

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 Congress must set funding levels for them each year through the appropriations process. In 2017, NDD spending totaled \$610 billion, or 15 percent of federal spending.

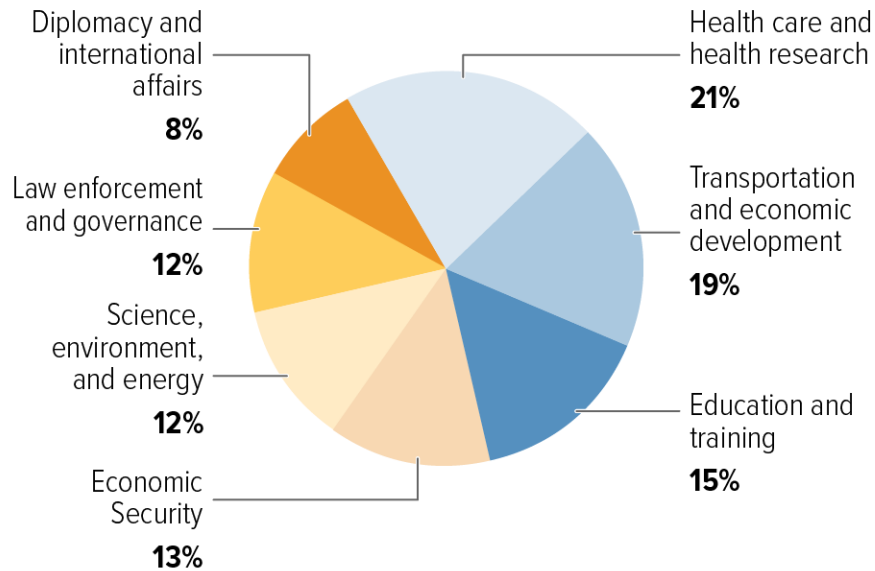
NDD Spending Supports Key Public Services

NDD programs include a wide variety of priorities such as education, scientific research, infrastructure, national parks and forests, environmental protection, some low-income assistance, and public health, 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 services for veterans.

Of total NDD spending in 2017, 33 percent went to grants to states and localities, such as for K-12 education and highway projects, while 21 percent went to low-income programs, such as Head Start and rental assistance. These categories are not mutually exclusive; a sizable share of grants to states and localities support low-income programs.

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

Non-Defense Discretionary Spending, FY 2017



Source: CBPP calculations using Office of Management and Budget data

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The categories are:

1. Health Care and Health Research

Health care and health research constituted 21 percent (\$130 billion) of NDD spending in 2017. These programs support health research and the provision of health care services but do not include Medicare and Medicaid, which are mandatory programs.

Nearly half of NDD health spending provides hospital and medical care for veterans. Another quarter finances research ranging from cancer treatments to vaccine development, primarily through the National Institutes of Health. The rest funds other health programs such as the Indian Health Service, the Centers for Disease Control and Prevention, and the Food and Drug Administration. This spending category also funds Medicare administrative costs.

2. Transportation and Economic Development

Transportation and economic development programs constituted 19 percent (\$113 billion) of NDD spending in 2017.

Policy Basics – Non-Defense Discretionary Programs

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. The rest goes to a variety of community development activities; disaster insurance, prevention, and relief; and agriculture programs.

3. Education and Training

Education and training programs constituted 15 percent (\$92 billion) of NDD spending in 2017. The bulk of the spending in this category goes to K-12 and vocational education (43 percent), primarily to aid school districts in educating students with disabilities and low-income students; and higher education programs (29 percent), including Pell Grants, which help roughly 7 million students from low- and moderate-income households afford college.

Less than one-sixth (15 percent) of the spending in this category supports programs that provide early education and other services for children and families, seniors, and people with disabilities. This includes Head Start, an early childhood education program that helps about 900,000 disadvantaged children prepare for school. About one-tenth (9 percent) supports programs that provide employment and other labor services, including those for veterans' education, training, and rehabilitation. The rest goes to public education and cultural programs that support public broadcasting as well as public libraries and museums.

4. Economic Security

Economic security programs constituted 13 percent (\$81 billion) of NDD spending in 2017. Programs in this category primarily help households meet basic needs such as housing, energy, child care, and food costs.

Housing assistance accounts for more than half (56 percent) of the spending in this category, including vouchers and other rental assistance for low-income households, aid for the homeless, and assisted housing for elderly and special-needs populations.

This spending category also covers food and nutrition programs, such as WIC (the Special Supplemental Nutrition Program for Women, Infants, and Children), which provides food assistance to approximately 9 million low-income mothers and children; and 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 also covers Social Security's administrative costs.

5. Science, Environment, and Energy

Science, environment, and energy programs constituted 12 percent (\$71 billion) of NDD spending in 2017.

Policy Basics – Non-Defense Discretionary Programs

Roughly half of the spending in this category supports conservation and the management of natural resources, such as national parks, and other environmental programs, including those in the Environmental Protection Agency.

One-quarter of the spending covers NASA’s space exploration and related scientific research. Remaining spending supports the National Science Foundation, the Department of Energy, and clean water infrastructure.

6. Law Enforcement and Governance

Law enforcement and governance constituted 12 percent (\$71 billion) of NDD spending in 2017.

About three-quarters of this category goes for law enforcement, criminal justice, and correctional activities, such as the FBI; 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

7. Diplomacy and International Affairs

Diplomacy and international affairs constituted 8 percent (\$51 billion) of NDD spending in 2017.

Almost 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.

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

NDD Spending Projected to Continue to Fall as Share of Economy

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 “entitlement” or “mandatory” programs such as Social Security and Medicare is determined by formulas set in authorizing law and generally occurs without annual action by Congress.

The 2011 Budget Control Act (BCA) established caps that limit overall appropriations for most defense and non-defense discretionary programs in each year through 2021. Some appropriations are exempt from the caps, including those for overseas military and anti-terrorism operations, disaster relief, other emergencies, and certain activities to fight fraud and abuse. In addition, spending from the highway and other transportation trust funds are counted as NDD spending but are not subject to the caps.

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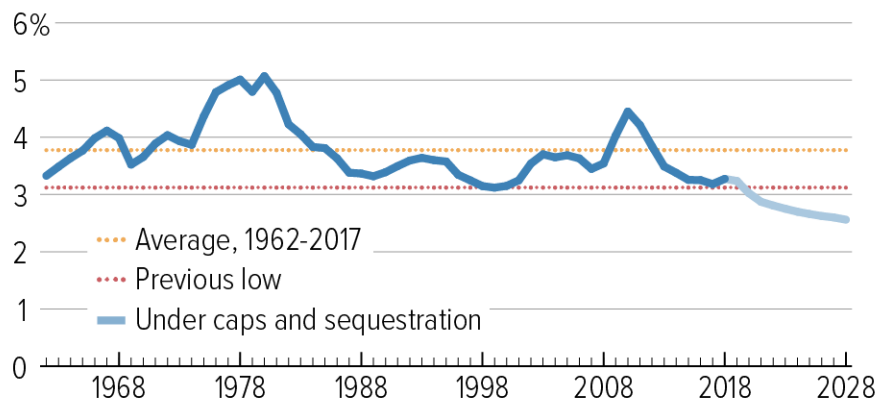
The BCA also mandated further reductions in the caps beginning in 2013 — through a process called “sequestration” — because Congress failed to adopt a more comprehensive deficit reduction plan.

Lawmakers have enacted several measures providing relief from sequestration. Through 2017, this relief was only partial. But for 2018 and 2019, Congress and the President provided full sequestration relief plus additional funding, setting both the defense and non-defense caps above the original levels in the BCA. Absent further action by lawmakers, discretionary funding levels for 2020 and 2021 will return to the BCA levels, as reduced by sequestration — an inflation-adjusted reduction of about 11 percent between 2019 and 2020.

Since 2010, NDD spending has been declining as a share of the economy and, even with the additional funding provided in 2018 and 2019, has fallen to near record lows as a percent of gross domestic product (GDP); it is projected to continue declining in future years (see chart below). Even if the funding increases provided in 2018 and 2019 were continued in future years, NDD spending would still decline as a percent of GDP.

Non-Defense Discretionary Spending Falling to Historic Lows

Spending as a percent of gross domestic product



Note: Data available only back to 1962. Sequestration refers to budget cuts required under the 2011 Budget Control Act through 2021, and reflects modifications made in the Bipartisan Budget Acts of 2013, 2015, and 2018.

Source: CBPP based on Office of Management and Budget and Congressional Budget Office data

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Policy Basics – Non-Defense Discretionary Programs

For more information on the budget process, see:

Policy Basics: Introduction to the Federal Budget Process

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