Discretionary Budget Authority by Subfunction: An Overview

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June 7, 2017

Congressional Research Service
7-....
www.crs.gov
R41726

CRS REPORT
Prepared for Members and
Committees of Congress

Summary

This report provides a graphical overview of historical trends in discretionary budget authority (BA) from FY1977 through FY2016, preliminary estimates for FY2017 spending, and the levels reflecting the President's proposals for FY2018 through FY2022 using data from the FY2018 budget submission released on May 23, 2017. This report, by illustrating trends in broad budgetary categories, provides a starting point for discussions about fiscal priorities. Other CRS products analyze spending trends in specific functional areas. Functional categories (e.g., national defense, agriculture, etc.) provide a means to compare federal funding for activities within broad policy areas that often cut across several federal agencies. Subfunction categories provide a finer division of funding levels within narrower policy areas. Budget function categories are used within the budget resolution and for other purposes, such as estimates of tax expenditures. Spending in this report is measured and illustrated in terms of discretionary budget authority as a percentage of gross domestic product (GDP). Measuring spending as a percentage of GDP in effect controls for inflation and population increases. A flat line on such graphs indicates that spending has increased at the same rate as overall economic growth. In some cases, rescissions, offsetting receipts, or budgetary scorekeeping adjustments can result in negative budget authority.

Discretionary spending is provided and controlled through appropriations acts, which provide budget authority to federal agencies to fund many of the activities commonly associated with such federal government functions as running executive branch agencies, congressional offices and agencies, and international operations of the government. Essentially all spending on federal wages and salaries is discretionary. Administrative costs for entitlement programs such as Social Security are generally funded by discretionary spending, while mandatory spending—not shown in figures presented in this report—generally funds the benefits provided through those programs. For some federal programs, such as surface transportation, the division of funding into discretionary and mandatory categories can be complex.

Spending caps and budget enforcement mechanisms established in the Budget Control Act of 2011 (P.L. 112-25; BCA) strongly affected recent budgets. The BCA set discretionary spending caps on defense (budget function 050) and non-defense funding and created a formula to lower those caps to achieve a portion of spending cuts called for in the BCA. Congress modified BCA caps several times, first for FY2013 as part of the fiscal cliff deal at the start of January 2013 (American Taxpayer Relief Act of 2012; P.L. 112-240), then through the Bipartisan Budget Act of 2013 (BBA2013; P.L. 113-67) and the Bipartisan Budget Act of 2015 (P.L. 114-74), thus avoiding decreases in levels of discretionary funding. The Trump Administration has proposed changes in BCA caps to allow higher defense spending and to constrain non-defense spending.

A first continuing resolution (P.L. 114-223) was enacted on September 29, 2016, which provides discretionary funding through December 9, 2016. A second continuing resolution (P.L. 114-254), enacted on December 10, 2016, extended funding through April 28, 2017. A stopgap funding measure (P.L. 115-30) was enacted on April 28, 2017. An omnibus appropriations measure (P.L. 115-31) enacted on May 5, 2017, provided funding for the remainder of FY2017.

As the 115th Congress begins consideration of the FY2018 budget, past spending trends may help frame policy discussions. For example, rapid growth in national defense and other security spending during the past decade, along with the fiscal consequences and responses to the 2007-2009 Great Recession, has played an important role in fiscal discussions. Since FY2010, base defense discretionary spending has essentially been held flat and non-defense discretionary spending has been reduced significantly. The base defense budget excludes war funding (Overseas Contingency Operations/Global War on Terror). While war funding levels are well below those of the last decade, they still represent significant commitments of federal resources.

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Introduction

This report presents figures showing trends in discretionary budget authority as a percentage of gross domestic product (GDP) by subfunction within each of 17 budget function categories, using data from President Trump's FY2018 budget submission.[1] This report provides a graphical overview of historical trends in discretionary budget authority from FY1977 through FY2016, estimates for FY2017 spending, and the levels consistent with the President's proposals for FY2018 through FY2022.[2] Spending in this report is shown as a percentage of GDP to control for the effects of inflation, population growth, and growth in per capita income.[3] Past spending trends may prove useful in framing policy discussions as the 115th Congress prepares to confront a new set of challenges as it considers a federal budget for FY2018.

Discretionary spending is provided and controlled through appropriations acts. These acts fund many of the activities commonly associated with federal government functions, such as running executive branch agencies, congressional offices and agencies, and international operations of the government.[4] Thus, the figures showing trends in discretionary budget authority (BA) presented below do not reflect the much larger expenditures on program benefits supported by mandatory spending. For some program areas, such as surface transportation, the division of expenditures into discretionary and mandatory categories can be complex.

Discretionary spending in this report is measured in terms of BA. Budget authority for an agency has been compared to having funds in a checking account. Funds are available, subject to congressional restrictions, and can be used to enter into obligations such as contracts or hiring personnel. Outlays occur when the U.S. Treasury disburses funds to honor those obligations. Thus, outlays follow BA with a lag. For personnel costs, lags are generally short and outlays mostly occur in the same year that BA is provided. For large and complex projects, outlays may be spread over several years. Nearly all budget authority eventually results in outlays, although some major federal initiatives were later curtailed or cancelled, resulting in the rescission of BA. For instance, most funding for the Carter Administration's synthetic fuels program and the Obama Administration's plans for high-speed rail did not result in outlays.

In some cases, changes in funding levels recorded in historical budget data reflect changes in budgetary concepts or the budgetary treatment of some types of spending. For example, the Federal Credit Reform Act of 1990 (P.L. 101-508) changed the budgetary treatment of federal loan and other credit programs starting in FY1992.

Discussions about the appropriate levels of spending for various policy objectives of the federal government have played an important role in congressional deliberations over funding measures in the last several years. For example, rapid growth in national defense and other security spending in the past decade has played an important role in fiscal discussions. In particular,

[1] The President's FY2018 budget was released on May 23, 2017, and is available at http://www.whitehouse.gov/omb/budget/.

[2] The start of the federal fiscal year was changed from July 1 to October 1 in 1976 to accommodate changes in the congressional budget process. The figures omit data for the transition quarter (July 1 to September 30, 1976).

[3] The Bureau of Economic Analysis (BEA) released a major revision to national income accounts in July 2013, which showed somewhat higher levels of national income and thus slightly reduced government spending as a share of GDP. See Stephanie H. McCulla, Alyssa E. Holdren, and Shelly Smith, "Improved Estimates of the National Income and Product Accounts: Results of the 2013 Comprehensive Revision," *Survey of Current Business*, September 2013, pp. 14-45, available at http://bea.gov/scb/pdf/2013/09%20September/0913_comprehensive_nipa_revision.pdf.

[4] For a broader analysis of discretionary spending, see CRS Report RL34424, *The Budget Control Act and Trends in Discretionary Spending*, by (name redacted) .

concerns about the trajectory of fiscal policy led to the reestablishment of statutory caps on discretionary funding in the 2011 Budget Control Act (P.L. 112-25).

Funding for FY2017 was first provided by a continuing resolution (P.L. 114-223) enacted on September 29, 2016, which provided discretionary funding through December 9, 2016, and included a 0.496% across-the-board reduction relative to the previous fiscal year's levels for most federal programs. A second continuing resolution (P.L. 114-254) was enacted on December 10, 2016, that extended funding through April 28, 2017. A one-week stopgap funding measure (P.L. 115-30) was enacted on April 28, 2017. An omnibus appropriations measure (P.L. 115-31) enacted on May 5, 2017, provided funding for the remainder of FY2017.

Overview of Recent Discretionary Spending

Spending caps and associated budget enforcement mechanisms, along with modifications of BCA provisions, framed policy discussions during recent budget cycles. Fiscal policy became a central concern of Congress in the wake of the 2007-2009 Great Recession. Government deficits and debt typically rise after serious financial crises and economic downturns for two main reasons. First, tax revenues typically drop during economic downturns. Second, as recession reduces incomes for many households, spending increases due to the effect of "automatic stabilizers"—that is, programs that provide benefits linked to income levels or unemployment. In addition, Congress passed the American Recovery and Reinvestment Act of 2009 (ARRA; P.L. 111-5), which combined a package of increased federal funding on education, energy, and other areas; greater support for state and local governments; and tax reductions.

The Budget Control Act of 2011

The Budget Control Act of 2011 (P.L. 112-25; BCA) was enacted in August 2011 in part due to concerns over rising deficits and debt levels.[5] The BCA reinstated statutory caps on discretionary spending, similar to those that had lapsed in 2002, and set up budget enforcement mechanisms designed to achieve $2.1 trillion in savings over the period FY2012-FY2021. Imposition of an initial set of discretionary caps was estimated to save about $900 billion over 10 years. A bipartisan Joint Select Committee on Deficit Reduction, popularly known as the "Super Committee," was charged with developing a plan to reduce deficits by $1.2 trillion or more.

When that committee did not report a plan by a November 2011 deadline, backup budget enforcement measures were triggered, including a January 2013 sequester (cancellation of budgetary resources), and a revised set of discretionary caps on funding for defense (defined as the national defense budget function 050) and non-defense programs (all other) for FY2013-FY2021.[6] Those revised caps were to be lowered in each year by an amount calculated by the Office of Management and Budget (OMB) according to a formula designed to achieve a pro-rated share of the $1.2 trillion that a Joint Select Committee plan did not achieve. An annual sequester of non-exempt mandatory spending accounts also contributes to those savings.

[5] CRS Report R41965, *The Budget Control Act of 2011*, by (name redacted), (name redacted), and (name redacted) .

[6] The procedure for lowering those revised caps is in section 251A(7) of the BCA. In FY2013, that decrease was implemented through sequestration. See CBO, *Sequestration Update Report*, August 2012, p. 3, available at http://www.cbo.gov/sites/default/files/cbofiles/attachments/08-09-12_SequestrationUpdate.pdf; and OMB, *Sequestration Update Report to the President and Congress for Fiscal Year 2013*, August 20, 2012, p. 13, available at http://www.whitehouse.gov/sites/default/files/omb/assets/legislative_reports/sequestration/sequestration_update_august2012.pdf.

The spending trajectory implied by those backup enforcement measures implied discretionary base defense spending would revert to a level slightly above its FY2007 level in real dollar terms (i.e., adjusting for inflation but not for growth in population or the economy), while non-defense discretionary spending would revert to a level near its 2003 level.[7] Discretionary spending as a share of GDP, if BCA caps remain in place, would decline to levels well below those seen in recent decades. Congressional Budget Office (CBO) current-law baseline projections suggest that discretionary spending would account for 5.3% of GDP in FY2026, two percentage points below its level in FY2007 (7.3%), just before the start of the Great Recession.[8]

Congress Has Modified BCA Caps to Mitigate Fiscal Stringency

The stringency of BCA discretionary spending caps and backup enforcement measures prompted Congress and the President to adjust those limits to avoid dislocations of federal operations. The Bipartisan Budget Act (BBA; H.J.Res. 59; P.L. 113-67), enacted in December 2013, modified BCA limits for FY2014 and FY2015. The Bipartisan Budget Act of 2015 (BBA2015; P.L. 114-74) raised FY2016 and FY2017 cap levels on both categories by $25 billion and FY2017 cap levels by $15 billion. BCA caps for FY2018 through FY2021, however, have not been changed.[9] Absent new legislative modifications, those caps will constrain budgetary decisions for FY2018.

BCA caps are adjusted to accommodate certain types of spending, such as war spending, emergency appropriations, disaster relief, and program integrity initiatives.[10] In particular, war-designated funding has been seen as a "relief valve" that has taken budgetary pressure off priority military and international programs.[11] Some Members of Congress have argued that war spending cap adjustments have weakened fiscal discipline.[12]

In its budget submission for FY2017, the Obama Administration had proposed raising BCA caps to allow more spending for non-defense and defense priorities.[13] For FY2018, the Trump

[7] For details, see CRS congressional distribution memorandum, "The Budget Control Act and Alternate Defense and Non-Defense Spending Paths, FY2012-FY2021," by (name redacted) and (name redacted), November 16, 2012, available from the authors. This comparison is made in terms of budget authority. Before passage of ATRA, BCA provisions were slated to bring discretionary base defense spending to its FY2007 level and non-defense spending to near its level in FY2003 or FY2004. Inflation adjustments made using GDP price index.

[8] CBO, *Budget and Economic Outlook: 2017 to 2027*, January 24, 2017, Table 1-1, http://www.cbo.gov/publication/52370.

[9] Some have described the unmodified BCA caps as a "return to sequestration." For example, see Amaani Lyle, "Greenert Explains Value of Presence, Danger of Cuts," *DoD News*, January 28, 2015, http://www.defense.gov/news/newsarticle.aspx?id=128065. Sequestration, strictly speaking, refers to the reduction or cancellation of budgetary resources, usually applied across the board to non-exempt accounts. While non-exempt mandatory accounts are to be sequestered in each year until FY2025, no across-the-board cuts to discretionary spending are required so long as funding remains within BCA caps.

[10] For BCA caps to be adjusted, emergency funding and war funding (Overseas Contingency Operations/Global War on Terrorism) must be designated on an account-by-account basis by Congress and the President. Cap adjustments for disaster funding are subject to a limit set at a 10-year average of previous disaster funding. The BCA established separate caps for certain program integrity initiatives.

[11] See CRS Report R44519, *Overseas Contingency Operations Funding: Background and Status*, coordinated by (name redacted) and (name redacted) . Also see Marcus Weisgerber, "'Magic Money': DoD's Overseas Contingency Budget Might Dry Up," *Defense News*, June 29, 2014, http://archive.defensenews.com/article/20140629/DEFREG02/306290011/-Magic-Money-DoD-s-Overseas-Contingency-Budget-Might-Dry-Up. Also see CRS Report RL33110, *The Cost of Iraq, Afghanistan, and Other Global War on Terror Operations Since 9/11*, by (name redacted)

[12] Joe Gould, "Trump Selects OCO-Opponent Mulvaney for OMB," *Defense News*, December 19, 2016, http://www.defensenews.com/articles/trump-selects-oco-opponent-mulvaney-for-omb.

[13] OMB, *FY2017 Budget of the U.S. Government, Analytical Perspectives*, p. 97.

Administration proposed raising the BCA cap on defense (budget function 050) spending by $54 billion and lowering the BCA cap on non-defense by an equal amount. The Administration also proposed slightly smaller increases in the BCA cap on defense and increasingly large reductions in the non-defense cap for future years.[14]

Federal Budget Data and Concepts

Figures in this report are based on the Office of Management and Budget (OMB) Public Budget Database accompanying the FY2018 budget release.[15] Table 5.1 in the *Historical Tables* volume of the FY2018 budget reports budget authority by function and subfunction, but does not provide a breakdown by discretionary and mandatory subcomponents.[16]

OMB Budget Data

OMB's public budget data generally do not reflect budgetary categories used in the congressional budget process such as emergency-designated funding, the appropriations subcommittee responsible for an account, or distinctions between war and base funding. OMB maintains more detailed budget data for its internal work.

Budget data in OMB documents may differ from other budget data for various reasons, although differences in historical data are typically small. For example, appropriations budget documents often reflect scorekeeping adjustments. Budget data issued at a later date may include revisions. In some cases, detailed appropriations data may differ from OMB data, which sometimes do not reflect certain relatively small zero-balance transfers among funds. Differences may also reflect technical differences or different interpretations of federal budget concepts.

Negative Budget Authority

Within the federal budget concepts, certain inflows, such as offsetting receipts, offsetting collections, some user fees, and "profits" from federal loan programs, are treated as negative budget authority.[17]

Provisions in appropriations acts that affect mandatory spending programs, known as CHIMPs (changes in mandatory programs) can be counted as negative discretionary spending according to federal budgetary scorekeeping guidelines. For example, a sharp downward spike in proposed spending for subfunction 754 (criminal justice assistance), shown in **Figure 17**, reflects a CHIMP affecting the Crime Victims Fund. That CHIMP, however, has had little effect on programmatic spending levels. Similarly, a CHIMP affecting the State Children's Health Insurance Program (CHIP) explains a dip in subfunction 551 (health care services) shown in **Figure 6**.

Scorekeeping adjustments, such as CHIMPs, lead to differences between actual discretionary budget authority totals and BCA discretionary caps.[18] Scored totals of budget authority—that is,

[14] OMB, *FY2018 Budget of the U.S. Government: A New Foundation for American Greatness*, Table S-7.

[15] Data in the OMB Public Budget Database reconcile to information presented in the *Historical Tables* volume of the FY2018 budget. The Public Budget Database itself is available here: http://www.whitehouse.gov/omb/budget/Supplemental. For a further description and important caveats, see the *Public Budget Database User Guide*, available at https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/budget/fy2018/db_guide.pdf.

[16] Table 5.1 of the OMB *Historical Tables* is available at https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/budget/fy2018/hist05z1.xls.

[17] See OMB, FY2018 Budget, *Analytic Perspectives*, ch. 12, "Offsetting Collections and Offsetting Receipts."

totals that include scorekeeping adjustments and which are used to check conformity to BCA spending limits and other budget enforcement measures—typically diverge from totals that do not include those adjustments.

Federal Credit Programs

Disbursements for federal loan and loan guarantee programs do not appear directly in federal spending data. The federal government has used a form of accrual accounting for loan and loan guarantee programs since passage of the Federal Credit Reform Act (FCRA; Title V of the Omnibus Budget Reconciliation Act of 1990; P.L. 101-508) as well as for certain federal retirement programs.[19] OMB calculates net subsidy rates according to FCRA rules for loan and loan guarantee programs. The net subsidy cost is then reflected in federal spending data. In general, FCRA adjustments affect mandatory spending more than discretionary spending because the largest sources of federal credit are mandatory programs.[20]

Comparisons of estimates of federal credit program costs before and after FY1991 should be treated with caution because FCRA changed the budgetary treatment of federal credit programs. For instance, the budgetary costs of loan guarantee programs before FCRA rules came into effect were typically understated because they required no upfront federal disbursements, unlike loan programs. Conversely, the budgetary costs of federal loan programs, which required upfront federal disbursements, did not reflect future repayments. FCRA changes in budgetary treatment of credit programs made loan and loan guarantee programs more comparable. Loan or loan guarantee program cost estimates calculated before FCRA implementation are unlikely to be comparable to estimates calculated afterward.

FCRA calculations sometimes yield negative net subsidy levels, implying that the federal government appears to make a profit on those loans.[21] FCRA subsidy calculations, however, omit risk adjustments.[22] The true economic cost of federal credit guarantees can be substantially underestimated when risk adjustments are omitted.[23]

Background on Functional Categories

Functional categories provide a means to compare federal funding for activities within broad policy areas that often cut across several federal agencies.[24] Various federal agencies may have closely related or overlapping responsibilities and many agencies have responsibilities in diverse policy areas. Budget data divided along functional categories therefore provide a useful view of

(...continued)

[18] More precisely, BCA caps are adjusted upward to reflect those spending categories.

[19] See CRS Report RL30346, *Federal Credit Reform: Implementation of the Changed Budgetary Treatment of Direct Loans and Loan Guarantees*, by (name redacted), available upon request.

[20] See OMB, FY2018 Budget, *Analytic Perspectives*, ch.19, "Credit and Insurance."

[21] For example, some Federal Housing Administration mortgage programs and some federal student loan programs have been estimated to yield negative net subsidies.

[22] While the FCRA calculations include estimates of default costs, they do not discount more volatile income flows, as a private firm would.

[23] U.S. Congressional Budget Office, *Estimating the Value of Subsidies for Federal Loans and Loan Guarantees*, August 2004, available at http://cbo.gov/doc.cfm?index=5751.

[24] See CRS Report 98-280, *Functional Categories of the Federal Budget*, by (name redacted)

federal activities supporting specific national purposes. Superfunction categories, which provide a higher level division of federal activities, are

- National Defense,
- Human Resources,
- Physical Resources, and
- Other Functions.

Budget function categories, grouped by superfunctions, are shown in **Table 1**. Net Interest, Allowances, and Undistributed Offsetting Receipts could also be considered as separate categories. Superfunction categories for National Defense, Net Interest, Allowances, and Undistributed Offsetting Receipts coincide with function categories. Trends in net interest are excluded, as federal interest expenditures have been automatically appropriated since 1847. Allowances, which contain items reflecting technical budget adjustments, and undistributed offsetting receipts are also excluded. Allowances in FY2018 include adjustments to BCA caps, and reflect proposals for spectrum relocation, disability insurance reform, a reduction in improper payments, infrastructure incentives, and war funding (Overseas Contingency Operations/OCO; Global War on Terror/GWOT) for years after FY2018.[25]

In this report, the International Affairs function, which OMB includes in the Other Functions superfunction, is listed after National Defense because similar influences affect both.

Subfunction categories provide a finer division of funding levels within narrower policy areas.[26] Budget functions do not play a role in budget enforcement, although budget legislation mandates that budget resolutions list preferred spending levels by budget function, thus highlighting broad fiscal priorities.[27]

Historical Spending Trends

Federal spending trends in functional areas are affected by changing assessments of national priorities, evolving international challenges, and economic conditions, as well as changing social characteristics and demographics of the U.S. population. Some of the trends and events that have had dramatic effects on federal spending are outlined below. Other CRS products provide background on more specific policy areas. The discussion of budgetary trends is broken up into three broad categories: defense and international affairs, domestic social programs, and other federal programs.

Spending in the following figures, as noted above, is shown as a percentage of GDP, which controls for the effects of inflation, population growth, and real income growth. A flat line on such graphs indicates that spending in that category is increasing at the same rate as overall economic growth.

[25] The allowance for future disaster costs is not included in calculations underlying graphs in order to conform to published data aggregates. Allowances that reflect enforcement of BCA discretionary spending limits are not included, as they are not disaggregated by function. Placeholder amounts are sometimes called "plug" numbers.

[26] **Table 1** largely follows the ordering of functions in the OMB *Historical Tables* volume. See OMB, FY2018 Budget, *Historical Tables*, Table 3.1, https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/budget/fy2018/hist03z1.xls. The ordering of some items was changed to organize the discussion in a thematically consistent manner. As noted in the text, the international affairs function was grouped with the national defense function, as those categories are affected by common influences.

[27] 2 U.S.C. 632(a)(4).

Table 1. Budget Function Categories by Superfunction

Superfunction	Code	Function / Subfunction
National Defense		
	50	**National defense**
	51	Dept. of Defense-Military
	53	Atomic energy defense activities
	54	Defense-related activities
International Affairs	150	**International affairs**
	151	Intl. dev. and humanitarian assistance
	152	Intl. security assistance
	153	Conduct of foreign affairs
	154	Foreign information & exchange activities
	155	Intl. financial programs
Human Resources		
	500	**Education, training, employment, and social services**
	501	Elementary, secondary, and vocational education
	502	Higher education
	503	Research and general education aids
	504	Training and employment
	505	Other labor services
	506	Social services
	550	**Health**
	551	Health care services
	552	Health research and training
	554	Consumer and occupational health and safety
	570	**Medicare**
	571	Medicare
	600	**Income security**
	601	Gen. retirement & disability insurance (exc. Soc. Sec.)
	602	Federal employee retirement and disability
	603	Unemployment compensation
	604	Housing assistance
	605	Food and nutrition assistance
	609	Other income security
	650	**Social security**
	651	Social security
	700	**Veterans benefits and services**
	701	Income security for veterans
	702	Veterans education, training, & rehabilitation
	703	Hospital and medical care for veterans
	704	Veterans housing
	705	Other veterans benefits and services
Physical Resources		
	270	**Energy**
	271	Energy supply
	272	Energy conservation
	274	Emergency energy preparedness
	276	Energy information, policy, and regulation

Superfunction	Code	Function / Subfunction
	300	**Natural resources and environment**
	301	Water resources
	302	Conservation and land management
	303	Recreational resources
	304	Pollution control and abatement
	306	Other natural resources
	370	**Commerce and housing credit**
	371	Mortgage credit
	372	Postal service
	373	Deposit insurance
	376	Other advancement of commerce
	400	**Transportation**
	401	Ground transportation
	402	Air transportation
	403	Water transportation
	407	Other transportation
	450	**Community and regional development**
	451	Community development
	452	Area and regional development
	453	Disaster relief and insurance
Other Functions		
	250	**General science, space, and technology**
	251	General science and basic research
	252	Space flight, research & supporting activities
	350	**Agriculture**
	351	Farm income stabilization
	352	Agricultural research and services
	750	**Administration of justice**
	751	Federal law enforcement activities
	752	Federal litigative and judicial activities
	753	Federal correctional activities
	754	Criminal justice assistance
	800	**General government**
	801	Legislative functions
	802	Executive direction and mgmt.
	803	Central fiscal operations
	804	General property and records mgmt.
	805	Central personnel mgmt.
	806	General purpose fiscal assistance
	808	Other general government
	809	Deductions for offsetting receipts
Net Interest		
	900	**Net interest**
	901	Interest on Treasury debt securities (gross)
	902	Interest received by on-budget trust funds
	903	Interest received by off-budget trust funds
	908	Other interest

Superfunction	Code	**Function /** Subfunction
	909	Other Investment and income
Allowances		
	920	**Allowances**
	922	Reductions for Joint Committee Enforcement (Non-defense)[a]
	923	Infrastructure Initiative
	924	Adjustment for BCA Cap on Non-Security Spending
	925	Additional FY2017 Request
	926	Spectrum Relocation
	927	Disability Insurance Reforms
	928	Reductions in Improper Payments Government-wide
	929	Plug for Outyear War Costs
Undistributed Offsetting Receipts		
	950	**Undistributed offsetting receipts**
	951	Employer share, employee retirement (on-budget)
	952	Employer share, employee retirement (off-budget)
	953	Rents & royalties on the Outer Continental Shelf
	954	Sale of major assets
	959	Other undistributed offsetting receipts

Source: CRS, based on OMB data.

Notes: Allowances subfunctions can change from one year to the next.

a. Backup budget enforcement measures established by the BCA came into force after the Joint Select Committee on Deficit Reduction did not report a plan in November 2011.

Defense and International Affairs

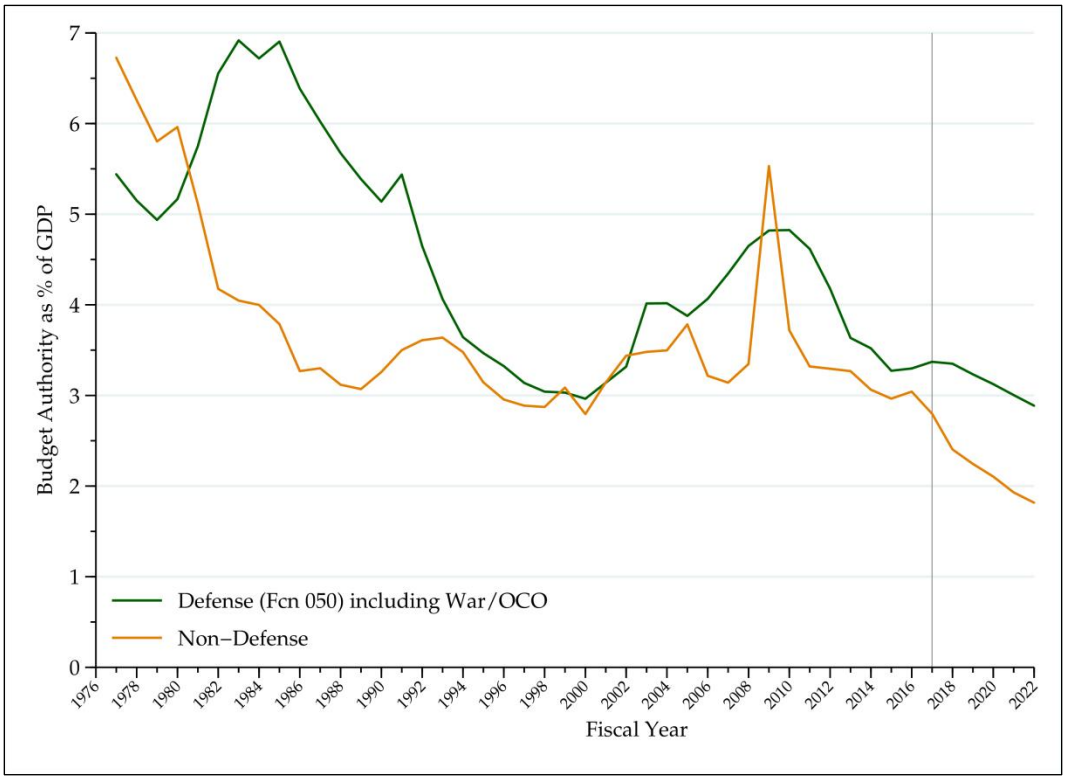
The National Defense (050) and International Affairs (150) budget functions have been the categories most affected by larger changes in the geopolitical role of the United States.

Cold War, Peace Dividend, and the Global War on Terror

The allocation of discretionary spending between defense and non-defense programs is one reflection of changing federal priorities over time. **Figure 1** shows defense and non-defense discretionary funding as a percentage of GDP.

Figure 1. Discretionary Defense and Non-Defense Spending

Budget authority as a percentage of GDP, FY1977-FY2022



Source: CRS, based on OMB data from the FY2018 budget submission.

Notes: Defense is defined as funding for the National Defense (050) budget function; non-defense is the remainder. FY1976-FY2016 are historical data; FY2017 is estimated; FY2018-FY2022 reflect the President's FY2018 budget proposals. The spike in non-defense funding in FY2009 reflects enactment of the Recovery Act (ARRA), which is discussed in a later section.

Relations between the United States and its allies on one hand, and the Union of Soviet Socialist Republics (USSR) and its allies on the other were the dominant security concern in the half century following the Second World War. In the early 1970s, U.S. involvement in the Vietnam War wound down, while the United States and the USSR moved toward detente, permitting a

thaw in Cold War relations between the two superpowers and a reduction in defense spending relative to the size of the economy.[28]

Following intervention by the USSR in Afghanistan in 1979, military spending increased sharply.[29] Defense spending continued to increase until 1986, as concern shifted to domestic priorities and the desire to reduce large budget deficits. The collapse in 1989 of most of the Warsaw Pact governments in Central and Eastern Europe and the 1990-1991 disintegration of the Soviet Union was followed by a reduction in federal defense spending, allowing a "peace dividend" that relaxed fiscal pressures.[30]

The attacks of September 11, 2001, were followed by sharp increases in homeland security spending. Defense spending also increased significantly with the start of the Afghanistan war in October 2001 and the Iraq war in March 2003.[31] U.S. combat troops were withdrawn from Iraq in December 2011, and President Obama had announced that most U.S. troops would be withdrawn from Afghanistan by the end of 2014.[32] In November 2014, however, President Obama announced an extension of operations in Afghanistan.[33] The Obama Administration also noted challenges posed by Russia, which annexed the Crimean peninsula and sponsored military operations in eastern Ukraine; by the so-called Islamic State (IS; also known as ISIL, ISIS, or Da'esh); and by cyberattacks—hostile incursions of computer networks.[34]

President Trump, in his FY2018 budget submission, called for a $54 billion increase in defense programs to be offset by reductions in non-defense discretionary spending.

Defense Funding Outside of the Department of Defense

Figure 2 shows subfunctions within the National Defense (050) budget function. The Department of Defense (DOD)-Military (051) subfunction accounts for over 95% of that funding. Almost all of the atomic energy defense activities (053) subfunction supports operations within the U.S. Department of Energy (DOE). About two-thirds of that funding supports the National Nuclear Security Administration (NNSA) and the remainder funds environmental clean-up of weapons production and research sites, along with other related activities. Much smaller amounts support the Defense Nuclear Facilities Safety Board and site remediation activities of the U.S. Army Corps of Engineers.

The defense-related activities (54) subfunction comprises a variety of activities outside of DOD. In recent years, funding for counterterrorism activities within the Federal Bureau of Investigation

[28] For a history of deficit finance and American wars, see Robert D. Hormats, *The Price of Liberty*, (New York: Times Books, 2007); or Steven A. Bank, Kirk J. Stark, and Joseph J. Thorndike, *War and Taxes*, (Washington, D. C.: Urban Institute, 2008).

[29] For one view of budgetary politics in the early 1980s, see David Stockman, *The Triumph of Politics*, (New York: Harper & Row, 1986).

[30] The Warsaw Treaty Organization established in 1955, included Albania, Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, Romania, and the Soviet Union.

[31] CRS Report RL33110, *The Cost of Iraq, Afghanistan, and Other Global War on Terror Operations Since 9/11*, by (name redacted) The Afghan and Iraq wars, along with other related activities, are often called the Global War on Terror (GWOT).

[32] See CRS Report RL30588, *Afghanistan: Post-Taliban Governance, Security, and U.S. Policy*, by (name redacted) .

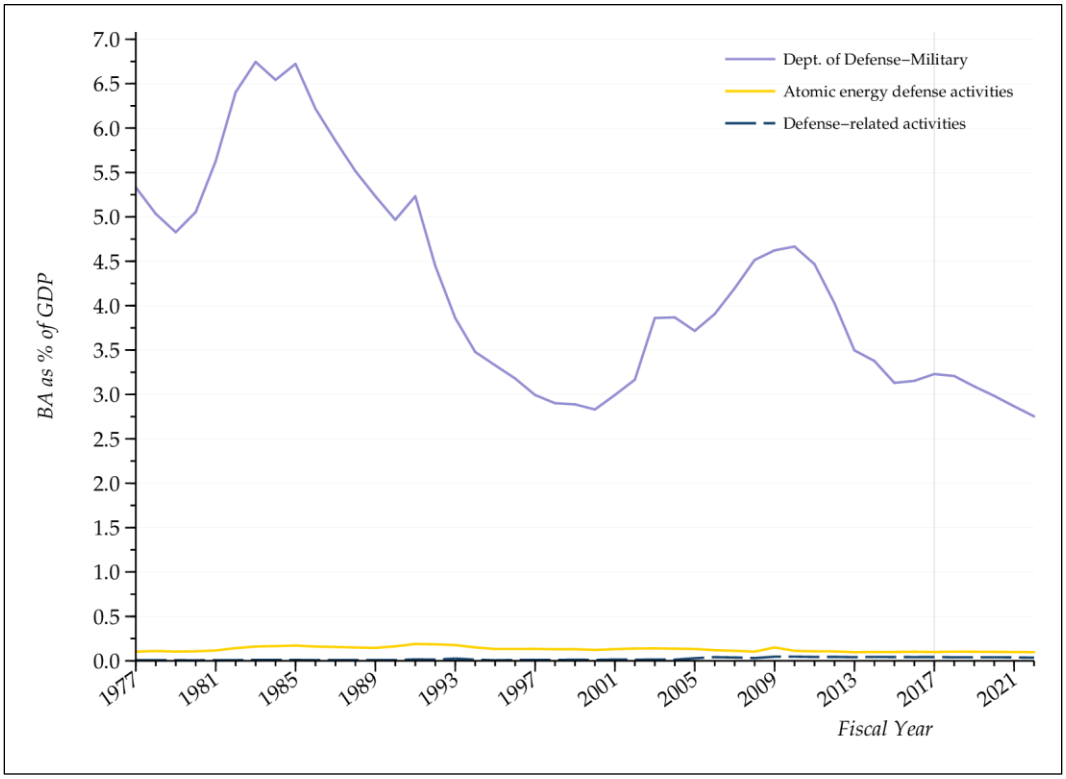
[33] Mark Mazzetti and Eric Schmitt, "In a Shift, Obama Extends U.S. Role in Afghan Combat," *New York Times*, November 21, 2014.

[34] OMB, *The Budget for FY2017*, p. 4 and pp. 71-80.

(FBI) has accounted for almost two-thirds of all funding within this subfunction and about half of the FBI's total discretionary funding.

Figure 2. National Defense (050) Subfunctions

Discretionary budget authority as a percentage of GDP, FY1977-FY2022



Source: CRS, based on OMB data from the FY2018 budget submission.

Notes: FY2017 levels are estimated. FY2018-FY2022 levels reflect Administration proposals and projections. See OMB budget documents for further caveats.

International Affairs

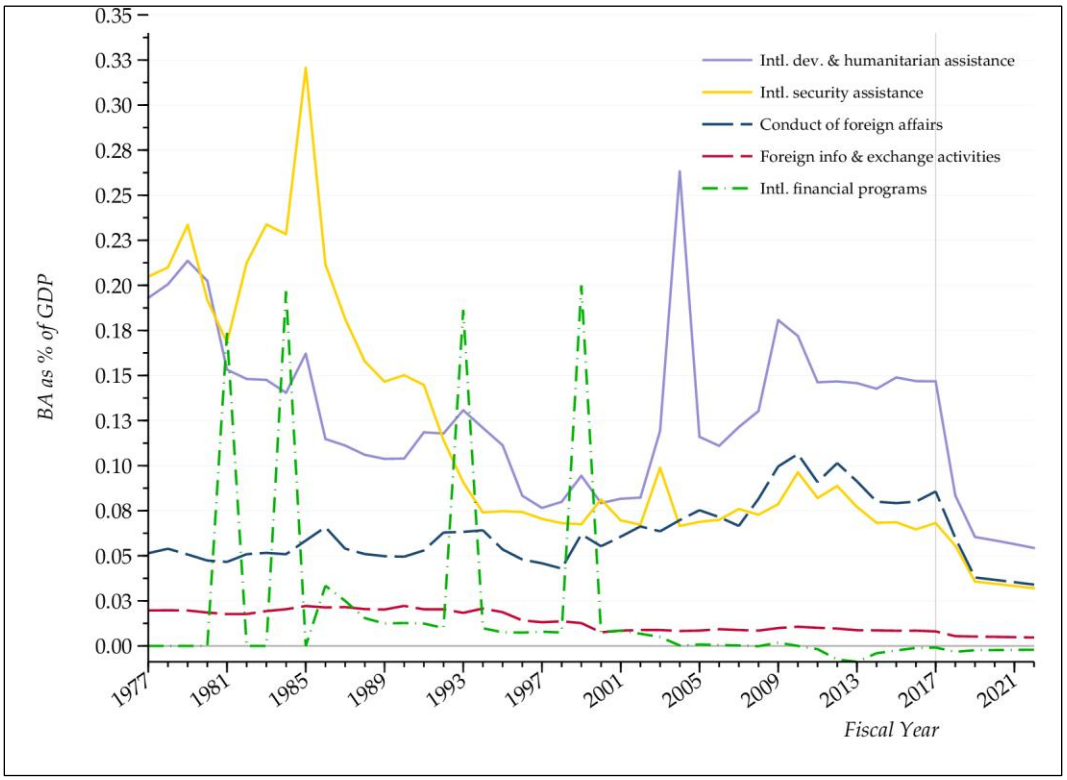
Figure 3 shows levels of budget authority allocated to international affairs (budget function 150) as a share of GDP. Spending for activities within the international affairs budget function has fluctuated in response to changes in foreign relations and federal priorities. International security assistance rose sharply in the late 1970s and early 1980s, in large part due to foreign military financing support provided to Israel and Egypt following the 1979 Camp David Accords.[35] The Economic Support Fund (ESF), which provides financial support to promote political and socioeconomic stability within a range of countries of strategic importance to the United States, also grew rapidly in the same time period.[36] Funding for security assistance fell after the collapse of the Warsaw Pact governments in 1989 and the dissolution of the Soviet Union in 1991.

[35] U.S. General Accounting Office (now Government Accountability Office; GAO), *Military Sales to Israel and Egypt: DOD Needs Stronger Controls Over U.S.-Financed Procurements*, GAO/NSIAD-93-184, July 1993; http://www.gao.gov/assets/160/153579.pdf.

[36] For a breakdown of international assistance spending, see Max Bearak and Lazaro Gamio, "Everything You Wanted to Know About the U.S. Foreign Assistance Budget: From Building Wells to Building Armies," *Washington Post*, (continued...)

Figure 3. International Affairs (150) Subfunctions

Discretionary budget authority as a percentage of GDP, FY1977-FY2022



Source: CRS, based on OMB data from FY2018 budget submission.

Notes: FY2017 levels are estimated. FY2018-FY2022 levels reflect Administration proposals and projections. See OMB budget documents for further caveats.

The level of funding for international development and humanitarian assistance fell from about 0.2% of GDP in the late 1970s to less than 0.1% of GDP in the 1990s. The George W. Bush Administration increased funding for international development and humanitarian assistance in the early 2000s through initiatives such as the President's Emergency Plan for AIDS Relief (PEPFAR), which has supported programs to stem the spread of AIDS and HIV in sub-Saharan Africa and south Asia, and the Millennium Challenge Corporation (MCC), which sought to use financial incentives to spur economic development and reform.[37] While funding for the MCC was curtailed during the Barack Obama Administration, funding for international development and humanitarian assistance hovered around 0.15% of GDP, about midway between levels seen in the 1970s and in the 1990s.

Fluctuations in the level of funding for international financial programs have been dominated by occasional quota payments by the United States in the International Monetary Fund (IMF).[38] The U.S. government receives special drawing rights (SDRs), which contribute to the capital base of the IMF, in exchange for those quota payments. The budgetary treatment of IMF quota payments

(...continued)

October 18, 2016; https://www.washingtonpost.com/graphics/world/which-countries-get-the-most-foreign-aid/.

[37] CRS Report RL32427, *Millennium Challenge Corporation*, by (name redacted)

[38] See CRS In Focus IF10134, *IMF Quota and Governance Reforms*, by (name redacted) and (name redacted) .

has not been consistent. Since 2009, the budgetary costs of IMF quota payments have been calculated by an evaluation of the risks that non-payment of loans made by the IMF could reduce the value of U.S. investments in the IMF.[39] Thus, the spikes in funding for international financial programs seen in **Figure 3** reflect changes in budgetary concepts rather than changes in policy or funding levels.

Costs of conducting foreign affairs, relative to GDP, rose during the first decade of the wars in Afghanistan and Iraq, but have been declining since FY2012. Heightened concerns over security of diplomatic facilities and personnel have also contributed to higher funding levels since 2001.

Domestic Social Programs

This section discusses budgetary trends among domestic social programs. In the past two decades, federal responses to the attacks of September 11, 2001, and the Great Recession have had the most prominent effects of spending trends for most categories of federal domestic spending.

Non-Defense Security and Non-Security Spending Diverge After 9/11

Domestic spending (i.e., non-defense spending excluding international affairs) increased after the attacks of September 11, 2001, after having fallen for much of the 1990s. Most of that increase in domestic spending occurred in areas related to non-defense security spending, as the federal government overhauled airport security procedures, and then established the Department of Homeland Security. Since 2001, several definitions of "security spending" have been used, most recently in the 2011 Budget Control Act (BCA).[40] **Figure 4** shows funding trends divided by BCA security and non-security categories.

The Recovery Act

After the financial crisis of 2007-2008 plunged the United States into the deepest economic recession in decades, Congress passed the American Recovery and Reinvestment Act of 2009 (P.L. 111-5; ARRA), often known as the Recovery Act. ARRA includes support for state and local governments, as well as tax cuts and rebates among other provisions.[41] According to initial CBO estimates, ARRA provisions were expected to total $787.2 billion in increased spending and reduced taxes over the FY2009-FY2019 period or just over 5% of GDP in 2008, while a more recent CBO estimate put the total at $814 billion.[42] The effects of Recovery Act spending can be seen in most of the figures shown below.

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[39] CBO, *The Budgetary Effects of the United States' Participation in the International Monetary Fund*, June 2016; https://www.cbo.gov/sites/default/files/114th-congress-2015-2016/reports/51663-IMF.pdf.

[40] The Obama Administration defined security spending in its FY2012 budget as funding for Department of Defense-Military (subfunction 051); the Department of Energy's National Nuclear Security Administration; International Affairs (function 150, which includes State Department and related agencies); the Department of Homeland Security; and the Department of Veterans Affairs. The BCA defined security similarly, except that it included all military activities within the Department of Defense excluding war funding (i.e., defined by department rather than by subfunction), and also included the Intelligence Community Management Account.

[41] For more information on the provisions of ARRA, see CRS Report R40537, *American Recovery and Reinvestment Act of 2009 (P.L. 111-5): Summary and Legislative History*, by (name redacted) et al.

[42] For initial estimates, see U.S. Congressional Budget Office, *Cost Estimate For the Conference Agreement For H.R. 1*, February 13, 2009, available at http://cbo.gov/ftpdocs/99xx/doc9989/hr1conference.pdf. For a later assessment, see CBO, Budget and Economic Outlook: An Update, August 2010, Box 1-2, available at http://www.cbo.gov/ftpdocs/ (continued...)

Figure 4. Security and Non-Security Funding Trends

Budget Authority as a Percentage of GDP, FY1977-FY2022

Source: CRS, based on OMB data from FY2018 budget submission.

Notes: BCA security and non-security categories used. Non-defense security is BCA security spending apart from National Defense budget function 050. FY2017 levels are estimated. FY2018-FY2022 levels reflect Administration proposals and projections. See OMB budget documents for further caveats.

Since 2010, however, total non-defense discretionary spending has declined in real (i.e., inflation-adjusted) terms.[43] Non-defense discretionary spending as a share of the economy been has declining more rapidly. Although economic growth has been relatively sluggish, most components of federal spending have grown even more slowly. Funding trends for most budget categories since FY2010 have been less volatile than in past decades.

Education, Training, Employment, and Social Services

Figure 5 shows spending trends for subfunctions within the Education, Training, Employment, and Social Services budget function.

Federal training and employment programs designed to address unemployment following the first oil shock of 1973, such as the Comprehensive Employment and Training Act (CETA, P.L. 93-203), accounted for the largest share of spending within that budget function. The successor

(...continued)

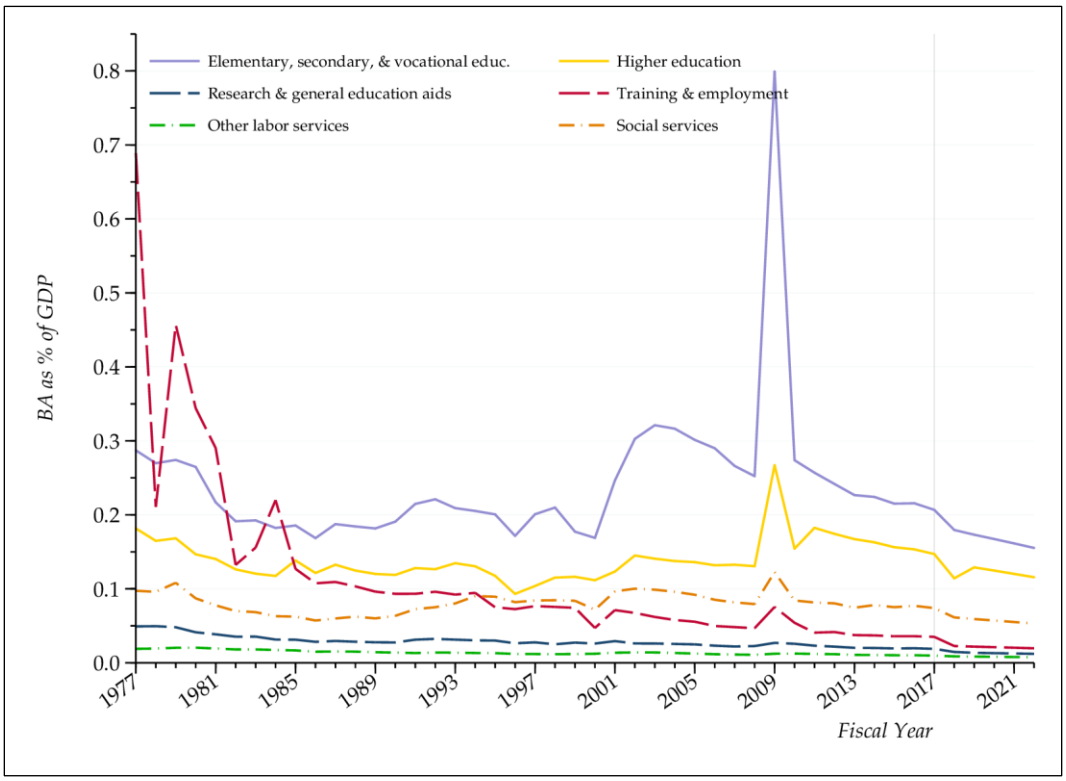
117xx/doc11705/08-18-Update.pdf.

[43] See OMB, *The Budget for FY2018, Historical Tables*, Table 8.2.

program, the Job Training Partnership Act of 1982 (JTPA; P.L. 97-300), was enacted during the 1981-1982 recession. Later jobs and training programs, such as the Workforce Investment Act of 1998 (WIA; P.L. 105-220), operated on lower funding levels.

Figure 5. Education, Training, Employment, and Social Services (500) Subfunctions

Discretionary budget authority as a percentage of GDP, FY1977-FY2022



Source: CRS, based on OMB data from the FY2018 budget submission.

Notes: FY2017 levels are estimated. FY2018-FY2022 levels reflect Administration proposals and projections. See OMB budget documents for further caveats.

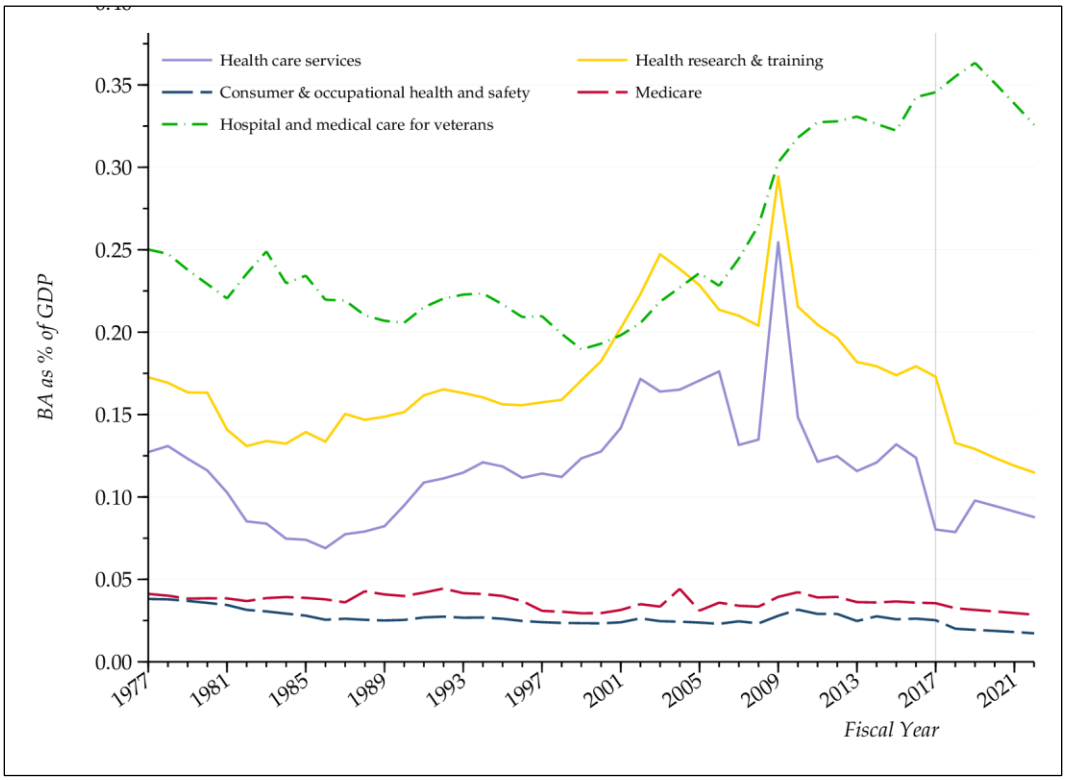
Federal support for elementary and secondary education increased sharply following the reauthorization of the Elementary and Secondary Education Act (ESSA) by the No Child Left Behind Act of 2001 (NCLB; P.L. 107-110). Funding for most subfunctions within the budget function rose sharply with enactment of ARRA and other legislative responses to the Great Recession of 2007-2009. Since 2010, however, funding levels—measured as a percentage of GDP—have tapered off.

Federal Health Programs

Costs of federal health programs continue to play a central role in budgetary discussions. Total federal costs of the largest federal health care programs such as Medicare and Medicaid, however, are nearly all supported by mandatory spending and are thus not discussed here. Administrative costs for those programs, which account for a small portion of those costs, are generally funded by discretionary spending. Many other federal health programs, such as federal support for health research, public health programs, and veterans' health care, are mostly funded through discretionary spending. **Figure 6** shows trends in discretionary funding within the Health (550) and Medicare (570) budget functions since FY1977.

Figure 6. Federal Health Care

Discretionary budget authority as a percentage of GDP, FY1977-FY2022



Source: CRS, based on OMB data from the FY2018 budget submission.

Notes: FY2017 levels are estimated. FY2018-FY2022 levels reflect Administration proposals and projections.

The trajectory of funding for the hospital and medical care for veterans subfunction, which falls under another budget function and is also shown in **Figure 9**, is included for the sake of comparison. While discretionary funding for federal health programs has decreased as a share of GDP since FY2009, funding for veterans' health care has continued to increase in recent years.

Discretionary funding within the health care services (551) subfunction supports activities and programs administered by the Centers for Disease Control and Prevention (CDC), the Health Resources and Services Administration, the Substance Abuse and Mental Health Services Administration (SAMSA), and the Indian Health Service (IHS), among other health-related agencies. From the mid-1980s through FY2001, funding within the health care services subfunction doubled. Since then, funding trends have been more volatile. The spike in funding for the health care services subfunction in FY2009, evident in **Figure 6**, reflects funding for responses to an anticipated influenza pandemic,[44] as well as funding in ARRA for health information technology investments and bioterrorism countermeasures. The downward spike in FY2017 and FY2018 reflects a CHIMP (Change in Mandatory Spending Program) affecting the State Children's Health Insurance Program (CHIP).[45]

[44] Title VIII of the Supplemental Appropriations Act, 2009 (P.L. 111-32).

[45] A reduction in funding for a mandatory spending program, according to budget scorekeeping rules, can generate an offset to discretionary spending.

The National Institutes of Health (NIH) accounts for most of the health research and training (552) subfunction. Discretionary funding within the health research and training subfunction has consistently exceeded discretionary funding for the health care services subfunction. After funding in the health research and training subfunction failed to keep up with the rate of GDP growth in the late 1970s and early 1980s, funding grew steadily as a percentage of GDP for the next 20 years. In the late 1990s, policymakers decided to double the NIH budget within a five-year period, from FY1999 to FY2003.[46] After FY2003, however, funding as a percentage of GDP has generally fallen, with the exception of increased funding provided through ARRA in FY2009.[47]

Discretionary funding for Medicare (subfunction 571), which as noted above, mostly funds administrative costs, and the consumer and occupational health and safety (554) subfunction, has been relatively stable over time. Each has remained at about 0.03% to 0.04% of GDP over the period.

Income Security

The bulk of federal funding for income security programs is provided through mandatory spending. In general, discretionary spending—outside of housing assistance—funds administrative costs of those programs. Housing assistance programs, unlike most other income security programs, are largely supported by discretionary funding. **Figure 7** shows trends in the Income Security (600) budget function.

The largest changes within the Income Security budget function reflect shifts in the structure and funding levels for programs within the housing assistance (604) subfunction in the 1970s and early 1980s.[48] Federal support for affordable housing shifted from supporting up-front long-term funding for construction of publicly subsidized units toward annual funding for rent subsidies for low-income households to use in existing housing and block grants to local governments over the time period in question.[49] Since the late 1970s, the share of funding for housing assistance has fluctuated, driven by the creation of new programs and activities, as well as rescissions of recaptured unobligated balances. Housing assistance's share of GDP, however, has remained at less than a quarter of what it was at its peak. Legislative responses to the Great Recession led to increased funding for various housing programs in FY2009. Discretionary funding for other income security subfunctions has generally remained below 0.1% of GDP throughout the period.

[46] U.S. Department of Health and Human Services, National Institutes of Health, Office of Legislative Policy and Analysis, *Doubling the NIH Budget in the 107th Congress*, webpage, n.d.; https://olpa.od.nih.gov/legislation/107/pendinglegislation/doubledec.asp.

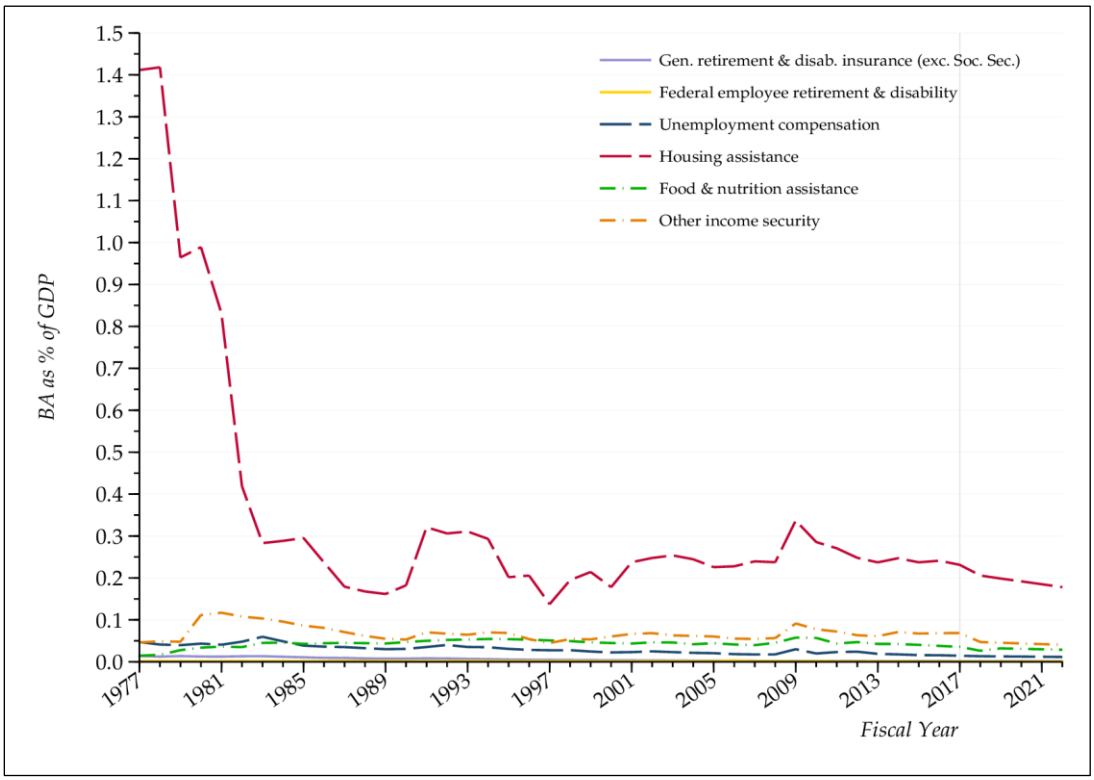
[47] For information on NIH ARRA-funded health projects, see U.S. Department of Health and Human Services, National Institutes of Health, *NIH Grants Funded by the American Recovery and Reinvestment Act of 2009*, March 20, 2013; https://report.nih.gov/recovery/ARRAFunding.aspx.

[48] See *The Reagan Record*, eds., John L. Palmer and Isabel V. Sawhill, (Washington, D.C.: Urban Institute, 1984), Appendix C, pp. 372-373.

[49] Katherine M. O'Regan and John M. Quigley, "Federal Policy and the Rise of Nonprofit Housing Providers," *Journal of Housing Research*, vol. 11, no. 2, 2000, pp. 301-302. Also see Charles L. Edson, "Affordable Housing—An Intimate History," *Journal of Affordable Housing and Community Development*, vol. 20, no. 2, winter 2011, pp. 193-213.

Figure 7. Income Security (600) Subfunctions

Discretionary budget authority as a percentage of GDP, FY1977-FY2022



Source: CRS, based on OMB data from the FY2018 budget submission.

Notes: Most income security benefits, aside from housing assistance, are generally funded by mandatory spending, which is not shown here. FY2017 levels are estimated. FY2018-FY2022 levels reflect Administration proposals and projections. See OMB budget documents for further caveats.

Social Security

Discretionary funding for Social Security, depicted in **Figure 8**, supports program administration. Social Security benefits are generally funded by mandatory spending. Program administration costs supported by discretionary funding are a small fraction of mandatory benefit amounts. Those costs, which increased in nominal dollar terms in most years, grew more slowly than the rate of economic growth. Over time, the composition of those costs evolved. In the 1970s, costs of administrating Old-Age and Survivors Insurance (OASI) benefits were nearly three times as large as those for Disability Insurance (DI) benefits. Since FY2012, costs of administering DI benefits, however, have exceeded costs of administering OASI benefits.

Figure 8. Social Security (650) Subfunction

Discretionary budget authority as a percentage of GDP, FY1977-FY2022

Source: CRS, based on OMB data from the FY2018 budget submission.

Notes: FY2017 levels are estimated. FY2018-FY2022 levels reflect Administration proposals and projections. See OMB budget documents for further caveats.

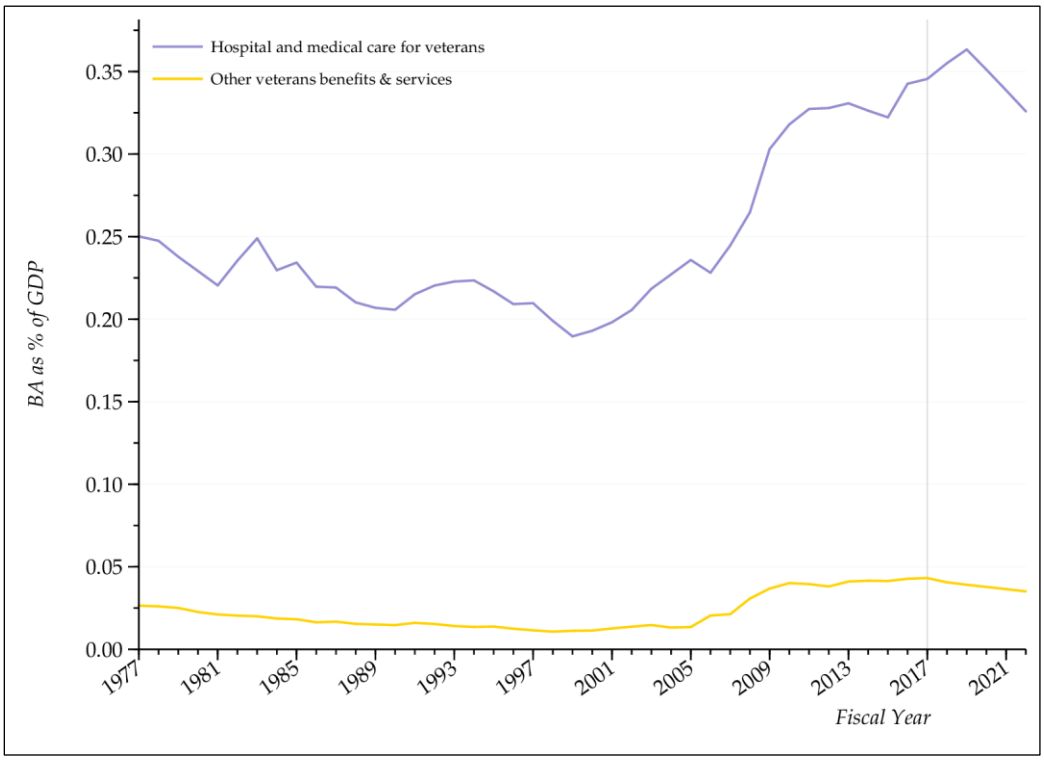
Veterans' Benefits and Services

Health care provided through the Veterans Health Administration (VHA) within the Department of Veterans Affairs (VA) accounts for the bulk of discretionary funding within the Veterans' Benefits and Services (700) budget function. Departmental administration, information technology, and smaller discretionary benefit programs account for the remainder.[50] Veterans' income security programs, such as disability compensation, pensions, and readjustment benefits, are generally supported by mandatory spending. Essentially all discretionary spending within the veterans' benefits and services subfunction supports operations within the VA. **Figure 9** shows trends in discretionary funding for the veterans' benefits and services budget function since FY1977.

[50] David I. Auerbach, William B. Weeks, and Ian Brantley, "Health Care Spending and Efficiency in the U.S. Department of Veterans Affairs," RAND Corporation Research Report RR-285-MTF, 2013; http://www.rand.org/content/dam/rand/pubs/research_reports/RR200/RR285/RAND_RR285.pdf.

Figure 9.Veterans Benefits and Services (700) Subfunctions

Discretionary budget authority as a percentage of GDP, FY1977-FY2022



Source: CRS, based on OMB data from the FY2018 budget submission.

Notes: FY2017 levels are estimated. FY2018-FY2022 levels reflect Administration proposals and projections. See OMB budget documents for further caveats. Subfunctions Income security for veterans (701), Veterans education, training, and rehabilitation (702), and veterans housing (704) are not shown because discretionary funding for those subfunctions has not exceeded 0.005% of GDP since FY1977. Programs within those subfunctions are generally funded by mandatory spending.

The Hospital and Medical Care for Veterans (703) subfunction accounts for the bulk of funding with the veterans' benefits and services budget function. Since 2001, veterans' health care costs have been one of the fastest growing components of discretionary spending. The Veterans' Health Care Eligibility Reform Act of 1996 (P.L. 104-262) required the establishment of a national enrollment system to manage the delivery of inpatient and outpatient medical care. In FY1999, the VHA began enrolling veterans and classifying them into priority groups. Prior to the VHA enrollment system's setup, provision of care to veterans was based on available resources.[51] By FY2000, just over 4.9 million eligible veterans—19% of all veterans—were enrolled in the VHA. By FY2016 that number increased by an estimated 90% to 9.4 million enrollees.[52] During the same period, the total number of veterans decreased by 14%.[53] Those trends reflect enrollment in

[51] CRS Report R42747, *Health Care for Veterans: Answers to Frequently Asked Questions*, by (name redacted) .

[52] See CRS Report R44301, *Veterans' Medical Care: FY2016 Appropriations*, by (name redacted) . Numbers for VA-Enrolled Veterans and patients using VA health care during the year were obtained from VA or VA budget submissions to Congress for FY2002-FY2016. The number for each fiscal year is taken from the budget submission two years later (e.g., the FY2000 number is from the FY2002 budget submission).

[53] Ibid., Table 1.

newer veterans from wars and occupations in Afghanistan (Operation Enduring Freedom/OEF) and Iraq (Operation Iraqi Freedom/OIF and Operation New Dawn/OED), growth in female veterans, and economic conditions, among other factors. The number of veterans receiving VA health care services, according to VA projections, will level off over the next 10 years.[54]

Funding within the Other Veterans Benefits and Services (705) subfunction, which has accounted for roughly one-tenth of funding within the Veterans' Benefits and Services budget function, has doubled since FY2005 as a percentage of GDP.

Physical Resources

Energy

Most funding within the Energy budget function supports operations of the Department of Energy (DOE). The remainder supports rural electrification programs within the U.S. Department of Agriculture, tax credits administered by the U.S. Treasury, certain activities of the Nuclear Regulatory Commission, the Tennessee Valley Authority, and a few other agencies. About half of DOE's budget funds nuclear weapons programs or efforts to clean up sites used by those programs, which fall within the atomic energy defense activities (053) subfunction.

The largest spike in funding within the energy supply (271) subfunction visible in **Figure 10** reflects responses to the second oil shock of 1978-1979. Following a revolution in 1978, Iran cut its oil exports, which caused widespread disruptions through world energy markets in 1979.[55] In June 1980, President Jimmy Carter signed the Energy Security Act (P.L. 96-294), which established various renewable energy initiatives and provided $88 billion for synthetic fuels production.[56] The Synthetic Fuels Corporation, which the act had created, was abolished in 1985 after struggling to develop viable projects.[57]

A smaller downtick in the emergency energy preparedness (274) subfunction in FY1980 also reflects world oil supply disruptions that followed the Iranian revolution. The United States, in consultation with G7 partner countries, agreed to suspend oil purchases for the Strategic Petroleum Reserve in early 1979.[58] In June 1980, the Energy Security Act mandated resumed oil reserve purchases, although $2 billion was rescinded from the Strategic Petroleum Reserve the following month, which is reflected in the negative value for FY1980.[59] Congress required additional oil reserve purchases in December 1980.[60]

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[54] Department of Veterans Affairs, FY2017 Budget Submission, Medical Programs and Information Technology Programs, vol. II, February 2016, p. VHA-180. For a chronology of wars involving the United States, see CRS Report RS21405, *U.S. Periods of War and Dates of Recent Conflicts*, by (name redacted) .

[55] Daniel Yergin, *The Prize: The Epic Quest for Oil, Money and Power*, (New York: Free Press, 1991), ch. 33.

[56] Jimmy Carter, "Energy Security Act Remarks on Signing S. 952 Into Law," June 30, 1980; http://www.presidency.ucsb.edu/ws/?pid=44684.

[57] Robert D. Hershey Jr., "Synfuels Corp. is Running on Empty," *New York Times*, August 25, 1985. The Synthetic Fuels Corporation was disestablished by P.L. 99-190 and P.L. 99-272.

[58] U.S. Congress, Senate Committee on Energy and Natural Resources, Subcommittee on Energy Resources and Materials Production, *Strategic Petroleum Reserve*, 96th Cong., 1st sess., December 13, 1979, S. Hrg. 96-91 (Washington: GPO, 1980). G7 members are the United States, the United Kingdom, France, the Federal Republic of Germany, Italy, Japan, Canada, and the European Union.

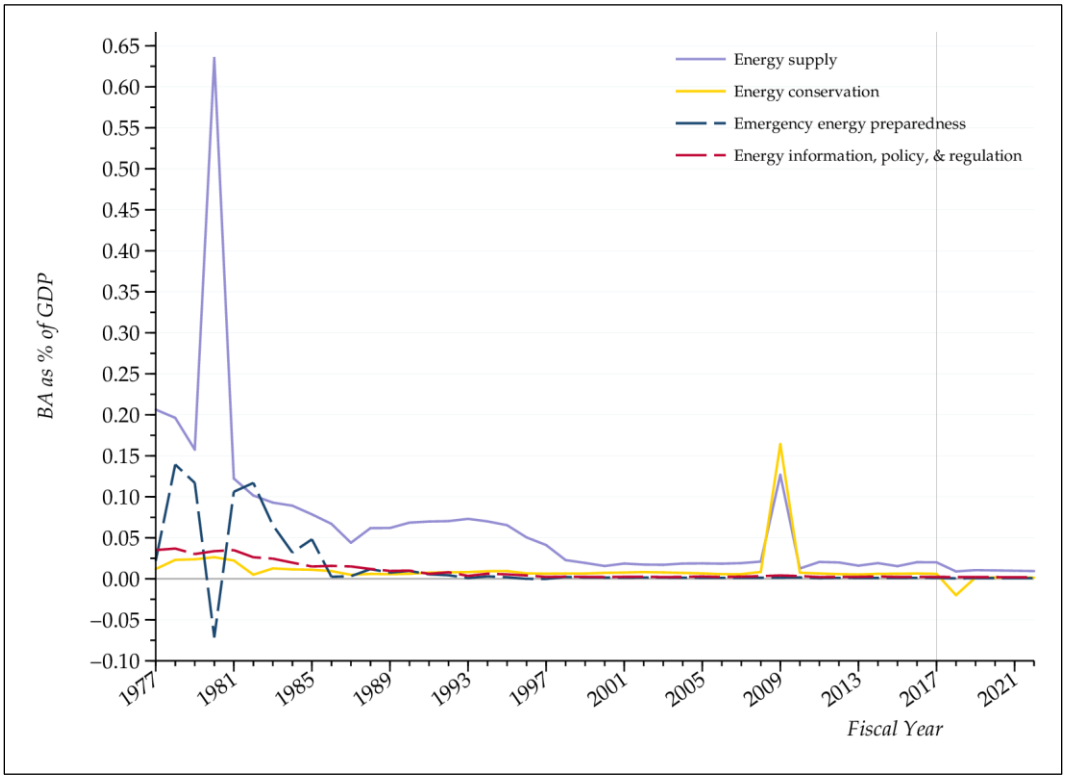
[59] Supplemental Appropriations and Rescission Act, 1980 (P.L. 96-304).

[60] P.L. 96-514.

The smaller spike visible in **Figure 10** resulted from funding in ARRA, which provided $90 billion in funding or tax credits for clean energy projects, not all of which was within the energy budget function. DOE received about $35 billion in funding, with most of the remainder supporting energy-related tax credits as well as mass transportation and high-speed rail initiatives.[61]

Figure 10. Energy (270) Subfunctions

Discretionary budget authority as a percentage of GDP, FY1977-FY2022



Source: CRS, based on OMB data from FY2018 budget submission.

Notes: FY2017 levels are estimated. FY2018-FY2022 levels reflect Administration proposals and projections. See OMB budget documents for further caveats.

Natural Resources and Environment

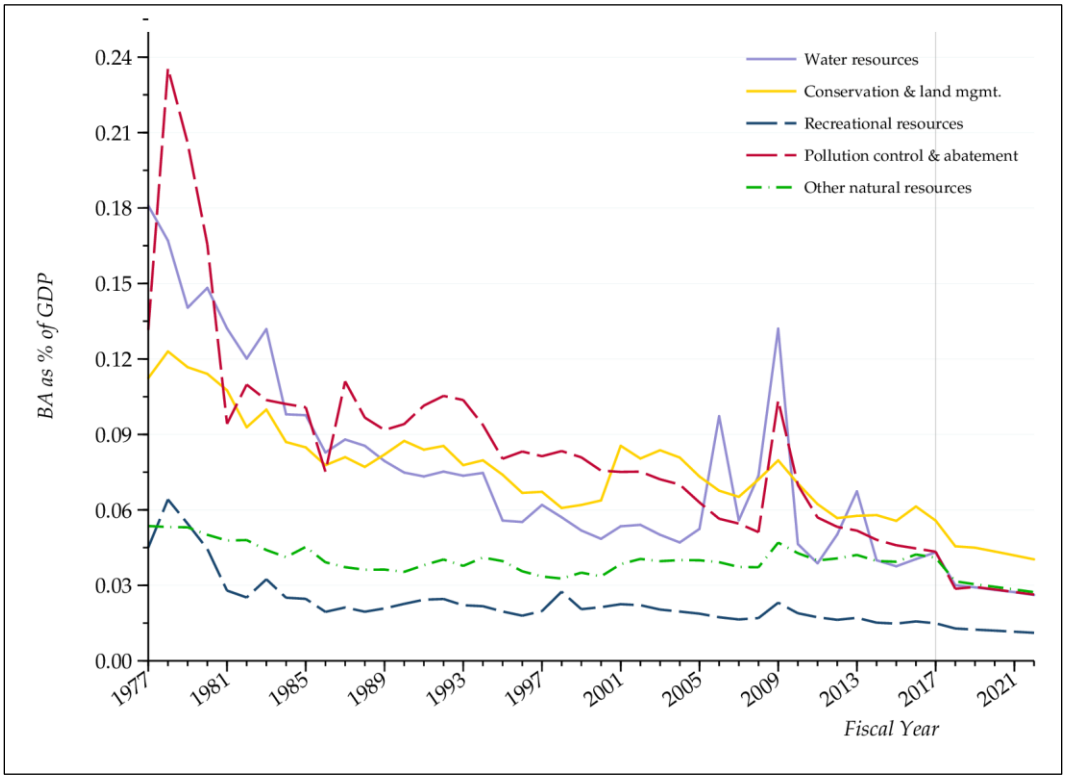
Funding within the Natural Resources and Environment budget function supports activities of a wide range of federal agencies. Much of the discretionary funding for the U.S. Department of the Interior (DOI) and all of the discretionary funding for the Environmental Protection Agency (EPA) falls within this function, as does most of the funding for the Forest Service within the U.S. Department of Agriculture (USDA). Funding within this budget function also supports operations of the U.S. Department of Commerce's National Oceanic and Atmospheric Administration (NOAA), water projects of the U.S. Army's Corps of Engineers, and the U.S. Coast Guard's pollution control activities related to spills of oil and hazardous substances in the coastal zone.

[61] Center for Climate and Energy Solutions, "U.S. Department of Energy's Recovery Act Investments," issue brief, January 5, 2013; http://www.c2es.org/docUploads/arra-brief-feb-2013.pdf. See Transportation section below.

The largest spike visible in **Figure 11** reflects an increase in the 1970s in federal support for construction of local wastewater treatment plants and other water quality initiatives, which fall within the pollution control and abatement (304) subfunction.[62] That funding was reduced in the early 1980s due to budgetary pressures and because policymakers judged that the aim of modernizing municipal wastewater treatment facilities had largely been met.

Figure 11. Natural Resources and Environment (300) Subfunctions

Discretionary budget authority as a percentage of GDP, FY1977-FY2022



Source: CRS, based on OMB data from FY2018 budget submission.

Notes: FY2017 levels are estimated. FY2018-FY2022 levels reflect Administration proposals and projections. See OMB budget documents for further caveats.

Federal aid for local water infrastructure projects, especially EPA assistance, has evolved over time from programs that provided grants directly to local governments to programs under which the federal government provides grants to states to capitalize state loan programs. Congress established a similar loan program for drinking water infrastructure projects in 1996 (P.L. 93-523).[63] In addition to federal funding for these water infrastructure programs, subfunction 304 also includes a wide range of environmental protection activities of EPA and other federal agencies under authority of statutes such as the Clean Air Act, Clean Water Act, and the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA, or Superfund).

[62] CRS Report 96-647, *Water Infrastructure Financing: History of EPA Appropriations*, by (name redacted) .

[63] For more information, see, Federally Supported Water Supply and Wastewater Treatment Programs, coordinated by (name redacted).

The water resources subfunction (301) principally represents water infrastructure (e.g., dams, locks, levees) built, owned, and operated by the federal government. Discretionary funding for water resources projects has, by and large, declined as a percentage of GDP since the mid-1970s, as **Figure 11** indicates. That decline has been attributed to a number of reasons. Presidents Carter and Reagan both targeted perceived excesses in federal spending on water resources projects during their terms in office and were reluctant to agree to new project authorizations and spending without corresponding alterations to federal cost-sharing policies.[64] The Water Resources Development Act of 1986 (WRDA; P.L. 99-662) made changes requiring greater contributions from local governments that benefit from federal water infrastructure.[65] Those changes included reductions in the federal share of project costs, and combined with the aforementioned reduced emphasis on new water resources infrastructure in general, led to a decrease in water resources spending. Overall spending on these projects has also declined as agency focus has shifted away from construction of new projects. In 1987, the Bureau of Reclamation, which built large federal dams and water projects throughout the West during the 20th century, acknowledged a shift in its focus from development and construction of water projects to management of water resources.[66]

Forest Service funding, including costs of responding to forest fires, along with funding for the DOI Bureau of Land Management, are the largest items within the conservation and land management (302) budget subfunction.

In FY2009, ARRA supported large supplemental increases in funding for multiple federal agencies, including EPA and the Army Corps of Engineers, for water projects within the pollution control and abatement subfunction. ARRA also supported Forest Service capital improvements, along with smaller increases in many other programs.[67]

Commerce and Housing Credit

The commerce and housing credit budget function supports a variety of programs within the U.S. Department of Commerce and the Department of Housing (HUD), along with several other federal agencies. Many of these programs provide credit for housing, business loans, and other purposes, and their costs are therefore calculated using methods prescribed by the Federal Credit Reform Act (FCRA; described above). Changes in estimates of the subsidy costs of those loans are sensitive to anticipated economic conditions, which can cause large fluctuations in budgetary costs, even if current cash flows are more stable.

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[64] Daniel McCool, *Command of the Waters: Iron Triangles, Federal Water Development, and Indian Water*, (Berkeley: University of California Press, 1987), pp. 196-204. Also see President Jimmy Carter, "Water Resource Projects—Statement Announcing Administration Decisions," April 18, 1977; http://www.presidency.ucsb.edu/ws/?pid=7364; as well as Paul R. Portnoy, "Natural Resources and the Environment," in *The Reagan Record*, eds., John L. Palmer and Isabel V. Sawhill, (Washington, D.C.: Urban Institute, 1984), pp. 160-161.

[65] See CRS Report R43910, *Water Resource Issues in the 114th Congress*, by (nameredacted) et al.

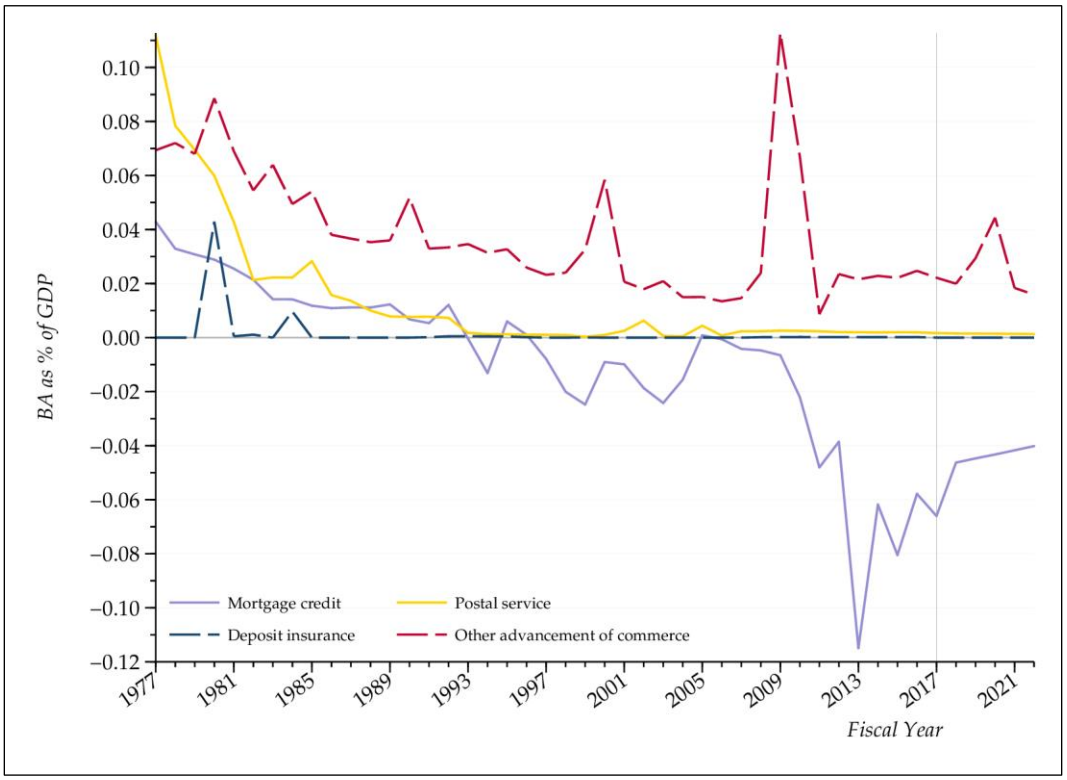
[66] United States Department of the Interior, Bureau of Reclamation, *Assessment '87: A New Direction for the Bureau of Reclamation*, 1987. Also see Richard W. Wahl, "New Roles for the Bureau of Reclamation," Natural Resources Law Center, University of Colorado School of Law occasional paper, 1989; http://scholar.law.colorado.edu/cgi/viewcontent.cgi?article=1109&context=books_reports_studies; as well as Andrew H. Gahan and William D. Rowley, *The Bureau of Reclamation: From Developing to Managing Water, 1945-2000*, vol. 2, (U.S. Department of the Interior, Bureau of Reclamation: Denver, 2012), pp. 862-866.

[67] See CRS Report R40216, *Water Infrastructure Funding in the American Recovery and Reinvestment Act of 2009*, by (name redacted), (name redacted), and (name redacted) .

When the present value of fees or other receipts collected through a program exceeds disbursements and default costs, estimated using FCRA methods, a negative credit subsidy results which appears as negative BA. For example, the large negative amounts shown in **Figure 12** for the mortgage credit (371) subfunction in recent years largely reflect negative credit subsidy estimates for the single-family mortgage insurance program within the Federal Housing Administration (FHA).[68] Expected negative credit subsidies for FHA-insured mortgages increased in the years after the housing market turmoil of the late 2000s as a result of several factors, including better credit quality of FHA-insured mortgages, increases in the fees that FHA charges to borrowers, and higher FHA loan volumes

Figure 12. Commerce and Housing Credit (370) Subfunctions

Discretionary budget authority as a percentage of GDP, FY1977-FY2022



Source: CRS, based on OMB data from FY2018 budget submission.

Notes: FY2017 levels are estimated. FY2018-FY2022 levels reflect Administration proposals and projections. See OMB budget documents for further caveats.

The other advancements of commerce (376) subfunction includes a diverse range of activities within the Department of Commerce, the Small Business Administration (SBA), many independent federal regulatory bodies, and other entities. Funding for the decennial census falls within this subfunction and is reflected in peaks at 10-year intervals visible in **Figure 12**.

[68] See CRS Report R42875, *FHA Single-Family Mortgage Insurance: Financial Status of the Mutual Mortgage Insurance Fund (MMI Fund)*, by (name redacted). Also see Chad Chirico and Susanne Mehlman, "How FHA's Mutual Mortgage Insurance Fund Accounts for the Cost of Mortgage Guarantees," CBO Blog, October 22, 2013; https://www.cbo.gov/publication/44634.

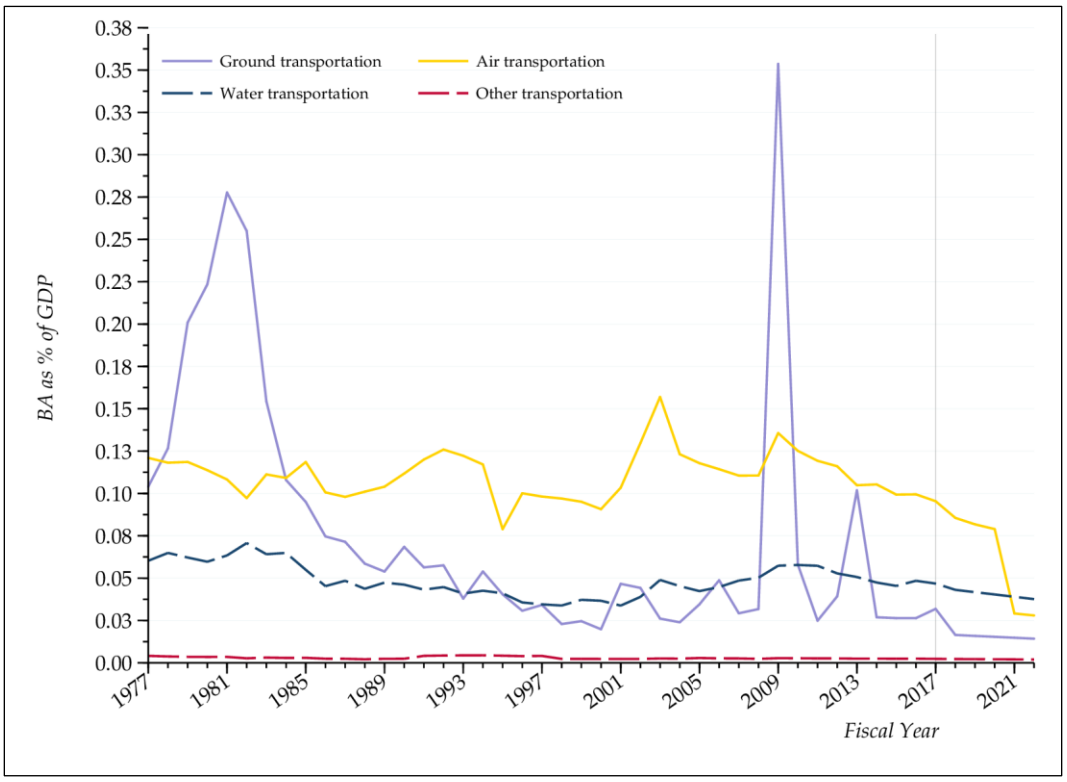
The U.S. Postal Service (USPS; postal service subfunction 376) operates under a mandate to cover its costs with its own revenues, and thus runs without an operating subsidy from the federal government.[69] Congress does appropriate funds to offset postal revenues that were foregone by charging concessionary rates for certain postal services, although as can be seen in **Figure 12**, that funding has decreased over time.[70]

Transportation

Funding within the transportation budget function primarily supports activities of the U.S. Department of Transportation (DOT), including grants and other forms of financial support provided to state and local governments. That funding also supports some operations of the U.S. Coast Guard, which was transferred from DOT to the U.S. Department of Homeland Security in 2003, as well as various boards and commissions involved in transportation issues. **Figure 13** shows funding trends within the transportation budget function.

Figure 13. Transportation (400) Subfunctions

Discretionary budget authority as a percentage of GDP, FY1977-FY2022



Source: CRS, based on OMB data from FY2018 budget submission.

Notes: FY2017 levels are estimated. FY2018-FY2022 levels reflect Administration proposals and projections. See OMB budget documents for further caveats.

[69] See CRS Report R44603, *Reforming the U.S. Postal Service: Background and Issues for Congress*, coordinated by (name redacted) .

[70] CRS Report RS21025, *The Postal Revenue Forgone Appropriation: Overview and Current Issues*, by (name red acted).

Some ground transportation programs have had a special budgetary status since 1988, in which BA is treated as mandatory but outlays are classified as discretionary.[71] This status enables some transportation funding to sidestep budgetary restraints that affect most other federal funding. Moreover, that dual designation of surface transportation funding complicates analysis of trends in federal spending to support various forms of transit. Thus, trends in funding for ground transportation shown in **Figure 13** exclude the vast majority of federal highway funding supported by the Highway Trust Fund, which is classified as mandatory, rather than discretionary, BA. Moreover, those amounts do not reflect expenditures of state governments, which are typically required to match federal funds at some level. Discretionary funding for ground transportation also does not reflect transfers from the U.S. Treasury's general fund to the Highway Trust Fund.

The ground transportation (401) subfunction includes federal support for mass transit and Amtrak, as well as funding for operations of DOT bureaus such as the Federal Railroad Administration and the Federal Highway Administration, as well as various transportation-related safety or regulatory bodies. The peak in discretionary funding for ground transportation during the late 1970s and early 1980s evident in **Figure 13** reflects, in large measure, grants to local governments to expand, modernize, or operate mass transit systems.[72] Through the 1980s, however, that support was reduced. A second peak reflects increased funding for road and other infrastructure projects in ARRA.

Funding within the air transportation (402) subfunction has varied less. Increased funding for airport security after the attacks of September 11, 2001, is visible in **Figure 13**. The Transportation Security Administration (TSA) was created within DOT in November 2001, but was transferred to the U.S. Department of Homeland Security (DHS) in March 2003. Funding within the water transportation (403) subfunction, again measured as a percentage of GDP, has been even more stable.

Community and Regional Development

The Community and Regional Development budget function (450) includes funding for various federal programs that support state and local government development initiatives in urban and rural areas, as well as funding to support responses to natural and other disasters. **Figure 14** shows funding trends within that budget function.

The largest item within the Community Development (451) subfunction is the U.S. Department of Housing and Urban Development's (HUD's) Community Development Fund, which provides resources for the Community Development Block Grant (CDBG) program.[73] That subfunction also includes programs administered by the U.S. Department of Agriculture (USDA), the U.S. Department of the Treasury, and other federal agencies. Federal community development funding fell from almost 0.2% of GDP in the late 1970s to about half that level in the 1990s. Funding

[71] CBO, *The Highway Trust Fund and the Treatment of Surface Transportation Programs in the Federal Budget*, June 2014; https://www.cbo.gov/sites/default/files/113th-congress-2013-2014/reports/45416-TransportationScoring.pdf.

[72] CBO, *Public Works Infrastructure: Policy Considerations for the 1980s*, April 1983, ch. 3; https://www.cbo.gov/sites/default/files/98th-congress-1983-1984/reports/doc20-entire.pdf. Also see DOT, Urban Mass Transit Administration, *FY1980 Summary of UMTA'S Transit Assistance Program*, 1981; https://ia802709.us.archive.org/13/items/fy1980yearendsum00offi_0/fy1980yearendsum00offi_0.pdf.

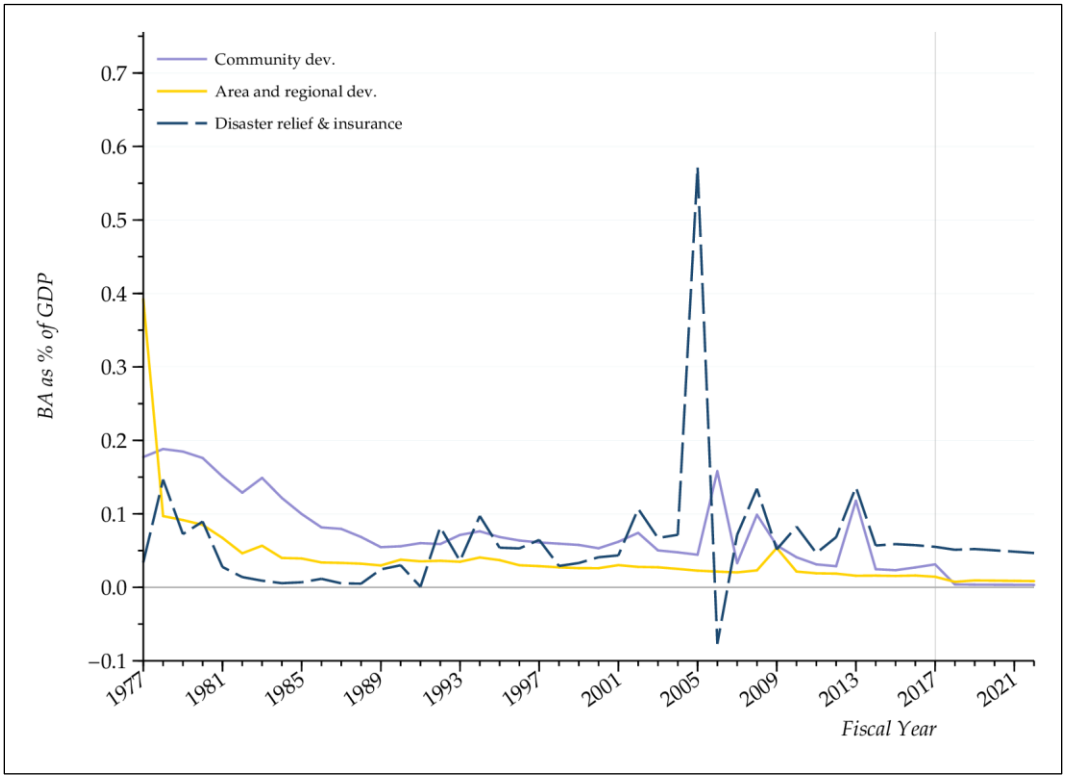
[73] See CRS Report R43520, *Community Development Block Grants and Related Programs: A Primer*, by (name redacted). Also see Seth R. Marcus, "Community Development Block Grants," in Goldfield, David R. (ed.), *Encyclopedia of American Urban History*, (Thousand Oaks, CA: Sage, 2006).

since FY2000 has fluctuated significantly, reflecting congressional responses to natural and other disaster-related events, and economic recessions.[74]

The Area and Regional Development (452) subfunction includes a wide range of programs, from operations of the Department of Interior's Bureau of Indian Affairs (BIA) and Bureau of Indian Education (BIE), to assorted USDA rural development initiatives, as well as Department of Commerce's Economic Development Administration (EDA) programs and federally chartered regional development commissions, such as the Appalachian Regional Commission, the Delta Regional Authority, the Denali Commission, and the Northern Border Regional Commission. An anti-recession measure—the Public Works Employment Act (P.L. 95-28)—increased funding for FY1977 and FY1978 with the aim of supporting local public works-focused job creation efforts.

Figure 14. Community and Regional Development (450) Subfunctions

Discretionary budget authority as a percentage of GDP, FY1977-FY2022



Source: CRS, based on OMB data from FY2018 budget submission.

Notes: FY2017 levels are estimated. FY2018-FY2022 levels reflect Administration proposals and projections. See OMB budget documents for further caveats.

The disaster relief and insurance (453) subfunction mainly funds the Federal Emergency Management Agency, which has been part of the Department of Homeland Security (DHS) since 2003. That subfunction also includes other programs within USDA, SBA, and HUD. Funding for the disaster relief and insurance subfunction has been volatile in large part because it is driven by responses to natural and manmade disasters that by definition are difficult to anticipate. The largest spike in funding reflects responses to Hurricanes Katrina, Rita, and Wilma, which hit the

[74] See CRS Report R43394, *Community Development Block Grants: Recent Funding History*, by (name redacted)

Gulf Coast in 2005. A smaller spike at FY2013 reflects funding for responses to Hurricane Sandy, which hit the Atlantic Coast.

Other Federal Functions

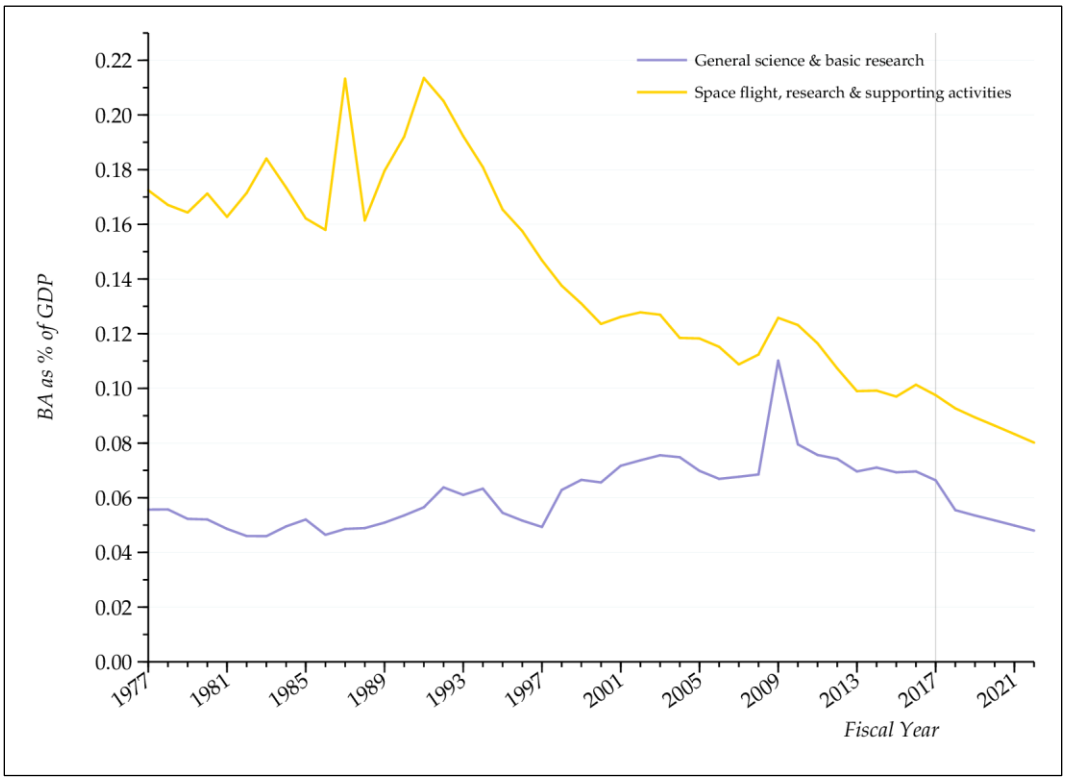
General Science, Space, and Technology

Funding within the General Science, Space, and Technology budget function (250)—shown in **Figure 15**—has been dominated for most of the past half century by spending to support operations of the National Aeronautics and Space Administration (NASA), which falls within the space flight, research and supporting activities subfunction (252). In some years during the mid-1960s, as the Apollo program was moving toward its aim of manned lunar exploration, NASA accounted for over 4% of total federal spending—well beyond the scale used in **Figure 15**.[75] After the Apollo program ended in the early 1970s, NASA funding levels in inflation-adjusted terms and as a percentage of GDP declined in the face of budgetary pressures. The narrow spike visible in **Figure 15** reflects funding for a replacement space shuttle after the January 1986 *Challenger* disaster. From FY1993 to FY2016, BA for NASA fell from about 0.2% of GDP to about 0.1% of GDP, as funding did not keep pace with inflation and economic growth.

[75] See OMB, FY2018 Budget, *Historical Tables*, Table 4.2. NASA spending accounted for 4.3% of federal outlays in FY1965 and 4.4% in FY1966. See also CBO, *Reinventing NASA*, March 1994; https://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/48xx/doc4893/doc20.pdf.

Figure 15. General Science, Space, and Technology (250) Subfunctions

Discretionary budget authority as a percentage of GDP, FY1977-FY2022



Source: CRS, based on OMB data from FY2018 budget submission.

Notes: FY2017 levels are estimated. FY2018-FY2022 levels reflect Administration proposals and projections. See OMB budget documents for further caveats.

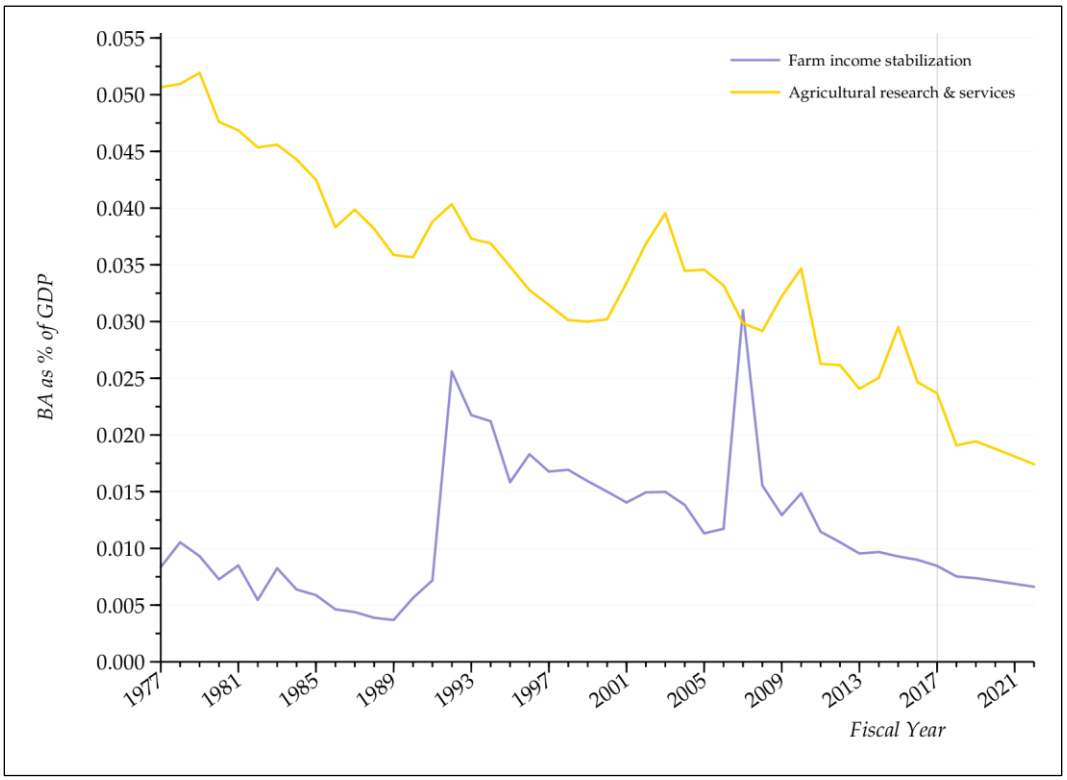
Funding for the general science and basic research subfunction (251) mostly supports the National Science Foundation (NSF) and the basic research activities of the Office of Science within the Department of Energy (DOE). As a proportion of GDP, it rose, albeit unsteadily, from the mid-1980s to the late 2000s. In 2006, the George W. Bush Administration's American Competitiveness Initiative, established by and subsequently authorized by Congress in the America COMPETES Act (P.L. 110-69) and America COMPETES Reauthorization Act of 2010 (P.L. 111-358), set out a goal to double funding for NSF and the DOE Office of Science. That goal has not been achieved, especially when expressed as a share of GDP. In FY2009, ARRA provided a temporary boost in funding for science and basic research.

Agriculture

The Agriculture budget function (350) includes the Agricultural Research and Services (352) subfunction and the Farm Income Stabilization (351) subfunction. Nearly all funding within that budget function supports operations of the U.S. Department of Agriculture (USDA). Some of the largest USDA programs, however, such as the Supplemental Nutrition Assistant Program (SNAP) and some child nutrition programs, are classified within the Income Support budget function. Most Forest Service and USDA conservation activities fall under the Natural Resources and Environment budget function, and provision of foreign food aid falls under the International Affairs budget function. **Figure 16** shows trends within the Agriculture budget function.

Figure 16. Agriculture (350) Subfunctions

Discretionary budget authority as a percentage of GDP, FY1977-FY2022



Source: CRS, based on OMB data from FY2018 budget submission.

Notes: FY2017 levels are estimated. FY2018-FY2022 levels reflect Administration proposals and projections. See OMB budget documents for further caveats.

The largest components of discretionary funding within the Agricultural Research and Services subfunction support activities of the Agricultural Research Service and the National Institute of Food and Agriculture. Funding for the Animal and Plant Health Inspection Service (APHIS) quadrupled between FY1999 and FY2003. APHIS also received extra funds to respond to bird flu threats in FY2015, which are reflected in a spike visible in **Figure 16**.[76] Overall, funding for Agricultural Research and Services as a percentage of GDP has declined from about 0.05% in the late 1970s to about half that level in FY2016.

The sharp funding increase within the Farm Income Stabilization subfunction for FY1992 reflects implementation of the Federal Credit Reform Act of 1990 (FCRA; P.L. 101-508), which changed the budgetary treatment of federal loan and loan guarantee programs.[77] The spike in FY2008 reflects ad hoc disaster assistance. Many farm income stabilization programs are mostly funded via mandatory spending, although administrative costs are generally covered by discretionary spending.

[76] See CRS Report R44114, *Update on the Highly-Pathogenic Avian Influenza Outbreak of 2014-2015*, by (name redacted).

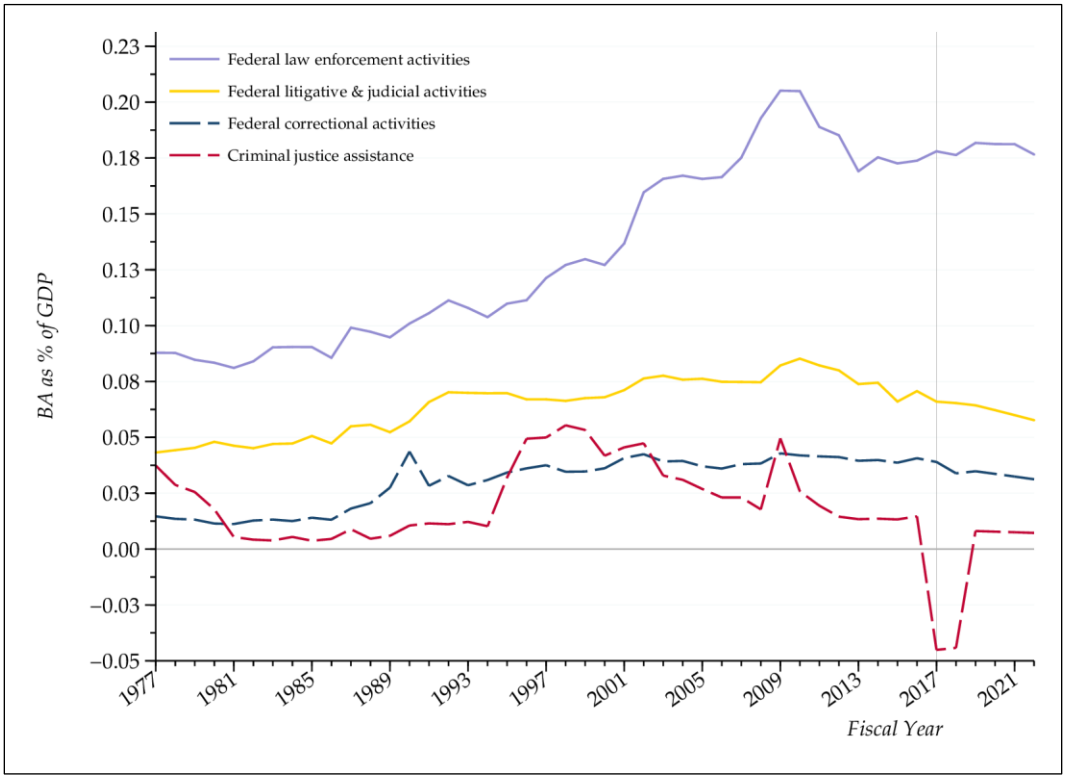
[77] See CRS Report R44193, *Federal Credit Programs: Comparing Fair Value and the Federal Credit Reform Act (FCRA)*, by (name redacted)

Administration of Justice

The Administration of Justice (750) budget function includes most federal judicial, law enforcement, and correctional activities. **Figure 17** shows funding trends within that budget function.

Figure 17. Administration of Justice (750) Subfunctions

Discretionary budget authority as a percentage of GDP, FY1977-FY2022



Source: CRS, based on OMB data from FY2018 budget submission.

Notes: FY2017 levels are estimated. FY2018-FY2022 levels reflect Administration proposals and projections. See OMB budget documents for further caveats.

The Federal Law Enforcement Activities (751) subfunction includes operations of the Department of Homeland Security (DHS), such as the U.S. Customs and Border Protection (CBP), the U.S. Immigration and Customs Enforcement (ICE), and the U.S. Secret Service, as well as operations of the U.S. Department of Justice (DOJ), including the Federal Bureau of Investigation (FBI), the Drug Enforcement Administration (DEA), the Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF), and the U.S. Marshals (USMS). Counterterrorism activities, which account for roughly half of the FBI's funding, are classified under the Defense-Related Activities (054) subfunction.

Funding within the Federal Law Enforcement subfunction, measured as a percentage of GDP, more than doubled in the period FY1980 to FY2010. Funding increases for CBP and ICE account for much of that increase. In FY1977, CBP and ICE accounted for just over a third (35%) of all funding within the federal law enforcement activities subfunction, while in FY2016 they accounted for over half (54%). Since FY2010, however, funding as a percentage of GDP has fallen to a level slightly above what it was in the mid-2000s. During that time period, funding for

CBP and ICE rose by 10% in nominal terms, while funding for the rest of the subfunction was essentially flat.

The Federal Litigative and Judicial Activities subfunction (752) includes operations of the judicial branch and trial-related activities such as pre-trial detention by U.S. Marshals and publicly funded legal defense services. The subfunction also covers operations of offices of U.S. Attorneys and legal activities of DOJ, as well as boards and commissions that address legal matters. Funding for this subfunction, measured as a percentage of GDP, has trended slightly upward until FY2010 and slightly downward since then.

The Federal Correctional Activities subfunction (753) includes the DOJ Federal Prison System. The small increase visible in **Figure 17** reflects a one-time increase of about $1 billion for prison buildings and facilities in FY1990.

The Criminal Justice Assistance subfunction (754) includes DOJ programs that assist state and local governments combat crime, violence against women, and drug trafficking; and that strengthen local juvenile justice and other local initiatives. The increase in funding visible in **Figure 17** in FY1994 reflects enactment of the Violent Crime Control and Law Enforcement Act of 1994 (P.L. 103-322), by which Congress and President Bill Clinton aimed to fund the hiring of an additional 100,000 local police officers via the community-oriented policing (COPS) program.[78] After decreases in funding for COPS during the mid-2000s, additional funds were provided as part of the ARRA stimulus. Since then, the level of funding, measured as a percentage of GDP, has decreased.

The downward spike in proposed spending for FY2017 and FY2018 reflects CHIMPs (changes in mandatory program spending) affecting the Crime Victims Fund, which according to budgetary scoring rules can be used to offset discretionary spending, and does not represent a diminution of federal support for state grants.

General Government

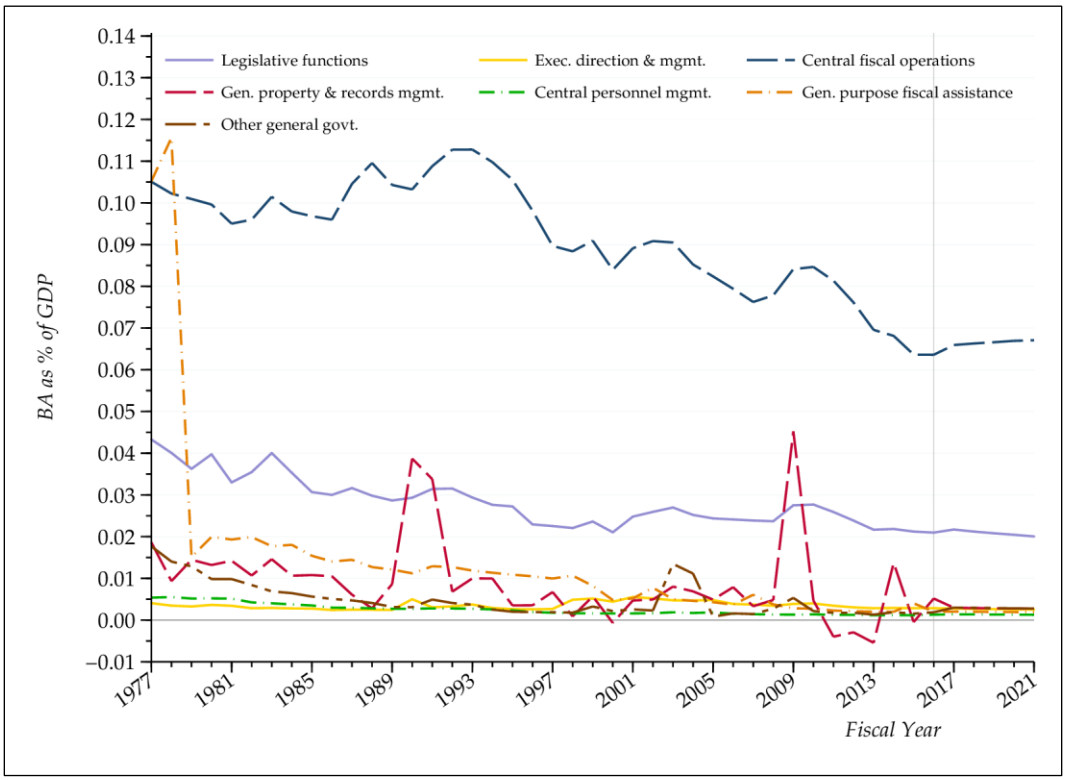
The General Government (800) budget function includes costs of operating the legislative and executive branches, as well as administering federal personnel policy, managing federal records and property, and providing fiscal support to state and local governments. **Figure 18** shows trends in funding by subfunction within that budget function.

The Legislative Functions (801) subfunction includes activities of Congress and congressional agencies, such as the Government Accountability Office (GAO), the Congressional Budget Office (CBO), and the Congressional Research Service (CRS). The subfunction also includes the Capitol Police and the Architect of the Capitol, along with various congressional commissions and boards. From FY1977 to FY2000, funding for the legislative functions subfunction, measured as a percentage of GDP, trended slightly downward. Since then, funding for that subfunction has ranged from 0.03% to 0.04% of GDP.

[78] CRS Report RL33308, *Community Oriented Policing Services (COPS): In Brief*, by (name redacted)

Figure 18. General Government (800) Subfunctions

Discretionary budget authority as a percentage of GDP, FY1977-FY2022



Source: CRS, based on OMB data from FY2018 budget submission.

Notes: FY2017 levels are estimated. FY2018-FY2022 levels reflect Administration proposals and projections. See OMB budget documents for further caveats.

The Executive Direction and Management (802) subfunction includes activities of the White House, the Executive Office of the President, agencies closely connected to the President such as the Office of Management and Budget (OMB), the U.S. Trade Representative, and certain drug control activities. Various boards, commissions, councils, and offices associated with the presidency are also included. Over the FY1977-FY2017 period, funding within that subfunction has not exceeded 0.01% of GDP.

The Central Fiscal Operations (803) subfunction includes operations of the Internal Revenue Service (IRS) as well as fiscal and currency operations of the U.S. Treasury. In FY2017, the IRS accounted for about 90% of the funding within that subfunction. Thus, to large extent, the decline in funding for the subfunction, measured as a percentage of GDP, reflects trends in funding for the IRS.

The General Property and Records Management (804) subfunction includes operations of the General Services Administration (GSA) and the National Archives and Records Administration (NARA). Fluctuations in funding within this subfunction in large part reflect costs of GSA's Federal Buildings Fund.[79] That fund operates somewhat as a revolving fund that receives rent payments from federal agencies. Proceeds, through appropriations law, are used to lease

[79] See GAO, Federal Buildings Fund: Improved Transparency and Long-term Plan Needed to Clarify Capital Funding Priorities, GAO-12-646, July 2012; http://www.gao.gov/assets/600/592377.pdf.

properties or to acquire and maintain federally owned properties, although it has received supplemental appropriations to fund buildings in some years. In other years, rental revenues exceeded building expenses, resulting in negative budget authority.

The Central Personnel Management (805) subfunction includes operations of the Office of Personnel Management (OPM) as well as several offices concerned with federal workforce issues such as the Merit Systems Protection Board, the Office of Special Counsel, and the Office of Government Ethics. Funding for this subfunction was about 0.05% of GDP in the late 1970s, and that percentage has declined since then.

The General Purpose Fiscal Assistance (806) subfunction covers various forms of assistance to state and local government. The high levels of funding visible in **Figure 18** in the 1970s reflect credit support offered to New York City.[80] The subfunction also includes federal support for the District of Columbia.[81] Since the early 1980s, when this subfunction funding accounted for about 0.2% of GDP, funding according to that measure has declined.

The Other General Government (808) subfunction includes a broad array of miscellaneous federal activities. The uptick visible in **Figure 18** in the mid-2000s reflects federal support for electoral reform.

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Acknowledgments

Comments and conversations with many CRS colleagues were invaluable. The author wishes to thank David Bearden, (name redacted), David Bradley, (name redacted), Susan Epstein, (name redacted), (name redacted), Bruce Lindsay, (name redacted), Dan Morgan, Will Morton, (name redacted), Will Painter, (name redacted), Randy Peterman, Steve Redhead, Lisa Sacco, Rebecca Skinner, Charlie Stern, and Meghan Stuessy.

[80] See archived CRS Report 95-328E, *Financial Control Boards for Cities in Distress*, by Nona Notto and Lillian Rymarowicz, which is available upon request.

[81] See CRS Report R44099, *District of Columbia: Issues in the 114th Congress*, coordinated by (name redacted)