Center on Budget and Policy Priorities

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Technical Note: How CBPP Analyzes Non-Defense Discretionary Funding

This technical note describes the numbers we use to analyze funding for programs whose size is determined by the enactment of annual appropriations (legislation created by the House and Senate Appropriations Committees).[1] These programs are classified as "discretionary," so exclude all funding for "mandatory" programs.[2]

Total discretionary funding is typically divided between defense (budget function 050) and non-defense (all budget functions except 050).[3] Also, we frequently subdivide non-defense discretionary funding between Veterans Health (subfunction 703) and all other non-defense funding.

Funding for appropriations is typically guided by allocations provided in the congressional budget resolution; in many years, it is also subject to statutory limitations or caps. Compliance with these allocations and statutory caps is guided by similar but not identical rules. The Appropriations Committees present funding figures that meet their statutory and political needs. The Congressional Budget Office (CBO) provides the official score of appropriations bills, accounting for and categorizing every item funded in the bills.

For our analyses, we are interested in how the Appropriations Committees fund ongoing non-defense needs each year. To do this, we use CBO data and apply a standard approach that allows consistent presentations and meaningful comparisons of total non-defense discretionary funding over time. Unless one of our reports says otherwise, our topline non-defense discretionary numbers generally exclude amounts that Congress does not provide via regular, annual appropriations and that are outside any statutory caps. More specifically, we adjust CBO's officially scored non-defense discretionary amounts as follows:

Exclusions

- **Amounts designated as disaster relief or emergency funding.** We do *not* include such amounts because their levels fluctuate greatly from year to year, are unpredictable, and are not related to underlying trends in non-defense appropriations.

- **War costs.** Congress invariably designates war funding as emergency funding. While these costs mostly appear as defense funding, some war costs, such as for extra State Department protection, appear as non-defense. We exclude these costs.
- **Funding for the IIJA and the BSCA.** Congress enacted the Infrastructure Investment and Jobs Act (IIJA) in 2021, with substantial funding available for 2022 and more than $60 billion in each year 2023-2026. Because this funding was not provided in legislation created by the Appropriations Committees, it normally would be considered mandatory, not discretionary. But special language in the Act designated it as discretionary and as an emergency. The Bipartisan Safer Communities Act (BSCA), enacted in 2022 and costing less than $1 billion per year through 2026, was likewise not created by the Appropriations Committee but similarly included language designating it as discretionary and as an emergency. We do *not* include any IIJA or BSCA amounts.
- **Census Bureau.** Unless we say otherwise, our topline figures exclude funding for the Census Bureau so that comparisons between topline levels in most years versus the levels in the decennial census years – e.g., 2010 or 2020 – don't produce misleading impressions about the trajectory of normal, ongoing programs.[4]

Inclusions

- **Program integrity and wildfires.** Certain provisions of law are intended to create incentives for the Appropriations Committees to fund activities that can yield savings in programs outside of their jurisdiction. These "program integrity" activities help support and improve the administration of mandatory federal health care programs, unemployment benefits, and disability benefits. The savings in those mandatory programs are widely believed to exceed the cost of the program integrity activity. To create an incentive to fund these activities, the funding is effectively exempt from the Committees' allocations or statutory caps.[5] We include this funding in our totals. We also include funding to support the management and control of wildfires, which is subject to similar rules.
- **Cures and HMTF.** We view two special forms of appropriations, the 21st Century Cures Act and the Harbor Maintenance Trust Fund (HMTF), as routine and ongoing. Following legislative directives, CBO attributes their costs to the Appropriations Committees, although the funding is not provided in annual bills.

Adjustments

- **Two categories of offsets to appropriations are excluded from our figures:** legislative changes in *mandatory* programs ("CHIMPs") in annual appropriations bills; and fee income derived from mortgage insurance at the Department of Housing and Urban Development.[6] These offsets provide savings to the appropriations bill that contains them and thereby allow higher regular, discretionary program funding within that bill.[7] By excluding these offsets, but including the discretionary funding they offset, we can better focus our analyses on actual funding levels for ongoing appropriated programs.

Finally, our analyses frequently show toplines both in nominal dollar terms and in dollars that reflect the effects of inflation or both inflation and overall population growth. For inflation, we use historical levels and CBO's current estimates and projections of the CPI-U. For population, we use historical, estimated, and projected levels of the total U.S. population as reported and projected annually by the Social Security trustees.

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[1] In keeping with budget accounting used by the congressional Budget Committees, the Congressional Budget Office, and the President's Office of Management and Budget, we display appropriated funding in the federal fiscal year in which government agencies may first legally obligate the funds. Appropriations legislation specifies whether funding for a given budget account will remain available for obligation for one fiscal year only, or for more than one.

[2] Mandatory funding is known in budget parlance as funding for "direct spending programs," whose definition is A) any funding of any type that is directly provided by laws other than those written by the Appropriations Committees, and B) any funding for entitlement programs, regardless of which committees directly provide such funding.

[3] For a brief list and explanation of the 20 budget functions, see House Committee on the Budget, "Budget Functions," available at, https://democrats-budget.house.gov/budgets/budget-functions#:~:text=Function%20150%20contains%20funding%20for,percent%20of%20the%20federal%20budget.

[4] Census funding averaged $6 billion more in 2010 and 2020 than in the other years between 2010 and 2026; it was more than five times as large.

[5] More precisely, the allocations or caps are increased by the amount the Appropriations Committees provide for program integrity activities, up to a certain amount specified in law.

[6] The four accounts that provide housing fee income are listed by CBO as Guarantees of Mortgage-Backed Securities, Loan Guarantee Programs (account 0186); FHA Mutual Mortgage Insurance, Capital Reserve (account 0236); GNMA Guarantees of Mortgage-Backed Securities, Capital Reserve (account 0238); and FHA General and Special Risk Program Account (account 0200). Historically, the level of fee income is independent of appropriations bill language and can vary significantly from year to year.

[7] Scorekeeping Guideline #3, one of the formal scorekeeping rules codified in 1990, requires legislative language in appropriations bills that changes the costs of mandatory programs to be scored as though the costs or savings were discretionary, not mandatory. This treatment exists to enhance committee accountability, charging to the Appropriations Committees the entire budgetary effect of the legislative actions they choose to take.