

## Focus on Function 600 – Income Security

Function 600 (Income Security) consists of programs that keep Americans healthy and safe, separated into six categories: general retirement and disability insurance; federal employee retirement and disability (including military retirement); unemployment compensation; housing assistance; nutrition assistance; and other income security, which includes programs like foster care, Supplemental Security Income, and the earned income and child tax credits.

**Table 1: Function 600 Spending, 2019**  
(In billions of dollars)

Discretionary BA .....	75.6
Discretionary Outlays .....	73.5
Mandatory Outlays .....	<u>450.8</u>
Total Outlays .....	524.3

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

The largest discretionary programs in this function are tenant-based and project-based housing assistance, the Low Income Home Energy Assistance Program, and the Special Supplemental Nutrition Program for Women, Infants, and Children.

The major mandatory programs in Function 600 are the Supplemental Nutrition Assistance Program, refundable tax credits, child nutrition, Temporary Assistance for Needy Families, Supplemental Security Income, federal civilian and military retirement, and Unemployment Compensation.

According to the Congressional Budget Office (CBO) spring 2018 baseline excluding emergencies, budget authority (BA) for Function 600 discretionary programs for 2019 will account for 6 percent of total discretionary funding. Outlays for mandatory programs in Function 600 for 2019 will account for 16 percent of total non-interest mandatory spending excluding undistributed offsetting receipts.

### DISCRETIONARY

**Housing Assistance:** Housing assistance programs provide funding for low-income individuals and families to secure safe and stable housing. Because not all situations are the same, funding under this category supports a variety of programs that meet the unique needs of individuals and the communities in which they live. This includes programs like tenant-based and project-based rental assistance (together commonly known as Section 8), homeless assistance grants, rural rental assistance, housing for the elderly, public housing, and the choice neighborhoods initiative, which uses locally driven strategies to facilitate neighborhood transformations.

**Table 2: Discretionary BA in Function 600, by Major Program, 2019**  
(In billions of dollars)

Housing Assistance.....	50.9
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC).....	5.5
Low Income Home Energy Assistance Program (LIHEAP).....	3.7
Child Care and Development Block Grant.....	5.3
Refugee and Entrant Assistance.....	1.9
Other.....	<u>8.3</u>
Total.....	75.6

**Special Supplemental Nutrition Program for Women, Infants, and Children (WIC):** Funded as grants to states, WIC provides supplemental foods as well as health care referrals and nutrition education for low-income pregnant, postpartum, or breastfeeding women. The program also provides nutrition assistance to children up to age five.

**Low Income Home Energy Assistance Program (LIHEAP):** LIHEAP helps families stay safe and healthy by assisting with energy costs such as home energy bills, energy crises, and weatherization and energy-related minor home repairs. Assistance provided by LIHEAP ensures low-income families stay warm in the winter and cool in the summer, resulting in reduced risk of health and safety problems.

**Child Care and Development Block Grant:** This block grant to the states provides supports for children and their families through a variety of child care services and other programs that prepare children to succeed in school.

**Refugee and Entrant Assistance:** Administered by the Department of Health and Human Services, the Refugee and Entrant Assistance program aids refugees, asylees, Cuban and Haitian entrants, Special Immigrant Visa arrivals, and trafficking victims. This program funds a variety of services including transitional and medical services as well as employment and social services that aid these individuals in becoming self-sufficient. This program also coordinates the care and placement of unaccompanied alien children in federal custody.

**Other:** More than half of this funding covers administrative expenses for Supplemental Security Income and Unemployment Compensation.

## MANDATORY

**Civil Service Retirement and Disability:** The bulk of the federal government’s civilian workforce is covered by two Federal retirement systems: the Civil Service Retirement System (CSRS), which covers employees hired prior to 1984; and the Federal Employees Retirement System, which covers employees hired in 1984 or later. Benefits are financed from agency and employee contributions, and Treasury payments for the unfunded liability of the CSRS. As of 2016, there were 2.6 million annuitants drawing benefits.

**Table 3: Mandatory Outlays in Function 600, by Major Program**  
(In billions of dollars)

	<u>2019</u>	<u>2019-2028</u>
Civil Service Retirement and Disability .....	88.8	1,020.8
Earned Income and Child Tax Credits (refundable portion) .....	92.4	928.6
Supplemental Nutrition Assistance Program .....	65.8	663.8
Military Retirement .....	61.2	708.5
Supplemental Security Income .....	54.2	624.8
Unemployment Compensation .....	26.5	448.7
Child Nutrition Programs .....	24.3	298.9
Temporary Assistance for Needy Families .....	16.9	172.0
Foster Care and Permanency .....	8.4	89.4
Other .....	<u>12.3</u>	<u>134.0</u>
Total .....	450.8	5,089.5

**Earned Income and Child Tax Credits:** The Earned Income Tax Credit (EITC) provides low-income workers with a supplement to their wages, ensuring that many of them are not taxed into poverty. Workers with children receive a larger benefit than those without. The Child Tax Credit (CTC) assists working families by helping with the costs of raising children. Both the EITC and the CTC are refundable, which means that families with very low incomes benefit even if they owe no income tax. Both the EITC and the CTC also have an impact on revenues.

**Supplemental Nutrition Assistance Program (SNAP):** Funded by the federal government and administered by the states, SNAP offers nutrition assistance each month to millions of eligible low-income individuals and families, including nearly 20 million children every year. SNAP kept more than 3.5 million people out of poverty in 2016 and kept 44 million people from going hungry, including 4 million adults with disabilities and more than 5 million elderly individuals.

**Military Retirement:** The Department of Defense (DoD) provides retirement and survivor benefit programs for servicemembers. Benefits are financed from accrual payments DoD makes from its military personnel accounts for current service members and from Treasury payments for the unfunded liability of retirement costs for all retirees and current members who have earned benefits prior to the creation of the accrual funding system. There are more than 2 million retirees and survivors currently receiving benefits.

**Supplemental Security Income (SSI):** Funded by general revenues (not Social Security taxes), SSI provides cash assistance to aged, blind, and disabled individuals with little or no income to meet their basic standards of living.

**Unemployment Compensation:** Unemployment insurance works as a partnership between the federal government and state governments. Funded through payroll taxes, unemployment

compensation provides temporary assistance to replace lost wages for workers who lose their jobs and meet certain eligibility requirements.

**Child Nutrition:** Funded by the federal government and administered by state agencies, child nutrition programs prevent hunger and combat obesity among the nation’s children by funding healthy meals at places like schools, child-care centers, and after-school programs. Major programs include the National School Lunch Program and the School Breakfast Program.

**Temporary Assistance for Needy Families (TANF):** TANF provides block grants to states to provide temporary financial assistance for families with one or more dependent children. Assistance helps cover the costs of basic standards of living such as food, shelter, and utilities. States also utilize block grant dollars to provide transitional services such as GED preparation or job training services. The basic TANF block grant has been frozen since it was created in 1996, with no adjustment for inflation.

**Foster Care and Permanency:** Authorized by Title IV-E of the Social Security Act, payments for foster care and permanency services assist states with the costs associated with maintaining their foster care systems, preparing older children to live on their own, finding adoptive homes for children, including children with special needs, and assisting relatives who care for eligible children. Programs funded include foster care, adoption assistance, guardianship assistance, and the Chafee Foster Care Independence Program.

## TAX EXPENDITURES

There are 15 tax expenditures related to this function. The single largest item – totaling more than \$200 billion per year – is exclusion of pension contributions and earnings, allowing taxpayers to exclude contributions and earnings in their retirement plans. The second largest item – totaling more than \$100 billion per year – is the EITC and CTC, which are refundable and therefore also included in mandatory outlays above. Other tax expenditures include exclusion of certain employer-provided life insurance benefits from employee’s gross income and preferential tax treatment related to Individual Retirement Accounts (IRAs).

## RELEVANT AGENCIES AND CONGRESSIONAL COMMITTEES

**Table 4: Discretionary BA in Function 600, by Agency, 2019**  
(In billions of dollars, excluding emergencies)

Department of Agriculture .....	7.5
Department of Health and Human Services .....	10.9
Department of Housing and Urban Development .....	49.4
Social Security Administration .....	4.7
Other .....	<u>3.1</u>
Total .....	75.6

**Table 5: Mandatory Outlays in Function 600, by Agency**  
(In billions of dollars)

	<u>2019</u>	<u>2019-2028</u>
Department of Agriculture.....	91.5	974.5
Department of Health and Human Services.....	31.8	327.7
Department of Labor.....	21.4	414.5
Department of the Treasury.....	93.4	927.5
Department of Defense (Civil Programs).....	61.2	708.3
Office of Personnel Management.....	87.2	999.6
Social Security Administration.....	54.2	624.8
Railroad Retirement Board.....	8.3	91.8
Other.....	<u>1.8</u>	<u>21.0</u>
Total.....	450.8	5,089.5

**Table 6: Discretionary BA in Function 600, by Appropriations Subcommittee, 2019**  
(In billions of dollars, excluding emergencies)

Agriculture, Rural Development, FDA, and Related Agencies.....	7.5
Labor, Health and Human Services, Education, and Related Agencies.....	18.4
Transportation, Housing and Urban Development, and Related Agencies.....	49.4
Other .....	<u>0.3</u>
Total.....	75.6

**Table 7: Mandatory Outlays in Function 600, by Committee**  
(In billions of dollars)

	<u>2019</u>	<u>2019-2028</u>
Agriculture.....	67.2	675.5
Armed Services.....	61.2	708.3
Education and the Workforce.....	19.2	267.2
Transportation and Infrastructure.....	8.2	90.1
Oversight and Government Reform.....	87.7	1,005.1
Ways and Means.....	204.7	2,325.2
Other.....	<u>2.5</u>	<u>18.0</u>
Total.....	450.8	5,089.5