KIDS' SHARE 2013

FEDERAL EXPENDITURES ON CHILDREN IN 2012 AND FUTURE PROJECTIONS

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Executive Summary

Federal spending on children fell by $28 billion, or 7 percent, in 2012, the largest single-year reduction since the early 1980s. While most of this decline is explained by the phasing out of the temporary increase in federal funds under the American Recovery and Reinvestment Act of 2009 (ARRA), broader budgetary forces will continue to restrict spending on children over the next ten years. Forecasts through 2023 show federal spending on children falling as a share of the federal budget, from 10 percent to 8 percent of total outlays. Total federal spending is projected to increase over the next decade by more than $1 trillion, but children's programs will get only 2 cents on every dollar of this projected increase.

Kids' Share 2013 is the seventh in a series of annual reports assessing budgetary policy toward children by regular and current tracking of spending on children. This issue brief focuses on federal spending in fiscal year 2012, when unemployment and child poverty rates remained high as the economy slowly recovered from the recession. It examines spending in aggregate and by major program and budget category. It then projects future federal expenditures on children, absent changes to current law, to provide a sense of how budget priorities may unfold.

2¢

Federal spending is projected to increase over the next decade by more than $1 trillion, but children's programs will get only 2 cents on every dollar.

Expenditures on Children in 2012

Analysis of federal outlay and tax expenditure data for 2012, the most recent year for which complete federal data are available, reveals the following:

- Federal outlays on children fell by $28 billion, from $377 billion in 2011 to $348 billion in 2012 (all figures are in inflation-adjusted 2012 dollars and components may not sum to totals due to rounding). This 7 percent decline is the largest reduction since the early 1980s.
  - More than half the cuts were to education programs, which fell by $18 billion, or 27 percent. Steep declines also occurred in early education and care (12 percent), health (6 percent), and housing (6 percent), with the latter driven by reduced funding for the Low-Income Home Energy Assistance Program. In contrast, nutrition spending increased 4 percent, with growth in the Supplemental Nutrition Assistance Program (SNAP) and child nutrition programs.
- Most of the 7 percent decline in spending on children results from the exhaustion of recession-related funds provided by ARRA, which temporarily boosted federal outlays in 2009–11. Children's programs and tax credits received a substantial portion—nearly one-quarter—of ARRA funds, and, therefore, faced a disproportionate loss when the former gains ended. ARRA funds are disappearing at a time when many families and children are still struggling to recover from the recession, and federal spending is increasing in other areas.

39%

Child-related tax provisions in 2012 provided 39 percent of all expenditures on children.

- Child-related tax provisions provided $173 billion for children in 2012, nearly two-fifths (39 percent) of all expenditures on children. The next-largest categories are health ($82 billion) and nutrition ($61 billion), followed by income security (e.g., Social Security benefits to survivors and dependents, Temporary Assistance for Needy Families) and education, at $50 and $48 billion, respectively. The other categories are much smaller: early education and care ($13 billion), social services ($10 billion), housing ($9 billion), and training ($2 billion).

Projections, 2012 to 2023

Future projections, which follow the same assumptions as the Congressional Budget Office's baseline projections—including caps on discretionary spending and sequestration under the Budget Control Act—suggest the following, absent policy change:

- Federal spending is projected to increase by nearly $1.2 trillion between 2012 and 2023, but children's spending will receive only 2 cents of every dollar of this projected increase. All the children's share of the increase goes to health programs; excluding health care, fewer dollars will be spent on children in 2023 than in 2012.
- By 2023, the share of spending on children will drop as a percentage of the budget (from 10 percent to 8 percent) and as a share of the economy (from 2.2 percent to 1.8 percent

of gross domestic product, or GDP). The percentage of the economy allocated to federal investments in children in 2023 is projected to be lower than it was before the Great Recession—in fact, lower than in any year since 2002.

- With the exception of children's health, all areas of spending on children are projected to decline. The sharpest drops are in discretionary programs, which must compete annually for appropriations. Declines are particularly steep for federal education programs, which are projected to fall by 37 percent relative to the size of the economy. Child-related spending on nutrition programs, early education and care, social services, training, and housing also are projected to decline by 25 percent or more over the next decade, when measured as a percentage of GDP.
- Spending on children's health is projected to increase over the next decade, as economy-wide health care costs continue to grow, and as the Affordable Care Act covers additional uninsured children through Medicaid and new health insurance exchanges.

Federal spending under current law remains significantly higher than revenues throughout the projection period, and federal policymakers in the White House and on Capitol Hill are likely to continue discussing broad budgetary plans, amendments to the existing constraints of the Budget Control Act, and comprehensive tax reform in the months and years to come. As the discussions unfold, it will be important to keep an eye on how these broad reform packages further affect resources for children and investments in the next generation of leaders, workers, and parents.

Introduction

With so many competing priorities in federal budgeting, children generally do not receive top consideration, at least as revealed by the numbers. Still, the federal government provides critical investments in the health, education, nutrition, safety, and overall development of children. The federal government partners with state and local governments to provide services to children (e.g., public education and school lunches) and benefits that support parents in their roles as primary caregivers of children (e.g., tax credits directed toward families with children, survivors and dependents benefits under Social Security, and housing benefits). Public support for children and families today builds capacity for the generation that will guide the country in the future.

Through its *Kids' Share* reports, the Urban Institute tracks government's investments in children each year.[1] Using our federal expenditures database, which includes spending estimates from scores of federal programs and tax provisions, we can see how investments in children change in both amount and focus over time. For the past six years, we have produced full annual reports that provide a comprehensive picture of current expenditures from federal, state, and local sources; track federal expenditures back to 1960; contain special analyses of important topics, such as spending under the American Recovery and Reinvestment Act (ARRA); and include federal projections a decade into the future. These reports have served as the foundation for additional Urban Institute analyses of spending on children, including special reports on such topics as spending on preschoolers and spending on low-income children, and the *Children's Budget 2013* report produced by First Focus. (See *Children's Budget 2013* for a more detailed program-by-program examination of changes in federal appropriation levels for many of the children's programs included in the *Kids' Share* reports.[2])

This year, we issue a shorter report, *Kids' Share 2013*, that focuses on federal spending in fiscal year 2012 (the latest year of complete federal data) and projects spending on children through 2023, assuming no changes to current federal law. Analyses of historical trends and of state and local spending are not directly included in this brief, except through references to highlights from last year's report. In addition, certain elements of the estimating methodology rely on last year's report.

In 2012, families were still recovering from the effects of the Great Recession. Unemployment rates were down from their peak of 10 percent but still well above pre-recession levels, averaging 8.3 percent during fiscal year 2012, which runs from October 2011 to September 2012. An estimated 6.2 million children lived with at least one unemployed parent, including 2.8 million children living with a parent unemployed for six months or longer (Isaacs 2013). Child poverty also remained higher than before the recession. At the same time, temporary recession-related funds allotted by ARRA were already almost completely spent. While federal and state revenues were higher than in previous years, they remained below pre-recession levels. Funding for many programs supporting children was constrained by the spending caps imposed by the Budget Control Act of 2011 and an ongoing focus on efforts to further reduce federal deficits.

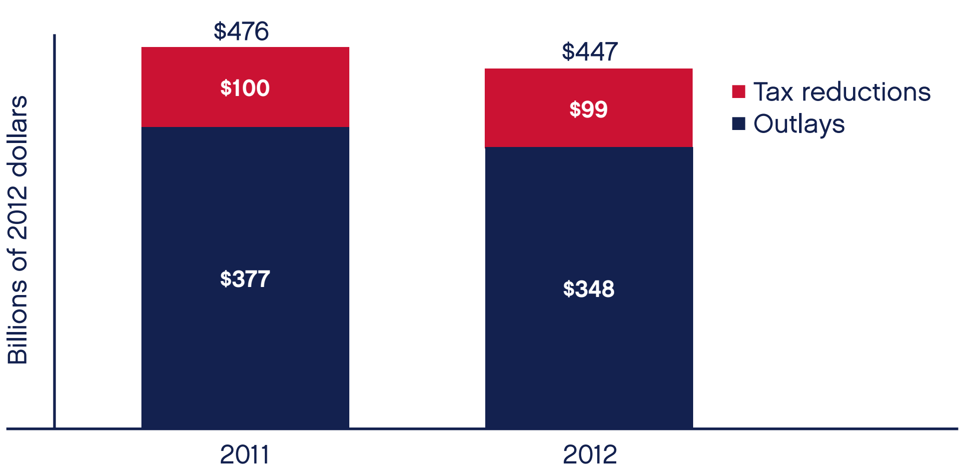
Our examination of spending on children in 2012 begins by contrasting current spending on children with spending in recent years, in the aggregate and on the 10 largest programs and across 9 budget categories. We then outline future projections in federal expenditures, on children and on the budget as a whole, to provide a sense of how budget priorities may unfold, absent changes to current law. Finally, a methodological appendix briefly explains how we define spending on children, the sources for expenditure data, and the methodology for estimating the portions of programs that go specifically to children.

Federal Expenditures on Children in 2012

Federal outlays on children fell by $28 billion in 2012, from $377 billion in 2011 to $348 billion, as shown in figure 1 (all figures are in inflation-adjusted 2012 dollars and components may not add to totals due to rounding). The drop in spending was driven primarily by declines in spending on education (by $17.6 billion), health (by $5 billion), and, to a smaller extent, refundable portions of tax credits, income security programs, and early education and care programs. This is the second year in a row that outlays on children have fallen—and the 7 percent drop this year is the largest since the early 1980s. While some decline in federal spending is to be expected in the wake of a recession, spending on children is falling more rapidly than spending on the budget as a whole.

The $348 billion spent on children through federal programs and refundable tax credits represents just under 10 percent of the $3.5 trillion in total government outlays in 2012. More specifically, outlays directed toward children comprised 9.9 percent of the federal budget in 2012, down from 10.6 percent in 2010 and 10.3 percent in 2011.

Figure 1 Federal Expenditures on Children in Fiscal Years 2011 and 2012, by Type of Expenditure



Source: The Urban Institute, 2013. Authors' estimates based on the *Budget of the U.S. Government Fiscal Year 2014* and prior years.

Outlays on children, an important measure of spending on children, include spending from federal programs—such as Medicaid, child nutrition programs, special education, and many more—along with the outlay portion of tax provisions—chiefly the refundable portions of the Earned Income Tax Credit (EITC) and the Child Tax Credit (CTC)—consistent with the way outlays are measured for the federal budget as a whole. However, families with children also benefit from tax breaks, adjustments, or subsidies, through the dependent exemption, the non-refundable portions of the EITC and CTC, and other tax provisions. As shown in figure 1, an estimated $99 billion in tax expenditures, with the dependent exemption included, went to children in 2012, roughly the same as the $100 billion estimate for 2011.[3]

Tax expenditures on children were just 8 percent of the approximately $1.2 trillion in individual and corporate tax expenditures identified by the Office of Management and Budget (OMB) in 2012.[4] This is down from 9 percent in 2011 and 10 percent in 2008.

8%

Tax expenditures on children were just 8 percent of the approximately $1.2 trillion in individual and corporate tax expenditures identified by the Office of Management and Budget in 2012.

Summing the $348 billion in outlays and $99 billion in tax reductions results in an approximate total of $447 billion in total expenditures on children, down from $476 billion in 2011. This $447 billion represents 10 percent of total federal expenditures, if total federal outlays and total federal tax expenditures are added together.

When examined as a share or percentage of the total economy (gross domestic product, or GDP), we also find a drop in federal spending on children over the past two years, with outlays falling from 2.6 percent in 2010 and 2.5 percent in 2011 to 2.2 percent in 2012. The kids' share of spending, viewed through several lenses, shows a decline over each of the past two years.

Historical Trends in Spending on Children

As documented in *Kids' Share 2012* (Isaacs et al. 2012), the children's share of the budget has grown in fits and starts over the past half-century. In 1960, very few federal programs were targeted to children, and only 3 percent of total outlays were spent on children. The children's share grew to nearly 7 percent in 1980, dropped back to 5 percent in 1985, and has been near 10 percent for the past decade.

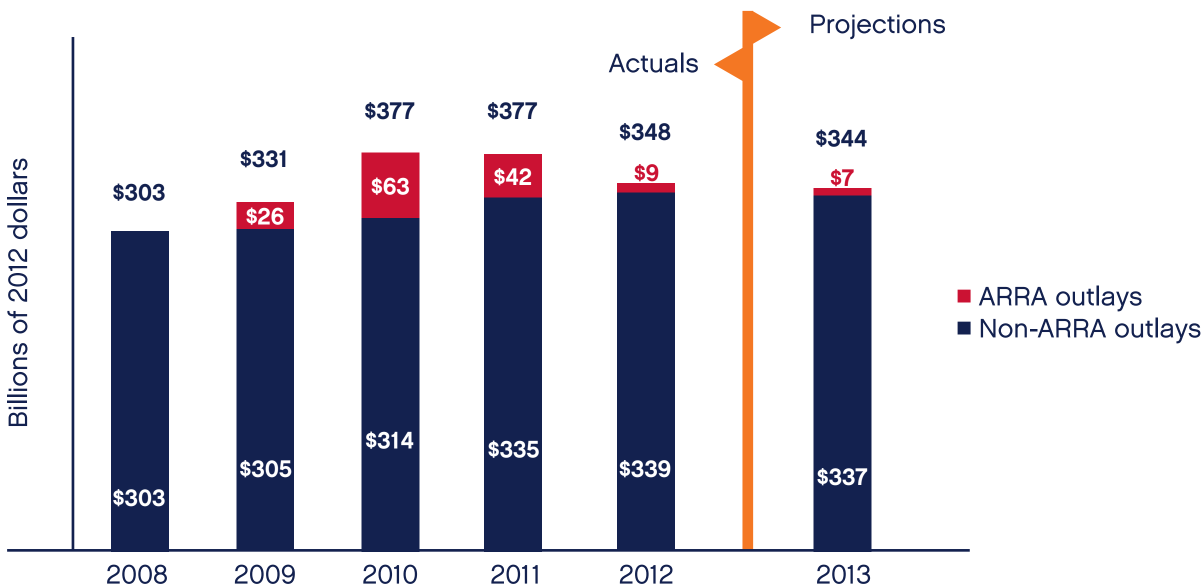
However, the children's share of the domestic budget (defined to include tax expenditures on children and exclude spending on defense and international affairs) has declined over the past half-century, from 20 percent in 1960 to 15 percent in 2011. In contrast, spending on Social Security, Medicare, and Medicaid (excluding any money going to children) increased from 22 to 50 percent of the domestic budget during the same period.

Impact of ARRA on Federal Spending

Much of the decline in dollars spent on children in 2012 results from the depletion of funds provided by the American Recovery and Reinvestment Act. Enacted midway through fiscal year 2009, ARRA temporarily boosted federal outlays, particularly in 2009–11. ARRA had a powerful impact on spending on children, as it provided federal stimulus funds for the economy and supports for needy families (e.g., expansions in nutrition assistance benefits and the Child Tax Credit) as well as relief to states and localities (e.g., creation of the State Fiscal Stabilization Fund, which was targeted toward education, and enhanced federal spending on Medicaid and child welfare). With these priorities, almost one-quarter of ARRA funds went to children.[5] Federal spending on children under the ARRA expansions peaked at $63 billion in 2010 and has since fallen, to $42 billion in 2011 and $9 billion in 2012 (figure 2).

ARRA spending on children is projected to fall to $7 billion in 2013. In addition, regular (non-ARRA) outlays on children are expected to fall in 2013, in part due to the impact of the March 2013 sequestration of discretionary spending. ARRA-related outlays on children are expected to fall close to zero by 2016, except for outlays associated with certain school bonds.

Figure 2 The Effects of ARRA on Federal Outlays on Children in Fiscal Years 2008-13



Source: The Urban Institute, 2013. Authors' estimates based on the *Budget of the U.S. Government Fiscal Year 2014* and prior years.

While the loss of temporary funds designed to fight the recession was expected, the slow economic recovery means that funds were disappearing at a time when many families were still facing economic hardships. Child poverty rates are higher than before the Great Recession: the most recent official poverty statistics report child poverty rates of 22 percent in 2011 (and similar expected levels in 2012), compared to a much lower 16 percent in 2001.[6]

Moreover, the decline in federal spending on children occurred when states were still recovering from the recession. State revenues improved in 2012 but remained below the levels of five years earlier (Johnson and Leachman 2013). While states and localities contribute the majority of total spending on children (see text box), their share has been dropping somewhat in recent years. It is unlikely states and localities were able to fill the gap caused by the drop in federal funding, although final state and local data for 2012 are not available.[7]

State and Local Spending

While this brief focuses on federal spending, state and local governments provide as much as two-thirds of total spending on children. In 2008, for example, of the total $11,822 spent per child (in inflation-adjusted 2011 dollars as reported in *Kids' Share 2012*), 32 percent of the funds were federal and 68 percent state and local. (These figures focus on outlays only because state/local tax expenditures are not readily available). State and local spending on public schools makes up the bulk of this spending.

In contrast, the vast majority of public spending on the elderly is federally funded, primarily through Social Security and Medicare. Less than 5 percent comes from state and local governments.

Total per capita public spending on the elderly was 2.2 times the amount spent per child in 2008. Looking solely at the federal budget, an elderly person received close to seven dollars for every dollar received by a child.

Federal Expenditures on Children, by Program and Category

To get a sense of what is included in "federal expenditures on children," consider the 10 largest programs and tax provisions for children (figure 3) that together account for more than three-quarters (76 percent) of the total $447 billion spent on children in 2012:

- Medicaid, as in prior years, is the largest program ($67 billion), though its spending decreased by $6 billion from 2011 as federal match rates returned to normal levels. We estimate that about one-quarter of all Medicaid spending goes to children, including spending on disabled individuals under age 19. The Children's Health Insurance Program (CHIP), which spent $9 billion on children in 2012, is not included in the Medicaid estimate.

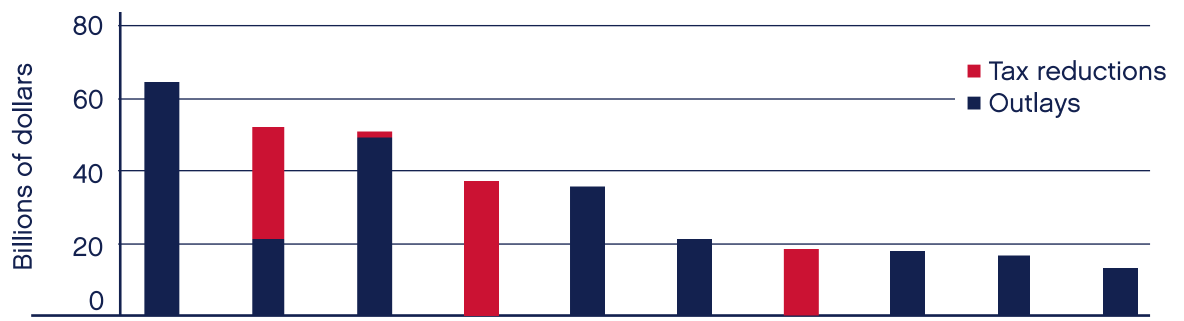
- Three tax provisions, the Child Tax Credit, Earned Income Tax Credit, and the dependent exemption, make up the next-largest programs. The EITC and the CTC provide both cash refunds to families (outlays) and reductions in tax liabilities (tax expenditures). Most of the EITC's $52 billion in spending in 2012 was in the form of tax refunds, while the CTC's $54 billion was more evenly distributed between refunds and reductions in taxes. The dependent exemption, a tax break for families with children totaling $39 billion, grew by $1.2 billion from 2011, replacing the Supplemental Nutrition Assistance Program (SNAP) as the fourth-largest program.

- SNAP, formerly known as food stamps, fell in the rankings but still grew slightly in 2012, totaling $37 billion in spending on children, or nearly half of all SNAP spending. The number of children receiving nutrition assistance through SNAP has increased by 8.8

million since 2007. About 21.6 million children, or approximately one in four American children, received SNAP benefits during the first half of 2012 (Isaacs and Healy 2012). The program will likely reach its peak spending in 2013, when the higher benefits under ARRA will end and families' needs due to the recession will likely decline.

- The sixth-largest program supporting children is Social Security, for the estimated $22 billion in survivors and dependent benefits that go to individuals under age 18. The employer-sponsored health insurance (ESI) exclusion—fully incorporated into our estimates for the first time this year, as detailed in the methodological appendix—was the seventh-largest program, at $19 billion.
- The remaining programs among the 10 largest include child nutrition programs (including the school lunch and breakfast programs), Title I/Education for the Disadvantaged, and special education/Individuals with Disabilities Education Act (IDEA) programs. Spending on child nutrition programs ($18 billion), which grew 4 percent from 2011, is now greater than spending on Title I ($17 billion), which fell by 14 percent. Because ESI was included, Temporary Assistance to Needy Families (TANF), with its $12 billion in spending on children, is no longer among the top 10 programs.

Figure 3 The Ten Largest Spending and Tax Programs by Expenditures on Children in Fiscal Year 2012



	Medicaid	Child tax credit	EITC	Depend. exempt.	SNAP	Social Security	Employer sponsored ins.	Child nutrition	Title I	Special ed.
Tax Reductions		32	1	39			19			
Outlays	67	22	51		37	22		18	17	14

Source: The Urban Institute, 2013. Authors' estimates based on the *Budget of the U.S. Government Fiscal Year 2014.*

While these 10 programs and tax provisions dominate children's spending, more than 80 programs and tax provisions are included in our analysis. Table 1 provides estimates across nine broad budget categories (health, income security, education, etc.), with separate estimates for each of the nearly three dozen programs within those categories. The table includes estimates for 2011 and 2012, detailing how the $29 billion decline ($28 billion in outlays and $1 billion in tax expenditures) was spread across various programs and tax provisions.

Table 1 Federal Expenditures on Children by Program, 2011 and 2012

	Total 2011	Total 2012	Change ($)	Change (%)
1. Health	**86.7**	**$81.5**	**-5.2**	**-6%**
Medicaid	72.5	66.6	-6.0	-8%
CHIP	8.4	8.9	0.4	5%
Vaccines for children	3.7	4.0	0.3	7%
Other health[a]	2.0	2.1	0.1	4%
2. Income Security	**52.9**	**50.4**	**-2.4**	**-5%**
Social Security	20.5	21.9	1.4	7%
Temporary Assistance for Needy Families	13.9	12.1	-1.9	-13%
Supplemental Security Income	11.2	9.8	-1.4	-12%
Child support enforcement	3.8	3.4	-0.4	-9%
Veterans' benefits	3.4	3.2	-0.2	-7%
Other (Railroad Retirement)	+	+	+	3%
3. Education	**65.3**	**47.7**	**-17.6**	**-27%**
Education for the disadvantaged (Title I, Part A)	19.9	17.1	-2.8	-14%
Special education/IDEA	17.4	13.5	-3.8	-22%
State Fiscal Stabilization Fund	9.1	1.1	-8.0	-87%
School improvement	5.5	4.6	-1.0	-17%
Education Jobs Fund	5.1	3.5	-1.7	-32%
Impact Aid	1.4	1.3	-0.1	-4%
Dependents' schools abroad	1.2	1.2	0.0	-1%
Innovation and improvement	1.1	0.9	-0.2	-15%
Other education[b]	4.6	4.4	-0.2	-4%
4. Nutrition	**58.5**	**61.0**	**2.5**	**4%**
SNAP (food stamps)	34.9	36.8	1.8	5%
Child nutrition[c]	17.5	18.2	0.7	4%
Special Supplemental Food (WIC)	6.1	6.0	-0.1	-1%
Other nutrition (CSFP)	+	+	+	57%
5. Early Education and Care	**14.7**	**12.9**	**-1.8**	**-12%**
Head Start (including Early Head Start)	8.5	7.9	-0.6	-7%
Child Care and Development Fund	6.2	5.0	-1.2	-19%
6. Social Services	**10.1**	**9.7**	**-0.3**	**-3%**
Foster care	4.5	4.3	-0.2	-4%
Adoption assistance	2.4	2.3	0.0	0%
Social Services Block Grant	1.0	0.9	-0.1	-7%
Other social services[d]	2.3	2.2	-0.1	-3%
7. Housing	**10.0**	**9.4**	**-0.6**	**-6%**
Section 8 Low-Income Housing Assistance	7.5	7.2	-0.2	-3%
Low-rent public housing	1.2	1.1	-0.1	-10%
Low Income Home Energy Assistance	1.1	0.9	-0.2	-21%
Other housing[e]	0.1	0.1	+	-11%
8. Training[f]	**1.5**	**1.5**	**0.03**	**2%**
9. Refundable Portions of Tax Credits	**77.0**	**74.3**	**-2.7**	**-4%**
Child Tax Credit	23.1	22.1	-1.0	-4%
Earned Income Tax Credit	52.3	50.7	-1.6	-3%
Adoption credit and exclusion	1.2	0.7	-0.5	-40%
Other outlays associated with tax provisions[g]	0.4	0.8	0.4	79%
10. Tax Expenditures	**62.3**	**60.1**	**-2.2**	**-4%**
Child Tax Credit (nonrefundable portion)	31.9	31.7	-0.2	-1%
Earned Income Tax Credit (nonrefundable portion)	1.1	1.5	0.4	35%
Dependent care credit	4.1	3.3	-0.8	-20%
Exclusion for employer-sponsored health insurance	19.8	18.9	-0.9	-4%
Other tax credits/exemptions[h]	5.5	4.7	-0.7	-14%
11. Dependent Exemption	**37.5**	**38.7**	**1.2**	**3%**
TOTAL EXPENDITURES ON CHILDREN	**476.2**	**447.2**	**-29.1**	**-6%**
OUTLAYS SUBTOTAL (1–9)	**376.6**	**348.5**	**-28.2**	**-7%**
TAX EXPENDITURES SUBTOTAL (10–11)	**99.9**	**98.8**	**-1.1**	**-1%**

Source: The Urban Institute, 2013. Authors' estimates based on the *Budget of the U.S. Government Fiscal Year 2014.*
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.
[+] Less than $500 million.
a. Other health includes immunizations, Maternal and Child Health (block grant), children's graduate medical education, lead hazard reduction, children's mental health, birth defects/developmental disabilities, Healthy Start, emergency medical services for children, universal newborn hearing, home visiting and school-based health care.
b. Other education includes vocational (and adult) education, safe schools and citizenship education, bilingual and immigrant education, Indian education, domestic schools, the Institute for Education Studies, Junior ROTC, hurricane education recovery, and Safe Routes to Schools.
c. Child nutrition includes the National School Lunch Program (NSLP), the School Breakfast Program (SBP), the Child and Adult Care Food Program (CACFP), the Summer Food Service Program (SFSP), and Special Milk, among other programs.
d. Other social services include family preservation and support, juvenile justice, child welfare services and training, Community Services Block Grant, independent living, guardianship assistance, missing children, children's research and technical assistance, PREP and abstinence education, and certain children and family services programs.
e. Other housing includes rental housing assistance and rent supplement.
f. Training includes WIA Youth Formula Grants, Job Corps, Youth Offender Grants, and YouthBuild Grants.
g. Other outlays associated with tax provisions include outlays from Qualified Zone Academy Bonds and Qualified School Construction Bonds.
h. Other tax credits and exemptions include exclusion of employer-provided child care, employer-provided child care credit, exclusion of certain foster care payments, adoption credit and exclusion, assistance for adopted foster children, exclusion for Social Security retirement and dependents & survivors benefits, exclusion for Social Security disability benefits, exclusion for public assistance benefits, exclusion for veterans death benefits and disability compensation, Qualified Zone Academy Bonds, and Qualified School Construction Bonds.

27%

More than half the cuts in spending were to education programs, which fell by $17.6 billion, or 27 percent.

More than half the cuts in spending were to education programs, which fell by $17.6 billion, or 27 percent. The largest cut ($8 billion) was to the State Fiscal Stabilization Fund, a temporary ARRA program that supported K–12 education and was mostly spent in 2009–11. Other federal education programs expanded under ARRA also fell sharply, including special education/IDEA ($3.8 billion) and Title I/Education for the disadvantaged ($2.8 billion).Very little in ARRA education funding remained to be spent in 2012; in all, ARRA provided only 8 percent of education spending on children in 2012, compared with 30 percent in 2011. In addition, spending through the Education Jobs Fund, a temporary program enacted in 2010, also fell by $1.7 billion. Education spending is projected to fall yet further in 2013 as residual funds from ARRA and the Education Jobs Fund are exhausted and the March 2013 funding sequestration takes effect.

Steep declines also occurred in early education and care (12 percent), including lower spending in Head Start and child care assistance programs, as ARRA-related increases to these programs were largely drawn down. Child-related health spending also declined (by 6 percent), due to a reduced federal match for Medicaid, and child-related housing spending fell by 6 percent, due to reduced funding for the Low-Income Home Energy Assistance Program. In contrast, nutrition spending increased 4 percent, with additional spending for both SNAP and child nutrition programs.

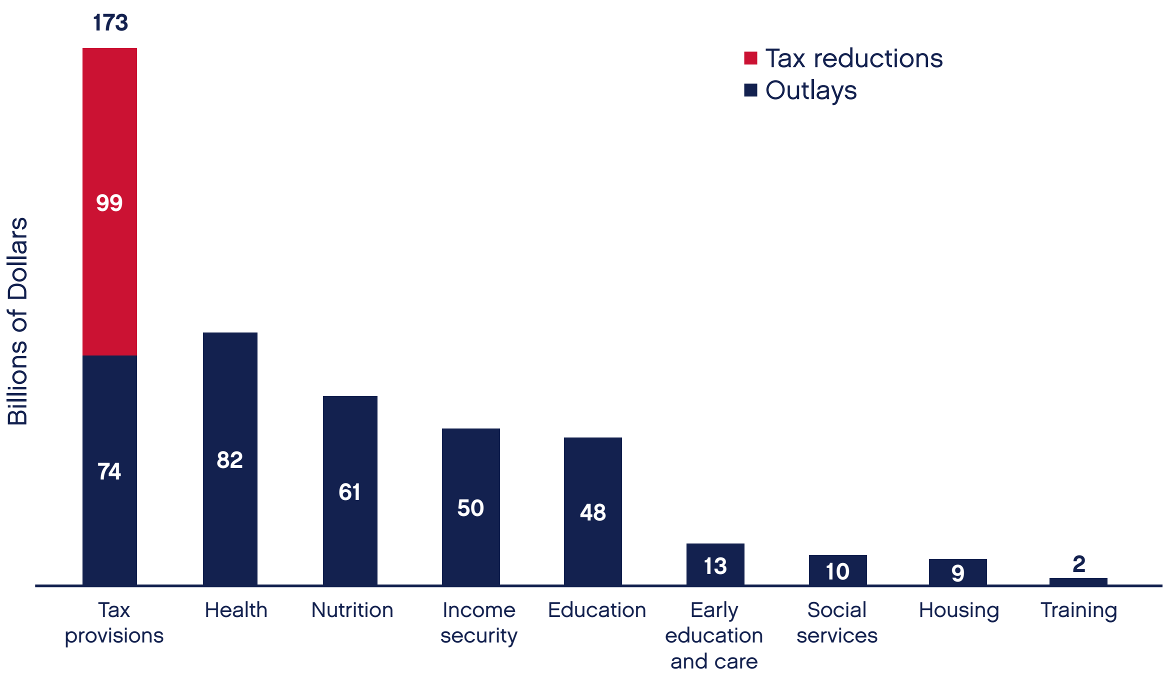
Though income security spending also appears to drop significantly, the decrease in TANF spending is most notable ($1.9 billion, or 13 percent). The decrease in Supplemental Security Income (SSI) spending is an artifact of the SSI payment schedule: the program made 13 months of payments in 2011 but only 11 months of payments in 2012. The underlying trend in SSI payments continues to be upward in terms of caseload and benefits.

Allocation of expenditures across nine budget categories highlights the types of spending that dominate the children's budget (see figure 4). Child-related tax provisions provided $173 billion in outlays and tax expenditures on children in 2012, or nearly two-fifths (39 percent) of total expenditures. The next largest category, health ($82 billion), was less than half as large.

Nutrition, the only category of spending to increase in 2012, takes the third spot at $61 billion. Education ($48 billion) dropped from the third-largest category in 2011 to the fifth-largest category in 2012, just behind income security ($50 billion).

The remaining four types of spending are significantly smaller. Early education and care spending fell by nearly $2 billion to $13 billion in 2012. (This category includes Head Start and child care assistance, but excludes preschool spending within Title I, special education, and other broad education programs.) Spending on social services for children (e.g., foster care and adoption assistance), housing benefits, and training programs all fell from 2011, and none surpassed $10 billion in spending. Spending on many of these smaller areas is projected to decline further over the next decade, as discussed in the next section.

Figure 4 Federal Expenditures on Children in Fiscal Year 2012, by Category



Source: The Urban Institute, 2013. Authors' estimates based on the *Budget of the U.S. Government Fiscal Year 2014.*

Future Trends, 2013–2022

This section examines future spending on children, following the assumptions of the Congressional Budget Office's baseline projections, supplemented by tax projections from the Urban-Brookings Tax Policy Center and other sources, and our own assumptions about the shares of individual programs allocated to children (see methodological appendix). We first examine spending on children in the context of the federal budget as a whole, then focus on individual components of spending on children.

8%

From 2012 to 2023, the share of the federal budget spent on children is projected to fall from 10 percent to 8 percent.

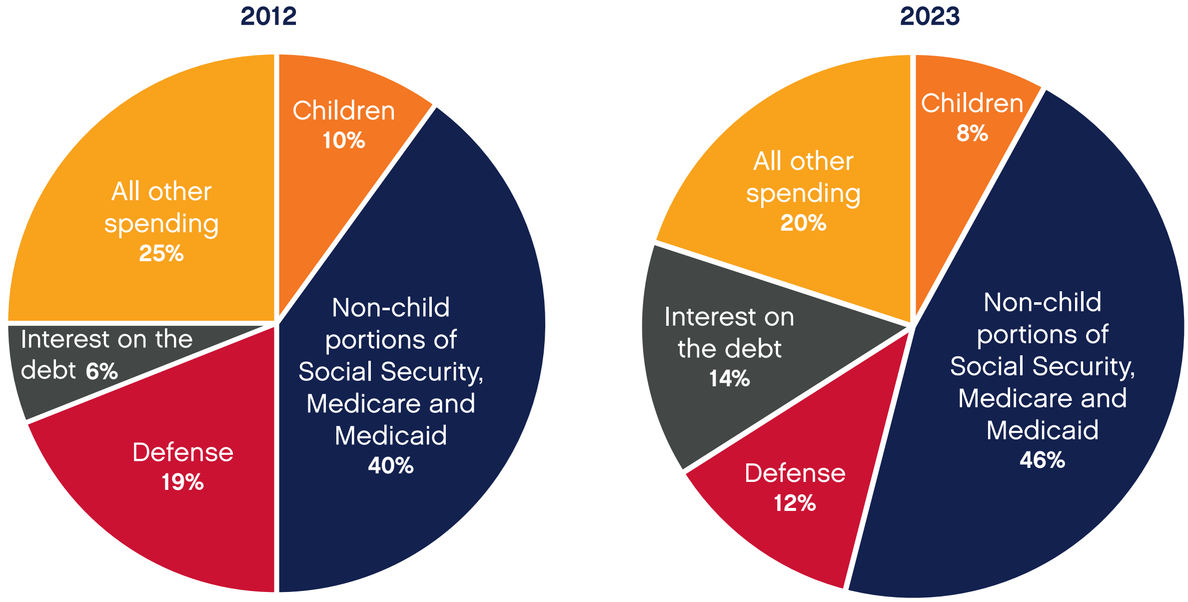
Ten-Year Projections of Federal Spending, in Total and on Children

From 2012 to 2023, the share of the federal budget spent on children is projected to fall from 10 percent to 8 percent, assuming no change in current policy or law (figure 5). While the share of the population under age 19 years is contracting slightly over the same period, from 25 percent to 24 percent, its relatively modest share of the budget will fall by about one-fifth.

Under the spending restrictions of the Budget Control Act, the share of the budget allocated to defense also is shrinking, as is the share spent on "other" spending, a broad category that includes agriculture, commerce, the environment, homeland security, transportation, veterans' benefits, and other areas.

Two areas of the budget are projected to consume an increasing share of the budget. First, the three largest entitlement programs—Social Security, Medicare, and Medicaid—are projected to encompass almost half of all federal spending by 2023. Total outlays from these programs comprise 49 percent of all federal spending if the child portions of these programs are included, or 46 percent if survivors and dependents benefits to children and Medicaid spending on children are excluded. Second, interest payments on the federal debt are projected to increase, from 6 percent to 14 percent of total federal spending between 2012 and 2023.

Figure 5 Projected Decline in Share of Federal Budget Outlays Spent on Children



Source: The Urban Institute, 2013. Authors' estimates based on the *Budget of the U.S. Government Fiscal Year 2014.*
Note: Social Security, Medicare, and Medicaid category excludes spending already captured as children's spending.

In total, federal spending is projected to increase by nearly $1.2 trillion between 2012 and 2023. That is, the total federal budget "pie" in 2023 will be substantially larger, but children's programs will get a much smaller slice—just 2 cents of every dollar of the projected $1.2 trillion increase. All the increases in children's spending go to health programs; excluding health, fewer dollars will be spent on children in 2023 than in 2012, in inflation-adjusted dollars. Although current policies schedule significant permanent growth in the budget, children do not share in that growth.

As shown in table 2, the non-child portions of Medicare, Medicaid, and Social Security will consume two-thirds (66 percent) of the anticipated $1.2 trillion increase in federal spending between 2012 and 2023. Current law provides for significant growth in real health and Social Security benefits per person, even while an increasing share of the population becomes eligible for retirement and related health benefits (baby boomers began retiring in 2008, and the share of the population age 65 and older is projected to increase from 14 percent to 18 percent). Social Security and Medicaid are exempt from the Budget Control Act and Medicare is largely protected from it, so the growth of these programs is mostly unconstrained.

This growth interacts with the political resistance to raising revenues to cover the costs of existing programs, so that national debt grows, even after the spending constraints introduced by the Budget Control Act. With an increasingly higher national debt and higher expected interest rates, interest payments are projected to triple under the Congressional Budget Office's projections, from $220 billion in 2012 to more than $660 billion in 2023. Thus, more than one-third (37 percent) of the increase in federal outlays between 2012 and 2023 will go to interest payments on the national debt.

Table 2 Share of the $1.19 Trillion Projected Growth in Federal Outlays from 2012 to 2023 Going to Children and Other Major Budget Items (billions of 2012 dollars, except where noted)

Major budget items	2012	2023	Growth (2012–23)	Share of Growth
Total federal outlays	3,537	4,726	1,189	100%
Social Security, Medicare, and Medicaid	1,396	2,176	780	66%
Interest on the debt	220	664	444	37%
Defense	678	572	-106	-9%
Children	348	369	20	2%
All other outlays	895	945	50	4%

Source: The Urban Institute, 2013. Authors' estimates based on data from the *Budget of the U.S. Government Fiscal Year 2014* and CBO projections.

Note: Numbers may not sum to totals because of rounding. Social Security, Medicare, and Medicaid category excludes spending already captured as children's spending.

Together, the rising costs of the three largest entitlements and interest payments consume more than 100 percent of the anticipated change in spending over the next decade. The total increase is less than the increases for these two major areas combined because defense spending is projected to decline by more than $100 billion (9 percent) in real dollars.

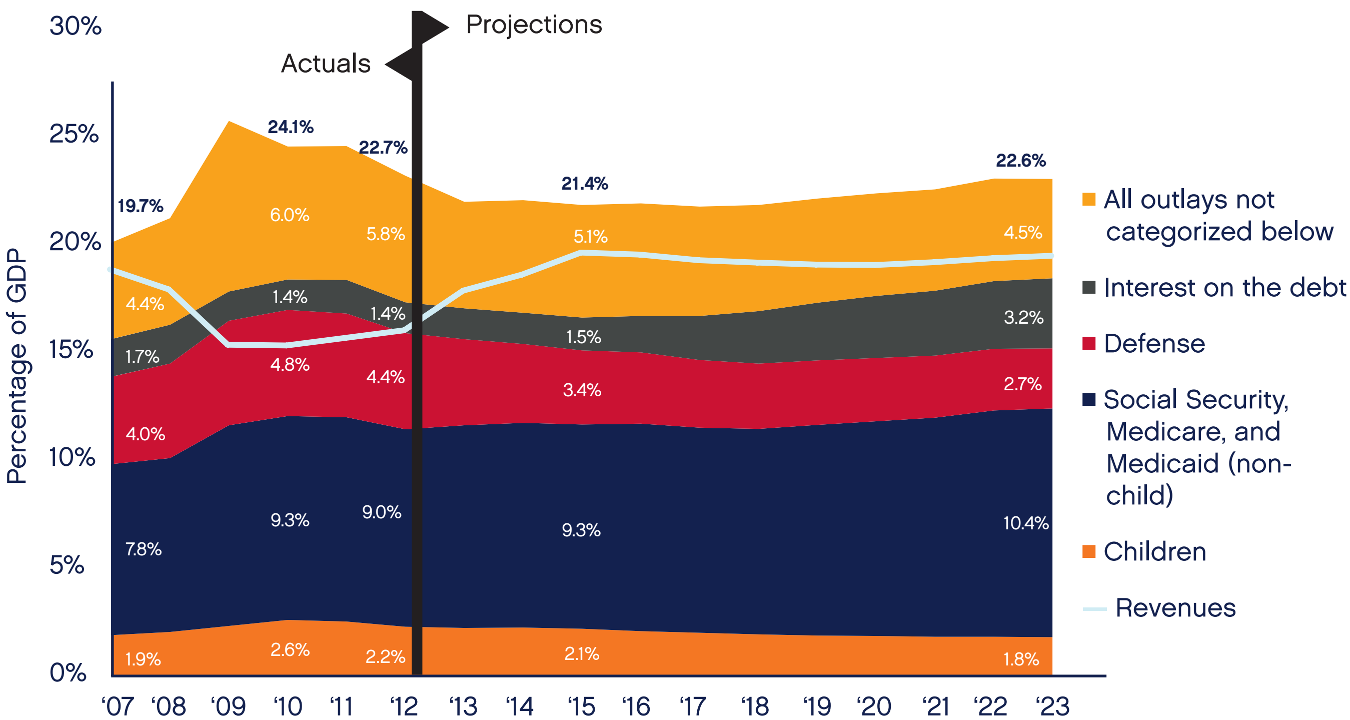
Children's spending and the broad "other" spending category are spared from absolute cuts overall, according to these budget projections. Both spending areas are projected to increase moderately in absolute dollars, with children receiving about $20 billion, or 2 percent, of the $1.2 trillion increase in total spending. This net increase includes a $45 billion increase in spending on children's health and a $25 billion *reduction* in non-health outlays on children (including reductions in child-related tax credits, education, child care, etc.).[8] Note that these budget projections assume that all non-defense, discretionary spending programs are affected equally by the constraints of the spending caps in the Budget Control Act.

When public spending on children is compared with the total economy, the trend is also downward. Federal spending on children is projected to decline from 2.2 percent to 1.8 percent of GDP between 2012 and 2023, a drop of about one-fifth. Under these projections, federal investments in children will drop below pre-recession levels (figure 6) and will be lower than in any year since 2002. In contrast, the portions of Medicare, Medicaid, and Social Security serving the elderly and disabled are projected to increase from 9.0 to 10.4 percent of GDP by 2023.

Revenues are projected to fall below total government outlays in every year of the projected period (in figure 6, the line representing revenues falls well below the top of the area representing total spending). With rising debt and interest rates, interest payments are projected to increase substantially. Under current policies, spending on interest payments on the debt will exceed spending on children from 2017 onward, and by larger amounts each year.

Policies do not stay constant, so these 10-year projections of spending on children and other components of the federal budget are inherently uncertain. Even so, the projections provide a baseline by which to consider the path before us.

Figure 6 Actual and Projected Federal Outlays on Children and Other Major Items, 2007–23



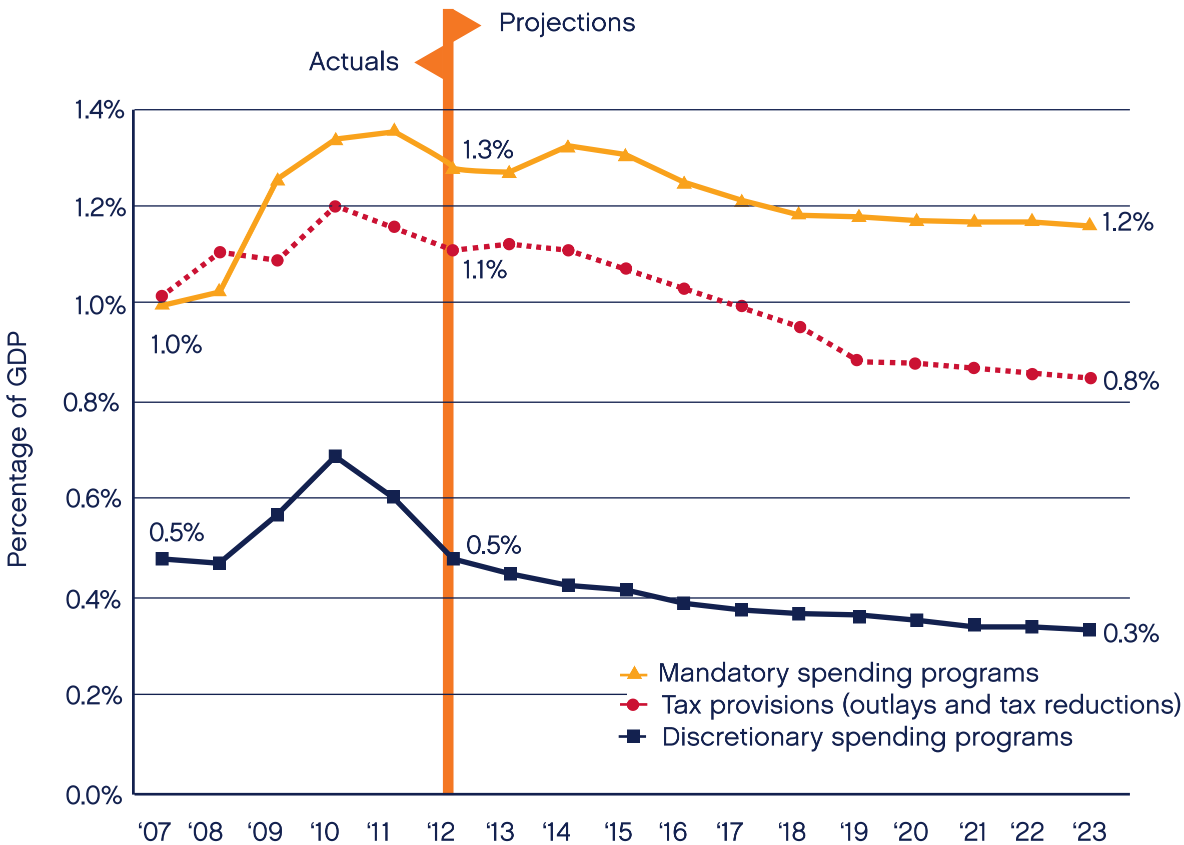
Source: The Urban Institute, 2013. Authors' estimates based on data from the *Budget of the U.S. Government Fiscal Year 2014* and previous years and CBO projections.

Note: Social Security, Medicare, and Medicaid category excludes spending already captured as children's spending.

Projected Children's Expenditures by Type and Category, 2012–23

When tax expenditures as well as outlays related to children are counted, the trend is still downward: total expenditures on children are projected to decline from 2.9 percent to 2.4 percent of GDP between 2012 and 2023. A drop occurs in all three major categories of expenditures: discretionary spending, mandatory spending, and outlays and tax expenditures related to tax provisions (figure 7).

Figure 7 Expenditures on Children by Spending Type, 2007–23



Source: The Urban Institute, 2013. Authors' projections based on the *Budget of the U.S. Government Fiscal Year 2014*, CBO projections, and Urban-Brookings Tax Policy Center Microsimulation Model.

Note: See table 3 for underlying data points in selected years.

The sharpest projected decline is in discretionary spending programs—that is, programs with funding levels set annually by congressional actions. Less dramatic declines are seen among entitlement and mandatory spending programs, and tax provisions, for which spending levels are governed by program rules (e.g., benefit or tax parameters) and the number of qualifying families applying for services. Some discretionary programs were reduced by the sequestration of funds in April 2013, and all discretionary programs must compete for future funding in the constrained environment created by non-defense discretionary spending caps that are in place through 2021 under the Budget Control Act. As a result, discretionary spending on children is expected to fall in absolute dollars between 2012 and 2023—not even keeping pace with inflation. Though ARRA substantially increased federal funding for education, Head Start, child care, and other discretionary programs supporting children, that temporary boost did not permanently alter the underlying downward trend in discretionary spending, visible in the graph all the way back to 2007, before the recession and ARRA funding occurred.

Spending on tax provisions related to children also is projected to fall relative to GDP over the projection period. The Child Tax Credit will be particularly hard hit. First, the CTC is not automatically adjusted for inflation and thus loses value over time. Second, in 2017, the credit's earning threshold—that is, the minimum income level required before any benefits are allowed—returns to $10,000 (indexed for inflation) from $3,000, where it has been since ARRA. The value of the EITC will also decline for married-couple families and families of three or more after 2017, with the scheduled expiration of provisions that had expanded the credit for those families. Most of the drop in tax provisions is concentrated in the outlay or refundable portion of tax credits; tax expenditures on children decline only modestly relative to GDP, as shown in the last rows of table 3.

Table 3 Federal Expenditures on Children in Selected Years, by Type and Category

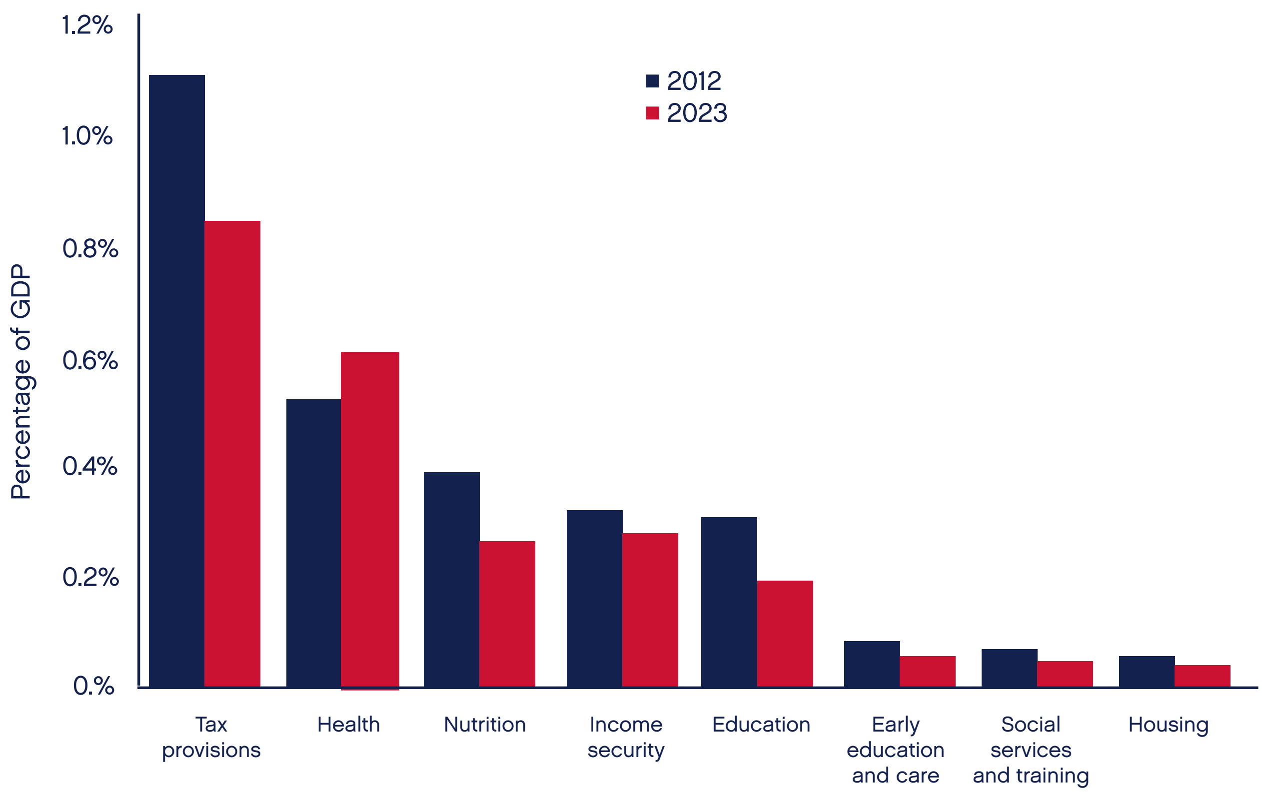
	As % of GDP				Billions of 2012 Dollars			
	2007	2012	2023	Percent change, 2012–23	2007	2012	2023	Percent change, 2012–23
By Type of Spending								
Discretionary spending	0.48	0.48	0.33	-30	72	75	70	-6
Mandatory spending	1.01	1.28	1.17	-9	150	200	244	22
Tax provisions (outlays & tax reductions)	1.02	1.11	0.85	-24	152	173	177	2
TOTAL EXPENDITURES	2.50%	2.88%	2.35%	-18%	374	447	492	10%
By Category of Spending								
Tax provisions	1.02	1.11	0.85	-24	$152	$173	$177	2
Health	0.41	0.52	0.61	16	$61	$82	$127	56
Nutrition	0.25	0.39	0.27	-32	$38	$61	$56	-8
Income security	0.31	0.32	0.28	-13	$47	$50	$59	17
Education	0.29	0.31	0.19	-37	$43	$48	$40	-16
Early education and care	0.09	0.08	0.06	-30	$13	$13	$12	-6
Social services	0.07	0.06	0.04	-29	$11	$10	$9	-4
Housing	0.06	0.06	0.04	-26	$9	$9	$9	-1
Training	0.01	0.01	0.01	-30	$2	$2	$1	-6
TOTAL EXPENDITURES	2.50%	2.88%	2.35%	-18%	374	447	492	10%
By Health vs. Non-Health Outlays and by Outlays vs. Tax Expenditures								
Outlays from non-health, non-tax programs	1.08	1.24	0.89	-28	$161	$193	$187	-3
Outlays from tax provisions	0.37	0.48	0.26	-45	$56	$74	$55	-26
Subtotal, non-health outlays	1.45	1.72	1.16	-33	$216	$267	$242	-9
Health program outlays	0.41	0.52	0.61	16	$61	$82	$127	56
Subtotal, total outlays	1.85	2.24	1.76	-21	$277	$348	$369	6
Tax expenditures from tax provisions	0.65	0.63	0.59	-8	$97	$99	$123	24
TOTAL EXPENDITURES	2.50%	2.88%	2.35%	-18%	374	447	492	10%

Source: The Urban Institute, 2013. Authors' estimates based on the *Budget of the U.S. Government Fiscal Year 2014* and past years and CBO projections.

The spending path for entitlements and mandatory programs includes upward and downward slopes, as shown in figure 7. Mandatory spending increased substantially during the recession, as a growing number of needy families turned to Medicaid and SNAP for assistance, and as Congress provided temporary increases in these and other programs to both stimulate the economy and support needy families. Since the recession, spending has sloped downward. In the future, it is projected to rise for a couple of years, driven by the expansion of Medicaid and introduction of health insurance exchanges, before resuming a slight downward trend relative to the economy. In contrast to the other two types of spending, mandatory spending is projected to remain higher in 2023 than it was in 2007, before the recession.

Turning from broad budgetary classifications to more customary categories (such as education, nutrition, and health), figure 8 shows projected declines in expenditures relative to GDP in all categories except health. Education has the largest decline (37 percent), but child-related spending on nutrition programs, early education and care, social services, training, and housing also are declining by 25 percent or more over the next decade, when measured as a percentage of GDP (see table 3).

Figure 8 Categories of Expenditures on Children, 2012 and 2023



Source: The Urban Institute, 2013. Authors' projections based on the *Budget of the U.S. Government Fiscal Year 2014*, CBO projections, and Urban-Brookings Tax Policy Center Microsimulation Model.

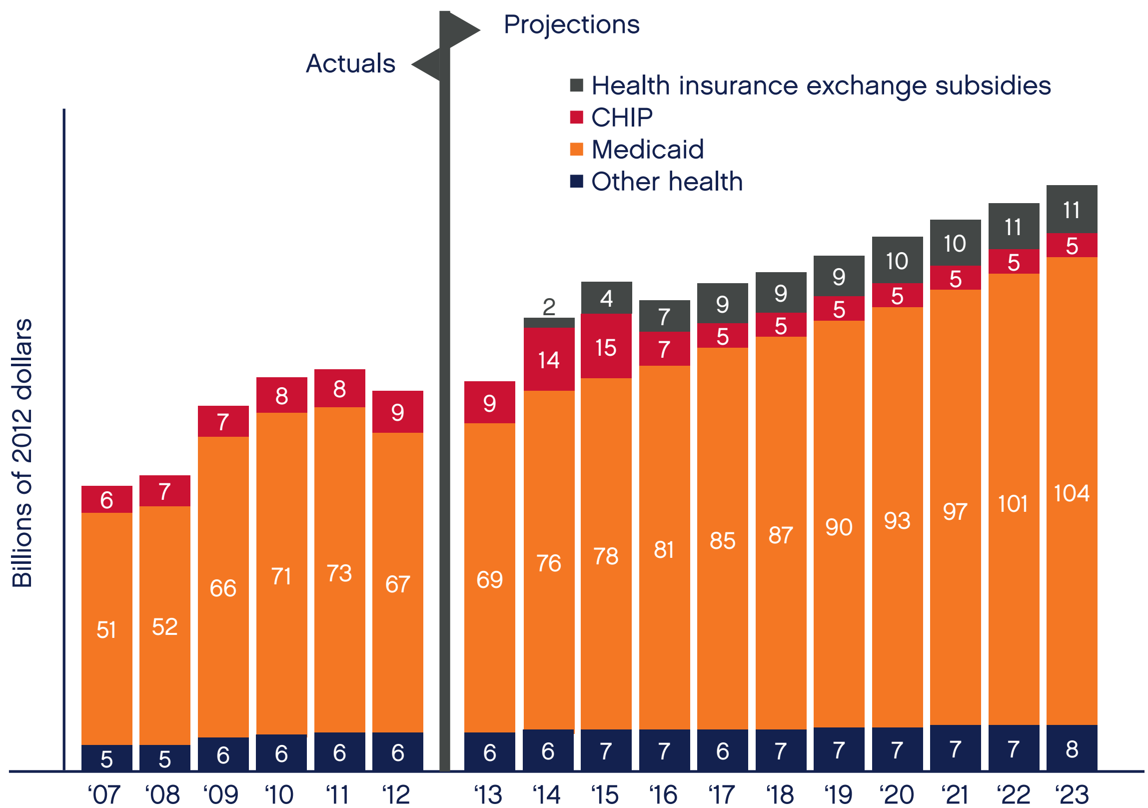
Note: See table 3 for underlying data points in selected years.

In real dollars, federal funding for K–12 education is projected to fall by 16 percent, from $48 billion in 2012 to $40 billion in 2023 (table 3). Education spending will fall because of the 2013 sequester and the additional constraints of the discretionary spending caps imposed by the Budget Control Act. (Even without these caps, discretionary programs would be projected to decline relative to the economy because the baseline assumption is that they are adjusted for inflation but not for growth in income or population). Early education and care, social services, training, and housing face similar constraints because they also are largely comprised of discretionary programs that must compete annually for appropriations. In addition, early education and care spending in 2012 includes some residual spending from the 2009 ARRA increases; such funds will be completely exhausted well before 2023.

In the case of nutrition, spending is projected to fall over the next decade as caseloads gradually decline in the wake of the recession, and because the temporary boost in SNAP benefits under ARRA ends in November 2013. Child-related spending on tax provisions and income security programs also is projected to decrease relative to GDP, though more moderately than in other areas. As noted earlier, child-related tax provisions are projected to decline with the scheduled expiration of certain EITC and CTC expansions and because the CTC is not indexed to inflation. As for income security, the decline is moderate because reductions in the value of the TANF block grant are partially offset by rising spending on survivors and dependents benefits under Social Security and on disabled children's benefits under Supplemental Security Income. In fact, income security spending on children is projected to increase in absolute dollars, though falling relative to GDP (see table 3).

Children's health is the one area where expenditures are projected to be higher in 2023 than in 2012, whether measured as a percent of GDP or in absolute dollars. As shown in figure 9, increased health spending on children is driven by Medicaid spending on children, which is projected to increase as health care costs rise and as more families with children participate in the program following implementation of the Affordable Care Act. Some children also will benefit from premium subsidies under the new health insurance exchanges. At the same time, other children will lose coverage, as the authorization for the Children's Health Insurance Program ends after September 2015. CHIP outlays are projected to fall from $15 to $7 billion in 2016, a decline large enough to cause a decline in total child-health spending that year.[9] From 2017 to 2023, however, child-health spending is projected to rise as continued high growth in economy-wide health care costs leads to increasing expenditures through Medicaid.

Figure 9 Actual and Projected Spending on Children's Health by Program, 2007–23



Source: The Urban Institute, 2013. Authors' projections based on the *Budget of the U.S. Government Fiscal Year 2014* and CBO projections.

Note: See table 3 for total children's health spending in selected years.

Conclusion

The federal government faces many competing priorities in the allocation of federal resources. In the heat of budget battles, children, the poorest age group, are often overlooked. Yet the federal government, in partnership with state and local governments, provides critical investments in the health, education, nutrition, safety, and overall development of children—the workers and parents of the future.

This issue brief, the seventh in a series, finds that federal spending on children fell by $28 billion or 7 percent between 2011 and 2012, the largest single-year drop in outlays since the early 1980s. While most of this decline is explained by the phasing out of the temporary increase in federal funds under the American Recovery and Reinvestment Act of 2009, broader budgetary forces result in downward trends over the next 10 years. Forecasts through 2023 show federal outlays on children falling as a share of the federal budget, from 10 percent to 8 percent of total outlays, and as a share of the economy, from 2.2 percent to 1.8 percent of GDP, which is below the pre-recession level of investment. If current policies continue, children are scheduled to become an ever-declining priority relative to other uses of national income.

Excluding health spending, federal expenditures on children will decline even in absolute dollars. Education funding has fallen the most steeply in recent years and is slated to fall further.

Federal spending remains significantly higher than revenues throughout the projection period, and federal policymakers in the White House and Capitol Hill are likely to continue discussing broad budgetary plans, amendments to the existing constraints of the Budget Control Act, and comprehensive tax reform in the months to come. As the discussions unfold, future *Kids' Share* reports will keep an eye on how broad reform packages affect resources for children and investments in the next generation of leaders, workers, voters, and parents.

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Appendix: Methods

This report relies on a comprehensive database of expenditures for children developed by researchers at the Urban Institute. The database includes outlays (spending) from federal programs that benefit children and tax expenditures (tax reductions) from child-related tax provisions. Our estimations rely on data from numerous sources and depend on certain assumptions. Expenditure data are collected for each program, relying primarily on outlay estimates from the *Appendix to the Budget of the U.S. Government, Fiscal Year 2014* (and past years). Many analyses also include information on tax expenditures, gathered from the *Analytical Perspectives* volume of the budget.

In defining expenditures on children, the *Kids' Share* analyses generally focuses on childhood defined as extending from birth until a child's 19th birthday. Further, for a program to be included, it must meet at least one of the following criteria: benefits or services are entirely for children or include a portion that provides benefits directly for children, family benefit levels increase when children are included in the application for the benefit, or children are necessary for a family to qualify for any benefits. Not all programs that provide benefits to families are included under our definition of spending on children. Excluded, for example, are unemployment compensation, tax benefits for homeownership, and other benefits where the amount of the benefit the adult receives is not conditional on the presence or number of children. Further, this analysis does not include programs that provide benefits to the population at large, such as various public goods in the form of roads, communications, national parks, and environmental protection.

In reporting federal expenditures on children, our most comprehensive measure includes *tax expenditures* (e.g., reduced tax liabilities as a result of the Child Tax Credit, the dependent exemption, or other provisions in the tax code) as well as direct *program outlays*. Some tax provisions are included in our estimates as outlays: the portions of the Earned Income Tax Credit and Child Tax Credit that are paid out to families as a tax refund (and are treated by the Treasury Department as outlays rather than reductions in tax liabilities), as well as the outlay portions of other, smaller tax provisions (e.g., outlays associated with Qualified Zone Academy Bonds). Tax expenditures include, among others, the non-refundable portions of the EITC and CTC, the dependent exemption, and the exclusion for employer-sponsored health insurance, newly added to our estimates this year.

We calculate the share of program resources dedicated to children in one of the following ways:

(1) for programs that serve children only, we assume 100 percent of program expenditures (benefits and associated administrative costs) go to children;

(2) for programs that provide direct services to children and adults (e.g., Medicaid), we calculate the share of program expenditures that go to children as a percentage of the total;

(3) for programs that provide benefits only to families with children, and if the benefit size is

determined by the number of children (but not the number of adults), we assume 100 percent of program expenditures go to children (e.g., Child Tax Credit, dependent exemption); and

(4) for other programs where benefits are provided to families 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 and assuming equal benefits per capita within the family (e.g., TANF, SNAP, housing).

For programs that serve both children and adults, we put significant effort into estimating the portions that go just to children. For these calculations, the most frequently used data sources are unpublished tabulations of survey and administrative data generated by the authors or other researchers at the Urban Institute (including tabulations generated by the Urban Institute's Transfer Income Model version 3, TRIM3) and reports from the agencies that administer the programs. In some cases, we scour government web sites or contact federal agency staff directly to obtain program participation information. As noted below, we did not update the share of spending for all programs this year.

To assess trends of spending on children in the future, we turn primarily to the Congressional Budget Office's projections (specifically, projections in the *Budget and Economic Outlook, Fiscal Years 2013–2023,* updated in March 2013). For projecting expenditures under tax provisions, we turn to the Urban-Brookings Tax Policy Center Microsimulation Model for major tax provisions and the Office of Management and Budget's projections in *Analytical Perspectives* for smaller tax provisions. Our baseline projections assume current law as of January 2013, including full implementation of the spending caps and automatic spending reductions established by the Budget Control Act of 2011 and of the tax provisions in the American Taxpayer Relief Act of 2012. Because our future projections are rough, we generally do not provide program-specific projections for children but limit ourselves to broad statements about children's spending in budget function categories (health, education) or spending on children as a whole.

Changes in Methods in This Year's Issue Brief

In this condensed *Kids' Share* update, we did not fully update our estimates of the share of spending that goes to children, but instead relied for the most part on estimating methods and, in particular, the shares of a particular outlay or tax expenditure, produced for last year's report. All outlays were updated, however, as were the estimates of the children's share for three of the six largest programs: Medicaid, SNAP, and Social Security. (Two of the other largest programs—the CTC and the dependent exemption—needed no update on the share allocated because 100 percent of their expenditures are assumed to benefit children.)

We added one significant methodological improvement this year. Two years ago, the *Kids' Share 2011* report provided a preliminary estimate of the children's share of the tax exclusion for employer-sponsored health insurance, and this estimate was updated in *Kids' Share 2012*. These estimates, developed by combining estimates from the Urban Institute's Health Insurance Policy Simulation Model and the National Bureau of Economic Research's TAXSIM model, were based on the marginal costs of providing health insurance to dependents, calculated as the difference between a family plan and individual coverage, and distinguishing between coverage for spouses and coverage for children. (We use marginal costs rather than dividing the cost of the family plan equally among all members in a family, because dependent coverage is always in addition to primary coverage of the worker). Those preliminary estimates were not included in the published totals in the 2011 and 2012 reports, but instead were provided as additional information in a text box. This year, the children's share of the tax exclusion for ESI, which we estimate as 12 percent of the full ESI tax expenditure, or $19 billion in 2012, has been fully incorporated in the *Kids' Share* estimates and projections. As a result, total tax expenditures on children for the years covered by this brief (2007–2023) are significantly higher than the tax expenditures reported in last year's report.

Further methodological details are provided in last year's *Kids' Share* report and in its companion publication, *Data Appendix to Kids' Share 2012*.[10]

Notes

1. The earlier reports include Isaacs et al. (2012); Isaacs et al. (2011); Isaacs et al. (2010); Isaacs et al. (2009); Carasso et al. (2008); Carasso, Steuerle, and Reynolds (2007); and Clark et al. (2000).

2. Additional reports that build on the *Kids' Share* database include analyses of spending on children by age of child (Edelstein et al. 2012; Macomber et al. 2010; Kent et al. 2010; Vericker et al. 2010; Macomber et al. 2009) and by family income (Vericker et al. 2012). In addition, a recent First Focus publication, *Children's Budget 2013* (Solomon 2013) focuses on children's programs (excluding tax provisions) and provides program-by-program information on appropriation levels for 2008 through 2013, as well as the president's proposed funding levels for 2014.

3. Note that our estimates of expenditures on children include the dependent exemption even though, technically, the formal tax expenditure budgets published by OMB and separately by the Joint Committee on Taxation do not count the dependent exemption. However, this report attempts to track adjustments to families' resources which are based on the presence of children in the household and so includes the dependent exemption. Also, as explained in the methodological appendix, estimated tax expenditures on children are higher than estimates published in last year's report because of methodological refinements related to the children's share of the tax exclusion for employer-sponsored health insurance.

4. To calculate the children's share of the tax expenditure budget, we first have to determine a total tax expenditure budget. To do this, we sum OMB's estimates of tax provisions for individuals and corporations, although such provisions are not strictly additive because of interaction effects. Tax expenditures identified by OMB totaled approximately $1.07 trillion in 2011. To this we add $35 billion ($0.35 trillion) for the dependent exemption, as explained in the footnote above.

5. See *Kids Share 2012* by Isaacs et al. (2012).

6. The supplemental poverty measure released by the Census Bureau suggests a lower rate of child poverty in 2011 (18.1 percent) than the official poverty rate (22.3 percent), in part because the new measure takes into account the positive impact of refundable tax credits and SNAP benefits on resources available to families with children (Short, 2012). While this new measure is not available historically, other alternative measures produced by the Census Bureau suggest that child poverty did not rise as dramatically during the recession if one takes into account the expansion in non-cash benefits and refundable tax credits provided in recent years. For example, between 2002 and 2011, child poverty rose only 0.9 percentage points, from 14.1 to 15.0 under the alternative measure known as "MSI-GA"(see "Tables of NAS-Based Poverty Estimates: 2002" and "Tables of NAS-Based Poverty Estimates: 2011", accessed at http://www.census.gov/hhes/povmeas/data/nas/tables/2011/index.html on 8/14/2013). For predictions of child poverty in 2012, see Isaacs and Healy (2012).

7. For further discussion of trends in federal, state and local spending over the recession, see *Kids Share 2012* by Isaacs et al. (2012), particularly figures 6 and 7.

8. The differing trends for health and non-health outlays are shown in the final rows of table 3.

9. In its baseline projections, CBO notes that consistent with statutory guidelines, its baseline projections for CHIP assume that the program is funded at $5.7 billion annually after the authorization expires. See CBO (2013b) and, in particular, additional data provided in the table "Children's Health Insurance Program Spending and Enrollment Detail for CBO's May 2013 Baseline," accessed at http://www.cbo.gov/publication/44189 on July 25, 2013.

10. The *Data Appendix to Kids' Share 2012* is available at http://www.urban.org/publications/412599.html. The data appendix was not updated in 2013.

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