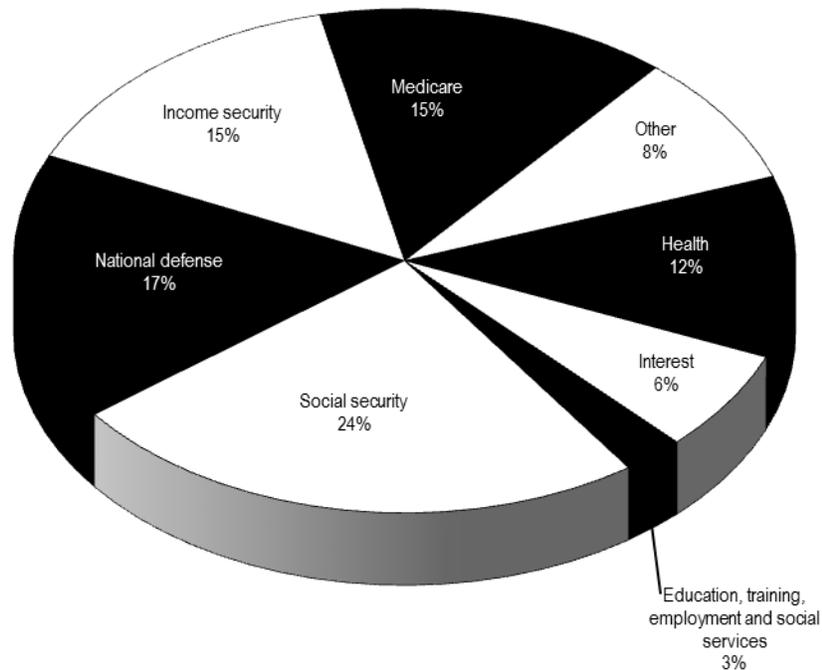# OUTLAYS BY FUNCTION

Outlays occur when the Government pays its obligations, whether with cash, check or electronic funds transfer. Total outlays were $3,504.1 billion in FY 2014, an increase of $49.9 billion or 1.5 percent above the amount from FY 2013. The text below shows how outlays were divided in FY 2014. 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 FY 2014 and 2013 outlays for each functional classification. It also shows the amount and percentage change in outlay levels between these two 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 FY 2014 decreased by $30.2 billion to $605.0 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 $89.4 billion for FY 2014, an increase of 25.9 percent or $18.4 billion from FY 2013 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 $409.4 billion in FY2014. This represents an increase of 14.3 percent or $51.1 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 $511.7 billion in FY2014. That is an increase of 2.8 percent or $13.9 billion over FY2013 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 $513.9 billion in FY 2014—a decrease of 4.3 percent or $23.3 billion under the FY 2013 level.

- **Social security**— Through social security, the Federal Government contributes to the income security of aged and disabled Americans. This function's outlays were $850.5 billion for FY2014. That represents an increase of 4.6 percent or $36.9 billion over FY 2013 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 increased in FY2014 to $228.0 billion. This is a 3.0 percent or $6.7 billion increase from the prior fiscal year.

OUTLAYS BY FUNCTION

IN MILLIONS OF DOLLARS

	FY 2014	FY 2013	Amount change from 2013	Percent change
National defense	605,034	635,207 r	-30,173	-4.8
International affairs	46,692	46,231 r	461	1.0
General science, space, and technology	28,624	28,970 r	-346	-1.2
Energy	5,277	10,946	-5,669	-51.8
Natural resources and environment	35,102	36,062 r	-960	-2.7
Agriculture	26,118	31,608 r	-5,491	-17.4
Commerce and housing credit	-95,319	-83,512	-11,807	14.1
Transportation	91,474	92,257	-783	-0.9
Community and regional development	21,556	33,354	-11,798	-35.4
Education, training, employment and social services	89,353	70,965 r	18,388	25.9
Health	409,402	358,317 r	51,085	14.3
Medicare	511,691	497,825	13,866	2.8
Income security	513,929	537,262	-23,333	-4.3
Social security	850,536	813,550	36,985	4.6
Veterans benefits and services	149,617	138,938	10,678	7.7
Administration of justice	52,354	54,548	-2,194	-4.0
General Government	22,794	23,229 r	-434	-1.9
Net interest	227,953	221,244 r	6,709	3.0
Undistributed offsetting receipts	-88,042	-92,782	4,740	-5.1
Total outlays	3,504,145	3,454,223 r	49,922	1.5

Details may not add to totals due to rounding.

r = revised