

Overview

The intense spotlight on government support for public radio, Planned Parenthood and, until recently, earmarks, may have created the impression that most government spending goes to programs like these. In truth, 60% of government spending goes to benefit *individuals*—such as seniors, veterans and unemployed workers—under so-called “mandatory” spending.

What’s “mandatory” spending?

“Mandatory” spending is money the government *must* spend because of laws defining who is “entitled” to get government money and in what amount (hence, “entitlements”). For example, the Social Security Act guarantees any American over age 62 benefits according to a formula fixed by law. If more people reach age 62 and want benefits (which is in fact happening), spending automatically rises. The only way to stop these increases is to change *who* gets the money—i.e. by raising the retirement age—or the *amount* people get—i.e. by cutting benefits. Other examples of mandatory spending include:

- Medicare (available to anyone over 65 or anyone who is disabled);
- Medicaid and food stamps (available to anyone whose income is low enough to qualify);
- Unemployment insurance; and
- Veterans’ benefits.

Another category of “absolutely must-do” spending is the interest owed on the money government borrows, i.e., the national debt. In 2011, interest on the debt made up 6% of total spending (triple what was spent on education).

What’s “discretionary” spending?

If mandatory spending is what government *must* spend, discretionary spending is what Congress *can* spend. Because no one is “entitled” to this money, Congress uses the annual appropriations process to dictate to the penny where it goes. In 2011, more than half of all discretionary spending went to defense. Most of what people think of as government—salaries for federal workers and Congress; funding for federal agencies; schools, highways and national parks; and yes, public broadcasting—came from only 19% of the total federal budget.

Where does government spending go?

In 2011, mandatory spending made up roughly 60% of the federal budget. And because of rising health care costs, retiring Baby Boomers and other factors, mandatory spending will consume an ever-growing share of federal spending while also adding to the budget’s overall size. Absent major reforms—changes to entitlements, cuts in defense or both—America faces a looming crisis of both more debts and fewer resources to fund the priorities that will maintain our country’s global economic leadership.

Key Facts

Total federal spending for fiscal 2011:
\$3.598 trillion

- Amount of mandatory spending:
\$2.025 (56% of total)
- Amount of discretionary spending:
\$1.346 trillion (37% of total)
- Net interest on the national debt:
\$227 billion (6% of total)

Top sources of mandatory spending in fiscal 2011:

- Social Security: **\$725 billion**
- Medicare: **\$560 billion**
- Medicaid: **\$275 billion**
- Unemployment insurance: **\$159 billion**

Top sources of discretionary spending in fiscal 2011:

- National defense (including wars in Iraq and Afghanistan): **\$700 billion**
- Everything else: **\$646 billion**

Other Resources

Congressional Budget Office – [Budget and Economic Outlook: Fiscal Years 2012 to 2022](#)

Congressional Budget Office – [Long-Term Budget Outlook](#)

Office of Management and Budget – [Budget of the United States Government Fiscal 2013](#)

Congressional Research Service – [Mandatory Spending Since 1962 \(RL33074\)](#)

Congressional Research Service – [Trends in Discretionary Spending \(RL34424\)](#)

Links to Resources

- Congressional Budget Office – [Budget and Economic Outlook: Fiscal Years 2012 to 2022](http://cbo.gov/publication/42905)
<http://cbo.gov/publication/42905>
- Congressional Budget Office – [Long-Term Budget Outlook](http://cbo.gov/publication/41486)
<http://cbo.gov/publication/41486>
- Office of Management and Budget – [Budget of the United States Government Fiscal 2013](http://www.whitehouse.gov/omb/budget/Overview)
<http://www.whitehouse.gov/omb/budget/Overview>
- Congressional Research Service – Mandatory Spending Since 1962 (RL33074)
- Congressional Research Service – Trends in Discretionary Spending (RL34424)