

Focus on Function 500 – Education, Training, Employment, and Social Services

Function 500 (Education, Training, Employment, and Social Services) consists of programs that educate and train millions of Americans and covers most of the Departments of Education and Labor. This function is divided into six categories: elementary, secondary, and vocational education; higher education; research and general education aids; training and employment; other labor services; and social services.

Table 1: Function 500 Spending, 2019
(In billions of dollars)

Discretionary BA	99.8
Discretionary Outlays	100.7
Mandatory Outlays	<u>13.1</u>
Total Outlays	113.7

Note: Estimates assume 2018 emergency funding is one-time only.

The largest discretionary programs in Function 500 include special education, education for the disadvantaged, Pell Grants, worker training and employment services, and Head Start. Some of these programs also receive mandatory funding.

The major mandatory programs include financial assistance to students such as student loans and a portion of the Pell grant program, and grants to states for social services.

According to the Congressional Budget Office (CBO) spring 2018 baseline excluding emergencies, budget authority (BA) for discretionary programs in Function 500 for 2019 will account for 7 percent of total discretionary funding. Outlays for mandatory programs in Function 500 for 2019 will account for less than 1 percent of total non-interest mandatory spending excluding undistributed offsetting receipts.

DISCRETIONARY

Pell Grant (discretionary portion): This is a grant that helps the neediest students pay for college. More than 7 million full-time and part-time college and vocational school students benefit from this program nationally. The Pell Grant program receives both discretionary and mandatory funding.

Education for the Disadvantaged: These are grants that provide funding to states with high-poverty schools. These grants are used for a range of purposes, from addressing delinquency to improving literacy.

Table 2: Discretionary BA in Function 500, by Major Program, 2019
(In billions of dollars, excluding emergencies)

Pell Grant.....	22.9
Education for the Disadvantaged.....	16.6
Special Education.....	13.4
Head Start.....	10.1
Training and Employment Services.....	7.1
School Improvement Programs.....	5.2
Research and General Education Aids.....	4.0
Other.....	<u>20.4</u>
Total.....	99.8

Special Education: These programs are dedicated to improving results for infants, toddlers, children, and youth with disabilities by providing leadership and financial support to assist states and local districts.

Head Start: Head Start promotes the school readiness of children from birth to age five from low-income families by enhancing their cognitive, social, and emotional development.

Training and Employment Services: Funds in this area support job training and employment, including the Job Corps program and services for Americans receiving unemployment compensation.

School Improvement Programs: These programs support state and local efforts to implement reforms and educational improvements called for in the Elementary and Secondary Education Act (ESEA). Activities in these programs include developing and administering student achievement assessments, providing educational and support services for homeless children and youths, and funding to help rural schools implement ESEA.

Research and General Education Aids: This includes funding for the Library of Congress, the Corporation for Public Broadcasting, the Smithsonian, the Institute of Education Sciences, the National Endowment for the Arts and Humanities, the Holocaust Museum, and the Institute of Museum and Library Sciences.

Other: This function also includes funding for Indian education, career and technical education, the Bureau of Labor Statistics, National Labor Relations Board, aging and disability services, and the Community Services Block Grant. It also includes funding for Impact Aid, which helps school districts recover a lost portion of their local tax base because of Federal ownership of property within the school district.

MANDATORY

Table 3: Mandatory Outlays in Function 500, by Major Program
(In billions of dollars)

	<u>2019</u>	<u>2019-2028</u>
Pell Grants	7.5	78.5
Education State Grants	3.2	38.1
Student Aid Administration - Loan Servicing	1.4	16.6
Social Services Block Grant	1.7	17.2
Federal Direct Student Loan Program	-5.4	-30.8
Other	<u>4.7</u>	<u>47.7</u>
Total	13.1	167.2

Pell Grants (mandatory portion): The Pell Grant program includes discretionary and mandatory funds, with most funds coming from discretionary dollars.

Education State Grants (Rehabilitation Services): This formula grant program assists states in operating statewide vocational rehabilitation services for individuals with disabilities.

Student Aid Administration – Loan Servicing: This reflects loan servicing costs associated with the direct loan program.

Social Services Block Grant: This program allows states to provide essential social services directed toward the needs of children and adults. These services include preventing, reducing, or eliminating dependency; achieving or maintaining self-sufficiency; preventing neglect, abuse, or exploitation of children and adults; preventing or reducing inappropriate institutional care; and securing admission or referral for institutional care.

Federal Direct Student Loan Program: This program offers loans to students and their parents to help pay for postsecondary education. The total cost (outlays) to the federal government is negative because, over the life of a loan cohort, students and their families pay more in fees and repayments than the government's spends to provide the loans.

Other: The bulk of the remaining funding includes the refundable portion of the American Opportunity Tax Credit, which helps students and families pay for post-secondary education; school construction bonds; funding for historically black colleges and minority serving institutions; high tech job training demonstration projects; and grants to teachers.

TAX EXPENDITURES

There are about 40 tax expenditures related to this function. The single largest item – totaling more than \$100 billion per year – is the tax credit for children and other dependents, expanded

or newly enacted in the 2017 Tax Act (P.L. 115-97). The Act doubled the credit for children under age 17 to \$2,000, enacted a new \$500 credit for qualifying dependents other than qualifying children, and made other related changes through 2025. Other large tax expenditures include a deduction for charitable contributions, exclusion of benefits provided under cafeteria plans, and credits for tuition for post-secondary education.

RELEVANT AGENCIES AND CONGRESSIONAL COMMITTEES

Table 4: Discretionary BA in Function 500, by Agency, 2019

(In billions of dollars, excluding emergencies)

Department of Education	71.3
Department of Health and Human Services	14.5
Department of Labor	8.6
Other	<u>5.4</u>
Total	99.8

Table 5: Mandatory Outlays in Function 500, by Agency

(In billions of dollars)

	<u>2019</u>	<u>2019-2028</u>
Department of Education.....	5.5	94.1
Department of Health and Human Services.....	2.2	21.1
Department of Labor.....	0.6	5.6
Department of the Treasury.....	4.7	46.3
Other	*	<u>0.2</u>
Total.....	13.1	167.2

Table 6: Discretionary BA in Function 500, by Appropriations Subcommittee, 2019

(In billions of dollars, excluding emergencies)

Interior (Arts agencies).....	2.6
Labor, Health and Human Services, and Related Agencies (DOE, DOL).....	96.5
Other	<u>0.6</u>
Total.....	99.8

Table 7: Mandatory Outlays in Function 500, by Committee

(In billions of dollars)

	<u>2019</u>	<u>2019-2028</u>
Education and Workforce (Ed and Labor Programs).....	6.0	97.4
Ways and Means (largely American Opportunity Tax Credit, SSBG).....	7.3	70.4
Other.....	<u>-0.2</u>	<u>-0.6</u>
Total.....	13.1	167.2

* Less than \$50 million.