What’s the future of federal spending on children?

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The federal government will soon be spending more on interest payments on the debt than on children.

Federal spending on children is an investment in the nation’s future. But that spending is being squeezed by growing interest payments and the increasing cost of health and retirement programs.

In 2016, the federal government spent $377 billion on children through programs such as Medicaid and school lunch and through refundable tax credits such as the earned income tax credit. This spending supports children’s healthy development, helping ensure that they are fed, housed, in good health, and able to reach their full potential.

In 2016, that spending made up 10 percent of the $3.9 trillion federal budget.

Share of Federal Budget Outlays Spent on Children and Other Items, 2016

Over the next 10 years, spending on children as a share of the federal budget and as a share of the economy is projected to fall. Under current law, almost all projected growth in federal spending would go toward retirement and health programs for adults and paying interest on the debt, illustrating how much past policy decisions are driving our future spending.

- Spending on children is projected to fall from 9.8 percent of the federal budget in 2016 to 7.5 percent in 2027.
- Spending on Social Security, Medicare, and Medicaid is expected to grow steadily every year. The combined amount these three programs spend on groups other than children is projected to grow from 46 percent of the budget in 2016 to 50 percent in 2027.

- **Revenues** are projected to fall below outlays every year over the next 10 years, just as they have every year since 2001, further growing the national debt.
- **Interest payments on the national debt** are projected to exceed federal spending on children by 2020 and to more than double by 2027.

What’s more, every major category of spending on children (health, education, income security, etc.) is projected to decline as a share of the federal budget. In real dollars, spending on children’s health programs is projected to increase modestly, while non-health spending is projected to decline.

These projections need not become reality. Each year, Congress chooses how much money to appropriate for discretionary programs, whether to change the laws governing mandatory programs, and whether to change the tax code. However, budget choices are increasingly constrained. Under current-law projections, we risk shortchanging our investment in future generations and leaving them with a legacy of debt.

**Interest on the National Debt Is Projected to Exceed Federal Spending on Children**

*Percentage of federal budget*

![Chart showing the projection of interest on the national debt exceeding federal spending on children](chart)


For more information, see **Kids’ Share 2017: Report on Federal Expenditures on Children through 2016 and Future Projections**, by Julia B. Isaacs, Cary Lou, Heather Hahn, Joycelyn Ovalle, and C. Eugene Steuerle. Ben Chartoff, Serena Lei, Dan Matos, and Brittney Spinner contributed to this fact sheet. This project was supported by the Annie E. Casey Foundation and the Peter G. Peterson Foundation. 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. Copyright © October 2017. Urban Institute. Permission is granted for reproduction of this file, with attribution to the Urban Institute.