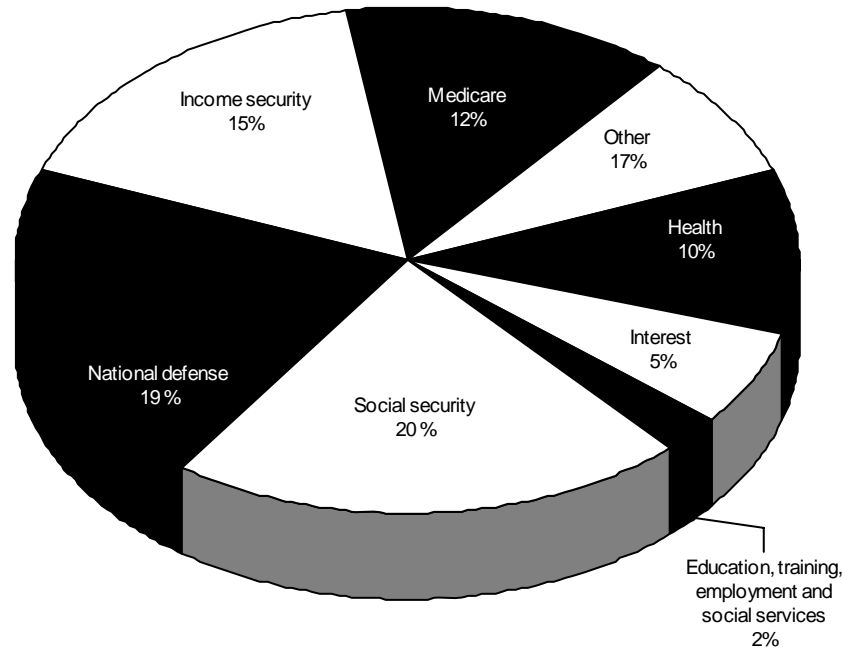


## OUTLAYS BY FUNCTION

Outlays occur when the Government pays its obligations, whether with cash, check or electronic funds transfer. Total outlays were \$3,521.7 billion in fiscal 2009 an increase of \$543.3 billion or 18.2 percent over the amount from fiscal 2008. The text below shows how outlays were divided in fiscal 2009. The seven largest categories of outlays are detailed below. These seven categories correspond directly to the Government's functional classification system.

The functional classification system groups Government activities—budget authority and outlays, loan guarantees and tax expenditures—into categories that reflect the national need addressed by each transaction. The system identifies 17 broad categories that address national needs. This provides a coherent and comprehensive basis for analyzing and understanding the budget. Two additional categories—interest and undistributed offsetting receipts—do not address specific national needs but are included to cover the entire budget. Under the functional classification system, each outlay is assigned to a classification that best defines its most important purpose, even though the outlay may serve more than one purpose.



The table that follows shows fiscal 2009 and 2008 outlays for each functional classification. It also shows the amount and percentage change in outlay levels between these 2 fiscal years. Changes in outlays for the largest functional classifications are discussed briefly below.

- National defense**— This function includes those activities directly related to the defense and security of the United States. This amount encompasses Government spending for conventional forces, strategic forces, atomic energy defense activities and other defense related activities. National defense outlays for fiscal 2009 increased by \$46.7 billion to \$662.8 billion.
- Education, training, employment and social services**— These programs assist citizens in developing and learning skills to expand their potential opportunities and job placement possibilities. Outlays for this function were \$78.2 billion for fiscal 2009, a decrease of 14 percent or \$12.7 billion from fiscal 2008 outlays.
- Health**— The Federal Government helps meet the nation's health care needs by financing and providing health care services, aiding disease prevention, and supporting research and training. Outlays for this function were \$334.3 billion in fiscal 2009. This represents an increase of \$53.6 billion over the prior fiscal year.
- Medicare**— Through Medicare, the Federal Government contributes to the health and well being of aged and disabled Americans. Outlays for this function were \$430.1 billion in fiscal 2009. That is an increase of 10.1 percent or \$39.3 billion over fiscal 2008 outlays.
- Income security**— Income security benefits are paid to the aged, the disabled, the unemployed and low-income families. Included within this classification are programs such as general retirement and disability, public assistance and unemployment compensation. Outlays for these benefits were \$533.9 billion in fiscal 2009—an increase of 24.9 percent or \$106.4 billion over the fiscal 2008 level.
- Social security**— Through social security, the Federal Government contributes to the income security of aged and disabled Americans. This function's outlays were \$683 billion for fiscal 2009. That represents an increase of 10.7 percent or \$66 billion over fiscal 2008 outlays.
- Interest**— This function includes interest paid by the Federal Government offset by interest collections from the public and interest received by Government trust funds. Net interest outlays are very sensitive to both interest rates and the amount of debt outstanding. Net interest outlays decreased in fiscal 2009 to \$190.9 billion. This is a 24.5 percent or \$61.9 billion decrease from the prior fiscal year.

## OUTLAYS BY FUNCTION

IN MILLIONS OF DOLLARS

	Fiscal 2009	Fiscal 2008		Amount change from 2008	Percent change
National defense .....	662,795	616,097	r	46,698	7.6
International affairs.....	36,829	28,917	r	7,912	27.4
General science, space, and technology.....	29,900	27,793	r	2,107	7.6
Energy.....	4,653	528	r	4,125	781.3 <sup>1</sup>
Natural resources and environment.....	45,760	31,883	r	13,877	43.5
Agriculture .....	14,010	18,388	r	-4,378	-23.8
Commerce and housing credit.....	292,471	27,723	r	264,748	955 <sup>2</sup>
Transportation.....	84,349	77,623	r	6,726	8.7
Community and regional development.....	26,222	23,952	r	2,270	9.5
Education, training, employment and social services.....	78,209	90,952	r	-12,743	-14
Health.....	334,303	280,654	r	53,649	19.1
Medicare.....	430,093	390,758	r	39,335	10.1
Income security.....	533,904	427,457	r	106,447	24.9
Social security.....	682,993	617,027	r	65,966	10.7
Veterans benefits and services.....	95,463	84,690	r	10,773	12.7
Administration of justice.....	53,840	47,138	r	6,702	14.2
General Government .....	17,634	20,345	r	-2,711	-13.3
Net interest.....	190,907	252,757	r	-61,850	-24.5
Undistributed offsetting receipts .....	-92,638	-86,242		-6,396	7.4
<b>Total outlays.....</b>	<b>3,521,699</b>	<b>2,978,440</b>	<b>r</b>	<b>543,259</b>	<b>18.2</b>

Details may not add to totals due to rounding.

r = revised

<sup>1</sup> Includes increased outlays in the areas of the Strategic Petroleum Reserve account, nuclear energy and the advanced technology vehicles manufacturing loan program.

<sup>2</sup> The enactment of the Troubled Asset Relief Program and the Housing Economic Recovery Act resulted in increased outlays in FY 2009.