

Focus on Function 650 – Social Security

Function 650 (Social Security) consists of the Social Security program, including Old Age and Survivors Insurance benefits and Disability Insurance benefits. It is the largest function in terms of dollars and is nearly entirely mandatory spending.

Table 1: Function 650 Spending, 2019
(In billions of dollars)

Discretionary BA	6.2
Discretionary Outlays	6.2
Mandatory Outlays	<u>1043.3</u>
Total Outlays	1049.5

The only discretionary funding in Function 650 is about \$6 billion for the Social Security Administration's (SSA) expenses for administering these programs and program integrity funding for the Disability Insurance program. (SSA receives additional funding to administer several programs in other functions).

The mandatory programs in this function are Social Security's Old Age and Survivors Insurance and Disability Insurance programs.

According to the Congressional Budget Office (CBO) spring 2018 baseline, budget authority (BA) for discretionary programs in Function 650 will account for less than 1 percent of total non-emergency discretionary funding for 2019. Outlays for mandatory programs in Function 650 for 2019 will account for 37 percent of total non-interest mandatory spending excluding undistributed offsetting receipts.

MANDATORY

Table 2: Mandatory Outlays in Function 650, by Major Program
(In billions of dollars)

	<u>2019</u>	<u>2019-2028</u>
Old Age and Survivors Insurance Benefits	889.8	11,988.3
Disability Insurance Benefits	148.0	1,807.5
Other	<u>5.5</u>	<u>56.9</u>
Total	1,043.3	13,852.7

Old Age and Survivors Insurance (OASI): This is a social insurance program providing earned retirement benefits for older Americans or their surviving spouses and children. Benefits are

funded by payroll taxes paid during a worker's lifetime, and the size of the benefit is based upon a covered individual's earnings history. The program is funded primarily by payroll tax revenues, income taxation on some benefits, and interest earned on system revenues not immediately needed to pay benefits. Currently, the balance in the program's trust fund and projected future revenues are sufficient to finance all benefits through 2034, and about three-quarters of all benefits thereafter. More than 51 million people receive OASI benefits.

Disability Insurance (DI): The DI program operates similarly to the OASI program except that benefits are paid to individuals who are no longer able to work but have not yet reached retirement age. Currently, the balance in the program's trust fund and projected future revenues are sufficient to finance all benefits through 2027, and about ninety percent of all benefits thereafter. More than 10 million people receive DI benefits.

While OASI and DI have separate trust funds, Congress has often shifted resources between the two funds. The programs are interconnected, with a shared financing and benefit structure, and their financial stability is best understood on a combined basis. Combined, the two trust funds have adequate resources and projected revenues to finance all benefits through 2033, and about three-quarters of all benefits thereafter.

TAX EXPENDITURES

There is one tax expenditure related to this function, the exclusion of untaxed Social Security and railroad retirement benefits.

RELEVANT AGENCIES AND CONGRESSIONAL COMMITTEES

Social Security programs are run by SSA. In Congress, they are under the jurisdiction of the House Committee on Ways and Means, with the discretionary appropriations under the Labor, Health and Human Services, and Education subcommittee of the House Appropriations Committee.