How Would the President's Proposed 2019 Budget Affect Spending on Children?

A Kids' Share Analysis

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In February 2018, the Trump administration released its proposed 2019 budget, which sets spending priorities for 2019 with projections through 2028. If fully adopted, the budget would reduce federal outlays by a cumulative $3.5 trillion over 10 years, according to the Congressional Budget Office (CBO). A reduction of this magnitude would obviously affect federal spending on children. But by how much? And in what areas and programs?

This brief builds off 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. This analysis addresses how these 10-year projections of federal spending would change if the president's proposed 2019 budget were enacted.[1] Although Congress never adopts the proposed budget in full, the president' budget helps guide congressional funding decisions and signals the administration's priorities.

Results at a Glance

If the Trump administration's 2019 budget were to be fully adopted, federal spending on children would be 6 percent lower over the next 10 years, compared with spending projections under current law. The largest proportional cuts would be to spending on early education and care programs, which would be reduced by 26 percent below baseline projections for 2019–28. Education spending on children would be reduced by 19 percent, child-related health spending by 5 percent, child-related nutrition spending by 5 percent, and child-related spending on social services, housing, and training by 19 percent. Child-related income security spending would increase, but only by 1 percent above the projected baseline.

More specifically, the cumulative 10-year cut to federal spending on children relative to spending projected under current law would include the following changes to individual programs:

- A $26 billion (30 percent) reduction in funding for **child care assistance** and a $29 billion (29 percent) reduction in funding for **Head Start,** which together invest in the healthy development and growth of millions of young children.[2] The historic increases in child care funding agreed to in the Bipartisan Budget Act of 2018 would be cancelled in the administration's budget, which was amended to incorporate certain other funding increases authorized by the Bipartisan Budget Act of 2018.
- A $43 billion (77 percent) cut in funding for **school improvement programs,** including the elimination of several programs and reductions in others. In addition, the president's budget proposes a $20 billion (11 percent) reduction for **Title I** and a $16 billion (11 percent) reduction for **special education.**
- A $30 billion (11 percent) reduction in federal **Supplemental Nutrition Assistance Program** (SNAP) spending on children, who represent 44 percent of all SNAP recipients (Lauffer 2017). This does not include the effects of shifting some SNAP benefits to food boxes.
- The elimination of the **Low Income Home Energy Assistance Program** and the **Social Services Block Grant** programs, both of which provide significant assistance to children.

The president's proposed budget would reduce *total* federal spending by 6 percent compared with baseline spending over the next 10 years, a decrease proportionally similar to the cuts to children's spending. However, a closer examination of these spending reductions shows that some budget areas receive deep cuts while others are largely protected. The largest reductions would be in discretionary (or appropriated) nondefense programs, with reductions of 23 percent in spending on children and 29 percent in areas not targeting children. In contrast, defense spending would increase by 4 percent. Social Security and some other entitlement programs would be essentially untouched. However, Medicare spending would be cut by 5 percent and, with the repeal and replacement of the Affordable Care Act (ACA), other mandatory health care spending on adults would be reduced by 14 percent.

The children's share of federal spending has already been declining and is projected to continue its downward trajectory, as current-law spending on interest payments on the debt and Social Security, Medicare, and Medicaid consume a growing share of the budget (Isaacs et al. 2018). The proposed reductions in the president's 2019 budget would further reduce the resources spent helping children reach their full potential.

The estimates in this brief assume full implementation of the president's 2019 budget and related policies over a 10-year period (2019–28) 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 the child-related health and nutrition estimates are particularly uncertain because of the difficulty of estimating the proposal to repeal and replace the ACA and the proposal to shift some SNAP benefits to food boxes (see the methods section on the following page).

The President's Proposed 2019 Budget

On February 12, 2018, the Office of Management and Budget released a proposed budget for fiscal year 2019, setting the Trump administration's proposed spending priorities and related policies for the next 10 years.[3] During this same period, the Bipartisan Budget Act of 2018 (signed into law February 9) and the Consolidated Appropriations Act, 2018 (signed March 23) set spending levels for 2019 at higher levels than in the president's original request. On April 13, the administration released budget amendments outlining the areas where they would direct the additional funding. As amended, the budget would reduce federal outlays by a cumulative $3.5 trillion over 10 years, compared with current-law (baseline spending) projections prepared by CBO (2018a).

Nearly 40 percent of these savings ($1.3 trillion) would come from reductions in mandatory health spending, primarily driven by a proposal to repeal and replace the ACA. An even larger amount ($2.1 trillion) would come from decreases in nondefense discretionary (NDD) spending, nondefense programs subject to annual appropriations by Congress. NDD spending funds programs in a broad array of fields, including education and training, public health and research, environmental protection, international affairs, and other priorities. The proposed decreases focus on funding designated for emergency responses to natural disasters, income security, education, job training and social services, and discretionary transportation programs. These proposed cuts to NDD spending stand in contrast to proposed increases in defense spending. Finally, the budget also assumes savings from reduced payments on the national debt, reflecting a projected decline in federal deficits relative to current law. Although the president's proposed budget is unlikely to be adopted in whole, it signals the administration's priorities and can serve as a guiding document for the budget and appropriations process.[4] Our analysis focuses on the administration's priorities regarding children.

Spending on children has not always been a priority in the federal budget. Less than 10 percent of budget outlays are spent on children through federal programs such as Medicaid and school lunch and through refundable tax credits such as the earned income tax credit (Isaacs et al. 2018). This spending 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. With proposed reductions of $3.5 trillion over 10 years, how much do the administration's proposed budget reductions affect federal spending on children? And in what areas and programs? And how would spending on children fare when compared to defense, Social Security, and other major budget priorities?

Methods

To address these questions, we compare projections of federal spending on children under current law (baseline spending) with projections based on full enactment of the president's proposed 2019 budget. To estimate federal spending on children, we follow the methods of the Urban Institute's annual *Kids' Share* reports.[5] 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 2019 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.[6]

CAVEATS

Ten-year projections provide a useful estimate of what may happen, but they rely on many different economic and technical assumptions and thus are subject to uncertainty. Two caveats are worth noting:

- 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 (BCA), 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 knowing 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.[7] The one exception is that we adjusted our estimate of Medicaid and related health care savings because the largest proposal (the repeal of Medicaid expansion under the ACA) would disproportionately target childless adults (see the health section on page 7 for details).

Effects of the Proposed 2019 Budget on Spending on Children

Federal spending on children from 2019 to 2028 would fall by 6 percent, compared with projections under current law, if the proposals and policies specified in the Trump administration's 2019 budget were fully enacted. Spending in most categories would be reduced, with reductions ranging from 26 percent in early education and care to 5 percent in the areas of child health spending and child-related nutrition spending. The one exception is that income security spending would increase by 1 percent, reflecting changes in child-related tax provisions (see table 1).

TABLE 1

Effects of the President's 2019 Budget on 10-Year Projections of Spending on Children, by Category

Billions of nominal dollars

	Baseline spending, 2019–28	Proposed spending, 2019–28	Proposed spending cuts, 2019–28	Change
Early education and care	186	138	-48	-26%
Education	425	345	-80	-19%
Nutrition	634	601	-34	-5%
Income security	1,492	1,506	14	1%
Health	1,449	1,378	-71	-5%
Other[a]	226	182	-43	-19%
Total	**4,413**	**4,150**	**-262**	**-6%**

Sources: Author's estimates based on the Congressional Budget Office's *The Budget and Economic Outlook: 2018 to 2028* (Washington, DC: Congressional Budget Office, 2018) and *An Analysis of the President's 2019 Budget* (Washington, DC: Congressional Budget Office, 2018).

Which Categories and Programs See the Largest Reductions in Children's Spending?

Under the proposed budget, education, early education and care, and other spending categories funded primarily by annual appropriations would experience disproportionate decreases, with some discretionary programs eliminated entirely. Some large safety net programs, such as SNAP, Medicaid, and Temporary Assistance for Needy Families (TANF), would also be subject to spending reductions, as detailed below. However, many mandatory programs and tax credits for children would be relatively protected, following a pattern seen throughout the budget.

EARLY EDUCATION AND CARE

The largest proportional reductions would be to early education and care programs, where spending would be reduced by 26 percent below baseline projections over the 10-year budget projection period (see table 1). This includes a **30 percent reduction in the Child Care and Development Fund**, a federal and state program that supports working parents and their children by subsidizing access to early care and after-school programs. The administration also proposes a **25 percent reduction in 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. In essence, the budget would eliminate the recent boost in child care and Head Start funding enacted by the Bipartisan Budget and Consolidated Appropriations acts. Without these additional funds, states would be hard-pressed to implement the provisions of the Child Care and Development Block Grant Act of 2014, aimed at improving children's health and safety and the quality of subsidized child care, and may not be able to expand enrollment and reduce long waiting lists for child care assistance.

As shown in table 2, early care and education spending, like all areas funded by annual appropriations, would be affected by unspecified cuts to all NDD programs. These unspecified cuts are smaller in the administration's budget than in baseline projections but still necessary to meet the BCA spending caps.[8]

TABLE 2

Effects of the President's 2019 Budget on 10-Year Projections of Early Education and Care Spending on Children, by Program

Billions of nominal dollars

	Baseline spending, 2019–28	Proposed spending, 2019–28	Proposed spending cuts, 2019–28	Change
Child Care and Development Fund	88	62	-26	-30%
Head Start	116	87	-29	-25%
Preschool development grants	3	2	-1	-25%
Subtotal, specified programs	**207**	**151**	**-56**	**-27%**
Share of unspecified cuts[a]	-21	-13	8	
Total	**186**	**138**	**-48**	**-26%**

Sources: Author's estimates based on the Congressional Budget Office's *The Budget and Economic Outlook: 2018 to 2028* (Washington, DC: Congressional Budget Office, 2018) and *An Analysis of the President's 2019 Budget* (Washington, DC: Congressional Budget Office, 2018).

[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. Because specified spending levels are lower in the proposed budget than in baseline projections, the unspecified cuts are smaller and the difference is positive.

EDUCATION

Federal spending on K–12 education would be reduced by 19 percent below baseline spending projections over the 10-year budget projection period. **More than half of the $80 billion in cuts would be to a set of school improvement programs. Several of these programs would be eliminated,** including 21st Century Community Learning Centers, which fund after-school programs for 1.8 million children; mathematics and science partnerships; Native Hawaiian education programs; Alaska Native education programs; and student support and academic enrichment grants. Further cuts to school improvement would be made to funding for other programs that support professional development for teachers and principals, reductions in class sizes, technical assistance, and other activities. Altogether, spending on school improvement programs would be reduced by $43 billion, or 77 percent (see table 3).

In addition, the administration's budget proposes a **$20 billion (11 percent) decrease in Title I funding**, which provides financial assistance to schools with high shares of children from low-income families. An estimated 21 million children attend such schools receiving supplemental funding through Title I.[9]

The budget also proposes a **$16 billion (11 percent) reduction in federal resources for special education,** which helps states and local districts provide services to children and youth ages 21 and under with disabilities. Approximately 6.7 million students with disabilities (13 percent of total public school enrollment) receive special education services through the Individuals with Disabilities Education Act.[10]

TABLE 3

Effects of the President's 2019 Budget on 10-Year Projections of Education Spending on Children, by Program

Billions of nominal dollars

	Baseline spending, 2019–28	Proposed spending, 2019–28	Proposed spending cuts, 2019–28	Change
School improvement	56	13	-43	-77%
Title I	180	160	-20	-11%
Special education	146	131	-16	-11%
Other education	98	80	-18	-18%
Subtotal, specified programs	**480**	**384**	**-97**	**-20%**
Share of unspecified cuts[a]	-56	-39	17	
Total	**425**	**345**	**-80**	**-19%**

Sources: Author's estimates based on the Congressional Budget Office's *The Budget and Economic Outlook: 2018 to 2028* (Washington, DC: Congressional Budget Office, 2018) and *An Analysis of the President's 2019 Budget* (Washington, DC: Congressional Budget Office, 2018).

[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. Because specified spending levels are lower in the proposed budget than in baseline projections, the unspecified cuts are smaller and the difference is positive.

HEALTH

Because health spending makes up such a large share of total federal spending and spending on children, the proposed reductions to children's health spending are potentially the largest in absolute dollars. They are also among the most difficult to estimate. The administration proposes to repeal and replace the ACA, reducing Medicaid spending in states that opted to expand Medicaid and eliminating the premium tax credit, which helps lower-income people purchase health insurance in the state marketplaces established by the ACA. Medicaid would be further reduced through other provisions, including a per capita cap on spending levels. More than 37 million children were enrolled in Medicaid for at least part of fiscal year 2017.[11] Together with the Children's Health Insurance Program, Medicaid helps provide health insurance coverage for nearly 40 percent of US children.[12]

Part of the savings from these reductions would be offset by funding a new market-based health care grant program. This block grant would be funded at levels increasingly below the proposed ACA-related savings. The effect on children is difficult to estimate. We expect the children's share of the spending reduction to be lower than their share of baseline spending (because Medicaid expansion mainly targets childless adults), but we do not know how much lower. Also, states have broad flexibility in implementing the new grants, and we do not know the share that will be directed to children's health services (Blumberg et al. 2017).[13]

Given this uncertainty, we show a combined estimate for Medicaid, premium tax credits, and the new market-based health care grant program rather than showing estimates separately (see table 4). Our estimate assumes the children's share of the Medicaid savings would be half their share of baseline Medicaid spending. Additionally, we allocate a share of spending on the new block grant to children.[14]

Spending on other children's health programs is reduced by $10 billion (4 percent), including cuts to immunization and respiratory diseases programs.

TABLE 4

Effects of the President's 2019 Budget on 10-Year Projections of Health Spending on Children, by Program

Billions of nominal dollars

	Baseline spending, 2019–28	Proposed spending, 2019–28	Proposed spending cuts, 2019–28	Change
Repeal and replace the Affordable Care Act and cap growth in Medicaid[a]	1,225	1,162	-63	-10%
Other health	227	217	-10	-4%
Subtotal, specified programs	**1,452**	**1,326**	**-127**	**-9%**
Share of unspecified cuts[b]	-3	-1	1	
Total	**1,449**	**1,324**	**-125**	**-9%**

Sources: Author's estimates based on the Congressional Budget Office's *The Budget and Economic Outlook: 2018 to 2028* (Washington, DC: Congressional Budget Office, 2018) and *An Analysis of the President's 2019 Budget* (Washington, DC: Congressional Budget Office, 2018).

[a] Includes the children's share of outlays in Medicaid, the premium tax credit, and the new market-based health care grant Program. See text regarding the high uncertainty of estimated spending cuts associated with these provisions.

[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. Because specified spending levels are lower in the proposed budget than in baseline projections, the unspecified cuts are smaller and the difference is positive.

NUTRITION

Child-related nutrition spending would be reduced by $34 billion, a 5 percent reduction over the 10-year projection period. This would be driven primarily by a **$30 billion (11 percent) reduction in funding for SNAP**, formerly referred to as food stamps, which provides low-income people and families with monthly benefits to purchase food. A package of more than a dozen new provisions would restrict eligibility and reduce benefits for certain populations and cap the federal share of state administrative expenses. Although a few proposals are targeted at households without children, most policy changes would directly affect households with children, which represent 78 percent of all SNAP households (see table 5) (Lauffer 2017).

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 nearly $130 billion over the next 10 years. CBO's estimate "does not include the effects of a proposal to replace some SNAP benefits with food boxes because that policy was not sufficiently specified for CBO to assess whether the proposal would result in costs or savings" (CBO 2018a).

TABLE 5

Effects of the President's 2019 Budget on 10-Year Projections of Nutrition Spending on Children, by Program

Billions of nominal dollars

	Baseline spending, 2019–28	Proposed spending, 2019–28	Proposed spending cuts, 2019–28	Change
Supplemental Nutrition Assistance Program[a]	290	259	-30	-11%
Other nutrition	351	347	-4	-1%
Subtotal, specified programs	**641**	**606**	**-34**	**-5%**
Share of unspecified cuts[b]	-6	-6	1	
Total	**634**	**601**	**-34**	**-5%**

Sources: Author's estimates based on the Congressional Budget Office's *The Budget and Economic Outlook: 2018 to 2028* (Washington, DC: Congressional Budget Office, 2018) and *An Analysis of the President's 2019 Budget* (Washington, DC: Congressional Budget Office, 2018).

[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. Because specified spending levels are lower in the proposed budget than in baseline projections, the unspecified cuts are smaller and the difference is positive.

INCOME SECURITY

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 $14 billion (1 percent)** over the 10-year budget projection period. This growth is driven by **increased 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.[15] Outlays under the earned income tax credit for low- and moderate-income working families with children are maintained at essentially the same levels as in current law.

Spending on the **TANF program, which funds cash assistance and other services for low-income families with children, 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 (see table 6). In fiscal year 2017, an average of 1.9 million children received TANF benefits each month.[16]

Among other changes to income security programs, the administration proposes reducing benefits for multirecipient Supplemental Security Income families. The total effects are relatively small, 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 Giannerelli 2017). Spending on veterans benefits (which affect children through dependent benefits), child support enforcement, and Social Security survivor and dependent benefits would remain essentially unchanged.

TABLE 6

Effects of the President's 2019 Budget on 10-Year Projections of Income Security Spending on Children, by Program

Billions of nominal dollars

	Baseline spending, 2019–28	Proposed spending, 2019–28	Proposed spending cuts, 2019–28	Change
TANF	133	116	-16	-12%
CTC outlays	283	316	33	12%
EITC	574	574	0	0%
Other income security	504	501	-3	-1%
Subtotal, specified programs	**1,493**	**1,507**	**14**	**1%**
Share of unspecified cuts[a]	-1	-1	0.2	
Total	**1,492**	**1,506**	**14**	**1%**

Sources: Author's estimates based on the Congressional Budget Office's *The Budget and Economic Outlook: 2018 to 2028* (Washington, DC: Congressional Budget Office, 2018) and *An Analysis of the President's 2019 Budget* (Washington, DC: Congressional Budget Office, 2018).

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. Because specified spending levels are lower in the proposed budget than in baseline projections, the unspecified cuts are smaller and the difference is positive.

SOCIAL SERVICES, HOUSING, AND TRAINING PROGRAMS

Spending on a residual category of other children's programs would be cut by $43 billion (19 percent) over the 10-year budget projection period. This includes **social services** (e.g., the Social Services Block Grant), **housing** (e.g., the Low Income Home Energy Assistance Program and Section 8), and **training** programs (e.g., YouthBuild grants) (see table 6).

The administration proposes eliminating both the Low Income Home Energy Assistance and Social Services Block Grant programs.[17] 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 the former (Waxman and Giannarelli 2017). The Social Services Block Grant is a flexible funding source that allows states to deliver child care and other social services to children and adults, supporting around 14 million children each year (Pavetti and Floyd 2016).

Additionally, funding for **Section 8,** the federal government's main program for helping low-income families and the elderly obtain affordable housing in the private market**, would be reduced by $18 billion (20 percent)** over the 10-year projection period. All other child-related programs would be reduced by $14 billion (11 percent) over 10 years, including cuts to programs such as YouthBuild grants, Workforce Investment Act Youth Formula grants, and child welfare services. These cuts would be slightly offset by the smaller amount of unspecified NDD cuts in the administration's proposal compared to current law.

TABLE 7

Effects of the President's 2019 Budget on 10-Year Projections of All Other Spending on Children, by Program

Billions of nominal dollars

	Baseline spending, 2019–28	Proposed spending, 2019–28	Proposed spending cuts, 2019–28	Change
Section 8	92	74	-18	-20%
Social Services Block Grant	9	0.3	-9	-97%
Low Income Home Energy Assistance Program	9	0.3	-8	-97%
Other	133	119	-14	-11%
Subtotal, specified programs	**243**	**194**	**-49**	**-20%**
Share of unspecified cuts[a]	-17	-11	6	
Total	**226**	**182**	**-43**	**-19%**

Sources: Author's estimates based on the Congressional Budget Office's *The Budget and Economic Outlook: 2018 to 2028* (Washington, DC: Congressional Budget Office, 2018) and *An Analysis of the President's* 2019 *Budget* (Washington, DC: Congressional Budget Office, 2018).

[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. Because specified spending levels are lower in the proposed budget than in baseline projections, the unspecified cuts are smaller and the difference is positive.

How Does Children's Spending Fare Relative to Other Budget Priorities?

The overall reduction in children's spending (6 percent) is in line with the overall reduction in federal spending (also 6 percent). Yet a closer examination shows that some types of spending for both children and adults receive deep cuts while others are largely protected. Programs funded by annual appropriations are disproportionately cut, whether they are K–12 education or NDD programs not targeted to children. In contrast, most mandatory spending (e.g., entitlements and tax credits) is reduced less heavily and defense spending increases.

Comparing the president's proposed 2019 budget and policies to current law, we find the following reductions over a 10-year projection period (see table 8):

- **Mandatory spending on children** (e.g., spending on Medicaid, SNAP, Social Security, and tax credits) **would be 2 percent lower**.
- **Discretionary spending on children would be cut more sharply, by 23 percent.** This would be a radical change from current spending on education, early education and care, housing, training, and certain discretionary health and nutrition programs.
- **The nonchild portions of NDD spending would be cut even more (28 percent) over the 10-year projection period.** This broad set of programs, which are subject to annual appropriations by Congress, range from international affairs to highway construction, environmental protection, and federal administration.

- **Defense spending is the only budget category that would increase** under the proposal, with 2019–28 spending **4 percent higher** than under current law. The increase in defense spending reflects the net effect of an increase in regular defense spending above the levels specified by Budget Control Act caps and a smaller projected decrease in spending for overseas contingency operations related to military operations in Iraq and Afghanistan.[18]
- **The president's budget proposes essentially no change to Social Security spending.** The adult portions of the program are projected to grow by nearly $800 billion between 2017 and 2028 because of the aging of the general population and the indexing of Social Security benefits.
- **Proposed spending for Medicare is projected to be 5 percent lower** than under current law. Some of these savings are associated with higher out-of-pocket expenditure for certain prescription drugs under Medicare Part D, reduced payments to some Medicare providers, and the effect of proposed reforms to the medical liability system. However, almost half the savings are offset by breaking out certain spending previously funded under Medicare and consolidating it in other health care accounts (specifically, graduate medical education payments and uncompensated care payments to hospitals).
- **There would be a 14 percent reduction in spending on other mandatory health programs, driven primarily by the proposal to repeal and replace the ACA.** This includes the reduction in spending on premium tax credits and Medicaid, partially offset by redirecting some spending into the newly proposed market-based health care grant program and other changes. As noted above, the allocation of savings between adults and children is uncertain, in part because of the broad flexibility afforded to states in administering the new block grant.
- Net **"other mandatory spending"** would remain essentially unchanged. Increases from the administration's infrastructure initiative and from reforming the air traffic control system are offset by reductions in subsidies for postsecondary student loans and retirement benefits for federal employees.

In addition to these proposed reductions in budget outlays, **the administration's budget also proposes reductions in revenues**, primarily as part of its proposal to repeal and replace the ACA and extend the individual provision of the Tax Cuts and Jobs Act, but these are smaller than reductions in spending. **The national debt is projected to grow more slowly under the Trump budget than under current law.** As a result, interest payments on the debt are projected to be 6 percent lower than under current law over the 10-year projection period.

TABLE 8

Effects of the President's 2019 Budget on 10-Year Projections of Federal Spending on Children and Other Items, by Major Budget Category

Billions of nominal dollars

	Baseline spending, 2019–28	Proposed spending, 2019–28	Proposed spending cuts, 2019–28	Change
Children (mandatory)	3,637	3,552	-85	-2%
Children (discretionary)	776	596	-180	-23%
Children (total)	4,413	4,148	-265	-6%
Other NDD spending	6,744	4,807	-1,937	-29%
Defense	6,946	7,220	273	4%
Medicare	9,003	8,531	-472	-5%
Other mandatory health	5,029	4,304	-725	-14%
Social Security	13,604	13,586	-18	-0.1%
All other mandatory	3,959	3,962	3	0%
Interest on the debt	6,888	6,487	-401	-6%
Total federal outlays	56,587	53,045	-3,542	-6%

Sources: Author's estimates based on the Congressional Budget Office's *The Budget and Economic Outlook: 2018 to 2028* (Washington, DC: Congressional Budget Office, 2018) and *An Analysis of the President's 2019 Budget* (Washington, DC: Congressional Budget Office, 2018).

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 other mandatory health, Social Security (dependent and survivors' benefits), and defense (schools) have been excluded because they are already captured as children's spending. Numbers may not sum to totals because of rounding.

Conclusion

If the Trump administration's 2019 budget were fully adopted, federal spending on children would decline by 6 percent relative to projected spending under current law. Education and early education and care programs would be hit hard despite their importance in equalizing opportunity and improving human capital.

Moreover, the 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. 2018 and previous *Kids' Share* annual reports). Even without further reductions, current-law spending caps are putting downward pressure on all NDD programs, including those serving children.

The proposed reductions in spending on children do not reflect a decline in need. The child population is projected to grow from 78.0 million in 2018 to 79.2 million in 2028.[19] Family incomes continue to be unequally distributed, and many children live in low- and moderate-income families. Although child poverty rates are lower now than during the Great Recession, nearly one in five children (18 percent in 2016) live in families with income below the federal poverty level (Semega, Fontenot, and Kollar 2017), and many of these families rely on SNAP and other nutrition programs to meet their children's nutritional needs. Health care costs continue to rise, and families are struggling to afford health insurance. Working parents continue to need high-quality, affordable child care, and children continue to need access to special education, child welfare services, and disability services.

Nor do the proposed reductions in spending on children reflect a decline in national prosperity or an overall contraction in federal spending. By 2028, the economy is projected to grow by 36 percent from its 2018 level, from $20.1 to $27.3 trillion in 2018 dollars, and federal spending under the Trump budget is projected to grow by 25 percent, from $4.1 to $5.2 trillion. **The administration's budget proposes investing a smaller share of our national economy in our nation's children.** Many programs, such as the Child Care and Development Fund, Head Start, school improvement, SNAP, housing assistance, and Medicaid, would see sharp funding reductions, and the Low Income Home Energy Assistance Program, the Social Services Block Grant, and other programs would be eliminated entirely. Fewer resources would be spent supporting the development of children during the critical years that shape their ability to reach their full potential as healthy adults and active members of the workforce and civic society.

Notes

1 This brief updates an earlier analysis of the president's proposed 2018 budget (Isaacs et al. 2017).

2 "FY 2016 Preliminary Data Table 1 - Average Monthly Adjusted Number of Families and Children Served," Office of Child Care, March 12, 2018, https://www.acf.hhs.gov/occ/resource/fy-2016-preliminary-data-table-1; "Head Start Program Facts: Fiscal Year 2017," Head Start, last modified June 19, 2018, https://eclkc.ohs.acf.hhs.gov/about-us/article/head-start-program-facts-fiscal-year-2017.

3 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.

4 Congress makes final funding decisions and never adopts the administration's budget in whole. This year, Congress has already funded discretionary programs at higher levels than requested for fiscal year 2019 under the Consolidated Appropriations Act, 2018. Legislation to repeal and replace the ACA was hotly debated in 2017 but ultimately failed to pass. Even so, analyzing the effects of the president's budget shows what spending would be if Congress was fully aligned with the administration's policies.

5 As in *Kids' Share*, we define children as people ages 18 and under. 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.

6 Our source for baseline spending projections is CBO (2018b) as well as the data tables available at "The Budget and Economic Outlook: 2018 to 2028," Congressional Budget Office, April 9, 2018, https://www.cbo.gov/publication/53651. Our source for the CBO analysis of the president's budget is CBO (2018a) as well as the data tables available at "An Analysis of the President's 2019 Budget," Congressional Budget Office, May 24, 2018, https://www.cbo.gov/publication/53884.

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

[8] The BCA spending caps were temporarily increased for two years under the Bipartisan Budget Act of 2018 but are scheduled to revert to their lower levels in 2020 and 2021. CBO assumes that NDD spending from 2022 to 2028 will continue at the 2021 capped level, adjusted for inflation. Because the program-by-program levels are lower in the proposed budget than in baseline projections, the additional unspecified cuts are smaller. As a result, total cuts by category are smaller than the sum of cuts by program.

[9] "Fast Facts: Title I," National Center for Education Statistics, accessed June 26, 2018, https://nces.ed.gov/fastfacts/display.asp?id=158.

[10] "Children and Youth With Disabilities," National Center for Education Statistics, last modified April 2018, https://nces.ed.gov/programs/coe/indicator_cgg.asp.

[11] "Reports & Evaluations," Medicaid.gov, accessed June 26, 2018, https://www.medicaid.gov/chip/reports-and-evaluations/index.html.

[12] "Health Insurance Coverage of Children 0-18," Kaiser Family Foundation, accessed June 26, 2018, https://www.kff.org/other/state-indicator/children-0-18.

[13] Blumberg and colleagues (2017) analyzed the 2017 Graham-Cassidy health care bill, which serves as the framework for the administration's 2019 budget proposal to repeal and replace the ACA.

[14] 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 $60 billion higher or lower under these different assumptions. Our estimate of the share of the new block grant allocated to children takes a weighted average of the children's share of premium tax credit spending and their adjusted share of Medicaid spending used in calculating cuts.

[15] 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.

[16] "TANF Caseload Data," Office of Family Assistance, last modified June 11, 2018, https://www.acf.hhs.gov/ofa/resource/tanf-caseload-data-2017.

[17] The reductions shown in table 7 are less than 100 percent of spending because of some residual outlays in 2018 and beyond from funding authorized in earlier years.

[18] Defense spending consists of discretionary outlays, omitting a small amount of mandatory defense spending (included in "other government spending"). Defense spending includes overseas contingency operations, which primarily fund military operations abroad in Iraq and Afghanistan.

[19] "2017 National Population Projections Datasets," US Census Bureau, last modified March 13, 2018, https://www.census.gov/data/datasets/2017/demo/popproj/2017-popproj.html.

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