This News Brief alerts you to the most comprehensive report ever produced on trends in federal spending on children in relation to other domestic spending between the years of 1960 and 1997. During this time period, federal expenditures “not specifically aimed at low-income children” rose by 23%, while expenditures dedicated to programs aimed at low-income children rose by 58%. This report is issued as part of the New Federalism series, produced by the Urban Institute, and is available on-line at: http://newfederalism.urban.org/html/op45/occa45.html

Overall, federal expenditures shifted from tax credits for all children (i.e., the dependent tax exemption) to goods and in-kind services for low income children through various social services (e.g., food stamps, subsidized housing, AFDC/TANF and Medicaid). Shifts in spending for education followed suit; expenditures for education, in general, dropped from third to fifth rank in spending, while spending for children with economic, physical, and mental disadvantages increased.

Three programs account for half of the increase on spending for children during this time frame: the Earned Income Tax Credit (22%), Medicaid (18%), and Food Stamps (10.5%). The AFDC and TANF programs account for only 4% of the increase on federal spending for children.

The authors note that “In the near future, federal spending on children will increase as a result of the 1997 child tax credit and the 1998 State Children’s Health Insurance Program. Over the longer term, however, spending on children will be under pressure as other programs with more rapid built-in growth absorb increasing shares of government revenues.”

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