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OBBBA is a Burden on Kids



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Republicans are currently on a victory tour touting the benefits of their One Big Beautiful Bill Act, even going as far as bragging about its family-oriented provisions. There's a notable problem, however: **American children will ultimately be worse off because of the bill.**

We analyzed the Republican bill from a holistic perspective. Any benefits of the bill that are aimed at kids are soon erased by the increasing debt-servicing costs because the bill is not paid for, as well as the cuts to nutrition programs and Medicaid that wind up directly impacting kids.

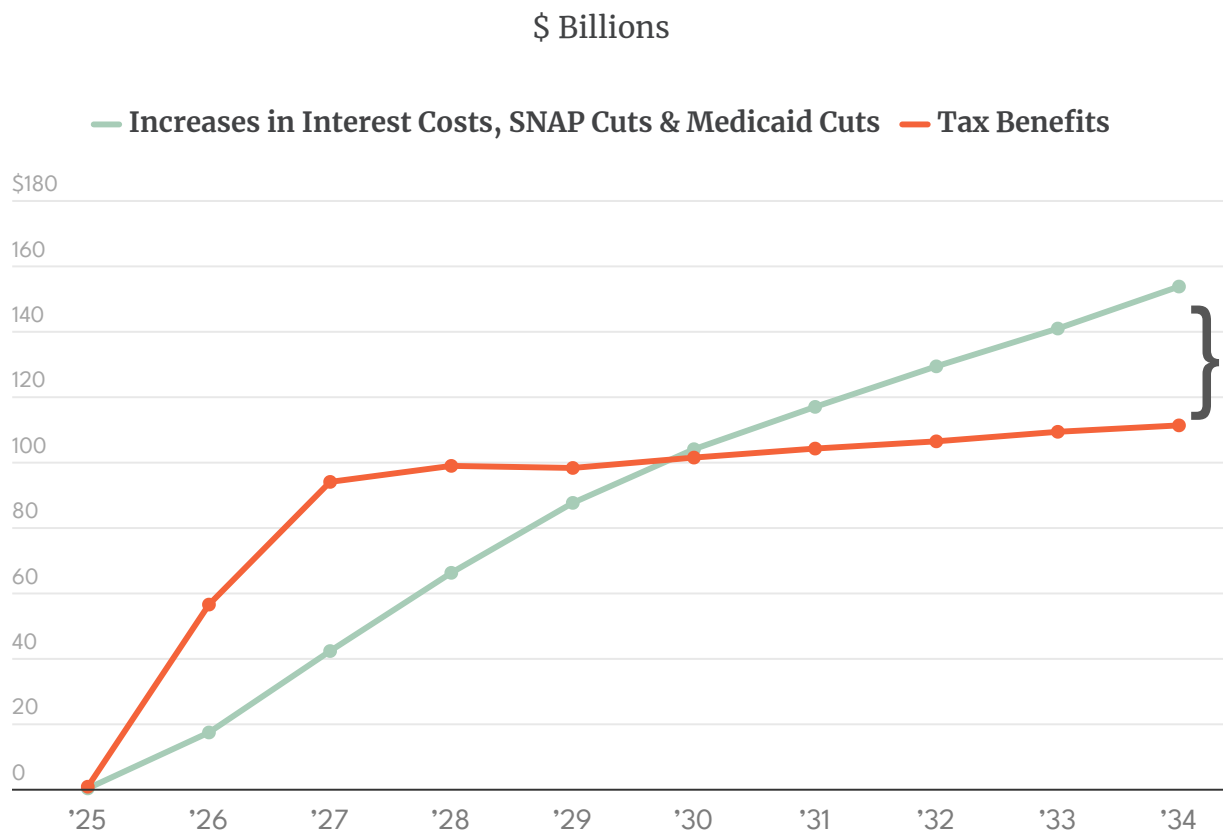
The Facts

We examined the bill on a provision-by-provision basis, categorizing the various pieces into three buckets:

1. Policies designed for the benefit of the youngest generation (e.g. Child Tax Credit extension and expansion).
2. Spending-side changes that reduce benefits to children (e.g. cuts to Medicaid and the Supplemental Nutrition Assistance Program).
3. Increases in interest on the national debt attributed to the bill.

The data shows: **Within a decade, OBBBA is a \$42 billion burden on kids and their future. The costs of the legislation to children outweigh the benefits within five years—and keep growing substantially after that.**

Costs to Children in “The One Big Beautiful Bill” Begin to Outweigh Benefits Mid-Decade



Source: Third Way Calculations Based on CBO, CBPP, and CAP data.

The Analysis

Over the next four years, there are more annual benefits from the Child Tax Credit extension, Trump Accounts that provide funding to newborns, and more in OBBBA than costs. But, by 2030, the negative impact on children becomes greater than any benefits. By 2034, \$42 billion is taken away on net.

To be sure, our estimates are conservative. Specifically:

- We assume the full revenue effects of the child-oriented tax provisions go to children (i.e., tax refunds from the child tax credit are spent in ways that actually benefit kids). ¹
- We estimate only 10% of the Medicaid cuts fall on children. While CBO estimates 10 million people will lose coverage, outside researchers estimate around one million children (10% of CBO's 10 million) will lose coverage. ² However, this accounting likely understates the long-term costs to children from lack of health care access. ³ In addition, the impact on rural hospitals will create damaging spillover effects to pediatricians and other children in rural areas. ⁴
- We assume SNAP cuts for children follow the estimates done by the Center on Budget and Policy Priorities for the share of kids losing benefits by each different SNAP provision. ⁵ As a result, our estimated cuts to children make up only between 16% and 39% of each of the eight SNAP provisions in OBBBA. ⁶ However, another reasonable method could have been using a rule of thumb from the Urban Institute's Kids' Share report which says 53% of overall SNAP spending goes to children, which would have had a much larger impact. ⁷

The most significant cost to children over the decade is the \$718 billion in additional debt servicing costs—the interest taxpayers have to pay due to the \$3.394 trillion increase in the deficit from 2025 to 2034. ⁸

Impact of OBBBA on Kids

Provision	Budget Impact from 2025-2034 (in year 2034)
Child Tax Credit Extension and Expansion	\$816.8 billion (\$103.5 billion in 2034)
Trump Accounts	\$15.6 billion (\$310 million in 2034)
Other Tax Benefits	\$49.7 billion (\$7.6 billion in 2034)
<i>Subtotal</i>	<i>\$882.2 billion (\$111.4 billion in 2034)</i>
Medicaid Cuts Attributed to Children	-\$88.3 billion (-\$17.0 billion in 2034)
SNAP Cuts Attributed to Children	-\$53.2 billion (-\$7.7 billion in 2034)
Increase in Interest Costs on the Debt	-\$718.2 billion (-\$129.2 billion in 2034)
Grand Total	+\$22.5 billion (-\$42.5 billion in 2034)

Source: Third Way Calculations Based on CBO, CBPP, and CAP data.



Don't let anyone fool you. The Republican budget bill is not remotely pro-family on net. In fact, it will leave future generations dangerously worse off.

ENDNOTES

1. The full list of tax provisions counted for children include: Extension and Enhancement of Increased Child Tax Credit (Sec. 70104); Extension and Enhancement of Increased Limitation on Contributions to ABLE Accounts (Sec. 70115); Extension and Enhancement of Savers Credit Allowed for ABLE Contributions (Sec. 70116); Extension of Rollovers from Qualified Tuition Programs to ABLE Accounts Permitted (Sec. 70117); Trump Accounts and Contribution Pilot Program (Sec. 70204); Extension and Enhancement of Paid Family and Medical Leave Credit (Sec. 70304); Enhancement of Employer-Provided Child Care Credit (Sec. 70401); Enhancement of Adoption Credit (Sec. 70402); Recognizing Indian Tribal Governments for Purposes of Determining Whether a Child Has Special Needs (Sec. 70403); Enhancement of the Dependent Care Assistance Program (Sec. 70404); Enhancement of Child and Dependent Care Tax Credit (Sec. 70405); and Tax Credit for Contributions of Individuals to Scholarship Granting Organizations (Sec. 70411).

Congressional Budget Office. “Estimated Budgetary Effects of Public Law 119-21, to Provide for Reconciliation Pursuant to Title II of H. Con. Res. 14, Relative to CBO’s January 2025 Baseline, As enacted on July 4, 2025.” Congressional Budget Office, 21 July 2025, <https://www.cbo.gov/publication/61570>. Accessed 13 August 2025.

2. Major Medicaid provisions in OBBBA that are predicted to result in children losing health care coverage include Provider Taxes; Moratorium on Implementation of Rule Relating to Eligibility and Enrollment for Medicaid, CHIP, and the Basic Health Program; Requirement for States to Establish Medicaid Community Engagement Requirements for Certain Individuals; and interactions between Medicaid provisions. Combining a CBO letter to congressional Democrats on coverage effects of individual Medicaid provisions in OBBBA with a Center for American Progress analysis of potential effects of Medicaid work requirements on households with children, we estimate that around 1 million children would lose coverage.

Congressional Budget Office. “Estimated Budgetary Effects of Public Law 119-21, to Provide for Reconciliation Pursuant to Title II of H. Con. Res. 14, Relative to CBO’s January 2025 Baseline, As enacted on July 4, 2025.” Congressional Budget Office, 21 July 2025, <https://www.cbo.gov/publication/61570>. Accessed 13 August 2025. And; Congressional Budget Office. “Letter to Honorable Ron Wyden, Honorable Frank Pallone, Jr., and Honorable Richard E. Neal Re: Estimated Effects on the Number of Uninsured People in 2034 Resulting From Policies Incorporated Within CBO’s Baseline Projections and H.R. 1, the One Big Beautiful Bill Act.” Congressional Budget Office, 4 June 2025, https://www.cbo.gov/system/files/2025-06/Wyden-Pallone-Neal_Letter_6-4-25.pdf%5C. Accessed 13 August 2025. And; Andara, Kennedy, and Roberts, Lily. “Congressional Republicans Are Planning One of the Largest-Ever Cuts to Basic Supports for Children.” Center for American Progress, 10 May 2025, <https://www.americanprogress.org/article/congressional-republicans-are-planning-one-of-the-largest-ever-cuts-to-basic-supports-for-children/>. Accessed 13 August 2025.

In addition, there are roughly \$26 billion in revenue reductions resulting from the Medicaid policies. We do not think that this is likely to be captured by Medicaid beneficiaries. But even if it were, 10% would go to children by our assumptions, and the total effect would be about \$2.6 billion over the 10-year window.

3. Wright Burak, Elisabeth, and Johnson, Kay. "Worth Repeating: Pregnant Women, Infants, Young Children are NOT Protected in Proposed Medicaid Cuts." Georgetown University School of Public Policy Center for Children and Families, 1 July 2025, <https://ccf.georgetown.edu/2025/07/01/worth-repeating-pregnant-women-infants-young-children-are-not-protected-in-proposed-medicaid-cuts/>. Accessed 13 August 2025.
4. Reddy, Anireddy. "Medicaid cuts will hurt all American children—not just those publicly insured." Stat News, 2 July 2025, <https://www.statnews.com/2025/07/02/medicaid-cuts-trump-american-children-pediatric-hospital-systems-struggling/>. Accessed 13 August 2025.
5. Center for Budget and Policy Priorities. "By the Numbers: Senate Republican Leadership's Reconciliation Bill Takes Food Assistance Away From Millions of People." Center for Budget and Policy Priorities, 30 June 2025, <https://www.cbpp.org/research/food-assistance/by-the-numbers-senate-republican-leaderships-reconciliation-bill-takes>. Accessed 13 August 2025. And; Center for Budget and Policy Priorities. "Research Note: Senate Republican Leaders' Proposal Risks Deep Cuts to Food Assistance, Some States Ending SNAP Entirely." Center for Budget and Policy Priorities, 30 June 2025, <https://www.cbpp.org/research/food-assistance/senate-republican-leaders-proposal-risks-deep-cuts-to-food-assistance-some>. Accessed 13 August 2025. And; Center for Budget and Policy Priorities. "Senate Agriculture Committee's Revised Work Requirement Would Risk Taking Away Food Assistance From More Than 5 Million People: State Estimates." Center for Budget and Policy Priorities, 27 June 2025, <https://www.cbpp.org/research/food-assistance/senate-agriculture-committees-revised-work-requirement-would-risk-taking>. Accessed 13 August 2025. And; Congressional Budget Office. "Letter to Honorable Amy Klobuchar and Honorable Angie Craig Re: Potential Effects on the Supplemental Nutrition Assistance Program of Reconciliation Recommendations Pursuant to H. Con. Res. 14, as Ordered Reported by the House Committee on Agriculture on May 12, 2025." Congressional Budget Office, 22 May 2025, <https://www.cbo.gov/system/files/2025-05/Klobuchar-Craig-Letter-SNAP-5-22-25.pdf>. Accessed 13 August 2025.

- 6.** Congressional Budget Office. “Estimated Budgetary Effects of Public Law 119–21, to Provide for Reconciliation Pursuant to Title II of H. Con. Res. 14, Relative to CBO’s January 2025 Baseline, As enacted on July 4, 2025.” Congressional Budget Office, 21 July 2025, <https://www.cbo.gov/publication/61570>. Accessed 13 August 2025.
- 7.** If we used a different method from the Urban Institute’s Kids’ Share report of annual federal spending on children, then cuts to kids would grow from \$53 billion to \$104 billion. Because some of the SNAP-related provisions in OBBBA are intended to target working-age adults more than other groups, we decided that an across-the-board percentage based on yearly program spending was a less appropriate way of calculating the impact on kids.

For more information, see Phillips, Eden, Daly, Hannah, Nikolopoulos, Hahn, Heather, Casas, Michelle, Lou, Cary, and Steuerle, C. Eugene. “Data Appendix to Kids’ Share 2024: Report on Federal Expenditures on Children through 2023 and Future Projections.” Urban Institute, 30 September 2024, <https://www.urban.org/research/publication/kids-share-2024>. Accessed 13 August 2025.

- 8.** Congressional Budget Office. “Effects on Deficits and the Debt of Public Law 119–21 and of Making Certain Tax Policies in the Act Permanent.” Congressional Budget Office, 4 August 2025, <https://www.cbo.gov/publication/61466>. Accessed 13 August 2025.