

Budgeting for the Next Generation: Children and the Federal Budget

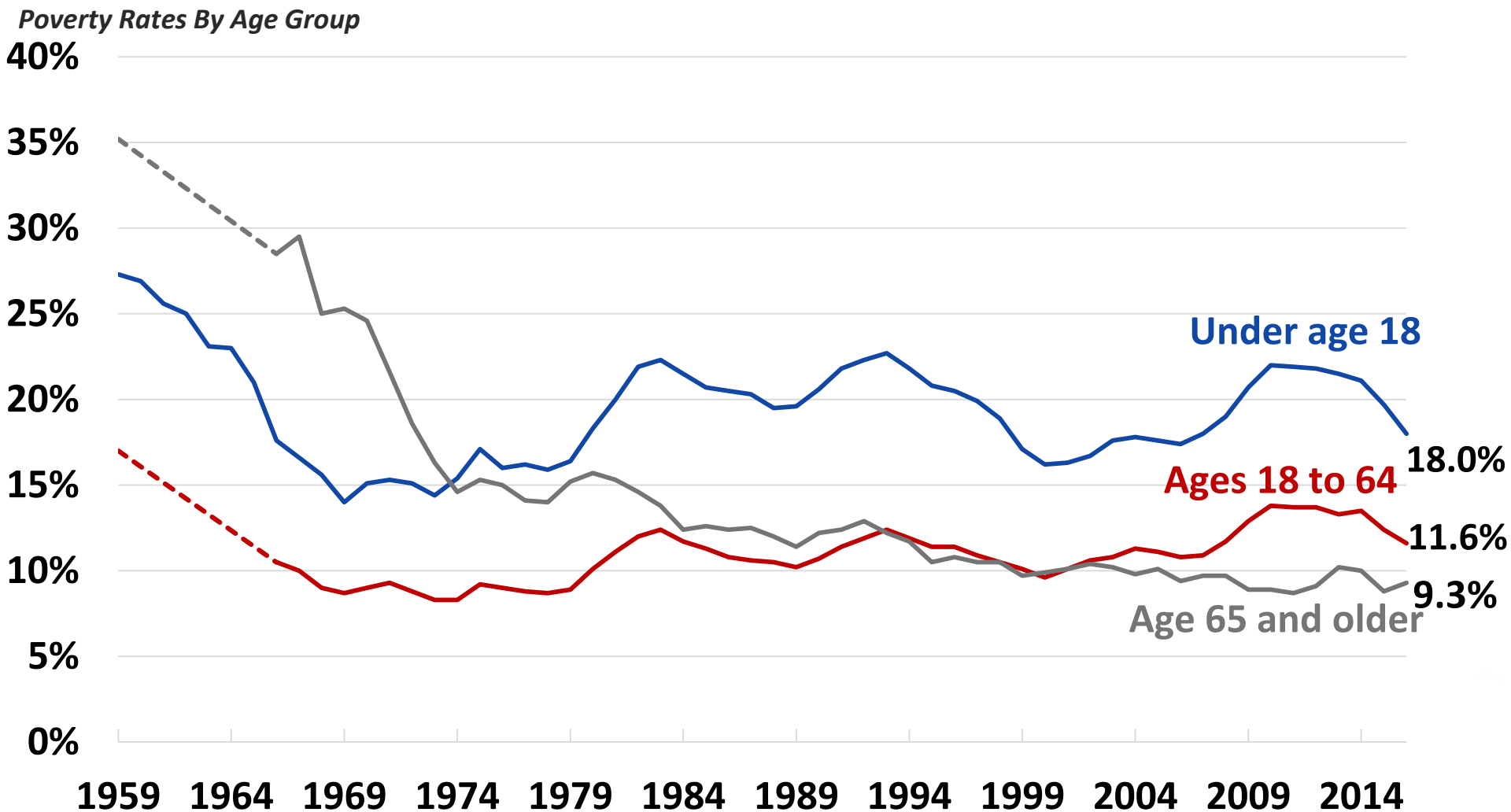
October 2018



**COMMITTEE FOR A
RESPONSIBLE FEDERAL BUDGET**

CRFB.org

Children Face Greater Needs and Offer More Potential for Economic Growth than Any Other Age Group



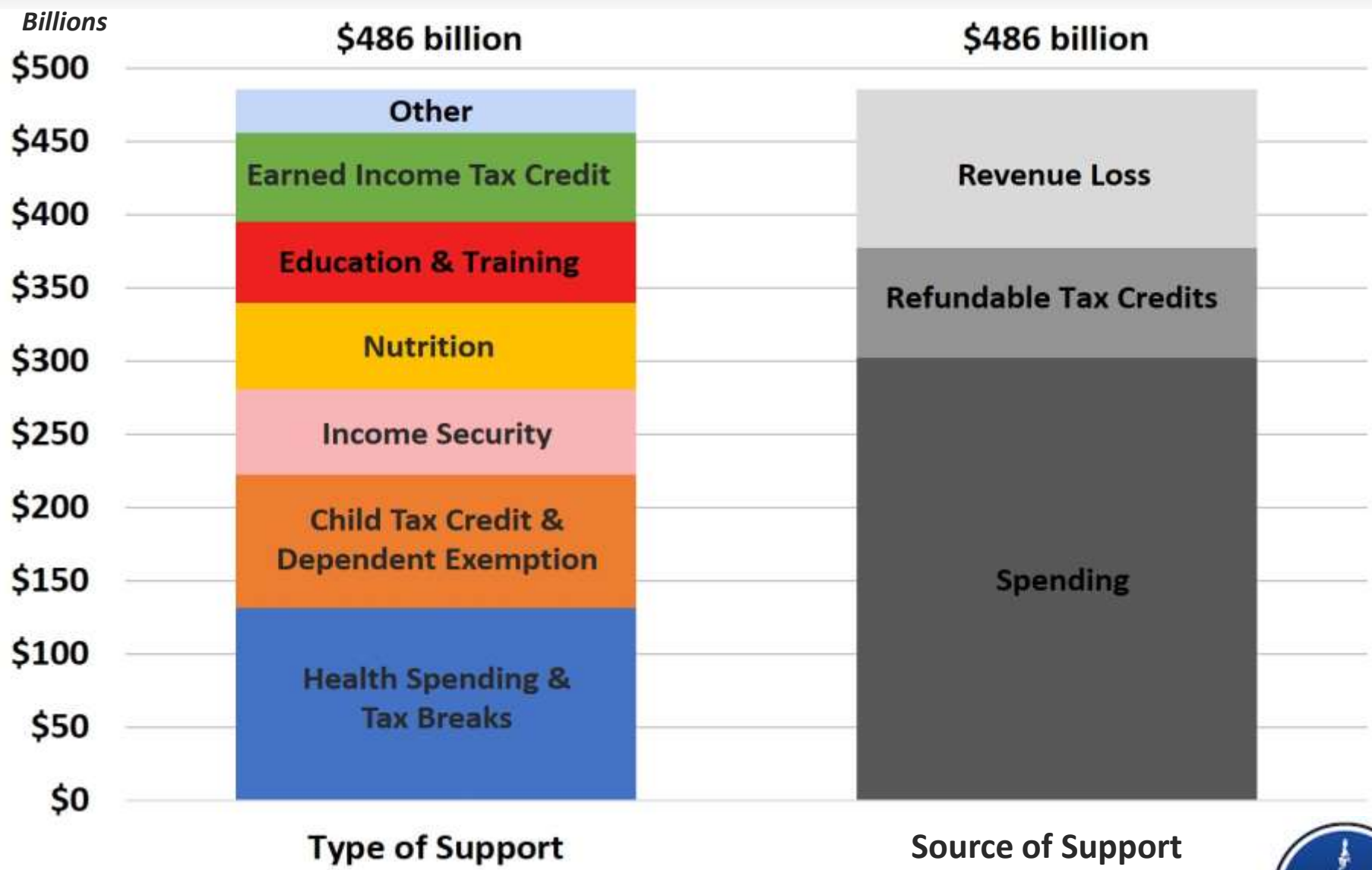
Source: Census Bureau

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Yet Children Fare Poorly in the Federal Budget

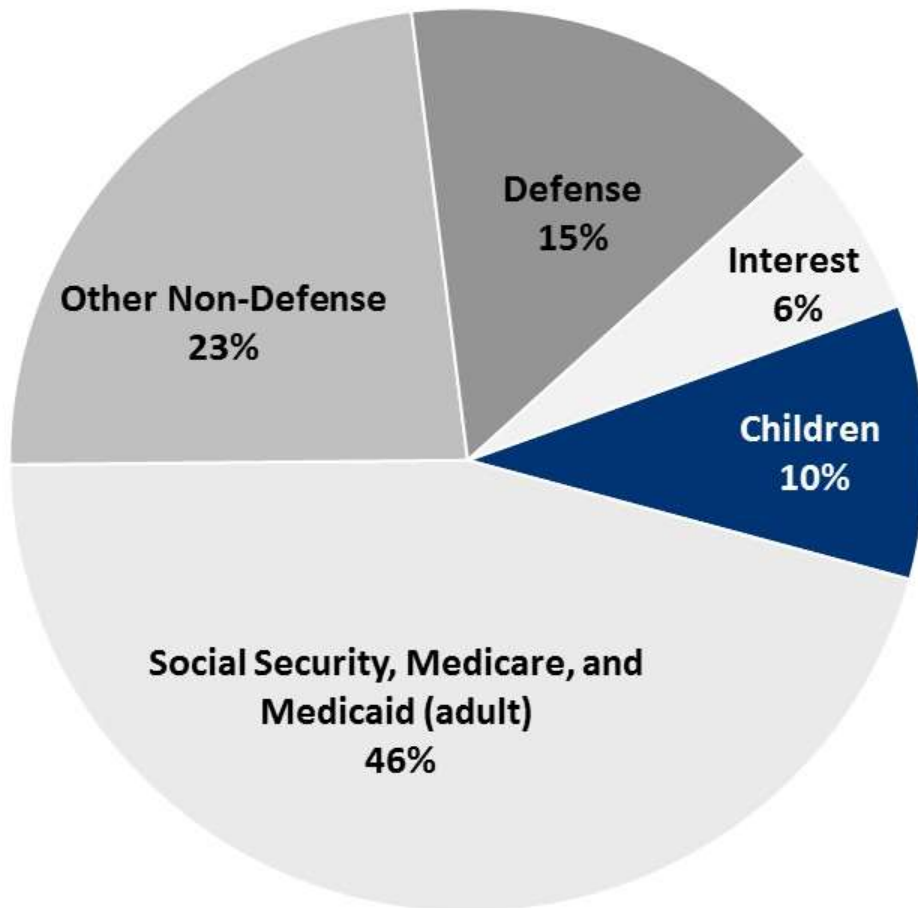
The Federal Government “Spends” Less Than \$500 billion on Kids



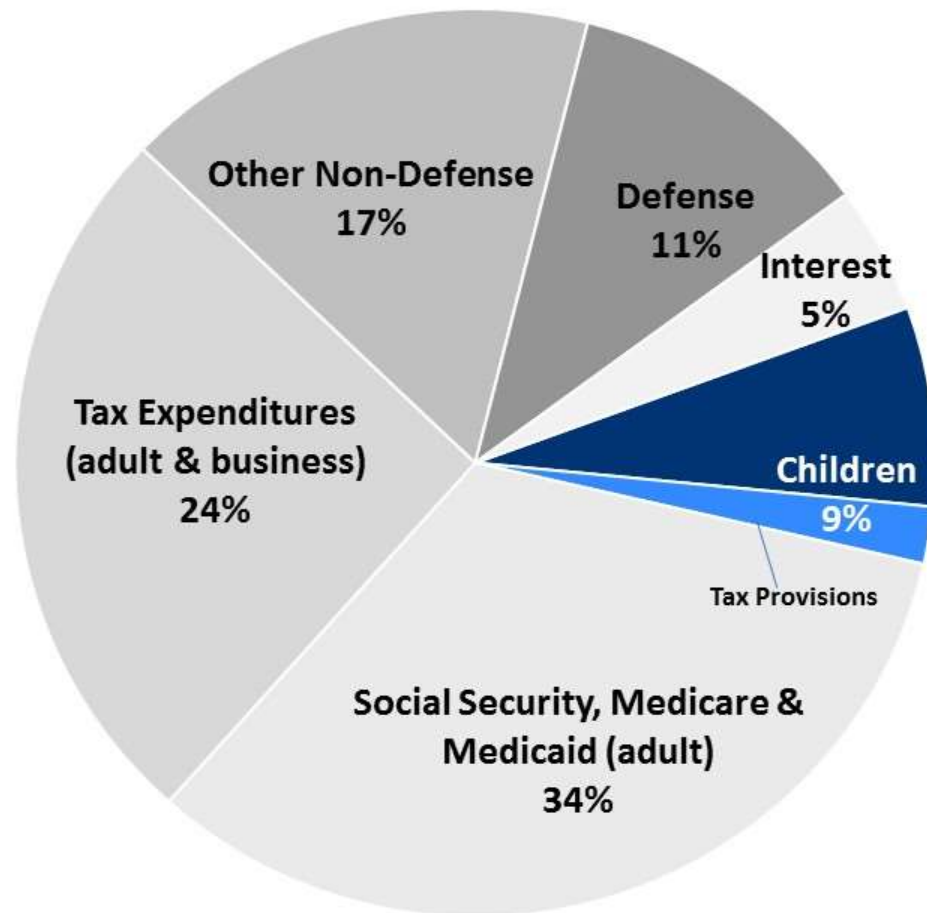
Sources: Urban Institute and CRFB calculations. Totals may not sum due to rounding. Totals for FY2016.

Kids Spending Only A Tenth of the Federal Budget

Spending

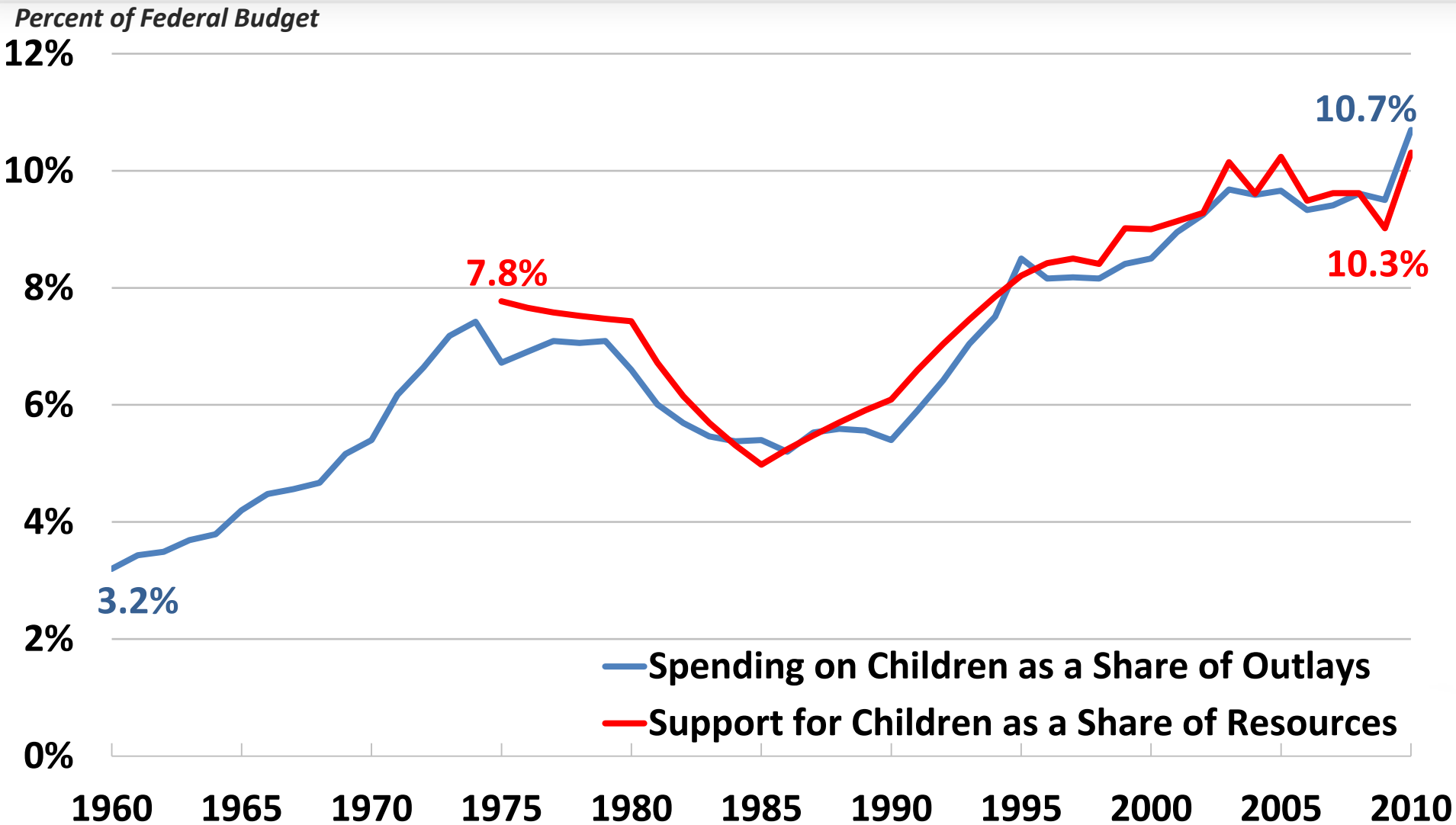


Spending & Tax Breaks



Sources: Congressional Budget Office, Urban Institute, National Priorities Project, and CRFB calculations.
Totals for FY2016.

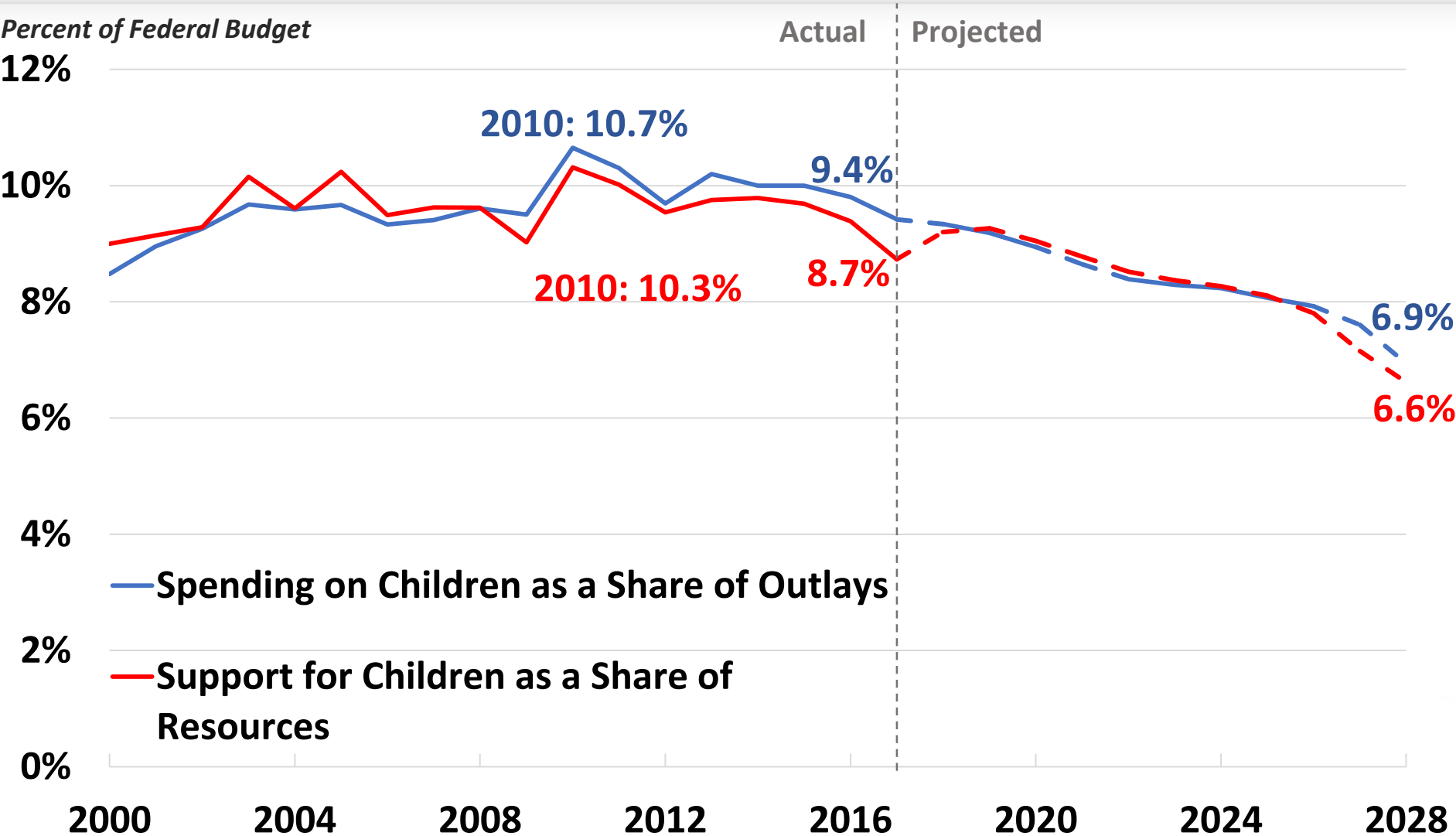
Children's Spending Was a Growing Share of the Budget Until 2010



Sources: Congressional Budget Office, Urban Institute, National Priorities Project, and CRFB calculations.
Tax expenditure data is not easily available prior to 1975.



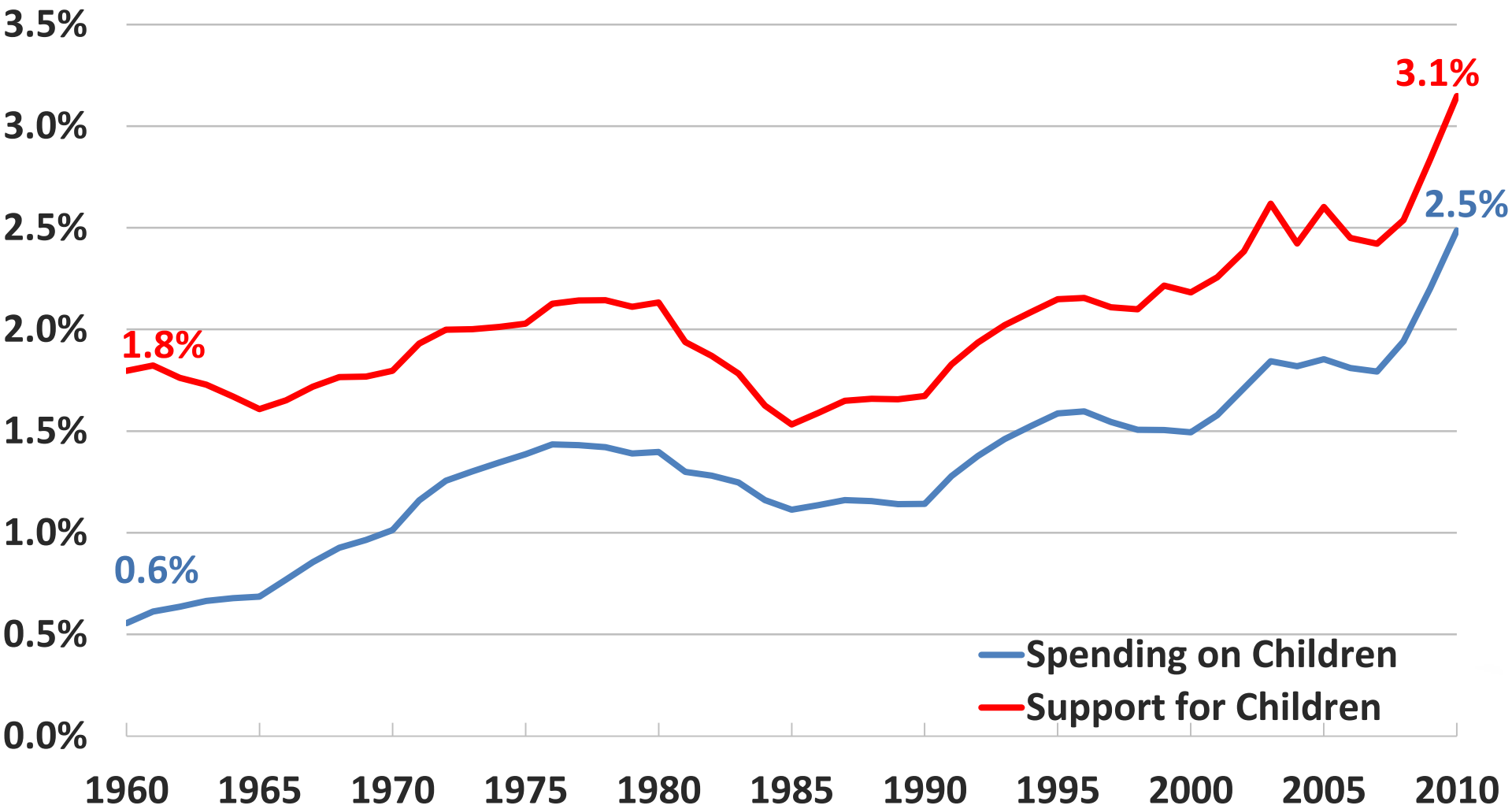
Since 2010, Children's Spending Declining as a Share of Budget



Sources: Congressional Budget Office, Urban Institute, National Priorities Project, and CRFB calculations.

Children's Spending Also Peaked in 2010 As a Share of GDP

Percent of GDP

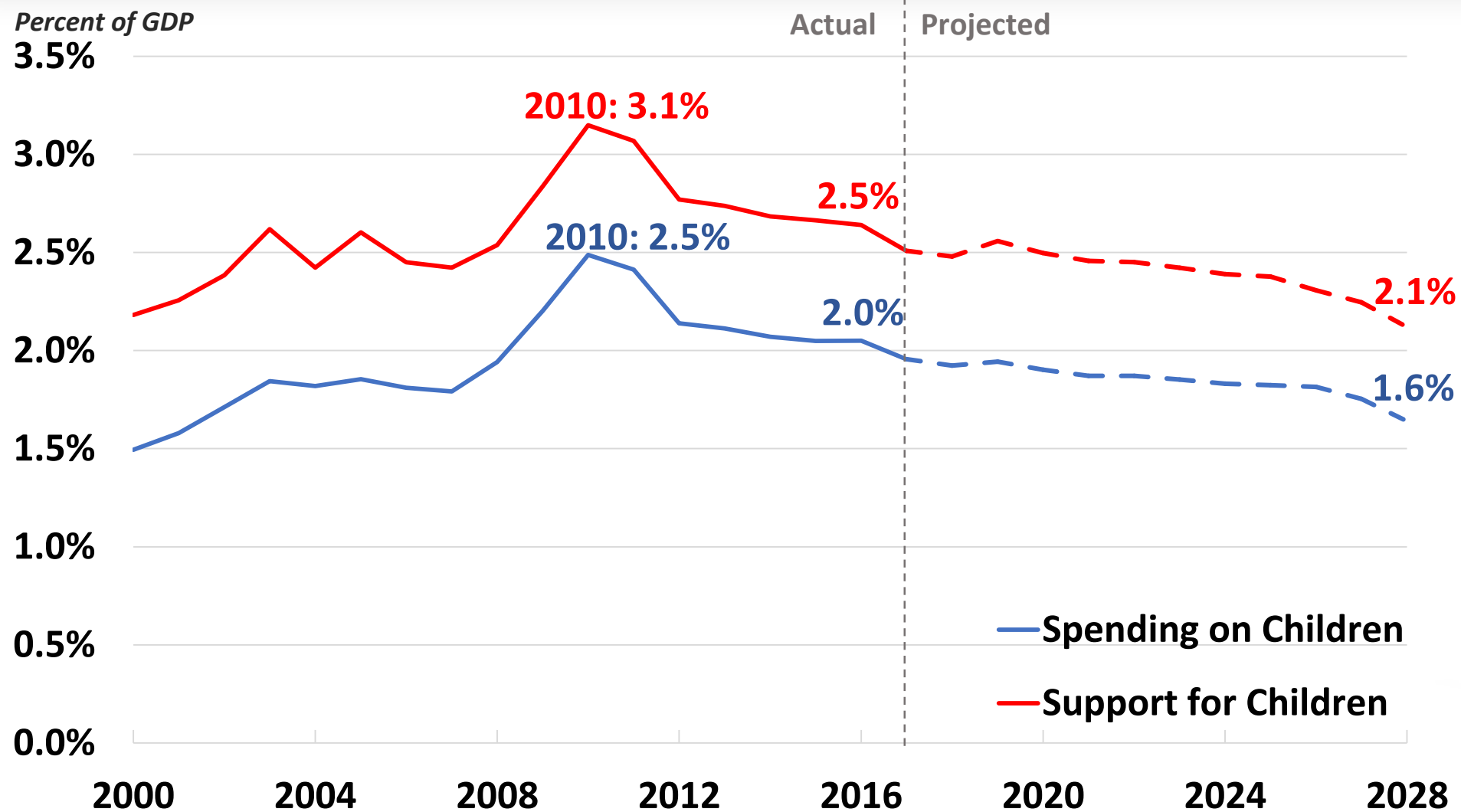


Sources: Congressional Budget Office, Urban Institute, and CRFB calculations.

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And Now Continues to Decline, Over Time

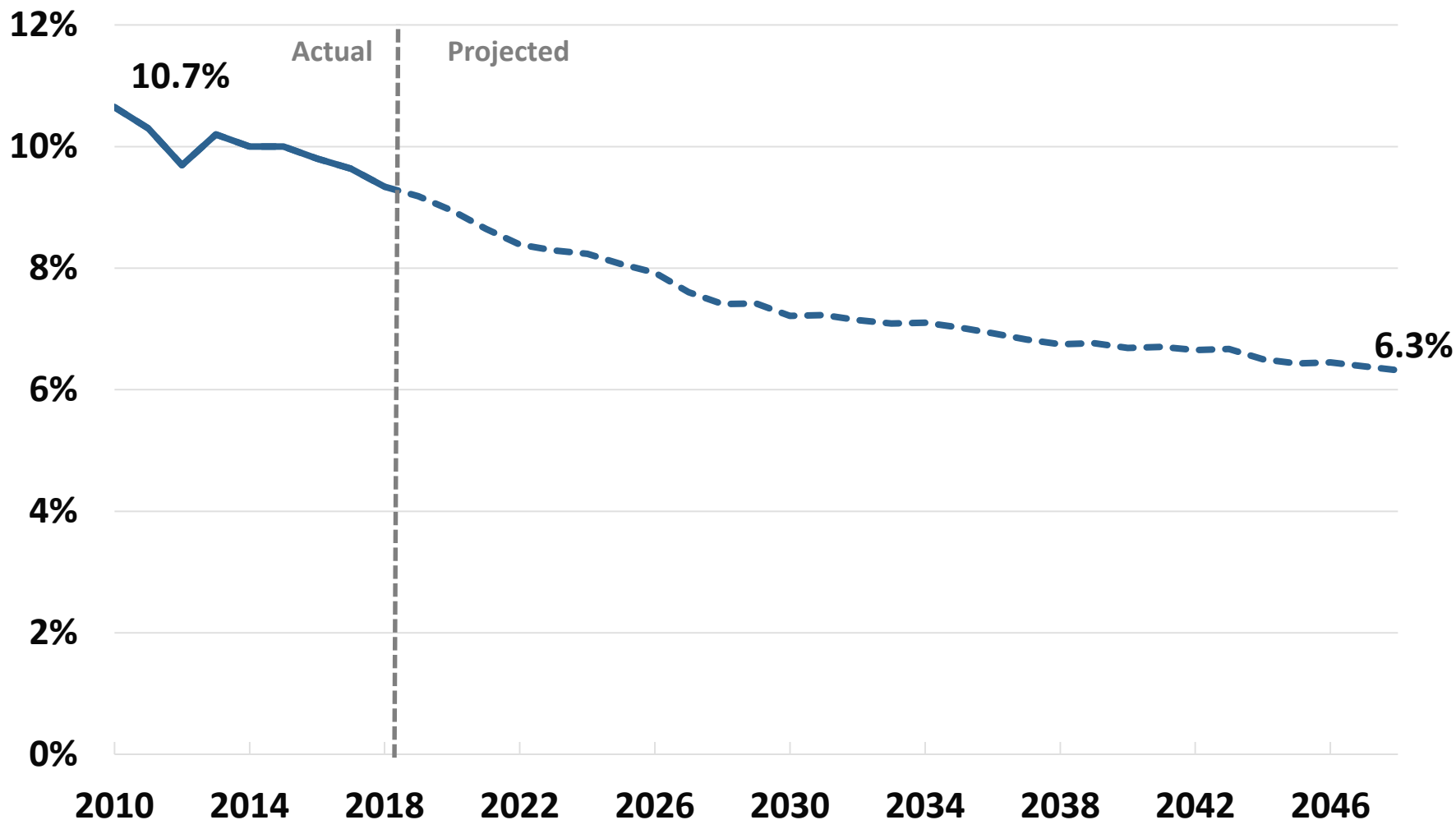


Sources: Congressional Budget Office, Urban Institute, and CRFB calculations.



The Long-Term Outlook for Children is Especially Troubling

Percent of Federal Spending



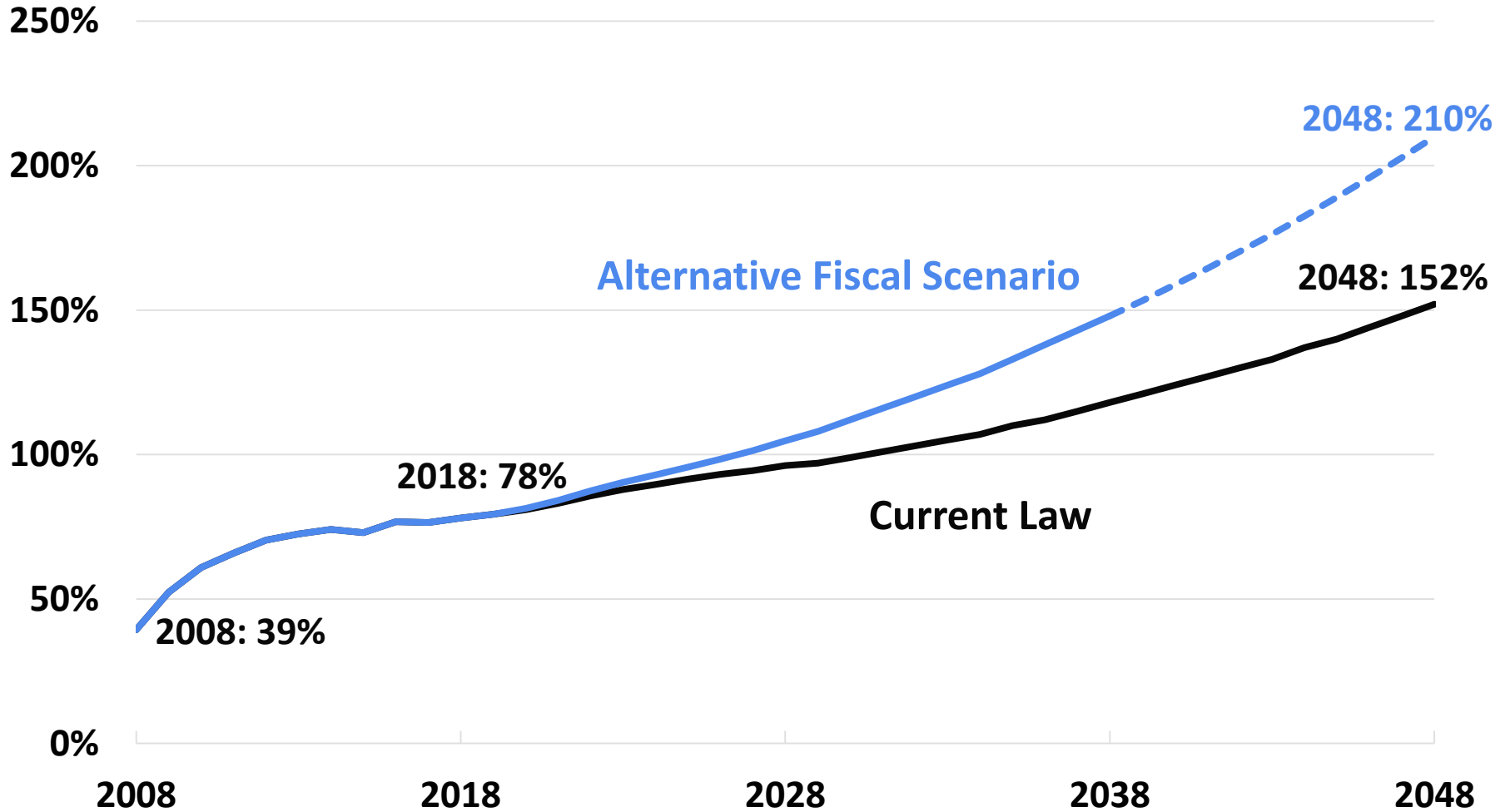
Sources: Congressional Budget Office, Urban Institute, and CRFB calculations.

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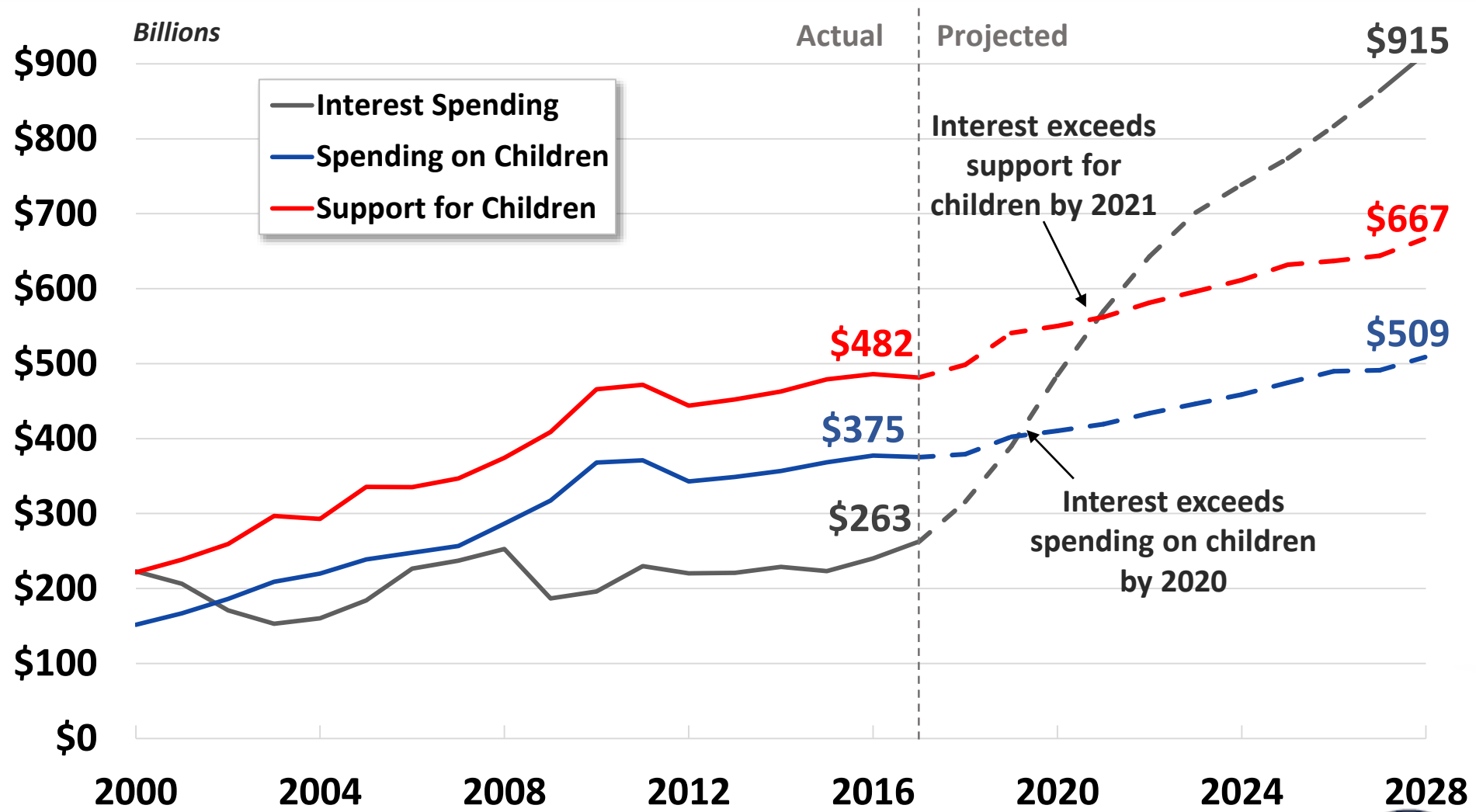
We're Also Leaving Our Children a Massive Debt Burden

Percent of GDP



Sources: Congressional Budget Office, CRFB calculations

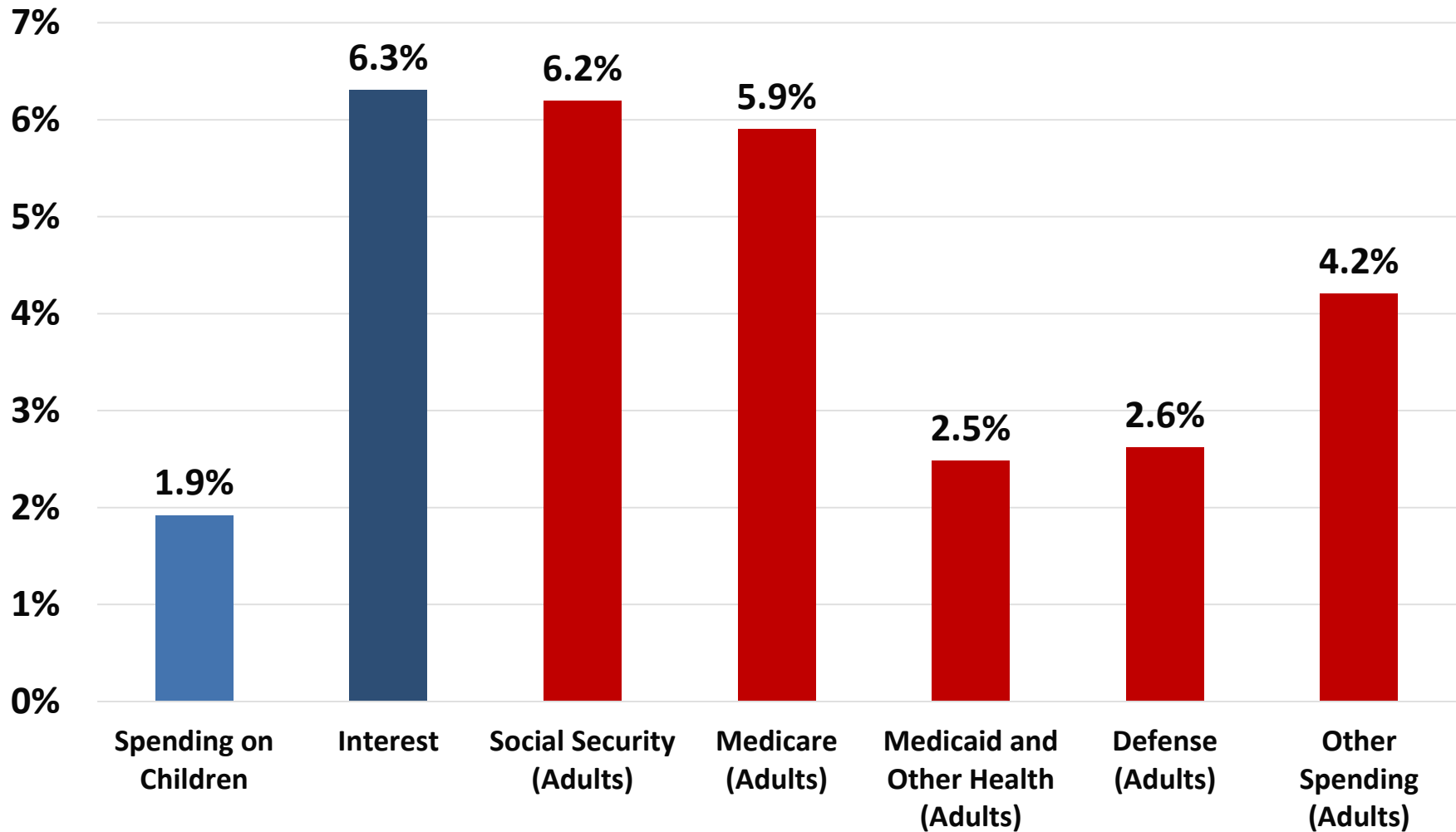
We'll Soon Spend More Servicing the Past Than Investing in the Future



Sources: Congressional Budget Office, Urban Institute, CRFB calculations.

And It's Only Going to Get Worse

2048 Spending as Percent of GDP



Sources: Congressional Budget Office, Urban Institute, and CRFB calculations.

Children Are Disadvantaged In the Federal Budget Process

Spending on Children vs. Spending on Adults

Programs for Adults/Seniors

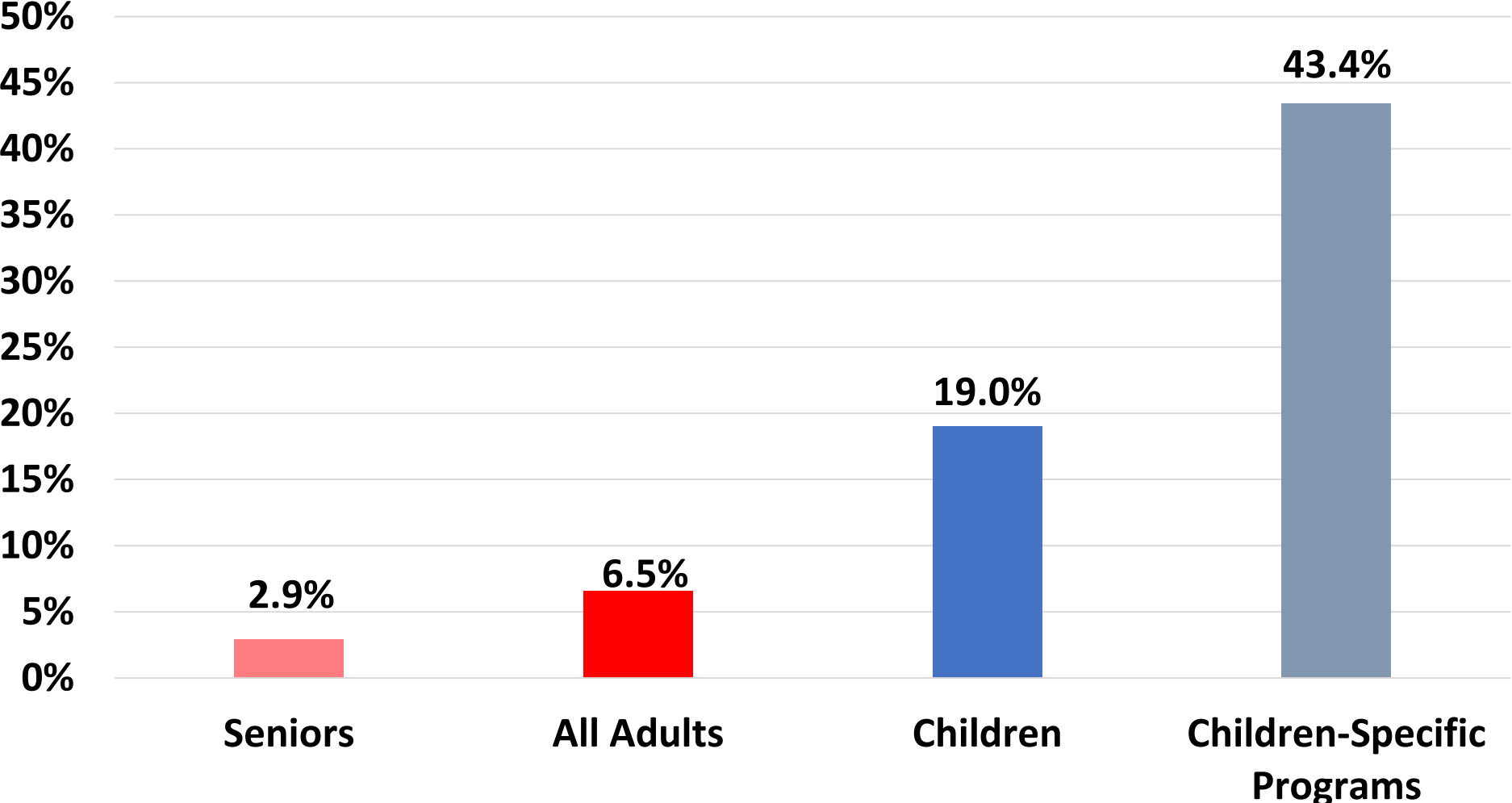
- Medicare and Medicaid
- Social Security
- Unemployment Insurance
- Mortgage Interest Deduction

Programs for Children

- Children's Health Insurance Program
- Temporary Aid for Needy Families
- K-12 Education and Head Start
- Child Tax Credit

Spending on Children is More Often Discretionary

Share of 2017 Federal Transfer Spending On Each Age Group That Is Discretionary



Sources: Congressional Budget Office, Office of Management and Budget, Urban Institute, and CRFB calculations.



Spending on Children is More Often Temporary

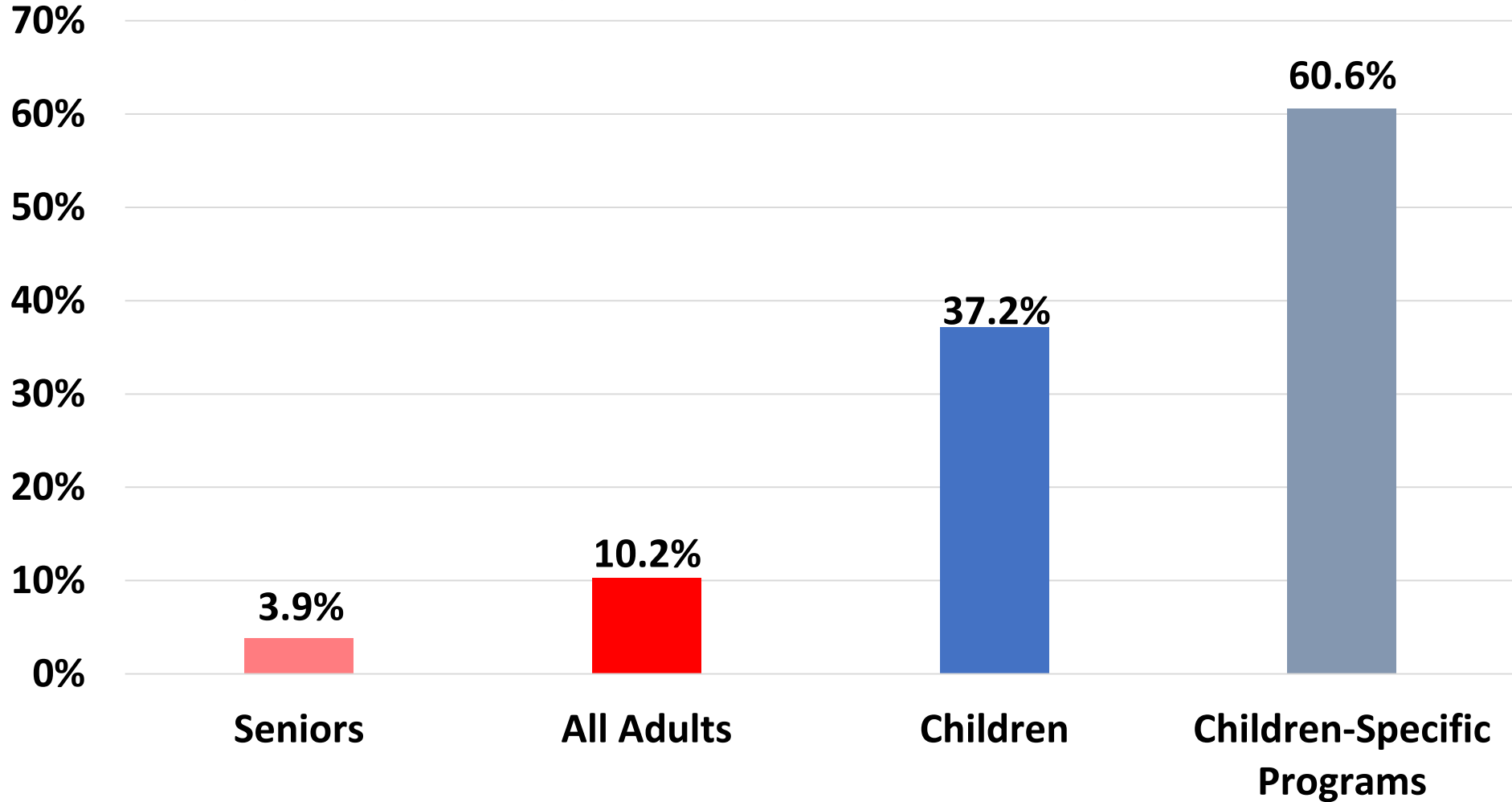
Program	Share to Children	Authorization/Appropriation Length	
		Average	Longest
K-12 Education	100%	2 months	1 year
Head Start	100%	2 months	1 year
CHIP	95%	3 years	10 years
TANF	77%	7 months	6 years
SNAP/Food Stamps	44%	1 year	6 years
Medicaid	25%	Permanent	Permanent
Social Security	2%	Permanent	Permanent
Medicare	0%	Permanent	Permanent
Unemployment	0%	Permanent	Permanent

Sources: Urban Institute, Congressional Budget Office, Congressional Research Service, CRFB estimates.

Notes: Table shows lesser of appropriation or authorization period. Averages cover about two decades. TANF and SNAP data begin in 1996, CHIP data in 1997, and K-12 Education and Head Start data are based on average length of Labor-HHS-Education appropriations since 1997.

Spending on Children is More Often Capped

Share of Transfer Spending with a Fixed Budget



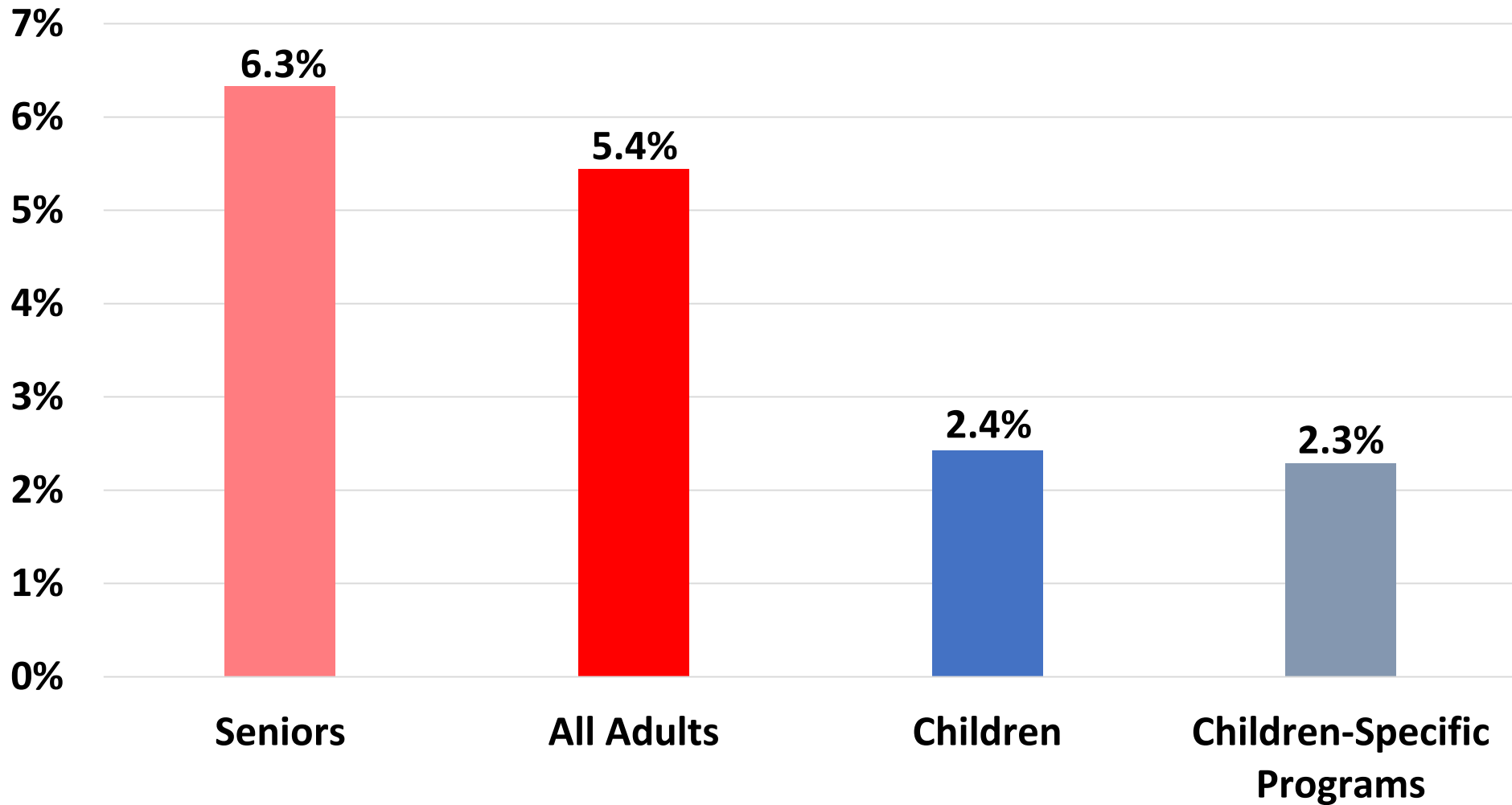
Sources: Congressional Budget Office, Office of Management and Budget, Urban Institute, and CRFB calculations.

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Spending on Children Lacks Built-In Growth

Average Annual Growth of Projected Spending from 2017 to 2028



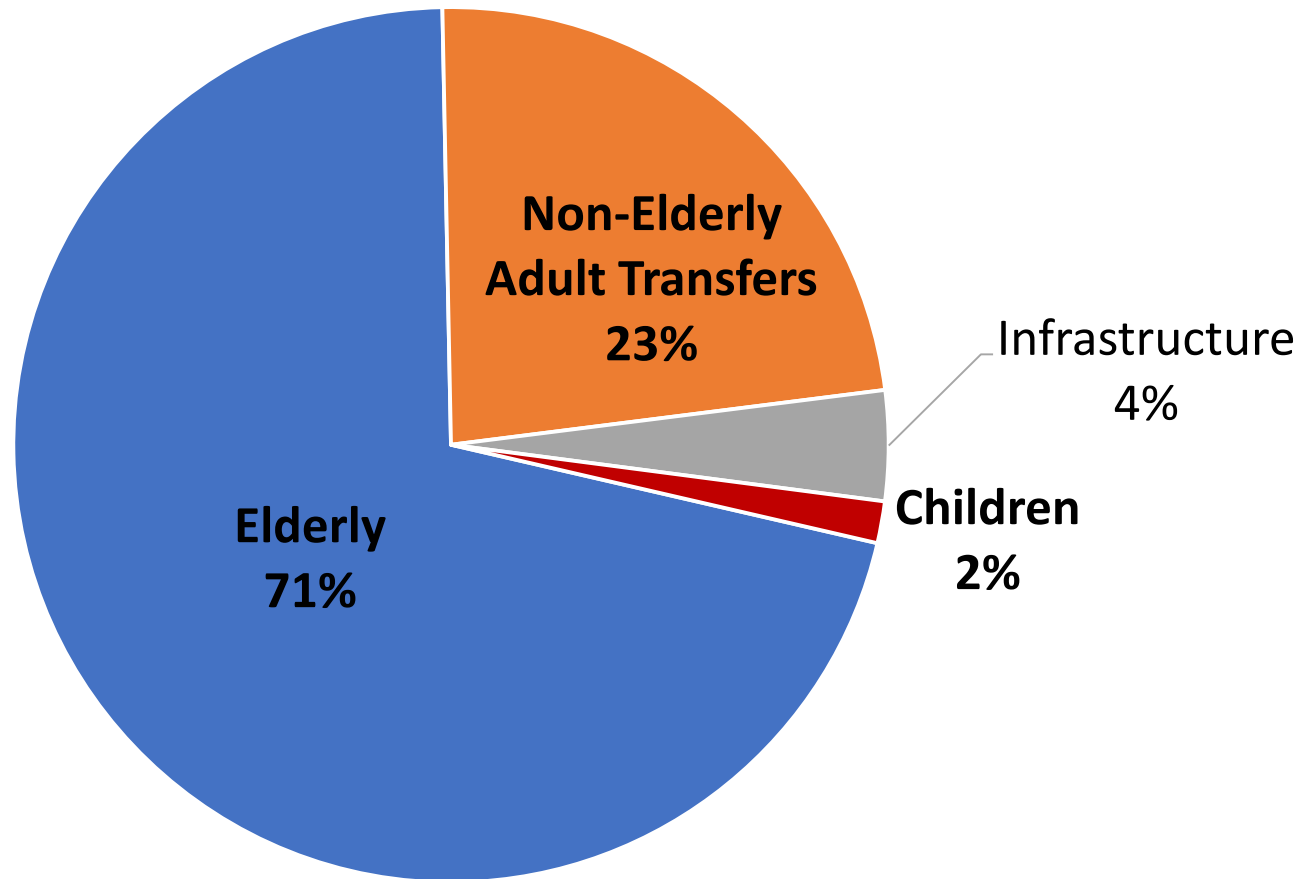
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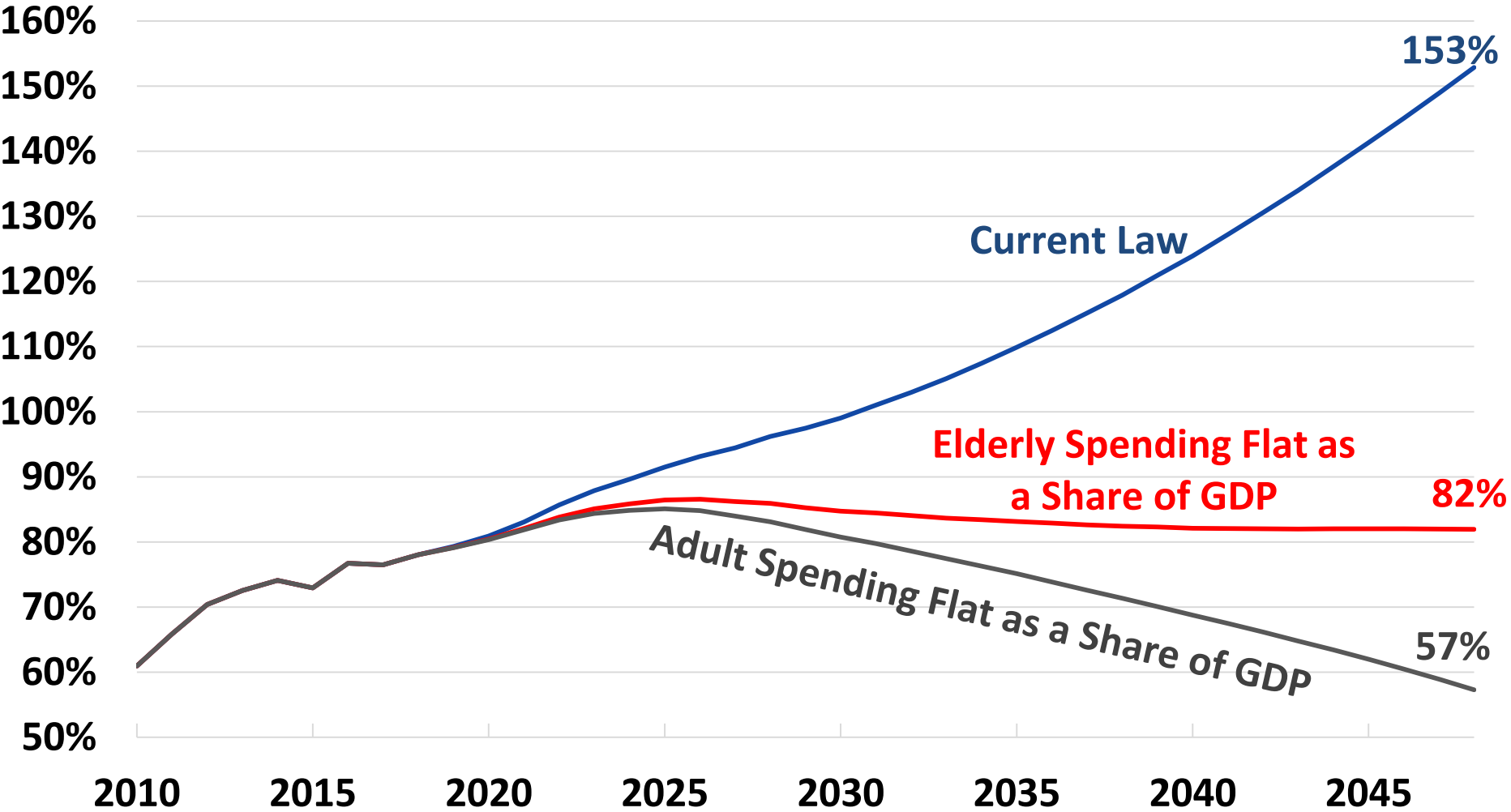
Spending on Children Lacks Dedicated Revenue

Where Dedicated Revenue Goes By Age Group, 2017



Underfinanced Spending on Adults Is Leaving Kids a Huge Burden

Debt-To-GDP Ratio Under Different Scenarios



Sources: Congressional Budget Office, Office of Management and Budget, Urban Institute, and CRFB calculations.



Possible Solutions

Key Questions

- What budget process (or concepts) reforms could level the budgetary playing field for kids?
- What legislative and executive rules, structures, and norms could be changed to assure better focus on kids?
- What programmatic changes can improve outcomes for kids, especially those with the most need or potential to promote growth (remember, we like fiscal responsibility!)?
- How can we better draw attention to the needs of kids in the political and policymaking process?
- How can the federal government ensure it devotes an adequate share of resources to children while also reducing the fiscal burden we impose on them?



Some Ideas...

Account for Children

- Estimate and Highlight Children's Spending in Budget Projections
- Use "Incremental Budgeting" to Show How Spending Grows for Different Groups
- Require Government to Calculate Benefits and Liabilities by Age Group

Budget for Children

- Use Portfolio Budgeting to Think about Children Comprehensively
- Reform Appropriations Process to Include a Subcommittee for Children
- Set a Target for Children's Spending

Some Ideas...

Prioritize Children

- Establish and Hire a Children’s Commissioner or Ombudsman
- Create a Select Committee on Children
- Send Taxpayers “Interest Statements” on Behalf of Their Children

Improve Policies for Children

- Make CHIP Permanent and Establish a Regular Review for All Health Spending
- Establish a Dedicated Revenue Source for Certain Children’s Spending
- Re-Think Default Indexation of Federal Programs and Provisions

Budgeting for the Next Generation Page:
<http://www.crfb.org/nextgeneration>



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