

GAO

Report to the Chairwoman,  
Subcommittee on Civil Service and  
Agency Organization, Committee on  
Government Reform, House of  
Representatives

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June 2004

# FEDERAL BUDGET

## Agency Obligations by Budget Function and Object Classification for Fiscal Year 2003



G A O

Accountability \* Integrity \* Reliability

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Highlights of [GAO-04-834](#), a report to the Chairwoman, Subcommittee on Civil Service and Agency Organization, Committee on Government Reform, House of Representatives

## Why GAO Did This Study

Members of the Congress and governmental experts have expressed repeated interest in examining the overlapping and fragmented functions and activities of the federal government. As a first-level look at potential overlap and fragmentation, the Chairwoman, Subcommittee on Civil Service and Agency Organization, House Committee on Government Reform, asked GAO to present information on which federal agencies spend funds in which federal mission areas. This report examines federal spending through two commonly used analytical approaches—budget functions and object classifications.

[www.gao.gov/cgi-bin/getrpt?GAO-04-834](http://www.gao.gov/cgi-bin/getrpt?GAO-04-834).

To view the full product, including the scope and methodology, click on the link above. For more information, contact Susan J. Irving at (202) 512-9142 or [irvings@gao.gov](mailto:irvings@gao.gov).

## FEDERAL BUDGET

# Agency Obligations by Budget Function and Object Classification for Fiscal Year 2003

## What GAO Found

This report, and its accompanying e-supplement—available on GAO’s Web site—present quantitative data on fiscal year 2003 obligations from several perspectives and levels of detail that can be used to examine spending patterns reported against federal mission areas (budget functions). The federal budget is divided into 20 functions, that combined, provide a comprehensive basis for analysis, offer a window into potential areas of overlap and fragmentation, and serve as a starting point for discussions about government restructuring.

Most executive branch agencies address more than one mission area; in fact, most made obligations in 2003 to three or more budget functions. Focusing on the missions of government, rather than federal organizations, produces a similarly intricate picture. Excluding Social Security, Medicare, Net Interest, and two functions with no data (allowances and undistributed offsetting receipts), 12 of the remaining 15 budget functions are addressed by five or more executive branch departments and major agencies. Sometimes there is a “match” between a function and a department—for example, the Department of Transportation is associated almost exclusively with the Transportation function (400) and over 80 percent of spending within the Transportation function (400) is by the Department of Transportation. Sometimes, however, there is an imbalance between the importance of an agency in a mission area and the importance of the mission area within the department. For example, while almost all obligations in the Agriculture function (350) are by the USDA, that function represents only about 41 percent of the spending by the department. Over 40 percent of USDA’s obligations are for the Income Security function (600).

In addition, this report provides object classification information as a resource for helping to shape and consider options once there is evidence to suggest that restructuring is warranted. Organized by major types of expenditure, an object class analysis shows how agencies spend funds to deliver federal programs and is a shorthand way of identifying whether these services are provided primarily through grants and direct payments to qualified beneficiaries, contracts, or directly by federal employees.

The e-supplement contains tabular data that provide additional layers of information by budget subfunctions. This allows a user to “drill down” as needed to inquire into any particular spending pattern of interest within a function, subfunction, object class, or agency. These tables are not available in a hard copy version. If you would like to view the tables, please click on the following link ([GAO-04-884SP](#)) or access on the Internet at [www.gao.gov](http://www.gao.gov) and enter the report number.

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United States General Accounting Office  
Washington, D.C. 20548

June 25, 2004

The Honorable Jo Ann Davis  
Chairwoman, Subcommittee on Civil Service and Agency Organization  
Committee on Government Reform  
House of Representatives

Dear Madam Chairwoman:

If the federal government is to examine and rationalize overlap or fragmentation in its functions and activities, mapping which federal agencies spend funds in which federal mission areas provides a first-level look at potential overlap and fragmentation. Although this type of analysis cannot answer the question of whether there is inappropriate overlap or fragmentation—nor indicate whether the overlap shown is duplicative, it can help in the selection of areas for further investigation. Similarly, knowing how agencies spend funds to implement their programs can also provide an indication of the types of mechanism or means federal agencies use to deliver services, which is an important consideration in any restructuring proposal.

As you requested, this letter examines federal spending through two commonly used analytical approaches—budget functions and object classifications. Budget functions provide a comprehensive way to examine federal spending by purpose—the “national need” the activity seeks to address—and broad mission areas. As such, budget functions are used in the Budget Resolution to set initial budget priorities.<sup>1</sup> The basic purpose of the budget functions—to summarize federal spending governmentwide—has remained constant. The fact that the basic structure of the budget functions has remained relatively stable allows us to examine the changing priorities of federal spending over time. Alternatively, the object classification system provides a comprehensive overview of how agencies have obligated their funds based on the goods, services, or items purchased. It also is a shorthand way of understanding how agencies deliver services, which can help in considering restructuring options if

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<sup>1</sup> The resolution establishes, for the fiscal year beginning on October 1 of the year of the resolution, planning levels for the two following fiscal years and appropriate levels for the following: total federal revenues; the surplus or deficit in the budget; new budget authority, outlays, direct loan obligations, and primary loan guarantee commitments in total, and for each major functional category; the public debt; and Social Security outlays and revenues (2 U.S.C. § 632).

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further analysis suggests that there is unnecessary overlap and fragmentation in an area. We have included object class information in this report primarily as an additional resource.

Information on federal spending by budget function is summarized in figure 1 using end of fiscal year 2003 gross obligations.<sup>2</sup> This figure shows that nearly all budget functions (mission areas) are spread across multiple agencies or departments.<sup>3</sup> While only one executive branch agency, Social Security Administration, obligates funds to the Social Security function (650) (see also fig. 32), and almost all of the Agriculture function (350) (fig. 12) consists of USDA obligations, 10 executive branch agencies obligate funds to the Income Security function (600) as well as several independent agencies. We see a similar pattern in that, most federal departments and agencies obligate funds in more than one budget function; they had programs and activities that addressed more than one mission area or area of “national need.” There is variation, however, in the range of mission areas within a single department. For example, the Department of Veterans Affairs (VA), Postal Service, and the Nuclear Regulatory Commission (NRC), each obligated funds in only one budget function while the Department of Agriculture (USDA) obligated funds in nine functions. Sixteen executive departments (not including independent agencies) show obligations in three or more functions.

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<sup>2</sup> Obligations reflect orders placed, contracts awarded, and other similar transactions during a fiscal year. As an expression of an agency’s total financial commitments for a given period, gross obligations portray the relative size of an organization, without regard to the type of underlying budgetary resource or when resulting outlays may occur. When aggregated, however, gross obligations may overstate both department and governmentwide totals. For example, an agency’s obligations may include services provided to another agency for which they will be reimbursed. When reimbursement is received, these funds can be used to incur new obligations as long as the budget authority has not expired.

<sup>3</sup> Eleven executive branch agencies (excluding independent agencies) obligate funds to the General Government function (800) which is not surprising since that function covers the general overhead cost of the federal government including activities such as central fiscal operations, personnel, property, and other services that cannot be reasonably classified in any other major function.

**Figure 1: Fiscal Year 2003 Spending Patterns by Agency and Function**

	Budget Function <sup>a</sup>																		Number of functions charged by agency
	National Defense (050)	International Affairs (150)	General Science, Space, and Technology (250)	Energy (270)	Natural Resources and Environment (300)	Agriculture (350)	Commerce and Housing Credit (370)	Transportation (400)	Community and Regional Development (450)	Education, Training, Employment and Social Services (500)	Health (550)	Medicare (570)	Income Security (600)	Social Security (650)	Veterans Benefits and Services (700)	Administration of Justice (750)	General Government (800)	Net Interest (900)	
<b>Executive Branch</b>																			
Department of Agriculture		●		●	●	●		●		●		●				●			9
Department of Commerce					●	●		●	●										4
Department of Defense	●	●		●						●		●		●		●			7
Department of Education									●						●				2
Department of Energy	●		●	●													●		4
Department of Health and Human Services									●	●	●	●					●		5
Department of Homeland Security	●			●			●	●		●		●			●	●			8
Department of Housing and Urban Development						●		●				●			●				4
Department of Justice	●	●													●				3
Department of Labor	●								●	●		●		●		●			6
Department of State		●		●								●							3
Department of Transportation	●						●												2
Department of Veterans Affairs														●					1
Department of the Interior				●				●	●	●						●			5
Department of the Treasury		●		●		●	●	●		●		●			●	●	●		10
Environmental Protection Agency				●															1
Executive Office of the President		●				●										●			3
General Services Administration						●										●			2
Independent Agencies	●	●		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	14
National Aeronautics and Space Administration			●				●		●										3
National Science Foundation	●		●																2
Nuclear Regulatory Commission				●															1
Office of Personnel Management										●		●				●			3
Postal Service						●													1
Small Business Administration						●		●											2
Social Security Administration											●	●	●						3
<b>Number of executive agencies charging this function</b>	8	7	3	4	9	2	9	5	8	7	9	1	11	1	5	6	12	1	
<b>Judicial Branch</b>																			
Judicial Branch												●				●			2
<b>Legislative Branch</b>																			
Legislative Branch		●				●			●		●	●			●	●			7
<b>Number of agencies charging this function</b>		1				1			1		1	2			2	1			
<b>All</b>	8	8	3	4	9	2	10	5	8	8	9	2	13	1	5	8	13	1	

Source: GAO analysis.

<sup>a</sup>Two budget functions are not shown above, Allowances, because there are no 2003 actual obligations, and Undistributed Offsetting Receipts, because no obligations are charged to agencies.

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Note: To view a complete listing of the independent agencies used for this figure, please click on the following link ([GAO-04-884SP](#)) to GAO's accompanying e-supplement or access on the Internet at [www.gao.gov](http://www.gao.gov) and enter the report number.

When we compared agency obligations shown by budget function in fiscal year 1995 to what is shown in table 1 we found that the pattern overall had changed little. However, while the table displays the number of departments charging obligations in each mission area and the number of mission areas in which each department spends funds, the pie charts shown in appendixes III and IV provide a richer story. It is in these pie charts that the relative importance of a mission area to an agency—and of an agency to a mission area—can be seen. It also shows the different delivery approaches used (grants and cash payments, federal personnel, contracts). Some of the patterns disclosed by arraying spending by budget function include:

- Most executive departments and agencies address more than one mission area; in fact, most made obligations in 2003 to three or more budget functions. The next level of analysis—which can be seen in an accompanying e-supplement—would be to look below the department at agencies within departments and below the function to subfunctions. The picture would then show the many different subfunctions addressed by a single federal department or agency.
- Focusing on the missions of government, rather than federal organizations, produces a similarly intricate picture. Excluding Social Security, Medicare, and Net Interest, 12 of the remaining 15 budget functions are addressed by five or more executive branch departments and major agencies. Again, a second level of analysis can be seen in the accompanying e-supplement.
- Sometimes there is a “match” between a function and a department. For example, spending within the Department of Transportation is associated almost exclusively with the Transportation function (400) (fig. 66) and over 80 percent of spending within the Transportation function (400) (fig. 16) is by the Department of Transportation. Sometimes, however, there is an imbalance between the importance of an agency in a mission area and the importance of the mission area within the department. For example, while almost all obligations in the Agriculture function (350) (fig. 12) are by the USDA, that function represents only about 41 percent of the spending by the department.

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- Approximately the same percentage of USDA's obligations is for the Income Security function (600) (fig. 42).<sup>4</sup>
  - Agency obligations by budget function reflect the federal government's response to changing priorities and "national needs" for a given fiscal year. The creation of the Department of Homeland Security in the aftermath of September 11, 2001 provides a prime example of this. The new department was tasked with preventing and deterring terrorist attacks by unifying the vast network of organizations and institutions involved in efforts to secure our nation. In fiscal year 2003, the Department of Homeland Security had obligations in eight budget functions, ranging from the National Defense function (050) to the Community and Regional Development function (450) to the Health function (550).<sup>5</sup>
  - Compared to fiscal year 1995, the number of budget functions charged increased for the Department of Defense, the Department of Labor, the Executive Office of the President, and the Social Security Administration; whereas, the number decreased for the Department of Housing and Urban Development, the Department of Justice, and the Department of Transportation. Similarly, the number of agencies charging funds to a particular budget function was about the same in fiscal year 1995 as in fiscal year 2003. The biggest change occurred in the Health function (550). In fiscal year 1995, excluding independent agencies, four executive branch agencies charged funds to this function compared to eight agencies in fiscal year 2003.<sup>6</sup>

This report is organized as follows:

- Appendixes I and II provide descriptive and definitional information about the budget functions and object classification system.

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<sup>4</sup> Over 40 percent of USDA's obligations are associated with the Income Security function (600) and the Food and Nutrition Assistance subfunction (605).

<sup>5</sup> Only the Department of Agriculture and the Department of the Treasury had obligations in more budget functions.

<sup>6</sup> The increases in the number of agencies obligating funds to the Health function (550) are attributable to the addition of new health accounts in the Department of Defense, the Department of Homeland Security, and the Department of the Treasury as well as the recoding of an account in the Department of the Interior.

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- Appendix I provides a table describing the budget function classification system.
  - Appendix II provides a table displaying the major and sub-object classes for the fiscal year 2003 budget.
  - Appendix III contains pie charts organized by budget function. The pie charts graphically depict fiscal year 2003 obligations by agency and object class. These show which agencies charged funds to each budget function and which methods and approaches for delivering services are found in that function.<sup>7</sup>
  - Appendix IV contains pie charts organized by agency. These pie charts graphically depict fiscal year 2003 agency obligations by budget subfunction and object class. This provides a first-level view of how an agency spends its funds by mission areas and what it spends funds on by one or more broad expenditure categories, such as for personnel, grants or contracts.<sup>8</sup>
  - Appendix V provides tables displaying fiscal year 2003 object class data for those agencies and bureaus reporting \$2 billion in one or more of the major object classes (except for major object class *All Other*, which we have not included).
  - Appendix VI provides a glossary of key terms.

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## Scope and Methodology

GAO was asked to provide a high-level analysis of spending patterns against broad federal mission areas (or purpose) as well as information on the types of expenditures agencies incur in delivering federal programs. To provide this information, we relied on information from the Office of Management and Budget (OMB) on end of fiscal year gross obligations used to develop the President's fiscal year 2005 budget. All of these data are reported as part of the annual executive budget formulation process. Although budget data are not audited, we reviewed the data reliability of the automated information and found it to be sufficiently reliable for reporting purposes. We also reviewed OMB guidance contained in OMB

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<sup>7</sup> These pie charts are also available in the e-supplement.

<sup>8</sup> These pie charts are also available in the e-supplement.

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Circular A-11, *Preparation, Submission, and Execution of the Budget*. This circular is revised annually and provides agencies with general information on the budget process, guidance on preparing and submitting budget estimates, instructions on budget execution, and information on budget accounts, budget functions, and object classifications. In addition, we relied on GAO's previously issued work that examined the origins, trends, and implications of the budget function and object classification systems. We group object classifications into the following six categories: (1) *Personal Compensation and Benefits*; (referred to in tables, pie charts, and the e-supp as "personnel") (2) *Travel, Rent, Printing, and Supplies*; (3) *Other Contractual Services*; (4) *Acquisition of Assets*; (5) *Grants and Fixed Charges*; and (6) *All Other*. We conducted our review from April 2004 through June 2004 in accordance with generally accepted government auditing standards.

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## Background

The following provides additional information on understanding the variation in budget functions and subfunctions as well as object classes.

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## Budget Functions

The budget function classification system provides a comprehensive and consistent means to capture federal activity and group budgetary resources according to mission area or "national need."<sup>9</sup> These "national needs" are grouped into 17 broad areas for analyzing and understanding the budget. Three additional categories—Net Interest, Allowances, and Undistributed Offsetting Receipts—do not address specific "national needs" but are included so that the total of all functions sum to the budget totals. A function may be divided into two or more subfunctions, depending upon the complexity of the "national need" addressed by that function. Each functional and subfunctional category is represented by a three-digit code.

To the extent feasible, budget functions are assigned without regard to agency or organizational distinctions. Although many activities serve more than one purpose, each federal activity is placed in a functional classification that best defines the activity's most important purpose. This is necessary so that the sum of the functional categories equals the budget

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<sup>9</sup> The functional classification system is used primarily by the Budget Committees for the congressional budget process. Although tax expenditures are also classified by budget function, for purposes of this report only spending information (that is, obligations that commit the federal government to make payments now or in the future) is included.



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totals. The functional classifications are also the categories that the Congress uses in the concurrent resolutions on the budget, pursuant to the Congressional Budget and Impoundment Control Act of 1974.<sup>10</sup> Different programs within a single function may fall under the jurisdiction of different committees.

While the tables and graphics provide a view of how responsibility for federal mission areas is spread over multiple agencies, this data cannot answer the question of whether there is duplication. Rather, it can provide hints about where further exploration of the issues of fragmentation, overlap and duplication might be warranted. In interpreting the data it is important to note that:

- The function classifications may be broad enough in some cases to aggregate very different activities. For example, table 1 shows 10 executive branch organizations (excluding independent agencies) involved in the Income Security function (600); 3 are for retirement and disability programs (including federal employee retirement), 6 are in the area of income security for the low-income population and 1 has activities in both areas.
- Since a specific function or subfunction may not fully encompass a set of logically related activities, it may be necessary to look at more than one function or subfunction to get a full picture of a set of related activities. For example, the Commerce and Housing Credit function (370) does not include the Housing Assistance subfunction (604), which is in the Income Security function (600). Similarly, the Income Security function (600) does not include either Social Security (650) or various payments to veterans (700)—all of which might be considered a form of income security.
- Subfunctions are based on a variety of organizing themes. Some are based on divisible segments of broad mission areas (such as, Water Transportation), some on a set of related activities (such as, Health Care Services), and some on common functions (such as, Central Fiscal Operations).

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<sup>10</sup> Pub. L. No. 93-344, 88 Stat. 297 (1974), as amended. See 2 U.S.C. § 632.

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## Object Classification

The budget object classification system is one of several ways to array financial data in budgetary presentations. This classification approach emphasizes the goods, services, or items purchased and how they are delivered.

The major object classes are

- Personal Compensation and Benefits (“Personnel”),
- Contractual Services and Supplies,
- Acquisition of Assets,
- Grants and Fixed Charges, and
- Other.

For purposes of our report, we break out Contractual Services and Supplies into two categories: (1) *Travel, Rent, Printing, and Supplies*, and (2) *Other Contractual Services*. This separation distinguishes those contractual services that directly support federal agencies from other contractual services, which may serve as a proxy for products or services provided by contractors or consultants. The *Other* object class is used by agencies for a number of reasons, including unvouchered and undistributed expenses.

Obligations are recorded when the federal government places an order for an item or a service, awards a contract, or enters into similar transactions that will require payments in the same or a future period.<sup>11</sup> Object class data are easily misunderstood—in part because their apparent precision can be misleading—since more than one object class may be used for the same service depending on how it is delivered. For example, the salary of a federal employee who constructs a building would be found under *Personal Compensation and Benefits*<sup>12</sup> whereas the labor costs involved in the purchase of a building constructed by others would be found under *Acquisition of Assets*. As this example shows, it can be difficult to rely

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<sup>11</sup> See 31 U.S.C. § 1501.

<sup>12</sup> This would not include the cost of materials, which would be shown under *Acquisition of Assets*.

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solely on object class data for information about the costs of federal buildings. This is because object classes present obligations by items of expense (that is, the types of goods or services purchased) without regard to the purpose of the programs for which they are used.

The e-supplement provides additional detail on obligations at lower levels of information—by bureau and subfunction. For each of the 18 functions shown (excluding Allowances and Undistributed Offsetting Receipts)—such as, National Defense function (050)—we provide four types of information: (1) a pie chart showing which agencies obligated money in each function along with their relative share of obligations in the function, similar to the pie charts in appendix III of the report; (2) a table showing which agencies obligated money in each function, with additional detail on obligations by bureau and subfunction; (3) a pie chart showing obligations by object class, which shows the relative importance of each type of expense (such as, personnel, grants) to the function, similar to the pie charts in appendix III of the report; and (4) a table showing the object class data by bureau and subfunction.

By agency we show four types of information: (1) a pie chart showing the subfunctions in which agencies obligated money, similar to the pie charts in appendix IV of the report; (2) a table presenting this subfunction information by bureau within the agency; (3) a pie chart showing the different object class items used by the agency, similar to the pie charts in appendix IV of the report; and (4) a table providing the object class data by the bureau level within the agency.

These tables and figures are not available in a hard copy version. If you would like to view the e-supplement, please click on the following link ([GAO-04-884SP](#)) or access on the Internet at [www.gao.gov](http://www.gao.gov) and enter the report number.

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As agreed with your office, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from its date. At that time, we will send copies of this report to the Ranking Minority Member of the Subcommittee on Civil Service and Agency Organization, House Committee on Government Reform, and to others upon request. This report and an e-supplement will also be available at no charge on the GAO Web site at <http://www.gao.gov>.

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This report and the corresponding e-supplement were prepared under the direction of Susan J. Irving, Director, Federal Budget Analysis, Strategic Issues, who can be reached at (202) 512-9142 ([irvings@gao.gov](mailto:irvings@gao.gov)) and of Nancy Kingsbury, Managing Director, Applied Research and Methods. Questions may also be directed to Denise Fantone, Assistant Director, Strategic Issues, at (202) 512-4997 ([fantoned@gao.gov](mailto:fantoned@gao.gov)). Alison Bonebrake and John Mingus made key contributions to the report. John Mingus and Alice Feldesman made key contributions to the e-supplement available on GAO's Web site at <http://www.gao.gov>.

Sincerely yours,



Susan J. Irving  
Director, Federal Budget Analysis  
Strategic Issues



Nancy Kingsbury  
Managing Director  
Applied Research and Methods

# Budget Function Classification System

**Table 1: Description of the Budget Function Classification System**

<b>Function</b>	<b>Description</b>	<b>Subfunction</b>
National Defense (050)	Common defense and security of the United States, including raising, equipping, and maintaining of armed forces; development and utilization of weapons systems; direct compensation and benefits paid to active military and civilian personnel; defense research, development, testing, and evaluation; and procurement, construction, stockpiling, and other activities undertaken to directly foster national security.	Department of Defense—Military (051) Atomic energy defense activities (053) Defense-related activities (054)
International Affairs (150)	Maintaining peaceful relations, commerce, and travel between the United States and the rest of the world and promoting international security and economic development abroad.	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)	Resources allocated to science and research activities of the federal government that are not an integral part of the programs conducted under any other function.	General science and basic research (251) Space flight, research, and supporting activities (252)
Energy (270)	Promoting an adequate supply and appropriate use of energy to serve the needs of the economy.	Energy supply (271) Energy conservation (272) Emergency energy preparedness (274) Energy information, policy, and regulation (276)
Natural Resources and Environment (300)	Developing, managing, and maintaining the nation's natural resources and environment.	Water resources (301) Conservation and land management (302) Recreational resources (303) Pollution control and abatement (304) Other natural resources (306)
Agriculture (350)	Promoting the economic stability of agriculture and the nation's capability to maintain and increase agricultural production.	Farm income stabilization (351) Agricultural research and services (352)

**Appendix I  
Budget Function Classification System**

*(Continued From Previous Page)*

<b>Function</b>	<b>Description</b>	<b>Subfunction</b>
Commerce and Housing Credit (370)	Promotion and regulation of commerce and the housing credit and deposit insurance industries, which pertain to collection and dissemination of social and economic data (unless they are an integral part of another function, such as health); general purpose subsidies to business, including credit subsidies to the housing industry; and the postal service fund and general fund subsidies of that fund.	Mortgage credit (371) Postal Service (372) Deposit insurance (373) Other advancement of commerce (376)
Transportation (400)	Providing for the transportation of the general public and/or its property, whether local or national and regardless of the particular mode of transportation. Included are construction of facilities; purchase of equipment; research, testing, and evaluation; provision of communications related to transportation; operating subsidies for transportation facilities and industries; and regulatory activities directed specifically toward the transportation industry rather than toward business.	Ground transportation (401) Air transportation (402) Water transportation (403) Other transportation (407)
Community and Regional Development (450)	Development of physical facilities or financial infrastructures designed to promote viable community economies.	Community development (451) Area and regional development (452) Disaster relief and insurance (453)
Education, Training, Employment, and Social Services (500)	Promoting the extension of knowledge and skills, enhancing employment and employment opportunities, protecting workplace standards, and providing services to the needy.	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)	Programs other than Medicare whose basic purpose is to promote physical and mental health, including the prevention of illness and accidents.	Health care services (551) Health research and training (552) Consumer and occupational health and safety (554)
Medicare (570)	Federal hospital insurance and federal supplementary medical insurance, along with general fund subsidies of these funds and associated offsetting receipts.	Medicare (571)

**Appendix I  
Budget Function Classification System**

*(Continued From Previous Page)*

<b>Function</b>	<b>Description</b>	<b>Subfunction</b>
Income Security (600)	Support payments (including associated administrative expenses) to persons for whom no current service is rendered. Included are retirement, disability, unemployment, welfare, and similar programs, except for social security and income security for veterans, which are in other functions.	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)	Federal old age and survivors and disability insurance trust funds, along with general fund subsidies of these funds and associated offsetting collections.	Social Security (651)
Veterans Benefits and Services (700)	Programs providing benefits and services, the eligibility for which is related to prior military service, but the financing of which is not an integral part of the costs of national defense.	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)	Programs to provide judicial services, police protection, law enforcement (including civil rights), rehabilitation and incarceration of criminals, and the general maintenance of domestic order.	Federal law enforcement activities (751)
		Federal litigative and judicial activities (752)
		Federal correctional activities (753)
		Criminal justice assistance (754)
General Government (800)	General overhead cost of the federal government, including legislative and executive activities; provision of central fiscal, personnel, and property activities; and provision of services that cannot reasonably be classified in any other major function.	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)

**Appendix I**  
**Budget Function Classification System**

*(Continued From Previous Page)*

Function	Description	Subfunction
Net Interest (900)	Transactions which directly give rise to interest payments or income (lending) and the general shortfall or excess of outgo over income arising out of fiscal, monetary, and other policy considerations and leading to the creation of interest-bearing debt instruments (normally the public debt).	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)  Other investment income (909)
Allowances (920)	Assigned by OMB	Allowances (921-929)
Undistributed Offsetting Receipts (950)	Offsetting receipts that are not included as deductions from outlays in the applicable function or subfunction, above, and are thus "undistributed."	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)
Multifunction Account (999)	Used for accounts that involve two or more major functions.	

Sources: OMB Circular No. A-11 (2003) and [GAO/AIMD-97-95](#).



# Object Classification System

**Table 2: Description of the Object Classification System**

Major Object Classes	Description	Smaller Object Classes
Personal Compensation and Benefits (10)	Compensation directly related to duties performed for the government by federal civilian employees, military personnel, and non-federal personnel. Benefits for currently employed federal civilian, military, and certain non-federal personnel. Benefits for former officers and employees or their supervisors that are based (at least in part) on the length of service to the federal government.	<p>Personnel Compensation (11.0)</p> <p>Personnel Benefits (12.0)</p> <p>Benefits for Former Personnel (13.0)</p>
Contractual Services and Supplies (20)	Purchases of contractual services and supplies, such as travel and transportation costs of government employees and other persons. Transportation of things (including animals). Payments for the use of land, structures, or equipment owned by others and charges for communication and utility services. Printing and reproduction obtained from the private sector or from other federal entities. Other contractual services for advisory and assistance, other services, purchases of goods and services from government accounts, operation and maintenance of facilities, research and development contracts, medical care payments to contractors, operation and maintenance of equipment, subsistence and support of persons. In addition, includes purchase of supplies and materials.	<p>Travel and Transportation of Persons (21.0)</p> <p>Transportation of Things (22.0)</p> <p>Rent, Communications, and Utilities (23.0)</p> <p>Printing and Reproduction (24.0)</p> <p>Other Contractual Services (25.0)</p> <p>Supplies and Materials (26.0)</p>
Acquisition of Assets (30)	Purchases of personal property of a durable nature and the initial installation of equipment when performed under contract. Purchase and improvement of land and interest in lands, buildings and other structures, nonstructural improvements of land, and fixed equipment when acquired under contract. Also includes purchases of: (1) stocks, bonds, debentures, and other securities that are neither U.S. government securities nor securities of wholly-owned federal government enterprises, (2) temporary or permanent investments, and (3) interest accrued at the time of purchase and premiums paid on all investments.	<p>Equipment (31.0)</p> <p>Land and Structures (32.0)</p> <p>Investments and Loans (33.0)</p>
Grants and Fixed Charges (40)	Cash payments to states, other political subdivisions, corporations, associations, and individuals for grants, subsidies, gratuities and other aid. Contributions to foreign countries, international societies, commissions, proceedings or projects. Taxes imposed by state and local taxing authorities where the federal government has consented to taxation and payments in lieu of taxes. Benefit payments from the social insurance and federal retirement trust funds and payments for losses and claims including those under the Equal Access to Justice Act. Payments to creditors, distribution of earnings, and interest payments under lease-purchase contracts for construction of buildings. Payments of amounts previously collected by the government.	<p>Grants, Subsidies, and Contributions (41.0)</p> <p>Insurance Claims and Indemnities (42.0)</p> <p>Interest and Dividends (43.0)</p> <p>Refunds (44.0)</p>

**Appendix II**  
**Object Classification System**

*(Continued From Previous Page)*

<b>Major Object Classes</b>	<b>Description</b>	<b>Smaller Object Classes</b>
Other (90)	Charges that may be incurred lawfully for confidential purposes and are not subject to detailed vouchering or reporting. Charges that cannot be distributed. Annual limitation on administrative or other expenses for revolving and trust funds. Financial interchanges between federal government accounts that are not in exchange for goods and services. Includes the sum for an object class entry below the reporting threshold of \$500 thousand and the sum of all the below thresholds rounds to \$1 million or more.	Unvouchered (91.0) Undistributed (92.0) Limitation on Expenses (93.0) Financial Transfers (94.0) Below Reporting Threshold (99.5)

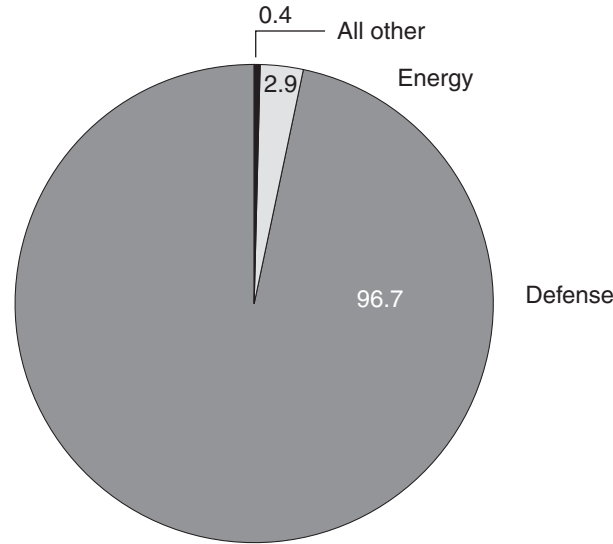
Source: OMB Circular No. A-11 (2003).

# Budget Functions by Agency and Object Class

The following pie charts (figures 2-41) show the percent of fiscal year 2003 obligations charged.

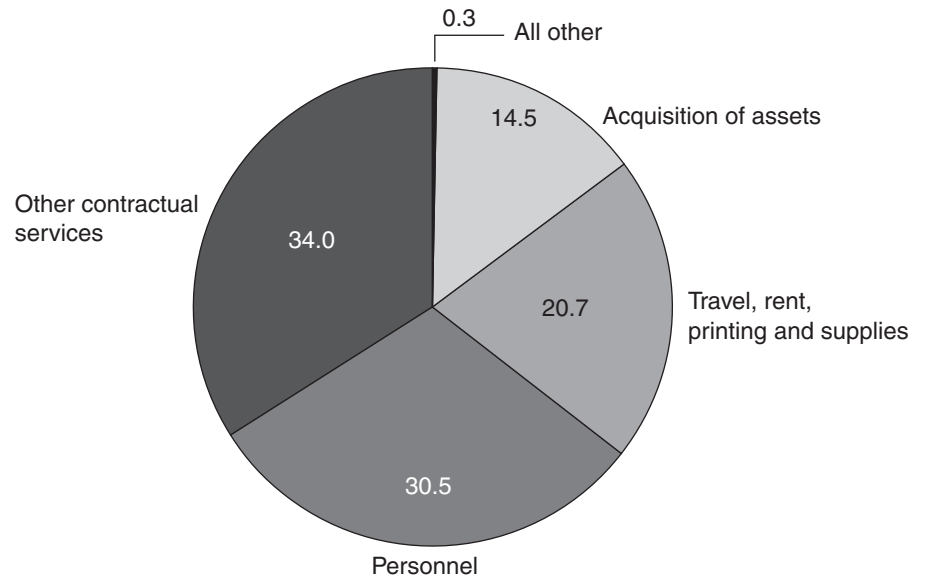
## National Defense (050)

**Figure 2: Fiscal Year 2003 National Defense (050) Obligations by Agency**



Source: GAO analysis.

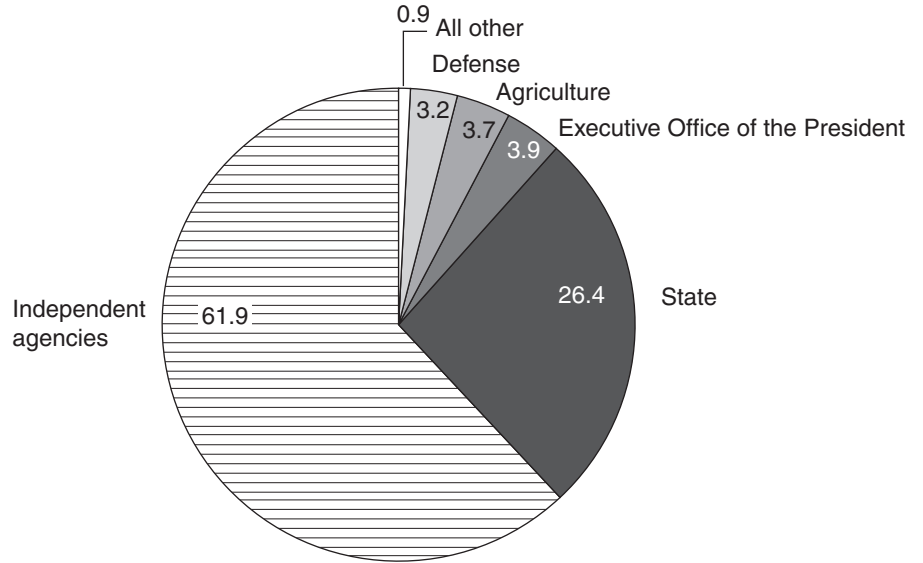
**Figure 3: Fiscal Year 2003 National Defense (050) Obligations by Object Class**



Source: GAO analysis.

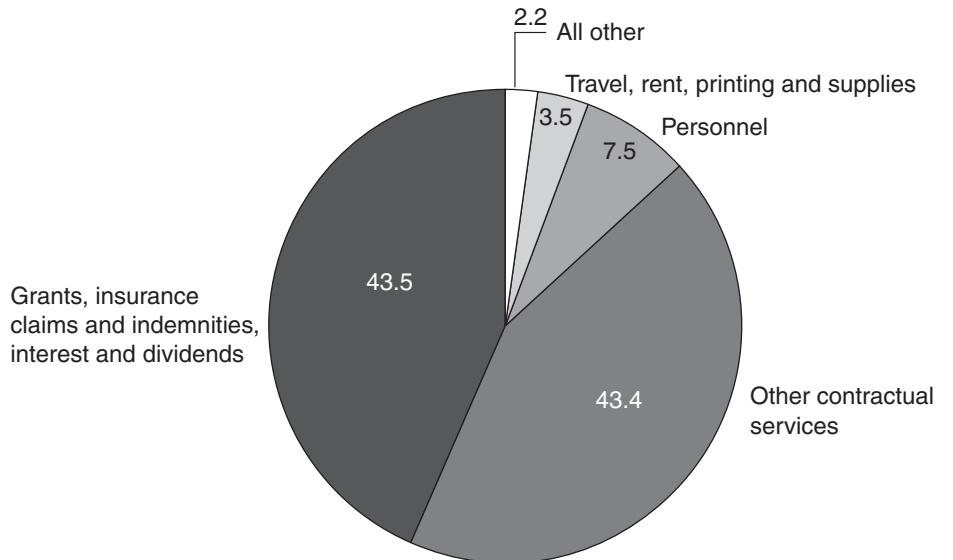
**International Affairs (150)**

**Figure 4: Fiscal Year 2003 International Affairs (150) Obligations by Agency**



Source: GAO analysis.

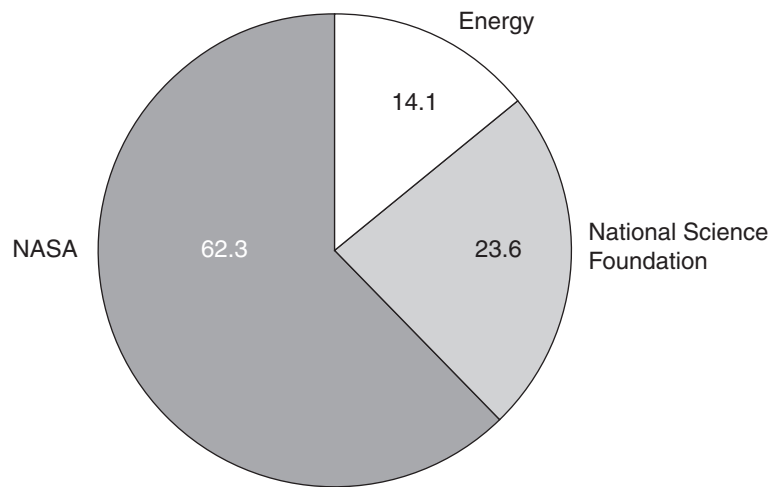
**Figure 5: Fiscal Year 2003 International Affairs (150) Obligations by Object Class**



Source: GAO analysis.

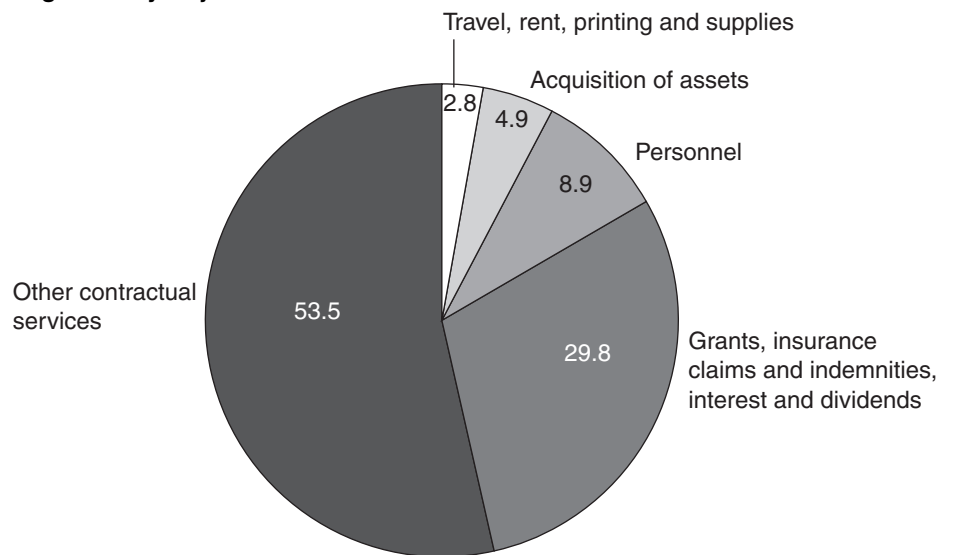
**General Science, Space, and Technology (250)**

**Figure 6: Fiscal Year 2003 General Science, Space, and Technology (250) Obligations by Agency**



Source: GAO analysis.

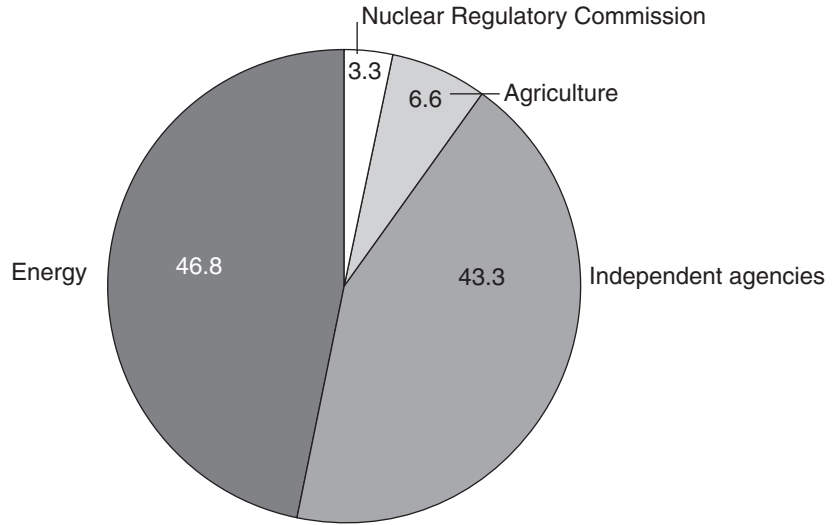
**Figure 7: Fiscal Year 2003 General Science, Space, and Technology (250) Obligations by Object Class**



Source: GAO analysis.

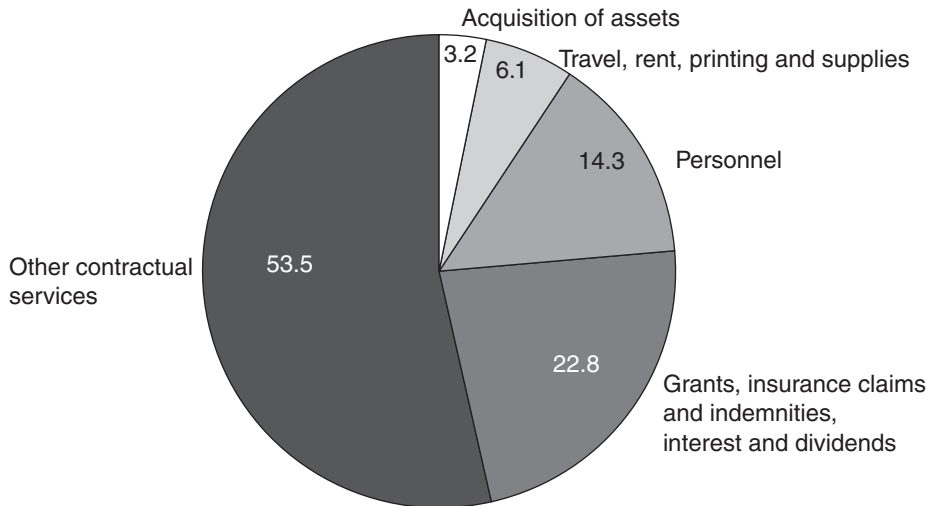
Energy (270)

Figure 8: Fiscal Year 2003 Energy (270) Obligations by Agency



Source: GAO analysis.

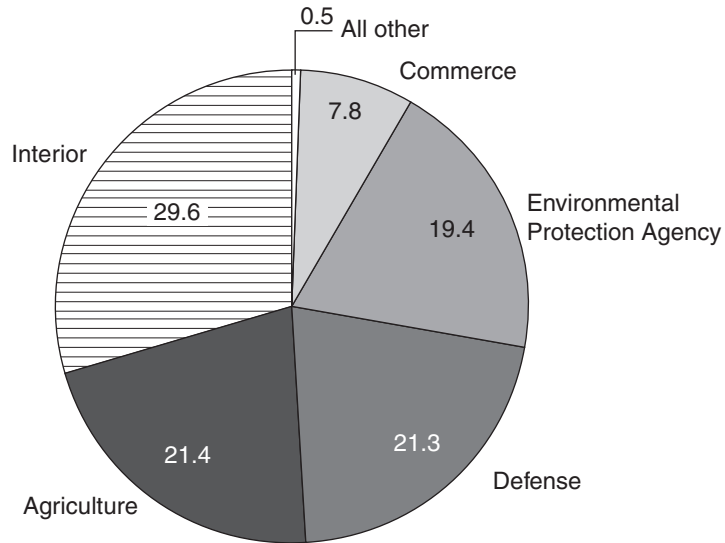
Figure 9: Fiscal Year 2003 Energy (270) Obligations by Object Class



Source: GAO analysis.

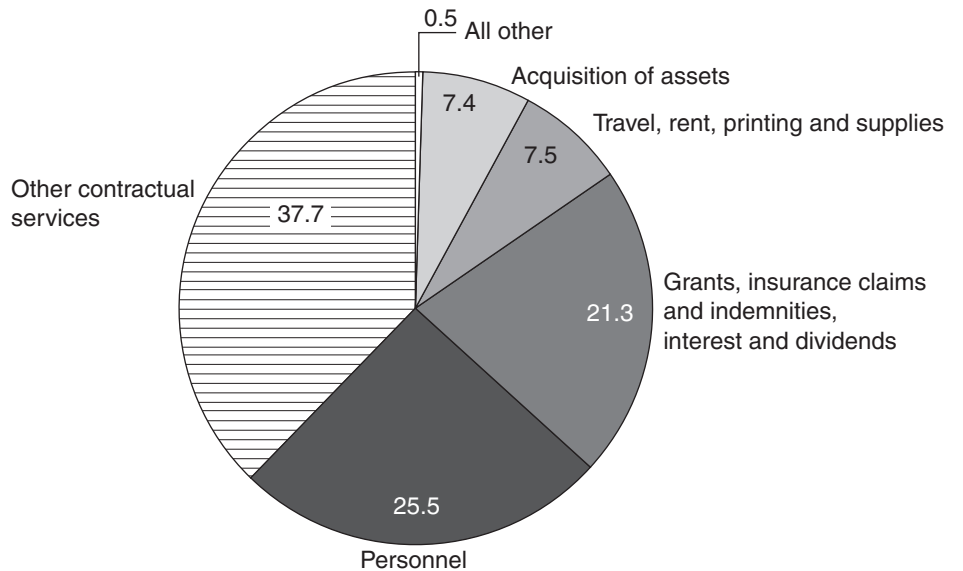
**Natural Resources and Environment (300)**

**Figure 10: Fiscal Year 2003 Natural Resources and Environment (300) Obligations by Agency**



Source: GAO analysis.

**Figure 11: Fiscal Year 2003 Natural Resources and Environment (300) Obligations by Object Class**



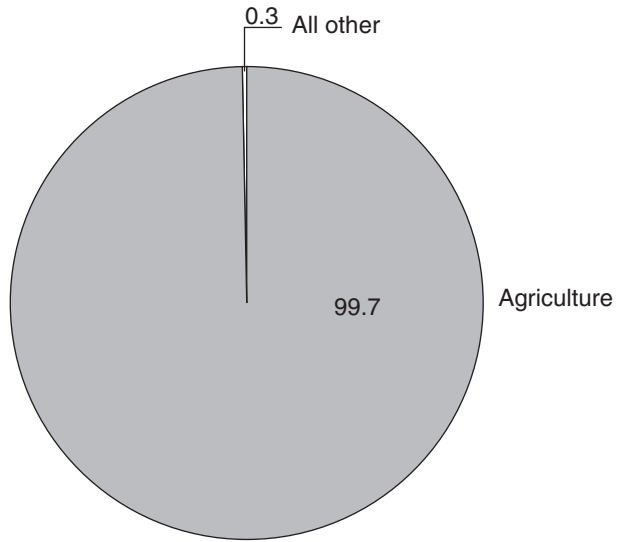
Source: GAO analysis.

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**Agriculture (350)**

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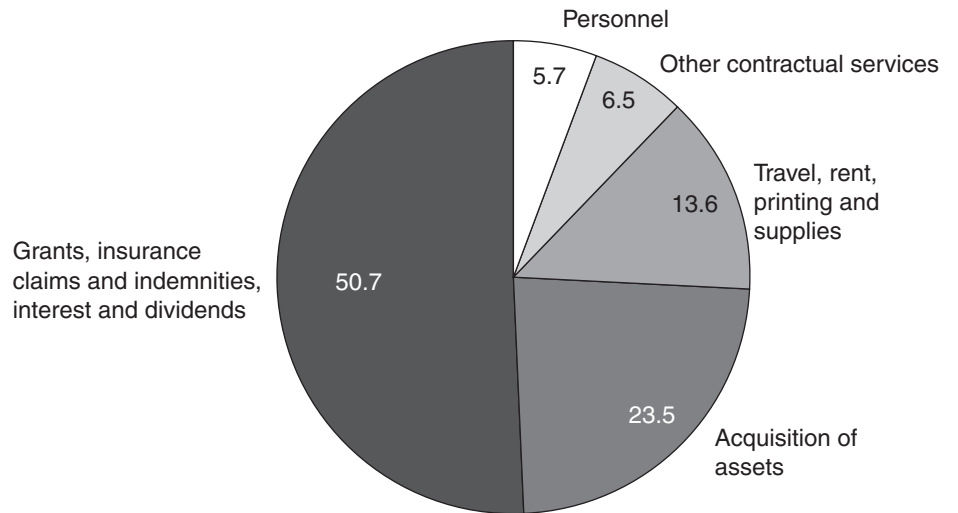
**Figure 12: Fiscal Year 2003 Agriculture (350) Obligations by Agency**



Source: GAO analysis.

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**Figure 13: Fiscal Year 2003 Agriculture (350) Obligations by Object Class**

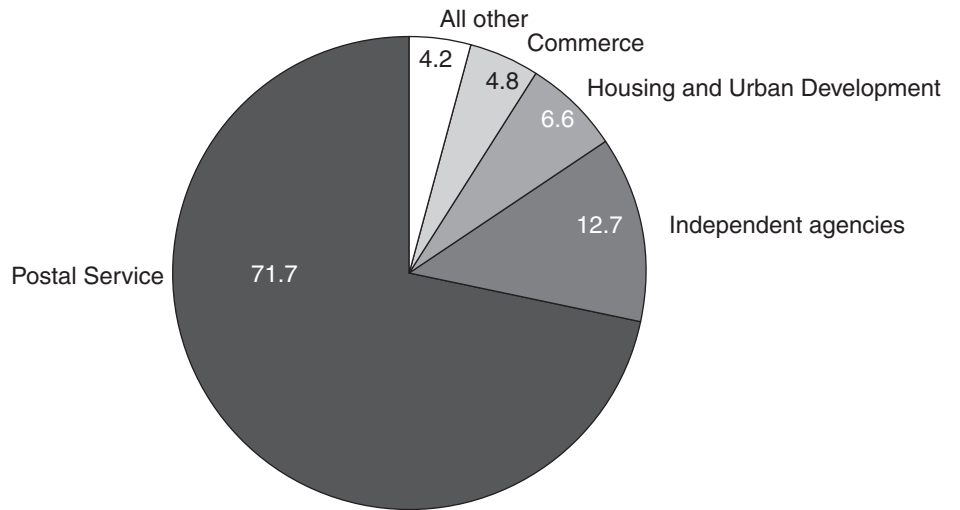


Source: GAO analysis.



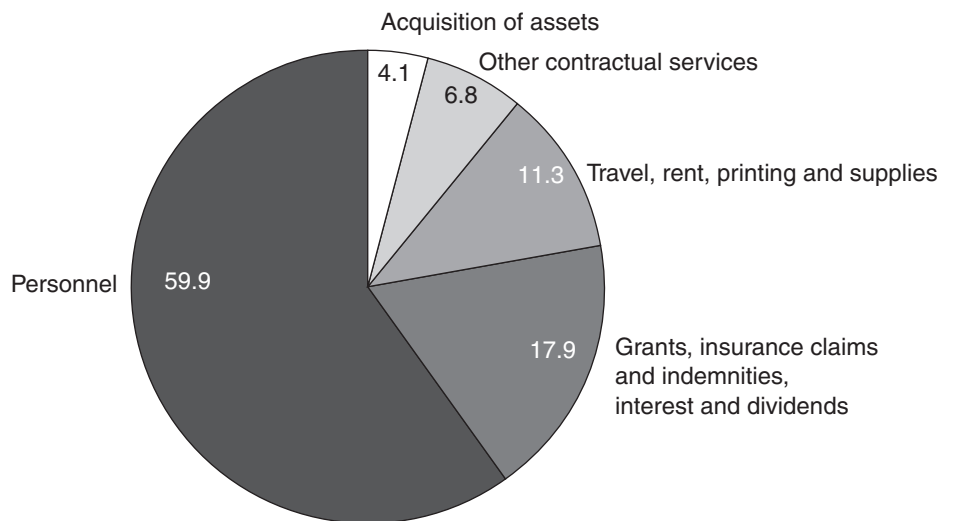
**Commerce and Housing Credit (370)**

**Figure 14: Fiscal Year 2003 Commerce and Housing Credit (370) Obligations by Agency**



Source: GAO analysis.

**Figure 15: Fiscal Year 2003 Commerce and Housing Credit (370) Obligations by Object Class**



Source: GAO analysis.

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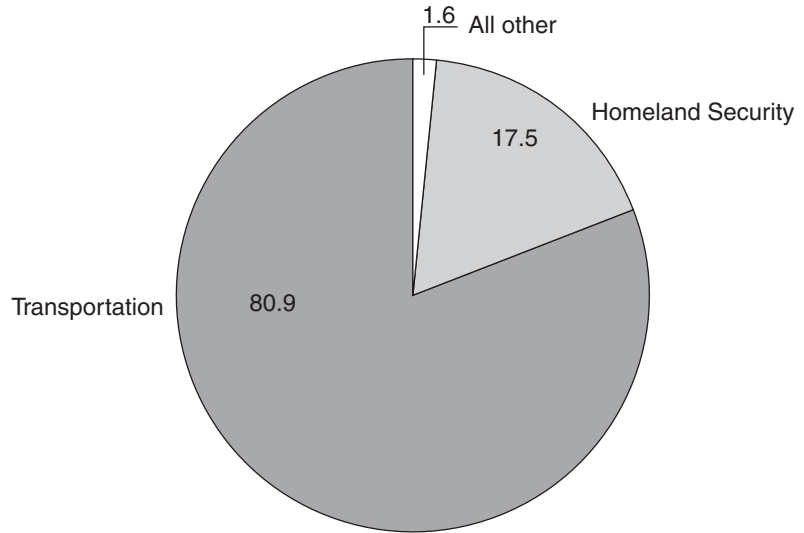
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**Transportation (400)**

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**Figure 16: Fiscal Year 2003 Transportation (400) Obligations by Agency**

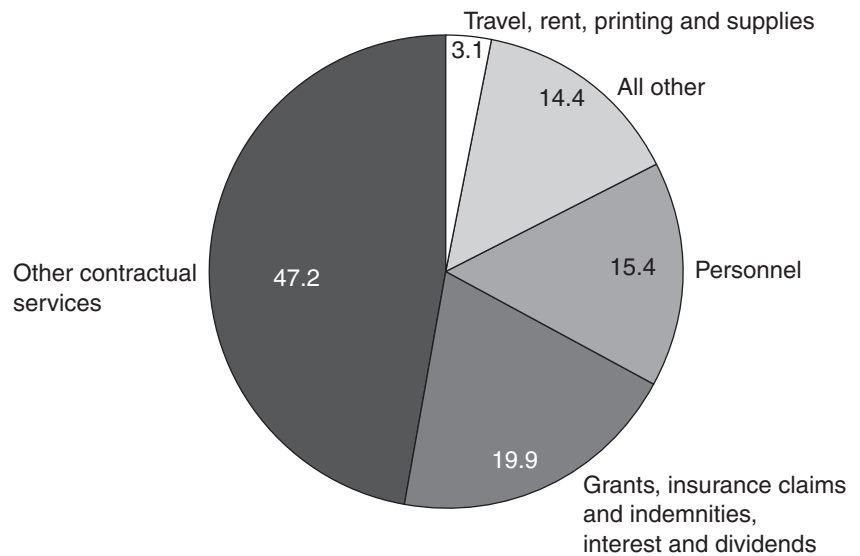


Source: GAO analysis.

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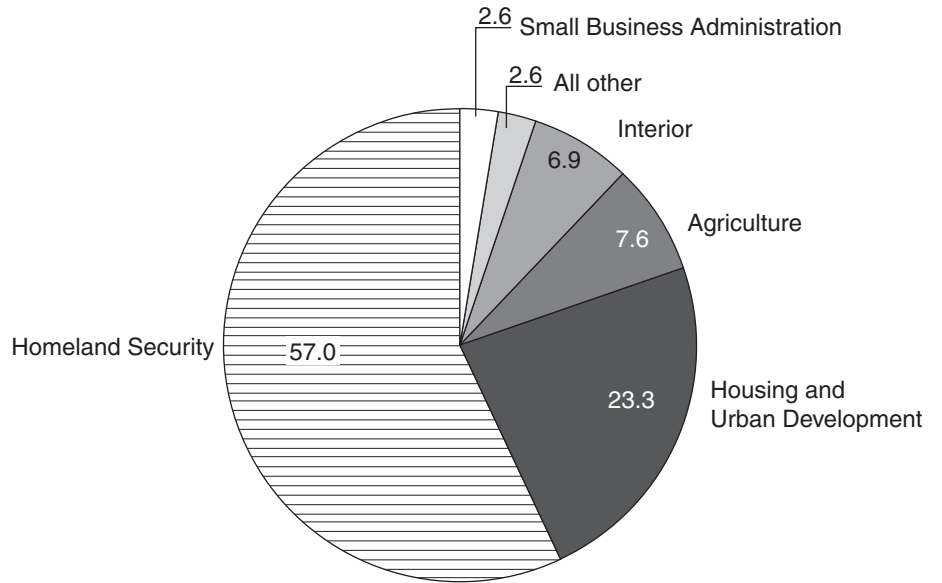
**Figure 17: Fiscal Year 2003 Transportation (400) Obligations by Object Class**



Source: GAO analysis.

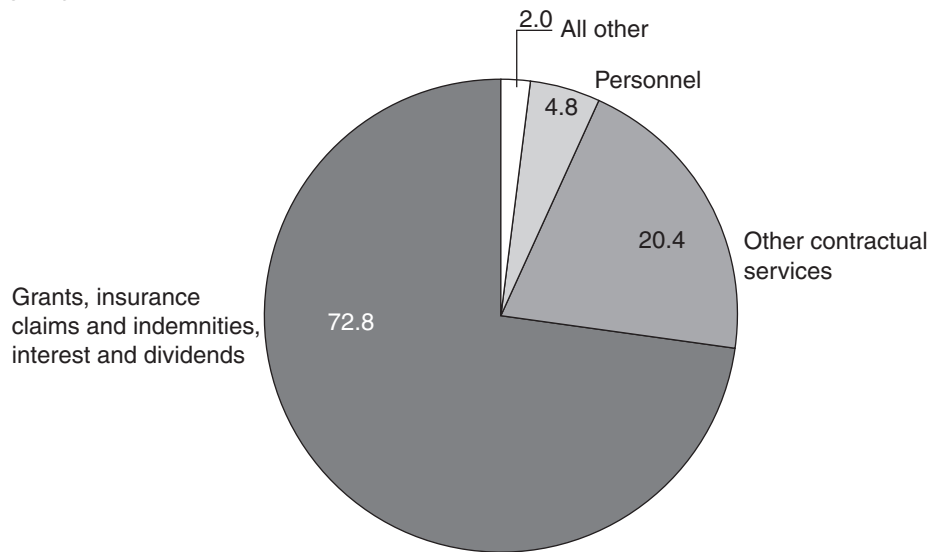
**Community and Regional Development (450)**

**Figure 18: Fiscal Year 2003 Community and Regional Development (450) Obligations by Agency**



Source: GAO analysis.

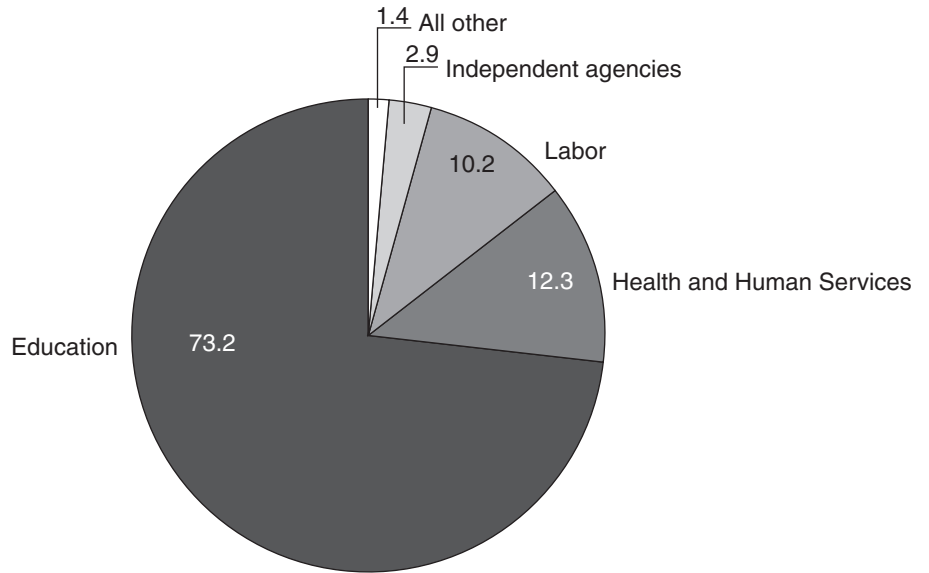
**Figure 19: Fiscal Year 2003 Community and Regional Development (450) Obligations by Object Class**



Source: GAO analysis.

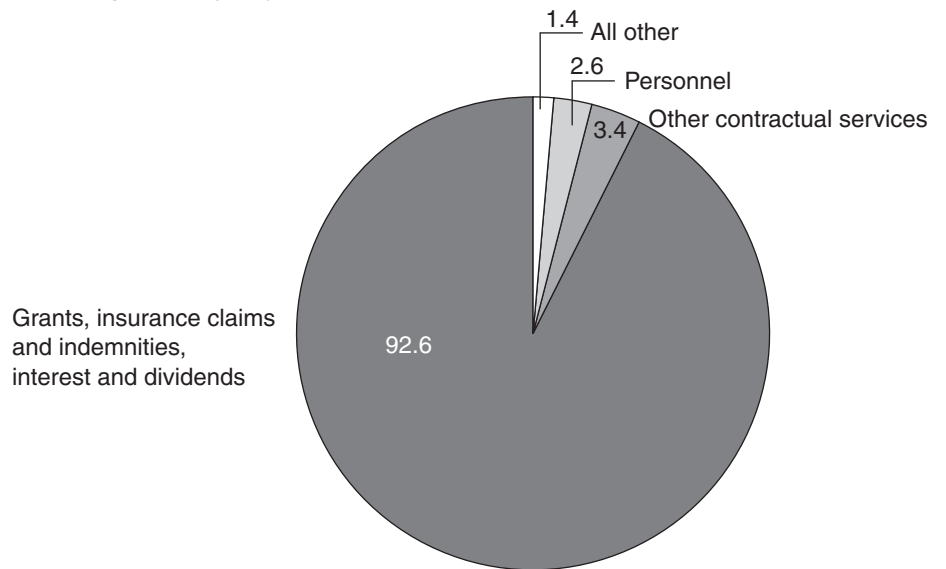
**Education, Training, Employment, and Social Services (500)**

**Figure 20: Fiscal Year 2003 Education, Training, Employment, and Social Services (500) Obligations by Agency**



Source: GAO analysis.

**Figure 21: Fiscal Year 2003 Education, Training, Employment, and Social Services (500) Obligations by Object Class**



Source: GAO analysis.

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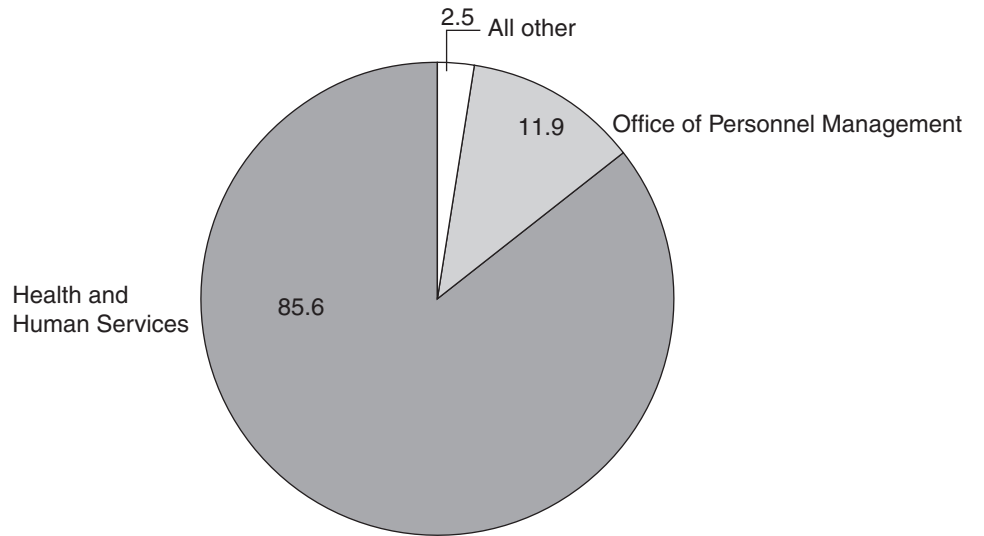
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**Health (550)**

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**Figure 22: Fiscal Year 2003 Health (550) Obligations by Agency**

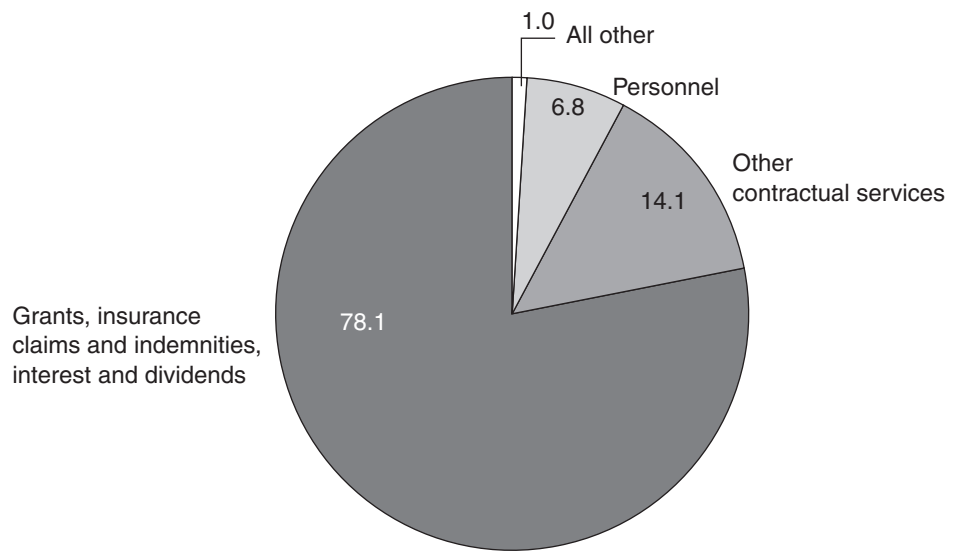


Source: GAO analysis.

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**Figure 23: Fiscal Year 2003 Health (550) Obligations by Object Class**



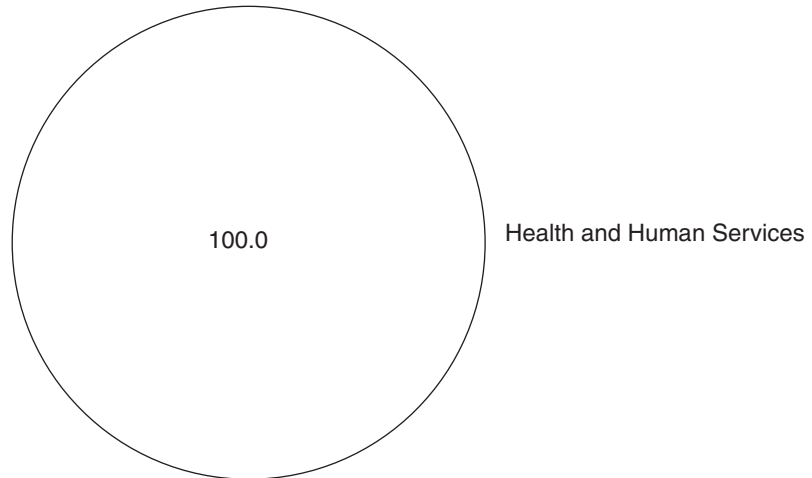
Source: GAO analysis.

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**Medicare (570)**

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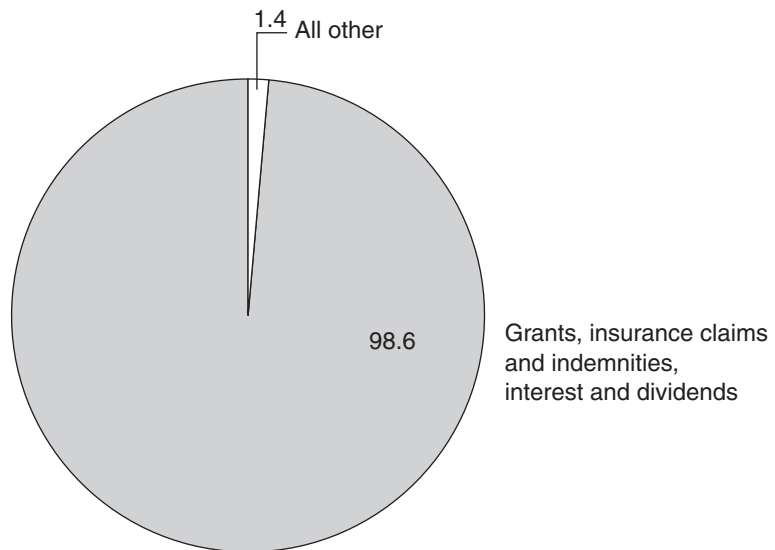
**Figure 24: Fiscal Year 2003 Medicare (570) Obligations by Agency**



Source: GAO analysis.

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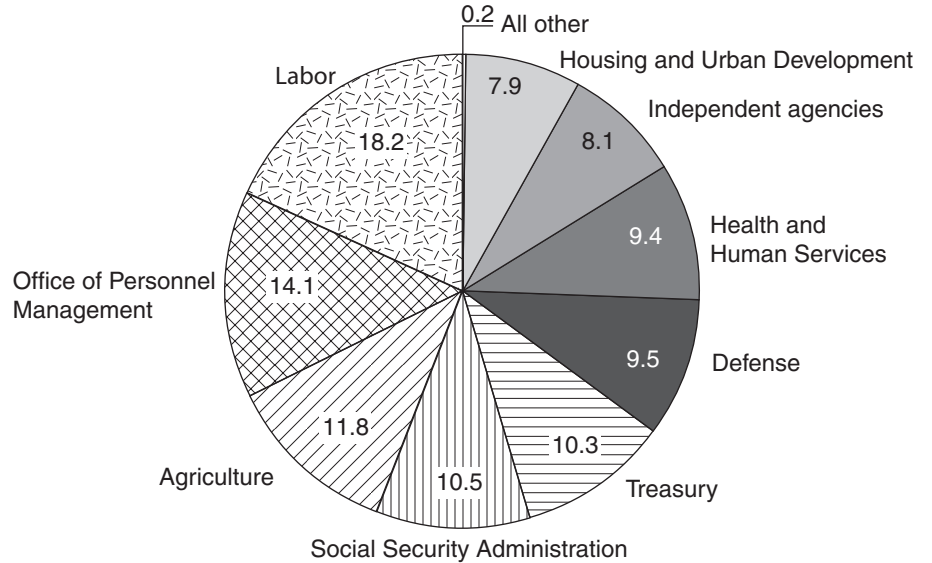
**Figure 25: Fiscal Year 2003 Medicare (570) Obligations by Object Class**



Source: GAO analysis.

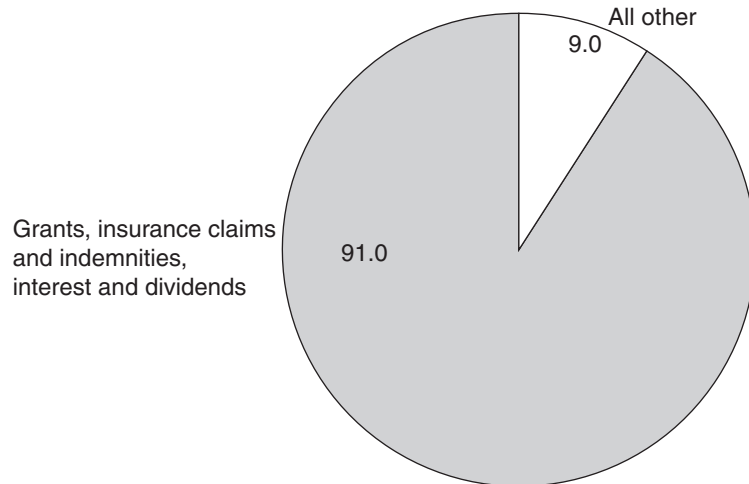
**Income Security (600)**

**Figure 26: Fiscal Year 2003 Income Security (600) Obligations by Agency**



Source: GAO analysis.

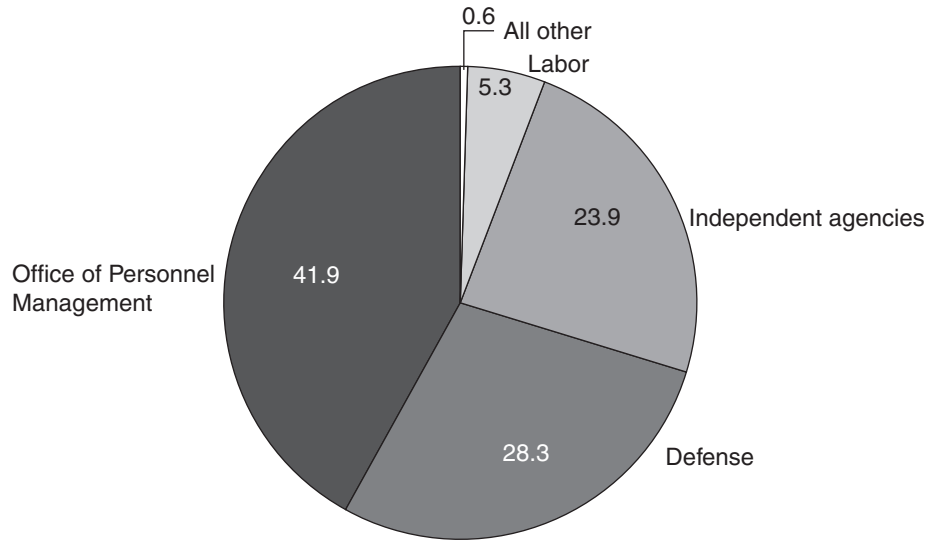
**Figure 27: Fiscal Year 2003 Income Security (600) Obligations by Object Class**



Source: GAO analysis.

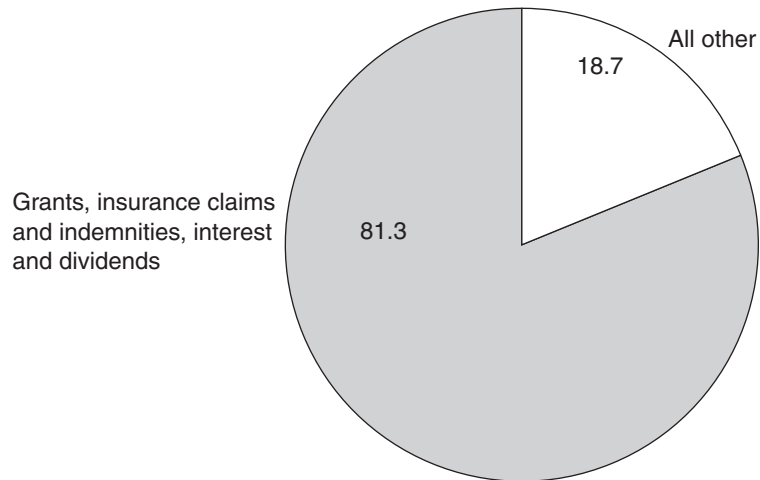
**Income Support: Retirement and Disability**  
\* A subcomponent of Income Security (600)

**Figure 28: Fiscal Year 2003 Income Support: Retirement and Disability Obligations by Agency**



Source: GAO analysis.

**Figure 29: Fiscal Year 2003 Income Support: Retirement and Disability Obligations by Object Class**



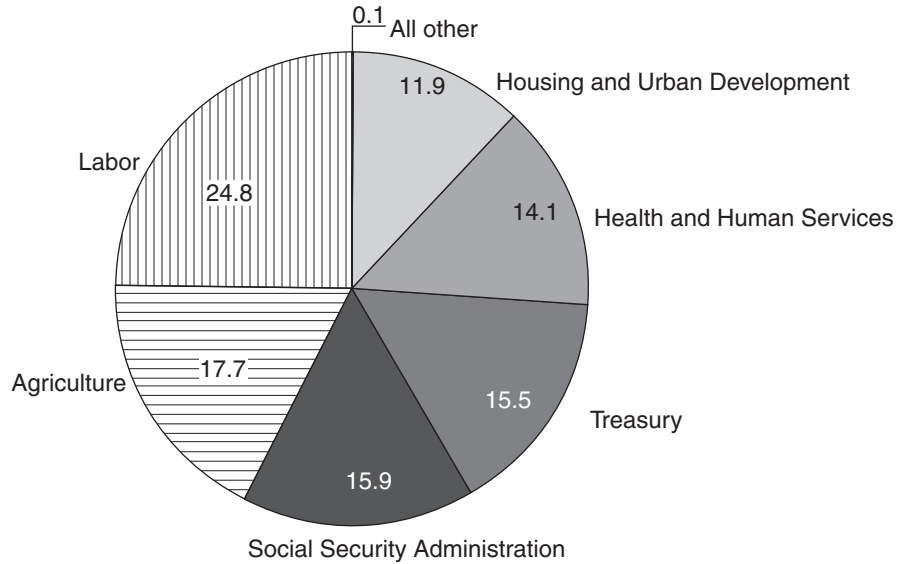
Source: GAO analysis.



**Other Income Support**

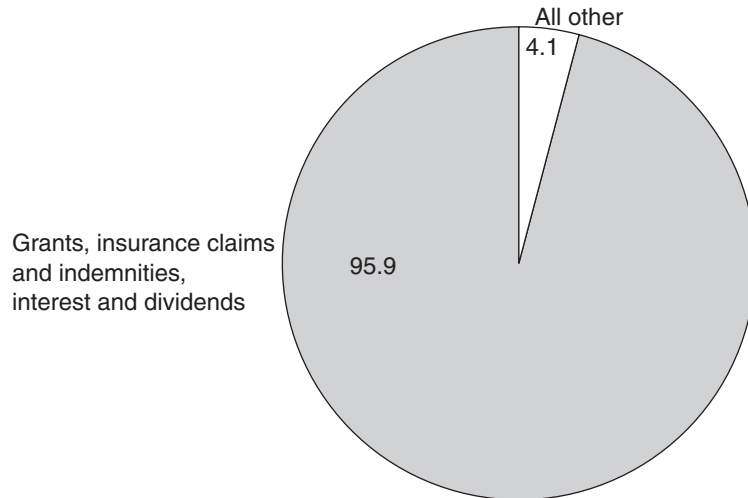
\* A subcomponent of Income Security (600)

**Figure 30: Fiscal Year 2003 Other Income Support Obligations by Agency**



Source: GAO analysis.

**Figure 31: Fiscal Year 2003 Other Income Support Obligations by Object Class**



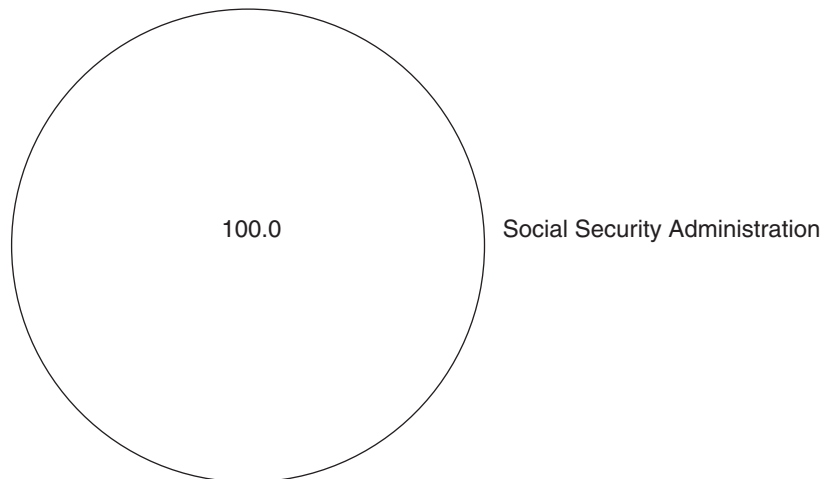
Source: GAO analysis.

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**Social Security (650)**

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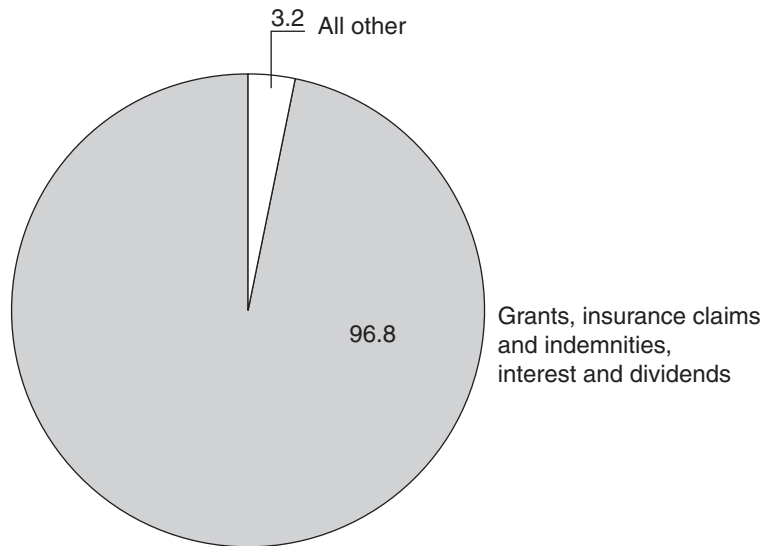
**Figure 32: Fiscal Year 2003 Social Security (650) Obligations by Agency**



Source: GAO analysis.

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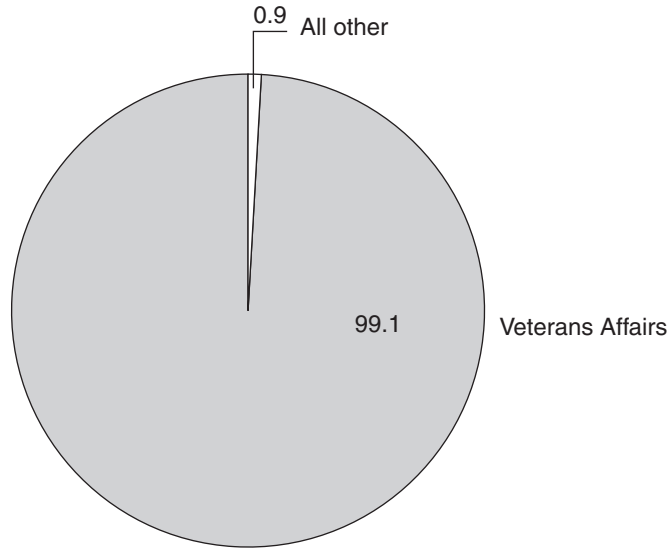
**Figure 33: Fiscal Year 2003 Social Security (650) Obligations by Object Class**



Source: GAO analysis.

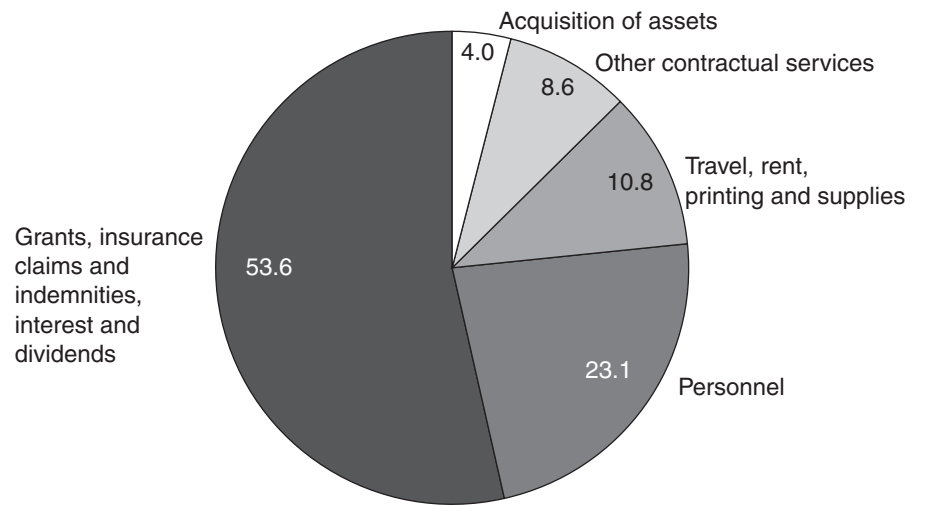
**Veterans Benefits and Services (700)**

**Figure 34: Fiscal Year 2003 Veterans Benefits and Services (700) Obligations by Agency**



Source: GAO analysis.

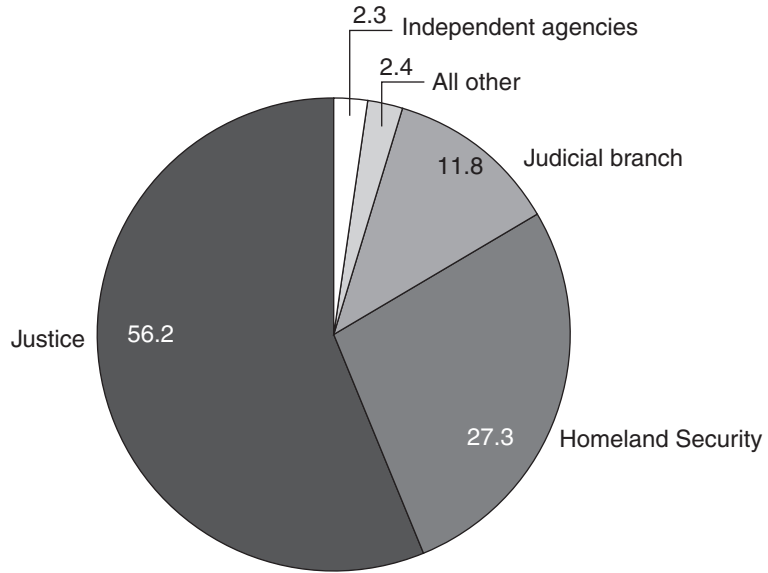
**Figure 35: Fiscal Year 2003 Veterans Benefits and Services (700) Obligations by Object Class**



Source: GAO analysis.

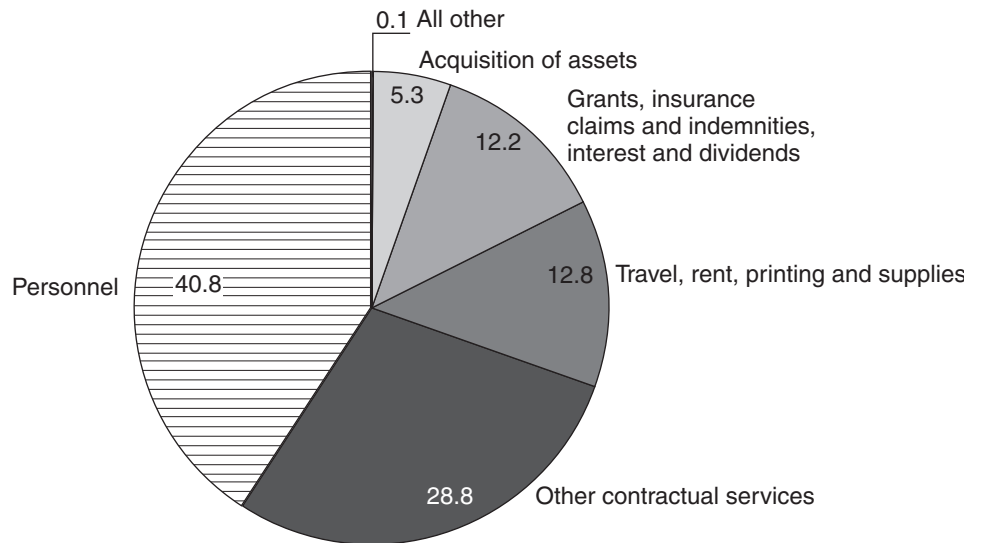
Administration of Justice (750)

Figure 36: Fiscal Year 2003 Administration of Justice (750) Obligations by Agency



Source: GAO analysis.

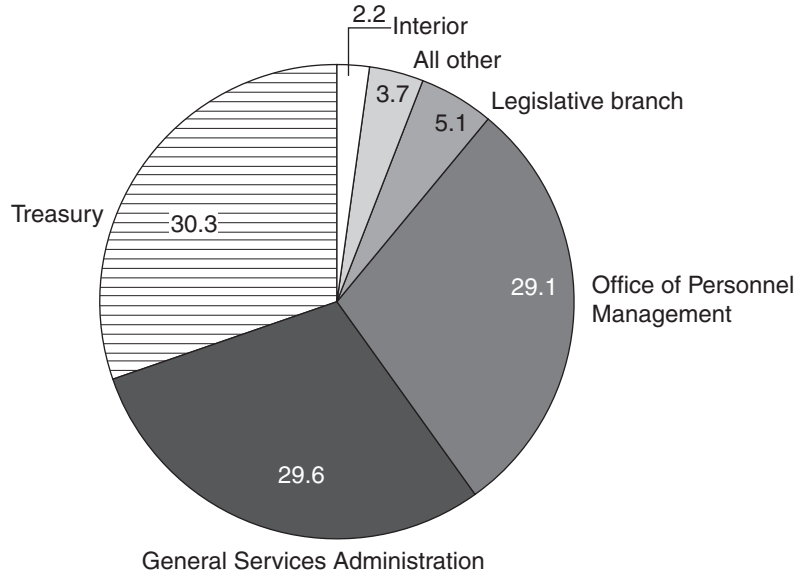
Figure 37: Fiscal Year 2003 Administration of Justice (750) Obligations by Object Class



Source: GAO analysis.

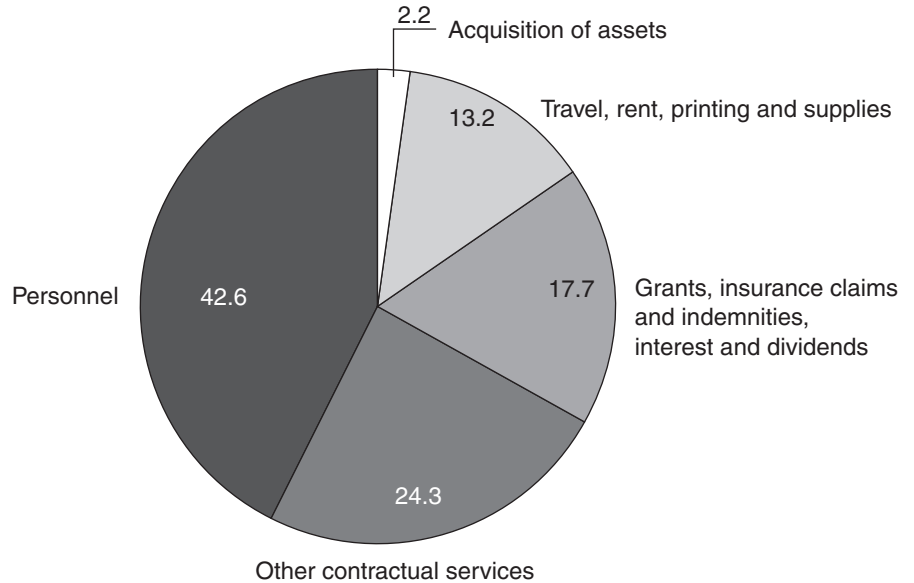
**General Government (800)**

**Figure 38: Fiscal Year 2003 General Government (800) Obligations by Agency**



Source: GAO analysis.

**Figure 39: Fiscal Year 2003 General Government (800) Obligations by Object Class**



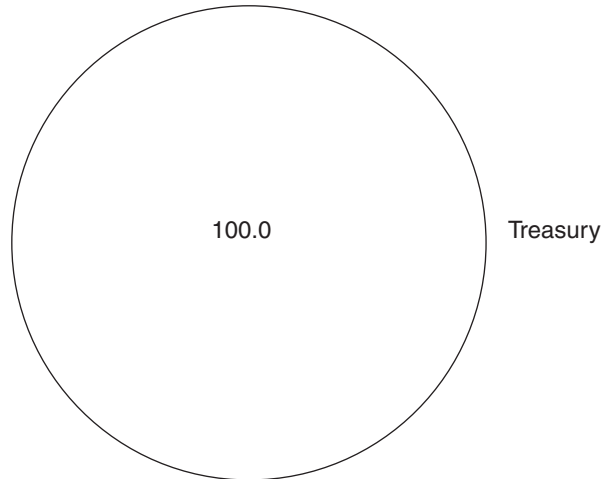
Source: GAO analysis.

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**Net Interest (900)**

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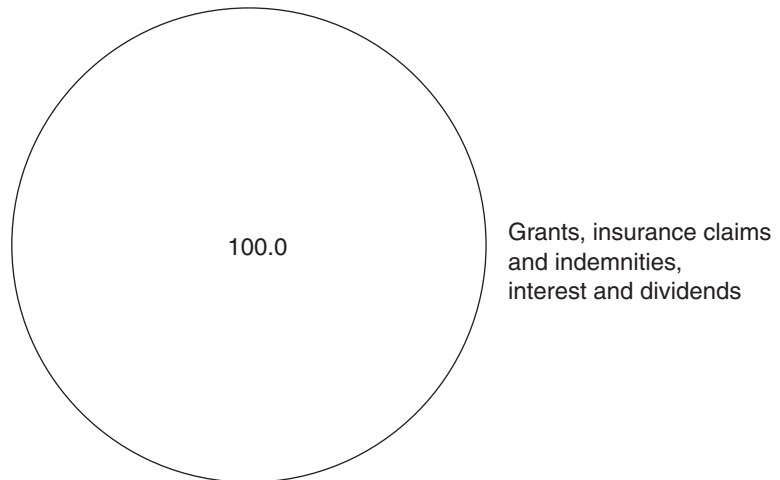
**Figure 40: Fiscal Year 2003 Net Interest (900) Obligations by Agency**



Source: GAO analysis.

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**Figure 41: Fiscal Year 2003 Net Interest (900) Obligations by Object Class**



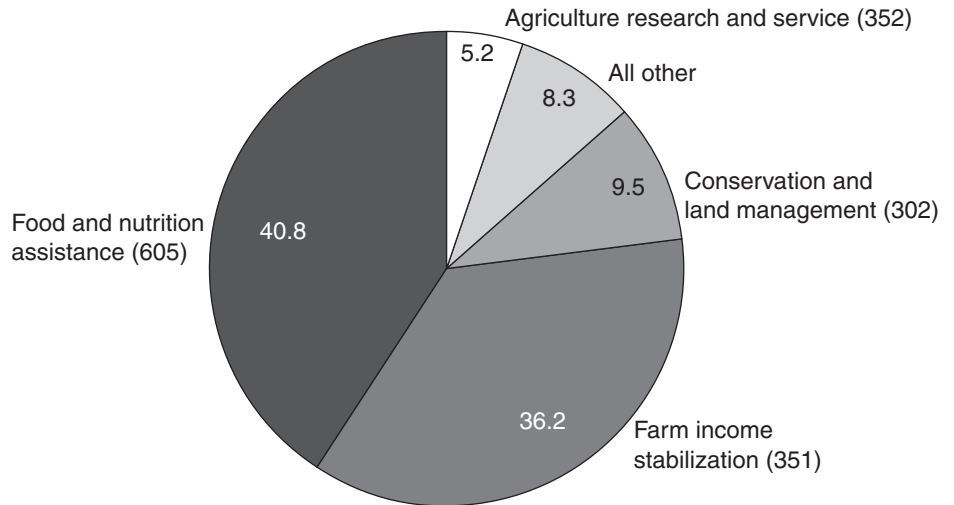
Source: GAO analysis.

# Agencies by Budget Subfunction and Object Class

The following pie charts (figures 42-97) show the percent of fiscal year 2003 obligations charged.

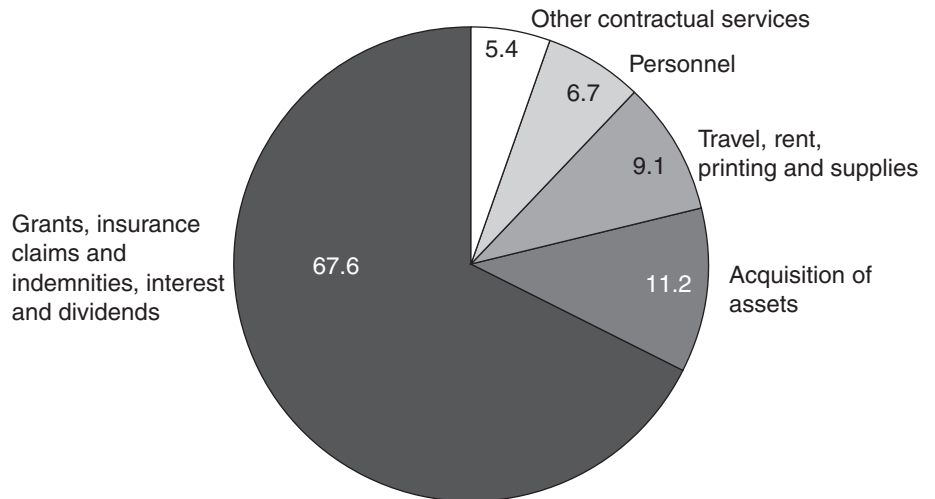
## Department of Agriculture

**Figure 42: Fiscal Year 2003 Department of Agriculture Obligations by Subfunction**



Source: GAO analysis.

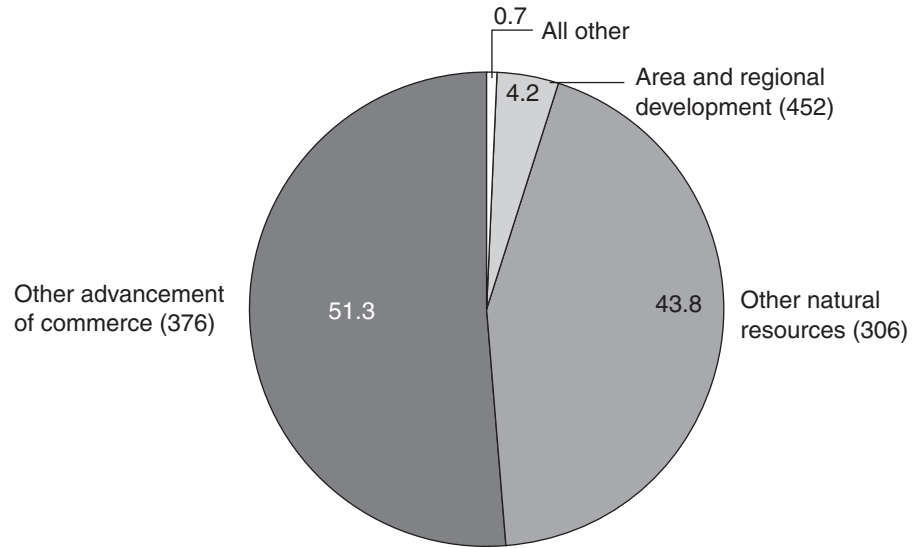
**Figure 43: Fiscal Year 2003 Department of Agriculture Obligations by Object Class**



Source: GAO analysis.

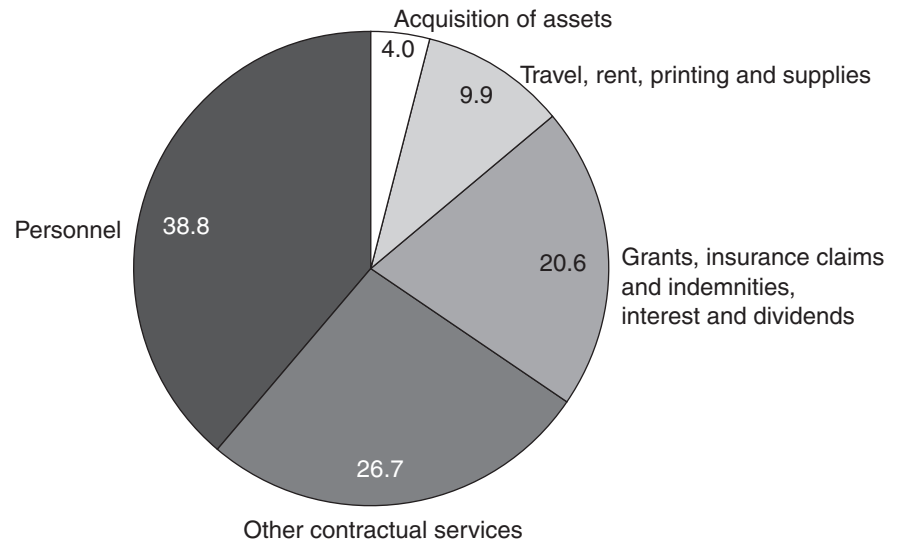
**Department of Commerce**

**Figure 44: Fiscal Year 2003 Department of Commerce Obligations by Subfunction**



Source: GAO analysis.

**Figure 45: Fiscal Year 2003 Department of Commerce Obligations by Object Class**

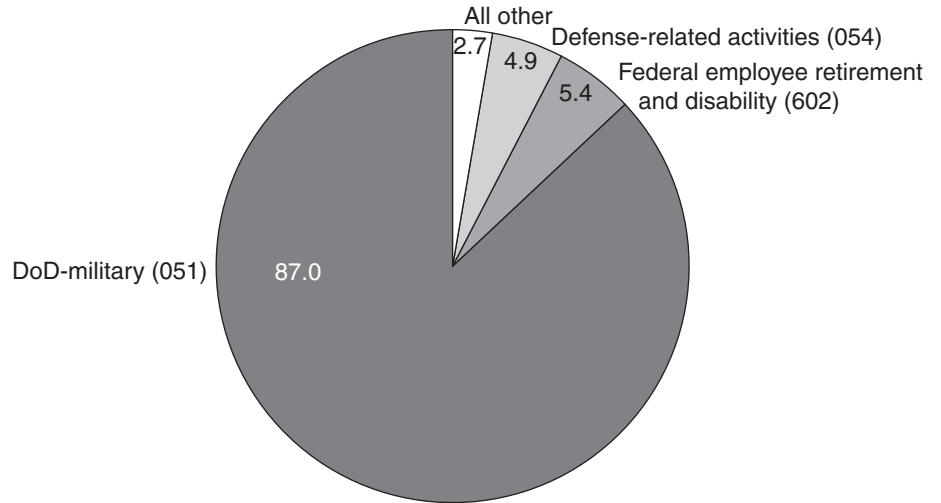


Source: GAO analysis.



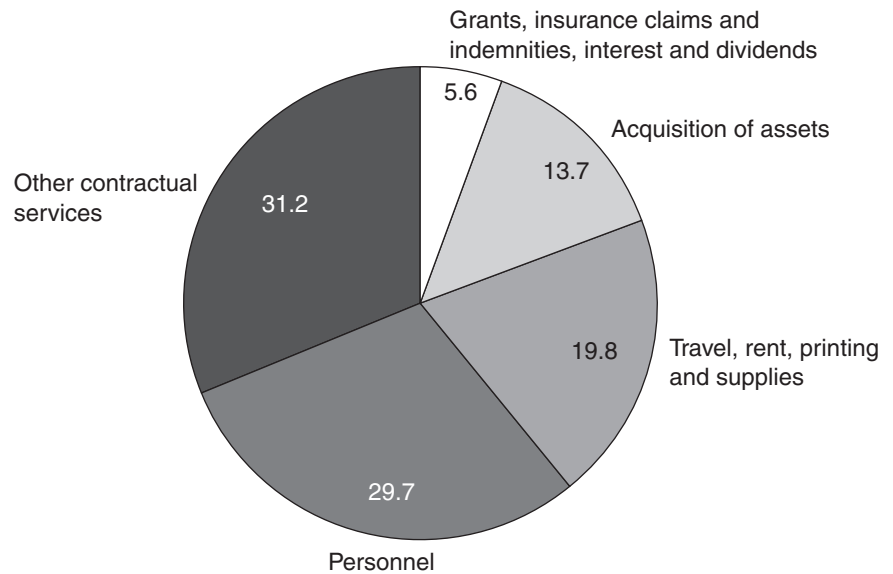
Department of Defense

Figure 46: Fiscal Year 2003 Department of Defense Obligations by Subfunction



Source: GAO analysis.

Figure 47: Fiscal Year 2003 Department of Defense Obligations by Object Class



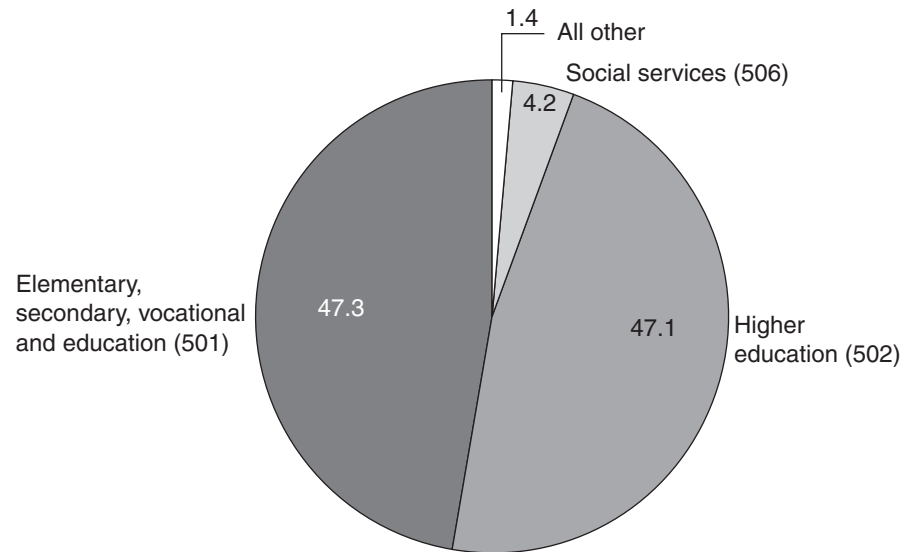
Source: GAO analysis.

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**Department of Education**

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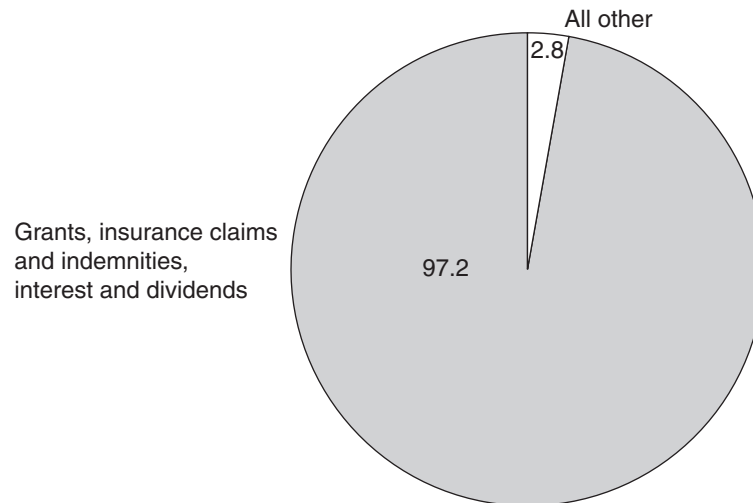
**Figure 48: Fiscal Year 2003 Department of Education Obligations by Subfunction**



Source: GAO analysis.

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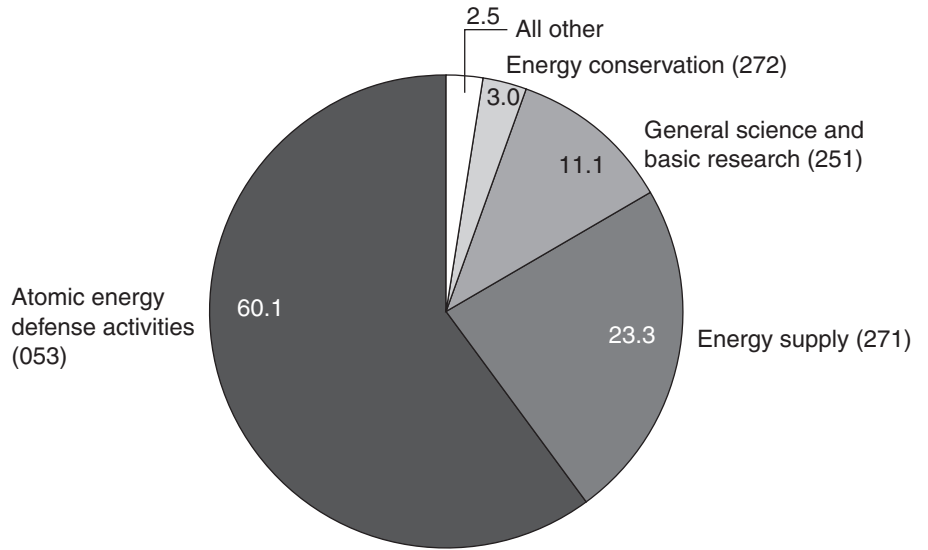
**Figure 49: Fiscal Year 2003 Department of Education Obligations by Object Class**



Source: GAO analysis.

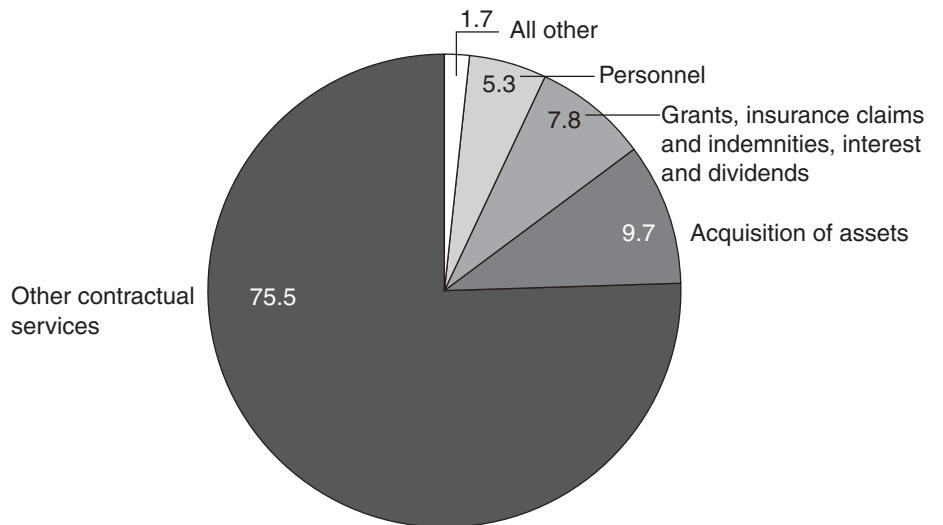
Department of Energy

Figure 50: Fiscal Year 2003 Department of Energy Obligations by Subfunction



Source: GAO analysis.

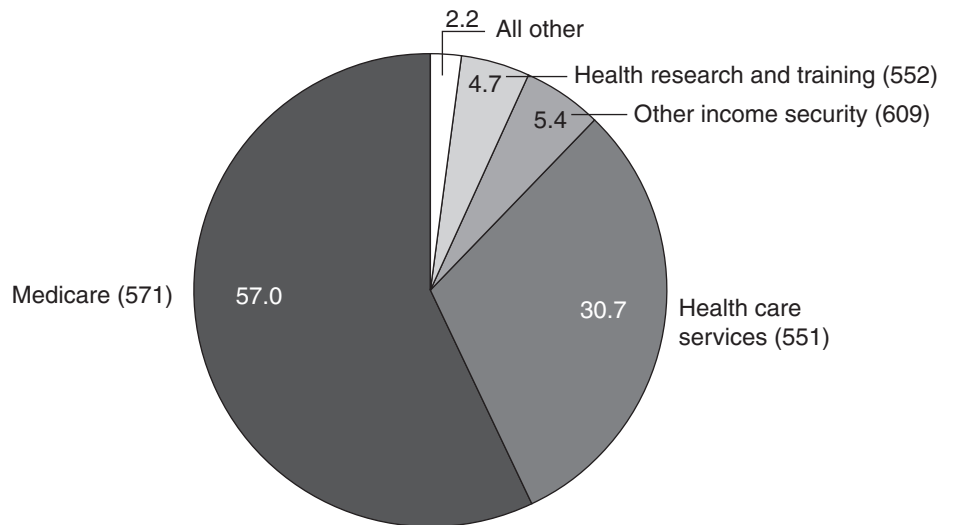
Figure 51: Fiscal Year 2003 Department of Energy Obligations by Object Class



Source: GAO analysis.

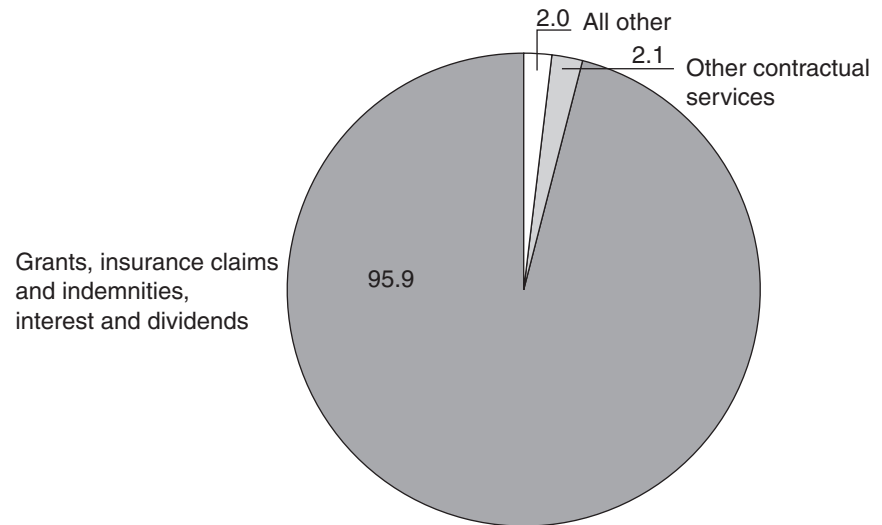
Department of Health and Human Services

Figure 52: Fiscal Year 2003 Department of Health and Human Services Obligations by Subfunction



Source: GAO analysis.

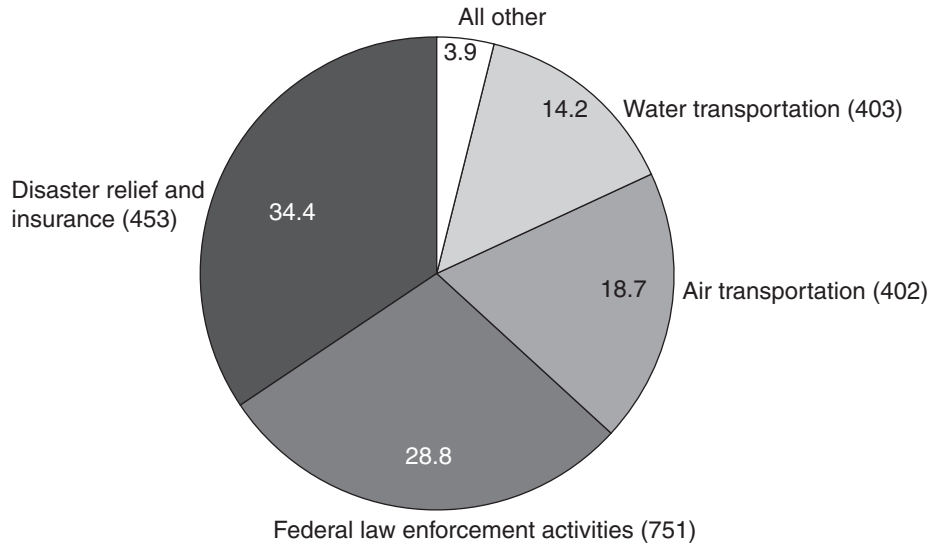
Figure 53: Fiscal Year 2003 Department of Health and Human Services Obligations by Object Class



Source: GAO analysis.

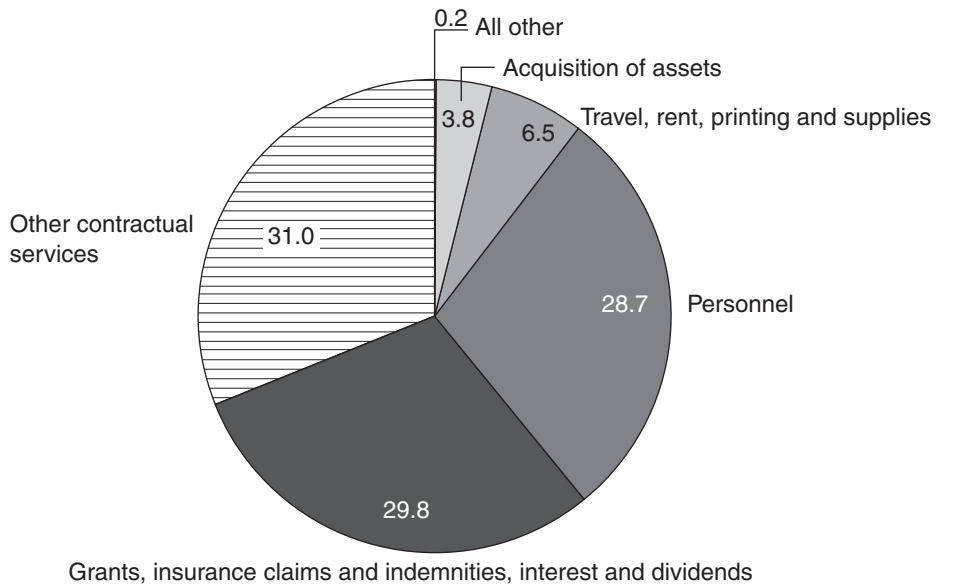
**Department of Homeland Security**

**Figure 54: Fiscal Year 2003 Department of Homeland Security Obligations by Subfunction**



Source: GAO analysis.

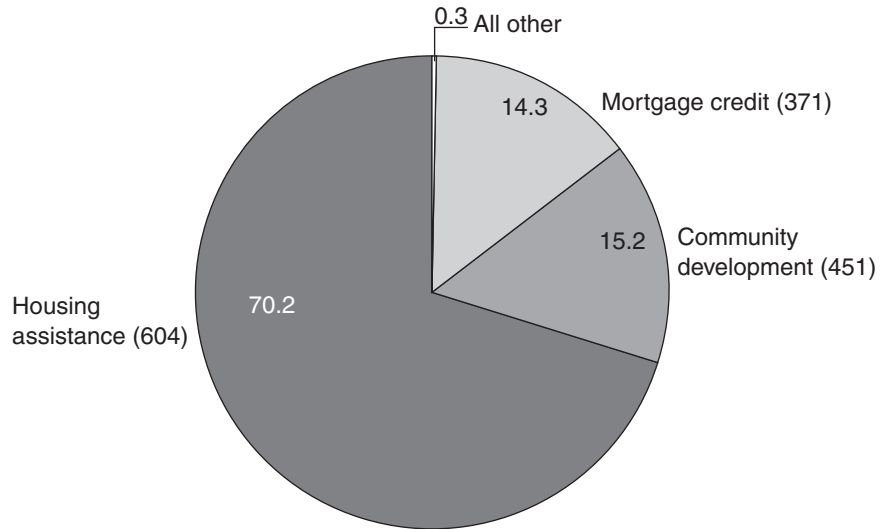
**Figure 55: Fiscal Year 2003 Department of Homeland Security Obligations by Object Class**



Source: GAO analysis.

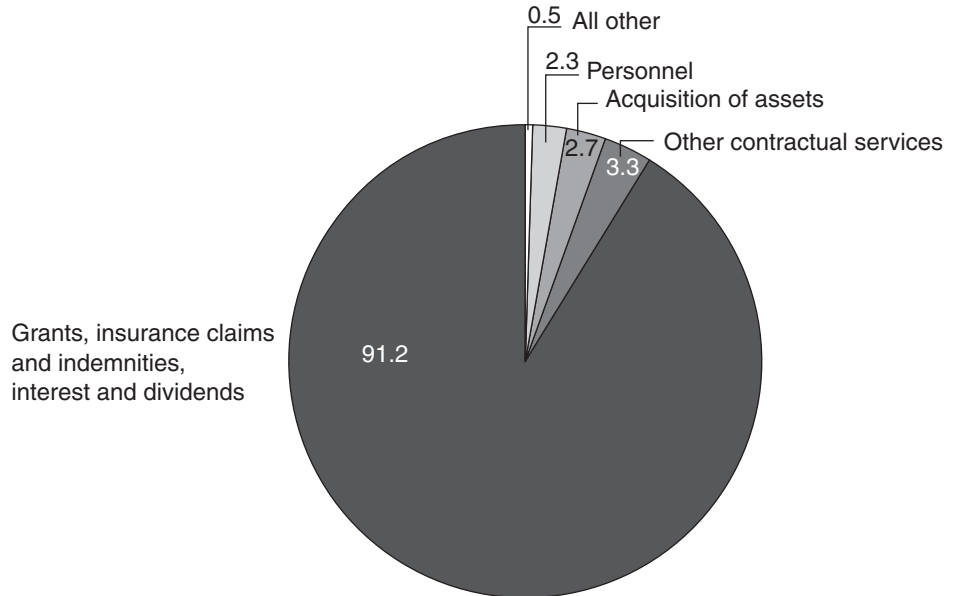
Department of Housing and Urban Development

Figure 56: Fiscal Year 2003 Department of Housing and Urban Development Obligations by Subfunction



Source: GAO analysis.

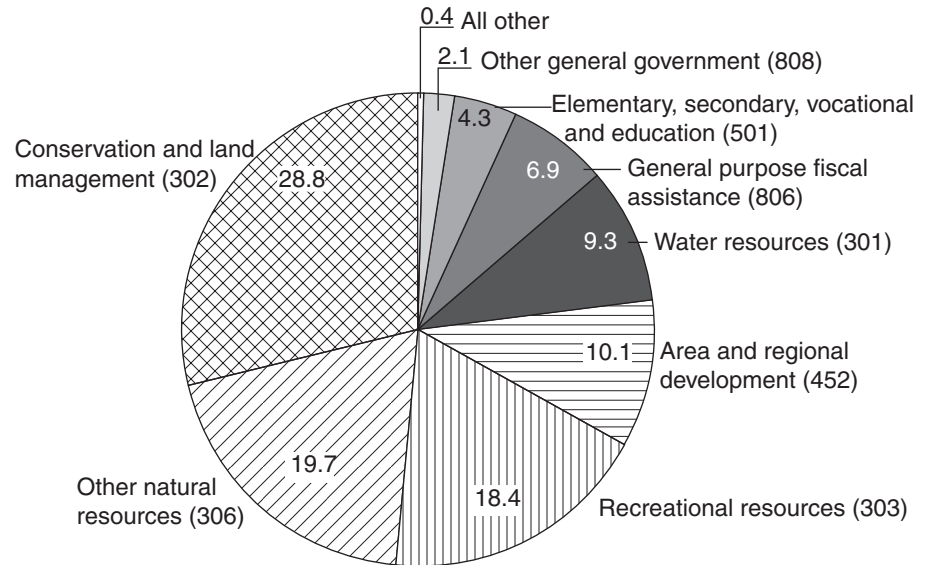
Figure 57: Fiscal Year 2003 Department of Housing and Urban Development Obligations by Object Class



Source: GAO analysis.

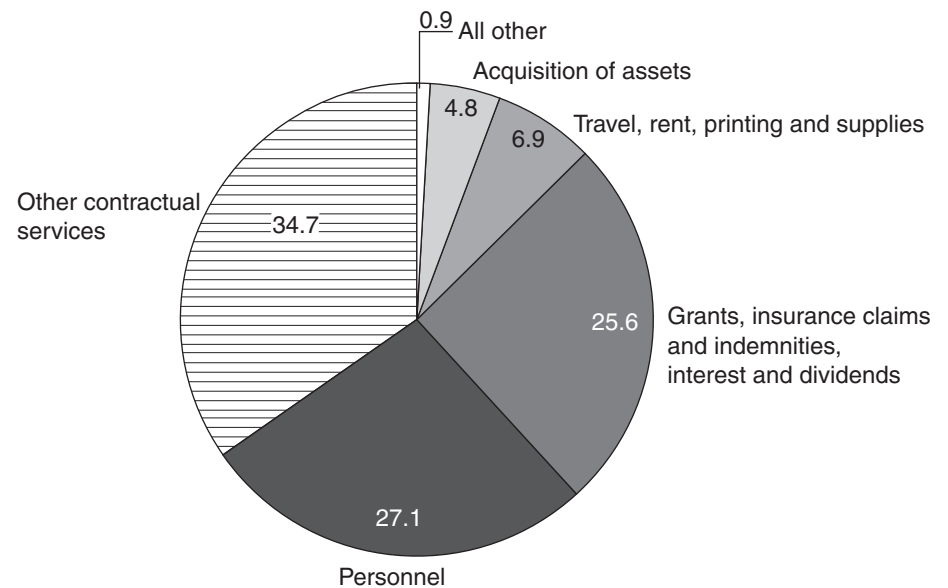
**Department of the Interior**

**Figure 58: Fiscal Year 2003 Department of the Interior Obligations by Subfunction**



Source: GAO analysis.

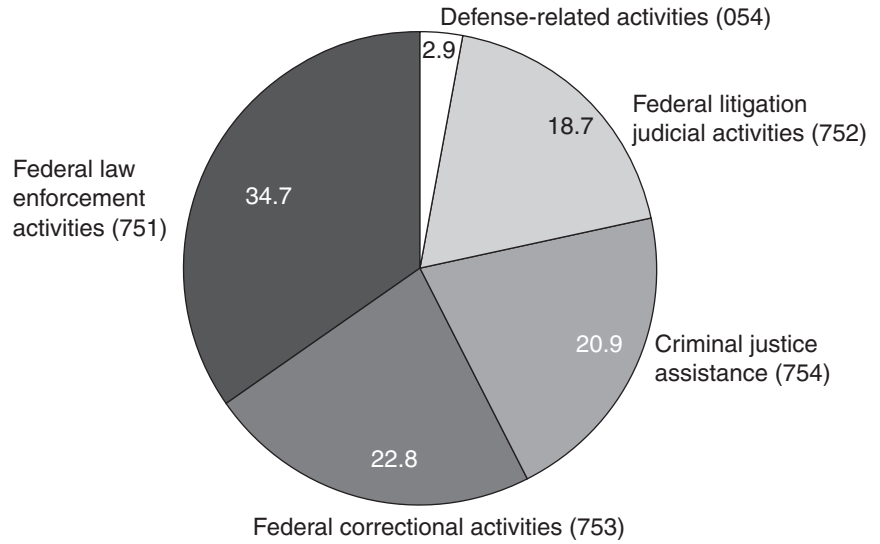
**Figure 59: Fiscal Year 2003 Department of the Interior Obligations by Object Class**



Source: GAO analysis.

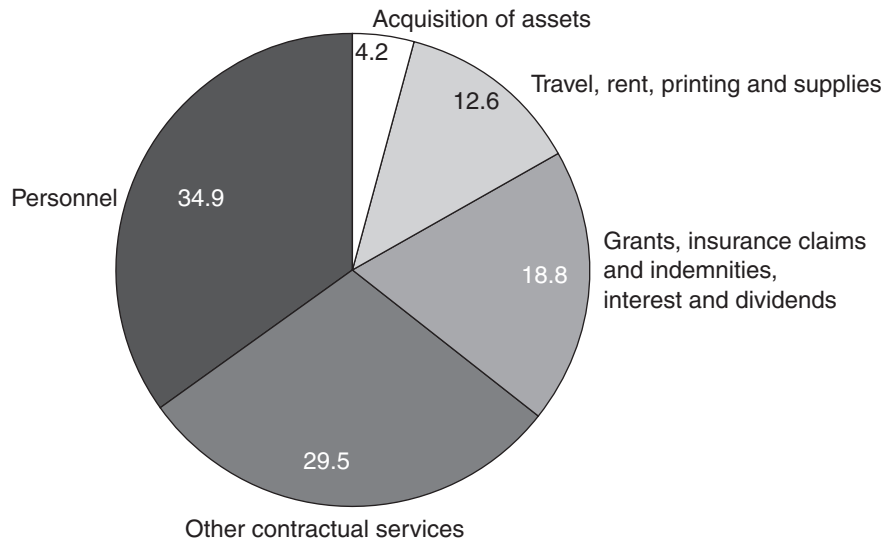
Department of Justice

Figure 60: Fiscal Year 2003 Department of Justice Obligations by Subfunction



Source: GAO analysis.

Figure 61: Fiscal Year 2003 Department of Justice Obligations by Object Class

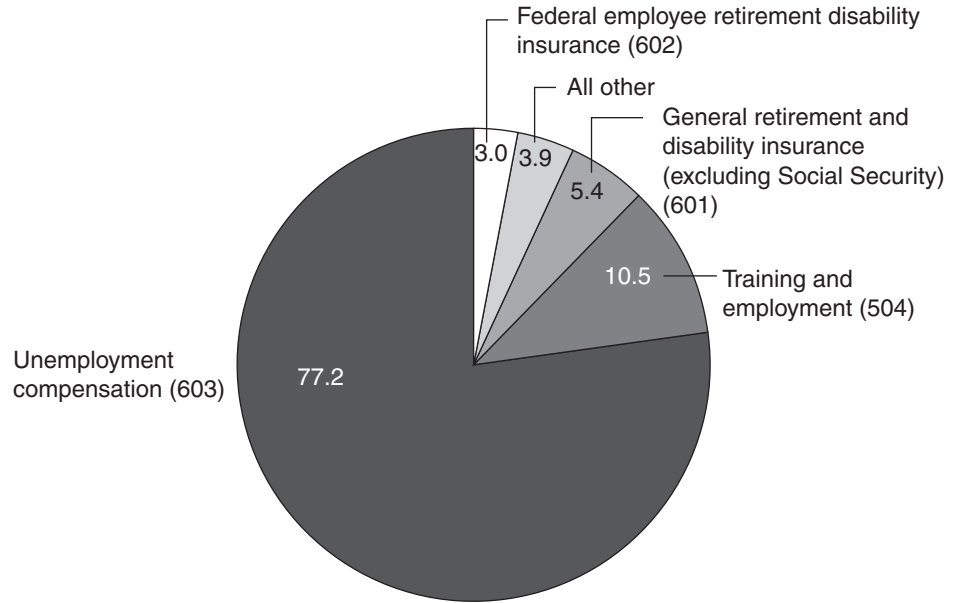


Source: GAO analysis.



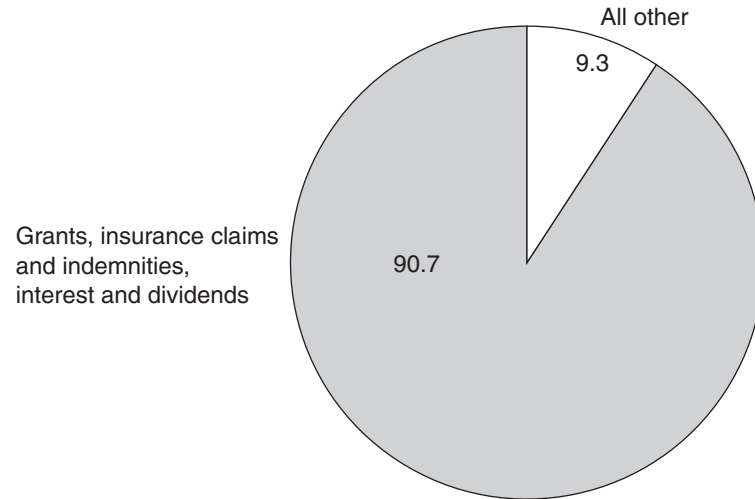
Department of Labor

Figure 62: Fiscal Year 2003 Department of Labor Obligations by Subfunction



Source: GAO analysis.

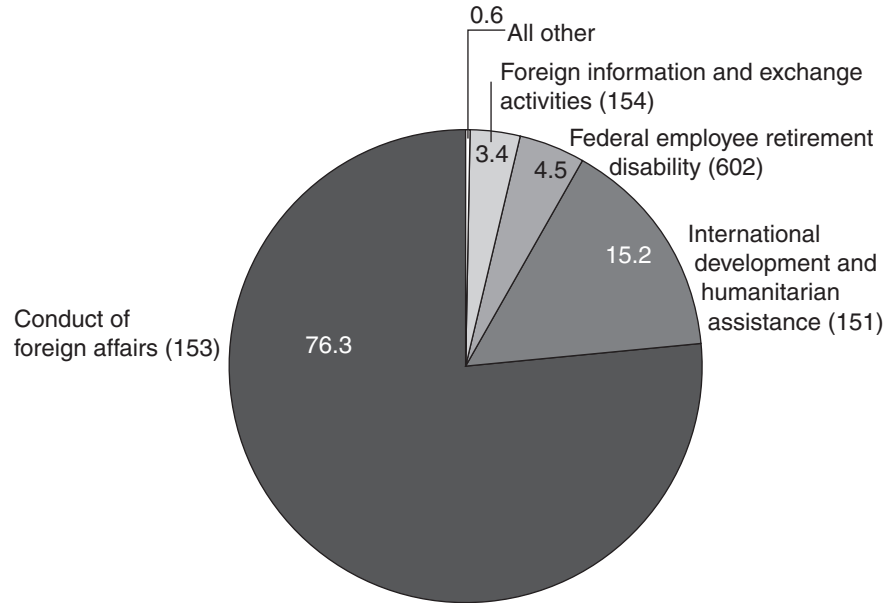
Figure 63: Fiscal Year 2003 Department of Labor Obligations by Object Class



Source: GAO analysis.

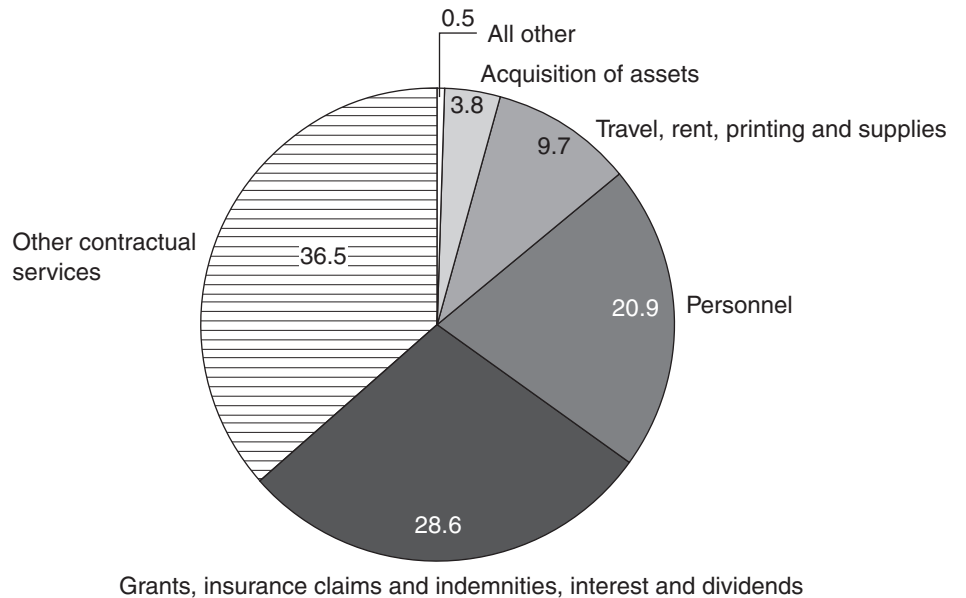
Department of State

Figure 64: Fiscal Year 2003 Department of State Obligations by Subfunction



Source: GAO analysis.

Figure 65: Fiscal Year 2003 Department of State Obligations by Object Class



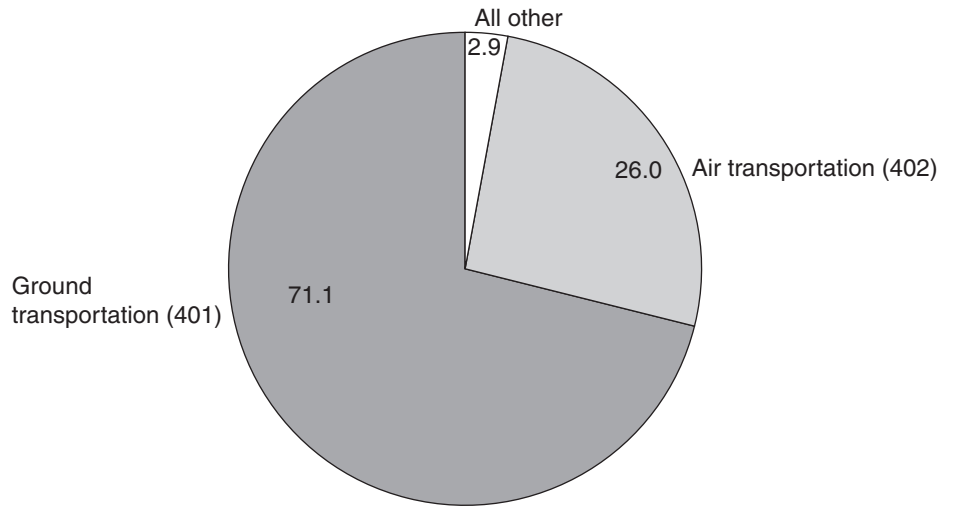
Source: GAO analysis.

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**Department of Transportation**

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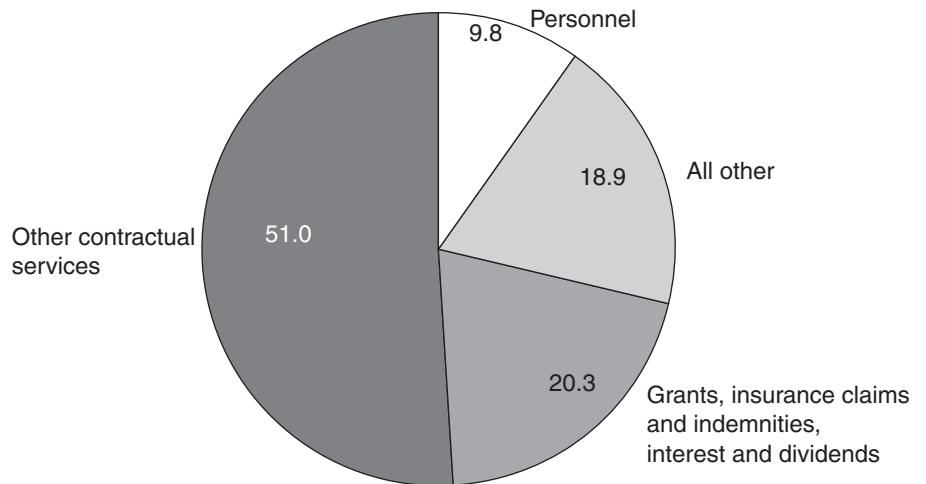
**Figure 66: Fiscal Year 2003 Department of Transportation Obligations by Subfunction**



Source: GAO analysis.

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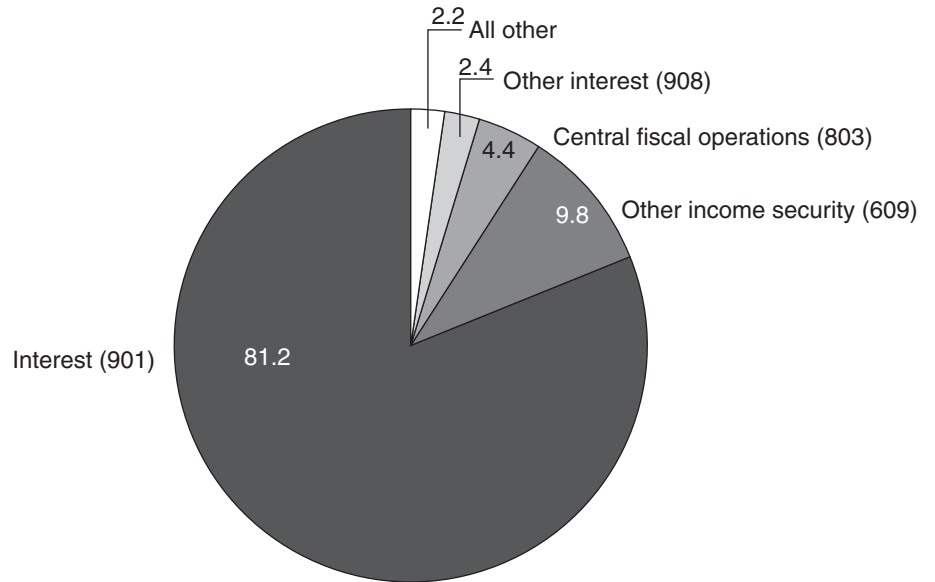
**Figure 67: Fiscal Year 2003 Department of Transportation Obligations by Object Class**



Source: GAO analysis.

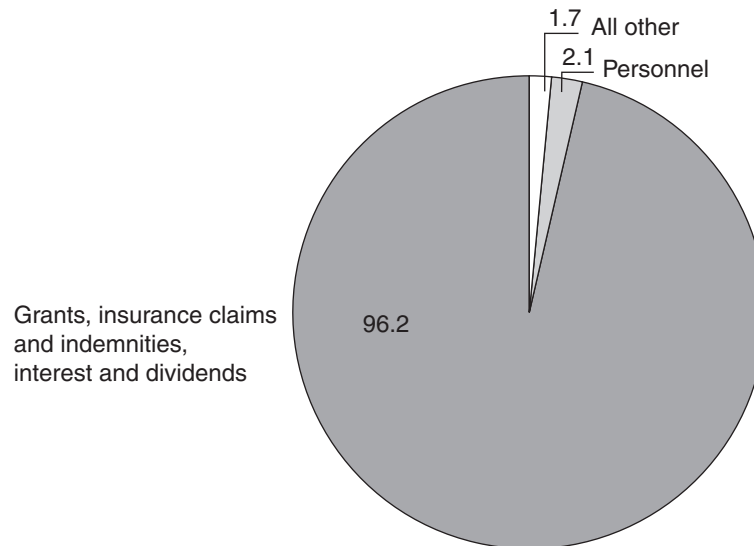
Department of the Treasury

Figure 68: Fiscal Year 2003 Department of the Treasury Obligations by Subfunction



Source: GAO analysis.

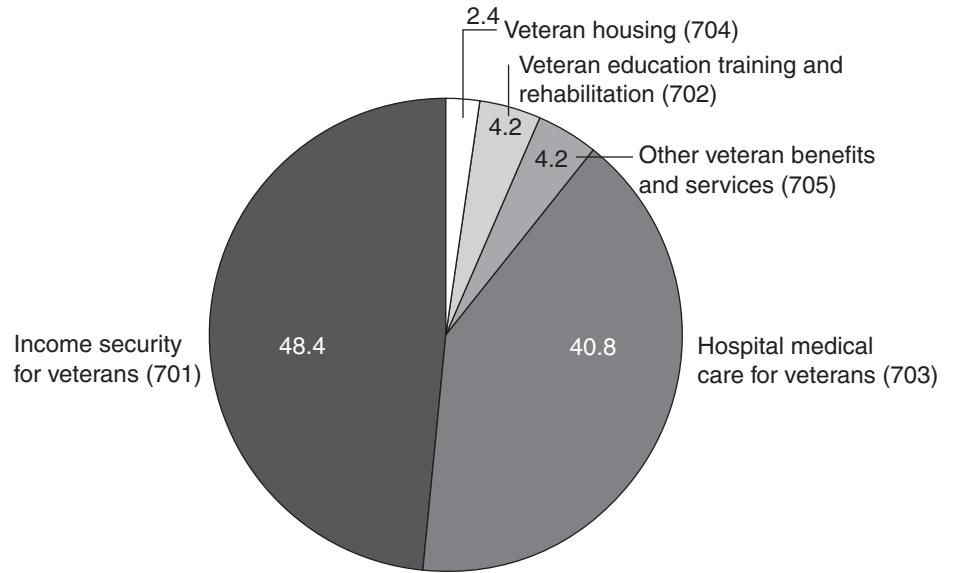
Figure 69: Fiscal Year 2003 Department of the Treasury Obligations by Object Class



Source: GAO analysis.

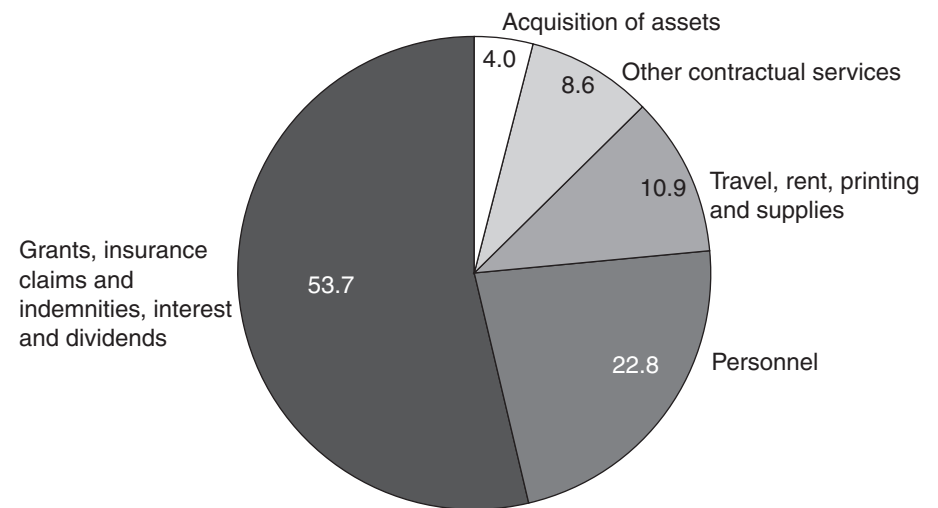
Department of Veterans Affairs

Figure 70: Fiscal Year 2003 Department of Veterans Affairs Obligations by Subfunction



Source: GAO analysis.

Figure 71: Fiscal Year 2003 Department of Veterans Affairs Obligations by Object Class



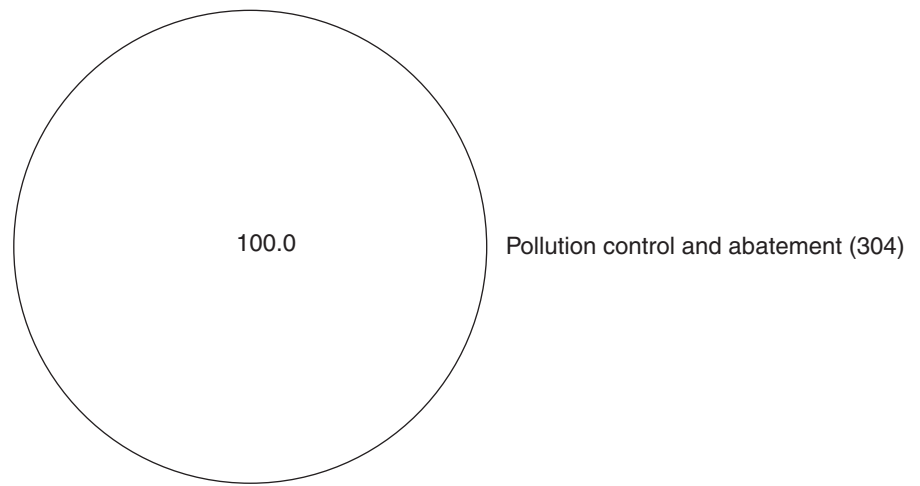
Source: GAO analysis.

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**Environmental Protection Agency**

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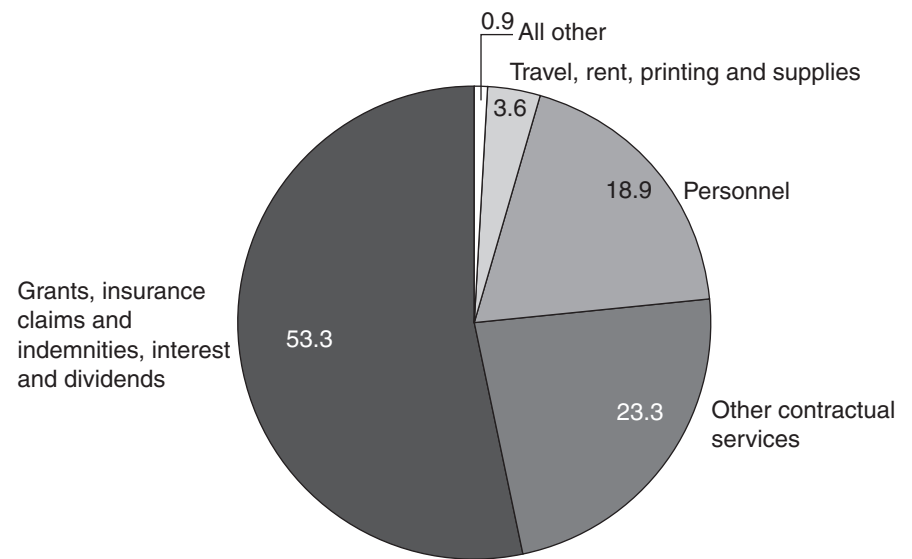
**Figure 72: Fiscal Year 2003 Environmental Protection Agency Obligations by Subfunction**



Source: GAO analysis.

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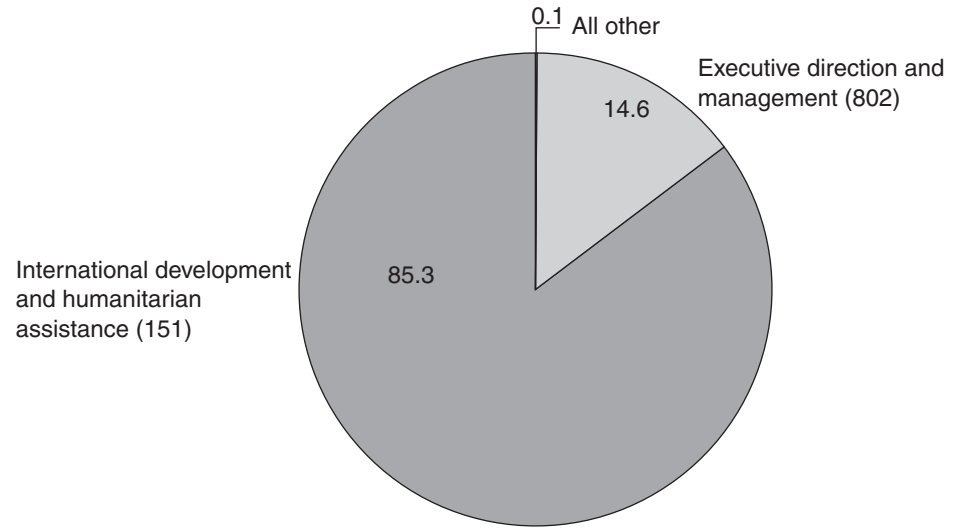
**Figure 73: Fiscal Year 2003 Environmental Protection Agency Obligations by Object Class**



Source: GAO analysis.

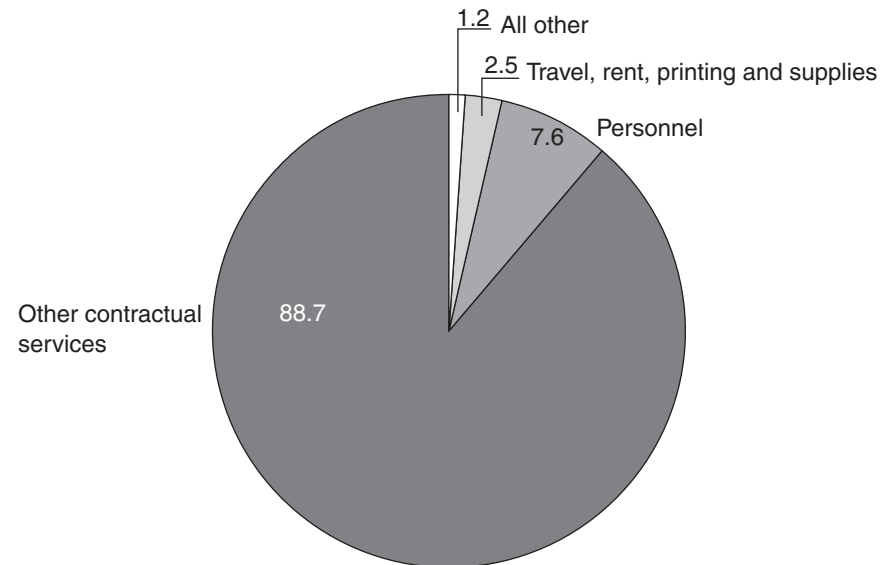
**Executive Office of the President**

**Figure 74: Fiscal Year 2003 Executive Office of the President Obligations by Subfunction**



Source: GAO analysis.

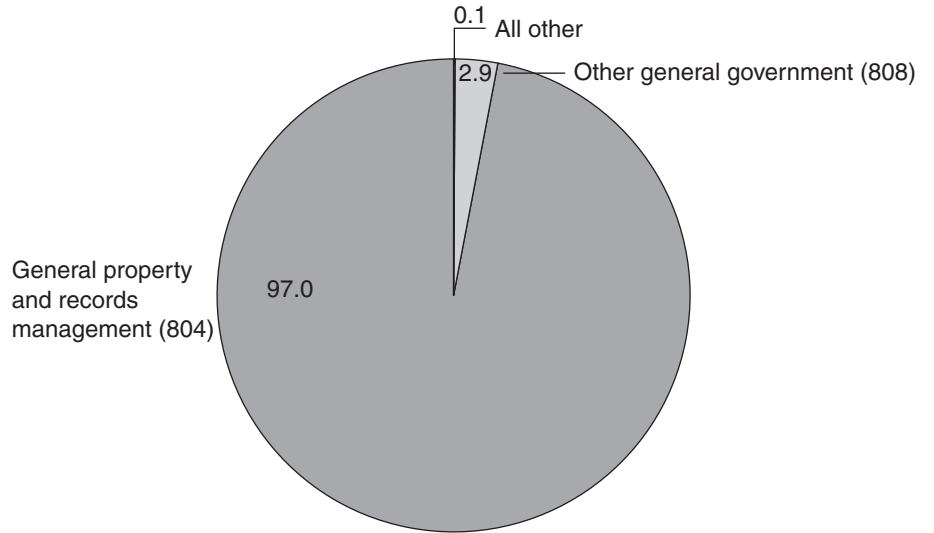
**Figure 75: Fiscal Year 2003 Executive Office of the President Obligations by Object Class**



Source: GAO analysis.

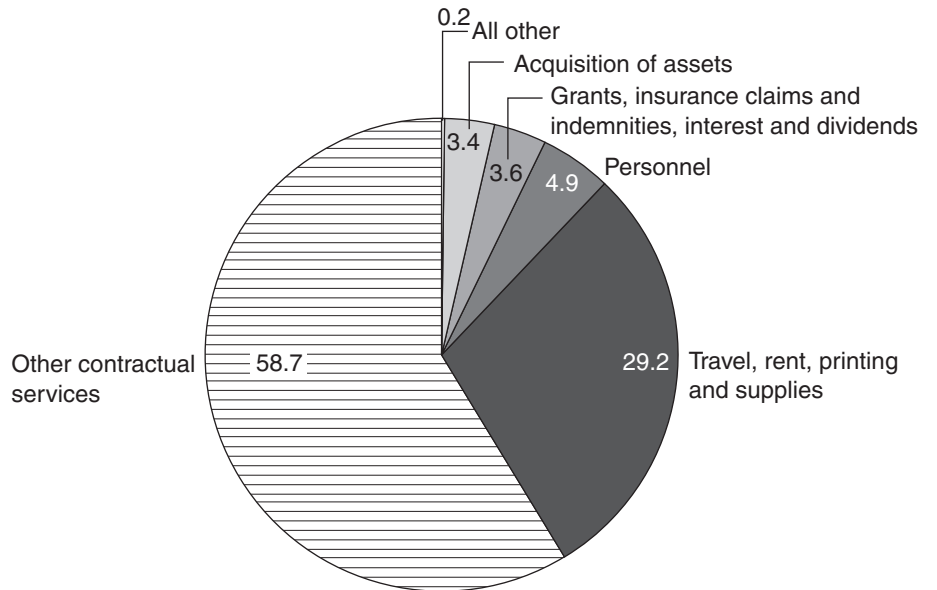
**General Services Administration**

**Figure 76: Fiscal Year 2003 General Services Administration Obligations by Subfunction**



Source: GAO analysis.

**Figure 77: Fiscal Year 2003 General Services Administration Obligations by Object Class**

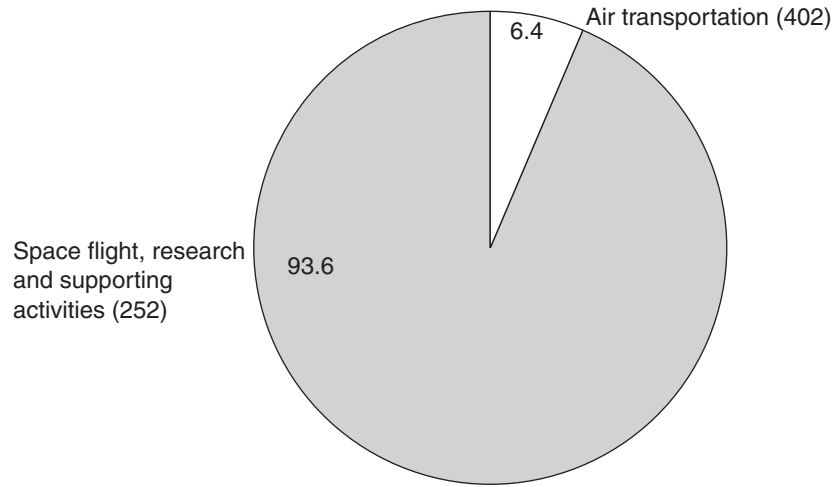


Source: GAO analysis.



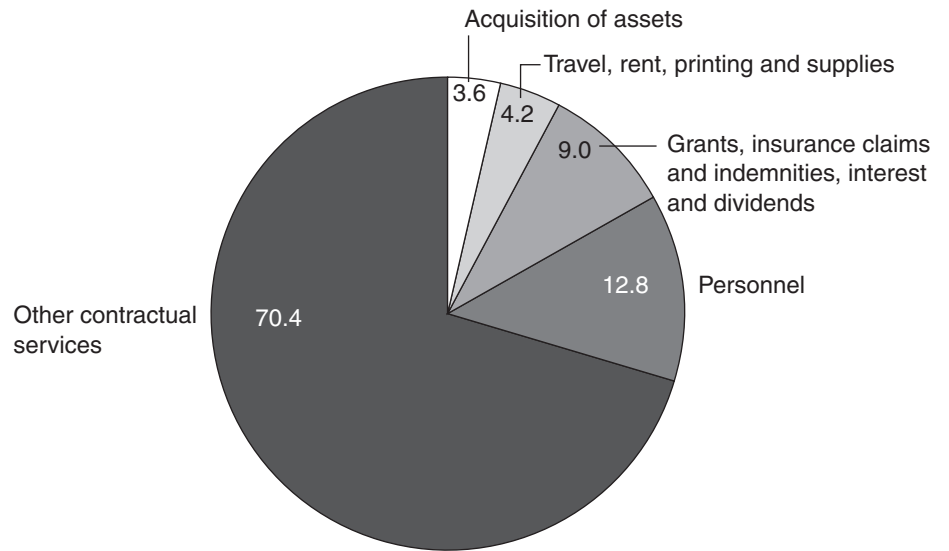
**National Aeronautics and Space Administration**

**Figure 78: Fiscal Year 2003 National Aeronautics and Space Administration Obligations by Subfunction**



Source: GAO analysis.

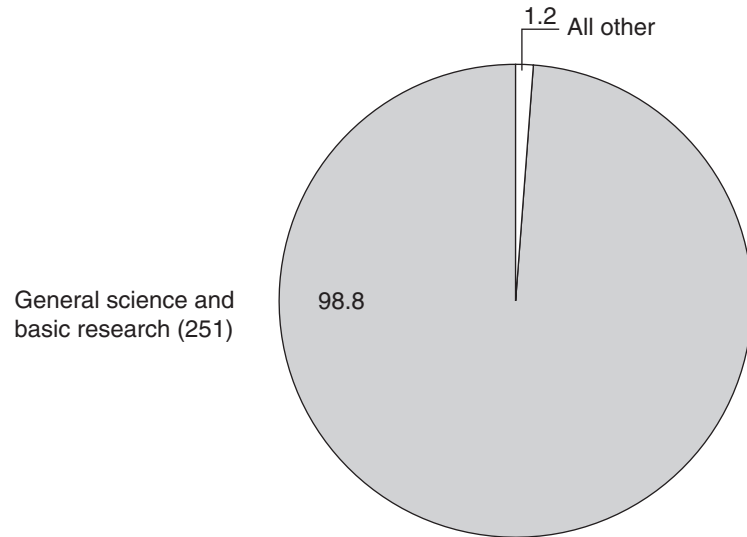
**Figure 79: Fiscal Year 2003 National Aeronautics and Space Administration Obligations by Object Class**



Source: GAO analysis.

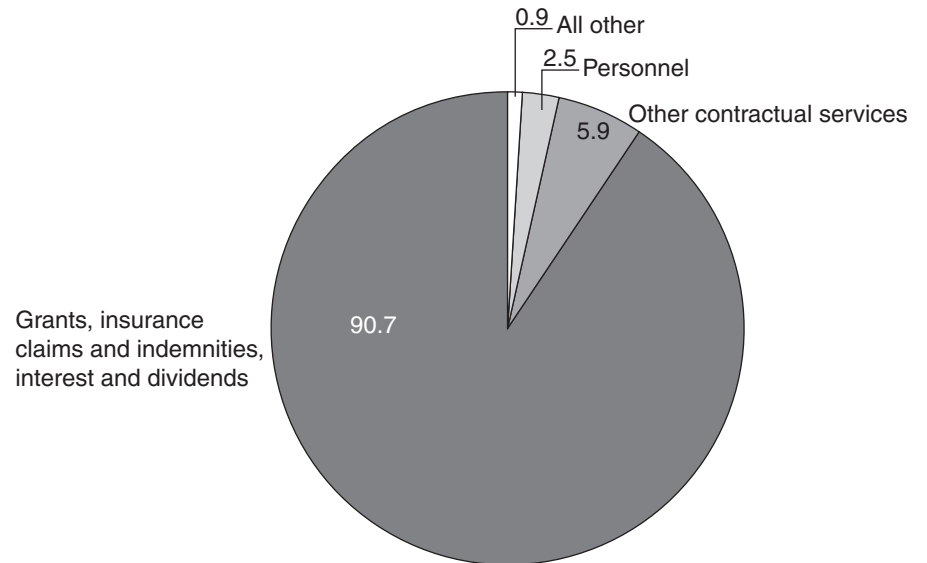
**National Science Foundation**

**Figure 80: Fiscal Year 2003 National Science Foundation Obligations by Subfunction**



Source: GAO analysis.

**Figure 81: Fiscal Year 2003 National Science Foundation Obligations by Object Class**



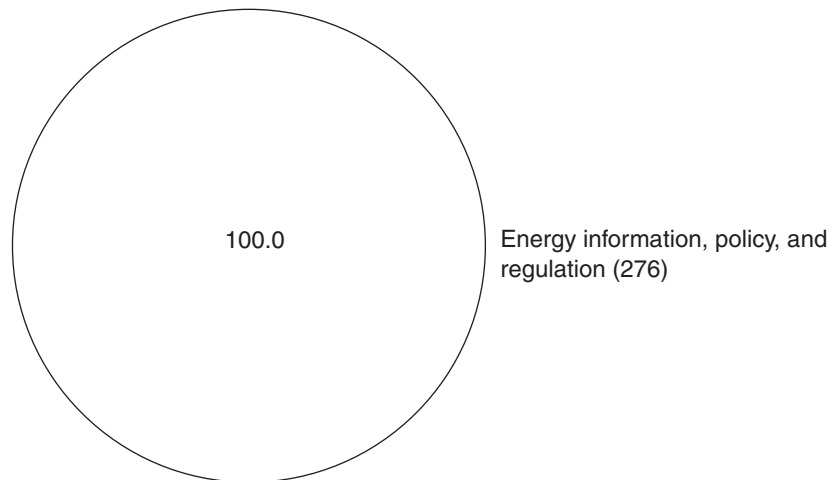
Source: GAO analysis.

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**Nuclear Regulatory Commission**

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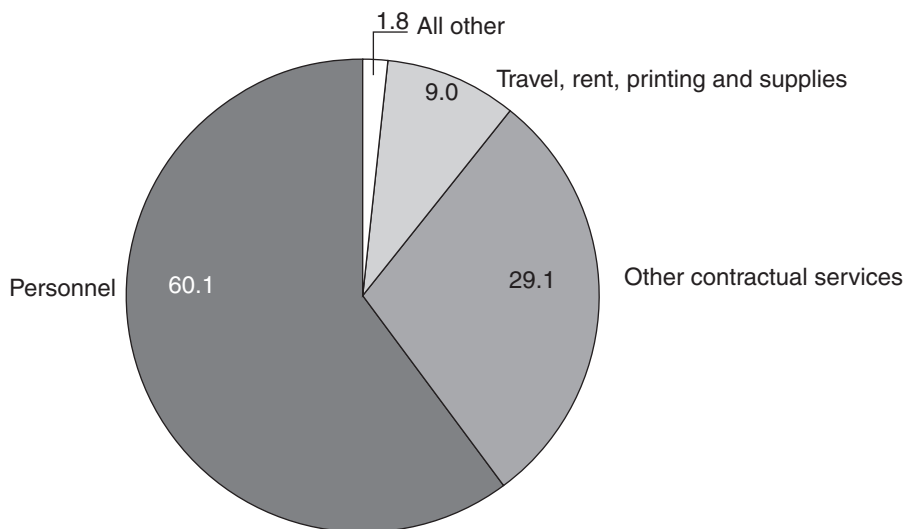
**Figure 82: Fiscal Year 2003 Nuclear Regulatory Commission Obligations by Subfunction**



Source: GAO analysis.

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**Figure 83: Fiscal Year 2003 Nuclear Regulatory Commission Obligations by Object Class**



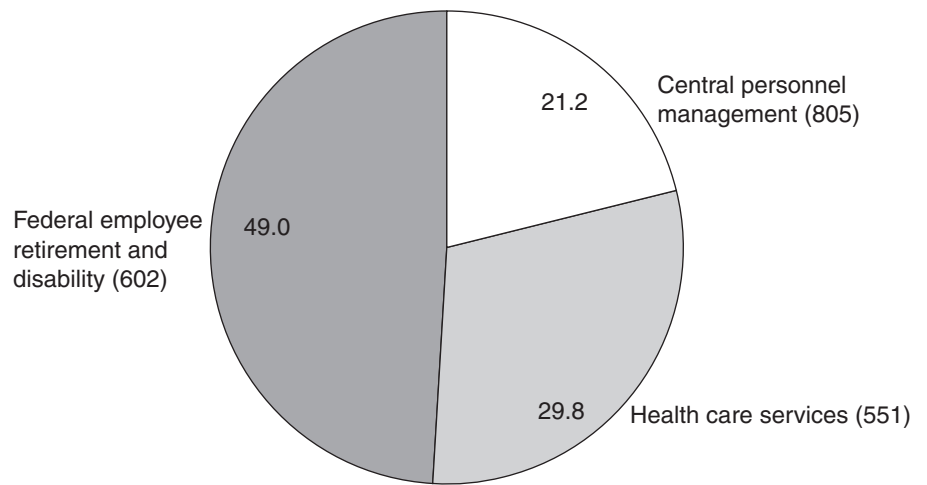
Source: GAO analysis.

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**Office of Personnel Management**

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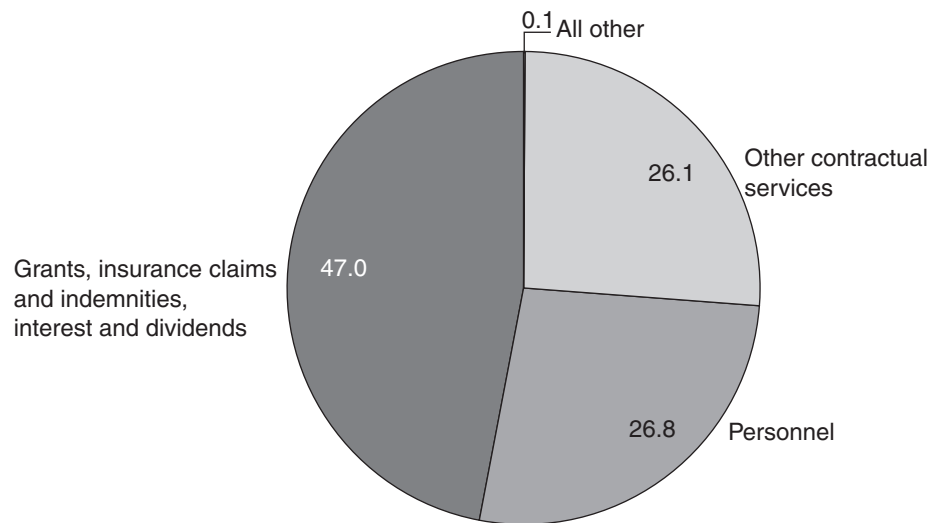
**Figure 84: Fiscal Year 2003 Office of Personnel Management Obligations by Subfunction**



Source: GAO analysis.

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**Figure 85: Fiscal Year 2003 Office of Personnel Management Obligations by Object Class**



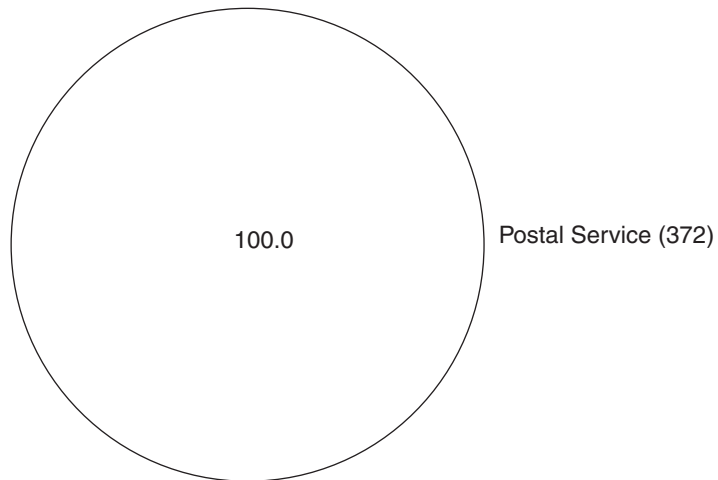
Source: GAO analysis.

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**Postal Service**

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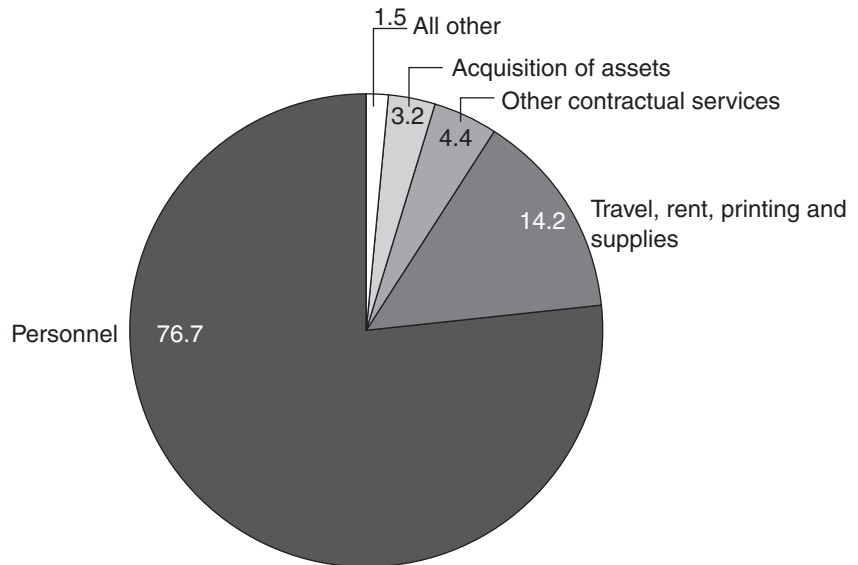
**Figure 86: Fiscal Year 2003 Postal Service Obligations by Subfunction**



Source: GAO analysis.

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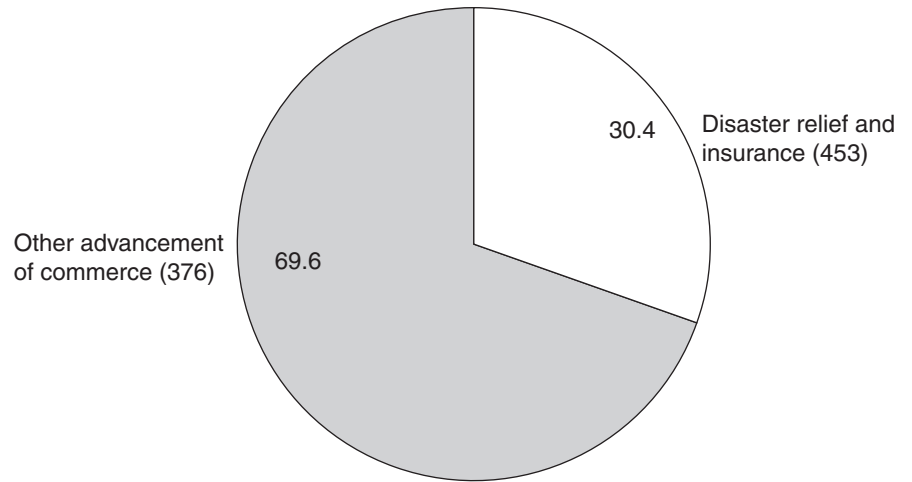
**Figure 87: Fiscal Year 2003 Postal Service Obligations by Object Class**



Source: GAO analysis.

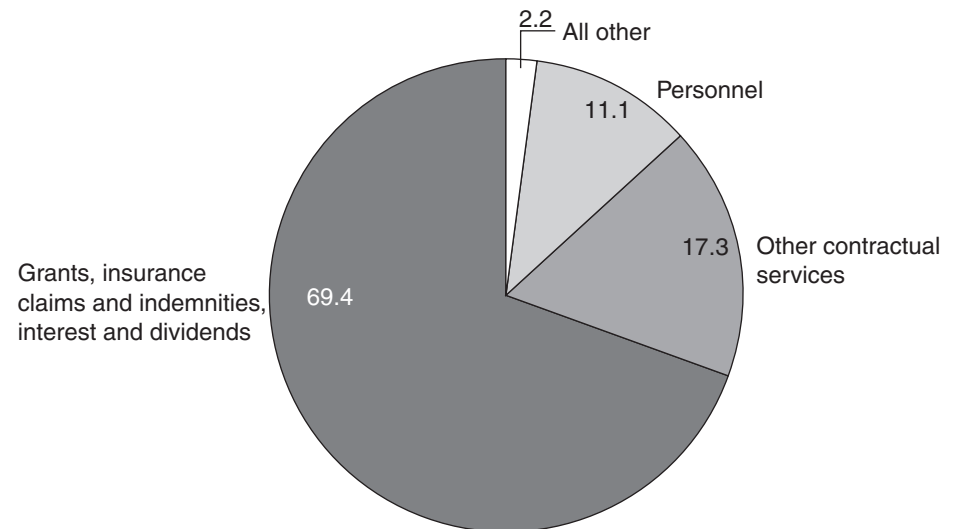
**Small Business Administration**

**Figure 88: Fiscal Year 2003 Small Business Administration Obligations by Subfunction**



Source: GAO analysis.

**Figure 89: Fiscal Year 2003 Small Business Administration Obligations by Object Class**



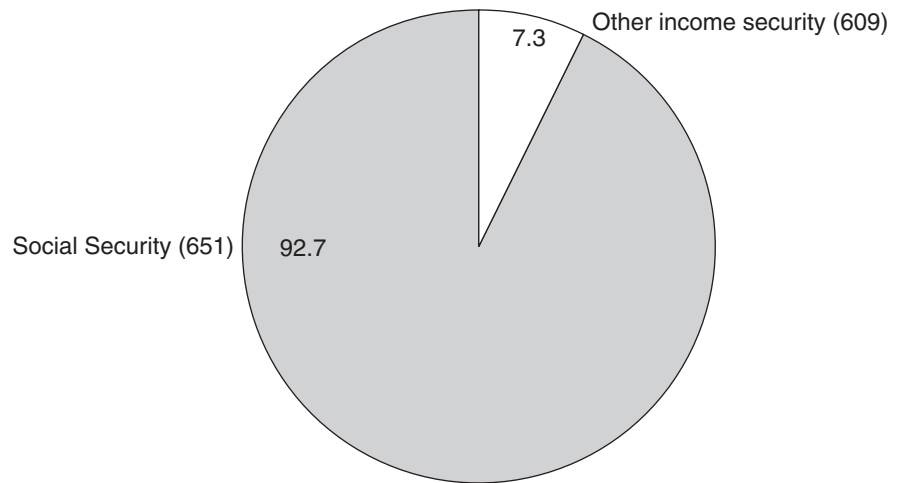
Source: GAO analysis.

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**Social Security Administration**

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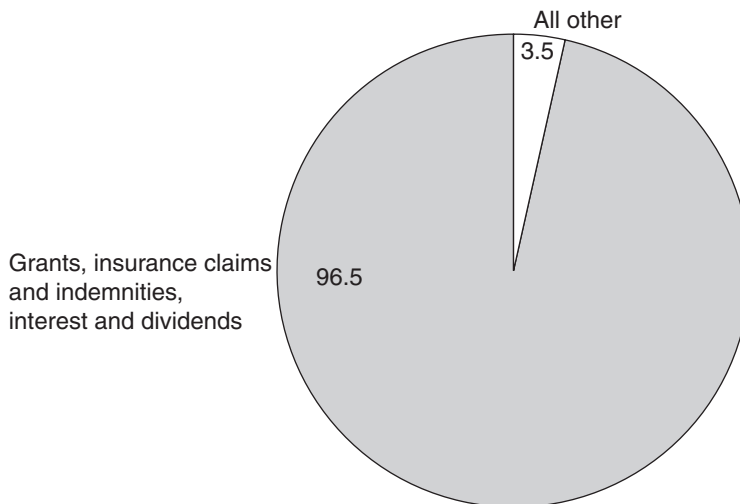
**Figure 90: Fiscal Year 2003 Social Security Administration Obligations by Subfunction**



Source: GAO analysis.

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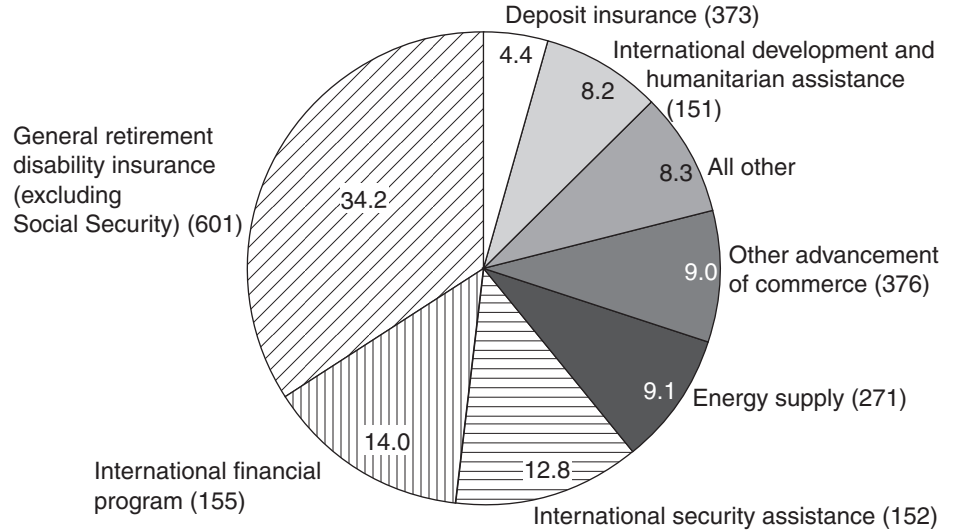
**Figure 91: Fiscal Year 2003 Social Security Administration Obligations by Object Class**



Source: GAO analysis.

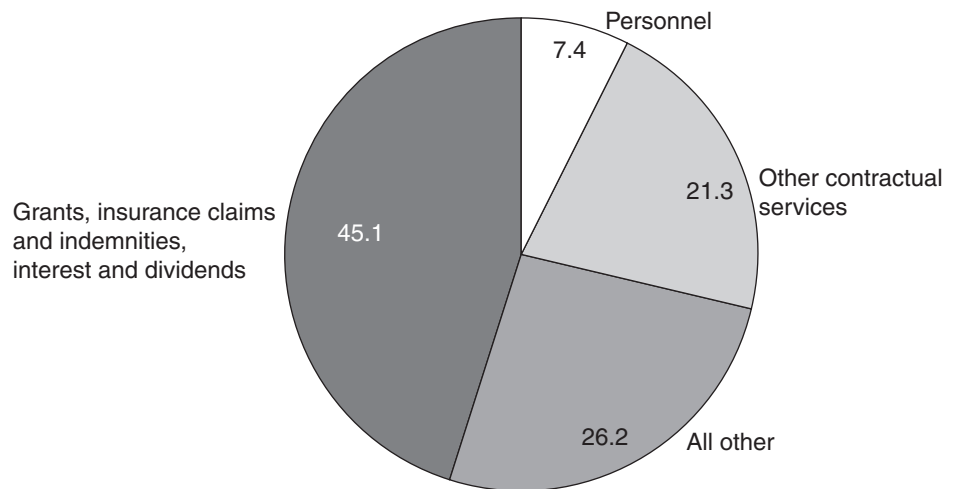
**Independent Agencies**

**Figure 92: Fiscal Year 2003 Independent Agencies Obligations by Subfunction**



Source: GAO analysis.

**Figure 93: Fiscal Year 2003 Independent Agencies Obligations by Object Class**

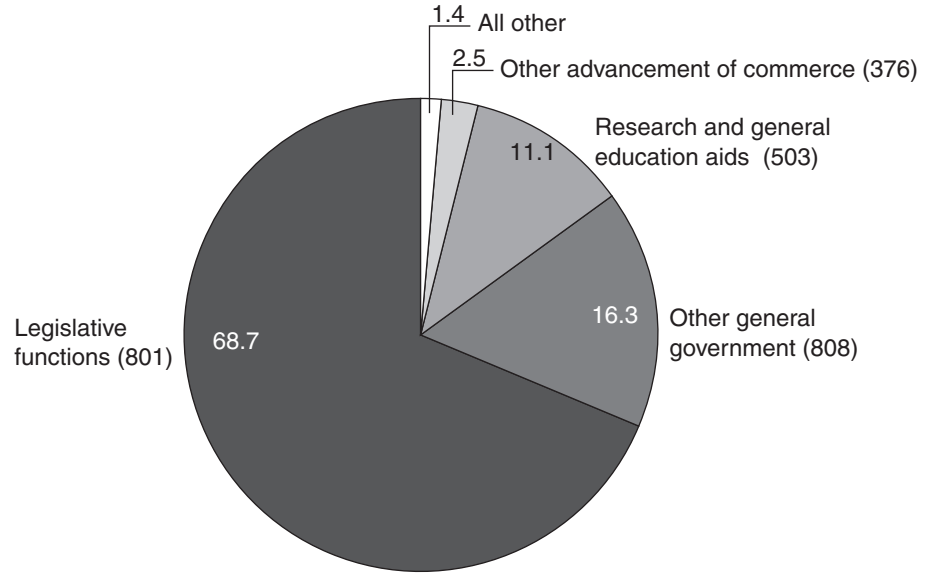


Source: GAO analysis.



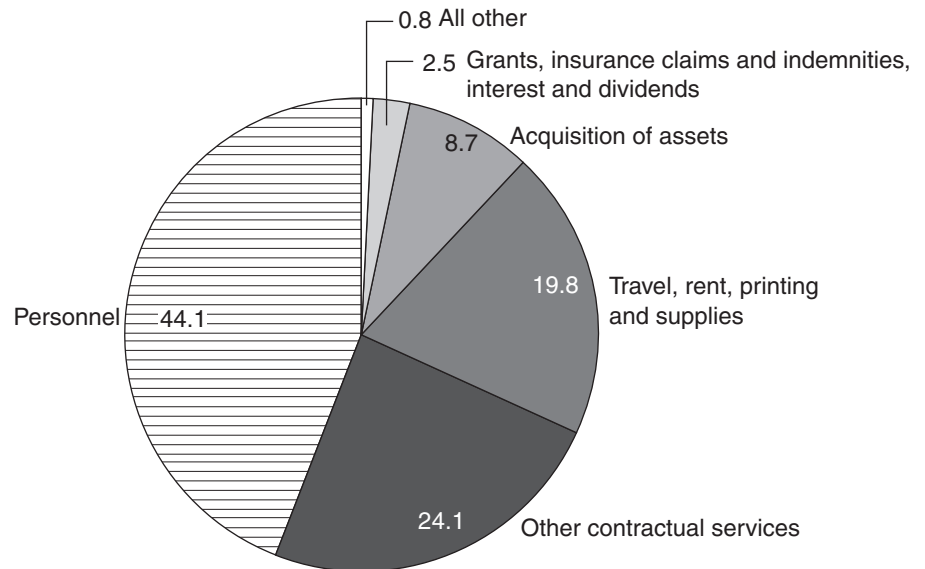
**Legislative Branch**

**Figure 94: Fiscal Year 2003 Legislative Branch Obligations by Subfunction**



Source: GAO analysis.

**Figure 95: Fiscal Year 2003 Legislative Branch Obligations by Object Class**



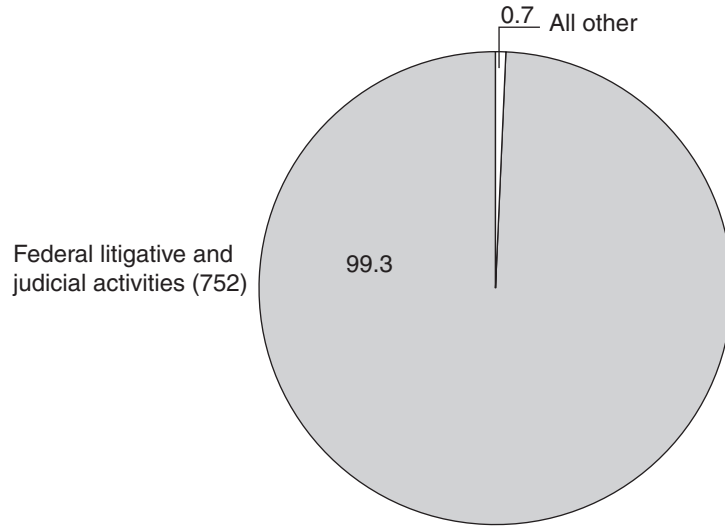
Source: GAO analysis.

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## Judicial Branch

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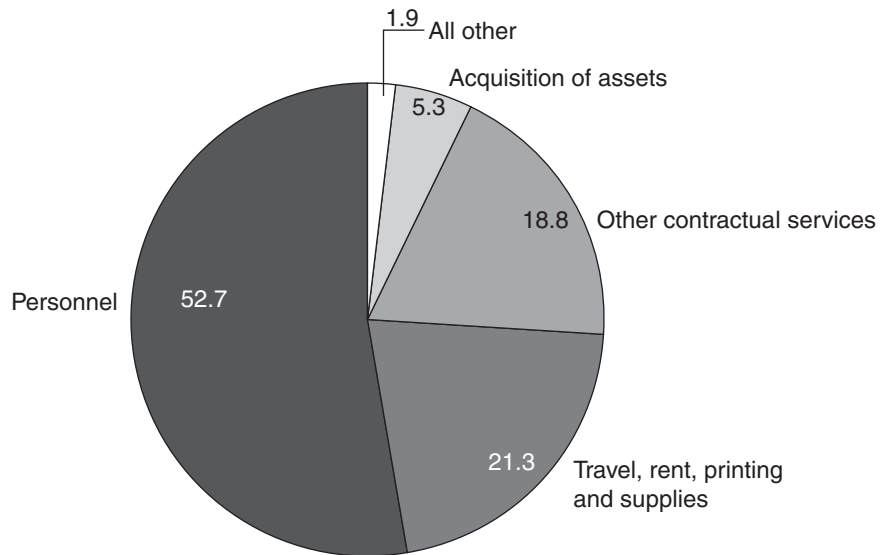
**Figure 96: Fiscal Year 2003 Judicial Branch Obligations by Subfunction**



Source: GAO analysis.

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**Figure 97: Fiscal Year 2003 Judicial Branch Obligations by Object Class**



Source: GAO analysis.

# Agencies and Bureaus Obligating \$2 Billion or More in Fiscal Year 2003 in Selected Object Classes

**Table 3: Personnel—Agencies and Bureaus Obligating \$2 Billion or More in the Personal Compensation and Benefits Object Class**

Dollars in millions

<b>Agency</b>	<b>Bureau</b>	<b>Obligations</b>
Department of Agriculture	Forest Service	2,507
Department of Defense	Military Personnel	103,293
	Military Retirement	17,928
	Operation and Maintenance	34,459
	Research, Development, Test, and Evaluation	2,543
	Retiree Health Care	18,952
	Revolving and Management Funds	14,643
Department of Homeland Security	Border and Transportation Security	7,733
	United States Coast Guard	3,380
Department of Justice	Federal Bureau of Investigation	2,623
	Federal Prison System	2,847
	Legal Activities and U.S. Marshals	2,385
Department of State	Administration of Foreign Affairs	2,882
Department of Transportation	Federal Aviation Administration	5,912
Department of Veterans Affairs	Medical Programs	13,649
Department of the Treasury	Internal Revenue Service	6,941
Judicial Branch	Courts of Appeals, District Courts, and other Judicial Services	2,827
Office of Personnel Management	Office of Personnel Management	28,744
Postal Service	Postal Service	50,428
Social Security Administration	Social Security Administration	4,521

Source: GAO analysis of OMB data.

**Appendix V**  
**Agencies and Bureaus Obligating \$2 Billion**  
**or More in Fiscal Year 2003 in Selected**  
**Object Classes**

**Table 4: Travel, Rent, Printing and Supplies—Agencies and Bureaus Obligating \$2 Billion or More in the Travel, Rent, Printing, and Supplies Object Class**

Dollars in millions

<b>Agency</b>	<b>Bureau</b>	<b>Obligations</b>
Department of Agriculture	Farm Service Agency	5,555
Department of Defense	Military Personnel	6,179
	Operation and Maintenance	59,332
	Revolving and Management Funds	57,226
	Procurement	3,462
Department of Veterans Affairs	Medical Programs	6,498
Postal Service	Postal Service	9,355
General Services Administration	Real Property Activities	3,809
	Supply and Technology Activities	2,873

Source: GAO analysis of OMB data.

**Table 5: Other Contractual Services—Agencies and Bureaus Obligating \$2 Billion or More in the Other Contractual Services Object Class**

Dollars in millions

<b>Agency</b>	<b>Bureau</b>	<b>Obligations</b>
Department of Defense	Operation and Maintenance	90,700
	Research, Development, Test, and Evaluation	60,516
	Revolving and Management Funds	30,547
	Procurement	9,437
	Corps of Engineers-Civil Works	7,279
Department of Homeland Security	Border and Transportation Security	6,089
	United States Coast Guard	2,113
	Emergency Preparedness and Response	4,494
Department of Justice	Legal Activities and U.S. Marshals	2,249
Department of State	Administration of Foreign Affairs	3,883
Department of Transportation	Federal Aviation Administration	2,894
	Federal Highway Administration	30,989
Department of Veterans Affairs	Medical Programs	4,504
Office of Personnel Management	Office of Personnel Management	27,968

**Appendix V  
Agencies and Bureaus Obligating \$2 Billion  
or More in Fiscal Year 2003 in Selected  
Object Classes**

*(Continued From Previous Page)*

Dollars in millions

<b>Agency</b>	<b>Bureau</b>	<b>Obligations</b>
Postal Service	Postal Service	2,871
Social Security Administration	Social Security Administration	9,440
General Services Administration	Real Property Activities	3,210
	Supply and Technology Activities	10,123
Department of Energy	Energy Programs	4,779
	Environmental and Other Defense Activities	6,190
	National Nuclear Security Administration	8,761
	Power Marketing Administration	2,605
Department of Health and Human Services	Centers for Medicare and Medicaid Services	2,975
	National Institutes of Health	6,308
Department of the Interior	Minerals Management Service	2,019
Environmental Protection Agency	Environmental Protection Agency	2,179
Executive Office of the President	Executive Office of the President	2,041
Independent Agencies	Military Sales Program	11,751
	Tennessee Valley Authority	3,912
National Aeronautics and Space Administration	National Aeronautics and Space Administration	10,919

Source: GAO analysis of OMB data.

**Table 6: Acquisition of Assets—Agencies and Bureaus Obligating \$2 Billion or More in the Acquisition of Assets Object Class**

Dollars in millions

<b>Agency</b>	<b>Bureau</b>	<b>Obligations</b>
Department of Agriculture	Farm Service Agency	10,741
Department of Defense	Operation and Maintenance	11,523
	Revolving and Management Funds	3,430
	Procurement	62,978
	Military Construction	7,961
Postal Service	Postal Service	2,124

Source: GAO analysis of OMB data.

**Appendix V**  
**Agencies and Bureaus Obligating \$2 Billion**  
**or More in Fiscal Year 2003 in Selected**  
**Object Classes**

**Table 7: Grants, Insurance Claims and Indemnities, Interest and Dividends—**  
**Agencies and Bureaus Obligating \$2 Billion or More in the Grants, Insurance Claims**  
**and Indemnities, Interest and Dividends Object Class**

Dollars in millions

<b>Agency</b>	<b>Bureau</b>	<b>Obligations</b>
Department of Agriculture	Farm Service Agency	19,647
	Food and Nutrition Service	40,652
	Foreign Agricultural Service	2,008
	Risk Management Agency	2,110
Department of Defense	Military Retirement	35,396
Department of Homeland Security	Border and Transportation Security	2,616
	Emergency Preparedness and Response	7,507
	Departmental Management	3,415
Department of Justice	Office of Justice Programs	4,273
Department of Transportation	Federal Aviation Administration	3,472
	Federal Transit Administration	7,904
Department of Veterans Affairs	Benefits Programs	34,709
Department of the Treasury	Internal Revenue Service	41,728
	Federal Financing Bank	4,093
	Financial Management Service	12,346
	Interest on the Public Debt	318,148
Office of Personnel Management	Office of Personnel Management	50,393
Social Security Administration	Social Security Administration	518,485
Department of Health and Human Services	Centers for Medicare and Medicaid Services	537,724
	National Institutes of Health	19,825
	Administration for Children and Families	45,274
	Centers for Disease Control and Prevention	2,591
	Health Resources and Services Administration	6,231
	Substance Abuse and Mental Health Services Administration	2,833
Environmental Protection Agency	Environmental Protection Agency	4,997

**Appendix V**  
**Agencies and Bureaus Obligating \$2 Billion**  
**or More in Fiscal Year 2003 in Selected**  
**Object Classes**

*(Continued From Previous Page)*

Dollars in millions

<b>Agency</b>	<b>Bureau</b>	<b>Obligations</b>
Independent Agencies	Agency for International Development	4,236
	Federal Communications Commission	6,535
	International Security Assistance	10,744
	Railroad Retirement Board	9,394
Department of Education	Federal Student Aid	30,317
	Office of Elementary and Secondary Education	21,681
	Office of Postsecondary Education	2,319
	Office of Special Education and Rehabilitative Services	12,536
Department of Housing and Urban Development	Community Planning and Development	8,888
	Housing Programs	5,448
	Public and Indian Housing Programs	23,674
Department of Labor	Employment Standards Administration	4,216
	Employment and Training Administration	65,014
	Pension Benefit Guaranty Corporation	2,273
National Science Foundation	National Science Foundation	5,052

Source: GAO analysis of OMB data.

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# Glossary of Key Terms

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## Account

A separate financial reporting unit for budget, management, and/or accounting purposes. All budgetary transactions are recorded in accounts, but not all accounts are budgetary in nature (that is, some accounts do not directly affect the budget but are used purely for accounting purposes). Budget (and off-budget) accounts are used to record all transactions within the budget (or off-budget), whereas other accounts (such as deposit fund, credit financing, and foreign currency accounts) are used for accounting purposes connected with funds that are nonbudgetary in nature. The Budget Enforcement Act defines “account” as an item for which appropriations are made in any appropriation act; for items not provided for in appropriation acts, “account” means an item for which there is a designated budget account identification code number in the President’s budget.

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## Agency Mission

Responsibility assigned to a specific agency for meeting national needs. An agency mission expresses the purpose of the programs of that agency and its component organizations. National needs are generally described in the context of the budget functional classification system as major functions, while agency missions are generally described in the context of subfunctions.

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## Fiscal Year

Any yearly accounting period, regardless of its relationship to a calendar year. The fiscal year for the federal government begins on October 1 of each year and ends on September 30 of the following year; it is designated by the calendar year in which it ends. For example, fiscal year 1990 began October 1, 1989, and ended September 30, 1990. (Prior to fiscal year 1977, the federal fiscal year began on July 1 and ended on June 30.)

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## Functional Classification (Budget Functions)

A system of classifying budget resources so that budget authority, outlays, receipts, and tax expenditures can be related to the national needs being addressed. Each concurrent resolution on the budget allocates these budgetary resources—except receipts and tax expenditures—among the various functions in the budget.

Each budget account is generally placed in the single budget function (for example, National Defense or Health) that best reflects its major purpose, an important national need. A function may be divided into two or more



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subfunctions, depending upon the complexity of the national need addressed.

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**National Needs**

Broad areas providing a coherent and comprehensive basis for analyzing and understanding the budget in terms of the end purposes being served without regard to the means that may be chosen to meet those purposes. The budget resources devoted to meeting national needs are classified according to budget functions. In this way, budget authority and outlays of on-budget and off-budget federal entities, loan guarantees, and tax expenditures can be grouped in terms of the national needs being addressed.

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**Object Classification**

A uniform classification identifying the obligations of the federal government by the types of goods or services purchased (such as personnel compensation, supplies and materials, and equipment) without regard to the agency involved or the purpose of the programs for which they are used. If the obligations are in a single object classification category, the classification is identified in the Program and Financing Schedule in the Budget of the United States Government. For the activities distributed among two or more object classification categories, the budget has a separate object classification schedule to show the distribution of the obligations by object classification.

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**Obligations Incurred**

Amounts of orders placed, contracts awarded, and similar transactions during a given period that will require payments during the same or a future period. Such amounts will include outlays for which obligations have not been previously recorded and will reflect adjustments for differences between obligations previously recorded and actual outlays to liquidate those obligations.

**Gross Obligations**

An expression of an agency's total financial commitments for a given period. Gross obligations portray the relative size of an organization, without regard to the type of underlying budgetary resource or when resulting outlays may occur. When aggregated, gross obligations may overstate both department and governmentwide totals because an agency's obligations may include services provided to another agency for which they will be reimbursed. When reimbursement is received, these funds can be

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**Appendix VI**  
**Glossary of Key Terms**

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used to incur new obligations as long as the budget authority has not expired.

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## GAO's Mission

The General Accounting Office, the audit, evaluation and investigative arm of Congress, exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the American people. GAO examines the use of public funds; evaluates federal programs and policies; and provides analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions. GAO's commitment to good government is reflected in its core values of accountability, integrity, and reliability.

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