

Government Spending by Function

A New Presentation

IN government budgets, expenditures are classified according to their purpose—that is, their function—so that comparisons of major activities over time can be made even as underlying programs and agencies change. These functional presentations reveal trends, enable comparisons with the expenditures by other governments, and summarize significant expenditures of government in terms of continuing, common purposes. The national income and product accounts (NIPA's) present government by function tables in an economic framework that is an alternative to the accounting used in government budgets.

As part of the comprehensive revision of the NIPA's, government spending is now presented by 9 functions and 25 subfunctions in a new format in NIPA tables 3.15, 3.16, and 3.17 at the end of this article.¹ These tables replace the previously published functional tables.² The estimates presented in the new tables incorporate the results of the most recent comprehensive revision of the NIPA's.

Changes in presentation

The reformatted tables incorporate four major changes in presentation. First, the presentation is changed by consolidating the previous 21 functions into 9 more useful functions. The function “education” was augmented by adding the subfunction “education” from the function “veterans benefits and services.” Most of the new functions, such as health, were derived from combinations of the previous subfunctions. Law courts, a new subfunction in the function “public order and safety,” was created from parts of the previous subfunctions that made up general public services.

1. See Brent R. Moulton and David F. Sullivan, “A Preview of the 1999 Comprehensive Revision of the National Income and Product Accounts: New and Redesigned Tables,” *Survey of Current Business* 79 (September 1999): 15–28. See also Brent R. Moulton, “Improved Estimates of National Income and Product Accounts for 1929–99: Results of the Comprehensive Revision,” *Survey* 80 (April 2000): 11–16; and Brent R. Moulton, Robert P. Parker, and Eugene P. Seskin, “A Preview of the 1999 Comprehensive Revision of the National Income and Product Accounts: Definitional and Classification Changes,” *Survey* 79 (August 1999): 7–20. For estimates of the effects of these changes, see Eugene P. Seskin, “Improved Estimates of the National Income and Product Accounts for 1959–98: Results of the Comprehensive Revision,” *Survey* 79 (December 1999): 29–30.

2. In order to assist data users in the transition to the new formats, the estimates of government current expenditures and gross investment by function in the previously published formats of tables 3.15, 3.16, and 3.17 are available on request; write to Government Division (BE-57), Bureau of Economic Analysis, U.S. Department of Commerce, Washington, DC 20230, or E-mail webmaster@bea.doc.gov. The tables were last published in “Annual Revision: Newly Available Tables,” *Survey* 78 (October 1998): 5–9.

Note—This report was prepared by Karl Galbraith.

Second, the 9 new functions were crafted so that they would be comparable with the 10 divisions of the international classifications of the functions of government (COFOG) (see the box “Comparison of Classifications of Government Functions” on page 20).³ The Bureau of Economic Analysis (BEA) is among those agencies in the United States and in other countries that have supported, developed, and adopted many international economic guidelines in the 1993 *System of National Accounts*.

Third, NIPA tables 3.15, 3.16, and 3.17 have been changed so that they are organized first by type of expenditure and then by level of government. For example, the new table 3.15 shows consumption expenditures and gross investment for the three levels of government—total government, Federal Government, and State and local government—and all functions; the former table 3.15 showed current expenditures and gross investment, current expenditures, and gross investment for total government.⁴ The new tables are simpler, with only a single column for each year, compared with multiple columns for each year for different types of expenditures in the previously published format.

3. A final version of COFOG was approved by the United Nations Statistical Commission in March 1999 and published in *Classification of Expenditures According to Purpose*, Statistical Papers, Series M, No. 84 (New York: United Nations). COFOG is one of four functional classifications in the *System of National Accounts, 1993* that were prepared under the auspices of the Inter-Secretariat Working Group on National Accounts, Commission of the European Communities, the Organisation for Economic Co-operation and Development, the International Monetary Fund, the United Nations, and the World Bank.

4. Consumption expenditures and gross investment consists of net purchases of goods, services, and structures from business and from the rest of the world by general government; payments by general government to households in the form of compensation of employees, the consumption of general government fixed capital, which represents the value of current services of fixed assets of general government; net purchases of fixed assets of general government; net purchases of fixed assets by government enterprises; inventory change of government enterprises; and a deduction for general government sales, primarily tuition payments for higher education and charges for medical care.

Current expenditures consists of current-account transactions of consumption expenditures, transfer payments, grants-in-aid to State and local governments, net interest paid, subsidies less current surplus of government enterprises, less wage accruals less disbursements.

Data Availability

The estimates beginning with 1952 for the new NIPA tables 3.15, 3.16, 3.17 are available from BEA's Web site at www.bea.doc.gov; click on “GDP and related data” and look under “Annual Only NIPA Tables.” They are also available from STAT-USA's Web site at www.stat-usa.gov.

Fourth, government consumption expenditures and gross investment, a component of GDP, is now presented in table 3.15. Quarterly estimates for the three levels of government are shown in NIPA tables 1.1 and 3.7.

Shares of government spending by function

In 1998, the largest shares of total government consumption expenditures and gross investment spending were for education, at 28.6 percent, and for national defense, at 22.8 percent (chart 1). National defense accounts for 64.7 percent of Federal Government spending, and education accounts for 43.6 percent of State and local government spending.

The average annual rates of growth of total government spending have generally decelerated since the 1970's (table A). Federal Government spending decelerated in the 1980's, despite a pickup in national defense spending that turned down in the 1990's. State and local government spending grew faster on average than Federal Government spending in the 1990's.

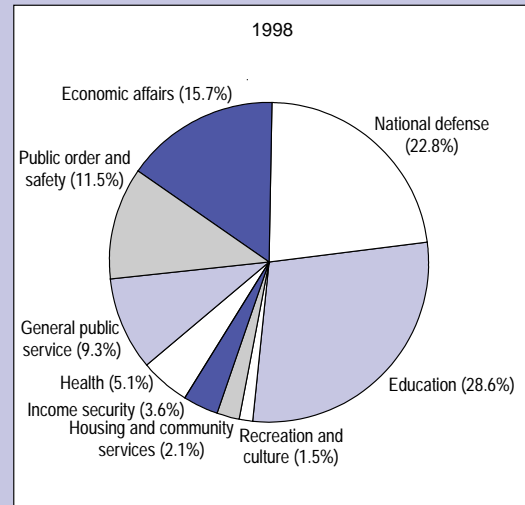
In 1998, the largest shares of government current expenditures were income security (23.4 percent) and health (17.9 percent) (chart 2). Current expenditures for income security are large because they include transfer payments, such as those for social security. Current expenditures for health are large because they include Federal transfer payments for medicare and State-and-local transfer payments for medicaid.

In 1998, education (16.5 percent), general public

service (16.1 percent), and national defense (11.9 percent) also accounted for sizable shares of current expenditures. Current expenditures for general public service includes net interest paid and sizable unallocable expenditures for State and local governments.

CHART 1

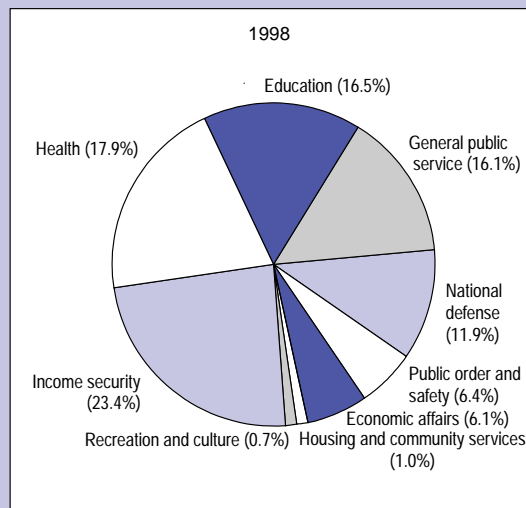
Government Consumption Expenditures and Gross Investment by Function



U.S. Department of Commerce, Bureau of Economic Analysis

CHART 2

Government Current Expenditures by Function



U.S. Department of Commerce, Bureau of Economic Analysis

Table A.—Average Annual Growth Rates in Government Expenditures by Function
[Percent]

| | Consumption expenditures and gross investment | | | | Current expenditures | | | |
|--------------------------------------|---|-------------|------------|------------|----------------------|-------------|------------|------------|
| | 1960-70 | 1970-80 | 1980-90 | 1990-98 | 1960-70 | 1970-80 | 1980-90 | 1990-98 |
| Government | 7.6 | 9.2 | 7.6 | 3.3 | 9.1 | 11.0 | 8.2 | 4.5 |
| General public service | 9.7 | 12.7 | 7.3 | 4.7 | 7.7 | 12.4 | 11.5 | 3.9 |
| National defense | 5.1 | 6.4 | 8.3 | -9 | 6.3 | 6.3 | 7.8 | -4 |
| Public order and safety | 9.4 | 12.5 | 10.4 | 7.0 | 9.5 | 12.4 | 10.2 | 7.1 |
| Economic affairs | 7.8 | 9.5 | 5.7 | 3.8 | 10.1 | 9.7 | 5.1 | 2.7 |
| Housing and community services | 7.1 | 10.6 | 5.4 | 2.7 | 13.6 | 20.2 | 6.9 | 4.4 |
| Health | 9.4 | 11.3 | 6.6 | 2.8 | 16.1 | 14.2 | 10.3 | 7.9 |
| Recreation and culture | 10.6 | 11.2 | 7.8 | 5.4 | 10.6 | 11.9 | 7.6 | 5.1 |
| Education | 11.1 | 9.8 | 7.7 | 5.2 | 12.0 | 10.6 | 7.4 | 5.1 |
| Income security | 14.3 | 14.7 | 7.3 | 6.7 | 9.4 | 13.7 | 6.5 | 5.1 |
| Federal | 5.9 | 7.7 | 7.6 | .7 | 8.8 | 11.2 | 7.9 | 4.2 |
| General public service | 7.2 | 12.2 | 6.1 | 3.1 | 7.0 | 14.5 | 11.4 | 3.4 |
| National defense | 5.1 | 6.4 | 8.3 | -9 | 6.3 | 6.4 | 7.9 | -3 |
| Public order and safety | 9.5 | 15.4 | 11.2 | 8.9 | 11.4 | 15.1 | 10.0 | 9.5 |
| Economic affairs | 8.7 | 10.4 | 5.0 | 2.7 | 11.9 | 9.9 | 4.0 | 1.3 |
| Housing and community services | 16.9 | -14.8 | n.m. | n.m. | 25.0 | 16.4 | 5.8 | 6.6 |
| Health | 10.5 | 13.7 | 7.6 | 5.9 | 21.0 | 15.2 | 10.6 | 8.6 |
| Recreation and culture | 10.3 | 11.8 | 2.9 | 6.9 | 14.3 | 14.7 | 1.1 | 4.8 |
| Education | 15.1 | 5.0 | 6.4 | 9.7 | 21.0 | 9.5 | 3.6 | 6.4 |
| Income security | 11.1 | 16.7 | .7 | 6.3 | 9.3 | 14.2 | 6.2 | 5.4 |
| State and local | 9.7 | 10.4 | 7.6 | 5.0 | 10.9 | 11.1 | 7.9 | 5.7 |
| General public service | 10.9 | 12.8 | 7.7 | 5.2 | 9.5 | 9.8 | 8.5 | 5.8 |
| Public order and safety | 9.4 | 12.3 | 10.3 | 6.8 | 9.5 | 12.1 | 10.1 | 7.0 |
| Economic affairs | 7.4 | 8.9 | 6.0 | 4.3 | 8.7 | 11.6 | 4.7 | 4.3 |
| Housing and community services | 6.6 | 11.3 | 5.4 | 2.2 | 9.0 | 18.2 | .8 | 5.2 |
| Health | 8.9 | 9.7 | 5.9 | -5 | 13.7 | 13.1 | 9.9 | 8.1 |
| Recreation and culture | 10.7 | 11.1 | 8.6 | 5.2 | 10.0 | 11.4 | 8.8 | 5.2 |
| Education | 11.0 | 9.9 | 7.7 | 5.1 | 11.8 | 10.5 | 7.6 | 5.0 |
| Income security | 15.6 | 14.0 | 9.2 | 6.7 | 10.9 | 10.1 | 7.7 | 3.8 |

n.m. not meaningful, one value negative

Comparison of Classifications of Government Functions

The classifications that are used in the new NIPA functions are designed to be comparable with the functions used in the international classifications of the functions of government (COFOG). However, the NIPAs have no function for environmental protection because not enough detail existed in the previous NIPA subfunctions. Some of the activities included in environmental protection, such as waste management and waste water management, are included in the NIPA housing and community services function.

The new NIPA functions are also related to those that are used by the Office of Management and Budget (OMB) to prepare the Federal budget and those that are used by the Bureau of the Census to prepare State and local government finance reports.

The OMB currently classifies budget data into 20 functions that are roughly assigned to the 9 NIPA functions for government. Of the 20 budget functions, 17 cover broad areas of national need. The remaining three functions—net interest, undistributed offsetting receipts, and allowances—are included to ensure full coverage of the Federal

budget. The OMB functions give added visibility to major programs, such as medicare and social security, by making them functions that are distinct from the health and income security functions. The NIPA function for health includes medicare, and the NIPA function for income security includes social security. Over 70 OMB subfunctions allow finer relationships to be made to the 25 NIPA subfunctions.

The Census Bureau presents expenditures in *Government Finances* and in the *Census of Governments* in 12 function groups and 39 subgroups that are based on nearly 70 major functions of government. The NIPA estimates for the Federal Government and for State and local governments are based on data from both these sources.¹

1. NIPA table 3.18B shows the relation of Federal Government current expenditures in the NIPAs to budget outlays, and NIPA table 3.19 shows the relation of State and local government current expenditures to total expenditures in *Government Finances*; these tables were published most recently on pages 67 and 68 of the April 2000 *Survey*. See also "Updated Summary NIPA Methodologies," *Survey* 78 (September 1998): 14-35; and *Government Transactions*, Methodology Paper No. 5 (1988), which can be found at <www.bea.doc.gov> under "Bureau-wide" and then under "Methodologies."

| NIPA | COFOG | OMB | Census Bureau |
|-----------------------------------|--|---|---|
| General public service | General public services | General government plus International affairs plus Net interest plus Allowances | Government administration plus Interest on general debt plus General expenditures not elsewhere classified |
| National defense | Defence | National defense | National defense and interna- tional relations |
| Public order and safety | Public order and safety | Administration of justice | Public safety |
| Economic affairs | Economic affairs | Agriculture plus Energy plus Natural resources and environment plus Transportation plus Commerce and housing credit plus General science, space and technology | Transportation plus Utility expenditure plus Liquor store expenditure |
| (1) | Environmental protection | (2) | (3) |
| Housing and community services | Housing and community amenities | Community and regional development | Environment and housing |
| Health | Health | Health plus Medicare plus Veterans benefits and services | (4) |
| Recreation and culture | Recreation, culture, and reli- gion | (5) | (3) |
| Education | Education | Education, training, employment, and social services | Education services |
| Income security | Social protection | Income security plus Social security plus Undistributed offsetting receipts | Social services and income main- tenance plus Insurance trust expendi- ture |

1. Contained largely in the housing and community services function and economic affairs function.

2. Contained largely in the natural resources and environment function and community and regional development function.

3. Contained largely in the environment and housing function.

4. Contained largely in the social services and income maintenance function.

5. Contained largely in the natural resources and environment function.

Table 3.15.—Government Consumption Expenditures and Gross Investment by Function
[Billions of dollars]

| | Line | 1995 | 1996 | 1997 | 1998 | | Line | 1995 | 1996 | 1997 | 1998 |
|---|------|----------------|----------------|----------------|----------------|---|------|--------------|--------------|--------------|--------------|
| Government | 1 | 1,372.0 | 1,421.9 | 1,481.0 | 1,529.7 | Water | 58 | 6.5 | 6.6 | 6.8 | 7.3 |
| General public service | 2 | 125.2 | 125.3 | 136.0 | 141.6 | Transit and railroad | 59 | .3 | .6 | .8 | .6 |
| Executive and legislative | 3 | 29.6 | 27.4 | 30.8 | 32.0 | Postal service | 60 | 2.9 | 3.7 | 4.5 | 5.1 |
| Tax collection and financial management | 4 | 39.7 | 40.1 | 44.0 | 45.4 | Space | 61 | 16.4 | 17.6 | 17.8 | 16.8 |
| Other | 5 | 55.9 | 57.8 | 61.3 | 64.2 | Other | 62 | 0 | 0 | 0 | 0 |
| National defense | 6 | 350.6 | 357.0 | 352.5 | 348.6 | Housing and community services | 63 | 1.4 | 1.6 | 1.7 | 1.3 |
| Public order and safety | 7 | 142.1 | 152.8 | 163.8 | 175.3 | Health | 64 | 40.9 | 42.4 | 44.0 | 46.4 |
| Police | 8 | 53.6 | 58.9 | 64.2 | 69.5 | Recreation and culture | 65 | 2.4 | 2.3 | 2.9 | 2.8 |
| Fire | 9 | 18.6 | 19.4 | 20.5 | 21.8 | Education | 66 | 4.3 | 5.0 | 5.0 | 5.7 |
| Law courts | 10 | 26.7 | 28.6 | 30.7 | 33.5 | Elementary and secondary | 67 | .6 | .6 | .5 | .6 |
| Prisons | 11 | 43.1 | 45.9 | 48.3 | 50.5 | Higher | 68 | .9 | .9 | .9 | 1.0 |
| Economic affairs | 12 | 213.1 | 220.7 | 234.6 | 239.4 | Other | 69 | 2.8 | 3.5 | 3.5 | 4.2 |
| General economic and labor affairs | 13 | 18.6 | 19.4 | 20.3 | 21.0 | Income security | 70 | 5.9 | 6.0 | 6.6 | 8.3 |
| Agriculture | 14 | 10.6 | 10.9 | 13.0 | 12.8 | Disability | 71 | .5 | .4 | .5 | .5 |
| Energy | 15 | 16.4 | 13.5 | 13.4 | 11.0 | Retirement ¹ | 72 | 1.3 | 1.2 | 1.3 | 1.6 |
| Natural resources | 16 | 21.8 | 23.0 | 23.4 | 24.9 | Welfare and social services | 73 | 3.1 | 3.3 | 3.8 | 4.1 |
| Transportation | 17 | 126.1 | 132.5 | 142.0 | 147.3 | Unemployment | 74 | .1 | .1 | .1 | .1 |
| Highways | 18 | 98.2 | 103.3 | 111.6 | 115.9 | Other | 75 | .9 | 1.0 | .9 | 1.9 |
| Air | 19 | 12.4 | 13.0 | 13.4 | 14.0 | State and local | 76 | 850.5 | 890.4 | 943.2 | 991.0 |
| Water | 20 | 7.5 | 7.8 | 7.9 | 8.4 | General public service | 77 | 96.7 | 99.7 | 106.8 | 112.4 |
| Transit and railroad | 21 | 8.0 | 8.4 | 9.0 | 9.1 | Executive and legislative | 78 | 13.5 | 14.3 | 15.2 | 16.1 |
| Postal service | 22 | 2.9 | 3.7 | 4.5 | 5.1 | Tax collection and financial management | 79 | 27.2 | 27.7 | 30.3 | 32.1 |
| Space | 23 | 16.4 | 17.6 | 17.8 | 16.8 | Other ³ | 80 | 55.9 | 57.8 | 61.3 | 64.2 |
| Other | 24 | .3 | .3 | .3 | .4 | Public order and safety | 81 | 126.9 | 135.7 | 145.6 | 155.8 |
| Housing and community services | 25 | 27.8 | 29.4 | 30.7 | 31.6 | Police | 82 | 46.8 | 50.8 | 54.9 | 59.1 |
| Health | 26 | 72.6 | 74.9 | 76.4 | 78.6 | Fire | 83 | 18.5 | 19.3 | 20.4 | 21.7 |
| Recreation and culture | 27 | 18.5 | 19.3 | 21.3 | 22.3 | Law courts | 84 | 21.6 | 23.1 | 25.2 | 27.5 |
| Education | 28 | 376.1 | 395.2 | 415.5 | 438.1 | Prisons | 85 | 40.0 | 42.6 | 45.1 | 47.5 |
| Elementary and secondary | 29 | 288.8 | 305.3 | 322.3 | 339.6 | Economic affairs | 86 | 140.6 | 146.2 | 156.8 | 162.4 |
| Higher | 30 | 69.8 | 70.9 | 73.7 | 77.5 | General economic and labor affairs | 87 | 11.6 | 11.8 | 12.3 | 12.8 |
| Libraries | 31 | 5.4 | 5.8 | 6.3 | 6.7 | Agriculture | 88 | 4.4 | 4.5 | 4.9 | 5.2 |
| Other | 32 | 12.1 | 13.2 | 13.3 | 14.3 | Energy | 89 | 4.0 | 3.5 | 3.8 | 3.3 |
| Income security | 33 | 45.9 | 47.4 | 50.2 | 54.3 | Natural resources | 90 | 10.5 | 10.8 | 11.2 | 11.6 |
| Disability | 34 | 2.7 | 2.8 | 2.8 | 2.9 | Transportation | 91 | 109.8 | 115.2 | 124.4 | 129.1 |
| Retirement ¹ | 35 | 1.3 | 1.2 | 1.3 | 1.6 | Highways | 92 | 97.7 | 102.8 | 111.1 | 115.4 |
| Welfare and social services | 36 | 40.8 | 42.2 | 45.0 | 47.8 | Air | 93 | 3.3 | 3.4 | 3.9 | 4.1 |
| Unemployment | 37 | .1 | .1 | .1 | .1 | Water | 94 | 1.0 | 1.2 | 1.2 | 1.1 |
| Other | 38 | .9 | 1.0 | .9 | 1.9 | Transit and railroad | 95 | 7.7 | 7.8 | 8.2 | 8.4 |
| Federal | 39 | 521.5 | 531.6 | 537.8 | 538.7 | Other | 96 | .3 | .3 | .3 | .4 |
| General public service | 40 | 28.6 | 25.6 | 29.2 | 29.1 | Housing and community services | 97 | 26.5 | 27.8 | 29.0 | 30.3 |
| Executive and legislative | 41 | 16.1 | 13.1 | 15.6 | 15.9 | Water | 98 | 6.9 | 8.0 | 8.9 | 9.2 |
| Tax collection and financial management | 42 | 12.5 | 12.4 | 13.6 | 13.2 | Sewerage | 99 | 8.2 | 8.9 | 9.1 | 9.1 |
| Other ² | 43 | 0 | 0 | 0 | 0 | Sanitation | 100 | 6.9 | 7.1 | 7.6 | 8.1 |
| National defense | 44 | 350.6 | 357.0 | 352.5 | 348.6 | Other | 101 | 4.4 | 3.7 | 3.4 | 3.8 |
| Public order and safety | 45 | 15.2 | 17.0 | 18.2 | 19.5 | Health | 102 | 31.7 | 32.5 | 32.4 | 32.2 |
| Police | 46 | 6.9 | 8.2 | 9.3 | 10.4 | Recreation and culture | 103 | 16.2 | 17.0 | 18.3 | 19.5 |
| Fire | 47 | .1 | .1 | .1 | .1 | Education | 104 | 371.9 | 390.1 | 410.6 | 432.3 |
| Law courts | 48 | 5.1 | 5.5 | 5.6 | 6.1 | Elementary and secondary | 105 | 288.2 | 304.7 | 321.8 | 339.0 |
| Prisons | 49 | 3.1 | 3.3 | 3.2 | 2.9 | Higher | 106 | 68.9 | 70.0 | 72.7 | 76.5 |
| Economic affairs | 50 | 72.5 | 74.6 | 77.8 | 77.0 | Libraries | 107 | 5.4 | 5.8 | 6.3 | 6.7 |
| General economic and labor affairs | 51 | 7.0 | 7.6 | 8.0 | 8.2 | Other | 108 | 9.3 | 9.7 | 9.8 | 10.1 |
| Agriculture | 52 | 6.2 | 6.3 | 8.1 | 7.6 | Income security | 109 | 40.0 | 41.3 | 43.6 | 46.1 |
| Energy | 53 | 12.3 | 10.0 | 9.6 | 7.7 | Disability | 110 | 2.3 | 2.4 | 2.4 | 2.4 |
| Natural resources | 54 | 11.4 | 12.2 | 12.1 | 13.4 | Welfare and social services | 111 | 37.8 | 38.9 | 41.2 | 43.7 |
| Transportation | 55 | 16.3 | 17.2 | 17.6 | 18.2 | Other | 112 | 0 | 0 | 0 | 0 |
| Highways | 56 | .5 | .4 | .5 | .4 | | | | | | |
| Air | 57 | 9.0 | 9.5 | 9.5 | 9.9 | | | | | | |

1. Consists of consumption expenditures to administer social insurance funds including old age and survivors insurance (social security) and railroad retirement. Excludes government employee retirement plans.
2. Consists of consumption expenditures to administer Federal revenue sharing grants to State and local govern-

ments beginning with 1972 and ending with 1987.
3. Consists primarily of unallocable State and local government consumption expenditures and gross investment.

Table 3.16.—Government Current Expenditures by Function

[Billions of dollars]

| | Line | 1995 | 1996 | 1997 | 1998 | | Line | 1995 | 1996 | 1997 | 1998 |
|---|------|----------------|----------------|----------------|----------------|---|------|--------------|--------------|--------------|----------------|
| Government ¹ | 1 | 2,293.7 | 2,384.5 | 2,461.8 | 2,523.1 | Air | 59 | 6.2 | 6.5 | 6.9 | 7.1 |
| General public service | 2 | 385.1 | 394.5 | 400.8 | 405.5 | Water | 60 | 6.3 | 6.4 | 6.4 | 6.7 |
| Executive and legislative | 3 | 39.0 | 42.1 | 41.6 | 42.9 | Transit and railroad | 61 | 1.8 | 1.6 | 1.8 | 1.2 |
| Tax collection and financial management | 4 | 33.9 | 32.8 | 35.9 | 36.6 | Postal service | 62 | 1.8 | 4.1 | 4.1 | 3.4 |
| Net interest paid ² | 5 | 267.8 | 274.1 | 275.4 | 276.1 | Space | 63 | 12.6 | 13.1 | 13.5 | 13.0 |
| Other ³ | 6 | 44.4 | 45.5 | 47.8 | 49.9 | Other | 64 | 0 | 0 | 0 | 0 |
| National defense | 7 | 297.1 | 302.0 | 304.1 | 299.5 | Housing and community services | 65 | 29.5 | 30.0 | 30.5 | 29.9 |
| Public order and safety | 8 | 132.0 | 141.9 | 152.0 | 162.2 | Health | 66 | 319.4 | 340.2 | 357.3 | 364.8 |
| Police | 9 | 50.7 | 55.5 | 60.3 | 65.0 | Recreation and culture | 67 | 2.5 | 2.5 | 2.9 | 2.8 |
| Fire | 10 | 17.4 | 18.1 | 19.1 | 20.2 | Education | 68 | 32.2 | 34.1 | 36.3 | 37.5 |
| Law courts | 11 | 25.2 | 26.7 | 28.6 | 31.1 | Elementary and secondary | 69 | 11.8 | 13.1 | 12.8 | 13.7 |
| Prisons | 12 | 38.7 | 41.7 | 44.0 | 45.8 | Higher | 70 | 12.1 | 11.8 | 14.0 | 13.7 |
| Economic affairs | 13 | 137.3 | 142.5 | 145.1 | 152.7 | Other | 71 | 8.4 | 9.2 | 9.5 | 10.2 |
| General economic and labor affairs | 14 | 18.9 | 19.4 | 20.3 | 20.9 | Income security | 72 | 501.5 | 521.2 | 535.9 | 551.9 |
| Agriculture | 15 | 18.4 | 19.0 | 19.5 | 26.2 | Disability | 73 | 62.1 | 66.0 | 68.4 | 71.9 |
| Energy | 16 | -4 | -1.8 | -4.2 | -6.4 | Retirement ⁵ | 74 | 297.5 | 308.4 | 321.9 | 333.0 |
| Natural resources | 17 | 17.6 | 17.9 | 17.9 | 18.9 | Welfare and social services | 75 | 95.5 | 95.2 | 94.1 | 93.6 |
| Transportation | 18 | 80.7 | 83.9 | 88.4 | 92.2 | Unemployment | 76 | 25.0 | 25.7 | 23.4 | 23.3 |
| Highways | 19 | 55.0 | 57.6 | 61.0 | 64.5 | Other | 77 | 21.4 | 25.9 | 28.1 | 30.1 |
| Air | 20 | 4.5 | 4.7 | 5.0 | 5.0 | State and local | 78 | 902.5 | 939.0 | 981.5 | 1,028.7 |
| Water | 21 | 6.1 | 6.2 | 6.1 | 6.4 | General public service | 79 | 83.6 | 86.0 | 90.2 | 93.5 |
| Transit and railroad | 22 | 15.1 | 15.4 | 16.2 | 16.3 | Executive and legislative | 80 | 12.4 | 13.1 | 13.9 | 14.7 |
| Postal service | 23 | 1.8 | 4.1 | 4.1 | 3.4 | Tax collection and financial management | 81 | 26.5 | 26.9 | 29.5 | 31.2 |
| Space | 24 | 12.1 | 12.7 | 13.0 | 12.1 | Net interest paid ² | 82 | 2 | 6 | -9 | -2.3 |
| Other ⁴ | 25 | -11.8 | -12.7 | -13.9 | -14.6 | Other ⁷ | 83 | 44.4 | 45.5 | 47.8 | 49.9 |
| Housing and community services | 26 | 27.4 | 26.7 | 28.8 | 26.2 | Public order and safety | 84 | 118.9 | 127.3 | 136.3 | 145.6 |
| Health | 27 | 401.8 | 426.9 | 445.9 | 452.1 | Police | 85 | 44.5 | 48.2 | 52.0 | 56.0 |
| Recreation and culture | 28 | 14.6 | 14.9 | 16.1 | 16.8 | Fire | 86 | 17.3 | 18.0 | 19.0 | 20.1 |
| Education | 29 | 358.6 | 375.5 | 395.9 | 416.6 | Law courts | 87 | 20.6 | 21.8 | 23.7 | 25.9 |
| Elementary and secondary | 30 | 262.2 | 276.4 | 291.3 | 307.2 | Prisons | 88 | 36.5 | 39.3 | 41.6 | 43.7 |
| Higher | 31 | 68.7 | 69.6 | 74.2 | 77.0 | Economic affairs | 89 | 72.1 | 74.0 | 77.4 | 81.7 |
| Libraries | 32 | 4.7 | 5.1 | 5.5 | 5.9 | General economic and labor affairs | 90 | 12.0 | 12.1 | 12.6 | 13.2 |
| Other | 33 | 23.0 | 24.4 | 24.9 | 26.5 | Agriculture | 91 | 4.1 | 4.2 | 4.5 | 4.9 |
| Income security | 34 | 539.8 | 559.6 | 573.2 | 591.6 | Energy | 92 | -6.6 | -7.1 | -7.4 | -7.7 |
| Disability | 35 | 73.8 | 78.0 | 80.3 | 83.6 | Natural resources | 93 | 8.3 | 8.5 | 8.6 | 9.0 |
| Retirement ⁵ | 36 | 297.5 | 308.4 | 321.9 | 333.0 | Transportation | 94 | 66.1 | 69.0 | 72.9 | 77.0 |
| Welfare and social services | 37 | 127.7 | 127.2 | 125.0 | 127.1 | Highways | 95 | 54.6 | 57.2 | 60.6 | 64.1 |
| Unemployment | 38 | 21.6 | 22.4 | 20.3 | 20.0 | Air | 96 | -1.7 | -1.8 | -2.0 | -2.1 |
| Other | 39 | 19.2 | 23.5 | 25.7 | 27.9 | Water | 97 | -1 | -2 | -2 | -3 |
| Federal | 40 | 1,575.7 | 1,635.9 | 1,676.0 | 1,703.8 | Transit and railroad | 98 | 13.3 | 13.8 | 14.5 | 15.1 |
| General public service | 41 | 302.4 | 310.4 | 312.6 | 314.0 | Other ⁴ | 99 | -11.8 | -12.7 | -13.9 | -14.6 |
| Executive and legislative | 42 | 27.6 | 30.9 | 29.8 | 30.2 | Housing and community services | 100 | 3.7 | 2.8 | 5.4 | 6.6 |
| Tax collection and financial management | 43 | 7.4 | 5.9 | 6.4 | 5.4 | Water | 101 | -3.6 | -4.0 | -4.2 | -4.4 |
| Net interest paid | 44 | 267.5 | 273.6 | 276.3 | 278.4 | Sewerage | 102 | -7 | -1.0 | -1.2 | -1.3 |
| Other ⁶ | 45 | 0 | 0 | 0 | 0 | Sanitation | 103 | 5.3 | 5.5 | 5.9 | 6.4 |
| National defense | 46 | 299.8 | 304.8 | 307.0 | 302.7 | Other | 104 | 2.7 | 2.3 | 4.9 | 6.0 |
| Public order and safety | 47 | 14.3 | 15.8 | 17.9 | 19.3 | Health | 105 | 179.6 | 188.4 | 193.0 | 197.9 |
| Police | 48 | 6.5 | 7.7 | 9.5 | 10.7 | Recreation and culture | 106 | 12.2 | 12.7 | 13.3 | 14.2 |
| Fire | 49 | .1 | .1 | .1 | .1 | Education | 107 | 341.6 | 358.1 | 375.8 | 396.1 |
| Law courts | 50 | 5.1 | 5.4 | 5.6 | 6.1 | Elementary and secondary | 108 | 261.2 | 275.4 | 290.4 | 306.2 |
| Prisons | 51 | 2.6 | 2.5 | 2.7 | 2.4 | Higher | 109 | 58.1 | 59.4 | 61.5 | 64.6 |
| Economic affairs | 52 | 74.1 | 76.9 | 75.6 | 80.9 | Libraries | 110 | 4.7 | 5.1 | 5.5 | 5.9 |
| General economic and labor affairs | 53 | 11.1 | 11.4 | 12.0 | 12.0 | Other | 111 | 17.6 | 18.2 | 18.4 | 19.4 |
| Agriculture | 54 | 15.7 | 16.0 | 15.8 | 22.3 | Income security | 112 | 90.8 | 89.6 | 90.0 | 93.1 |
| Energy | 55 | 7.2 | 6.3 | 4.3 | 2.3 | Disability | 113 | 13.0 | 13.3 | 13.3 | 13.1 |
| Natural resources | 56 | 10.9 | 11.1 | 10.3 | 12.6 | Welfare and social services | 114 | 77.8 | 76.3 | 76.8 | 79.9 |
| Transportation | 57 | 14.7 | 15.0 | 15.5 | 15.3 | Other | 115 | 0 | 0 | 0 | 0 |
| Highways | 58 | .4 | .4 | .4 | .4 | | | | | | |

1. Equals Federal Government current expenditures less grants-in-aid to State and local governments plus State and local government current expenditures.

2. Includes dividends received by government shown separately in tables 3.1 and 3.3 for total government and for State and local government.

3. Equals unallocable State and local government expenditures, less "wage accruals less disbursements" shown in table 3.1; includes Federal revenue sharing grants to State and local governments beginning with 1972 and ending with 1987.

4. Consists of State and local government publicly owned liquor store systems, government-administered lotteries

and parimutuels, and other commercial activities.

5. Consists of social insurance funds including old age and survivors insurance (social security) and railroad retirement. Excludes government employee retirement plans.

6. Consists primarily of Federal revenue sharing grants to State and local governments beginning with 1972 and ending with 1987, less "wage accruals less disbursements" shown in table 3.2.

7. Equals unallocable State and local government expenditures less "wage accruals less disbursements" shown in table 3.3.

Table 3.17.—Selected Government Expenditures by Function
[Billions of dollars]

| | Line | 1995 | 1996 | 1997 | 1998 | | Line | 1995 | 1996 | 1997 | 1998 |
|---|------|---------|---------|---------|---------|--|------|-------|-------|-------|-------|
| Current expenditures ¹ | | | | | | | | | | | |
| Consumption expenditures: | | | | | | | | | | | |
| Government | | | | | | | | | | | |
| General public service | 1 | 1,133.9 | 1,171.8 | 1,222.9 | 1,261.0 | Unemployment | 74 | 3.3 | 3.3 | 3.2 | 3.3 |
| National defense | 2 | 108.3 | 107.3 | 116.2 | 120.1 | Other | 75 | 2.3 | 2.3 | 2.4 | 2.3 |
| Public order and safety | 3 | 297.5 | 302.4 | 304.5 | 299.9 | Subsidies less current surplus of government enterprises: | | | | | |
| Economic affairs | 4 | 131.9 | 141.8 | 151.9 | 162.1 | Government | | | | | |
| Housing and community services | 5 | 133.4 | 137.5 | 144.9 | 147.5 | General public service | 76 | 22.2 | 22.6 | 19.0 | 20.8 |
| Health | 6 | 6.5 | 7.0 | 7.6 | 7.6 | National defense | 77 | 0 | 0 | -1 | -3 |
| Recreation and culture | 7 | 60.7 | 61.8 | 62.3 | 63.6 | Economic affairs | 78 | -3 | -3 | -3 | -3 |
| Education | 8 | 14.2 | 14.6 | 15.7 | 16.4 | General economic and labor affairs | 79 | 2.1 | 3.4 | -1.5 | 3.2 |
| Income security | 9 | 336.9 | 353.6 | 371.2 | 391.4 | Agriculture | 80 | 0 | 0 | 0 | 0 |
| Federal | 11 | 439.2 | 445.3 | 457.0 | 453.5 | Energy | 81 | 8.6 | 9.1 | 7.8 | 14.5 |
| General public service | 12 | 25.7 | 22.8 | 26.0 | 25.4 | Natural resources | 82 | -8.9 | -8.7 | -10.8 | -11.2 |
| National defense | 13 | 297.5 | 302.4 | 304.5 | 299.9 | Transportation | 83 | .8 | .6 | .2 | .2 |
| Public order and safety | 14 | 13.1 | 14.6 | 15.8 | 16.5 | Postal service | 84 | 11.6 | 11.2 | 11.6 | 11.5 |
| Economic affairs | 15 | 53.8 | 54.6 | 57.7 | 55.5 | Other ³ | 85 | 2.0 | 3.9 | 3.6 | 2.8 |
| Housing and community services | 16 | 1.3 | 1.5 | 1.7 | 1.2 | Housing and community services | 86 | -11.8 | -12.7 | -13.9 | -14.7 |
| Health | 17 | 36.5 | 37.3 | 38.4 | 40.0 | Federal | | | | | |
| Recreation and culture | 18 | 2.0 | 1.9 | 2.4 | 2.3 | General public service | 88 | 32.4 | 35.1 | 30.4 | 32.1 |
| Education | 19 | 3.9 | 4.6 | 4.5 | 5.1 | National defense | 89 | 0 | 0 | -1 | -3 |
| Income security | 20 | 5.5 | 5.6 | 6.1 | 7.5 | Economic affairs | 90 | -3 | -3 | -3 | -3 |
| State and local | 21 | 694.7 | 726.5 | 765.9 | 807.5 | General economic and labor affairs | 91 | 10.8 | 13.2 | 9.4 | 14.6 |
| General public service | 22 | 82.6 | 84.5 | 90.2 | 94.7 | Agriculture | 92 | 0 | 0 | 0 | 0 |
| Public order and safety | 23 | 118.8 | 127.2 | 136.2 | 145.5 | Energy | 93 | 8.6 | 9.1 | 7.8 | 14.5 |
| Economic affairs | 24 | 79.6 | 82.9 | 87.3 | 92.0 | Natural resources | 94 | -2.3 | -1.7 | -3.4 | -3.5 |
| Housing and community services | 25 | 5.3 | 5.5 | 5.9 | 6.4 | Transportation | 95 | .8 | .6 | .2 | .2 |
| Health | 26 | 24.3 | 24.4 | 23.9 | 23.6 | Postal service | 96 | 1.8 | 1.3 | 1.2 | .7 |
| Recreation and culture | 27 | 12.2 | 12.7 | 13.3 | 14.2 | Housing and community services | 97 | 2.0 | 3.9 | 3.6 | 2.8 |
| Education | 28 | 332.9 | 349.0 | 366.7 | 386.3 | State and local | | | | | |
| Income security | 29 | 39.0 | 40.2 | 42.4 | 44.8 | Economic affairs | 99 | -10.2 | -12.5 | -11.4 | -11.3 |
| Transfer payments (net): | | | | | | Energy | 100 | -8.6 | -9.8 | -10.9 | -11.5 |
| Government | 30 | 869.9 | 916.0 | 944.5 | 965.2 | Transportation | 101 | -6.6 | -7.1 | -7.4 | -7.7 |
| General public service | 31 | 9.0 | 13.0 | 9.3 | 9.6 | Other ³ | 102 | 9.8 | 9.9 | 10.4 | 10.9 |
| Public order and safety | 32 | .1 | .1 | .1 | .1 | Housing and community services | 103 | -11.8 | -12.7 | -13.9 | -14.7 |
| Economic affairs | 33 | 1.8 | 1.6 | 1.6 | 2.0 | Gross investment | | | | | |
| Housing and community services | 34 | .5 | .2 | .2 | .2 | Government | 105 | 238.2 | 250.1 | 258.1 | 268.7 |
| Health | 35 | 341.1 | 365.1 | 383.6 | 388.5 | General public service | 106 | 18.0 | 19.2 | 21.1 | 23.0 |
| Recreation and culture | 36 | .4 | .4 | .3 | .4 | National defense | 107 | 53.1 | 54.6 | 48.0 | 48.7 |
| Education | 37 | 21.8 | 21.8 | 24.7 | 25.2 | Public order and safety | 108 | 9.2 | 9.8 | 10.6 | 11.6 |
| Income security | 38 | 495.3 | 513.8 | 524.7 | 539.3 | Economic affairs | 109 | 79.7 | 83.2 | 89.6 | 91.9 |
| Federal | 39 | 652.1 | 691.6 | 716.6 | 730.4 | Housing and community services | 110 | 21.3 | 22.4 | 23.1 | 24.0 |
| General public service | 40 | 8.2 | 12.1 | 8.3 | 8.4 | Health | 111 | 11.9 | 13.1 | 14.1 | 15.0 |
| Public order and safety | 41 | 0 | 0 | 0 | 0 | Recreation and culture | 112 | 4.3 | 4.8 | 5.6 | 5.9 |
| Economic affairs | 42 | .7 | .6 | .6 | .9 | Education | 113 | 39.3 | 41.5 | 44.3 | 46.6 |
| Housing and community services | 43 | .5 | .2 | .2 | .2 | Income security | 114 | 1.4 | 1.5 | 1.7 | 2.0 |
| Health | 44 | 185.7 | 201.2 | 214.5 | 214.2 | Federal | | | | | |
| Recreation and culture | 45 | .4 | .4 | .3 | .4 | General public service | 115 | 82.3 | 86.3 | 80.8 | 85.2 |
| Education | 46 | 13.0 | 12.8 | 15.5 | 15.3 | National defense | 116 | 3.8 | 3.9 | 4.4 | 5.3 |
| Income security | 47 | 443.5 | 464.4 | 477.1 | 491.0 | Public order and safety | 117 | 53.1 | 54.6 | 48.0 | 48.7 |
| State and local | 48 | 217.8 | 224.3 | 227.9 | 234.8 | Economic affairs | 118 | 1.0 | 1.2 | 1.2 | 1.3 |
| General public service | 49 | .8 | .9 | 1.0 | 1.1 | Housing and community services | 119 | 18.7 | 20.0 | 20.1 | 21.5 |
| Public order and safety | 50 | .1 | .1 | .1 | .1 | Health | 120 | .1 | .1 | 0 | .1 |
| Economic affairs | 51 | 1.1 | .9 | 1.0 | 1.1 | Recreation and culture | 121 | 4.4 | 5.1 | 5.6 | 6.4 |
| Health | 52 | 155.3 | 164.0 | 169.1 | 174.3 | Education | 122 | .4 | .5 | .6 | .5 |
| Education | 53 | 8.7 | 9.1 | 9.1 | 9.8 | Income security | 123 | .3 | .4 | .4 | .6 |
| Income security | 54 | 51.8 | 49.4 | 47.6 | 48.3 | State and local | | | | | |
| Grants-in-aid to State and local governments: | | | | | | General public service | 125 | 155.8 | 163.8 | 177.3 | 183.5 |
| Federal ² | 55 | 184.5 | 190.4 | 195.7 | 209.3 | Public order and safety | 126 | 14.1 | 15.2 | 16.6 | 17.7 |
| General public service | 56 | .9 | 1.9 | 2.0 | 2.0 | Economic affairs | 127 | 8.1 | 8.5 | 9.4 | 10.3 |
| National defense | 57 | 2.7 | 2.8 | 2.9 | 3.2 | Housing and community services | 128 | 61.0 | 63.2 | 69.6 | 70.3 |
| Public order and safety | 58 | 1.2 | 1.2 | 2.1 | 2.7 | Health | 129 | 21.2 | 22.4 | 23.1 | 23.9 |
| Economic affairs | 59 | 8.9 | 8.5 | 7.9 | 9.8 | Recreation and culture | 130 | 7.5 | 8.0 | 8.5 | 8.6 |
| General economic and labor affairs | 60 | 4.2 | 4.1 | 4.3 | 4.3 | Education | 131 | 3.9 | 4.3 | 5.0 | 5.4 |
| Agriculture | 61 | 1.5 | 1.3 | .9 | .9 | Income security | 132 | 38.9 | 41.1 | 43.9 | 46.0 |
| Energy | 62 | 1.1 | 1.0 | 1.1 | 1.0 | State and local | | | | | |
| Natural resources | 63 | 1.6 | 1.7 | 1.1 | 2.7 | General public service | 133 | 1.0 | 1.1 | 1.2 | 1.3 |
| Transportation | 64 | .1 | 0 | 0 | 0 | Capital transfers paid | | | | | |
| Space | 65 | .5 | .4 | .6 | .9 | Federal ⁴ | 134 | 27.6 | 28.1 | 29.0 | 28.8 |
| Housing and community services | 66 | 5.7 | 6.1 | 7.2 | 10.4 | General public service ⁵ | 135 | .4 | 0 | .2 | 0 |
| Health | 67 | 97.2 | 101.7 | 104.3 | 110.7 | Economic affairs | 136 | 24.6 | 25.6 | 26.2 | 26.2 |
| Recreation and culture | 68 | .1 | .3 | .2 | .2 | Transportation | 137 | 24.6 | 25.6 | 26.2 | 26.2 |
| Education | 69 | 15.3 | 16.7 | 16.2 | 17.0 | Highways ⁶ | 138 | 19.3 | 20.0 | 20.7 | 20.7 |
| Income security | 70 | 52.4 | 51.3 | 52.7 | 53.4 | Air ⁶ | 139 | 1.7 | 1.6 | 1.5 | 1.6 |
| Disability | 71 | 1.2 | 1.3 | 1.4 | 1.4 | Water ⁷ | 140 | 0 | 0 | 0 | 0 |
| Retirement | 72 | 0 | 0 | 0 | 0 | Transit and railroad ⁶ | 141 | 3.6 | 3.9 | 4.0 | 3.9 |
| Welfare and social services | 73 | 45.7 | 44.3 | 45.8 | 46.4 | Housing and community services ⁶ | 142 | 2.5 | 2.6 | 2.6 | 2.6 |
| | | | | | | Health ⁶ | 143 | 0 | 0 | 0 | 0 |

1. Equals consumption expenditures, transfer payments, net interest paid, less dividends received by government, subsidies less current surplus of government enterprises, less "wage accruals less disbursements"; for Federal Government, also includes grants-in-aid to State and local governments. Government, Federal Government, and State and local government current expenditures are shown separately in tables 3.1, 3.2, and 3.3.

2. Federal grants-in-aid to State and local governments are included in Federal current expenditures; because the grants are transactions between levels of government, they are eliminated in the consolidation of the government sector.

3. Consists of publicly owned liquor store systems, government-administered lotteries and parimutuels, and other commercial activities.

4. No State and local government capital transfers have been identified.

5. Consists of forgiveness of debts owed by foreign governments to the U.S. Government.

6. Consists of Federal Government investment grants to State and local governments.

7. Consists of maritime construction subsidies paid to business by the Federal Government.