

Public Expenditures on Children through 2008

KEY FACTS

Jennifer Macomber
The Urban Institute

Julia Isaacs
The Brookings Institution

Adam Kent
The Urban Institute

Tracy Vericker
The Urban Institute

We are grateful to the Foundation for Child Development, First Focus, and the Annie E. Casey Foundation for sponsoring this research. This work was also supported by the Strategic Knowledge Fund, co-funded by the Foundation for Child Development and the W.K. Kellogg Foundation.

The Urban Institute
202-833-7200
www.urban.org



THE URBAN INSTITUTE

The Brookings Institution
202-797-6000
www.brookings.edu

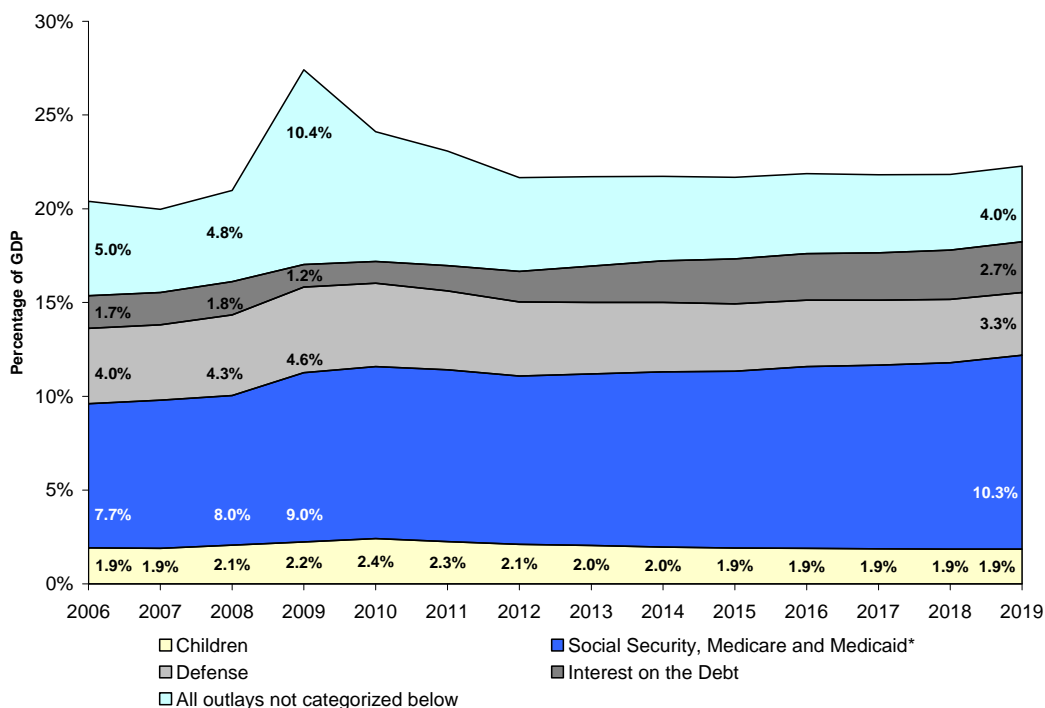
BROOKINGS

JANUARY 2010

Spending on children increased under the American Recovery and Reinvestment Act (ARRA) and other stimulus spending, but not proportionately to other federal spending. As ARRA expires, we project that spending on children will decline, assuming no change in current policies.

- Less than one-tenth of the federal budget was spent on children in 2008. Children received \$295 billion out of a total of \$2,983 billion in outlays. Children's share of the tax expenditure budget was also less than 10 percent.
- ARRA included substantial increases in spending on children. As a result, spending on children is projected to rise to a high of 2.2 percent of GDP in 2009 (figure 1).
- At the same time, there were even larger infusions of government funds in support for transportation, infrastructure, energy, and the bailout of banks and other institutions. As a result, as a percentage of total federal outlays, spending on children is actually projected to decline, from 9.9 percent in 2008 to 8.2 percent of total outlays in 2009.
- As the ARRA provisions expire, spending on Social Security, Medicare and Medicaid expands, and interest on the debt increases, we project spending on children will shrink over the next decade, falling to 1.9 percent of GDP by 2019, if current policies continue unchanged.

Figure 1: Actual and Projected Outlays on Children and Other Major Items in the Federal Budget, 2006–19

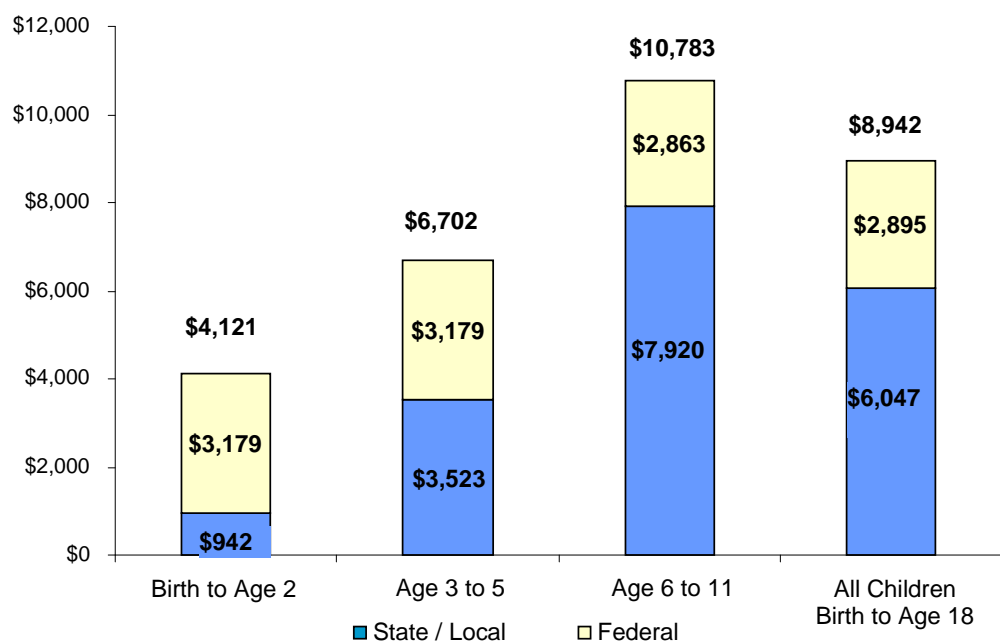


Source: The Urban Institute and The Brookings Institution, 2009. Authors' estimates based on data from the *Budget of the United States Government Fiscal Year 2010* and previous years, and CBO projections.
Note: Social Security, Medicare, and Medicaid excludes spending already captured as children's spending.

Total public investment (federal, state, and local) grows substantially as children get older.

- For all children, the average public investment was \$8,942 per child in 2004, the most recent year for which we have state spending estimates (figure 2).
- Spending more than doubles per capita between the infant/toddler years and elementary years. The nation invested on average \$4,121 per infant and toddler (birth to age 2), \$6,702 per pre-kindergartener and kindergartener (age 3 to 5), and \$10,783 per elementary age child in 2004 (age 6 to 11).
- The increase across ages is driven by growing state and local spending; the federal contribution is relatively stable across age groups.

Figure 2: Public Spending on Children by Age in 2004 per Capita



Source: The Urban Institute and The Brookings Institution, 2009. Authors estimates based on the *Budget of the United States Government, Fiscal Year 2009* and *State Funding for Children: Spending in 2004 and How It Changed from Earlier Years* (Billen, Boyd, Dadayan, and Gais, 2007).

Note: Tax expenditures are not included at either the federal or state/local level.

States and localities spent more money than the federal government did on children in 2004, except when it came to the youngest children.

- The federal government is the junior partner in public investments for children on average. States and localities provide two-thirds (68 percent) of public spending on children, while the federal government accounts for the other third (32 percent).
- For the infants and toddlers, however, more than three-quarters (77 percent) of spending comes from the federal government, while states and localities play a much lesser role (23 percent). For pre-kindergarteners and kindergarteners, the federal government and state and local governments each contribute about half, 47 and 53 percent respectively. By the time children are elementary age, state and local governments provide the vast majority of the investment (73 percent), relative to the much smaller portion provided by the federal government (27 percent).

The Urban Institute
202-833-7200
www.urban.org



THE URBAN INSTITUTE

The Brookings Institution
202-797-6000
www.brookings.edu

BROOKINGS

JANUARY 2010

Key developmental needs, such as education and health care, are addressed to some extent by the federal government for each age group.

- Across age groups, the largest federal investment is in tax credits and other tax expenditures.
- On the spending side, the largest federal investments vary by age but some of the key players across age groups are Medicaid, food and nutrition programs, and Temporary Assistance to Needy Families (TANF).
- Only one education and social service program (i.e. Child Care and Development Block Grant) breaks the top 10 largest federal programs for infants and toddlers, despite research showing how important early care and education is for this age group.

Table 1: Ten Largest Federal Programs for Children by Age in 2008

Infants & Toddlers Birth to Age 2*			Pre-kindergarteners & Kindergarteners Age 3 to 5*			Elementary Age Children Age 6 to 11*		
Total in Billions (Per Capita)			Total in Billions (Per Capita)			Total in Billions (Per Capita)		
1	Medicaid	\$14.3 (\$1,118)	1	CTC**	\$10.9 (\$886)	1	CTC**	\$21.4 (\$896)
2	CTC**	\$10.8 (\$849)	2	EITC	\$8.2 (\$663)	2	EITC	\$13.5 (\$566)
3	EITC	\$9.8 (\$768)	3	Head Start	\$6.2 (\$501)	3	Medicaid	\$11.0 (\$462)
4	Dependent Exemption	\$4.8 (\$376)	4	Medicaid	\$6.1 (\$497)	4	Dependent Exemption	\$10.0 (\$422)
5	WIC	\$4.5 (\$350)	5	Dependent Exemption	\$5.0 (\$405)	5	Education for the Disadvantaged	\$8.2 (\$346)
6	SNAP	\$4.3 (\$338)	6	SNAP	\$4.0 (\$326)	6	Child Nutrition	\$7.1 (\$297)
7	TANF	\$2.7 (\$214)	7	TANF	\$2.4 (\$196)	7	SNAP	\$6.4 (\$267)
8	Medicaid – Vaccines for Children	\$2.0 (\$155)	8	CCDBG	\$1.9 (\$156)	8	Social Security	\$4.9 (\$205)
9	CCDBG	1.7 (\$132)	9	IDEA	\$1.9 (\$151)	9	IDEA	\$4.5 (\$188)
10	Section 8 Housing	\$1.6 (\$127)	10	Section 8 Housing	\$1.8 (\$147)	10	TANF	\$4.0 (\$168)

Health
 Housing
 Income Security
 Taxes
 Food / Nutrition
 Education / Social Services

Source: The Urban Institute and The Brookings Institution, 2009. Authors estimates based on the *Budget of the United States Government, Fiscal Year 2009*.

Note: CTC is the Child Tax Credit; EITC is the Earned Income Tax Credit; WIC is the Special Supplemental Nutrition Program for Women, Infants, and Children; SNAP is the Supplemental Nutrition Assistance Program; and IDEA is the Individuals with Disabilities Education Act.

Sources

- Isaacs, Julia, Vericker, Tracy, Macomber, Jennifer, and Adam Kent. 2009. *Kids' Share: An Analysis of Federal Expenditures on Children through 2008*. Washington, DC: The Urban Institute and The Brookings Institution.
- Kent, Adam, Jennifer Macomber, Julia Isaacs, Tracy Vericker, and Elizabeth Bringewatt, Forthcoming. *Federal Expenditures on Pre-Kindergarteners and Kindergarteners in 2008*, Urban Institute, Washington, D.C.
- Vericker, Tracy, Jennifer Macomber, Julia Isaacs, Adam Kent, and Elizabeth Bringewatt, Forthcoming. *Federal Expenditures on Elementary Age Children in 2008*. Urban Institute, Washington, D.C.
- Macomber, Jennifer, Julia Isaacs, Tracy Vericker, Adam Kent, Forthcoming. *Public Investment in Children's Early and Elementary Years*. Urban Institute, Washington D.C.

The Urban Institute
202-833-7200
www.urban.org



THE URBAN INSTITUTE

The Brookings Institution
202-797-6000
www.brookings.edu

BROOKINGS

JANUARY 2010