

OVERVIEW: BABIES IN THE BUDGET 2025

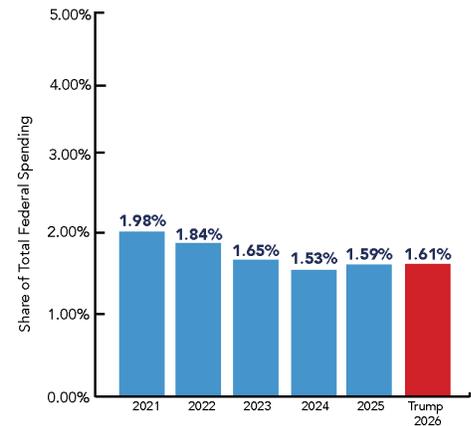
The United States has long failed to invest in its children, devoting a meager percentage of all federal spending to their health and well-being. This chronic underfunding hits the nation's youngest children hardest: In Fiscal Year (FY) 2025, only 1.59% of all federal spending went toward supporting children under 3. Put simply, this means that for every \$100 the federal government spends, it invests just \$1.59 in infants, babies and toddlers.

This investment will shrink further as historic cuts to Medicaid and the Supplemental Nutrition Assistance Program (SNAP) enacted by the recent reconciliation bill take effect. Together, Medicaid and SNAP account for nearly half of all federal spending on infants, babies, and toddlers.

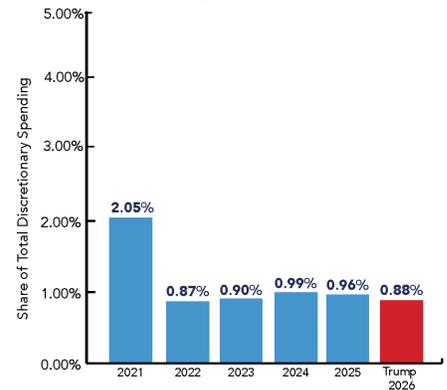
Highlights from *Babies in the Budget 2025*:

- From FY 2021 to FY 2025, the share of federal spending on babies fell nearly 20% — from 1.98% of the federal budget to just 1.59%. The expiration of child-centered programs — including the improved and fully refundable Child Tax Credit, the expanded Child Care and Development Block Grant, and the Child Care Stabilization Fund — drove the decline.
- Automatic increases in mandatory programs, especially Medicaid, paint a misleading picture: For instance, the share of federal spending on babies increased slightly in FY 2025, from 1.53% to 1.59%, but there was no proactive, positive change to policy and no new investment.
- The share of discretionary spending allocated to babies fell slightly in FY 2025 from 0.99% to 0.96%.
- The President's FY 2026 budget proposal cuts discretionary spending on babies by an additional 17.01% adjusted for inflation, reducing their share of discretionary spending to just 0.88%. While babies' overall share would rise slightly because of increases to mandatory spending like the ones noted above, the President's cuts to discretionary

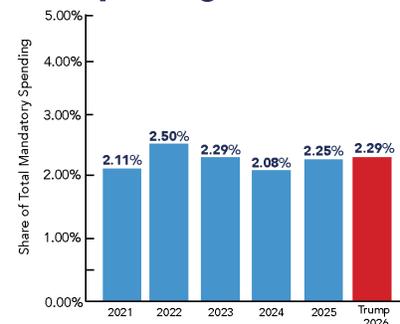
Share of Total Federal Spending, Children 0-3



Share of Total Discretionary Spending, Children 0-3



Share of Total Mandatory Spending, Children 0-3



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spending hold outside importance: discretionary spending funds more than 75% of all programs that serve babies. Key programs affected by these cuts would include Tenant-Based Rental Assistance, Healthy Start, and Office of Lead Hazard Control and Healthy Homes.

- The reconciliation package passed by Congress (H.R.1) cuts more than \$60 billion from babies' Medicaid health care services over the next decade and more than \$13 billion in babies' nutrition assistance through SNAP. The cuts to Medicaid and SNAP disproportionately impact babies because these programs account for more than 47% of all the federal support they receive. For the nation as a whole, Medicaid and SNAP make up just 11.4% of total federal spending.

Share of Spending that Comes from Medicaid and SNAP, FY 2025

