

FUNCTION 600: INCOME SECURITY

FUNCTION SUMMARY

Function 600 contains the major cash and in-kind means-tested mandatory programs, general retirement, disability and pension programs excluding Social Security and Veteran's compensation programs, federal and military retirement programs, unemployment compensation, low-income housing programs and other low-income support programs. Function 600 is the fourth largest functional category after Social Security, defense, and interest on the federal debt.

In 1998, spending for Function 600 was \$232.7 billion in BA and \$239.2 billion in outlays. Discretionary spending represents 17 percent of total spending in the function. Funding for Housing programs accounts for 70 percent or \$28.5 billion of total discretionary spending. Special programs for low-income individuals including the WIC feeding program, the Child Care and Development Block Grant and the Low Income Home Energy Assistance Program received a combined \$5.9 billion. Also administrative funds for the Unemployment Insurance system and the Supplemental Security Income (SSI) program are funded with discretionary spending totaling \$4.8 billion in 1998.

As reflected in the spending summary table, under the freeze baseline, Function 600 will increase by 21 percent from 1998 to 2003. This is due primarily to increases in federal retirement costs and growth in the Supplemental Security Income and food stamps programs.

The BBA contained a net \$15 billion in additional spending for Function 600 mandatory programs. This total included: \$1.5 billion for additional food stamp work slots for able-bodied, 18-50 year-olds with no dependents, \$2.7 billion for a new welfare to work block grant program, and \$11.5 billion to restore SSI benefits for certain disabled and elderly legal immigrants. The BBA also generated more than \$600 million in savings from raising the covered wages ceiling for unemployment benefits that postponed a planned distribution to states of excess unemployment trust fund balances.

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SPENDING SUMMARY (\$ billions)

		1998	1999	2000	2001	2002	2003
Chairman's Mark	BA	229.5	243.5	257.6	268.8	279.5	290.1
	OT	234.7	247.4	259.7	267.0	274.4	282.7
BBA	BA	229.5	246.4	259.1	269.8	279.9	290.2
	OT	234.7	247.9	258.8	269.1	278.8	289.2
Freeze Baseline	BA	229.5	243.8	254.5	264.0	273.3	282.5
	OT	234.7	248.4	260.0	267.5	275.2	283.9
Chairman's Mark compared to:							
BBA	BA	--	-2.9	-1.6	-1.1	-0.4	-0.1
	OT	--	+0.5	+0.9	-2.1	-4.3	-6.5
Freeze Baseline	BA	--	-0.2	+3.1	+4.8	+6.1	+7.6
	OT	--	+0.1	-0.3	-0.5	-0.8	-1.1

DESCRIPTION OF THE CHAIRMAN'S MARK

The Chairman's Mark proposes discretionary spending of \$32.8 billion in BA and \$42.0 billion in outlays for 1999. This represents an increase of \$0.5 billion in BA and \$1.4 billion in outlays, a 1.8 percent and 3.5 percent increase over 1998.

Discretionary Initiatives

- ▶ The Chairman's Mark assumes increases in funds for child care programs. In conjunction with assumed expanded dependent care tax credits and marriage penalty relief, the Chairman's Mark doubles the size of the Child Care and Development Block Grant (CCDBG) by adding \$5 billion in new funds. The new funds increase every year and provides an extra \$1.2 billion in 2002 -- an 120 percent increase in child care spending. The proposal assumes that states must use all currently available funds before they access the new funds. The President's proposal includes a match on all new funds.
- ▶ These new funds can be used to provide the working poor with additional assistance, increase the supply and quality of child care, provide training for child care workers, increase funds for early childhood development, and expand services for disabled and other special needs children.

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- ▶ The Mark assumes an increase of \$80 million in 1999 for the Special Supplemental Feeding Program for Women, Infants and Children (WIC). This additional funding will maintain the current program level.

Discretionary Spending

- ▶ The Chairman's Mark assumes some of the reductions proposed in housing programs in the President's budget.
- ▶ The Mark accepts the President's level of spending for several low-income support programs including LIHEAP, Refugee and Entrant Assistance.
- ▶ The Nutrition Education and Training program is assumed to be part of the education consolidation discussed in Function 500.

Mandatory Programs

The Chairman's Mark provides for a budget neutral tax cut financed by increased revenues or mandatory savings. One possible savings proposal could come from reforming child support enforcement. These reforms could include requiring all states to make collections on at least 50 percent of their caseload before receiving bonus incentive payments -- either states will achieve higher collections which are shared with the federal government or lose incentive funding -- and requiring non-TANF recipients to pay a modest fee when states make a child support collection.

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