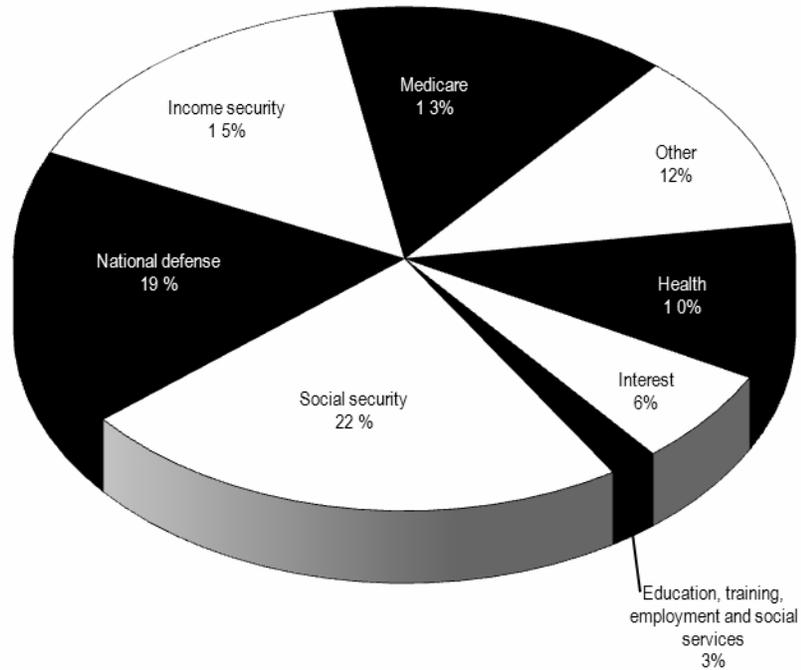


OUTLAYS BY FUNCTION

Outlays occur when the Government pays its obligations, whether with cash, check or electronic funds transfer. Total outlays were \$3,454.2 billion in fiscal 2013, a decrease of \$84.0 billion or 2.4 percent below the amount from fiscal 2012. The text below shows how outlays were divided in fiscal 2013. 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 2013 and 2012 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 2013 decreased by \$45.2 billion to \$635.2 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 \$70.9 billion for fiscal 2013, a decrease of 20.3 percent or \$18.1 billion from fiscal 2012 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 \$357.3 billion in fiscal 2013. This represents an increase of 3.1 percent or \$10.6 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 \$497.8 billion in fiscal 2013. That is an increase of 5.5 percent or \$26.0 billion over fiscal 2012 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 \$537.3 billion in fiscal 2013—a decrease of 0.9 percent or \$4.8 billion under the fiscal 2012 level.
- **Social security**— Through social security, the Federal Government contributes to the income security of aged and disabled Americans. This function's outlays were \$813.6 billion for fiscal 2013. That represents an increase of 5.2 percent or \$40.3 billion over fiscal 2012 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 2013 to \$221.2 billion. This is a 0.6 percent or \$1.2 billion decrease from the prior fiscal year.

OUTLAYS BY FUNCTION

IN MILLIONS OF DOLLARS

	Fiscal 2013	Fiscal 2012	Amount change from 2012	Percent change
National defense	635,211	680,407	-45,196	-6.6
International affairs.....	46,418	47,186	-769	-1.6
General science, space, and technology.....	28,961	29,095 r	-134	-0.5
Energy.....	10,946	14,756	-3,810	-25.8
Natural resources and environment.....	36,058	41,843	-5,785	-13.8
Agriculture.....	31,423	19,711	11,712	59.4
Commerce and housing credit.....	-83,512	40,333	-123,845	-307.1
Transportation.....	92,257	91,206	1,051	1.2
Community and regional development.....	33,354	26,113	7,241	27.7
Education, training, employment and social services.....	70,974	89,065 r	-18,091	-20.3
Health.....	357,301	346,711 r	10,590	3.1
Medicare.....	497,825	471,789	26,036	5.5
Income security.....	537,262	542,100	-4,838	-0.9
Social security.....	813,550	773,288	40,263	5.2
Veterans benefits and services.....	138,938	124,598 r	14,340	11.5
Administration of justice.....	54,548	57,688 r	-3,140	-5.4
General Government.....	24,263	23,447 r	817	3.5
Net interest.....	221,246	222,484	-1,239	-0.6
Undistributed offsetting receipts.....	-92,782	-103,535	10,753	10.4
Total outlays.....	3,454,243	3,538,286	-84,043	-2.4

Details may not add to totals due to rounding.

r = revised