

Which federal spending and tax programs provide the most support for children?

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Most federal support for children doesn't come from classic children's programs like Head Start, but from Medicaid, nutrition assistance, and tax credits—programs more often associated with adults.

In 2016, the federal government spent \$377 billion (10 percent of the \$3.9 trillion federal budget) on children through programs and refundable tax credits.

An additional \$108 billion in tax reductions was targeted to families with children, bringing total federal expenditures on children to \$486 billion.

This spending supports children's healthy development, helping ensure that they are fed, housed, in good health, and able to reach their full potential.



50%

the share of federal expenditures on children that comes from Medicaid and three child-related tax provisions

- **Medicaid is the largest source of federal spending on children.** We estimate that the federal government spent \$89 billion (a fourth of total Medicaid funds) on children in 2016.
- The next three largest programs are tax provisions: the **earned income tax credit**, the **child tax credit**, and the **dependent exemption**.
- The Supplemental Nutrition Assistance Program is the fifth-largest source of expenditures on children, providing \$31 billion in benefits to children in 2016. Child nutrition programs, including the **school lunch and breakfast programs**, provided another \$22 billion.
- The tax break families get on **employer-sponsored health insurance** provided \$21 billion in benefits for children.
- **Social Security** also provided an estimated \$21 billion in survivors' and dependents' benefits for children.

Five other programs spent \$10 billion or more on children in 2016: Title I funding for education, the Children’s Health Insurance Program (CHIP), special education and related services, Temporary Assistance for Needy Families (TANF), and Supplemental Security Income (SSI) spending on disabled children.

For many, early education and child care programs may be what first come to mind in terms of federal investment in children, but spending on these programs is relatively low. In 2016, Head Start spent \$8.7 billion, the Child Care and Development Fund spent \$5.3 billion, and revenue losses from the dependent care tax credit amounted to \$4.4 billion. The Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) and foster care programs each spent about \$5 billion on children.

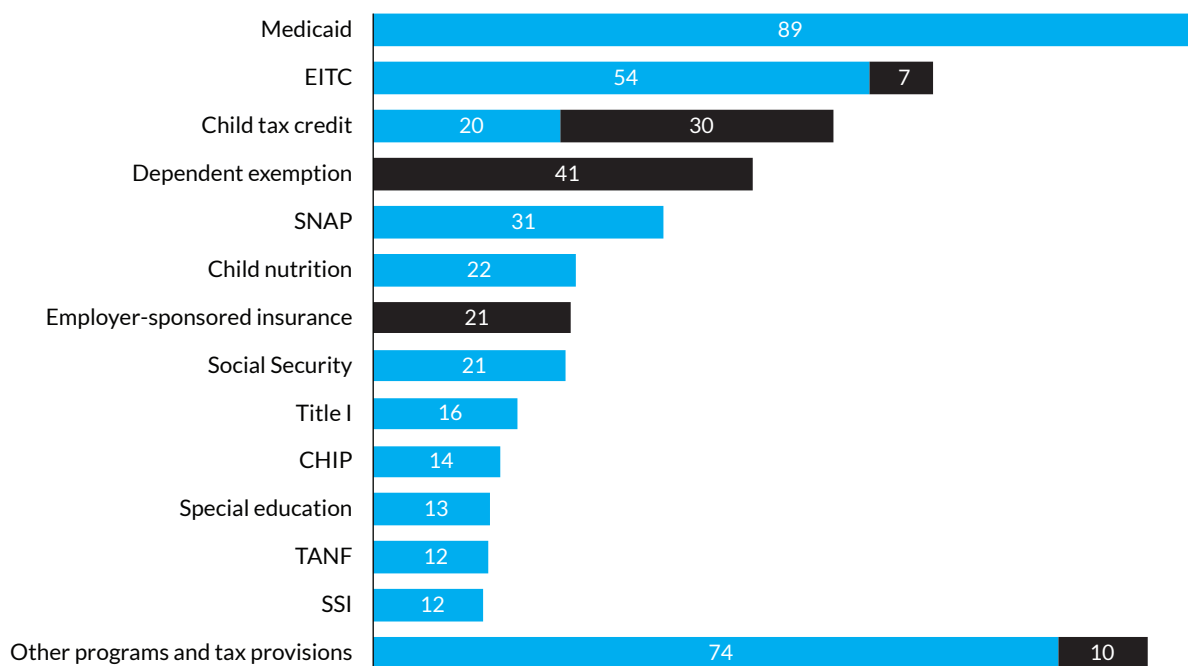
How our government spends money, and who benefits from that spending, reflects our national priorities. Knowing which programs spend the most on children can inform debates on budget, tax, and appropriations legislation, where policymakers must make difficult trade-offs.

This fact sheet pulls from the 11th edition of the Urban Institute’s annual *Kids’ Share* report, which tracks federal expenditures on children from 1960 through 2016. The report also includes projections for spending on children through 2027, showing how our budget priorities may unfold absent policy changes.

Spending and Tax Programs with the Highest Federal Expenditures on Children, 2016

Billions of 2016 dollars

■ Tax reductions ■ Outlays



Source: Authors’ estimates based on the Brookings-Urban Tax Policy Center microsimulation model and Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2018* (Washington, DC: US Government Printing Office, 2017).

Notes: CHIP = Children’s Health Insurance Program, EITC = earned income tax credit, SNAP = Supplemental Nutrition Assistance Program, SSI = Supplemental Security Income, TANF= Temporary Assistance for Needy Families. Child nutrition spending includes the National School Lunch Program, the School Breakfast Program, the Child and Adult Care Food Program, the Summer Food Service Program, and the Special Milk Program.