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# CRS Report for Congress

## Federal Spending by Agency and Budget Function, FY2001-FY2006

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Prepared for Members and
Committees of Congress

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# Federal Spending by Agency and Budget Function, FY2001-FY2006

## Summary

This report provides data on federal spending by agency and by budget function for FY2001 through FY2006.[1] The agency and function data, ranked by size, reveal the concentrated nature of federal spending. In 2006, the four largest agencies (of 51 listed) produced 82% of total outlays, and the six largest (of 19) budget functions produced 84% of total outlays. Most of the spending by the largest agencies and within the largest budget functions is either mandatory spending (such as Social Security, Medicare, and income support), defense spending, or net interest spending on federal debt.

Among the largest spending agencies or functions, minor reordering has occurred over the six years of data in this report. Net interest fell as a share of total spending, and in dollars slipped slightly, because of lower interest rates and slow growth in federal debt early in the period (net interest began growing again in 2005). The defense function spending grew as money was added for the war on terror and the wars in Afghanistan and Iraq.

For the largest agencies, the Department of Health and Human Services moved from the second spot to the first, replacing the Social Security Administration, as health care costs continued to accelerate. The Department of Defense (military) moved from fourth to third, while the Treasury slipped into fourth (as net interest payments fell). Many of the smaller agencies experienced substantial changes in their ranking, such as Homeland Security, which moved from 15$^{th}$ to 8$^{th}$ , based on its lead role in the war on terror and its funding for hurricane recovery in 2005 and 2006.

The concentration of federal spending in broadly popular or necessary activities makes congressional efforts to find and implement large spending reductions difficult. Without a substantial reordering of the public's priorities, as reflected in the government's allocation of resources, or a consensus among policy makers to reduce popular spending programs, spending reduction efforts seem destined to remain small. The result is a likely limited effect on overall federal spending or deficit reduction.

This report will be updated as new budget data become available.

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[1] Unless otherwise noted, all years mentioned in this report are fiscal years.

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# Federal Spending by Agency and Budget Function, FY2001-FY2006

The federal budget is a large and often confusing compilation of facts, proposals, estimates, and expectations. This report compiles a portion of the extensive budget information available to focus on the high degree of concentration of federal spending within a relatively few areas or agencies.

Total federal spending has grown greatly over the last 21 years, from $946.4 billion in FY1985 to $2,654.9 billion in FY2006,[2] in current dollars. In constant (FY2000) dollars, outlays grew from $1,395.7 billion in 1985 to $2,313.6 billion in 2006 (est). As a percentage of gross domestic product (GDP), outlays have declined from 22.9% of GDP in 1985 (a year of recession) to 20.3% of GDP in 2006. In between, outlays fell to 18.4% of GDP in FY2000 (a year of rapid economic growth) before climbing to the 2006 level.

The government spends this money on an immense number of activities through a large number of federal agencies. To provide some sense of what this money is spent on and in what amounts, this report ranks federal spending by federal agency and by the Office of Management and Budget's (OMB's) 19 budget functions (which OMB uses to characterize spending by broad categories) for the years 2001 through 2006. The data are arranged by size, from largest to smallest. For agencies and budget functions, the data are shown in dollars and as percentages of total spending. For budget functions, the data are also shown as percentages of gross domestic product (GDP). The data are from the *Budget of the United States Government for Fiscal Year 2007,* from the OMB, and from the *Final Monthly Treasury Statements* for various years from the Treasury.

The data clearly show two general patterns to federal spending. The first is that most federal spending is, and has been over this period, concentrated in a limited number of agencies and in about a third of the budget functions. The second pattern is that, except for a handful of agencies (usually smaller ones), the relative rank of the various spending categories has changed relatively modestly and slowly over the six years. The combination of these two patterns indicates that the distribution of federal spending, although always in some flux, has been fairly stable over these years.

One other observation related to the concentration of federal spending is worth noting. Other than defense spending, the spending of the largest agencies or budget functions is mostly composed of mandatory or required spending, such as Social Security, Medicare, Medicaid, federal civilian and military retirement programs, and

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[2] Unless otherwise noted, all years mentioned in this report are fiscal years.

interest on the debt. OMB's short definition of mandatory spending states that, "[m]andatory and related programs include direct spending and offsetting receipts whose budget authority is provided by law other than appropriations acts."[3] This puts somewhere between 60% and 70% of total federal spending outside the annual appropriations debate.

Even the 30% to 40% of the budget that is subject to annual appropriations is not completely discretionary. Much of the annual appropriated amounts are necessary to fulfill legal commitments that the government had entered into in previous time periods, such as contracts or other obligations. Unless Congress and the President are willing to eliminate programs and the payroll costs for federal employees that run them, a certain amount of the annual appropriations is needed for federal salaries. In addition, approximately half of the annual appropriated amount goes to defense spending, an activity that is difficult to reduce during a time of war. In effect, much less than the 30% to 40% of the budget considered discretionary can be reduced through appropriations alone.

**Tables 1** and **2** rank federal spending by agency, including spending for the legislative and judicial branches, by amount spent in FY2006, from largest to smallest. The Other Independent Agency category in the tables combines the outlays of a multitude of relatively small agencies. The International Assistance Program is a collection of activities not included in a specific agency. **Table 1** contains outlays in millions of dollars and **Table 2** shows the agencies by their percentages of total outlays. In 2006, for example, the National Science Foundation ranked 25$^{th}$, had outlays of $5.5 billion, and accounted for 0.2089% of total outlays.

**Tables 3** and **4** duplicate **Tables 1** and **2** respectively but are ranked by the 19 federal budget functions instead of departments and agencies. As with the departments and agencies, the functions are arranged in descending order by amount spent in 2006. The Natural Resources and Environment budget function in 2006, for example, had outlays of $33.1 billion, which were 1.2% of total outlays, and ranked 12$^{th}$ out of the 19 budget functions. In addition, **Table 5** shows the budget functions by their share of GDP. The Natural Resources and Environment budget function used 0.27% of GDP in 2006 (in 2006, total outlays were 20.33% of GDP).

## Outlays by Agency

**Tables 1** and **2** contain 2001 through 2006 outlays listed by the largest amount spent by an agency, the Department of Health and Human Services (HHS), to the smallest amount spent by an agency, the General Services Administration, and on to those agencies with negative outlays (in which the agency's outlays are offset by collections credited to the agency — see footnote 5). This ordering of federal spending clearly shows the persistent concentration of federal spending in a few agencies.

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[3] OMB. Budget Of the United States Government for Fiscal Year 2006. February 2005. Historical Tables. p. 15.

When combined, the four largest departments and agencies — HHS, the Social Security Administration (SSA), Defense(DOD), and the Treasury — spent $2,136 billion, or 81.5% of the total outlays in 2006.[4] The smallest of these four, the Treasury ($464.3 billion), spent almost five times as much as the Department of Agriculture ($95.4 billion), which ranks right below the Treasury in spending. The department spending the most, HHS ($614.3 billion), spent 10 times what the tenth largest, the Department of Transportation ($60.1 billion), spent in 2006. The two largest, HHS and SSA, each spent over 22% of total outlays in 2006. The DOD almost reached 19% of total outlays in 2006. The Treasury spent 17.5% of total outlays. The next department in order, Agriculture, spent 3.5% of total outlays, showing the large gulf between the four largest agencies and all others in the amounts spent.

The next 14 departments or agencies in the table spent over $10 billion but less than $100 billion in 2006.[5] Their combined spending was $663.4 billion (25.0% of total outlays). The 11 departments and agencies spending more than $1 billion but less than $10 billion (including the Judicial and Legislative Branches), produced total outlays of $63.9 billion and 2.4% of total outlays in 2006. These 11 combined spent slightly more than the Office of Personnel Management alone (ranked ninth in the list).

The final group of agencies with positive outlays, a group of 16, each spent less than $1.0 billion. This group's combined outlays were only $6.5 billion and just 0.24% of total outlays in 2006. The amount spent by these 16 for FY2006 was a little more than the amount spent by the Department of Commerce ($6.4 billion) and approximately what HHS spent, on average, in just under four days.

The sum of the percentages of total outlays spent by the agencies with positive outlays equals 109.2% of total outlays for 2006. The remaining six agencies with negative outlays (also called offsetting outlays or offsetting receipts) plus the negative outlays from the undistributed offsetting receipts category, produced $243.1 billion in outlay offsets (-9.2% of total outlays). Adding these offsetting outlays to total (positive) outlays produces total net outlays for 2006 of $2,654.9 billion.[6]

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[4] Some of the money spent by SSA, Treasury, HHS, Defense, and the other departments and agencies includes internal payments within the government itself. To avoid counting these internal payments in total outlays (which represent government expenditures to the public), they are offset either against the spending of the government recipient or are subtracted from outlays through the undistributed offsetting receipts category, (a negative outlay amount found at the bottom of the list in each table). The Treasury is somewhat of a special case. Without the inclusion of total interest payments on federal debt in its totals, its outlays drop in 2006 from $464 billion to $58 billion (and 2.2% of total outlays). Adding the net interest portion of total interest to this non-interest portion of Treasury outlays produces modified 2006 Treasury spending of $285 billion (10.7% of total outlays), an amount substantially larger than the next largest agency, the Department of Agriculture.

[5] Negative outlays, usually as offsetting receipts, keep the totals from exceeding 100% of total outlays. See footnote 5.

[6] Negative outlays or offsetting receipts generally refer to collections by one agency from (continued...)

## Outlays by Budget Function

As mentioned earlier, **Tables 3** and **4** list the budget functions ranked in descending order of outlays for 2006 for the six fiscal years, 2001 through 2006. The data in these tables make a similar point to those in **Tables 1** and **2**: the bulk of federal outlays are concentrated in a relatively few large functions. Although not showing quite the same concentration as the agency listing, the six largest budget functions — out of 19 — account for 84.4% of total outlays. These six functions include the major mandatory spending programs of the federal government plus defense and net interest spending. Substantially increased spending within the community and regional development function resulting from federal hurricane recovery efforts, reduced slightly the concentration of federal spending in the largest six functions in FY2006. In 2005, the six largest functions contained 85.2% of total spending, which fell to 84.4% of total spending in 2006.

The smallest of the six largest budget functions, net interest, produced over 8.5% of total outlays in 2006 (and its share is expected to keep rising) while the seventh largest function in the list — education, training, employment, and social services — produced almost 4.5% of total outlays. Three other of the remaining budget functions individually produced more than 2% of total outlays. The 12 smaller budget functions (excluding offsetting receipts), generated 18% of total outlays in 2006, and funded all other federal activities.

The six largest functions use such a large share of total spending that even if they were reduced by the amount of the undistributed offsetting receipts (which in the budget function listing is mostly federal agency payments of the employer share of federal employee retirement), they would still account for almost 82% of total outlays.[7]

Total federal outlays were 20.3% of GDP in 2006. The largest budget function, Social Security, was 4.2% of GDP. As with their share of total outlays, the six largest functions accounted for most of federal spending as a share of GDP by a substantial amount. The largest six combined were 17.2% of GDP in 2006; the remaining 12 functions with positive outlays made up 3.7% of GDP in that year. Undistributed offsetting receipts were -0.5% of GDP. **Table 5** shows the budget functions as percentages of GDP for each of the six years.

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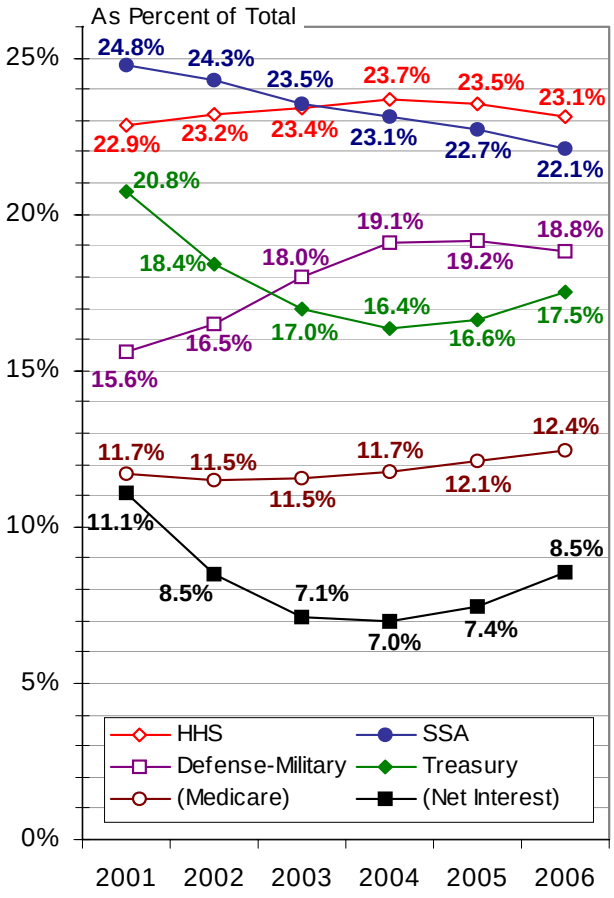
[6] (...continued)
another agency and collections from the public that have a business-like or market-like nature. These are then credited to appropriation or fund accounts. Offsetting receipts are deposited in receipt accounts, but are used to offset outlays rather than being added to total federal receipts.

[7] Undistributed offsetting receipts (UOR) are not defined or measured the same way in the two sets of tables. In **Tables 1** and **2** the UOR include almost all of the outlay offsets in the government accounts. Very few are offset against the spending in the departments and agencies. In **Tables 3**, **4**, and **5**, many of the offsets are included within the various functions, producing amounts in the functions that are essentially net outlays. The UOR in these three tables represents a relatively small amount of offsets that are not distributed among the functions for various reasons.

## Changing Rank and Share Over Time

Some of the agencies and a few of the budget functions shifted their rank over the 2001 to 2006 period, while many gained or lost share of total outlays or GDP without a change in rank. These changes resulted from policy choices and external forces (such as the war on terrorism and changing economic conditions, respectively) acting on the budget.

**Figure 1. Selected Agency Outlays as Percent of Total Outlays, FY2001-FY2006**



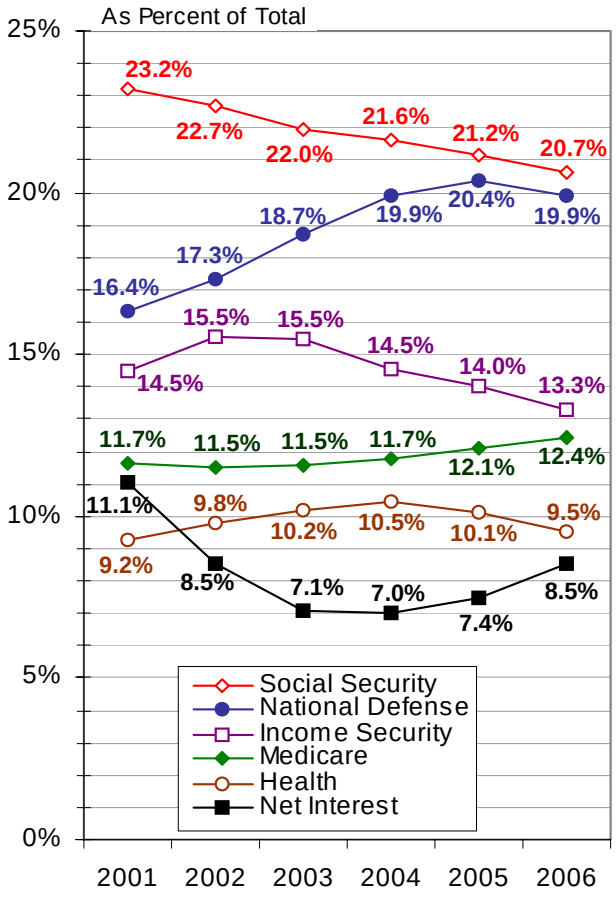

The four agencies with the largest outlays in 2006 were also the four largest in 2001, although their order changed with HHS and SSA swapping rank, as did DOD and Treasury. Health care costs grew faster than Social Security, moving HHS to the top, while slower federal debt growth and lower interest rates early in the period and higher defense spending raised DOD (military) above Treasury.

The combined share for the four largest agencies fell from 84.0% in 2001 to 81.6% in 2006. The fall in the Treasury's share of total spending, due to the fall in net interest outlays, explains almost all of the decline for these four agencies. A reduction in the SSA's share contributed to the fall, while growth in the DOD's share more than covered the SSA reduction. The reversal (in 2005) of the four-year fall in net interest (within the Department of the Treasury), and the expectation that net interest (and gross interest) will continue growing, has increased the chances of higher future concentrations of federal spending in these four agencies. Along with interest payments, Social Security and federal health spending are also expected to rise as shares of total outlays.

The outlays of the three largest agencies combined were 63.2% of total outlays in 2001, rising to 64.0% in 2006 (which was down from their peak of 65.9% of total outlays in 2004). These three agencies, HHS, SSA, and DOD, produced almost two-thirds of total federal spending over this period.

Among the other agencies, increases in Department of Education funding bumped it from the 10th spot in 2001 to the 6th spot in 2006. The Department of Homeland Security (DHS) moved from 15th to 8th place in the list of agencies.[8] One of the larger changes in rank moved the Executive Office of the President from 35th place in 2001 to 26th place in 2006. The Executive Office of the President's responsibility for the Iraq Relief Reconstruction Fund produced most of the rise in its rank. The Small Business Administration (SBA) shifted from producing offsetting outlays (negative outlays) in 2001 to positive outlays in 2002 through 2006, moving it to 30th place (out of 45 departments or agencies with positive outlays in 2006). The Postal Service went the other way, dropping in the rankings from 28th to 49th and from having positive outlays in 2001 to having offsetting outlays in 2006 (it first had negative outlays in 2003).

**Figure 2. Selected Budget Functions as Percent of Total Outlays, FY2001-FY2006**




The six largest budget functions, Social Security, defense, income security, net interest, Medicare, and health, contain almost as much federal spending and most of the same activities as the top four agencies. The combined share for these six budget functions was 86.1% in 2001 and 84.4% in 2006. Excluding the net interest function from the top six still produced three-quarters (or more) of total outlays, 75.0% of total outlays in 2001 and 75.8% of total outlays in 2006. The concentration of federal spending can be expected to increase in the near future as the federal programs for the elderly, such as Social Security and Medicare, expand in response to the coming retirement of the baby-boom generation. The expected faster growth in federal debt resulting from persistent deficits, along with higher interest rates, may also raise net interest spending as a share of total outlays. In 2006, spending for hurricane recovery increased spending outside the largest four departments and six functions by enough to drive down their cumulative share of total outlays.

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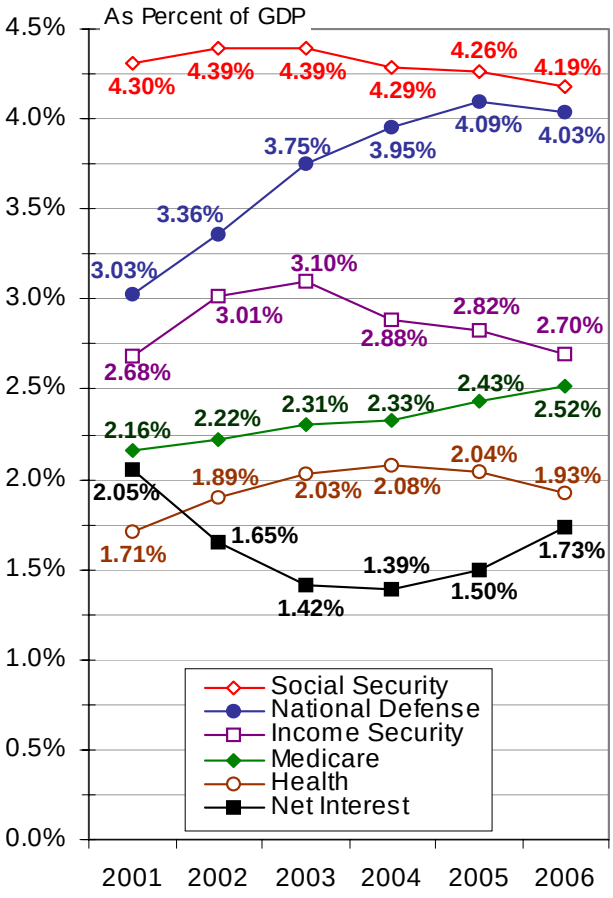
[8] OMB adjusts historical budget data to conform to current accounting, including organization changes such as occurred with the creation of the Department of Homeland Security.

Like the agency list, the largest budget functions show little change in rank over the period. The four largest budget functions held their rank throughout the five years. The fifth and sixth ranked budget functions, health and net interest, exchanged positions, health moving to number five and net interest falling to number six. The share of total outlays going to the national defense function, as one might expect, increased over the five years, growing from 16.4% in 2001 to 19.9% in 2006 (the defense function reached 20.4% of total outlays in 2005). See **Table 4** for a listing of the 19 budget functions showing their share of total outlays for the years 2001 through 2006.

## Budget Functions as Percentages of GDP

As percentages of GDP (see **Table 5**), total outlays have increased since 2001, rising from 18.5% to 20.3% in 2006. In other words, federal spending has grown faster than the economy over these six years. Its growth in 2006 in relation to GDP was smaller than most of the other years in the period. Of the overall increase, national defense increased its share by 1.0% of GDP. Increases in the shares of three other functions (Medicare; health; and education, training, employment, and social services) produced much of the remaining increase in total outlays as a percentage of GDP. Net interest lost 0.3% of its share of GDP over the period. **Figure 3** shows the six largest budget functions as percentages of GDP for the years 2001 through 2006 (their cumulative share of GDP was 15.9% in 2001 and 17.1% in 2006). The changes, for the most part, occurred over a limited range. None of the functions changed its share of GDP by more than 1% (the National defense function increased its share by exactly 1%). Most of the functions had changes of less than 0.4% of GDP, many much less. Changing the scale in **Figure 3** to show total outlays over the period (i.e., extending the vertical axis to 21% of GDP) makes the visual changes in most of the six functions look relatively flat. (This is illustrated in **Figure 4**.)

**Figure 3. Selected Budget Functions as Percent of GDP, FY2001-FY2006**



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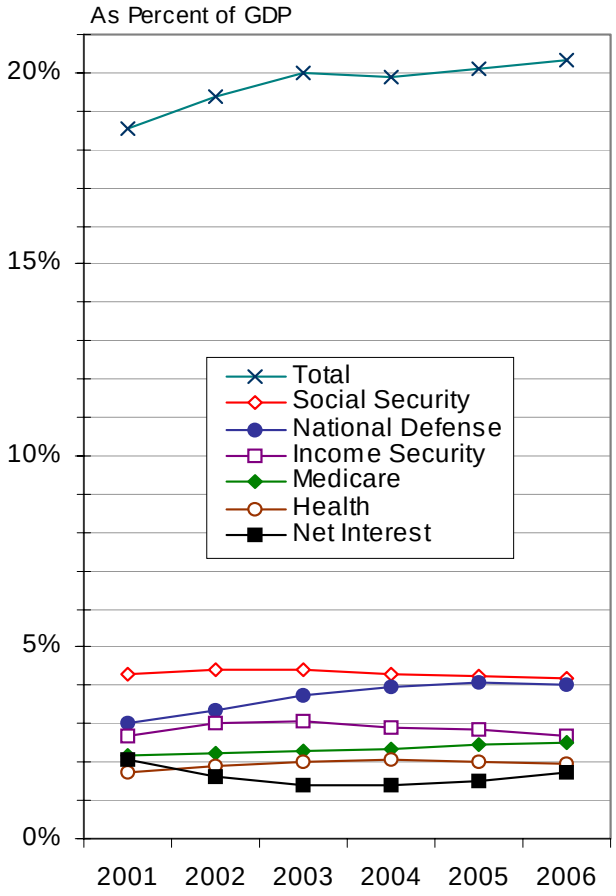
During the six years, the individual functions showed varied patterns of change. Defense spending grew rapidly in the early years of the period (from historically low levels) as the funding for the war on terror grew, but leveled off in 2005 and 2006. Income security rose from 2.7% of GDP in 2001 to 3.1% of GDP in 2003, before falling back to 2.7% of GDP in 2006. Funding in this function increased with the economic sluggishness in the early years of the decade. Net interest fell from 2.0% of GDP in 2001 to 1.4% of GDP in 2003 and 2004 before rising to 1.7% of GDP in 2006 (a trend that is likely to continue and may accelerate). The slow growth in federal debt and low interest rates in the early 2000s reduced the share of GDP used for net interest. Medicare continued its fairly steady increase as a share of GDP. Although Social Security fell slightly as a share of GDP over these years, this trend is unlikely to continue for long. The coming retirement of the baby boom generation beginning early in the next decade will increase (under current policy) spending for Social Security at a rate fast enough to increase its share of total spending.

**Figure 4. Selected Budget Functions and Total Outlays as Percent of GDP, FY2001-FY2006**



## Table 1. Federal Outlays by Agency in Millions of Dollars, FY2001-FY2006, Ranked by Outlays in FY2006

| Agency | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|---|---|---|---|---|---|---|
| 1 Dept. Of Health And Human Services | 426,311 | 465,812 | 505,345 | 543,389 | 581,463 | 614,318 |
| *(Medicare)* | *217,384* | *230,855* | *249,433* | *269,360* | *298,638* | *329,867* |
| 2 Social Security Administration | 461,264 | 487,827 | 507,734 | 530,205 | 561,333 | 585,742 |
| 3 Department Of Defense — Military | 290,340 | 331,951 | 388,870 | 437,116 | 474,374 | 499,355 |
| 4 Department Of The Treasury | 386,906 | 370,558 | 366,987 | 375,360 | 410,726 | 464,267 |
| *(Net Interest)* | *206,167* | *170,949* | *153,073* | *160,245* | *183,905* | *226,631* |
| 5 Department Of Agriculture | 68,001 | 68,738 | 72,374 | 71,769 | 85,333 | 93,534 |
| 6 Department Of Education | 35,721 | 46,282 | 57,400 | 62,819 | 72,857 | 93,427 |
| 7 Department Of Veterans Affairs | 45,050 | 50,884 | 56,891 | 59,554 | 69,844 | 69,808 |
| 8 Department Of Homeland Security | 15,025 | 17,557 | 31,967 | 26,537 | 38,717 | 69,100 |
| 9 Office Of Personnel Management | 50,914 | 52,512 | 54,135 | 56,535 | 59,500 | 62,400 |
| 10 Department Of Transportation | 49,282 | 56,024 | 50,807 | 54,548 | 56,597 | 60,141 |
| 11 Other Defense Civil Programs | 34,164 | 35,157 | 39,883 | 41,730 | 43,484 | 44,435 |
| 12 Department Of Labor | 39,755 | 64,704 | 69,593 | 56,706 | 46,943 | 43,139 |
| 13 Dept Of Housing And Urban Development | 33,939 | 31,876 | 37,474 | 45,019 | 42,448 | 42,434 |
| 14 Department Of Justice | 18,695 | 21,112 | 21,539 | 28,954 | 22,366 | 23,320 |
| 15 Department Of Energy | 16,340 | 17,681 | 19,385 | 19,972 | 21,274 | 19,652 |
| 16 National Aeronautics And Space Adm. | 14,095 | 14,430 | 14,552 | 15,189 | 15,600 | 15,125 |
| 17 International Assistance Program | 11,777 | 13,336 | 13,463 | 13,737 | 15,034 | 13,914 |
| 18 Department Of State | 7,444 | 9,453 | 9,261 | 10,934 | 12,754 | 12,957 |
| 19 Department Of The Interior | 7,868 | 9,739 | 9,210 | 8,936 | 9,288 | 9,063 |
| 20 Environmental Protection Agency | 7,391 | 7,450 | 8,061 | 8,334 | 7,911 | 8,322 |
| 21 Corps Of Engineers | 4,726 | 4,797 | 4,751 | 4,838 | 4,720 | 6,946 |
| 22 Federal Communications Commission | 4,098 | 5,202 | 8,800 | 3,848 | 7,546 | 6,922 |
| 23 Department Of Commerce | 5,010 | 5,314 | 5,676 | 5,850 | 6,147 | 6,374 |
| 24 Judicial Branch | 4,405 | 4,823 | 5,123 | 5,392 | 5,543 | 5,820 |
| 25 National Science Foundation | 3,690 | 4,188 | 4,736 | 5,118 | 5,432 | 5,546 |
| 26 Executive Office Of The President | 246 | 451 | 387 | 3,308 | 7,689 | 5,378 |
| 27 Legislative Branch | 3,035 | 3,219 | 3,427 | 3,885 | 3,995 | 4,129 |
| 28 Railroad Retirement Board | 5,541 | 5,425 | 3,056 | 2,792 | 2,123 | 3,368 |
| 29 Other Independent Agencies | 1,041 | 1,256 | 1,649 | 2,563 | 3,448 | 2,019 |
| 30 Small Business Administration | -570 | 493 | 1,558 | 4,075 | 2,503 | 905 |
| 31 Corp. For National And Community Serv. | 757 | 793 | 839 | 765 | 793 | 842 |
| 32 Smithsonian Institution | 561 | 616 | 614 | 782 | 739 | 795 |
| 33 District Of Columbia | 539 | 927 | 781 | 805 | 659 | 671 |
| 34 Broadcasting Board Of Governors | 429 | 484 | 517 | 653 | 640 | 634 |
| 35 Corporation For Public Broadcasting | 360 | 375 | 411 | 437 | 466 | 460 |
| 36 Federal Drug Control Programs | 340 | 467 | 620 | 429 | 409 | 401 |
| 37 Legal Services Corporation | 320 | 333 | 336 | 335 | 332 | 327 |
| 38 National Archives And Records Adm. | 217 | 268 | 301 | 307 | 321 | 321 |
| 39 Equal Employment Opportunity Comm. | 289 | 324 | 315 | 324 | 320 | 320 |
| 40 National Labor Relations Board | 220 | 230 | 231 | 242 | 245 | 248 |
| 41 Institute Of Museum And Library Serv. | 196 | 219 | 249 | 207 | 250 | 238 |
| 42 National Endowment For The Humanities | 119 | 120 | 119 | 127 | 136 | 138 |
| 43 National Endowment For The Arts | 104 | 107 | 112 | 120 | 124 | 121 |
| 44 Nuclear Regulatory Commission | 31 | 40 | 48 | 71 | 110 | 57 |
| 45 General Services Administration | -269 | -271 | 323 | -404 | 17 | 22 |
| 46 National Credit Union Administration | -202 | -623 | -572 | -351 | -339 | -279 |
| 47 Tennessee Valley Authority | -662 | 124 | 267 | -413 | -205 | -380 |
| 48 Federal Deposit Insurance Corporation | -1,220 | -353 | -793 | -1,554 | -874 | -677 |
| 49 Postal Service | 2,395 | 207 | -5,169 | -4,070 | -1,223 | -971 |
| 50 Securities And Exchange Commission | -330 | -536 | -532 | -685 | -799 | -1,033 |
| 51 Export-Import Bank Of The U.S. | -1,749 | -140 | -3,248 | -1,902 | -801 | -2,191 |
| 52 Undistributed Offsetting Receipts | -190,948 | -201,124 | -210,446 | -212,522 | -226,210 | -237,546 |
| Totals | 1,863,190 | 2,011,153 | 2,160,117 | 2,293,006 | 2,471647 | 2,654,877 |

(See table notes at the end of report.)

# Table 2. Federal Outlays by Agency in Percent of Total Outlays, FY2001-FY2006, Ranked by Outlays in FY2006

| Agency | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|---|---|---|---|---|---|---|
| 1 Dept. Of Health And Human Services | 22.8807% | 23.1614% | 23.3943% | 23.6977% | 23.5211% | 23.1436% |
| *(Medicare)* | *11.6673* | *11.4787* | *11.5472* | *11.7470* | *12.0804* | *12.4273* |
| 2 Social Security Administration | 24.7567 | 24.2561 | 23.5049 | 23.1227 | 22.7068 | 22.0670 |
| 3 Department Of Defense — Military | 15.5830 | 16.5055 | 18.0023 | 19.0630 | 19.1891 | 18.8125 |
| 4 Department Of The Treasury | 20.7658 | 18.4252 | 16.9892 | 16.3698 | 16.6145 | 17.4906 |
| *(Net Interest)* | *11.0653* | *8.5000* | *7.0863* | *6.9884* | *7.4392* | *8.5380* |
| 5 Department Of Agriculture | 3.6497 | 3.4178 | 3.3505 | 3.1299 | 3.4518 | 3.5238 |
| 6 Department Of Education | 1.9172 | 2.3013 | 2.6573 | 2.7396 | 2.9472 | 3.5197 |
| 7 Department Of Veterans Affairs | 2.4179 | 2.5301 | 2.6337 | 2.5972 | 2.8253 | 2.6299 |
| 8 Department Of Homeland Security | 0.8064 | 0.8730 | 1.4799 | 1.1573 | 1.5662 | 2.6032 |
| 9 Office Of Personnel Management | 2.7326 | 2.6110 | 2.5061 | 2.4655 | 2.4069 | 2.3508 |
| 10 Department Of Transportation | 2.6450 | 2.7857 | 2.3520 | 2.3789 | 2.2894 | 2.2657 |
| 11 Other Defense Civil Programs | 1.8336 | 1.7481 | 1.8463 | 1.8199 | 1.7590 | 1.6740 |
| 12 Department Of Labor | 2.1337 | 3.2173 | 3.2217 | 2.4730 | 1.8989 | 1.6252 |
| 13 Dept. Of Housing And Urban Development | 1.8216 | 1.5850 | 1.7348 | 1.9633 | 1.7171 | 1.5986 |
| 14 Department Of Justice | 1.0034 | 1.0497 | 0.9971 | 1.2627 | 0.9047 | 0.8785 |
| 15 Department Of Energy | 0.8770 | 0.8791 | 0.8974 | 0.8710 | 0.8606 | 0.7404 |
| 16 National Aeronautics And Space Adm. | 0.7565 | 0.7175 | 0.6737 | 0.6624 | 0.6310 | 0.5698 |
| 17 International Assistance Program | 0.6321 | 0.6631 | 0.6233 | 0.5991 | 0.6081 | 0.5242 |
| 18 Department Of State | 0.3995 | 0.4700 | 0.4287 | 0.4768 | 0.5159 | 0.4881 |
| 19 Department Of The Interior | 0.4223 | 0.4842 | 0.4264 | 0.3897 | 0.3757 | 0.3414 |
| 20 Environmental Protection Agency | 0.3967 | 0.3704 | 0.3732 | 0.3635 | 0.3200 | 0.3135 |
| 21 Corps Of Engineers | 0.2537 | 0.2385 | 0.2199 | 0.2110 | 0.1909 | 0.2617 |
| 22 Federal Communications Commission | 0.2199 | 0.2587 | 0.4074 | 0.1678 | 0.3052 | 0.2608 |
| 23 Department Of Commerce | 0.2689 | 0.2642 | 0.2628 | 0.2551 | 0.2487 | 0.2401 |
| 24 Judicial Branch | 0.2364 | 0.2398 | 0.2372 | 0.2351 | 0.2242 | 0.2193 |
| 25 National Science Foundation | 0.1980 | 0.2082 | 0.2192 | 0.2232 | 0.2197 | 0.2089 |
| 26 Executive Office Of The President | 0.0132 | 0.0224 | 0.0179 | 0.1443 | 0.3110 | 0.2026 |
| 27 Legislative Branch | 0.1629 | 0.1601 | 0.1586 | 0.1694 | 0.1616 | 0.1556 |
| 28 Railroad Retirement Board | 0.2974 | 0.2697 | 0.1415 | 0.1218 | 0.0859 | 0.1269 |
| 29 Other Independent Agencies | 0.0559 | 0.0625 | 0.0763 | 0.1118 | 0.1395 | 0.0761 |
| 30 Small Business Administration | -0.0306 | 0.0245 | 0.0721 | 0.1777 | 0.1013 | 0.0341 |
| 31 Corp. For National And Community Serv. | 0.0406 | 0.0394 | 0.0388 | 0.0334 | 0.0321 | 0.0317 |
| 32 Smithsonian Institution | 0.0301 | 0.0306 | 0.0284 | 0.0341 | 0.0299 | 0.0300 |
| 33 District Of Columbia | 0.0289 | 0.0461 | 0.0362 | 0.0351 | 0.0267 | 0.0253 |
| 34 Broadcasting Board Of Governors | 0.0230 | 0.0241 | 0.0239 | 0.0285 | 0.0259 | 0.0239 |
| 35 Corporation For Public Broadcasting | 0.0193 | 0.0186 | 0.0190 | 0.0191 | 0.0189 | 0.0173 |
| 36 Federal Drug Control Programs | 0.0182 | 0.0232 | 0.0287 | 0.0187 | 0.0165 | 0.0151 |
| 37 Legal Services Corporation | 0.0172 | 0.0166 | 0.0156 | 0.0146 | 0.0134 | 0.0123 |
| 38 National Archives And Records Adm. | 0.0116 | 0.0133 | 0.0139 | 0.0134 | 0.0130 | 0.0121 |
| 39 Equal Employment Opportunity Comm. | 0.0155 | 0.0161 | 0.0146 | 0.0141 | 0.0129 | 0.0121 |
| 40 National Labor Relations Board | 0.0118 | 0.0114 | 0.0107 | 0.0106 | 0.0099 | 0.0093 |
| 41 Institute Of Museum And Library Services | 0.0105 | 0.0109 | 0.0115 | 0.0090 | 0.0101 | 0.0090 |
| 42 National Endowment For The Humanities | 0.0064 | 0.0060 | 0.0055 | 0.0055 | 0.0055 | 0.0052 |
| 43 National Endowment For The Arts | 0.0056 | 0.0053 | 0.0052 | 0.0052 | 0.0050 | 0.0046 |
| 44 Nuclear Regulatory Commission | 0.0017 | 0.0020 | 0.0022 | 0.0031 | 0.0044 | 0.0021 |
| 45 General Services Administration | -0.0144 | -0.0135 | 0.0150 | -0.0176 | 0.0007 | 0.0008 |
| 46 National Credit Union Administration | -0.0108 | -0.0310 | -0.0265 | -0.0153 | -0.0137 | -0.0105 |
| 47 Tennessee Valley Authority | -0.0355 | 0.0062 | 0.0124 | -0.0180 | -0.0083 | -0.0143 |
| 48 Federal Deposit Insurance Corporation | -0.0655 | -0.0176 | -0.0367 | -0.0678 | -0.0354 | -0.0255 |
| 49 Postal Service | 0.1285 | 0.0103 | -0.2393 | -0.1775 | -0.0495 | -0.0366 |
| 50 Securities And Exchange Commission | -0.0177 | -0.0267 | -0.0246 | -0.0299 | -0.0323 | -0.0389 |
| 51 Export-Import Bank Of The United States | -0.0939 | -0.0070 | -0.1504 | -0.0829 | -0.0324 | -0.0825 |
| 52 Undistributed Offsetting Receipts | -10.2484 | -10.0004 | -9.7423 | -9.2683 | -9.1505 | -8.9492 |
| Totals | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

(See table notes at the end of report.)

## Table 3. Federal Outlays by Budget Function in Millions of Dollars, FY2001-FY2006, Ranked by Outlays in FY2006

| | Function | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|---|---|---|---|---|---|---|---|
| 1 | Social Security | 432,958 | 455,980 | 474,680 | 495,548 | 523,333 | 548,573 |
| 2 | National Defense | 304,880 | 348,555 | 404,920 | 455,908 | 503,155 | 528,811 |
| 3 | Income Security | 269,774 | 312,720 | 334,632 | 333,059 | 346,785 | 353,701 |
| 4 | Medicare | 217,384 | 230,855 | 249,433 | 269,360 | 298,638 | 329,867 |
| 5 | Health | 172,270 | 196,544 | 219,576 | 240,134 | 250,420 | 252,609 |
| 6 | Net Interest | 206,167 | 170,949 | 153,073 | 160,245 | 183,905 | 226,631 |
| 7 | Ed., Training, Empl. and Social Services | 57,143 | 70,544 | 82,568 | 87,948 | 95,889 | 116,472 |
| 8 | Transportation | 54,447 | 61,833 | 67,069 | 64,627 | 68,102 | 70,801 |
| 9 | Veterans Benefits And Services | 45,039 | 50,984 | 57,022 | 59,779 | 70,150 | 69,843 |
| 10 | Community And Regional Development | 11,773 | 12,981 | 18,850 | 15,822 | 25,268 | 53,925 |
| 11 | Administration Of Justice | 30,202 | 35,061 | 35,340 | 45,576 | 34,508 | 35,503 |
| 12 | Natural Resources And Environment | 25,623 | 29,454 | 29,703 | 30,725 | 28,174 | 33,062 |
| 13 | International Affairs | 16,493 | 22,351 | 21,209 | 26,891 | 34,330 | 29,491 |
| 14 | Agriculture | 26,253 | 21,966 | 22,497 | 15,440 | 28,421 | 27,907 |
| 15 | General Science, Space, And Technology | 19,784 | 20,767 | 20,873 | 23,053 | 20,468 | 20,218 |
| 16 | General Government | 14,263 | 16,925 | 23,054 | 22,321 | 17,459 | 18,871 |
| 17 | Commerce And Housing Credit | 5,739 | -399 | 735 | 5,273 | 7,460 | 6,085 |
| 18 | Energy | 9 | 475 | -735 | -166 | 406 | 755 |
| 19 | Undistributed Offsetting Receipts | -47,011 | -47,392 | -54,382 | -58,537 | -65,223 | -68,249 |
| | Total | 1,863,190 | 2,011,153 | 2,160,117 | 2,293,006 | 2,471,647 | 2,654,878 |

(See table notes at the end of report.)

## Table 4. Federal Outlays by Budget Function in Percent of Total Outlays, FY2001-FY2006, Ranked by Outlays in FY2006

| | Function | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|---|---|---|---|---|---|---|---|
| 1 | Social Security | 23.237% | 22.673% | 21.975% | 21.611% | 21.173% | 20.663% |
| 2 | National Defense | 16.363 | 17.331 | 18.745 | 19.883 | 20.357 | 19.918 |
| 3 | Income Security | 14.479 | 15.549 | 15.491 | 14.525 | 14.031 | 13.323 |
| 4 | Medicare | 11.667 | 11.479 | 11.547 | 11.747 | 12.083 | 12.425 |
| 5 | Health | 9.246 | 9.773 | 10.165 | 10.472 | 10.132 | 9.515 |
| 6 | Net Interest | 11.065 | 8.500 | 7.086 | 6.988 | 7.441 | 8.536 |
| 7 | Ed., Training, Empl. and Social Services | 3.067 | 3.508 | 3.822 | 3.835 | 3.880 | 4.387 |
| 8 | Transportation | 2.922 | 3.075 | 3.105 | 2.818 | 2.755 | 2.667 |
| 9 | Veterans Benefits And Services | 2.417 | 2.535 | 2.640 | 2.607 | 2.838 | 2.631 |
| 10 | Community And Regional Development | 0.632 | 0.645 | 0.873 | 0.690 | 1.022 | 2.031 |
| 11 | Administration Of Justice | 1.621 | 1.743 | 1.636 | 1.988 | 1.396 | 1.337 |
| 12 | Natural Resources And Environment | 1.375 | 1.465 | 1.375 | 1.340 | 1.140 | 1.245 |
| 13 | International Affairs | 0.885 | 1.111 | 0.982 | 1.173 | 1.389 | 1.111 |
| 14 | Agriculture | 1.409 | 1.092 | 1.041 | 0.673 | 1.150 | 1.051 |
| 15 | General Science, Space, And Technology | 1.062 | 1.033 | 0.966 | 1.005 | 0.828 | 0.762 |
| 16 | General Government | 0.766 | 0.842 | 1.067 | 0.973 | 0.706 | 0.711 |
| 17 | Commerce And Housing Credit | 0.308 | -0.020 | 0.034 | 0.230 | 0.302 | 0.229 |
| 18 | Energy | 0.000 | 0.024 | -0.034 | -0.007 | 0.016 | 0.028 |
| 19 | Undistributed Offsetting Receipts | -2.523 | -2.356 | -2.518 | -2.553 | -2.639 | -2.571 |
| | Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

(See table notes at the end of report.)

## Table 5. Federal Outlays by Budget Function in Percent of GDP, FY2001-FY2006, Ranked by Percent of GDP in FY2006

| | Function | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|---|---|---|---|---|---|---|---|
| 1 | Social Security | 4.305% | 4.394% | 4.393% | 4.292% | 4.258% | 4.200% |
| 2 | National Defense | 3.031 | 3.359 | 3.747 | 3.949 | 4.094 | 4.049 |
| 3 | Income Security | 2.682 | 3.013 | 3.097 | 2.885 | 2.822 | 2.708 |
| 4 | Medicare | 2.161 | 2.225 | 2.308 | 2.333 | 2.430 | 2.526 |
| 5 | Health | 1.713 | 1.894 | 2.032 | 2.080 | 2.038 | 1.934 |
| 6 | Net Interest | 2.050 | 1.647 | 1.417 | 1.388 | 1.496 | 1.735 |
| 7 | Ed., Training, Empl. and Social Services | 0.568 | 0.680 | 0.764 | 0.762 | 0.780 | 0.892 |
| 8 | Transportation | 0.541 | 0.596 | 0.621 | 0.560 | 0.554 | 0.542 |
| 9 | Veterans Benefits And Services | 0.448 | 0.491 | 0.528 | 0.518 | 0.571 | 0.535 |
| 10 | Community And Regional Development | 0.117 | 0.125 | 0.174 | 0.137 | 0.206 | 0.413 |
| 11 | Administration Of Justice | 0.300 | 0.338 | 0.327 | 0.395 | 0.281 | 0.272 |
| 12 | Natural Resources And Environment | 0.255 | 0.284 | 0.275 | 0.266 | 0.229 | 0.253 |
| 13 | International Affairs | 0.164 | 0.215 | 0.196 | 0.233 | 0.279 | 0.226 |
| 14 | Agriculture | 0.261 | 0.212 | 0.208 | 0.134 | 0.231 | 0.214 |
| 15 | General Science, Space, And Technology | 0.197 | 0.200 | 0.193 | 0.200 | 0.167 | 0.155 |
| 16 | General Government | 0.142 | 0.163 | 0.213 | 0.193 | 0.142 | 0.144 |
| 17 | Commerce And Housing Credit | 0.057 | -0.004 | 0.007 | 0.046 | 0.061 | 0.047 |
| 18 | Energy | 0.000 | 0.005 | -0.007 | -0.001 | 0.003 | 0.006 |
| 19 | Undistributed Offsetting Receipts | -0.467 | -0.457 | -0.503 | -0.507 | -0.531 | -0.523 |
| | Total | 18.525 | 19.380 | 19.991 | 19.860 | 20.110 | 20.327 |

(See table notes at the end of report.)

# Notes on the Tables

**Tables 1 and 2**

The *negative outlays* (shown for several agencies and for offsetting receipts) near the bottom of these two tables generally represent fees, charges, proprietary receipts from the public (such as loan repayments; interest; or sale of property, products, or services), or intra-governmental transactions (such as payments by federal agencies into federal employee retirement accounts, payments from one agency to another, or the intra-governmental payment of interest). The accounts for some agencies may be credited with more income than with outlays, producing negative outlays.

The Department of *Health and Human Services (HHS)* includes Medicare, Medicaid, and other social support programs. *Defense (military)* includes only military defense programs; civilian defense programs are shown separately. *Treasury* spending includes total federal interest payments on the public debt and the IRS, as well as other activities.[9]

The *All Other* category includes spending for the multitude of agencies with very small budgets. These small agencies include the Advisory Council on Historic Preservation, the United States Institute of Peace, the National Mediation Board, and the Marine Mammal Commission, among numerous others.

**Tables 3 and 4**

The budget functions shown in **Tables 3** and **4** are the standard budget functions used in the budget by the Administration and in the congressional budget resolution. The components of the largest budget functions are mostly self — explanatory. *Defense* is mostly the Department of Defense; *Social Security* is the Social Security program; *Net interest* is a measure of federal interest payments to the public; *Income security* includes unemployment compensation, food and nutrition assistance, and federal civilian and military retirement; *Medicare* is the Medicare program; and *Health* includes the Medicaid program, as well as other federal health spending.

**General**

The data in this report are from the *Budget of the United States Government for Fiscal Year 2007* (February 2006) and the *Final Monthly Treasury Statement of Receipts and Outlays of the United States Government for Fiscal Year 2006* (FTMS; September 2006) from the Department of the Treasury. Data for the functional tables

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[9] The overwhelming part of the billions spent by the Treasury ($464.3 billion in 2006) is spent on interest on the public debt ($405.9 billion in 2006). Of the 17.5% of total outlays coming from the Treasury, 15.3% of total outlays came from gross interest on the public debt. Net interest, shown in all the tables, subtracts from gross interest both the intra-governmental payment of interest and payments of interest by the public to the government. Net interest was $226.6 billion and 8.5% of total outlays in 2006.

were taken from the *Historical Tables* volume of OMB's 2007 budget documents and the FMTS for 2006.

The 2006 function data in this report used revised function data made available in November 2006 by the Treasury . The revised data corrected errors that appeared in the function table (Table 9) published in the FMTS for 2006 (in the September 2006 issue). The revised data included slightly larger total outlays and very slightly smaller total receipts. Outlays were larger by almost $500 million, less than 0.02% of the original total outlays. Receipts were smaller by $6 million, only 0.002% below the original receipt total. The revised outlay total was used to calculate the percentage shares of spending by agency and by function. It had an insignificant effect on the spending by agency as a percentage of total outlays, compared to the original outlay total.

Additional detail on the programs within the departments and agencies and the budget functions can be found in the annual budget documents issued by OMB. The data in the tables are internally consistent based on the data from OMB. If the tables in this report are compared to similar data from other years' budget documents they may not match because of the revisions that the government makes in its budgetary accounting and its accounts over time.

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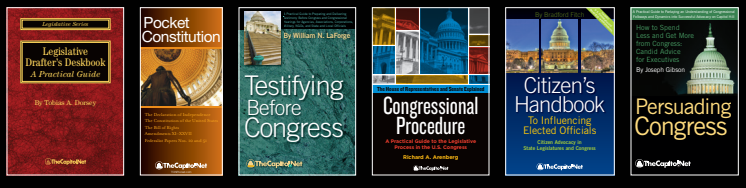
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