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PRELIMINARY

FINDINGS

# The Budget Squeeze on Investments in Children

*Third Annual Conference*

*Building the Economic Case for Investments in Children*

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The views expressed are those of the authors and not necessarily those of the  
Partnership or The Pew Charitable Trusts

# Summary

## The Past

Investment in Children Never a Federal Priority

## The Present

Ever larger growth in programs for consumption

Flatter revenues

Reduced work and saving

Minimum potential reprieve from declining defense

## The Future

A budget for a declining nation?

Reduced investment

Reduced investment in our children

# Investment

Definition: *Use of resources to increase future output or income*

This study will examine the federal budget's

Overall investment

Investment in children

# Investments

## **A: Education & Research (and Physical Capital)**

- Builds human and physical capital

## **B: Employment Supports**

- Support work effort (EITC, child care)

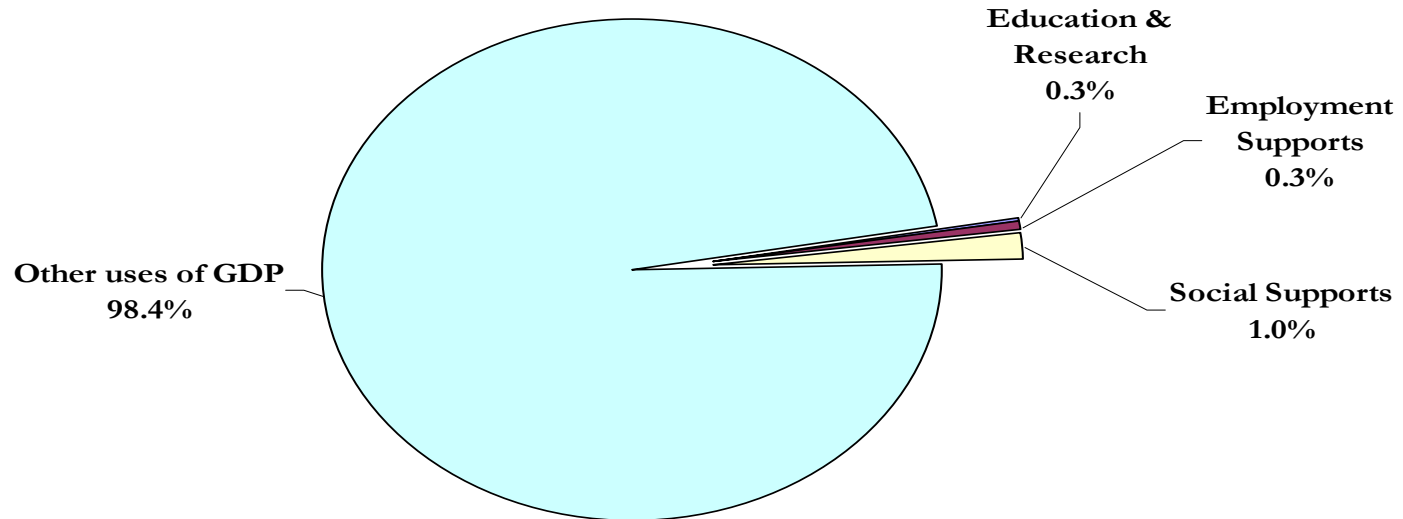
## **C: Social Supports**

- Mainly consumption-oriented but may bolster family members' ability to work (non-elderly Medicaid, Food Stamps)

## **D: Defense Investment**

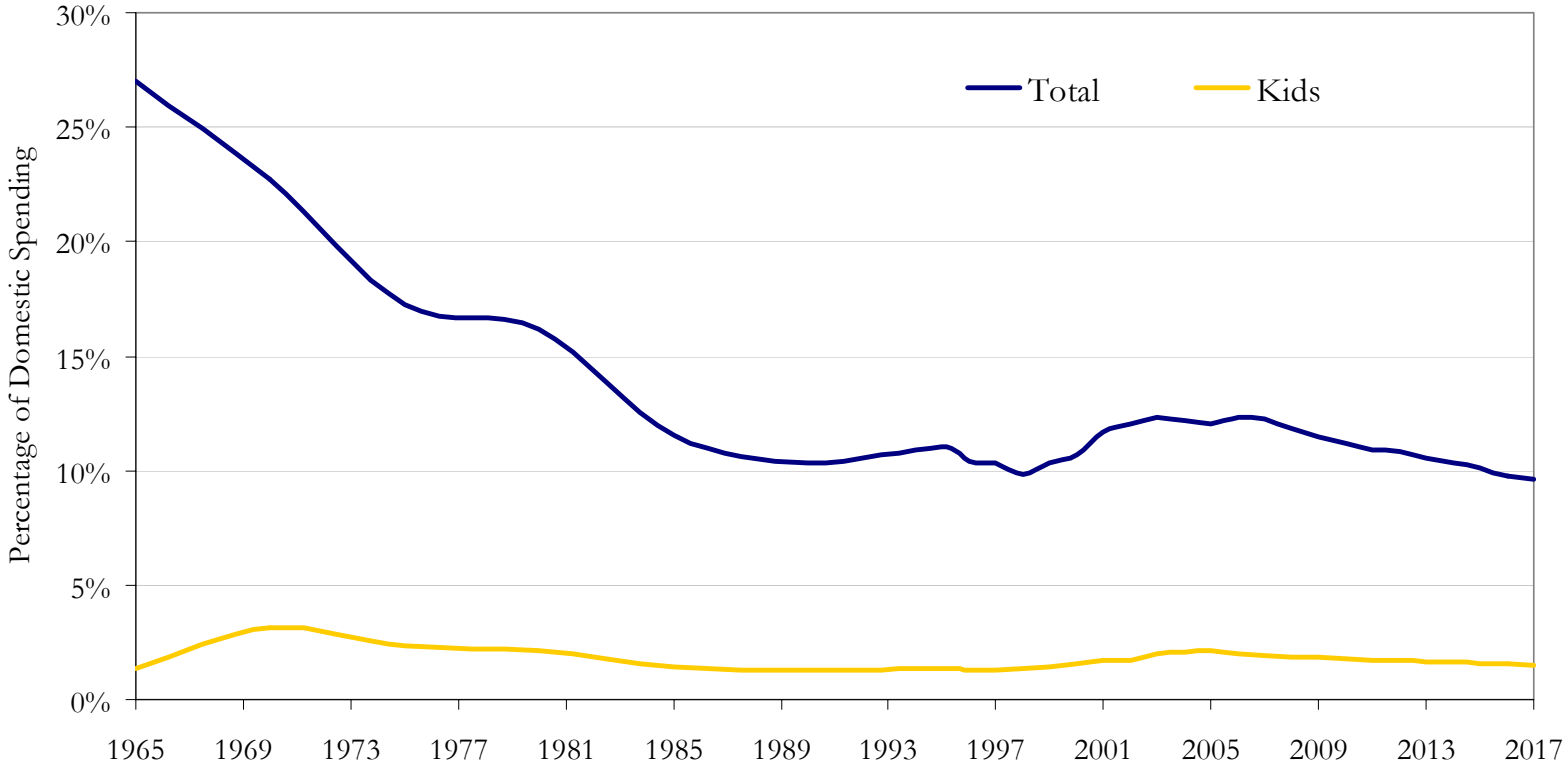
- Physical and capital investment in security

# Federal Kids' Investment 2006 (% GDP)



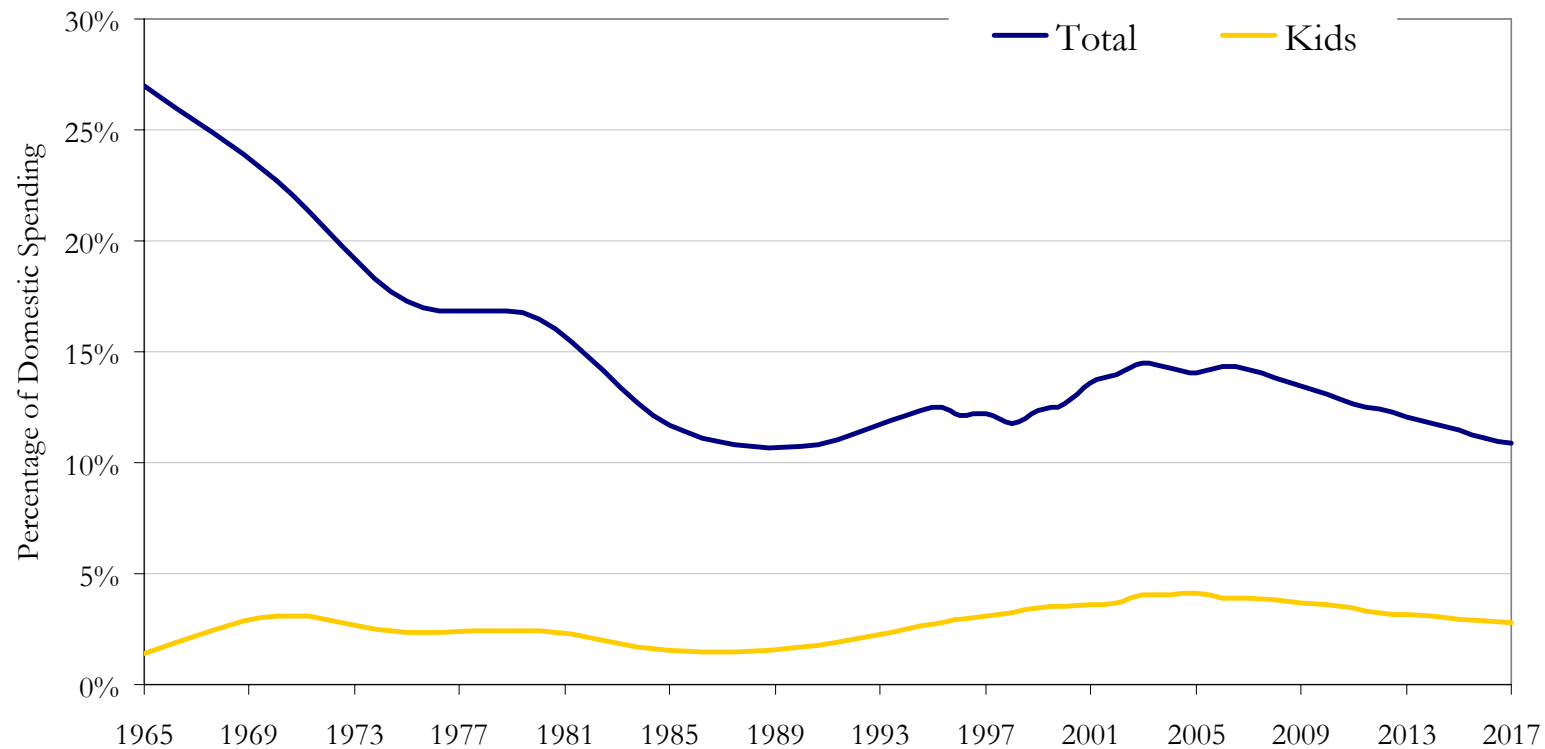
Source: The Urban Institute, 2007. Authors' estimates based on the Budget of the U.S., FY 2008.

# Federal Investment in Education & Research (and Physical Capital) (% Domestic Spending)



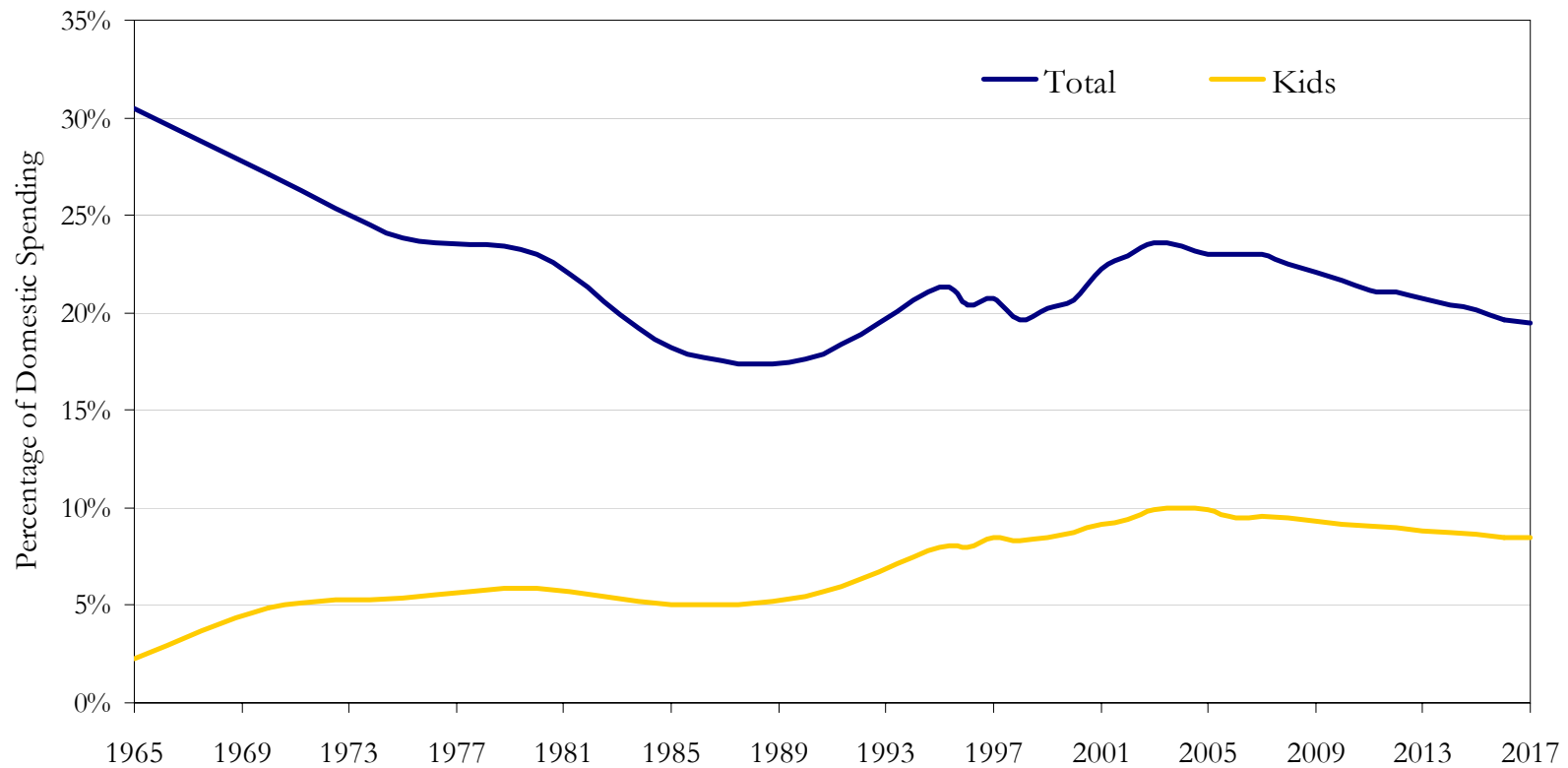
Source: C. Eugene Steuerle, Adam Carasso, & Gillian Reynolds, The Urban Institute, 2007. Based on data from Federal Budget: Analytical Perspectives various years; Appendix, various years; Health Care Financing Review 2005; CBO: Budget and Economic Outlook: FY 2008-2017.

## Federal Investment in Education & Research (and Physical Capital) and Work Supports (% Domestic Spending)



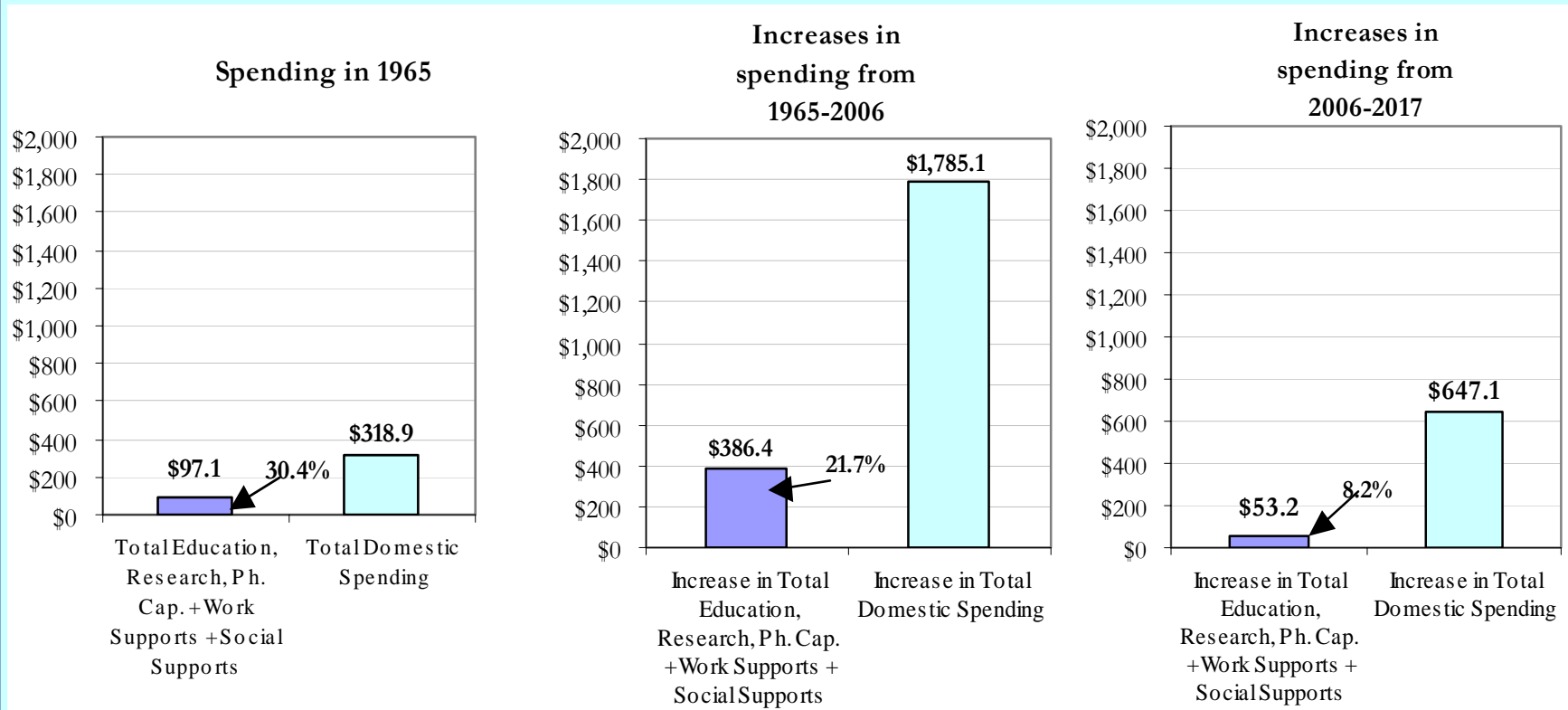
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# Federal Investment Education & Research (and Physical Capital) , Work Supports, & Social Supports (% Domestic Spending)



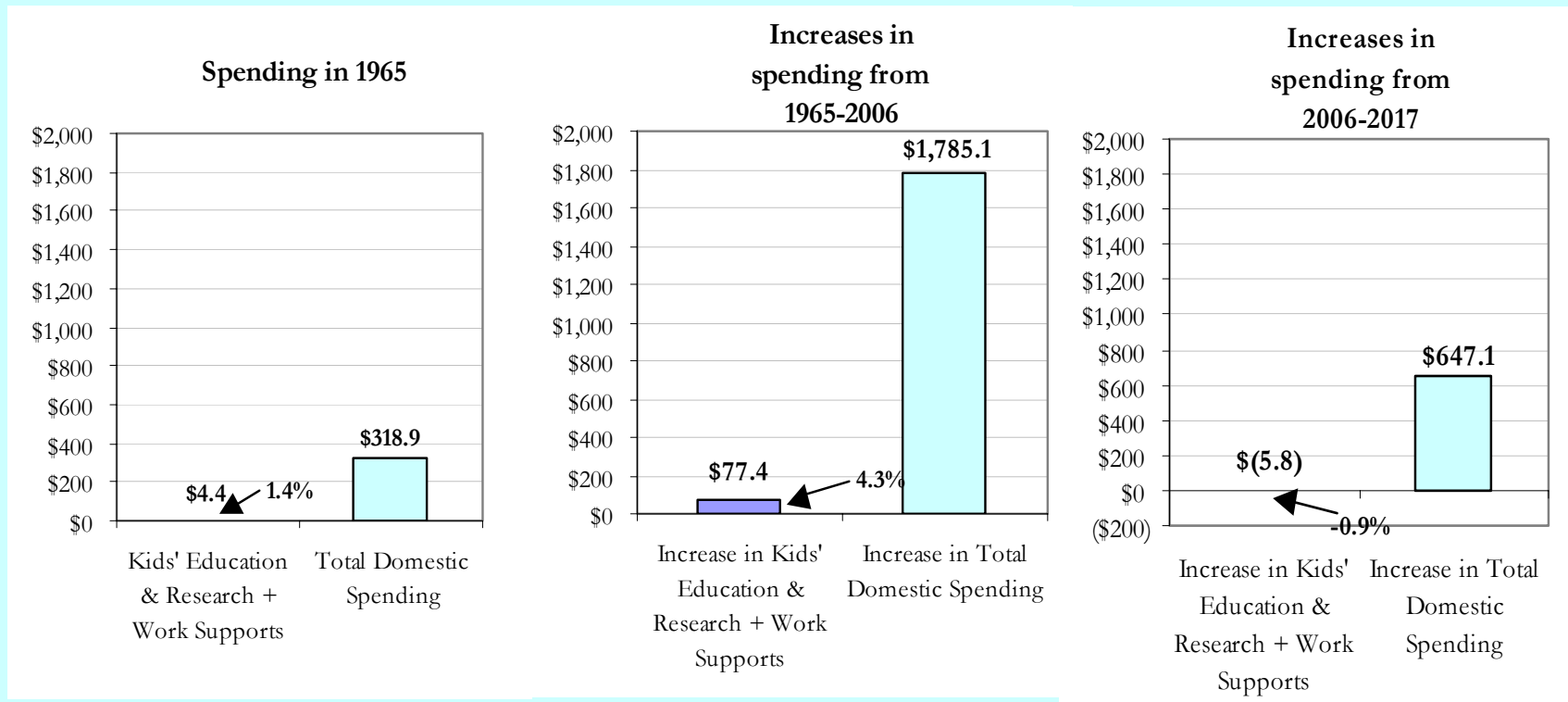
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# Increments of Federal Investment Education, Research, & Physical Capital, Work Supports, & Social Supports Vs. Total Domestic Spending (Billions of 2006 Dollars)



Source: The Urban Institute, 2007. Authors' estimates and projections, based on the Budget of the U.S. Government FY 2008 and CBO's Budget and Economic Outlook, 2008-17.

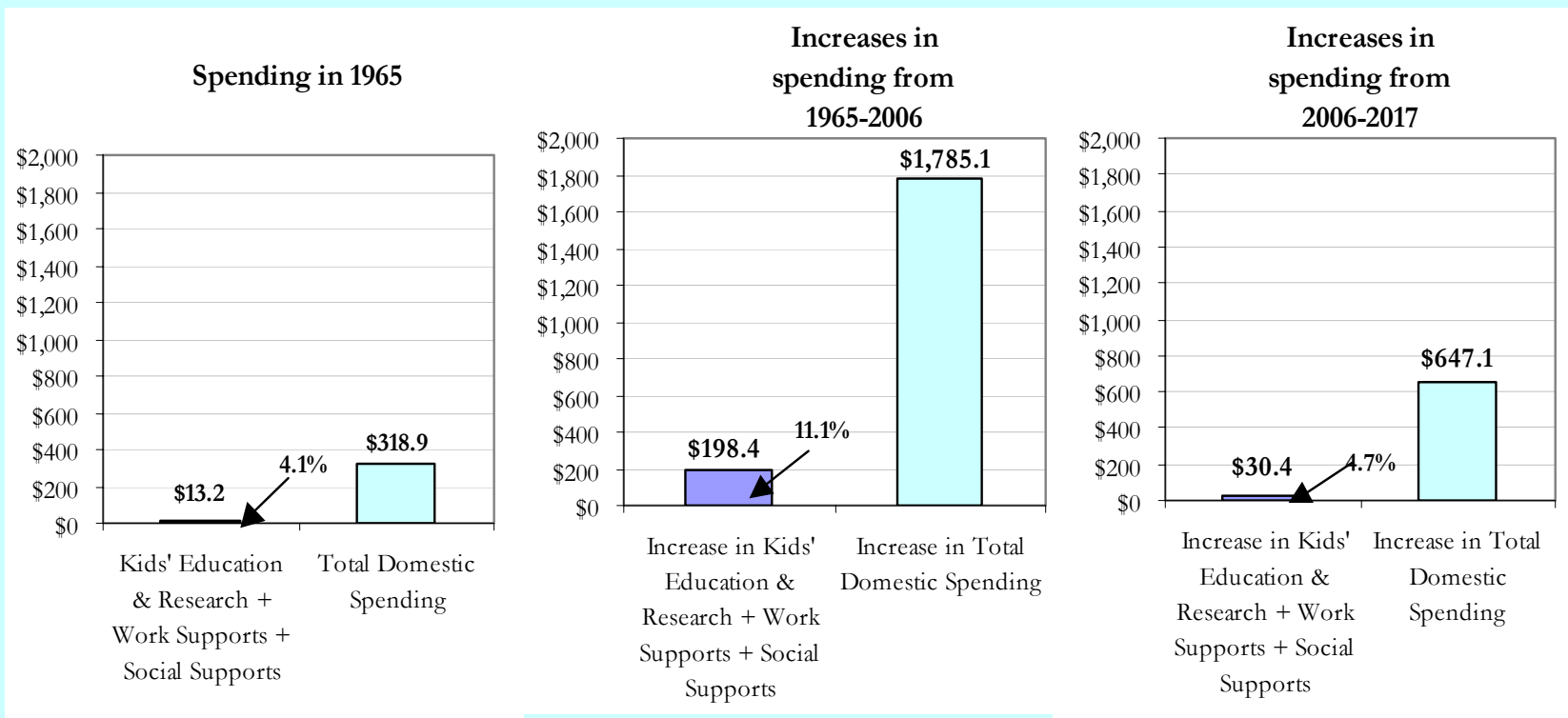
## *Increments of Federal Kids' Investment in Education & Research and Work Supports Vs. Total Domestic Spending* (Billions of 2006 Dollars)



Source: The Urban Institute, 2007. Authors' estimates and projections, based on the Budget of the U.S. Government FY 2008 and CBO's Budget and Economic Outlook, 2008-17.

# *Increments of Federal Kids' Investment in Education & Research, Work Supports, and Social Supports Vs. Total Domestic Spending*

(Billions of 2006 Dollars)



Source: The Urban Institute, 2007. Authors' estimates and projections, based on the Budget of the U.S. Government FY 2008 and CBO's Budget and Economic Outlook, 2008-17.

# Conclusion

- This is not an investment budget
- This is not a budget that invests in kids
- There have been modest recent improvements in Employment and Social supports
- Investment (except, perhaps, for kids' health) is scheduled for very significant decline

## Concluding Query

The nation's budget reflects its priorities and hopes.  
Does this one express ours well?