CHILDREN AND YOUTH

RESEARCH REPORT

Kids' Share 2023

Report on Federal Expenditures on Children through 2022 and Future Projections

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Glossary

Children. People from birth through age 18.

Older adults or **seniors.** People ages 65 and older.

Spending on children. Expenditures from both outlay programs and tax provisions that (1) benefit only children or deliver a portion of benefits directly to children, (2) increase benefit levels with increases in family size, or (3) require that families have a child to qualify.

Outlays. Direct spending from federal programs as well as the portions of refundable tax credits that exceed tax liability and are paid out to families.

Refundable portions of tax credits. The portions of refundable tax credits exceeding families' net income tax liability that are paid out to them and treated as outlays rather than tax reductions in budget accounts.

Tax reductions. Reductions in families' net income tax liabilities (and revenue losses to the federal government) resulting from tax exclusions, deductions, and credits that benefit specific activities or groups of taxpayers. These provisions include the portions of tax credits not paid out to families as tax refunds.

Expenditures. Includes both outlays and tax reductions.

Mandatory spending. Expenditures governed by programmatic rules, not constrained by annual appropriations acts; it includes spending on entitlement programs and other programs designated by the Congressional Budget Office (CBO) as mandatory spending, as well as the refundable portion of tax credits.

Discretionary spending. Expenditures set by appropriations acts; policymakers decide most appropriations on an annual basis, while none have the permanency of mandatory programs. In recent years, discretionary spending has been constrained by spending caps set separately for defense and nondefense discretionary spending.

Real or **2022 dollars.** Expenditures that have been adjusted for inflation. All budget numbers represent fiscal years, which run from October 1 to September 30, and we have expressed them in 2022 dollars unless otherwise noted.

Executive Summary

Public spending on children represents an effort to invest in the nation's future. Investments supporting children's healthy development and human potential can promote their well-being and help them grow into the next generation of adults and workers, leading to a stronger workforce and economy (Maag et al. 2023).

To inform policymakers, children's advocates, and the general public about how public funds are spent on children (birth through age 18), this 17th edition of the annual *Kids' Share* report provides a new analysis of federal expenditures on children from 1960 to 2022. It also offers an updated view of public expenditures made in response to the COVID-19 pandemic. Projections of federal expenditures on children through 2033 give a sense of how budget priorities are scheduled to unfold over the longer term under current law.

A few highlights of the report:

- Federal expenditures per child were about $9,910 per child in 2022, down from the pandemic-related high reached in 2021. Under the laws in place as of March 30, 2023, federal expenditures on children are expected to continue declining as temporary relief funding is spent down (page 6).
- COVID-19 relief bills expanded assistance to children through dozens of programs but were largely temporary. Children's expenditures through tax provisions and social services, training, and housing programs peaked in 2021 before falling in 2022. Federal spending on nutritional assistance and income security, health, K–12 education, and child care and early education programs was higher in 2022 than 2021. Expenditures in all these categories are expected to fall in 2023 (page 8).
- Tax provisions were the largest category of federal support for children in 2022, accounting for more than one-third of all federal expenditures on children. Health, nutrition, education, and income security were the next largest categories of federal expenditures on children. Relatively little was spent on the four smallest categories: child care and early education, social services, housing, and training (page 13).
- State and local outlays on children increased from $11,250 per child in 2019 to $11,410 per child in 2020, defying early expectations that declining revenues would lead state and local government to cut spending during the pandemic (page 19).

- As a share of federal outlays, the $609 billion invested in children in 2022 was 10 percent of all federal outlays. Under laws in place as of March 30, 2023, the children's share of federal outlays is projected to decline to 6.2 percent over the next decade as budgetary pressure from growing entitlement spending on adults threatens to crowd out other priorities (page 26).
- Interest payments on the national debt are projected to grow as a share of federal outlays, from 8 percent in 2022 to 15 percent by 2033, under laws in place as of March 30, 2023. This reflects a higher national debt and continued high interest rates (page 27; also see CBO 2023b).
- While federal outlays for children grew during the pandemic, other budget priorities grew even more. Total federal outlays during the pandemic grew from about 20 percent of gross domestic product (GDP) to a post–World War II high of more than 30 percent of GDP, before falling to 25 percent of GPD in 2022. Outlays on children grew from around 2 percent of GDP prepandemic to 2.8 percent in 2021 and declined to 2.4 percent in 2022 (page 28).
- By 2033, all categories of expenditures on children as a share of GDP are projected to decline below current levels and most are also projected to decline below prepandemic levels. Relative to prepandemic levels, only nutrition spending for children in 2033 is projected to increase as a share of GDP. As a share of GDP, all other categories of expenditures on children are expected to decline or remain flat compared with prepandemic levels (page 38).

Kids' Share 2023

Introduction

Public expenditures on children aim to help children reach their full potential. Though parents and families provide most of children's basic needs, broader society plays a vital role in supporting their healthy development. For example, nutrition benefits, housing assistance, and health insurance programs support children's needs for food, shelter, and health care, while investments in early education and public schools promote learning and equal opportunity. Despite increased costs in the short term, greater public investments in these areas have a positive long-run payoff in children's lives (Rohacek, Greenberg, and Massey 2016). The largest payoffs for specific programs occur in children's health, child care and early education, and K–12 education programs, with each dollar invested returning $10 or more for society in some programs (Maag et al. 2023). Public and private investments in children today can benefit the nation and improve the quality and strength of tomorrow's workforce and economy, more than paying for themselves over time by increasing future tax revenues and reducing future government expenditures (Maag et al. 2023).

Increased understanding of how childhood circumstances affect lifelong outcomes has at times led to more public support for children's programs and tax credits and resulted in the introduction of new programs and expansions of others. Even so, spending on children has often received less attention than other categories of the federal budget. The Urban Institute's *Kids' Share* series tracks government expenditures on children each year.[1] How our government spends money, and who benefits from that spending, reflects our national priorities. Knowing which programs spend the most on children and how investments in children are changing over time informs debates on budget, tax, and appropriations legislation and the difficult trade-offs policymakers must make.

The COVID-19 pandemic and response rapidly and dramatically altered the economy and increased government expenditures, with far-reaching consequences. This *Kids' Share* 2023 report provides an updated view of public expenditures during 2022 as the COVID-19 pandemic and governmental response began to subside. After the federal government provided unprecedented new funding through multiple fiscal relief bills in 2020 and 2021, which was joined by a robust state-level response, conditions for many children and their families improved significantly (Wheaton, Giannarelli, and Dehry 2021). As measured by the Supplemental Poverty Measure (SPM),[2] which takes into account the government programs designed to assist individuals and families with low incomes, child poverty decreased from 12.6 percent in 2019 to 5.2 percent in 2021 (Shrider and Creamer 2023). However, the increase in federal spending on children was temporary and began falling in 2022 as emergency funds were spent down, reversing these trends. Child poverty as measured by the SPM more than doubled from 5.2 percent in 2021 to 12.4 percent in 2022 (Shrider and Creamer 2023).[3] Looking forward, long-standing budgetary pressures from growth in entitlements and payments on the national debt result in little or no growth in children's spending after 2024 in Congressional Budget Office (CBO) projections.

About *Kids' Share*

The *Kids' Share* annual reports provide a comprehensive picture of federal, state, and local expenditures. They also show long-term trends in federal spending, including historical spending since 1960 and projected spending 10 years following the year of each report (to 2033 in this case), assuming no changes to current law. These reports have been the foundation for additional Urban Institute analyses on how the president's budget, congressional appropriations bills, and proposed legislation would affect future spending on children (Isaacs, Lou, and Hong 2017; Lou, Isaacs, and Hong 2018; Isaacs, Lou, and Lauderback 2020a–b),[4] spending on children by age group (Hahn et al. 2017; Isaacs et al. 2019), spending differences across states (Isaacs 2017), and spending on children in families with low incomes (Vericker et al. 2012).[5] Outside organizations and researchers—including First Focus, the Committee for a Responsible Federal Budget, the Center for the Study of Social Policy, and researchers writing for Brookings Papers on Economic Activity—rely on *Kids' Share* data and reports to produce additional studies, and journalists and political commentators cite statistics from *Kids' Share*.[6]

The *Kids' Share* series does not judge the success of each current expenditure on meeting children's needs, nor does it measure or incorporate private spending on children. The report does not prescribe an optimal division of public dollars or resources. Instead, *Kids' Share* uniquely provides program-by-program estimates of government support for children and analyses of how these investments have changed over time. Budget accounting exercises are designed to reveal priorities. This annual accounting of expenditures on children can inform Congress and the president as they consider legislation introducing or amending individual children's programs or tax provisions, set funding levels in annual appropriation bills, and debate broad tax and budgetary reforms affecting public resources invested in children and the public more generally.

This report, the 17th in the annual series, quantifies federal expenditures from 1960 to 2022 and projections through 2033. The report is divided into four major sections:

1. **Federal Expenditures on Children during and Following the Pandemic,** highlighting changes in federal expenditures from 2019 to 2022 and future projections.

2. **Recent Federal, State, and Local Expenditures on Children,** focusing on the level and composition of children's expenditures in 2022 and recent years from federal, state, and local government.
3. **Broad Trends in Federal Spending,** comparing past, present, and projected future spending on children with spending on defense, spending on adults for health and retirement programs, interest payments on the debt, and other federal budget priorities. This section also compares spending per person on children and older adults.
4. **A Closer Look at Trends in Federal Expenditures on Children**, examining such issues as historical spending on children by category and program and projected growth or decline in specific categories of spending on children (e.g., health, education, and tax provisions) through 2033.

Calculating current expenditures on children requires making multiple estimates not available in traditional budget accounts. These estimates rely on other detailed data sources, combined with reasonable assumptions. Projecting spending into the future requires even more assumptions—in this case, based largely on CBO May 2023 projections reflecting tax and spending laws in place as of March 30, 2023. Our methodology for developing estimates is summarized in a short appendix to this report. To facilitate comparisons over time, past and future expenditures are reported in real dollars (inflation adjusted to 2022 levels), as a percentage of the economy (percentage of GDP), or as a percentage of the federal budget.

This year's report contains three fewer charts and one less table than last year's *Kids' Share* (Lou et al. 2022). The estimates of the children's share of expenditures in each program rely primarily on estimates from last year's report (Lou et al. 2022) and are applied to updated expenditures for 2022 and the most recent CBO expenditure projections. We plan to complete a full update for *Kids' Share 2024*.

BOX 1

Projecting Current Law

Expenditures for future years in *Kids' Share* are based on the CBO's May 2023 baseline budget projections, which reflect legislation and regulations enacted through March 30, 2023, and economic developments reflected in its February 2023 baseline. For projections of discretionary spending, the CBO assumes spending will be maintained, with adjustments for inflation going forward, except for pandemic relief spending. Otherwise, these projections generally assume no change in tax and spending laws after March 30—laws set to expire are assumed to expire, and mandated changes in spending or revenues are assumed to occur. In fact, laws, regulations, and administrative actions are not frozen in time but are continually changing, and it is not uncommon for temporary provisions to be extended or made permanent. For example, the June 2023 Fiscal Responsibility Act—suspending the debt ceiling and restricting discretionary spending—and the Supreme Court's June 30, 2023, decision in *Biden v. Nebraska* invalidating the administration's student loan cancellation plan will both lead to further changes in spending and revenues not reflected in this report. Further, we are all more aware than ever that life itself—and therefore, economic projections—are uncertain. There was no way for the 10-year projections made in prior years' reports to anticipate the pandemic's effects.

Federal Expenditures on Children during and Following the Pandemic

In this section, we describe public expenditures on children in the current period, which includes the run up to the COVID-19 pandemic and the years that follow. We focus on how spending on children grew rapidly in response to the pandemic and related economic disruptions, peaked in 2021, fell substantially in 2022, and is set to decline further in projections. In addition to the discussion of the pandemic in this section, the pandemic's impacts are also evident in later sections of this report, such as figure 9 showing longer-term trends on spending as a share of the economy. Figures 1 through 3 in this section address the following questions:

- How much did federal government spending on children change over the pandemic?
- How did the pandemic impact different categories of children's spending (e.g., tax provisions and nutrition)?
- How did tax expenditures on children change during the pandemic, and how are they expected to change in the future?

How Much Did Federal Government Spending on Children Change over the Pandemic?

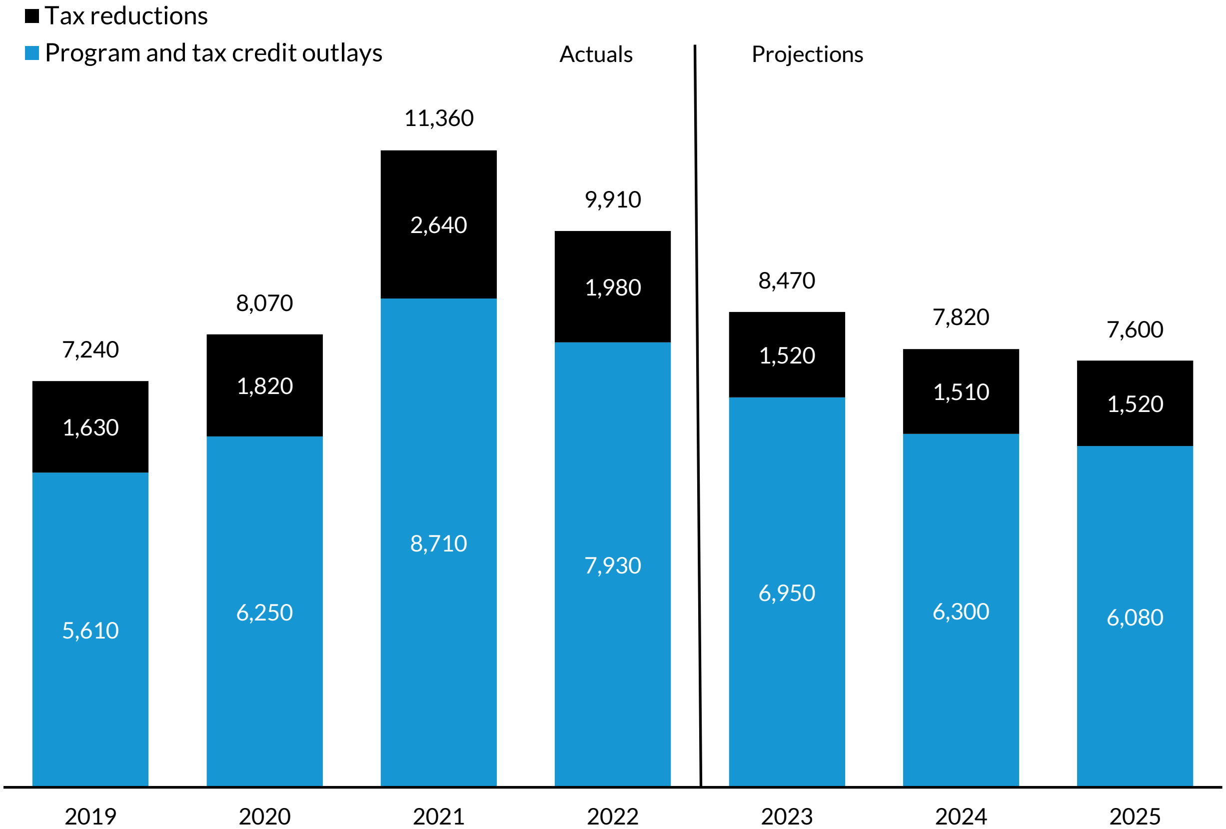
In 2022, federal expenditures totaled $9,910 per child, including $7,930 in outlays and $1,980 in tax reductions.

- Federal expenditures per child dropped by about $1,450, from $11,360 in 2021 to $9,910 in 2022 after adjusting for inflation. This followed a dramatic increase of around $3,000 per child between 2020 and 2021. Because of pandemic relief efforts, federal expenditures on children rose sharply starting in 2020 after being relatively stable for several years and exceeded their prior peaks in 2010 and 2011, following the Great Recession (data not shown).
  - As detailed in table 1 (page 16), the decrease between 2021 and 2022 primarily reflects large declines in pandemic-related Economic Impact Payments (stimulus checks) and more modest drops in the temporary expansions of the child tax credit (CTC) and earned income tax credit (EITC) enacted for tax year 2021 but paid mostly in 2022. Spending also declined in housing and social services. The drops were partially offset by increases in spending on education, nutrition, child care, health, and income security.
  - In total, the federal government spent approximately $609 billion in program and tax outlays and $152 billion in tax reductions on 79 million children ages 18 and younger in 2022 (table 1).
- In 2023, federal expenditures are projected to decline by another $1,440 per child to $8,470 per child as spending of federal pandemic relief funds continues to fall. Under laws in place as of March 2023, federal expenditures are projected to fall back close to prepandemic levels by 2024.

FIGURE 1

Federal Expenditures per Child by Expenditure Type, 2019–25

2022 dollars



Sources: Authors' estimates based primarily on CBO (2023a), OMB (2023c), and past years' releases of these reports.
Note: Numbers may not sum to totals because of rounding.

How Did the Pandemic Impact Different Categories of Children's Spending (e.g., Tax Provisions and Nutrition)?

Federal expenditures on children declined in 2022, following historic highs driven by pandemic-related spending. Tax expenditures saw the sharpest drop as emergency response measures expired. Other categories continued to see increases resulting from the outlay of federal relief funds.[7]

- Children's expenditures associated with **tax provisions**—including both tax reductions and outlays for refundable tax credits—decreased sharply in 2022. This is primarily because Economic Impact Payments (stimulus checks) administered through the tax code ended and a temporary (one-year) expansion in the CTC started to end (most payments of the 2021 increase were paid out in fiscal year 2022). Tax-related expenditures on children are on track to fall sharply again in 2023 as spending for the expanded CTC winds down. Expenditures on children through tax provisions are projected to drop further later in the decade, as temporary provisions of the 2017 Tax Cuts and Jobs Act expire. Specifically, in 2025, the legislation reinstates a dependent exemption and removes a CTC expansion of greater value.[8]
- **Health spending on children**—primarily Medicaid and the Children's Health Insurance Program (CHIP)—experienced temporary pandemic-related increases because of higher federal-state match rates and expansions to children's eligibility. It is the only type of expenditure on children currently projected to grow in the longer term after the pandemic response ends. The number of children enrolled in Medicaid is projected to decline slightly and then remain stable after 2025, but growth in costs per enrollee are expected to continue outpacing inflation, following broader trends in health spending (CBO 2023a).
- Spending on **nutrition and income security programs** increased during the pandemic, primarily because of growth in nutrition programs stemming from both more families with need and expanded benefits. From 2021 to 2022, Social Security and Temporary Assistance for Needy Families (TANF) spending on children declined slightly.
- **Federal spending on K–12 education, early education, and child care programs** increased temporarily, driven by investments during the pandemic in the Child Care and Development Fund and the establishment of the Education Stabilization Fund supporting K–12 education. Spending in these categories peaked in 2022 and is expected to begin declining in 2023, reaching prepandemic levels by 2027. Education and child care are primarily funded with discretionary spending and so compete annually with other discretionary programs for funding.

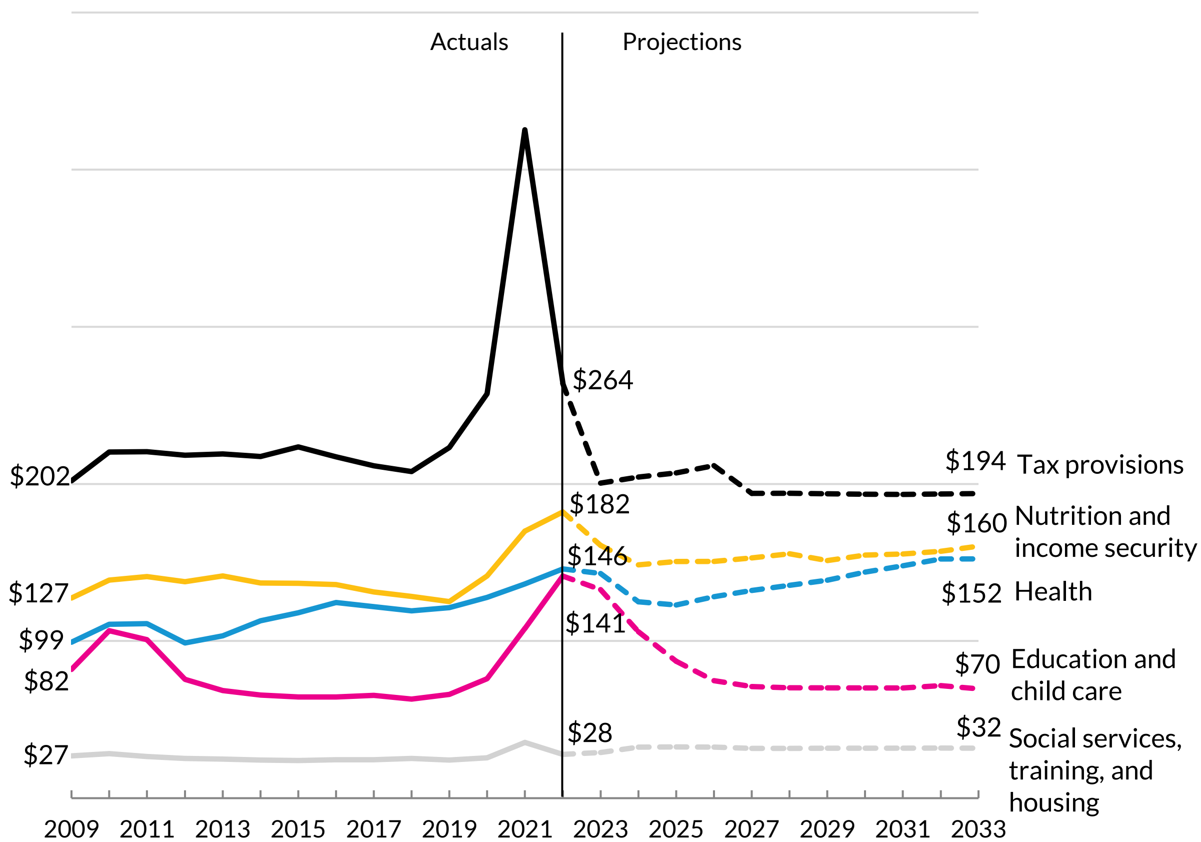
- **Social services, training, and housing** programs increased modestly during the pandemic and declined slightly in 2022. We expect spending in these categories to remain relatively flat over the next decade in the face of long-term budgetary pressures. These programs include child abuse prevention and other social service programs, the children's share of housing benefits, and Job Corps and other training programs.

Children's expenditures through tax provisions have declined following a pandemic rise.

FIGURE 2

Federal Expenditures on Children by Category, 2009–33

Billions of 2022 dollars



Sources: Authors' estimates based primarily on CBO (2023a), OMB (2023c), and past years' releases of these reports.

How Did Tax Expenditures on Children Change during the Pandemic, and How Are They Expected to Change in the Future?

COVID-19 relief bills temporarily expanded tax expenditures benefiting children, with the largest effects in 2021. The temporary increase was driven by three rounds of Economic Impact Payments (stimulus checks) that started in 2020 and a one-year expansion of the CTC in 2021 (paid out in 2021 and 2022).

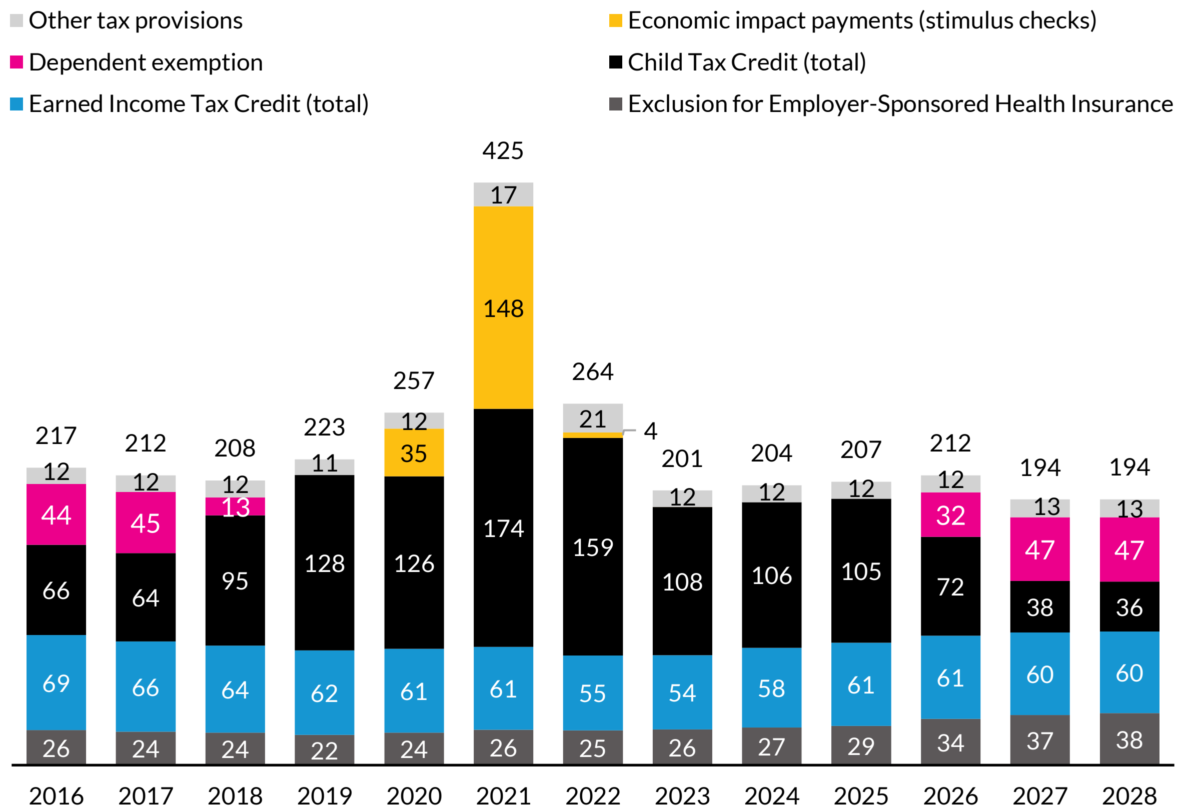
- **The three rounds of Economic Impact Payments or stimulus checks** enacted between March 2020 and March 2021 in response to the COVID-19 pandemic included payments for children. The Coronavirus Aid, Relief, and Economic Security (CARES) Act provided $500 per dependent younger than age 17; the Coronavirus Response and Relief Supplemental Appropriations Act provided $600 per dependent younger than age 17; and the American Rescue Plan provided $1,400 per dependent including those ages 17 and 18. Economic Impact Payments to families with children totaled $35 billion in fiscal year 2020 and $148 billion in fiscal year 2021. About $4 billion was paid out in 2022.
- **The American Rescue Plan increased the CTC from a maximum of $2,000 per child to $3,000 per child (and to $3,600 per child younger than age 6) for calendar year 2021**. The bill also made the credit fully refundable, allowing families with little or no income to claim the full amount, and provided up to half of the credit in monthly advance payments. This bump in children's spending persisted into 2022 as people filed their tax returns from the previous year.
- **The CTC is scheduled to drop from a maximum credit of $2,000 per child to $1,000 per child after 2025, when some provisions of the Tax Cuts and Jobs Act expire.** In 2018, the CTC doubled from $1,000 per child to $2,000 per child under age 17. At the same time, the exemption for dependents was eliminated, along with other tax changes. After 2025, the CTC reverts to $1,000 per child under age 17, and a change that allowed families with low incomes to receive an additional $75 from the CTC will expire. These decreases are partially offset by increased expenditures on children through the reinstatement of the dependent exemption coupled with these CTC changes under the Tax Cuts and Jobs Act.

Tax benefits for children decline as stimulus checks end and temporary expansions to the CTC from 2017 and 2021 expire.

FIGURE 3

Federal Expenditures on Children through Tax Provisions, 2016–28

Billions of 2022 dollars



Sources: Authors' estimates based primarily on CBO (2023a), OMB (2023c), and past years' releases of these reports.

Notes: Tax provisions with less than $15 billion in expenditures in all years are combined under "other tax provisions." These provisions include the dependent care credit; premium tax credit; Qualified Zone Academy Bonds; Qualified School Construction Bonds; the employer-provided child care credit; the adoption credit; tax reductions for assistance for adopted foster children; and tax exclusions for employer-provided child care, certain foster care payments, adoption, Social Security retirement and dependents' and survivors' benefits, public assistance benefits, and veterans' death benefits and disability compensation.

Recent Federal, State, and Local Expenditures on Children

In this section, we describe public expenditures on children in recent years, beginning with federal spending and tax programs and then adding in state and local spending. Federal expenditures are reported through fiscal year 2022, the most recent year for which complete federal spending data are available. Figure 4 and table 1 focus on federal expenditures to address the following questions:

- What categories, programs, and tax provisions accounted for the most federal spending on children in 2022?
- How did federal expenditures on children change between 2021 and 2022?

This discussion is followed by a more comprehensive examination of state and local outlays on children (figures 5 and 6). These numbers exclude state and local tax programs other than the EITC because consistent tax data are not available across the 50 states. Examining outlays from 2009 to 2020 (the most recent year for which complete state and local spending data are available), we answer the following questions:

- How much do the federal government and state and local governments contribute to total public spending on children?
- How do the categories of spending on children differ across levels of government?

What Categories, Programs, and Tax Provisions Accounted for the Most Federal Spending on Children in 2022?

Tax provisions were by far the largest category of federal expenditures on children in 2022. Health, nutrition, education, and income security were the next largest categories of federal expenditures on children. Relatively little was spent on the four smallest categories: child care and early education, social services, housing, and training.

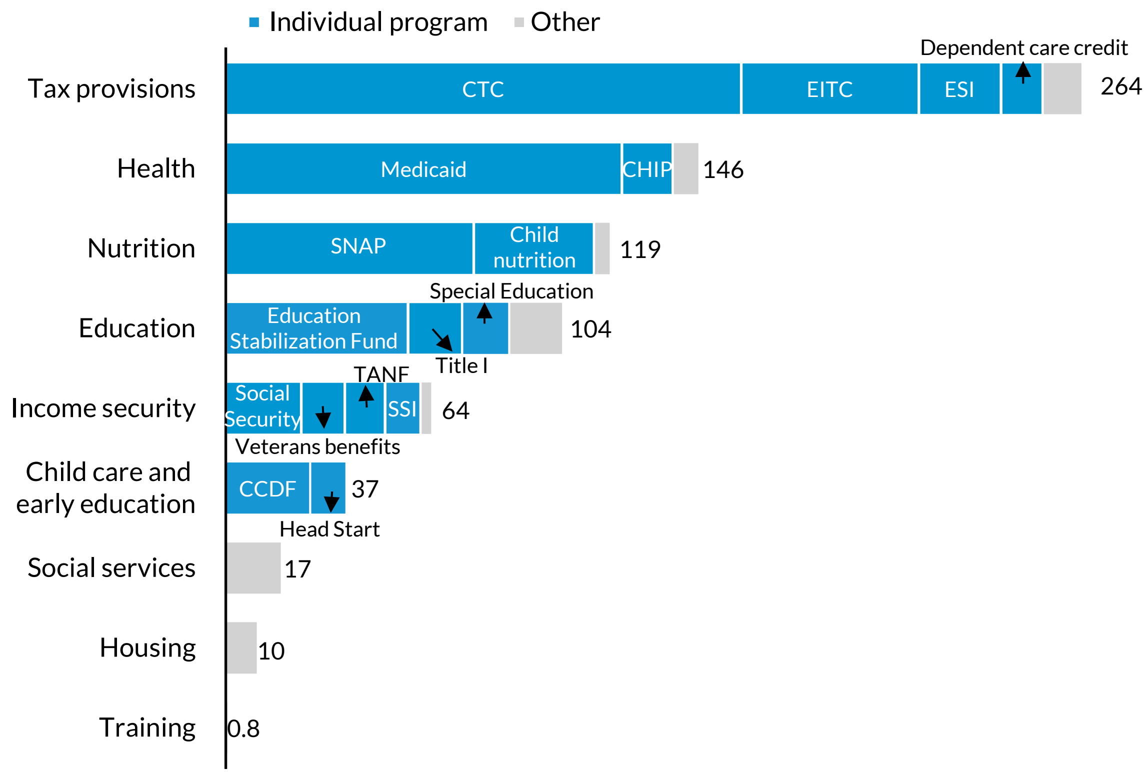
- **Tax provisions** benefiting children, counted together, far exceed any other major budget category. Expenditures on tax provisions totaled $264 billion in 2022, or more than one-third (35 percent) of total expenditures on children. The **CTC**, with $65 billion in refundable tax credits and $94 billion in tax reductions, was the largest child-related provision. The **EITC** provided families with children $42 billion in tax refunds and $13 billion in tax reductions. The **exclusion from income tax on employer-sponsored health insurance** accounted for $25 billion in expenditures on children. The **dependent care credit** provided $13 billion in tax reductions.
- **Health** was the second-largest expenditure category ($146 billion) in 2022, representing 19 percent of total expenditures on children. **Medicaid** is the largest source of health spending on children: $122 billion, or about one-fifth of all Medicaid funds, were spent on children in 2022. We estimate that an additional $16 billion was spent on **CHIP**.
- Other large categories of spending included the following:
    - **Nutrition** ($119 billion), including more than $76 billion on the children's share of **Supplemental Nutrition Assistance Program (SNAP)** benefits and $37 billion on **child nutrition** programs such as the school lunch and breakfast programs.
    - **Education** ($104 billion), including $56 billion in **Education Stabilization Fund** outlays to support K–12 education during the pandemic, $17 billion on **Title I** funding to schools with high percentages of children from families with low incomes, and $14.5 billion on **special education** and related services.
    - **Income security** ($64 billion), including $23 billion on **Social Security** survivors' and dependents' benefits directed toward people younger than age 18; $12 billion on the children's share of **TANF**; $13.5 billion on **veterans' benefits** for the children of veterans who were disabled, retired, or deceased; and $11 billion on **Supplemental Security Income (SSI)** for children.

- Other categories were much smaller: **early education and care** outlays ($37.5 billion) included the **Child Care Development Fund** ($26 billion), **Head Start** ($11 billion), and other child care and early education programs. **Child welfare** and other **social services** ($17 billion); **housing** assistance ($10 billion); and the youth components of job **training** ($800 million) provided additional support for children.

FIGURE 4

Federal Expenditures on Children by Category and Major Programs, 2022

Billions of 2022 dollars



Sources: Authors' estimates based primarily on OMB (2023c) and past years' releases of these reports.

Notes: Programs spending less than $10 billion are not shown separately but are included as part of "Other" and in the totals by category. CCDF = Child Care Development Fund; ESI = exclusion from income tax on employer-sponsored health insurance.

How Did Federal Expenditures on Children Change between 2021 and 2022?

Federal expenditures on children totaled $761 billion in 2022, a drop of $114 billion from 2021. The decline was primarily driven by decreasing federal tax provisions—notably, the pandemic-related Economic Impact Payments and the CTC expansion.

- Expenditures on children through **tax provisions** totaled $264 billion in 2022, including $152 billion in tax reductions and $112 billion in outlays on the refundable portions of tax credits. The 2022 expenditures represented a $162 billion decline from 2021. Expenditures on pandemic-related Economic Impact Payments fell by $144 billion, with only $4 billion paid out through tax filings in 2022. Children's expenditures from the CTC declined by $15 billion between 2021 and 2022.
- **Health** spending grew modestly between 2021 and 2022, growing by nearly $10 billion to $146 billion. Medicaid spending, the largest of the health programs serving children, increased by $8 billion from 2021, totaling $122 billion in 2022. Outlays on CHIP and other programs grew slightly to $24 billion in 2022.
- **Nutrition** outlays totaled $119 billion in 2022, an increase of $11 billion from 2021. Almost all of the change was driven by higher spending through child nutrition programs stemming from pandemic relief funding increases for school meals.
- **Federal outlays on education** grew by $23 billion from 2021, reaching $104 billion in 2022. Education spending has increased since 2019 as a result of the Education Stabilization Fund established through pandemic relief legislation.
- **Child care and early education** outlays totaled $37.5 billion in 2022, a dramatic growth of $10 billion in one year. Substantial temporary investments in the Child Care and Development Fund increased funding for child care subsidies and quality improvement activities and included direct stabilization funding to providers to combat pandemic disruptions.
- **Housing** outlays fell $7 billion from 2021 to slightly less than $10 billion in 2022 as states exhausted federal relief funds for emergency rental assistance.
- **Income security, social services, and training** program spending changed only slightly between 2021 and 2022.

TABLE 1

Federal Expenditures by Program in 2022 and Change from 2021

Billions of 2022 dollars

		2022	Change from 2021 to 2022
1.	**Health**	**145.9**	**9.5**
	Medicaid	122.1	8.3
	CHIP	15.7	-0.4
	Vaccines for Children	5.5	1.5
	Other health	2.6	0.1
2.	**Nutrition**	**118.6**	**11.1**
	SNAP (formerly food stamps)	76.4	1.1
	Child nutrition	37.1	9.7
	Special Supplemental Nutrition (WIC)	5.1	0.2
3.	**Education**	**103.9**	**23.0**
	Education Stabilization Fund	56.2	19.5
	Education for the Disadvantaged (Title I, Part A)	16.7	-0.5
	Special education/IDEA	14.5	1.0
	School Improvement	5.2	0.1
	Indian Education	2.5	1.2
	Emergency Connectivity Fund	1.6	1.6
	Impact Aid	1.4	-0.2
	Dependents' schools abroad	1.2	-0.1
	Other education	4.7	0.4
4.	**Income security**	**63.6**	**1.1**
	Social Security	23.2	-0.3
	Temporary Assistance for Needy Families	12.4	-0.7
	Veterans' benefits	13.5	1.6
	Supplemental Security Income	11.0	0.5
	Child support enforcement (net)	3.5	0.1
	Other income security	*	*
5.	**Child care and early education**	**37.5**	**10.3**
	Child Care and Development Fund	26.0	9.8
	Head Start (including Early Head Start)	11.2	0.6
	Other early education and care	0.3	*
6.	**Social services**	**17.3**	**-0.9**
	Foster care	5.0	-0.7
	Unaccompanied alien children	5.2	0.3
	Adoption Assistance	3.6	*
	Social Services Block Grant	0.9	-0.2
	Other social services	2.5	-0.3

		2022	Change from 2021 to 2022
7.	**Housing**	**9.8**	**-7.0**
	Section 8 low-income housing assistance	7.6	-0.5
	Low Income Home Energy Assistance	1.4	0.5
	Emergency Rental Assistance	--	-7.0
	Other housing	0.7	-0.1
8.	**Training**	**0.8**	**0.3**
9.	**Refundable portions of tax credits**	**111.6**	**-110.0**
	Child tax credit	64.9	-6.1
	Earned income tax credit	41.6	-9.8
	Economic Impact Payments (stimulus checks)	2.5	-91.0
	Premium tax credit	2.0	0.2
	Dependent care credit	--	-3.3
	Other refundable tax credits	0.6	*
10.	**Tax reductions**	**152.2**	**-51.5**
	Child tax credit (nonrefundable portion)	93.9	-8.8
	Exclusion for employer-sponsored health insurance	25.4	-0.4
	Earned income tax credit (nonrefundable portion)	13.1	3.9
	Dependent care credit (nonrefundable portion)	12.8	6.6
	Economic Impact Payments (nonrefundable portion)	1.5	-53.0
	Exclusion for veterans' death benefits and disability compensation	1.1	*
	Other tax reductions	4.5	0.2
TOTAL EXPENDITURES ON CHILDREN		**761.1**	**-114.1**
	SUBTOTAL, OUTLAYS WITHOUT TAX REDUCTIONS (1–9)	**608.9**	**-62.6**

Sources: Authors' estimates based primarily on CBO (2023a), OMB (2023c), and past years' releases of these reports.

Notes: Because this analysis shows outlays rather than appropriated or authorized levels, and because the dollars are adjusted for inflation, these estimates may differ from other published estimates. Individual programs are shown only when expenditures on children are $1 billion or greater in 2021 or 2022. Numbers may not sum to totals because of rounding.

* = Less than $50 million; -- = Program did not exist.

Other health covers immunizations, the Maternal and Child Health block grant, children's hospitals graduate medical education, lead hazard reduction, children's mental health services, birth defects/developmental disabilities, Healthy Start, home visiting, and school-based health care.

Child nutrition 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.

Other education includes Innovation & Improvement; English language acquisition; Department of Defense domestic schools; the Institute of Education Sciences; safe schools and citizenship education; Junior ROTC; career, technical, and adult education (formerly vocational and adult education); and STOP school violence.

Other income security includes Railroad Retirement.

Other early education and care includes Preschool Development Grants.

Other social services include the Community Services Block Grant, child welfare services and training, Safe and Stable Families, juvenile justice, guardianship, independent living, missing children, children's research and technical assistance, Personal Responsibility Education Program and abstinence education, and certain child and family services programs.

Other housing includes public housing and rental housing assistance.

Training includes Workplace Innovation and Opportunity Act Youth Formula grants, Job Corps, Youth Offender grants, and YouthBuild grants.

Other refundable tax credits include outlays from Qualified Zone Academy Bonds and Qualified School Construction Bonds.

Other tax reductions include the employer-provided child care credit; the adoption credit; assistance for adopted foster children; the nonrefundable portions of Qualified Zone Academy Bonds, Qualified School Construction Bonds, and the premium tax credit; and tax exclusions for employer-provided child care, certain foster care payments, adoption, Social Security retirement and dependents' and survivors benefits, and public assistance benefits.

How Much Do the Federal Government and State and Local Governments Contribute to Total Public Spending on Children?

Public outlays per child from federal, state, and local government totaled about $17,660 in 2020, the most recent year in which comprehensive state and local data are available. Federal outlays accounted for $6,250, and state and local government outlays totaled $11,410 per child. These data reflect how the relationship between federal and state and local outlays shifted during the pandemic. (These estimates exclude federal tax reductions—valued at approximately $1,820 per child in 2020—because nationwide tax reductions at the state and local level are unavailable.)[9]

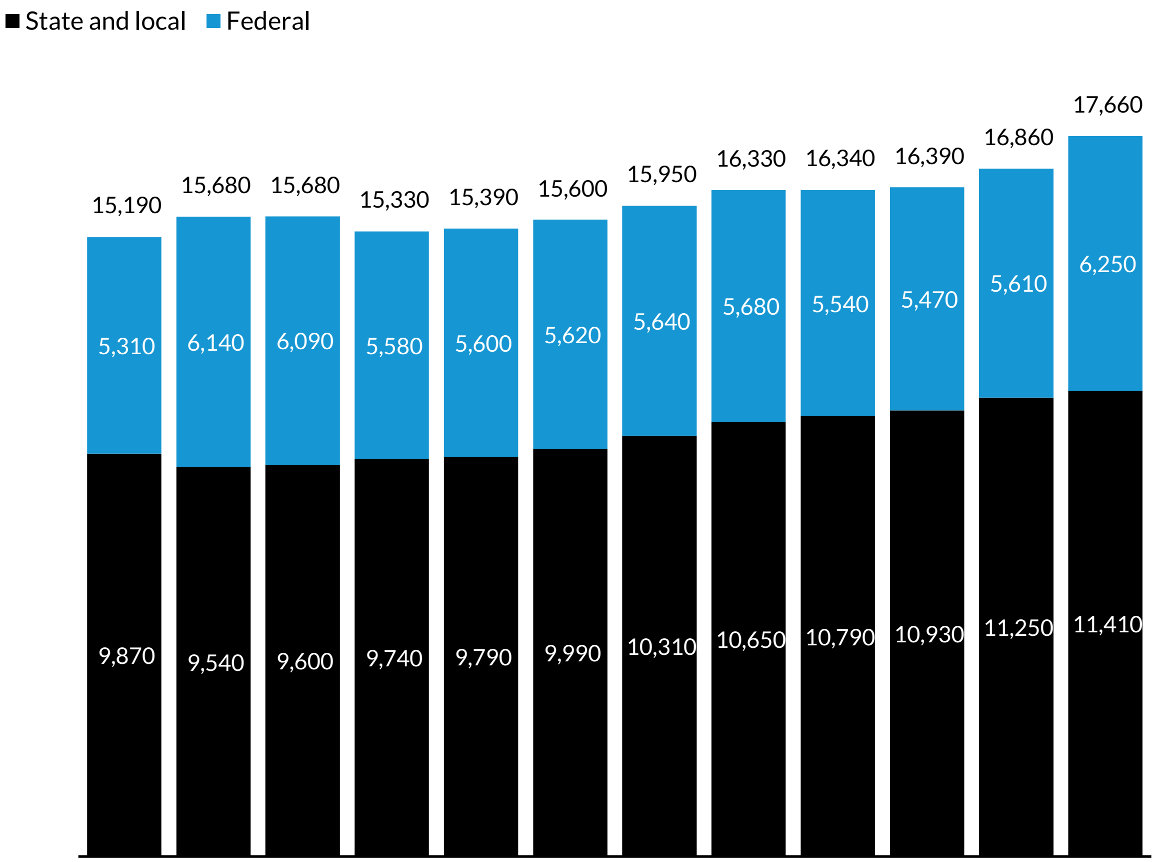
- At the outset of the pandemic, state and local spending on children increased (from $11,250 in 2019 to $11,410 in 2020), contrary to early expectations that pandemic budgetary shortfalls would force states and localities to cut their spending.[10] State and local finances fared better in 2020 than originally expected in part because of robust federal stimulus (Dadayan 2021).
- State and local outlays on children accounted for 65 percent of total public outlays on children in 2020. Despite rising in dollars, the state and local governments' share of total outlays on children was smaller in 2020 than in the preceding years because federal outlays increased by even more from pandemic relief measures.
- Because the most recent comprehensive data on state and local spending on children include only the beginning of the pandemic, the full story of how the relationship between federal and state and local spending on children may have shifted. Given the large increase in federal public spending during the pandemic, state and local spending will likely represent a smaller share of total public spending on children in 2021, as it did in 2020.

Nearly two-thirds of public dollars spent on children come from state and local governments.

FIGURE 5

Public Outlays per Child by Level of Government, 2009–20

2022 dollars



State & local share	65%	61%	61%	64%	64%	64%	65%	65%	66%	67%	67%	65%

Sources: Authors' estimates based primarily on OMB (2021), past years' releases of this report, and various other sources. See Casas et al. (2022) for details on additional sources.

Notes: These estimates do not include tax reductions. Numbers may not sum to totals because of rounding.

How Do the Categories of Spending on Children Differ across Levels of Government?

State and local government outlays on children are predominantly for public education, while the federal government spends more on tax credits, income security, nutrition, and other areas. Both levels of government spend substantial amounts on health programs.

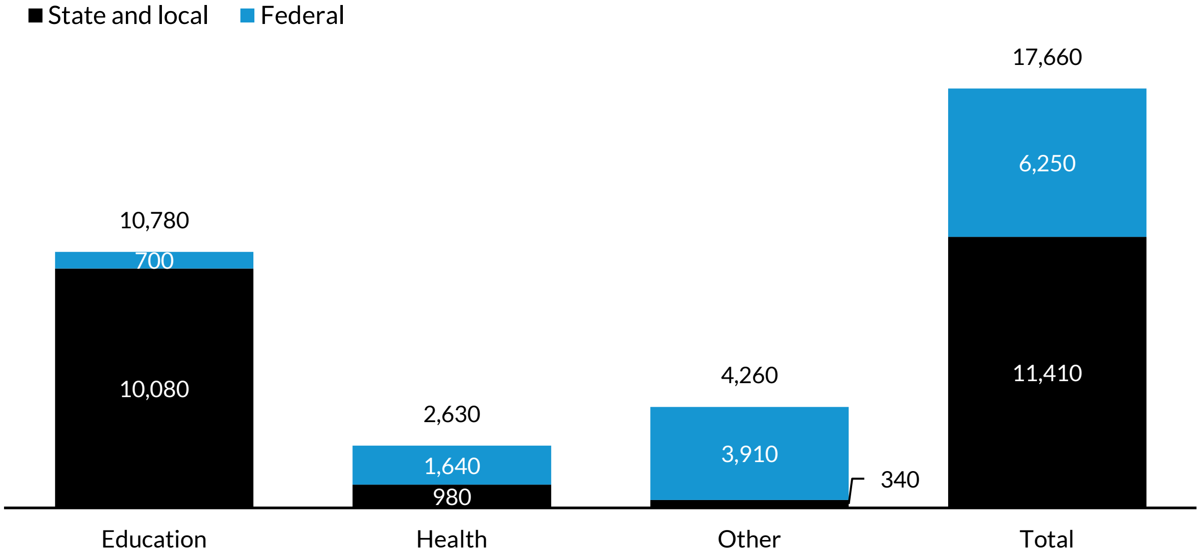
- State and local spending is dominated by spending on **public education**, the largest form of public investment in children overall. When looking across all levels of government, state and local governments account for 94 percent of the education outlays on children. Prior analyses of spending by age show state and local governments spend much less on infants, toddlers, and preschool children than on school-age children. This results in lower total (federal plus state) public investments per person in younger children than in school-age children (Isaacs et al. 2019).
- State and local governments also contribute significantly to **health** spending on children, though not as much as the federal government, which accounts for 62 percent of public expenditures on children's health. The federal government also provides substantial incentives for state health spending by providing funding for Medicaid and other programs as matching grants.
- Though states and localities make important contributions to other categories of spending on children—such as outlays on **income security, tax credits, child care, foster care,** and **social services**—these investments are small relative to federal outlays. States and localities also spend little on **nutrition, housing, or training**. The federal government contributes 92 percent of all noneducation, nonhealth outlays on children.

Public education drives state and local spending on children.

FIGURE 6

Public Spending per Child by Category and Level of Government, 2020

2022 dollars



Sources: Authors' estimates based primarily on OMB (2021) and are also drawn from various other sources. See Casas et al. (2022) for details on additional sources.

Notes: These estimates do not include tax reductions. Numbers may not sum to totals because of rounding.

Broad Trends in Federal Spending

This section analyzes broad trends in spending on children—both past and future—in the context of the entire federal budget. Unless otherwise noted, here we primarily focus on budget outlays, setting aside tax reductions. Figures 7 through 10 address the following questions:

- What share of the federal budget is spent on children?
- How is the children's share of the federal budget changing over time?
- How large is the federal budget and spending on children relative to the economy?
- How does federal spending on children compare with interest payments on the debt?

Figures 11 and 12 compare children younger than age 19 with people ages 65 and older, two groups where most people are outside the working-age population and thus more likely to rely on public or private support. Both figures address the following question:

- How does spending on children compare with spending on older adults?

What Share of the Federal Budget Is Spent on Children?

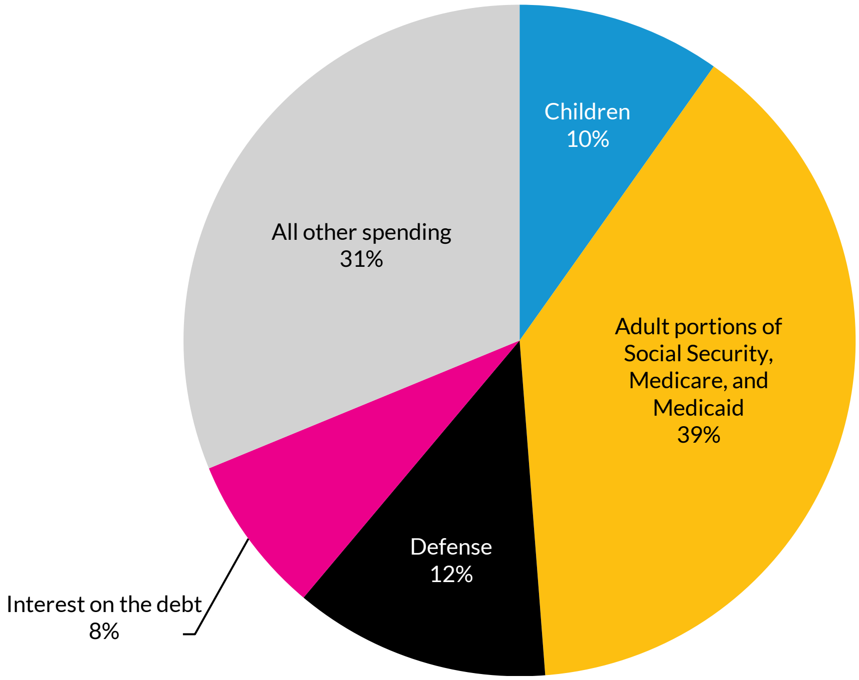
In 2022, approximately 10 percent of federal outlays (or $609 billion of $6.2 trillion in outlays) was spent on children. The share is similar to the previous year and the years immediately preceding the pandemic.

- **The largest share of federal outlays in 2022 went to retirement and health benefits for adults through Social Security, Medicare, and Medicaid, which accounted for nearly two-fifths of federal outlays (39 percent).** The share of federal outlays on Social Security, Medicare, and Medicaid for adults shifted back toward prepandemic levels in 2022 after dropping to around one-third in 2020 and 2021 because of increased spending for pandemic relief under the "all other" priorities category. Most adults benefiting from these programs are seniors or disabled, but Medicaid also provides health insurance to several other groups of adults, including pregnant women, parents, and childless adults (in some states) with low incomes.[11]
- In 2022, **interest payments on the debt accounted for 8 percent of federal outlays, an increase of 3 percentage points from the previous year.** At 8 percent, payments on national debt interest accounted for nearly the same share of the budget as outlays on children (9.8 percent). Approximately 12 percent of federal spending in 2022 was on **defense**.
- **The share of federal outlays on "all other" federal priorities fell from 42 percent of the budget in 2021 to 31 percent in 2022** as pandemic response programs not targeted at children—including the Paycheck Protection Program, unemployment insurance, and Economic Impact Payments for adults—receded. Still, this share is high compared with the 20 to 25 percent of federal spending under this category before the pandemic, in part because of remaining pandemic relief spending.

Child-related tax reductions (totaling $152 billion in 2022) are not reflected in these figures and represent approximately 10 percent of the $1.5 trillion in individual and corporate tax reductions identified by the Office of Management and Budget (OMB).[12] The children's share of tax reductions has fluctuated between 7 and 13 percent over the past decade.

FIGURE 7

Share of Federal Budget Outlays Spent on Children and Other Items, 2022



Sources: Authors' estimates based primarily on OMB 2023c and past years' releases of these reports.

Note: Numbers may not sum to totals because of rounding.

Ten percent of federal budget outlays were spent on children in 2022.

How Is the Children's Share of the Federal Budget Changing over Time?

The share of federal outlays allocated to children grew, albeit unevenly, from the 1960s to the mid-2000s and has remained around 9 to 10 percent of the budget since then, outside of recessions. In 2022, the children's share of federal outlays was 9.8 percent. This share is projected to decline significantly over the next decade.

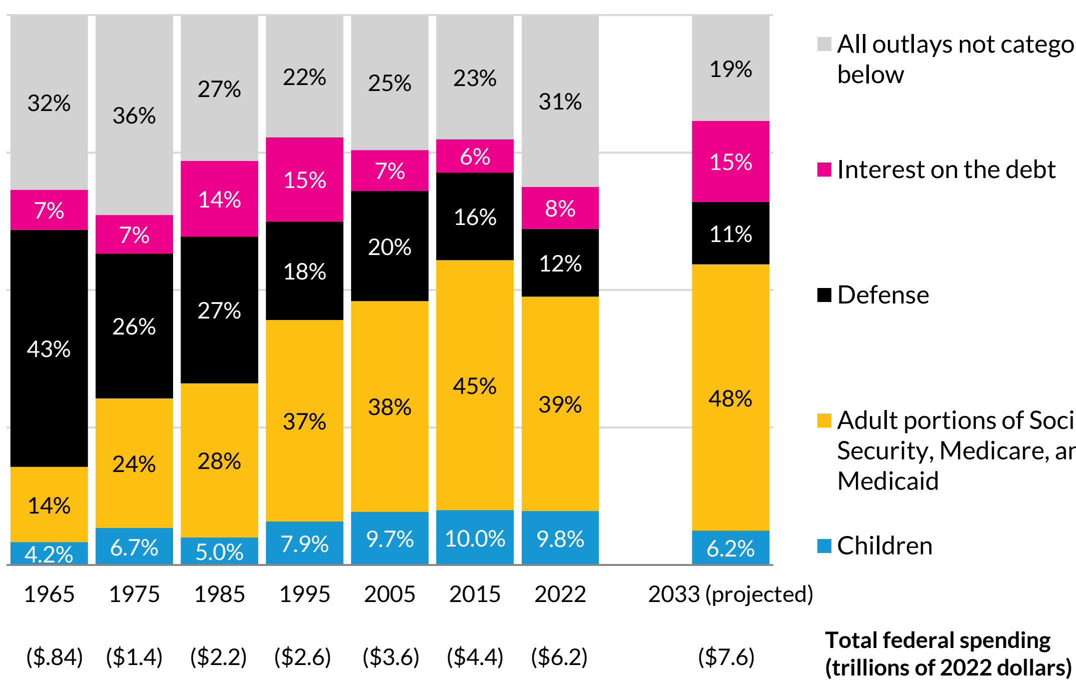
- In 1965, only 4.2 percent of federal outlays were spent on **children**. The children's share of the budget grew over the next few decades to 9.7 percent of outlays in 2005 and then stabilized around this level outside of economic downturns. The children's share of federal spending fell to 6.8 percent in 2020 (not shown) as initial pandemic spending was tilted toward the "all other" outlays category, which does not include children. In 2022, the federal share of outlays on children bounced back to 9.8 percent, as temporary relief funding for children's programs continued to be spent while most other pandemic relief spending dropped.
- The children's share of the budget is projected to decline to 6.2 percent in 2033, under laws in place as of March 2023. This represents a 37 percent decline in the share of budget spent on children over the next decade. Over the same period, the share of the population younger than age 19 is estimated to contract by only 4 percent (declining 1 percentage point from 23 percent of the total US population to 22 percent).
- The share of federal outlays going to the adult portions of **Social Security, Medicare, and Medicaid** increased from 14 percent in 1965 to around 45 percent in the years before the pandemic because of growth in per person health spending and Social Security benefits, additional years of benefits as people live longer, and the aging of the workforce. Because of pandemic response spending on other priorities, this category fell to around one-third in 2020 and 2021 before rebounding to 39 percent in 2022 as temporary pandemic relief measures expired. Spending on this category is expected to increase to nearly half of federal outlays in 2033 (48 percent), continuing the category's longer-term growth trend.
- The share of federal outlays spent on **defense** fell dramatically between 1965 and 1995, essentially financing a substantial expansion of domestic programs without any significant increase in average tax rates. After stabilizing between 15 and 20 percent of the budget, the share of federal outlays on defense shrank significantly to only 11 percent of the federal budget during the pandemic and remained at 12 percent in 2022. It is projected to stay around 11 percent of the budget in coming years, remaining below prepandemic levels through 2033.

- **Interest payments** on the debt have fluctuated over the past half-century. While the share of the budget going toward interest payments has been relatively low since 2000, it increased slightly to 8 percent in 2022 and is projected to nearly double to 15 percent in 2033. This increase reflects a larger national debt and rising interest rates.

- For three decades before the pandemic, the share of federal outlays going to **all other** priorities besides children, defense, interest payments, and entitlements for adults had remained around 20 to 25 percent. This share increased to around 40 percent of the budget in 2020 and 2021 because of temporary pandemic relief aiding businesses, workers, and adults before dropping to 31 percent in 2022 as these programs were spent down. Spending on this "all other" outlays category is projected to fall well below prepandemic levels over the next decade, reaching 19 percent in 2033.

FIGURE 8

Share of Federal Budget Outlays Spent on Children and Other Items, Selected Years, 1965–2033



Sources: Authors' estimates based primarily on CBO (2023a), OMB (2023c), and past years' releases of these reports.

Note: Numbers may not sum to totals because of rounding.

How Large Is the Federal Budget and Spending on Children Relative to the Economy?

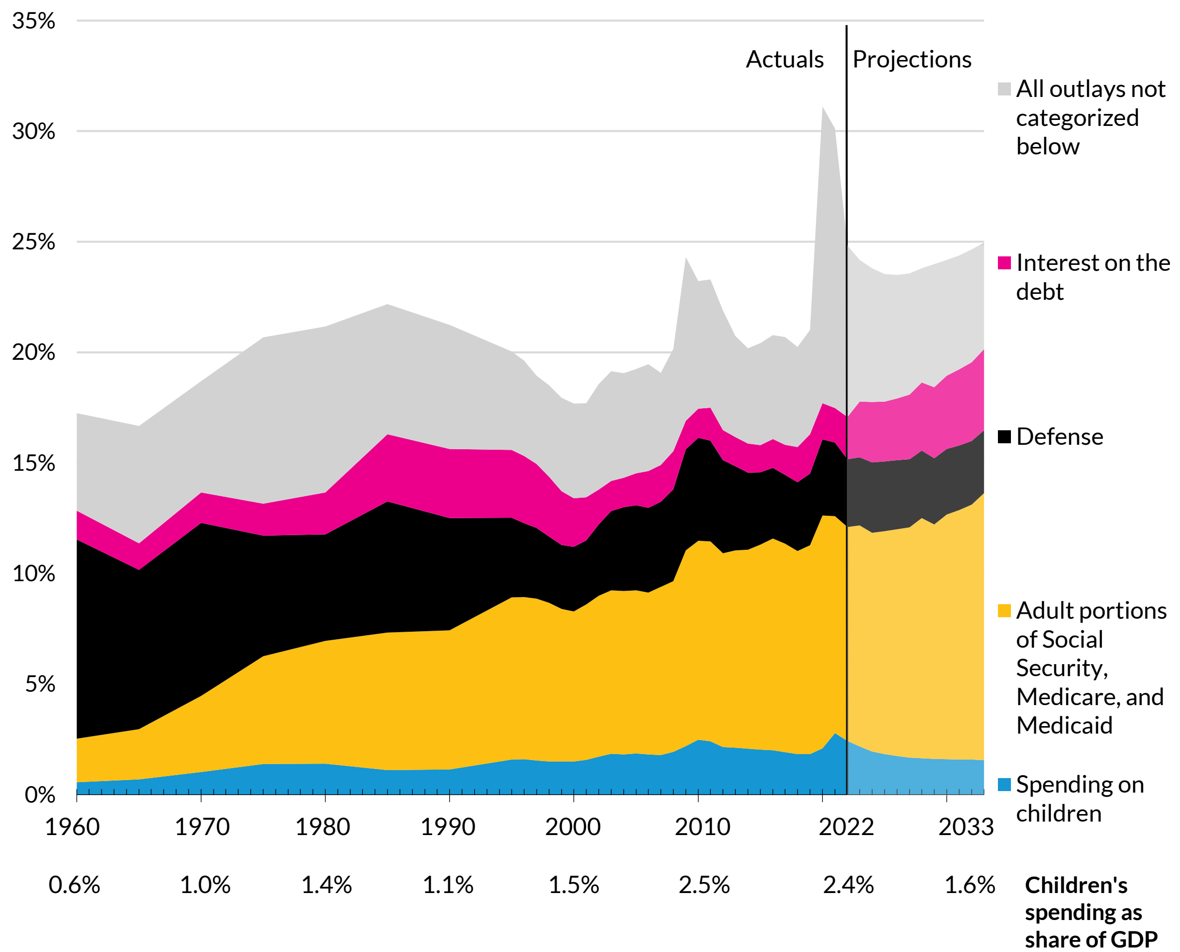
Before the pandemic, federal outlays represented about one-fifth of the total US economy or GDP, while federal outlays on children only represented around 2 percent of GDP. Because of pandemic relief measures, federal spending spiked to post–World War II highs of more than 30 percent of GDP in 2020 and 2021 before falling back to one-quarter of GDP in 2022. At the same time, outlays on children fell from a pandemic high of around 3 percent of GDP to 2.4 percent in 2022.

- Between 1960 and 2019, **federal outlays** grew substantially in real terms (from $695 billion to $5.0 trillion) but only modestly as a share of the economy (from 17 to 21 percent of GDP). After hitting a high of $7.3 trillion or 30 percent of GDP during the pandemic, total outlays declined to $6.2 trillion or 25 percent of GDP in 2022 as programs spent down emergency response funding. Federal outlays are projected to remain around one-quarter of GDP over the next decade in projections, substantially higher than the prepandemic average of around one-fifth of GDP.
- Federal outlays on **children** grew from a very small base of about 0.6 percent of GDP in 1960 to 1.8 percent in 2019, down from a peak of 2.5 percent in 2010 during the Great Recession.[13] Outlays on children increased to 2.8 percent of GDP in 2021 driven by the pandemic response before falling to 2.4 percent in 2022 as these temporary measures expired. Outlays on children are expected to continue decreasing to 1.6 percent in 2033, reflecting growing budgetary pressures from other priorities.
- Federal outlays for adults on **Social Security, Medicare, and Medicaid** have steadily increased over the past 60 years. Excluding spending on children, these programs grew from 2.0 percent of GDP in 1960 to 9.7 percent in 2022. Outlays for this category are projected to increase further to 12.1 percent of GDP by 2033. Spending growth on these entitlement programs is built into existing law and will continue absent changes that significantly reform the programs.
- Outlays on **defense** fell substantially, from 9 percent of GDP in 1960 to 2.9 percent in 2000. It has risen somewhat since then, reaching 3.1 percent of GDP in 2022. Outlays on defense are projected to decline to 2.8 percent in 2033.
- Outlays for **interest payments** on the national debt have ranged between 1 and 3 percent of GDP historically. Interest payments are projected to increase from 1.9 percent in 2022 to 3.7 percent in 2033, surpassing outlays on children.

- From 1960 to 2019, federal outlays on **all other priorities** generally hovered between 4 and 8 percent of GDP. Outlays in these areas increased sharply during the pandemic to 13 percent of GDP, driven by spending to support businesses, workers, and adults. Outlays on these priorities dropped to 8 percent in 2022 and are expected to gradually decline to 5 percent by 2033.

FIGURE 9

Federal Outlays on Children and Other Major Budget Items as a Share of GDP, 1960–2033



Sources: Authors' estimates based primarily on CBO (2023a), OMB (2023c), and past years' releases of these reports.

Note: Totals shown along the horizontal axis are the share of GDP spent on children in the corresponding year.

How Does Federal Spending on Children Compare with Interest Payments on the Debt?

Since 1970, federal outlays have exceeded revenues, except for a brief period around 2000, resulting in budget deficits and a growing national debt. Even so, low interest rates over the past 40 years have kept interest costs for that debt relatively modest. However, both interest rates and the national debt as a share of GDP are expected to rise, which lead to projections that interest payments will exceed federal outlays on children throughout the next decade.

- **Federal outlays** were already projected to grow more rapidly than the economy before the pandemic. Pandemic legislation to aid the economy and individuals drove spending even higher in 2020 and 2021. With the expiration of these temporary measures, total federal outlays decreased from 31 percent of GDP in 2020 to 25 percent in 2022, and CBO projects it will remain around one-quarter of GDP over the next decade under current law.

- **Revenues** remain well below outlays, as they have since 2001, and are projected to decline from a high of 20 percent of GDP in 2022 to around 18 percent over the next decade.

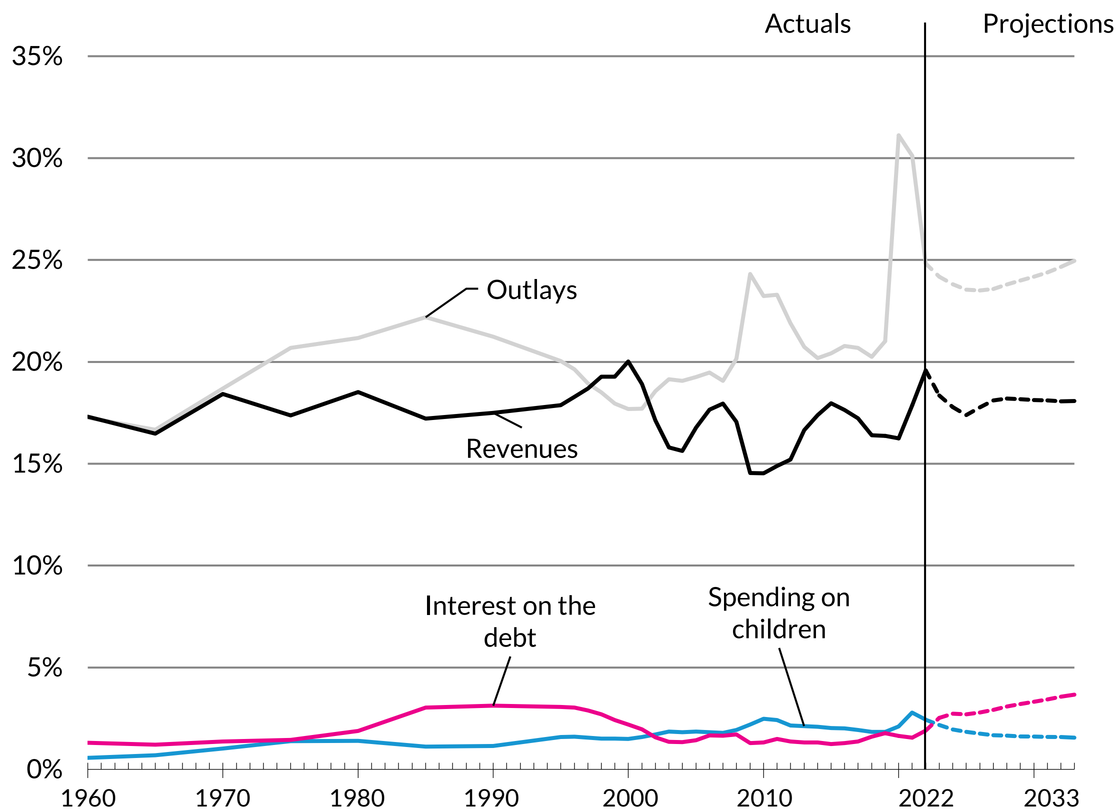
- As outlays have exceeded revenues nearly every year, the federal debt has risen to its highest level relative to the economy since just after World War II. It is projected to reach an all-time high by 2033. With an increasing national debt and higher interest rates, **interest payments** are projected to increase dramatically. Such payments would nearly double, from 1.9 percent in 2022 to 3.7 percent of GDP in 2033.

- In sharp contrast to the growth in total federal outlays, **spending on children** relative to the economy had been falling before the pandemic. While pandemic response measures boosted spending in 2020 and 2021, federal outlays on children began declining again in 2022 and are projected to fall below spending on interest payments on the debt in 2023.

The federal government is projected to spend more on interest payments on the debt than on children in coming years.

FIGURE 10

Federal Outlays, Revenues, Spending on Children, and Interest Payments as a Share of GDP, 1960–2033



Sources: Authors' estimates based primarily on CBO (2023a), OMB (2023c), and past years' releases of these reports.

Note: Spending on children and payments on the debt are included as components of total outlays and also displayed separately.

How Does Spending on Children Compare with Spending on Older Adults?

Per person outlays are much higher on adults ages 65 and older than on children, especially at the federal level.

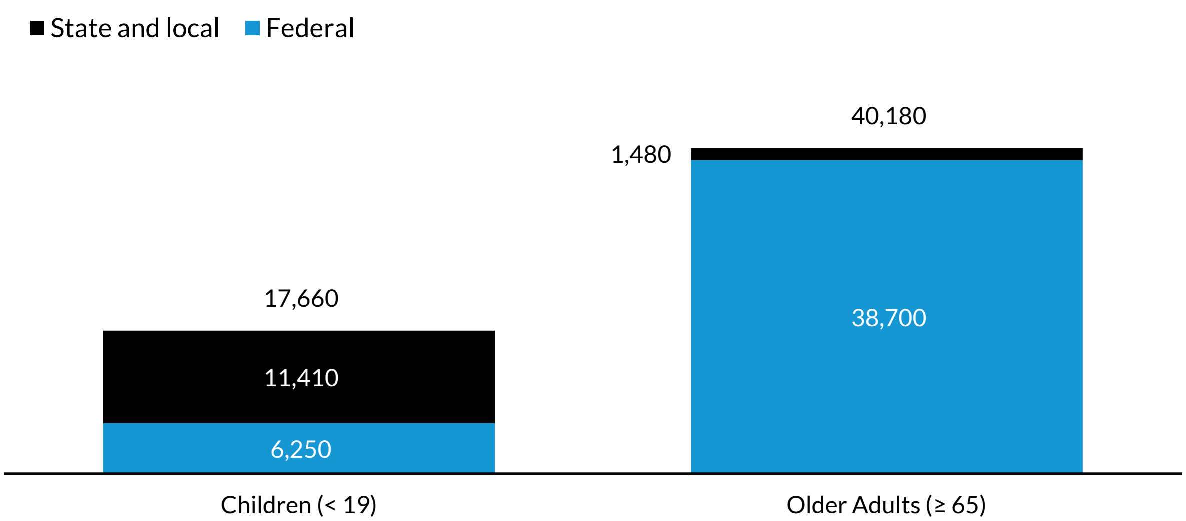
- The **federal government** spent slightly more than $6 per older adult for every $1 spent per child in 2020. The ratio in per person outlays drops to slightly more than $2 for every $1 when adding state and local outlays, which are heavily slanted toward spending on public K–12 schools.[14]

- **Health care** expenses are a significant portion of public outlays on older adults. Yet even when excluding health spending, per person spending on older adults remains considerably higher than per person spending on children because of large retirement and disability program expenditures (data not shown).

FIGURE 11

Per Person Federal, State, and Local Outlays on Children and Older Adults, 2020

2022 dollars



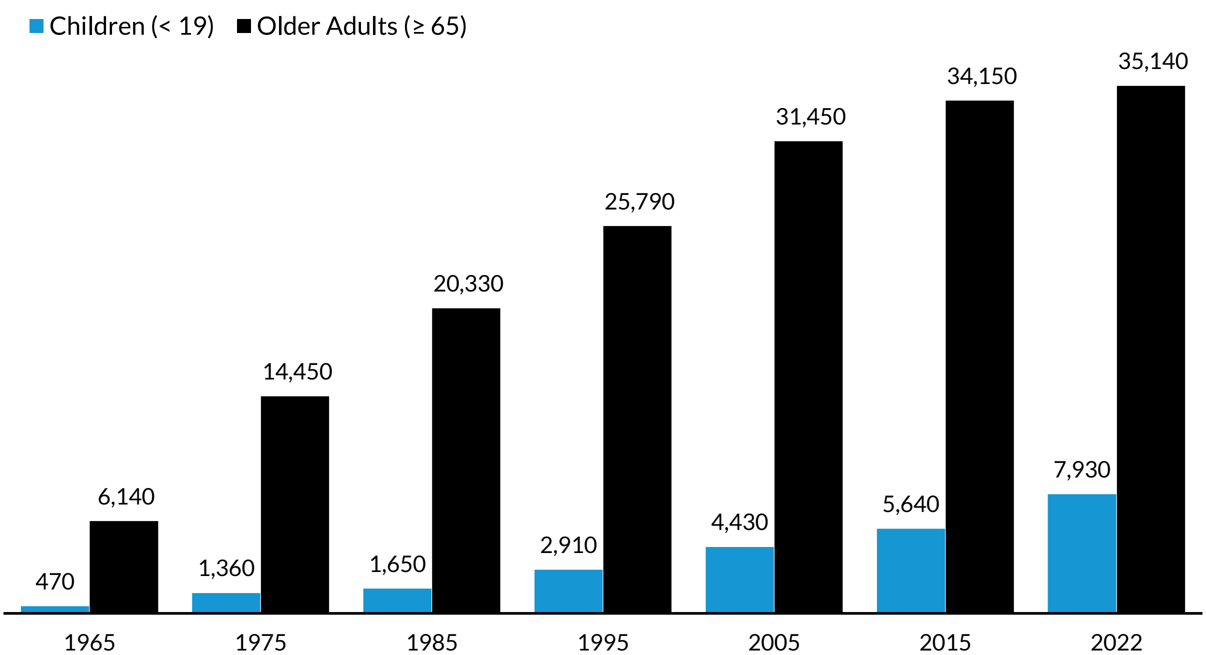
Sources: Authors' estimates based primarily on OMB 2021 and are also drawn from various other sources. See Casas et al. (2022) for details on additional sources.

Notes: Values exclude tax reductions. Numbers may not sum to totals because of rounding.

- Federal outlays on **older adults** between 1965 and 2022 increased by $29,000 per older adult, from about $6,000 to about $35,000, after adjusting for inflation. These increases have been driven by the establishment of Medicare and Medicaid and enactment of the Older Americans Act in 1965; legislated increases in Social Security, Medicare, and Medicaid benefits; real growth in annual Social Security benefits;[15] and real increases in health care costs.
- Over this same period, federal outlays on **children** rose by nearly $7,500 per child, from $470 in 1965 to $7,930 in 2022.

FIGURE 12

Per Person Federal Outlays on Children and Older Adults, Selected Years, 1965–2022
2022 dollars



Sources: Authors' estimates based primarily on OMB (2023c) and past years' releases of this report.

Note: Values exclude tax reductions.

A Closer Look at Trends in Federal Expenditures on Children

This final section looks closely at trends in federal expenditures on children, including outlays and tax reductions. Table 2 looks at historical trends in children's spending, addressing the first question below, and figure 13 looks at projected spending on children, addressing the second question below:

- How have expenditures by program and category changed over time?
- Which categories of expenditures on children (e.g., nutrition and education) are projected to decline over time?

How Have Expenditures by Program and Category Changed over Time?

Expenditures on children have increased since 1965 (in inflation-adjusted dollars) in all categories of spending, as many of today's major programs did not exist in 1965.

- In 1965, expenditures on children were concentrated almost entirely in **tax reductions** (the dependent exemption), **income security** (Social Security, Aid to Families with Dependent Children,[16] and veterans' benefits), **education** (Impact Aid), and **nutrition** (child nutrition programs, specifically school lunch). Together, tax reductions and income security alone accounted for nearly 90 percent of expenditures on children.
- **Health** outlays on children have risen dramatically, from $0.6 billion in 1965 to $146 billion in 2022, driven by the introduction and expansion of Medicaid (1965) and CHIP (1997).
- **Nutrition** outlays have grown from $2 billion in 1965 to $119 billion in 2022.
- Federal outlays on **education** programs increased from $5 billion in 1965 to $45 billion in 2019 (data not shown). They rose dramatically during the pandemic, reaching $104 billion in 2022, primarily because of temporary increases in COVID-19 relief spending for schools through the Education Stabilization Fund.
- In 1965, the federal government spent less than $1 billion on **child care and early education** or **social services** programs targeted to children, but outlays on these categories reached $37 billion and $17 billion, respectively, in 2022.
- Federal outlays on **housing** programs grew from low initial levels in 1965 to around $10 to $12 billion in during the 2000s and the 2010s. The federal government spent $10 billion on children through housing programs in 2022.
- Outlays on youth **training programs** grew from $1 billion in 1965 to nearly $7.5 billion in 1980 (not shown) before declining to $3.3 billion in 1985. They have since fallen dramatically to only $0.8 billion in 2022.
- The **refundable portion of tax credits** has grown from $0 in 1965 to $112 billion in 2022 with the introduction and expansion of the EITC and CTC and recent pandemic-era tax provisions.
- **Tax reductions** also have grown, fueled by growth in the children's share of the exclusion of employer-sponsored health insurance and the CTC. The dependent exemption provided

substantial benefits (close to $40 billion) until 2019, when it was replaced by a temporary increase in the standard deduction for adults and expansion of the CTC.

Many of today's major programs did not exist in 1965.

TABLE 2

Federal Expenditures on Children by Program, Selected Years, 1965–2022

Billions of 2022 dollars

		1965	1985	2005	2015	2022
1.	**Health**	**0.6**	**9.8**	**68.0**	**118.1**	**145.9**
	Medicaid	--	9.0	57.0	100.6	122.1
	CHIP	--	--	6.4	10.4	15.7
	Vaccines for Children	--	--	2.0	4.6	5.5
	Other health	0.6	0.8	2.6	2.5	2.6
2.	**Nutrition**	**2.0**	**24.8**	**46.8**	**70.7**	**118.6**
	SNAP (formerly food stamps)	0.1	13.3	23.6	39.1	76.4
	Child nutrition	1.9	8.4	17.0	24.9	37.1
	Special Supplemental Nutrition (WIC)	--	3.0	6.2	6.7	5.1
	Other nutrition	--	0.1	*	--	--
3	**Education**	**5.0**	**18.5**	**56.6**	**48.1**	**103.9**
	Education Stabilization Fund	--	--	--	--	56.2
	Education for the Disadvantaged (Title I, Part A)	--	9.7	21.0	18.2	16.7
	Special education/IDEA	0.1	2.3	15.7	14.6	14.5
	School Improvement	0.5	1.2	10.0	5.1	5.2
	Indian Education	0.8	0.7	1.3	1.0	2.5
	Emergency Connectivity Fund	--	--	--	--	1.6
	Impact Aid	2.5	1.5	1.8	1.7	1.4
	Dependents' schools abroad	0.5	1.4	1.5	1.3	1.2
	Other education	0.6	1.8	5.3	6.1	4.7
4.	**Income security**	**25.1**	**36.0**	**61.3**	**65.9**	**63.6**
	Social Security	11.1	19.0	24.3	25.7	23.2
	Temporary Assistance for Needy Families	8.4	12.0	19.0	15.2	12.4
	Veterans' benefits	5.4	2.4	3.1	7.7	13.5
	Supplemental Security Income	--	1.8	10.8	13.4	11.0
	Child support enforcement	--	0.5	4.0	4.0	3.5
	Other income security	0.3	0.2	*	*	*
5.	**Child care and early education**	**0.7**	**2.4**	**16.7**	**16.3**	**37.5**
	Child Care and Development Fund	--	--	7.0	6.1	26.0

		1965	1985	2005	2015	2022
	Head Start (including Early Head Start)	0.7	2.4	9.6	9.9	11.2
	Other early education and care	--	--	--	0.3	0.3
6.	**Social services**	**0.1**	**5.4**	**13.6**	**12.5**	**17.3**
	Foster care	--	1.2	6.5	5.5	5.0
	Unaccompanied alien children	--	--	0.1	0.8	5.2
	Adoption Assistance	--	0.1	2.5	2.9	3.6
	Social Services Block Grant	--	3.2	1.5	1.2	0.9
	Other social services	0.1	0.9	3.0	2.1	2.5
7.	**Housing**	**0.3**	**6.7**	**11.4**	**10.0**	**9.8**
	Section 8 low-income housing assistance	--	4.1	9.2	7.9	7.6
	Low Income Home Energy Assistance	--	1.4	0.7	0.9	1.4
	Other housing	0.3	1.2	1.6	1.3	0.7
8.	**Training**	**1.0**	**3.3**	**2.3**	**1.5**	**0.8**
9.	**Refundable portions of tax credits**	**--**	**2.4**	**66.3**	**95.9**	**111.6**
	Child tax credit	--	--	21.0	31.9	64.9
	Earned income tax credit	--	2.4	45.3	62.5	41.6
	Economic Impact Payments (stimulus checks)	--	--	--	--	2.5
	Premium tax credit	--	--	--	0.5	2.0
	Other refundable tax credits	--	--	--	1.0	0.6
10.	**Tax reductions**	**44.1**	**38.7**	**120.4**	**127.6**	**152.2**
	Child tax credit (nonrefundable portion)	--	--	46.1	35.7	93.9
	Exclusion for employer-sponsored health insurance	NA	6.3	21.4	29.3	25.4
	Earned income tax credit (nonrefundable portion)	--	0.8	6.4	8.8	13.1
	Dependent care credit (nonrefundable portion)	--	--	4.3	4.2	12.8
	Economic Impact Payments (nonrefundable portion)	--	--	--	--	1.5
	Exclusion for veterans' death benefits and disability compensation	0.2	0.3	0.3	0.7	1.1
	Dependent exemption	43.2	29.1	37.8	43.8	--
	Other tax reductions	0.8	2.2	4.1	5.2	4.5
TOTAL EXPENDITURES ON CHILDREN		**78.8**	**148.0**	**463.5**	**566.7**	**761.1**
SUBTOTAL, OUTLAYS WITHOUT TAX REDUCTIONS (1–9)		**34.7**	**109.3**	**343.1**	**439.1**	**608.9**

Sources: Authors' estimates based primarily on OMB (2023c) and past years' releases of these reports.

Notes: See table 1 notes on page 16 for lists of programs included in other health, child nutrition, and other categories. The lists of programs cover those with funding in 2022; a few additional programs that no longer exist are included in the totals for earlier years. Other nutrition includes Commodity Supplemental Food. NA = estimates not available; * = Less than $50 million; -- = Program did not exist.

Which Categories of Spending on Children (e.g., Nutrition and Education) Are Projected to Decline over the Next Decade as a Share of GDP?

Over the next decade, all categories of expenditures on children are expected to decline as a share of GDP from their elevated levels during the pandemic. Most categories also decline relative to prepandemic levels.

- As a share of the economy, outlays on children's **health** programs were 0.58 percent of GDP in 2022. Federal spending on children's health is expected to decline to 0.50 percent in 2033, similar to its level before the pandemic in 2019 (0.51 percent).

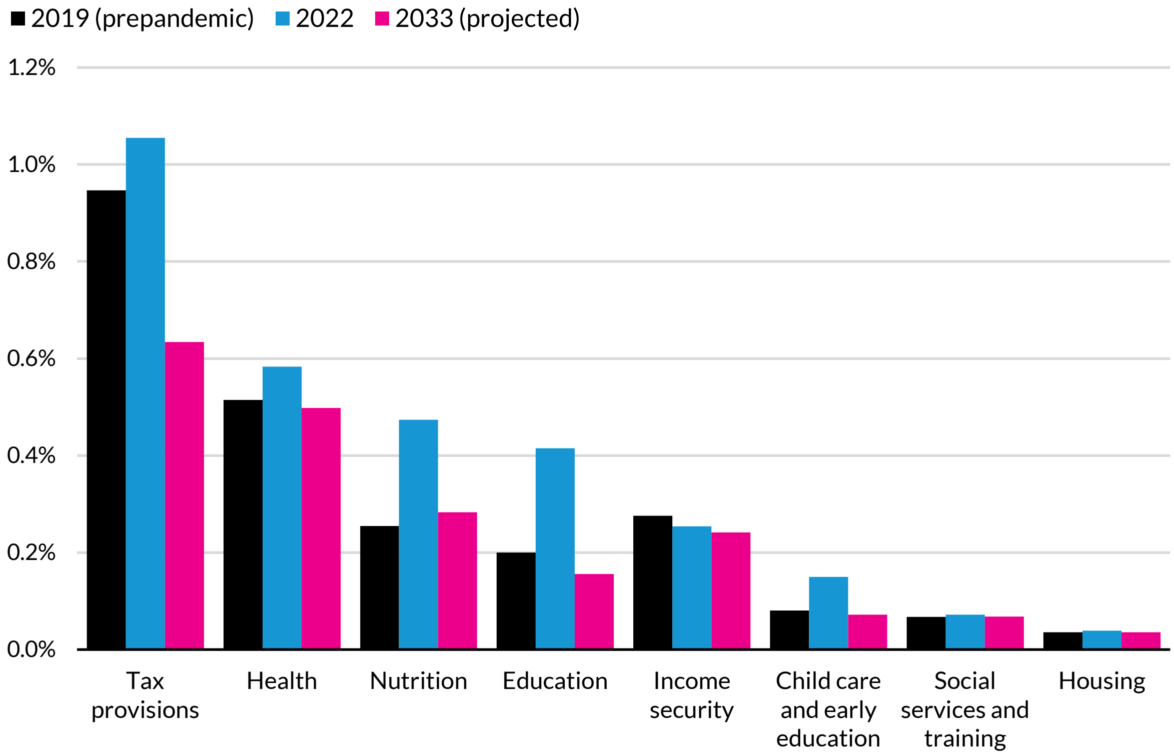
- Outlays on **nutrition** (e.g., SNAP and school lunch and breakfast programs), **social services** (e.g., child welfare services) and youth **training** (e.g., Job Corps and Work Investment Act youth formula grants), and **housing** (e.g., Section 8 and public housing) are also expected to decline between 2022 and 2033 as a share of GDP but to remain similar to or increase slightly compared with prepandemic levels.

- Outlays on all other categories of programs are projected to decline relative to GDP over the next decade compared with both current and prepandemic levels. Declining categories include spending on K–12 **education** (e.g., Title 1 and special education), **child care and early education** programs (e.g., Head Start and child care assistance), and **income security** (e.g., Social Security and TANF). Income security spending as a share of GDP will decline less than other categories because some benefits are automatically adjusted for inflation (e.g., survivors' and dependents' benefits under Social Security and disabled children's benefits under SSI). Spending in other categories tends to be heavily concentrated in discretionary programs that are subject to the annual appropriations process and face long-term budgetary pressures from growing spending on entitlements for adults.

- Compared with 2022 as well as 2019, expenditures through **tax provisions are projected to** decline in the future relative to GDP. Changes to the CTC and dependent exemption under the Tax Cuts and Jobs Act expire after 2025. Additionally, the CTC, which accounts for more expenditures on children than any other program, is not indexed to inflation, so its value declines over time absent changes in law.

FIGURE 13

Federal Expenditures on Children as a Share of GDP, by Category, 2019, 2022, and 2033



Sources: Authors' estimates based primarily on CBO (2023a), OMB (2023c), and past years' releases of these reports.

All categories of expenditures on children are projected to decline relative to GDP.

Appendix. Methods

Estimating the portion of government expenditures on children requires making assumptions and decisions about how to classify and allocate federal, state, and local spending and tax data. First, we identify programs that directly benefit children or households with children. Second, we collect expenditure data from federal sources, particularly the OMB's *Budget of the United States Government* for fiscal year 2024 (2023a–d) and prior years, drawing on its *Appendix* volume for information on spending and the *Analytical Perspectives* volume for tax reductions. We estimate the share of each program's expenditures that directly benefits children. These methodological steps are described below, followed by a discussion of methods for estimating expenditures on older adults, state and local estimates, future projections (where we rely heavily on CBO projections), and methodological changes made in this year's report.

Defining and Identifying Programs Benefiting Children

Like all budget exercises that allocate spending to categories, defining spending that goes to children is a complex task that could be calculated using different methodologies. Each dollar spent on a particular program must be determined to go to a particular recipient. This task is relatively straightforward for programs that only spend directly on children—elementary education is a simple example. But for programs that serve both children and adults, discerning who benefits from spending is more difficult. For example, how should one determine the amount of refundable tax credits, such as the EITC, distributed to adults rather than children? Calculating spending on children and comparing data over time require a concrete and consistent set of rules and assumptions.

To be included in this analysis, a program (as a whole or in part) must meet at least one of the following criteria:

- Benefits or services are provided entirely to children (e.g., K–12 education programs or Head Start) or serve all age groups but deliver a portion of benefits directly to children (e.g., Supplemental Security Income, or SSI, payments for children with disabilities or Medicaid services for children).
- Family benefit levels increase with family size (e.g., SNAP and low-rent public housing).
- Children are necessary for a family to qualify for any benefits (e.g., TANF and CTC).

Therefore, some services that may benefit children are excluded from our calculations because they do not directly rely on the presence of a child. For example, unemployment insurance and some tax benefits for homeownership may benefit children, but they do not meet the criteria for inclusion in our analysis because being a child or having a child are not prerequisites for these services and because having a child does not result in any additional direct monetary benefit. Additionally, we do not include programs generally classified as public goods that provide benefits to the general population, such as roads, communications, national parks, defense, and environmental protection.

In reporting federal expenditures on children, our most comprehensive measure includes *tax reductions* (e.g., reduced tax liabilities as a result of the CTC, the dependent exemption, or other provisions in the tax code) as well as direct *outlays* paid out for the refundable portion of tax credits and from programs such as Medicaid, child nutrition programs, and education programs. In other places, we focus solely on budget outlays for children, such as when we report the share of total federal outlays spent on children. Some tax provisions are included in our estimates as outlays: the portions of the EITC and CTC paid out to families as a tax refund (and treated in our estimates as outlays rather than as reductions in tax liabilities), as well as the outlay portions of smaller tax provisions (e.g., outlays associated with Qualified Zone Academy Bonds). The division of tax subsidies between outlays (for the refundable portion of credits) and tax reductions (for the nonrefundable portion) adheres to standard budget accounting practices used by the OMB, Department of the Treasury, and Joint Committee on Taxation.

Collecting Expenditure Data

Expenditure data on program outlays largely come from the *Appendix*, *Budget of the United States Government, Fiscal Year 2024* (OMB 2023b) and prior years. The *Analytical Perspectives* volume of the budget (OMB 2023a) provides tax expenditure data. For programs not included in the *Appendix*, we obtain expenditure data from the relevant agencies' budgetary documents or their representatives. In this report, all budget numbers represent fiscal years, and we have expressed them in 2022 dollars unless otherwise noted.

Calculating the Share of Program Spending on Children

Some programs exclusively spend on children, while others benefit the general population regardless of age. We calculate each program's share of expenditures going to children in one of the following ways:

- For programs that serve children only, we assume 100 percent of program expenditures (including benefits and associated administrative costs) go to children.
- For programs that provide benefits only to households with children, with the amount of benefits determined by the number of children (e.g., CTC and dependent exemption), we consider 100 percent of program expenditures as going to children.
- For programs that directly serve people of different ages (e.g., Medicaid and SSI), we determine the percentage of program expenditures going to children.
- For programs where benefits increase with the number of children present, we calculate the additional expenditures that are because of the presence of children.
- For other programs that provide families benefits without any delineation of parents' and children's shares, we generally estimate a children's share based on the number of children and adults in the family, assuming equal benefits per person within the family (e.g., TANF and SNAP).

For large programs, such as SNAP, Medicaid, and SSI, we put significant effort into correctly estimating the share of spending that goes to children. In some cases, programs publicly release administrative data on spending on children, but we must occasionally contact federal agency staff directly to obtain participation data. Using the best data available, we then calculate spending on children. When program data are unavailable, other Urban Institute researchers provide carefully crafted estimates using, for example, the Urban Institute's Transfer Income Model, Health Insurance Policy Simulation Model, and the Urban-Brookings Tax Policy Center Microsimulation Model. In some cases, we scour government websites or contact federal agency staff directly to obtain program participation information.

Methods for Estimating Spending on Older Adults

Although *Kids' Share* focuses on federal expenditures on children, we also have developed rough estimates of expenditures on older adults, namely, spending in 16 programs: Social Security, Medicare, Medicaid, SSI, SNAP, veterans' benefits, railroad retirement, unemployment compensation, federal civilian retirement, military retirement, Special Benefits for Disabled Coal Miners, veterans' medical care, annuitants' health benefits, housing, the Administration for Community Living (previously the Administration of Aging), and the Low Income Home Energy Assistance Program. For 2021, we also include expenditures on Economic Impact Payments (pandemic-related stimulus checks) administered through the tax code. As with our methodology for children, we estimate the share of the program that goes to older adults; for example, we subtract expenditures on children and disabled adults ages 18 to 64 to estimate older adults' share of expenditures for Social Security, Medicare, and Medicaid. However, except in estimates denoted as expenditures on "older adults" or "seniors," our estimates for the adult portions of Social Security, Medicare, and Medicaid include all spending on people ages 19 and older.

Methods for State and Local Estimates

Although this report focuses on federal expenditures on children, it also estimates state and local outlays on children from 1998 to 2020. Estimates for 1998 to 2008 are drawn from the Rockefeller Institute of Government's State Funding for Children Database, as described by Billen and colleagues (2007); estimates for 2009 forward are by the *Kids' Share* authors. Both sets of estimates focus on state and local expenditures for K–12 education, state EITCs, and several joint federal-state programs (Medicaid, CHIP, Maternal and Child Health Block Grants, TANF, child support enforcement, child care, and several child welfare programs). Data sources for 2009 and after include the US Census Bureau's Annual Survey of School System Finances, unpublished tabulations of Medicaid claims (Medicaid Statistical Information Statistics data), the websites and reports of various federal agencies, and information from the IRS compiled by the Urban-Brookings Tax Policy Center. We estimated shares of outlays on children for Medicaid, TANF, and CHIP; the other state programs were programs that could be assumed to spend 100 percent on children (i.e., child care, child welfare, and CHIP).

Methods for Projections

To estimate future trends in expenditures on children, we primarily use the CBO's *An Update to the Budget Outlook: 2023 to 2033* (CBO 2023a). These May 2022 budget projections reflect current law as of March 30, 2023, and economic developments reflected in CBO's February baseline. They generally assume no change in laws or regulations governing permanent tax provisions and mandatory spending after March 30th. For projecting tax provision expenditures, we turn to the Urban-Brookings Tax Policy Center Microsimulation Model for major provisions and the OMB's projections in *Analytical Perspectives* (OMB 2023a) for smaller provisions.

Our methodology for projections differs depending on whether a program is mandatory, discretionary, or a tax provision:

- In the mandatory spending area, the CBO baseline projections assume a continuation of current law, except that certain expiring programs that have been continually reauthorized in the past are also assumed to continue. In general, for programs serving both children and adults, we assume that the share of expenditures directed to children for each program will remain constant from 2023 to 2033. However, we use the CBO's detailed projections by age group for Medicaid, Social Security, and SSI to calculate the share of spending going to children in future years. We also assumed the share of spending going to children in two programs (SNAP and child nutrition) would be higher in 2020–22 because of temporary pandemic-relief funding and then would revert to the share before the pandemic.
- For discretionary spending, with spending set by appropriations actions, the CBO traditionally uses a baseline assumption that spending is kept constant in real terms—that is, spending is based on the most recent year's appropriation, adjusted for inflation. However, in its May 2023 projections, the CBO made an exception for emergency pandemic-relief funding, assuming it would not continue in future years. Our statements about future spending generally focus on spending as a whole and in broad categories, such as health and education, or types of spending, such as mandatory and discretionary, given the tentative nature of budget projections.
- The Urban-Brookings Tax Policy Center Microsimulation Model provides 10-year projections for major children's tax provisions including the CTC, EITC, dependent exemption, pandemic-related Economic Impact Payments (stimulus checks), and child and dependent care credit. These projections are made assuming continuation of current law. For all other, smaller tax provisions, we use the five-year projections from *Analytical Perspectives* and then apply the projections' average growth rate to the following five years.

Major Changes since Last Year

In this year's abbreviated *Kids' Share* report, we did not fully update the share of program expenditures going to children and relied primarily on estimates and methods from last year's *Kids' Share* report (Lou et al. 2022). For all programs, we updated expenditures for 2022 and projections through 2033. We also updated the share of programs going to children for four major children's programs: Medicaid, SNAP, Social Security, and SSI. We plan to complete a full update for Kids' Share 2024. Further details regarding methods are available in last year's report, *Kids' Share 2022* (Lou et al. 2022), and the *Data Appendix to Kids' Share 2022* (Casas et al. 2022).

Notes

[1] The previous Kids' Share reports are Carasso et al. (2008); Carasso, Steuerle, and Reynolds (2007); Clark et al. (2000); Edelstein et al. (2016); Hahn et al. (2014, 2020, and 2021); Lou et al. (2022); and Isaacs et al. (2009, 2010, 2011, 2012, 2013, 2015, 2017, 2018, and 2019).

[2] The SPM takes into account many of the government programs designed to assist individuals and families with low incomes, allowing a more comprehensive assessment of families' economic well-being than the official poverty measure.

[3] Over the course of the pandemic, the official child poverty rate, which accounts for a narrower set of income sources, increased from 14.4 percent in 2019 to 16.1 percent in 2020 before falling to 15.3 percent in 2021 and 15.0 percent in 2022 (Shrider and Creamer 2023).

[4] Cary Lou, Julia B. Isaacs, and Eleanor Lauderback, "Draft Senate Labor-HHS-Education Appropriations Bill Proposes a 2 Percent Reduction in Spending on Children," *Urban Wire* (blog), Urban Institute, October 11, 2019, https://www.urban.org/urban-wire/draft-senate-labor-hhs-education-appropriations-bill-proposes-2-percent-reduction-spending-children; Cary Lou and Julia B. Isaacs, "Build Back Better Could Make Transformative Investments in Children for Years to Come," *Urban Wire* (blog), Urban Institute, January 12, 2022, https://www.urban.org/urban-wire/build-back-better-could-make-transformative-investments-children-years-come.

[5] Additional reports that build on the *Kids' Share* database include further analyses of spending on children by age of child (Edelstein et al. 2012; Kent et al. 2010; Macomber et al. 2009, 2010; Vericker et al. 2010).

[6] The First Focus *Children's Budget* series, including *Children's Budget 2022* (First Focus 2022), provides detailed, program-by-program information on appropriations for children's programs from 2017 to 2022 and the president's proposed funding for 2023. Other analyses drawing on *Kids' Share* data include Bruner and Johnson (2018), Committee for a Responsible Federal Budget (2017), and Hoynes and Schanzenbach (2018).

[7] The Fiscal Responsibility Act passed in June 2023 revokes unspent pandemic relief funding and further restricts future discretionary spending. It will result in lower spending than in CBO's May 2023 projections reflected here.

[8] A temporary increase occurs in 2026 because of timing issues. Changes in the CTC are not fully felt until families file taxes, often in April following the calendar year the changes are implemented.

[9] The federal estimates include program spending and outlays on the refundable portions of tax credits. The state estimates include program outlays and expenditures related to any state EITCs.

[10] "How the COVID-19 Pandemic Is Transforming State Budgets," State and Local Finance Initiative, Urban Institute, April 16, 2021, https://www.urban.org/policy-centers/cross-center-initiatives/state-and-local-finance-initiative/projects/state-fiscal-pages-covid-edition.

[11] The Social Security and Medicaid estimates here exclude spending on children to avoid double counting.

[12] To calculate the total tax-expenditure budget, we sum OMB estimates of tax provisions for individuals and corporations, although such provisions are not strictly additive because of interaction effects. We include the dependent exemption, available before 2018, in our analyses of expenditures on children, though the Office of Management and Budget views it as part of the overall tax structure rather than a special tax provision.

[13] Tax reductions on children are not shown in these budget estimates. Including them would put total expenditures on children at 2.4 percent of GDP in 2019 and 3.0 percent of GDP in 2022.

[14] Data in figure 11 are for 2020, the most recent year for state and local data. The federal spending ratio was more than 6:1 in 2022.

[15] Each generation (or cohort) of Social Security beneficiaries is scheduled to receive benefits that rise relative to the previous generations' benefits in line with wage growth in the overall economy.

[16] In 1997, TANF replaced Aid to Families with Dependent Children.

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