

Non-Defense Discretionary Programs

Non-defense discretionary (NDD) programs comprise domestic and international programs outside of national defense that Congress funds on an annual basis. These programs are called “discretionary” because policymakers have discretion to decide their funding levels each year through the appropriations process — in contrast to “mandatory” or “entitlement” programs such as Social Security, Medicare, and Medicaid, where the law governing the program and the benefits it provides determines its spending.

In fiscal year 2023, NDD spending totaled an estimated \$919 billion, or 14 percent of federal spending. All 2023 estimates are from data provided by the Congressional Budget Office.

NDD Spending Supports Key Public Services

NDD programs include a wide variety of priorities such as education, public health, scientific research, infrastructure, national parks and forests, environmental protection, and some low-income assistance, as well as many basic government operations including law enforcement, courts, and tax collection. The category also includes many programs related to national security, including foreign aid, homeland security, and health care and services for veterans.

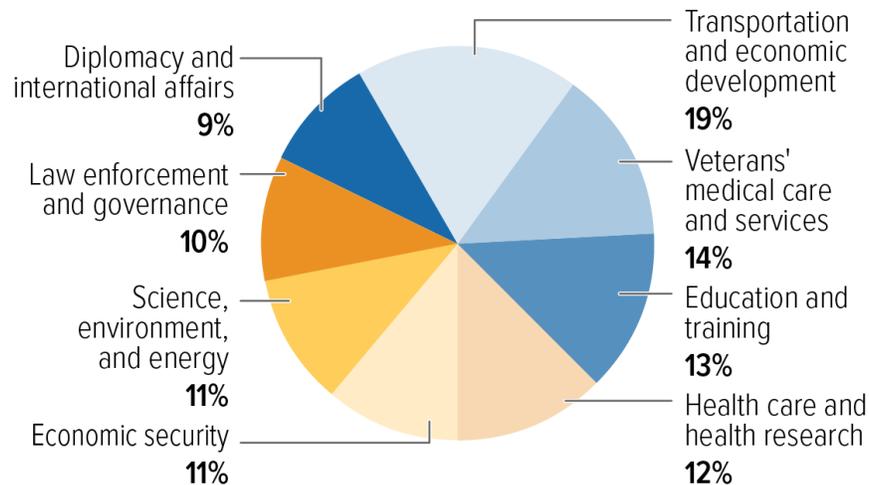
Of total NDD spending in fiscal year 2023, 34 percent went to grants to states and localities, such as for K-12 education and highway projects, while 23 percent went to low-income programs, such as Head Start and rental assistance. These categories are not mutually exclusive; a sizable share of NDD grants to states and localities support low-income programs.

Policy Basics – Non-Defense Discretionary Programs

In the following discussion, we break NDD programs into eight categories, as the chart below shows. (We assign each program to a single category to avoid double counting.)¹

Non-Defense Discretionary Spending

Fiscal year 2023



Note: Does not add to 100% due to rounding.

Source: CBPP calculations using data from the Congressional Budget Office

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The categories are:

1. Transportation and Economic Development

Transportation and economic development programs constituted 19 percent (\$170 billion) of NDD spending in fiscal year 2023.

Most of this spending goes to air, ground, and water transportation programs such as the National Highway System, air traffic control and aviation safety, the Coast Guard, and transportation security. Much of the spending for these transportation programs is financed from trust funds that receive dedicated revenues (such as the gas tax) and fees. The rest of this category supports a variety of community development activities; disaster relief, prevention, and insurance; and agriculture programs.

¹ Data used in this Policy Basic represent “outlays” — the amount spent in a year. These amounts differ a bit from appropriations or budget authority, which represents amounts appropriated in a year, some of which might not be expended until subsequent years. There are also technical differences between outlays and budget authority in certain transportation programs.

2. Veterans' Medical Care and Services

Veterans' medical care and services constituted 14 percent (\$129 billion) of NDD spending in fiscal year 2023. Over 90 percent of the spending in this category goes to hospital and medical care benefits for veterans. The remainder primarily covers the operating expenses of the Department of Veterans Affairs, including the cost of administering benefits such as compensation for service-connected injuries and illnesses, for which mandatory funding covers the benefits themselves.

3. Education and Training

Education and training programs constituted 13 percent (\$123 billion) of NDD spending in fiscal year 2023. The bulk of this spending goes to K-12 and vocational education (51 percent) – primarily to aid school districts in educating students with disabilities and students with low incomes – and to higher education programs (24 percent), including Pell Grants, which help about 6 million students from low- and moderate-income households afford college.

This category also includes Head Start, an early childhood education program that helps about 850,000 disadvantaged children prepare for school, and job training programs.

4. Health Care and Health Research

Health care and health research programs constituted 12 percent (\$115 billion) of NDD spending in fiscal year 2023. These programs support health research, public health measures, and some health care services but do not include Medicare, Medicaid, and Affordable Care Act subsidies, which are mandatory programs. Also, this category does not include medical care for veterans, which is instead included in a separate category covering all discretionary programs for veterans. If veterans' health care were included, health care and health research would be the largest category, constituting 25 percent of NDD spending in 2023.

Roughly two-fifths of NDD health spending finances research ranging from cancer treatments to vaccine development, primarily through the National Institutes of Health. The rest funds other health agencies such as the Centers for Disease Control and Prevention, the Indian Health Service, and the Food and Drug Administration, and it provides some support for local nonprofit providers such as community health centers. This spending category also funds Medicare's administrative costs.

5. Economic Security

Economic security programs constituted 11 percent (\$103 billion) of NDD spending in fiscal year 2023. Programs in this category primarily help households meet basic needs such as housing, energy, child care, and food costs.

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Housing assistance accounts for more than half of the spending in this category, including vouchers and other rental assistance for low-income households, aid for people experiencing homelessness, and assisted housing for older adults and people with disabilities.

This spending category also covers food and nutrition programs such as the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), which provides food assistance to over 6 million people in low-income families; it also covers other forms of assistance to low- and moderate-income people, such as the Low Income Home Energy Assistance Program and the Child Care and Development Block Grant. It includes Social Security's administrative costs as well.

6. Science, Environment, and Energy

Science, environment, and energy programs constituted 11 percent (\$100 billion) of NDD spending in fiscal year 2023.

Science and space exploration programs of the National Aeronautics and Space Administration account for one-quarter of this category; scientific research through the National Science Foundation and Department of Energy labs makes up 16 percent, while other energy programs represent 9 percent of this category.

About one-fifth of this spending is for management and conservation of national parks, national forests, and other lands. Another 10 percent is for regulatory and pollution reduction programs of the Environmental Protection Agency. And 12 percent is for flood control, navigation, and other water resources programs, primarily through the Army Corps of Engineers.

7. Law Enforcement and Governance

Law enforcement and governance constituted 10 percent (\$95 billion) of NDD spending in fiscal year 2023.

About three-quarters of this category goes to law enforcement, criminal justice, and correctional institutions and activities, such as the Federal Bureau of Investigation, the Border Patrol, and assistance to states and localities for prevention and prosecution of domestic violence and reduction of drug trafficking. The rest funds the Internal Revenue Service, Congress, federal courts, the Government Accountability Office, and other basic government operations.

8. Diplomacy and International Affairs

Diplomacy and international affairs constituted 9 percent (\$85 billion) of NDD spending in fiscal year 2023.

About half of the spending in this category goes to international development and humanitarian assistance. This subcategory includes disaster assistance, the Peace Corps, the global HIV and AIDS initiative, and contributions to international agencies such as the World Health Organization.

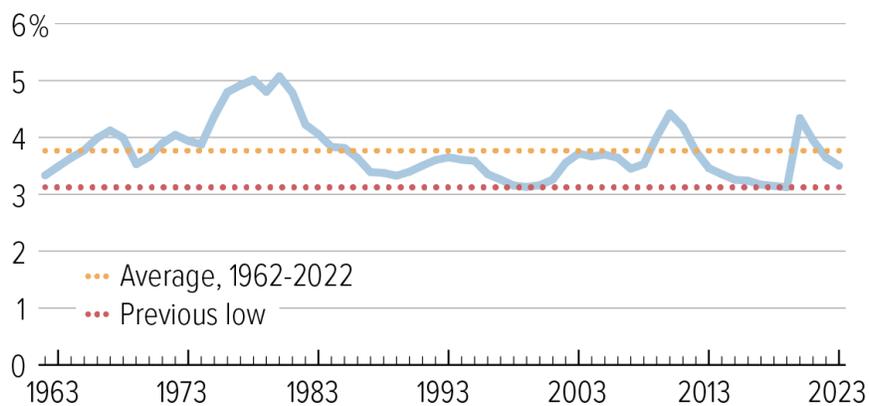
The remaining spending supports international security activities and programs such as peacekeeping operations, efforts to prevent the proliferation of nuclear weapons, and the maintenance and protection of U.S. embassies and consulates.

NDD Spending as Share of Economy Is Historically Low

Traditionally, annual funding for both defense and non-defense discretionary programs is provided through 12 appropriations bills covering various parts of the government. In contrast, spending on “mandatory” or “entitlement” programs such as Social Security and Medicare is determined by formulas set in authorizing law and generally occurs without annual action by Congress.

Non-Defense Discretionary Spending Below Long-Term Average

NDD spending as a percent of gross domestic product



Note: Data available only back to 1962.

Source: CBPP calculations using data from the Office of Management and Budget and Congressional Budget Office

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Since 2010, NDD spending has been declining as a share of the economy, and in 2019, it reached a record low of 3.1 percent of gross domestic product (GDP), according to official data going back to 1962. The

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percentage increased sharply but temporarily in 2020, as the COVID-19 pandemic and the necessary responses caused a spike in spending and a reduction in GDP, similar to what happened in the Great Recession a decade earlier. The percentage resumed declining in 2021, however, and is now back below the long-term average.

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For more information, see:

Policy Basics: Introduction to the Federal Budget Process

<http://www.cbpp.org/research/policy-basics-introduction-to-the-federal-budget-process>

Policy Basics: Where Do Our Federal Tax Dollars Go?

<https://www.cbpp.org/research/federal-budget/policy-basics-where-do-our-federal-tax-dollars-go>