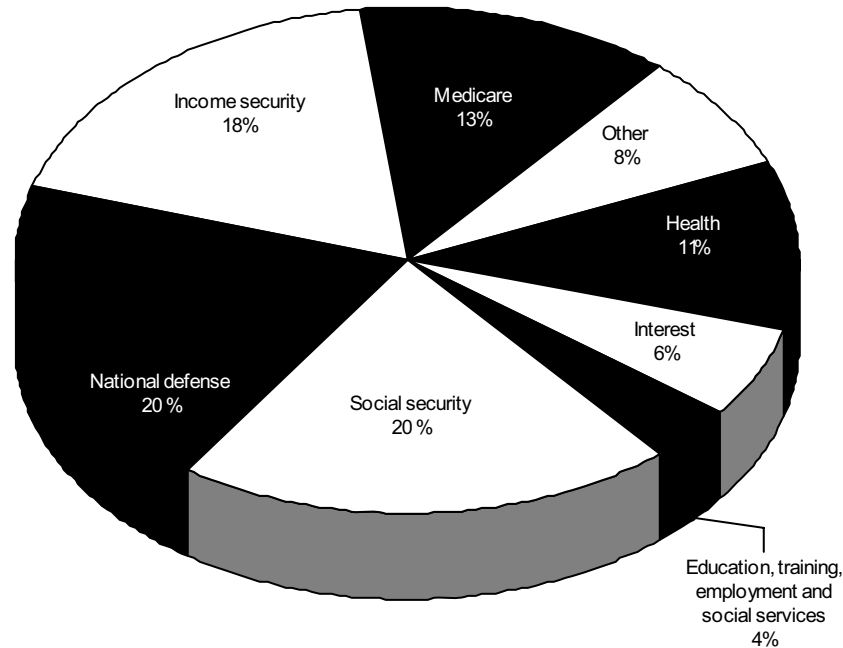


OUTLAYS BY FUNCTION

Outlays occur when the Government pays its obligations, whether with cash, check or electronic funds transfer. Total outlays were \$3,456 billion in fiscal 2010, a decrease of \$64.1 billion or 1.8 percent under the amount from fiscal 2009. The text below shows how outlays were divided in fiscal 2010. 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 2010 and 2009 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 2010 increased by \$33.3 billion to \$696.1 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 \$125.1 billion for fiscal 2010, an increase of 60 percent or \$46.9 billion from fiscal 2009 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 \$369 billion in fiscal 2010. This represents an increase of \$34.8 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 \$451.6 billion in fiscal 2010. That is an increase of 5 percent or \$21.5 billion over fiscal 2009 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 \$624 billion in fiscal 2010—an increase of 16.9 percent or \$90.1 billion over the fiscal 2009 level.
- **Social security**— Through social security, the Federal Government contributes to the income security of aged and disabled Americans. This function's outlays were \$706.7 billion for fiscal 2010. That represents an increase of 3.5 percent or \$23.8 billion over fiscal 2009 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 fiscal 2010 to \$196.9 billion. This is a 3.3 percent or \$6.3 billion increase from the prior fiscal year.

OUTLAYS BY FUNCTION

IN MILLIONS OF DOLLARS

	Fiscal 2010	Fiscal 2009		Amount change from 2009	Percent change
National defense	696,061	662,773	r	33,288	5.0
International affairs.....	45,197	36,762	r	8,434	22.9
General science, space, and technology.....	30,904	29,852	r	1,051	3.5
Energy	11,514	4,653		6,861	147.5 ¹
Natural resources and environment.....	41,632	33,493	r	8,139	24.3
Agriculture	23,215	24,160	r	-944	-3.9
Commerce and housing credit.....	-82,981	291,371	r	-374,351	-128.5 ²
Transportation	92,493	84,385	r	8,108	9.6
Community and regional development.....	24,897	28,594	r	-3,698	-12.9
Education, training, employment and social services.....	125,111	78,200	r	46,911	60
Health	369,009	334,253	r	34,757	10.4
Medicare.....	451,636	430,093		21,543	5
Income security.....	624,023	533,931	r	90,092	16.9
Social security.....	706,736	682,964	r	23,772	3.5
Veterans benefits and services.....	108,384	95,427	r	12,958	13.6
Administration of justice	55,223	53,608	r	1,615	3
General Government	18,099	17,588	r	511	2.9
Net interest.....	196,945	190,613	r	6,332	3.3
Undistributed offsetting receipts	-82,116	-92,638		10,522	11.4
Total outlays.....	3,455,982	3,520,082	r	-64,101	-1.8

Details may not add to totals due to rounding.

r = revised

¹ Includes increased recovery act outlays for programs related to Energy Efficiency and Renewable Energy, Science and Electricity Delivery and Renewable Energy.

² The downward reestimate of subsidies for the Troubled Asset Relief Program and direct loans for GSE-mortgage backed securities resulted in decreased outlays in FY 2010.