

Note: The COVID-19 recession and subsequent relief packages have dramatically changed spending and revenue levels for fiscal years 2020 and 2021. We use pre-pandemic figures below to illustrate the composition of the federal budget and taxes under more normal circumstances.

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 the legal discretion to decide their funding levels each year through the appropriations process. In 2019, NDD spending totaled \$661 billion, or 14 percent of federal spending.

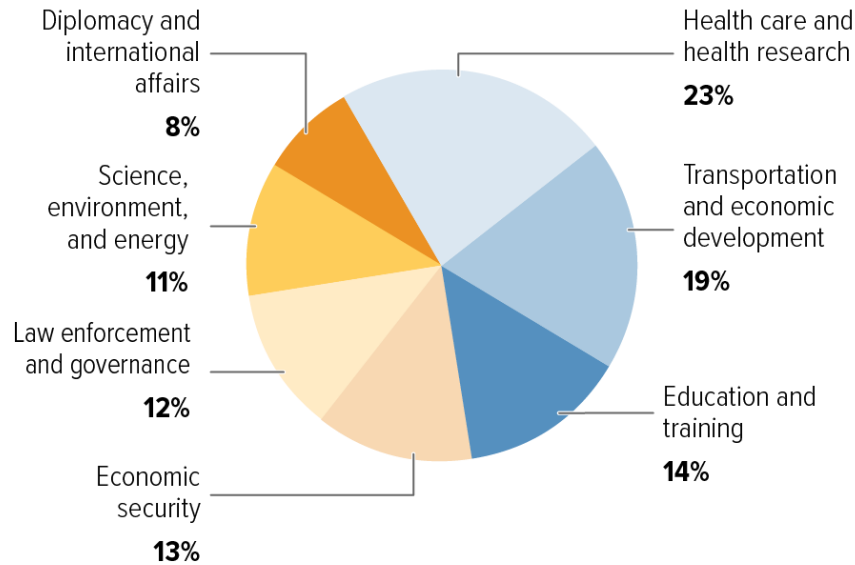
NDD Spending Supports Key Public Services

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 2019, 31 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 NDD 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, Fiscal Year 2019



Note: Does not add to 100% due to rounding.
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 23 percent (\$150 billion) of NDD spending in 2019. These programs support health research and the provision of health care services but do not include Medicare, Medicaid, and Affordable Care Act subsidies, which are mandatory programs.

Roughly 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 Centers for Disease Control and Prevention, the Indian Health Service, 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 (\$125 billion) of NDD spending in 2019.

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 14 percent (\$95 billion) of NDD spending in 2019. 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 about 7 million students from low- and moderate-income households afford college.

Less than one-sixth of the spending in this category supports programs that provide pre-kindergarten 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. An additional tenth 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 (\$87 billion) of NDD spending in 2019. 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 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 over 6 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. Law Enforcement and Governance

Law enforcement and governance constituted 12 percent (\$76 billion) of NDD spending in 2019.

Policy Basics – Non-Defense Discretionary Programs

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.

6. Science, Environment, and Energy

Science, environment, and energy programs constitute 11 percent (\$75 billion) of NDD spending in 2019.

About four-tenths 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. The remaining spending supports the National Science Foundation, the Department of Energy, and clean water infrastructure.

7. Diplomacy and International Affairs

Diplomacy and international affairs constituted 8 percent (\$52 billion) of NDD spending in 2019.

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 and efforts to prevent the proliferation of nuclear weapons, and the maintenance and protection of U.S. embassies and consulates.

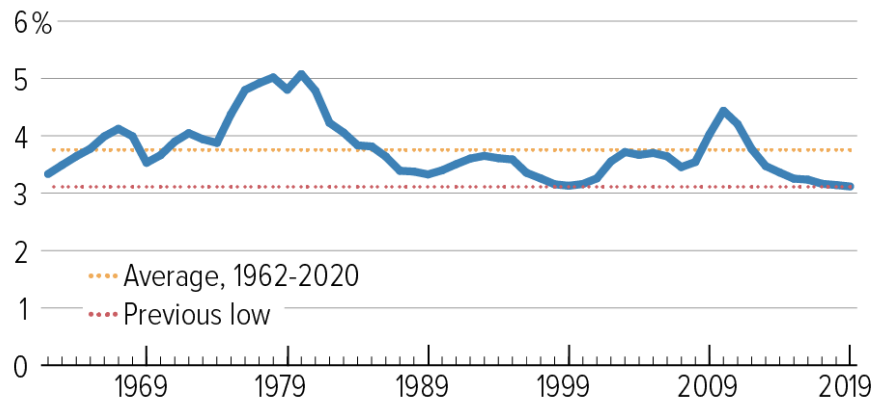
NDD Spending as Share of Economy Is Historically Low

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.

Since 2010, NDD spending has been declining as a share of the economy, and in 2019 reached a record low of 3.1 percent of gross domestic product (GDP), with official data going back to 1962. Going forward, COVID-19 and the necessary responses will cause a temporary increase in 2020, 2021, and some subsequent years, just as the Great Recession caused a spike a decade earlier – both because some NDD costs will be temporarily higher and because GDP will be temporarily lower.

Non-Defense Discretionary Spending Fell to Historic Lows

Spending as a percent of gross domestic product



Note: Data available only back to 1962.

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

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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>