

An hourglass-shaped graphic with a globe in the top bulb and another globe in the bottom bulb. The hourglass is light blue and has a dark blue top and bottom. The globe in the top bulb is dark blue, and the globe in the bottom bulb is light blue. The hourglass is centered on the page.

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Functional Categories of the Federal Budget

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Abstract. The President's budget and the congressional budget resolution classify federal budgetary activities into functional and subfunctional categories that represent the major purposes of federal government. Each budgetary activity of the federal government, including budget authority, outlays, tax expenditures, and credit authority, is classified into a subfunction based on the primary purpose it serves without regard to the agency or other unit responsible for it. The functional categories provide a broad statement of budget priorities and facilitate the analysis of trends in related programs regardless of the type of financial transaction or agency organization.

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CRS Report for Congress

Functional Categories of the Federal Budget

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The President's budget and the congressional budget resolution classify federal budgetary activities into functional and subfunctional categories that represent the major purposes of the federal government. Each budgetary activity of the federal government, including budget authority, outlays, tax expenditures, and credit authority, is classified into a subfunction based on the primary purpose it serves without regard to the agency or other unit responsible for it. The functional categories provide a broad statement of budget priorities and facilitate the analysis of trends in related programs regardless of the type of financial transaction or agency organization. See the CRS Guides to Congressional Processes at [<http://www.crs.gov/products/guides/guidehome.shtml>] for more information on the budget process.

The annual budget resolution sets forth spending amounts for each functional category. The amounts are used for informational purposes in the congressional budget process and are not enforced by points of order. Instead, amounts in each functional category are distributed to the various congressional committees with jurisdiction over the spending activities. The committee allocations made under Section 302 of the Congressional Budget Act of 1974 (Titles I-IX of P.L. 93-344, 2 U.S.C. 601-688) are enforceable through points of order on the floor of each house. In subdividing their allocations, the appropriations committees, for instance, effectively may alter the functional distributions made in the budget resolution.

While the use of functional classifications by the federal government can be traced to the first appropriations act, the modern structure of functional categories originated with the 1948 budget and has evolved over time.¹ Under 31 U.S.C. 1104(c), the President may change the functional categories only in consultation with the House and Senate Appropriations Committees and Budget Committees.

A list of the 20 functional categories currently included in the federal budget, as well as the subfunctions, is presented in **Table 1**. Generally, the first 17 functional categories reflect major policy areas, while the remaining three represent non-programmatic elements of the budget that must be included to complete the presentation. Every

¹ See Government Accountability Office, *Budget Function Classifications: Origins, Trends, and Implications for Current Uses*, GAO/AIMD-98-67, February 1998.

budgetary account is assigned an identification code, and the last three digits of these codes designate the subfunction into which it is classified.

Table 1. List of Functional and Subfunctional Categories

Functional categories	Subfunctional categories
National defense (050)	Department of Defense-Military (051); Atomic energy defense activities (053); Defense-related activities (054)
International affairs (150)	International development and humanitarian assistance (151); International security assistance (152); Conduct of foreign affairs (153); Foreign information and exchange activities (154); International financial programs (155)
General science, space, and technology (250)	General science and basic research (251); Space flight, research, and supporting activities (252)
Energy (270)	Energy supply (271); Energy conservation (272); Emergency energy preparedness (274); Energy information, policy, and regulation (276)
Natural resources and environment (300)	Water resources (301); Conservation and land management (302); Recreational resources (303); Pollution control and abatement (304); Other natural resources (306)
Agriculture (350)	Farm income stabilization (351); Agricultural research and services (352)
Commerce and housing credit (370)	Mortgage credit (371); Postal Service (372); Deposit insurance (373); Other advancement of commerce (376)
Transportation (400)	Ground transportation (401); Air transportation (402); Water transportation (403); Other transportation (407)
Community and regional development (450)	Community development (451); Area and regional development (452); Disaster relief and insurance (453)
Education, training, employment, and social services (500)	Elementary, secondary, and vocational education (501); Higher education (502); Research and general education aids (503); Training and employment (504); Other labor services (505); Social services (506)
Health (550)	Health care services (551); Health research and training (552); Consumer and occupational health and safety (554)
Medicare (570)	Medicare (571)
Income security (600)	General retirement and disability insurance (excluding social security) (601); Federal employee retirement and disability (602); Unemployment compensation (603); Housing assistance (604); Food and nutrition assistance (605); Other income security (609)
Social security (650)	Social security (651)
Veterans benefits and services (700)	Income security for veterans (701); Veterans education, training and rehabilitation (702); Hospital and medical care for veterans (703); Veterans housing (704); Other veterans benefits and services (705)
Administration of justice (750)	Federal law enforcement activities (751); Federal litigative and judicial activities (752); Federal correctional activities (753); Criminal justice assistance (754)

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Functional categories	Subfunctional categories
General government (800)	Legislative functions (801); Executive direction and management (802); Central fiscal operations (803); General property and records management (804); Central personnel management (805); General purpose fiscal assistance (806); Other general government (808); Deductions for offsetting receipts (809)
Net interest (900)	Interest on Treasury debt securities (gross) (901); Interest received by on-budget trust funds (902); Interest received by off-budget trust funds (903); Other interest (908)
Allowances (920)	Varies by year
Undistributed offsetting receipts (950)	Employer share, employee retirement (on-budget) (951); Employer share, employee retirement (off-budget) (952); Rents and royalties on the Outer Continental Shelf (953); Sale of major assets (954); Other undistributed offsetting receipts (959)