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Federal Spending by Agency and Budget Function, FY2001-FY2005

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Summary

This report provides federal spending data by agency and by budget function for fiscal year 2001 through fiscal year 2005. The data, ranked by size, reveal the concentrated nature of federal spending. The largest four agencies (of 51 listed) produce 83% of total outlays and the six largest (of 19) budget functions produce 86% 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, Medicaid, and income support, among others), defense spending, or net interest spending on federal debt.

Over the five years of data in this report, very little movement has occurred in the order of agencies or budget functions, especially among the largest ones. Among the larger categories of spending, net interest fell as a share of total spending and in dollars because of lower interest rates and slow growth in federal debt early in the period (although it began growing again in 2005). Defense spending grew as money was added for the war on terror.

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, most spending reduction efforts seem destined to remain relatively small and, thus, are likely to have a limited effect on overall federal spending.

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

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Federal Spending by Agency and Budget Function, FY2001-FY2005

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 20 years, from \$946.4 billion in fiscal year 1985 to \$2,472.2 billion in fiscal year 2005, in current dollars.¹ In constant (FY2000) dollars, outlays grew from \$1,395.7 billion in 1985 to \$2,212.6 billion in 2005 (est). As a percentage of gross domestic product (GDP), outlays have declined from 22.9% of GDP in 1985 (a year of recession) to 20.2% of GDP in 2005. In between, outlays fell to 18.4% of GDP in FY2000 (a year of rapid economic growth) before climbing to the FY2005 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 combine spending into broad categories) for the years 2001 through 2005. 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 GDP. The data are from the *Budget of the United States Government for Fiscal Year 2006* from the OMB and the *Final Monthly Treasury Statements* for various years from the Treasury.

The data clearly show two patterns to federal spending. The first is that most federal spending is, and has been, 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 five 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 interest on the debt. OMB's short definition of mandatory spending states that,

¹ Unless specified otherwise, all years mentioned in this report are fiscal years.

“Mandatory and related programs include direct spending and offsetting receipts whose budget authority is provided by law other than appropriations acts.”² 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 federal employees that run them, a certain amount of the annual appropriations are needed for federal salaries. In addition, approximately half of the annual appropriated amount goes to defense spending, which during a time of war is difficult to reduce. 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 FY2005, from largest to smallest. The Other Independent Agency category in the tables combines the outlays of a multitude of very 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 2005 for example, the National Science Foundation ranked 25th, had outlays of \$5.4 billion, and accounted for 0.2197% of total outlays.

Tables 3 and 4 mirror **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 2005. The Natural Resources and Environment budget function in 2005 had outlays of \$26.2 billion, which were 1.1% of total outlays, and ranked 13th 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 just over 0.2% of GDP in 2005.

Outlays by Agency

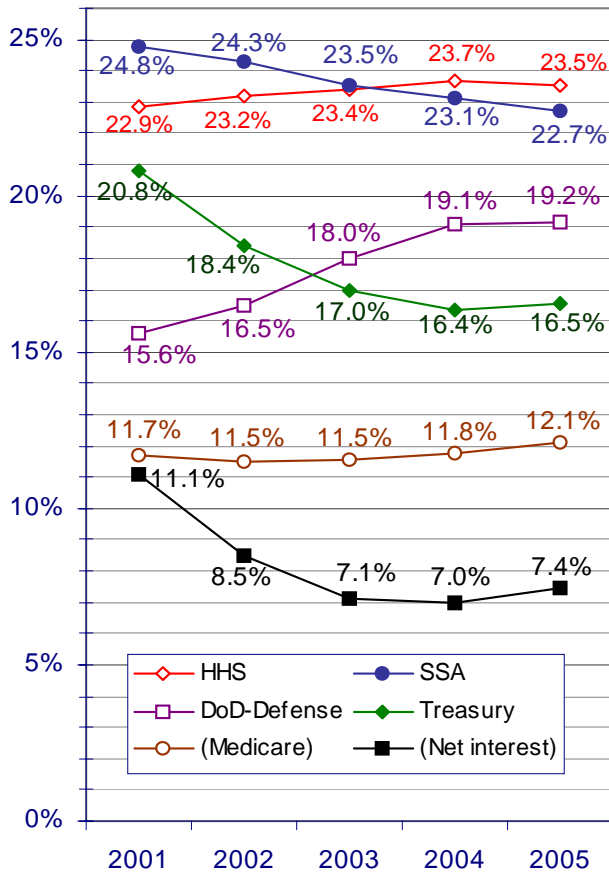
Tables 1 and 2 contain 2001 through 2005 outlays listed by the largest amount spent by an agency, the Department of Health and Human Services (HHS), to the smallest amount spent by an agency, the General Services Administration, and on to those agencies with negative outlays (in which the agency’s outlays 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 relatively few agencies.

When combined, the four largest departments and agencies, HHS, the Social Security Administration (SSA), Defense (DOD-military), and the Treasury spent

² OMB. Budget Of the United States Government for Fiscal Year 2006. February 2005. Historical Tables. p. 15.

\$2,026 billion, which was 81.9% of the total outlays in 2005.^{3 4} The smallest of these four, the Treasury (\$409.1 billion), spent almost five times as much as the Department of Agriculture (\$85.1 billion), which ranks right below the Treasury in spending. The department spending the most, HHS (\$581.5 billion), spent almost 10 times what the eighth largest, the Office of Personnel Management (\$59.5 billion), spent in 2005. The two largest, HHS and SSA, each spent over 22% of total outlays in 2005. The DOD almost reached 20% of outlays in 2005. The Treasury spent 16.5% of total outlays. The next department in order, Agriculture, spent 3.4% of

Figure 1. Selected Agency Outlays as Percent of Total Outlays, FY2001-FY2005



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 \$85 billion in 2005. Their combined spending was \$605.4 billion (24.5% of total outlays). The 12 departments and agencies spending more than \$1 billion but less than \$10 billion (including the Judicial and Legislative Branches), produced total outlays of \$66.0 billion and 2.6% of total outlays in 2005. These 12 combined spent somewhat less than the Department of Veterans Affairs alone (ranked seventh in the list).

The final group of agencies with positive outlays, a group of 15, each spent less than \$1.0 billion. This group's combined outlays were only \$5.6 billion and just 0.23% of total outlays in

³ Henceforth, Department of Defense (military) will be referred to as DOD.

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 2005 from \$409 billion to \$57 billion (and 2.3% of total outlays). Adding the net interest portion of total interest to this non-interest portion of Treasury outlays produces modified 2005 Treasury spending of \$259 billion (10.5% of total outlays), an amount substantially larger than the next largest agency, the Department of Agriculture.

2005. The amount spent by these 13 for fiscal year 2005 was about the amount spent by the Judicial Branch of government (\$5.6 billion) and approximately what HHS spent, on average, in 3½ days.

The sum of the percentages of total outlays spent by the agencies with positive outlays equals 109.3% of total outlays for 2005. The remaining five agencies with negative outlays (also called offsetting outlays) plus the negative outlays from the undistributed offsetting receipts category, produced \$230.5 billion in outlay offsets (-9.3% of total outlays). Adding these offsetting outlays to total (positive) outlays produces total net outlays for 2005 of \$2,472.9 billion.⁵

Outlays by Budget Function

As mentioned earlier, **Tables 3** and **4** (on page 10) list the budget functions, ranked in descending order of outlays for 2005 for the five fiscal years, 2001 through 2005. 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 over 85% of total outlays. These six functions include most of the mandatory spending of the federal government plus defense spending and net interest.

The smallest of the six largest budget functions, net interest, produced over 7% of total outlays in 2005 while the next largest function in the list, education, training, employment, and social services, contained less than 4% of total outlays. Only two other of the remaining 12 budget functions accounted for over 2% of total outlays. These smaller 12 budget functions (excluding offsetting receipts), with 18% of total outlays, fund all other federal activities. Even if the six largest functions 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 be left with an overwhelming 82% share of total outlays.⁶

As shares of the economy, total federal outlays were 20.2% of GDP in 2005. The largest budget function, Social Security, was 4.3% of GDP. As with their share

⁵ Negative outlays or offsetting receipts generally refer to collections by one agency from 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.

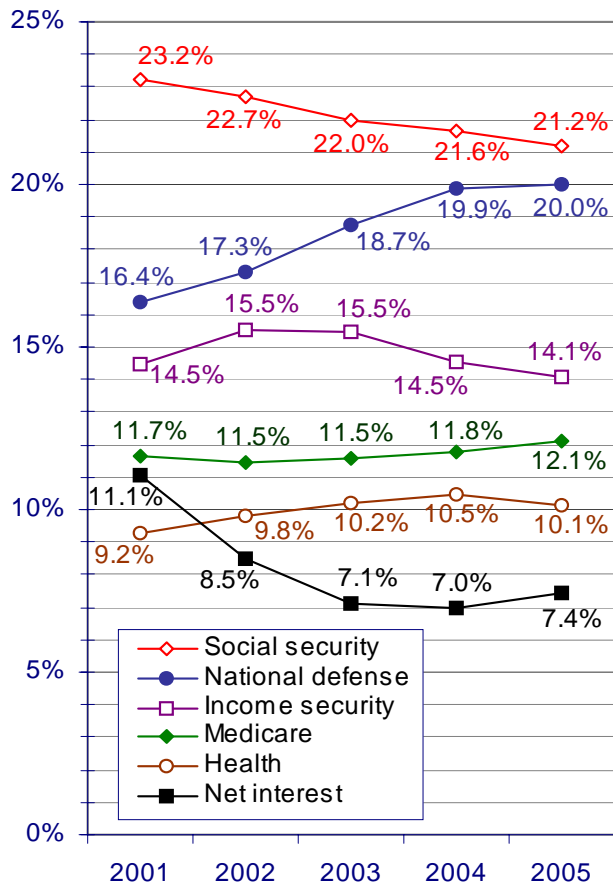
⁶ Undistributed offsetting receipts (UOR) are not defined or measured the same way in the two sets of tables. In **Tables 1** and **2** the UOR include almost all of the outlay offsets in the government accounts. Very few are offset against the spending in the departments and agencies. In **Tables 3** and **4**, many of the offsets are included within the various functions, producing amounts in the functions that are essentially net outlays. The UOR in these two tables represents a relatively small amount of offsets that are not distributed among the functions for various reasons.

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 17.1% of GDP in 2005; the remaining 12 functions with positive outlays made up 3.6% of GDP in that year. Undistributed offsetting receipts were -0.5% of GDP. **Table 5** on page 11 shows the budget functions as percentages of GDP for each of the five years.

Changing Rank and Share Over Time

Some of the agencies and a few of the budget functions shifted their rank over the 2001 to 2005 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) acting on the budget.

Figure 2. Selected Budget Functions as Percentages of Total Outlays, FY2001-FY2005



The four agencies with the largest outlays in 2005 were also the four largest in 2001, although DOD and the Treasury exchanged rankings as defense spending grew with the war on terror and Treasury spending fell with lower interest rates and a slowing in the federal debt's rate of growth in the 1990s and early 2000s (which resulted from smaller deficits and four years of surpluses).

The combined share for the four largest agencies fell from 84.0% in 2001 to 81.9% in 2005. 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. Using the combined share of total outlays for just the three largest entities results in a 63.2% share of total outlays in

2001, with a rise to 65.4% share in 2005. The concentration of federal spending within the largest three agencies increased during the five-year period. They produced almost two-thirds of total federal outlays in 2005. The reversal, in 2005, in the four-year fall in net interest (within the Department of the Treasury) likely will enhance the increase in future concentration of federal spending as Social Security

and federal health spending continue growing as shares of total outlays, whether or not defense spending continues to rise.

Among the other agencies, increases in Department of Education funding bumped it from the 10th spot in 2001 to the 6th spot in 2005. The Department of Homeland Security (DHS) moved from 15th to 13th place in the list of agencies.⁷ One of the larger changes in rank moved the Executive Office of the President from 35th place in 2001 to 21st place in 2005. 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 2005, moving it to 29th place (out of 45 departments or agencies with positive outlays). The Postal Service went the other way, dropping in the rankings from 28th to 51st and from having positive outlays in 2001 to having offsetting outlays in 2005.

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. And like the agency list, the budget functions show little change in rank over the period. The four largest budget functions held their rank throughout the five years. The 5th and 6th 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 20.0% in 2005 (see **Table 4** for a listing of the 19 budget functions showing their share of total outlays for the years 2001 through 2005).

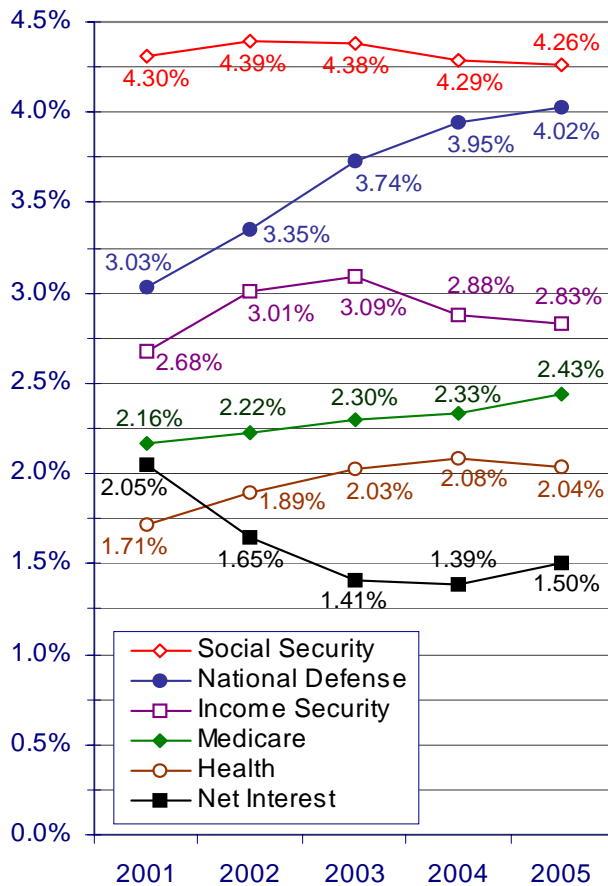
The combined share for these six budget functions was 86.1% in 2001 and 84.8% in 2005. Excluding the net interest function from the top six still produced three-quarters (or more) of total outlays, 75.0% of total outlays in 2001 and 77.4% of total outlays in 2005. The concentration of federal spending 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 large deficits, along with currently rising interest rates, will also raise net interest spending as a share of total outlays.

⁷ 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.

Budget Functions as Percentages of GDP

As percentages of GDP (see **Table 5**), total outlays have increased since 2001, rising from 18.5% to 20.2% in 2005. Of that increase, national defense increased its share by 1.0% of GDP. Increases in the shares of the three 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 0.5% 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 2005 (their cumulative share of GDP was 17.1% in 2005).

Figure 3. Selected Budget Functions as Percentages of GDP, FY2001-FY2005



During the five years, the individual functions showed varied patterns of change. Income security rose from 2.7% of GDP in 2001 to 3.1% of GDP in 2003 before falling back to 2.8% of GDP in 2005. The economic sluggishness in the early years of the decade increased federal spending within this function. Net interest fell from 2.0% of GDP in 2001 to 1.4% of GDP in 2004 before rising to 1.5% of GDP in 2005 (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 into the future.

**Table 1. Federal Outlays by Agency in Millions of Dollars,
FY2001-FY2005, Ranked by Outlays in FY2005**

Agency	2001	2002	2003	2004	2005
1 Dept. of Health and Human Services	426,311	466,104	505,410	543,206	581,492
<i>(Medicare)</i>	217,384	230,855	249,432	269,360	298,638
2 Social Security Administration	461,264	488,694	507,734	530,206	561,324
3 Department of Defense — military	290,342	332,116	388,891	437,111	474,436
4 Department of the Treasury	386,906	371,394	366,523	375,258	409,114
<i>(Net Interest)</i>	206,231	171,125	153,077	160,245	184,126
5 Department of Agriculture	68,001	68,989	72,483	71,768	85,129
6 Department of Education	35,721	46,286	57,400	62,817	72,944
7 Department of Veterans Affairs	45,050	50,881	56,892	59,556	69,995
8 Office of Personnel Management	50,914	52,512	54,134	56,533	59,510
9 Department of Transportation	49,282	56,112	50,808	54,541	56,934
10 Department of Labor	39,755	64,252	69,592	56,708	47,946
11 Other Defense Civil Programs	34,164	35,159	39,881	41,732	43,484
12 Dept. of Housing and Urban Development . .	33,939	31,880	37,470	45,024	42,514
13 Department of Homeland Security	15,025	15,980	31,843	26,724	39,307
14 Department of Justice	18,695	20,746	21,775	28,953	22,740
15 Department of Energy	16,340	17,772	19,385	19,974	21,635
16 National Aeronautics and Space Adm.	14,095	14,429	14,552	15,186	15,611
17 International Assistance Program	11,777	13,309	13,466	13,738	14,787
18 Department of State	7,444	9,453	9,257	10,942	12,838
19 Department of the Interior	7,868	9,741	9,204	8,938	9,093
20 Environmental Protection Agency	7,391	7,450	8,065	8,335	7,918
21 Executive Office of the President	246	453	388	3,309	7,725
22 Federal Communications Commission	4,098	5,202	8,800	3,848	7,549
23 Department of Commerce	5,010	5,322	5,680	5,849	6,165
24 Judicial Branch	4,405	4,824	5,123	5,396	5,562
25 National Science Foundation	3,690	4,187	4,735	5,118	5,432
26 Corps of Engineers	4,726	4,798	4,749	4,842	4,767
27 Legislative Branch	3,035	3,211	3,420	3,880	3,989
28 Other Independent Agencies	1,041	1,256	1,649	2,563	3,183
29 Small Business Administration	-570	492	1,559	4,077	2,503
30 Railroad Retirement Board	5,541	5,425	3,056	2,792	2,123
31 Corp. for National and Community Service . .	757	793	839	765	793
32 Smithsonian Institution	561	616	614	782	757
33 District of Columbia	539	927	781	805	659
34 Broadcasting Board of Governors	429	484	517	653	639
35 Corporation for Public Broadcasting	360	375	411	437	466
36 Federal Drug Control Programs	340	467	620	429	409
37 National Archives and Records Adm.	217	268	301	307	338
38 Legal Services Corporation	320	333	336	335	332
39 Equal Employment Opportunity Commission	289	324	315	324	320
40 Institute of Museum and Library Services . .	196	219	249	207	250
41 National Labor Relations Board	220	230	231	242	246
42 National Endowment for the Humanities . . .	119	120	119	127	136
43 National Endowment for the Arts	104	107	112	120	124
44 Nuclear Regulatory Commission	31	40	48	71	111
45 General Services Administration	-269	-271	323	-404	53
46 Tennessee Valley Authority	-662	124	267	-413	-205
47 National Credit Union Administration	-202	-623	-572	-351	-339
48 Securities and Exchange Commission	-330	-536	-532	-685	-799
49 Export-import Bank of the United States . . .	-1,749	-140	-3,248	-1,902	-814
50 Federal Deposit Insurance Corporation	-1,220	-353	-793	-1,554	-874
51 Postal Service	2,395	207	-5,169	-4,070	-1,223
52 Undistributed Offsetting Receipts	-190,948	-201,124	-210,446	-212,522	-226,210
Total Outlays	1,863,033	2,412,996	2,159,246	2,722,232	2,955,682

(See notes on pages 12 and 13)

Table 2. Federal Outlays by Agency in Percent of Total Outlays, FY2001-FY2005, Ranked by Outlays in FY2005

Agency	2001	2002	2003	2004	2005
1 Dept. of Health and Human Services	22.8826%	23.1635%	23.3965%	23.7058%	23.5144%
<i>(Medicare)</i>	11.6726	11.4795	11.5518	11.7490	12.0763
2 Social Security Administration	24.7588	24.3009	23.5144	23.1266	22.6988
3 Department of Defense — military	15.5844	16.5148	18.0105	19.0659	19.1853
4 Department of the Treasury	20.7675	18.4680	16.9746	16.3680	16.5438
<i>(Net Interest)</i>	11.0696	7.0918	7.0894	6.9896	7.4457
5 Department of Agriculture	3.6500	3.4306	3.3569	3.1304	3.4424
6 Department of Education	1.9174	2.3016	2.6583	2.7400	2.9497
7 Department of Veterans Affairs	2.4181	2.5301	2.6348	2.5977	2.8305
8 Office of Personnel Management	2.7329	2.6112	2.5071	2.4659	2.4065
9 Department of Transportation	2.6453	2.7902	2.3530	2.3790	2.3023
10 Department of Labor	2.1339	3.1950	3.2230	2.4735	1.9388
11 Other Defense Civil Programs	1.8338	1.7483	1.8470	1.8203	1.7584
12 Dept. of Housing and Urban Development	1.8217	1.5853	1.7353	1.9639	1.7192
13 Department of Homeland Security	0.8065	0.7946	1.4747	1.1656	1.5895
14 Department of Justice	1.0035	1.0316	1.0085	1.2629	0.9196
15 Department of Energy	0.8771	0.8837	0.8978	0.8712	0.8749
16 National Aeronautics and Space Adm.	0.7566	0.7175	0.6739	0.6624	0.6313
17 International Assistance Program	0.6321	0.6618	0.6236	0.5992	0.5980
18 Department of State	0.3996	0.4701	0.4287	0.4773	0.5191
19 Department of the Interior	0.4223	0.4844	0.4263	0.3899	0.3677
20 Environmental Protection Agency	0.3967	0.3705	0.3735	0.3636	0.3202
21 Executive Office of the President	0.0132	0.0225	0.0180	0.1443	0.3124
22 Federal Communications Commission	0.2200	0.2587	0.4075	0.1678	0.3053
23 Department of Commerce	0.2689	0.2646	0.2631	0.2551	0.2493
24 Judicial Branch	0.2364	0.2399	0.2373	0.2354	0.2249
25 National Science Foundation	0.1981	0.2082	0.2193	0.2232	0.2197
26 Corps of Engineers	0.2537	0.2386	0.2199	0.2112	0.1928
27 Legislative Branch	0.1629	0.1597	0.1584	0.1692	0.1613
28 Other Independent Agencies	0.0559	0.0625	0.0763	0.1118	0.1287
29 Small Business Administration	-0.0306	0.0245	0.0722	0.1778	0.1012
30 Railroad Retirement Board	0.2974	0.2698	0.1415	0.1218	0.0858
31 Corp. for National and Community Service	0.0406	0.0394	0.0389	0.0334	0.0321
32 Smithsonian Institution	0.0301	0.0306	0.0284	0.0341	0.0306
33 District of Columbia	0.0289	0.0461	0.0362	0.0351	0.0266
34 Broadcasting Board of Governors	0.0230	0.0241	0.0239	0.0285	0.0258
35 Corporation for Public Broadcasting	0.0193	0.0186	0.0190	0.0191	0.0188
36 Federal Drug Control Programs	0.0182	0.0232	0.0287	0.0187	0.0165
37 National Archives and Records Adm.	0.0116	0.0133	0.0139	0.0134	0.0137
38 Legal Services Corporation	0.0172	0.0166	0.0156	0.0146	0.0134
39 Equal Employment Opportunity Commission	0.0155	0.0161	0.0146	0.0141	0.0129
40 Institute of Museum and Library Services	0.0105	0.0109	0.0115	0.0090	0.0101
41 National Labor Relations Board	0.0118	0.0114	0.0107	0.0106	0.0099
42 National Endowment for the Humanities	0.0064	0.0060	0.0055	0.0055	0.0055
43 National Endowment for the Arts	0.0056	0.0053	0.0052	0.0052	0.0050
44 Nuclear Regulatory Commission	0.0017	0.0020	0.0022	0.0031	0.0045
45 General Services Administration	-0.0144	-0.0135	0.0150	-0.0176	0.0021
46 Tennessee Valley Authority	-0.0355	0.0062	0.0124	-0.0180	-0.0083
47 National Credit Union Administration	-0.0108	-0.0310	-0.0265	-0.0153	-0.0137
48 Securities and Exchange Commission	-0.0177	-0.0267	-0.0246	-0.0299	-0.0323
49 Export-import Bank of the United States	-0.0939	-0.0070	-0.1504	-0.0830	-0.0329
50 Federal Deposit Insurance Corporation	-0.0655	-0.0176	-0.0367	-0.0678	-0.0353
51 Postal Service:	0.1286	0.0103	-0.2394	-0.1775	-0.0495
52 Undistributed Offsetting Receipts	-10.2495	-10.0011	-9.7463	-9.2698	-9.1475
Total Outlays	100.0%	100.0%	100.0%	100.0%	100.00%

(See notes on pages 12 and 13)

Table 3. Federal Outlays by Budget Function in Millions of Dollars, FY2001-FY2005, Ranked by Outlays in FY2005

Budget Function	2001	2002	2003	2004	2005
1 Social Security	\$432,958	\$455,980	\$474,680	\$495,548	\$523,333
2 National defense	304,882	348,555	404,920	455,908	493,889
3 Income security	269,615	312,530	334,432	332,837	347,616
4 Medicare	217,384	230,855	249,433	269,360	298,638
5 Health	172,270	196,544	219,576	240,134	250,378
6 Net interest	206,167	170,949	153,073	160,245	184,126
7 Education, training, employment, and social services	57,143	70,544	82,568	87,945	97,880
8 Veterans benefits and services	45,039	50,984	57,022	59,779	70,150
9 Transportation	54,447	61,833	67,069	64,626	68,104
10 Administration of justice	30,205	35,081	35,323	45,535	39,731
11 International affairs	16,493	22,351	21,209	26,891	34,351
12 Agriculture	26,253	21,966	22,497	15,440	28,407
13 Natural resources and environment	25,623	29,454	29,703	30,725	26,185
14 Community and regional development	11,773	12,981	18,850	15,797	25,075
15 General science, space, and technology	19,784	20,767	20,873	23,053	24,528
16 General government	14,260	16,905	23,071	21,822	17,691
17 Commerce and housing credit	5,739	-390	735	5,273	7,419
18 Energy	9	475	-735	-166	639
19 Undistributed offsetting receipts	-47,011	-47,392	-54,382	-58,537	-65,220
Total, Federal Outlays	1,863,033	2,010,972	2,159,917	2,292,215	2,472,920

(See notes on pages 12 and 13)

Table 4. Federal Outlays by Budget Function in Percent of Total Outlays, FY2001-FY2005, Ranked by Outlays in FY2005

Budget Function	2001	2002	2003	2004	2005
1 Social Security	23.2394%	22.6746%	21.9768%	21.6187%	21.1626%
2 National defense	16.3648	17.3327	18.7470	19.8894	19.9719
3 Income security	14.4718	15.5412	15.4836	14.5203	14.0569
4 Medicare	11.6683	11.4798	11.5483	11.7511	12.0763
5 Health	9.2467	9.7736	10.1659	10.4761	10.1248
6 Net interest	11.0662	8.5008	7.0870	6.9908	7.4457
7 Education, training, employment, and social services	3.0672	3.5080	3.8227	3.8367	3.9581
8 Veterans benefits and services	2.4175	2.5353	2.6400	2.6079	2.8367
9 Transportation	2.9225	3.0748	3.1052	2.8194	2.7540
10 Administration of justice	1.6213	1.7445	1.6354	1.9865	1.6066
11 International affairs	0.8853	1.1115	0.9819	1.1731	1.3891
12 Agriculture	1.4092	1.0923	1.0416	0.6736	1.1487
13 Natural resources and environment	1.3753	1.4647	1.3752	1.3404	1.0589
14 Community and regional development	0.6319	0.6455	0.8727	0.6892	1.0140
15 General science, space, and technology	1.0619	1.0327	0.9664	1.0057	0.9919
16 General government	0.7654	0.8406	1.0681	0.9520	0.7154
17 Commerce and housing credit	0.3080	-0.0194	0.0340	0.2300	0.3000
18 Energy	0.0005	0.0236	-0.0340	-0.0072	0.0258
19 Undistributed offsetting receipts	-2.5234	-2.3567	-2.5178	-2.5537	-2.6374
Total, Federal Outlays	100.0%	100.0%	100.0%	100.0%	100.0%

(See notes on pages 12 and 13)

Table 5. Federal Outlays by Budget Function in Percent of GDP, FY2001-FY2005, Ranked by Percent of GDP in FY2005

Budget Function	2001	2002	2003	2004	2005
1 Social Security	4.3047%	4.3890%	4.3795%	4.2894%	4.2648%
2 National defense	3.0313	3.3550	3.7358	3.9463	4.0248
3 Income security	2.6806	3.0082	3.0855	2.8810	2.8328
4 Medicare	2.1613	2.2221	2.3013	2.3316	2.4337
5 Health	1.7128	1.8918	2.0258	2.0786	2.0404
6 Net Interest	2.0498	1.6454	1.4123	1.3871	1.5005
7 Education, training, employment, and social services	0.5681	0.6790	0.7618	0.7612	0.7977
8 Veterans benefits and services	0.4478	0.4907	0.5261	0.5174	0.5717
9 Transportation	0.5413	0.5952	0.6188	0.5594	0.5550
10 Administration of justice	0.3003	0.3377	0.3259	0.3941	0.3238
11 International affairs	0.1640	0.2151	0.1957	0.2328	0.2799
12 Agriculture	0.2610	0.2114	0.2076	0.1336	0.2315
13 Natural resources and environment	0.2548	0.2835	0.2740	0.2660	0.2134
14 Community and regional development	0.1171	0.1249	0.1739	0.1367	0.2043
15 General science, space, and technology	0.1967	0.1999	0.1926	0.1995	0.1999
16 General government	0.1418	0.1627	0.2129	0.1889	0.1442
17 Commerce and housing credit	0.0571	-0.0038	0.0068	0.0456	0.0605
18 Energy	0.0001	0.0046	-0.0068	-0.0014	0.0052
19 Undistributed offsetting receipts	-0.4674	-0.4562	-0.5017	-0.5067	-0.5315
Total, Federal Outlays	18.5231%	19.3564%	19.9276%	19.8412%	20.1526%

(See notes on pages 12 and 13)

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, or 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.⁸

The *All Other* category includes spending for the multitude of agencies with very small budgets. As examples, 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 many others.

Tables 3 and 4

The budget functions 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.

General

The data in this report are from the *Budget of the United States Government for Fiscal Year 2006* (February 2005) and the *Final Monthly Treasury Statement of Receipts and Outlays of the United States Government for Fiscal Year 2005* (FTMS; September 2005) from the Department of the Treasury. Data for the functional tables

⁸ The overwhelming part of the billions spent by the Treasury (\$409.1 billion in 2005) is spent on interest on the public debt (\$352.4 billion in 2005). Of the 16.5% of total outlays coming from the Treasury, 14.2% of total outlays came from gross interest on the public debt. Net interest, shown in **Table 3, 4, and 5**, subtracts from gross interest both the intra-governmental payment of interest and payments of interest by the public to the government. Net interest was \$184.1 billion and 7.45% of total outlays in 2005.

were taken from the *Historical Tables* volume of OMB's 2006 budget documents and the FMTS for FY2005.

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.