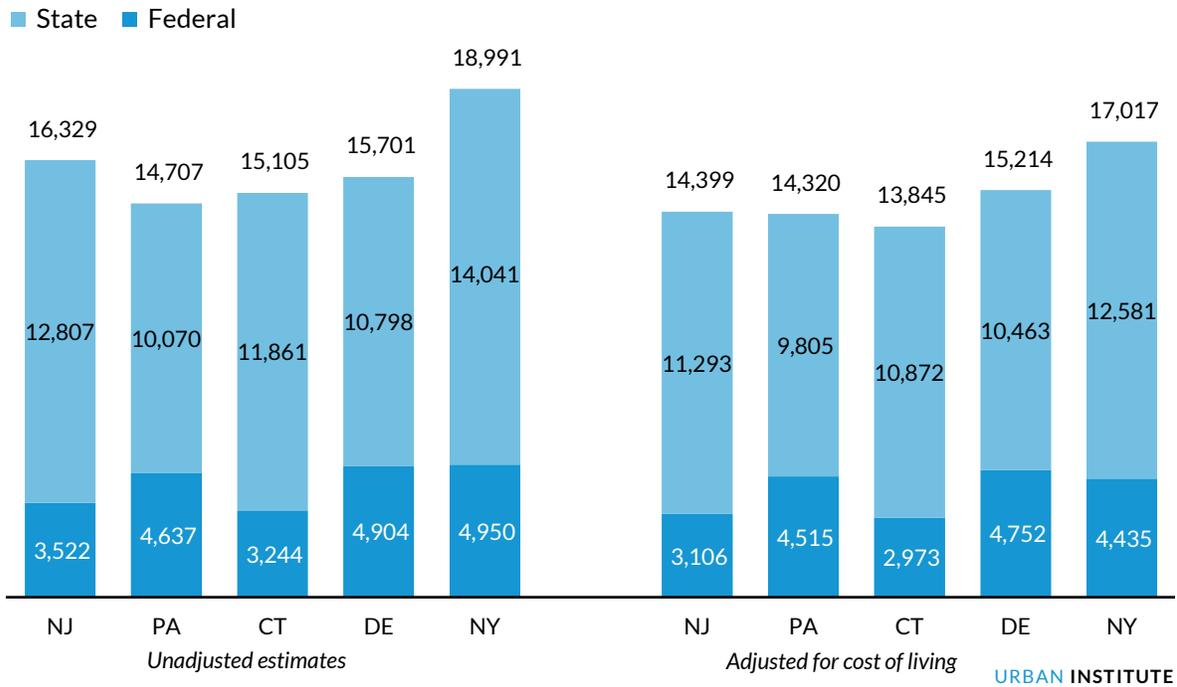
Note: “State” includes both state and local spending.

New Jersey also draws down less in federal spending than the neighboring states of Delaware, New York, and Pennsylvania, with and without adjusting for cost-of-living differences. Connecticut resembles New Jersey in drawing down less in federal dollars than many other states (figure 5). Why does New Jersey draw down less in federal dollars than the average state and less than Delaware, New York, and Pennsylvania?

FIGURE 5

Federal Spending per Child is Lower in New Jersey Than in Neighboring States

Dollars per child



Source: Authors' estimates based on the Urban Institute's State-by-State Spending on Kids Dataset.

Note: "State" includes both state and local spending.

To better understand these patterns, we examine state and federal spending in each of the four categories: pre-K-12 education, child-related health, child-related tax credits, and economic supports for children and families. As shown in table 1, *state* spending per child is higher in New Jersey than the national average in two areas (pre-K-12 education and tax credits) and lower in two areas (health and economic supports). What is striking about table 1 is that **federal spending per child in New Jersey is lower than average in all four areas.**

TABLE 1

Federal and State Spending on Children in 2016, by Category, in New Jersey and the United States

Dollars per child

	Spending source	New Jersey	US average	Difference
Pre-K-12 education				
	State	12,054	7,091	4,963
	Federal	613	725	(111)
Health				
	State	570	691	(120)
	Federal	1,035	1,355	(319)
Tax credits				
	State	183	49	133
	Federal	1,191	1,494	(303)
Economic supports				
	State	-	47	(47)
	Federal	683	803	(121)
Total				
	State	12,807	7,878	4,928
	Federal	3,522	4,376	(854)

Source: Authors' estimates based on the Urban Institute's State-by-State Spending on Kids Dataset.

Note: "State" includes both state and local spending.

Although further study is needed, we discuss possible reasons for lower federal spending in New Jersey in each spending category, drawing on information from reports that compare policies and populations across states:

- **Lower levels of federal education spending.** One reason New Jersey draws down fewer federal funds per child than other states is that many federal programs target children living in poverty. **In 2016, two-thirds of states had higher child poverty rates than New Jersey** (Children's Defense Fund 2017). Child poverty helps determine the allocation of federal education dollars, including Title I funding and to a lesser extent special education funding.
- **Lower spending on federal economic support programs.** Spending per child in New Jersey is lower than average for two major federal programs supporting children: SNAP benefits and SSI cash assistance to children with disabilities living in poverty conditions. (Spending is closer to average for the two other programs in this category: Social Security benefits to dependents and cash assistance under the federal-state TANF program).³

Low spending on SNAP benefits for children reflects low levels of program uptake, as well as relatively low child poverty rates. Only 81 percent of families eligible for SNAP benefits in New Jersey actually received such benefits. This is much lower than the 99 percent participation rate in Delaware and Pennsylvania, the 93 percent rate in New York, and the 91 percent rate in Connecticut, and it falls below the 85 percent national average (Cunnyngham 2019). Possible reasons for low uptake may include administrative burdens associated with program application, insufficient outreach and families not knowing about the program, or stigma and reluctance of New Jersey families to sign up for food assistance.

- **Lower spending on federal tax credits, despite higher spending on state tax credits.** Federal spending on tax credits for New Jersey children is lower than average for both the earned income tax credit and child tax credit. Reasons for this are not clear. One might expect high participation rates in the federal earned income tax credit program in New Jersey, because it is one of the 26 states with a state earned income tax credit that supplements the federal one. Moreover, its state earned income tax credit is more generous than most states. Even so, the percentage of eligible tax filers who claim a federal EITC in New Jersey (77.5 percent) is near the national average and below levels in New York (81.7 percent), Pennsylvania (80.9 percent), and Connecticut (78.6 percent).⁴
- **Lower federal and state spending on health programs.** Per child spending through Medicaid and CHIP is lower in New Jersey than in the United States overall. **The lower federal spending is partly explained by the federal matching rate formula**, which provides higher federal shares for states with low per capita income (e.g., Mississippi and West Virginia) than states with relatively high per capita income (e.g., New Jersey, New York, and Connecticut).

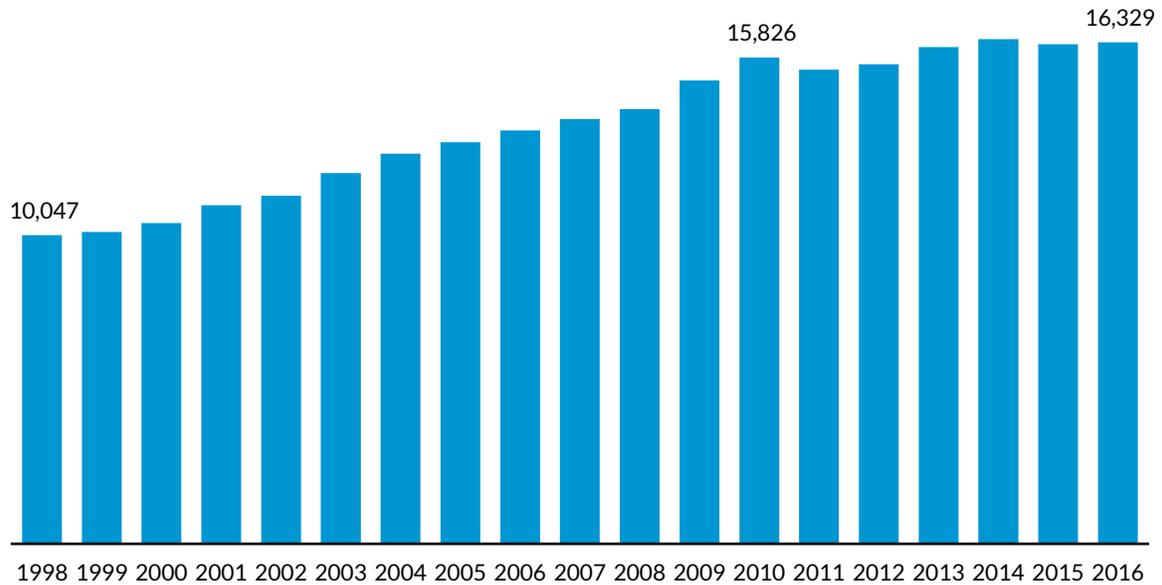
Yet this does not explain why state spending also is lower than average. A couple of possible hypotheses for low Medicaid and CHIP spending merit further study. First, low Medicaid and CHIP spending per child may reflect low Medicaid physician fees; New Jersey's fees are the second lowest in the country according to a Medicaid physician fee index for 2016.⁵ Second, low Medicaid and CHIP spending per child may reflect higher rates of coverage through employer-based insurance and thus less need for public health insurance programs such as Medicaid and CHIP. In New Jersey, 58 percent of children are covered by employer-based insurance and 29 percent by public insurance. The comparable numbers for the United States are lower (48 percent) for employer-based insurance and higher (36 percent) for public insurance.⁶ Other factors may also contribute to the relatively low spending on New Jersey's children through Medicaid and CHIP.

Public Spending per Child Has Grown over Time

Public spending per child in New Jersey increased from \$10,047 to \$16,329 between 1998 and 2016. To facilitate comparisons over time, expenditures are reported in real dollars adjusted for inflation to 2016 levels. A large increase (58 percent) occurred between 1998 and 2010, from \$10,047 to \$15,826. Some growth in 2008–10 was driven by expanded spending in the wake of the Great Recession of 2008. Very little growth, only 3 percent, took place between 2010 and 2016 (figure 6). These trends are similar to public spending per child in the United States, which also showed strong growth between 1998 and 2010 and less growth in spending since then. In the United States, total public spending per child grew from \$7,844 to \$12,255 between 1998 and 2016.

FIGURE 6

Total Public Spending per Child in New Jersey Has Grown over Time, Though Less in Recent Years
2016 dollars per child



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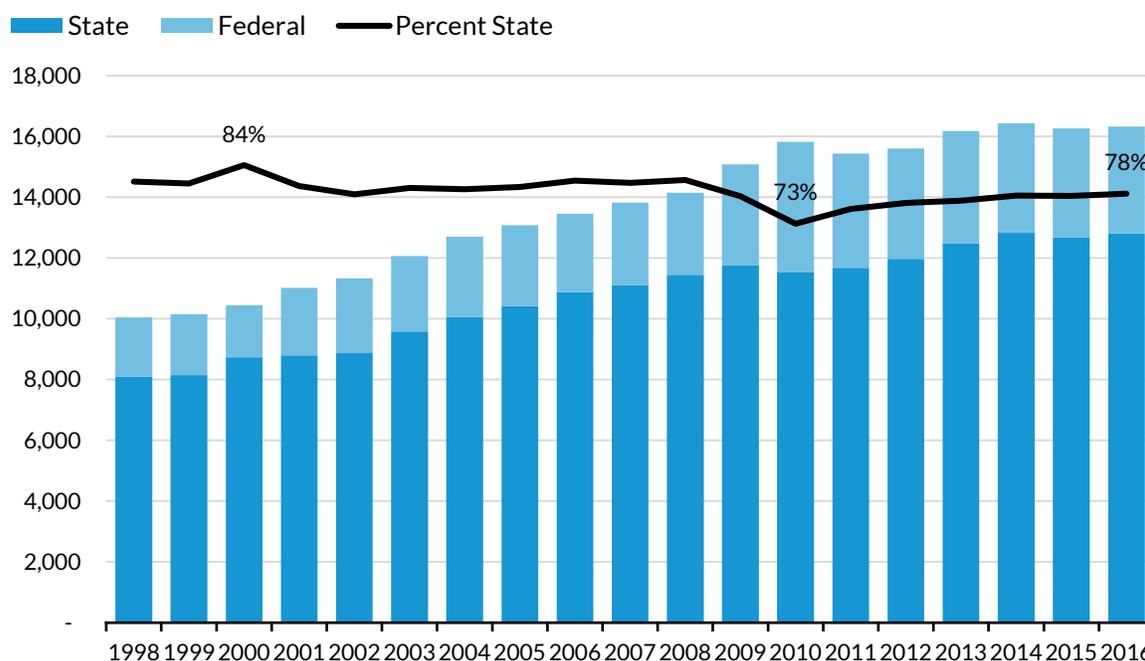
Source: Authors' estimates based on the Urban Institute's State-by-State Spending on Kids Dataset.

Trends in public spending on children reflect the impact of the Great Recession of 2008, a period worth examining for possible relevance for the pandemic-related recession of 2020. As unemployment increased and family incomes fell, more children and families were in need of services. Child poverty rates increased in New Jersey during these years, from 12 percent in 2005–07 to 15 percent in 2011–12 (and peaking at 17 percent in 2013).⁷ Some assistance programs such as SNAP and Medicaid adjusted automatically to serve the larger numbers of children and families qualifying for support. This contributed to increases in spending per child.

State and federal governments responded to the recession in divergent ways. Despite growing needs, state spending actually fell in 2010, as New Jersey and other states struggled to balance their budgets amid the recession and falling revenues (figure 7). At the same time, federal spending increased, partly, as already noted, because of increased spending on SNAP and Medicaid. The federal government also provided additional funds through the American Recovery and Reinvestment Act (ARRA) of 2009 to support state and local governments, help families facing unemployment, and stimulate the economy. Specifically, ARRA helped stabilize education spending through direct grants; expanded benefits for key programs that support children and families, such as SNAP; and increased the federal match rate for Medicaid and selected other programs. The federal increases were large enough to increase total spending in 2010, despite the drop in state spending.

FIGURE 7

Total Spending Per Child Rose during the Great Recession Despite Decreases in State Funding
2016 dollars per child



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Source: Authors' estimates based primarily on the Urban Institute's State-by-State Spending on Kids Dataset.

From 2011 to 2014, state spending on children in New Jersey slowly increased. Even so, total per child spending fell in 2011 and 2012, as the temporary boost in federal stimulus spending was exhausted before state budgets recovered.

As shown in figure 7, the percentage of total funding provided by the state government fell from a high of 84 percent in 2000 to a low of 73 percent in 2010, before returning to 78 percent in 2016. Although the majority of spending on children is from state and local sources, **federal dollars play a growing role in supporting public investments in children and a critical one in times of recession.**

Conclusion

This brief provides a comprehensive look at public spending on children from birth through age 18 in New Jersey between 1998 and 2016. Findings point to several key takeaways. First, New Jersey invests more per child than many other states. Second, New Jersey spends more per child on education but less on children's health, child-related tax credits, and economic supports for children and families. Third, New Jersey receives less federal support than other states across all spending categories. Fourth, federal dollars play a growing role in supporting public investments in children and a critical one in times of recession.

Finally, findings suggest several actionable policy levers for securing additional federal funds and bringing New Jersey in line with neighboring states:

- Reducing barriers to SNAP participation and increasing outreach for the federal earned income tax credit could bring more federal support to New Jersey children and families.
- Reviewing funding for federal education programs, such as Title I and IDEA, can reveal whether funding has been drawn down effectively and how federal, state, and local funds can better address ongoing disparities.
- Examining the Medicaid and CHIP programs, including issues such as low physician reimbursement rates, may yield additional insights on why New Jersey differs from the US average and how funding gaps may be closed.

These policy levers take on new importance in the context of the public health and economic crises brought on by the COVID-19 pandemic and the ongoing movement for racial justice. As we saw during the Great Recession, emergency federal relief can offset state and local budget cuts in the short term. But it may not be able to prevent public spending decreases in the longer term, once the public health and economic crises subside. Children in New Jersey and around the country are now facing unprecedented challenges.⁸ Sufficient public spending is critical to ensuring the health and prosperity of the next generation.

Appendix. Methods

To estimate public spending on children in New Jersey, we took three steps. First, we selected relevant variables from the State-by-State Spending on Children Dataset and grouped them into four categories (pre-K–12 education, health, tax credits, and economic supports). Second, we determined if spending was from federal or state sources, a step that required additional data collection and analysis. Third, we compared spending in New Jersey with spending in other parts of the country. Each step is described below.

Selecting Variables from the State-by-State Spending on Children Dataset

We drew on our knowledge of the State-by-State Spending on Children Dataset⁹ to identify appropriate variables. The dataset, developed by the authors in collaboration with Margot Jackson of Brown University, was designed to study whether differences in public investments, by state, affect child outcomes. The full dataset includes a broad array of spending that might directly or indirectly benefit children. For this analysis, we focused on spending that

1. provides direct services to children (public education, Head Start, the children’s share of Medicaid, CHIP) or

2. provides direct benefits to families, depending on the presence or number of children (child-related tax credits, TANF cash assistance, SNAP benefits, Social Security payments to dependents, SSI payments for children with disabilities).

We did not include variables in the State-by-State Spending on Children Dataset that indirectly benefit children but are not limited to families with children, such as expenditures on public libraries, parks and recreation, housing and community development, unemployment compensation, workers compensation, and higher education. Table A.1 shows the variables included in the analysis, grouped into our four categories, and details the data sources of each variable.

Many variables in the State-by-State Spending on Kids Dataset are drawn from the Census Bureau's Annual Survey of State and Local Government Finances (SLGF), which annually collects information on public expenditures in broad categories. The dataset also includes the authors' estimates of spending on children through large federal programs not covered by the SLGF (federal tax credits; federal benefits through SNAP, Social Security, and SSI; and federal grants to private Head Start organizations).

FUTURE REFINEMENTS

Child care, child welfare, the maternal and child block grant, and certain other children's programs are not included in our analysis because they are not separate variables in the State-by-State Spending on Children Dataset, and it would take intensive data work to split them out from the SLGF broad spending categories in which they are embedded. In the future, we hope to estimate how much of the SLGF "public health" spending category is spent on WIC and the Maternal and Child Health Block Grant, and how much of the "other cash and social services" category is spent on child care and child welfare, building on the work we have already done to identify spending on children through Medicaid and TANF. Another future refinement would be to show public prekindergarten spending separately from the broad "pre-K-12 education" category. (See box 2 for preliminary estimates for 2016 in New Jersey.)

Estimates by Funding Source

For each spending category, we estimated the federal and state shares of spending. In some cases, this is easily identified in the State-by-State Spending on Children Dataset:

- Head Start is the one federal pre-K-12 education program (the remaining three are funded by both federal and state sources).
- Three of the four tax credit variables are federal (the state Earned Income Tax Credit is state funded).
- Three of the four economic support programs are federal (TANF is a federal-state program).

In other cases, we collected additional data to separate spending based on funding source:

- For pre-K-12 education other than Head Start, we estimated the ratio of federal to state and local education expenditures using the National Center for Education Statistics's annual *Digest*

of *Education Statistics*, “Revenues for public elementary and secondary schools, by source and state” table.

- We split Medicaid and CHIP spending between federal and state sources using unpublished data gathered for the State-by-State Spending on Children Dataset.
- We used the Administration for Children and Families’s Federal TANF and State Maintenance of Effort (MOE) Financial Data, tables C1 and C2, supplemented by unpublished data for earlier years, to estimate federal and state shares of spending on TANF basic assistance.

Comparing New Jersey with Other States

The State-by-State Spending on Children Dataset has three versions of each variable: (1) total spending in nominal dollars; (2) total spending in 2016 dollars; and (3) real spending per child from birth to age 18, in 2016 dollars. We used real spending per child to facilitate comparison across states and over time.

We compared spending in New Jersey with average spending in the United States (calculated as the sum of all spending in the dataset—that is, spending across the 50 states and District of Columbia, divided by the total population from birth to age 18 in the 50 states and District of Columbia).

We also compared spending in New Jersey to its neighboring states: Connecticut, Delaware, Pennsylvania, and New York. For these comparisons, spending estimates are adjusted for state differences in cost of living, using the Bureau of Labor’s Regional Price Parities.

TABLE A.1

Variables from the State-by-State Spending on Kids Dataset Used in the New Jersey Analysis

Variable name	Description
Pre-K–12 education	
PK12ed	Public spending on elementary and secondary education by state and year. Data are from the Census Bureau’s annual State and Local Government Finance Survey, expenditure variable E12 less private revenues from School Lunch (A09), School Tuition (A10), and Other Elementary-Secondary Education (A12). Data include public prekindergarten spending by school districts, including federal Head Start grants to school districts.
Edsubs	Public spending on education subsidies, including tuition and scholarships, by state and year. Data are from the Census Bureau’s annual State and Local Government Finance Survey, expenditure variable E19 (J19 starting in 2005).
Edservs	Public spending on education special services by state and year. Data are from the Census Bureau’s annual State and Local Government Finance Survey, expenditure variable E21 less private revenues from Other Education Charges (A21).
HeadStartPriv	Federal spending on Head Start awarded to private grantees by state and year. Data are drawn from Head Start Program Fact Sheets and Program Information Report (PIR) data. Total Head Start allocations were multiplied by the share of children enrolled in private grantees. Funding awarded to state and local governments was not included, because it is already included in PK12ed.

Variable name	Description
Children's health	
Medicaid_CHIP	Public spending on Medicaid (for children and youth <21) and CHIP. Medicaid data are from the RAND Statistics database for total Medicaid expenditures (federal and state, including administrative costs), multiplied by an estimated share of expenditures on individuals <21 (based on authors' estimates, drawing from unpublished tabulations of the Medicaid Management Information System [MMIS] data). ^a Total CHIP spending is from MACPAC's Annual Medicaid and CHIP Data Book Exhibit 32, formerly Table 8 (2012–15), and historic data from the Rockefeller Institute of Government (1998–2011).
Child-related tax credits	
fedEITC	Federal spending on EITC, including refundable and nonrefundable portions, by state and year. Federal EITC spending comes from the IRS's Statistics of Income Historic Table 2 and includes both the refundable and nonrefundable portions of the credit.
CTC	Public spending on the Child Tax Credit by state and year, including refundable and nonrefundable portions. Data are from the IRS's Statistics of Income Historic Table 2.
addCC	Public spending on the Additional Child Tax credit by state and year, including only the refundable portion. Data are from the IRS's Statistics of Income Historic Table 2.
stateEITC	Total state spending on EITC by state and year. State EITC spending for 1998 through 2008 (other than District of Columbia) comes from the Rockefeller Institute of Government. For other years, New Jersey, and the District of Columbia, we set expenditures to zero for state-years with state EITC rates of zero (as documented by the University of Kentucky Center for Poverty Research). We otherwise impute expenditures by multiplying reported federal EITC expenditures in each state by the state EITC rate; then adjusting by 90 percent if the state EITC is refundable and by 84 percent if the state EITC is nonrefundable. In certain cases, we collected state EITC expenditures directly from state agency websites; these include California in 2016, Ohio in 1997 and 2009–16, and Wisconsin in 1997–2016.
Economic supports	
TANFbasic	Public spending on TANF cash assistance payments by state and year. Data are drawn from the annual TANF expenditure data on basic cash assistance. It includes federal and state expenditures (including state MOE, state match, state separate programs). Data for 1996–98 include spending on Aid to Families with Dependent Children (AFDC). One negative value (Arizona in 2013) reflects an accounting adjustment for overreporting of expenditures in prior years.
SNAP	Public spending on SNAP benefit payments that go to children by state and year. Total benefits data are from the Federal Nutrition Service's SNAP Data Tables (Persons, Households, Benefits), multiplied by the percent of child participants from the annual Characteristics of SNAP Households reports.
Socsec	Public spending on Social Security payments that go to children by state and year. Data are drawn from SSA's Annual Statistical Supplement, Tables 5.J4 and 5.J10. Total monthly benefits to children are multiplied by the percentage of recipients under age 18.
fedSSI	Federal spending on SSI payments that go to children by state and year. Average annual benefits to children under 18 are estimated using Tables 10 and 11 from the SSA's Annual Statistical Report and then adjusted to exclude federally administered state supplements. State SSI payments are excluded (they are included in "othercashserv," another variable in the full dataset).

^a Because of missing MSIS data, the share of expenditures on individuals < 21 in 2016 was imputed for New Jersey and all other states based on prior year data and Medicaid expansion status. Findings that would be similar are reported for 2015, when Medicaid estimates were not reliant on these imputations.

Notes

- ¹ “New Jersey Student Groups and Gaps Data 2019,” The Nation’s Report Card, accessed February 1, 2021, https://www.nationsreportcard.gov/profiles/stateprofile/overview/NJ?cti=PgTab_GapComparisons&chort=1&sub=RED&sj=NJ&fs=SubjectLabel&st=MN&year=2019R3&sg=All+students&ts=Single+Year&tss=-2019R3&sfj=NP.
- ² Abbott v. Burke, 100 N.J. 269 (1985), <https://law.justia.com/cases/new-jersey/supreme-court/1985/100-n-j-269-0.html>.
- ³ Although overall spending on TANF cash assistance in New Jersey is about average, state spending is low (zero), because New Jersey uses federal funds for cash assistance, spending its state dollars on noncash services, such as child care and work activities. This does not mean that children in New Jersey get less in TANF cash assistance—only that it is funded from federal rather than state dollars.
- ⁴ Delaware was the only neighboring state with a lower participation rate (74.0 percent). “EITC Participation Rate by States,” Internal Revenue Service, January 15, 2021, <https://www.eitc.irs.gov/eitc-central/participation-rate/eitc-participation-rate-by-states>.
- ⁵ These data were based on an Urban Institute survey and more recent data are not available. “Medicaid Physician Fee Index,” Kaiser Family Foundation, accessed February 5, 2021, <https://www.kff.org/medicaid/state-indicator/medicaid-fee-index/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D>. Data drawn from Zuckerman, Skopec, and Epstein (2017).
- ⁶ The remaining 13 percent of children in New Jersey included 5 percent direct purchase, 4 percent public and private, 1 percent other private, and 3 percent uninsured. Nationally, 4 percent of children were uninsured in 2016; “Children Who Have Health Insurance by Health Insurance Type in New Jersey,” Annie E. Casey Foundation, Kids Count Data Center, September 2017, <https://datacenter.kidscount.org/data/tables/10182-children-who-have-health-insurance-by-health-insurance-type?loc=32&loct=2#detailed/2/32/true/870,573,869,36,133,38/4847,4848,2807,4849,4153,2811/19704,19705>.
- ⁷ “Children in Poverty (100 Percent Poverty) in New Jersey,” Annie E. Casey Foundation, Kids Count Data Center, September 2020, <https://datacenter.kidscount.org/data/tables/43-children-in-poverty-100-percent-poverty?loc=32&loct=2#detailed/2/32/false/36,868,867,133,38,35,18,17,16/any/321,322>.
- ⁸ Lisa Miller, “Children of Quarantine: What Does a Year of Isolation and Anxiety Do to the Developing Brain?,” *The Cut*, November 24, 2020, <https://www.thecut.com/2020/11/covid-19-pandemic-kids-mental-health.html>.
- ⁹ Julia Isaacs, Eleanor Lauderback, and Erica Greenberg, State-by-State Spending on Kids Dataset, Urban Institute, updated 2020, <https://datacatalog.urban.org/dataset/state-state-spending-kids-dataset>.

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About the Authors

Julia Isaacs is a senior fellow in the Center on Labor, Human Services, and Population and an expert in child and family policy with wide-ranging knowledge of government programs and budgets. She is coprincipal investigator for Urban's *Kids' Share* analyses of public spending on children, led development of the State-by-State Spending on Kids Dataset, and directs projects to build child care research capacity.

Eleanor Lauderback is a research analyst in the Center on Labor, Human Services, and Population. Her work is focused on child and family policy, and her research interests include community engaged methods and social determinants of health.

Erica Greenberg is a senior research associate in the Center on Education Data and Policy. Her research spans early childhood and K–12 education, focusing on programs and policies like public prekindergarten, Head Start, and child care subsidy. She also investigates the causes, consequences, and measurement of educational inequality.

Acknowledgments

We thank Gina Adams of the Urban Institute and Kimberly Boller, Wesley Wei, Kevin McManemin, and others from The Nicholson Foundation for review and input on this brief. We would also like to thank staff from the Burke Foundation, Community Health Acceleration Partnership, Turrell Fund, National Institute for Early Education Research (NIEER), and the Advocates for the Children of New Jersey (ACNJ) for providing comments and feedback.

We also acknowledge Margot Jackson of Brown University, who collaborated with us in constructing the State-by-State Spending on Kids Dataset, used to support her study of public spending on children and class gaps in child development, and Megan Randall and Nikhita Airi, who contributed

helpful guidance on the State and Local Government Finance Survey information included in the State-by-State Spending on Kids Dataset.

This brief was funded by a grant from The Nicholson Foundation, with additional assistance from the Russell Sage Foundation (Grant #83-18-23) and the Eunice Kennedy Shriver National Institute of Child Health and Human Development of the National Institutes of Health (Award #R03HD097421). 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.



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Washington, DC 20024

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