



HOUSE COMMITTEE ON THE BUDGET
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DOMESTIC INVESTMENTS FUEL AMERICAN PROSPERITY — WHY ARE THEY UNDER ATTACK?

March 17, 2023



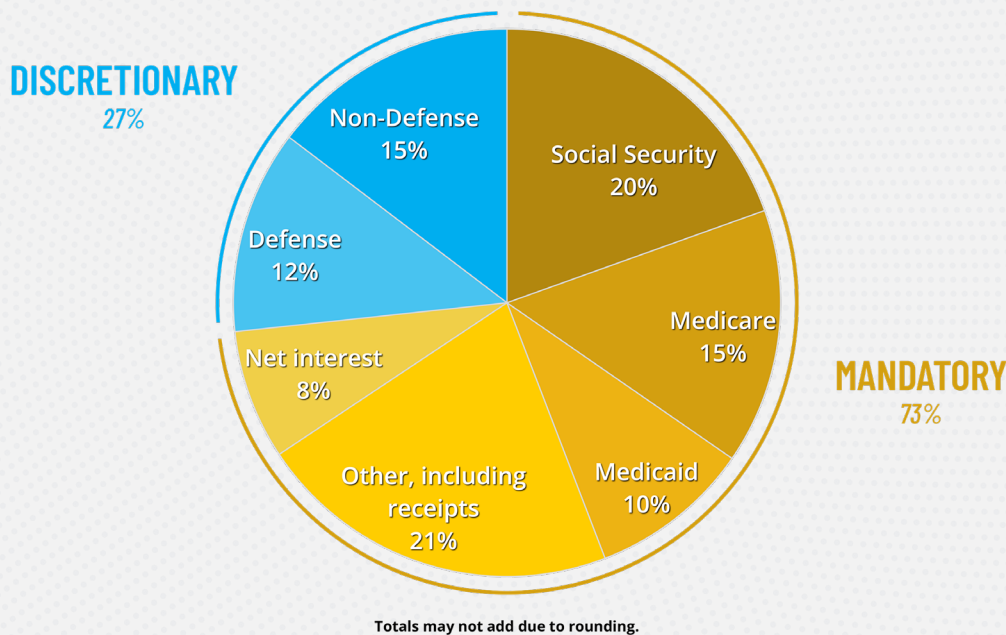
Each year, Congress develops its annual budget and spending plans. This provides an opportunity for lawmakers to evaluate priorities, address short- and long-term needs, and make critical investments to improve Americans' quality of life and strengthen our nation. Federal spending is generally divided into two categories: mandatory and discretionary – with discretionary categorized further as being for defense or non-defense activities. But too often, this technical terminology is used to obfuscate or gloss over the vital role of each category in developing a fiscally and socially responsible budget.

As Congress prepares to kick-off this year's budget and appropriations negotiations, policymakers would be well-served to remember the important contributions of each category – especially non-defense discretionary, or NDD funding.

Federal spending is generally divided into two categories: mandatory and discretionary.

Mandatory spending – also called direct spending – is generally determined by eligibility criteria established by law, such as entitlement programs. It is not controlled through the annual appropriations process. Social Security, Medicare, Medicaid, farm programs, and veterans' pensions are examples. For 2022, mandatory spending totaled \$4.6 trillion, including net interest, and comprised 73 percent of total outlays.

SPENDING BY CATEGORY, 2022



Discretionary spending is funded by appropriations bills, which are passed by Congress and signed by the President every year. Discretionary outlays for 2022 were \$1.7 trillion, or 27 percent of total outlays.

Defense discretionary spending includes the military and certain weapons and national security activities outside the Department of Defense. In 2022, defense spending was \$746 billion or about 12% of all federal spending.

Non-defense discretionary – or NDD – fuels our nation by resourcing all other government functions and programs. Just as investments in defense discretionary programs provide for our military security, NDD investments provide the vital services and protections Americans value, need, and deserve. In 2022, NDD spending was \$910 billion or about 15% of all federal spending but *touches nearly every aspect of American life*.

But despite NDD's key purpose in advancing Americans' safety, well-being, and success at home and abroad, these resources – particularly domestic investments – are in jeopardy.

Why are our vital investments at risk?

House Republicans are calling for draconian cuts to NDD funding. Make no mistake: these cuts would be deep, harmful, and felt by everyone.

NDD provides resources for homeland security, education, veterans' health care, transportation, and much more. It funds core government programs that invest in and safeguard our people and resources. When Congress makes investments in NDD spending, the country repairs aging infrastructure, enforces laws on imported goods, and combats illegal drugs. We fight wildfires, fuel renewable energy efforts, and fund agricultural research. NDD ensures the safety of everything from poultry and planes to prescription medicine and the President.

WHAT ARE "NON-DEFENSE DISCRETIONARY" INVESTMENTS?

- Public health and disease control
- Highways and transit grants
- Veterans' health care
- Agricultural research
- Workplace safety
- K-12 education support
- National parks
- Housing assistance and mortgage insurance
- Small business assistance
- Head Start
- Food safety
- Scientific research and space exploration
- Clean air and water
- Job training
- Embassy security
- Pell grants
- Energy efficiency research
- Hazardous waste cleanup
- Waterway maintenance for commerce and recreation
- Weather forecasting
- Hurricane-proofing communities
- Forest and wildlife habitat management
- Conservation resources for farmers
- Census and national statistics
- Patents and trademarks
- Consumer protection enforcement
- Aviation safety
- Disaster assistance
- Economic development grants to communities
- Rural infrastructure improvements
- Drug safety assessments
- Child care
- Refugee assistance
- Special nutrition assistance for women, infants, and children
- Help with heating and cooling bills for struggling families and senior citizens
- Customs and border protection
- Federal courts
- Immigration enforcement
- FBI
- Combating illegal drugs
- Secret Service
- Preservation work at the National Archives
- Enforcing campaign finance rules and protecting free and fair elections
- **Much, much more...**

[Recent analysis from CBO](#) proves that even zeroing out all NDD investments would not balance the budget – but it would gut government to the point it could no longer carry out even its most basic functions. If Republicans claim they will not cut Social Security or Medicare, nor shrink the Pentagon, and not raise taxes, then they cannot claim they want to balance the budget. That’s not how math works.

Lessons learned from the Great Recession

A decade of forced austerity and chronic underinvestment in public health, infrastructure, education, and more left the United States less safe, less resilient, and less productive. Republican fearmongering around rising deficits and their subsequent brinksmanship around the debt ceiling hobbled the response to the Great Recession from the outset, producing a fiscal response that was too small and was withdrawn too soon to fully match the depth of the downturn. As a result, the U.S. economy experienced a slow and painful recovery, and it took nearly a decade for unemployment rates to recover. Congress’ abrupt turn to deficit reduction in 2011 – when the unemployment rate was more than 8 percent – shaved more than a percentage point off of economic growth that year and continued to serve as a severe drag on our economy for years after. Most mainstream economists have since concluded that shifting to deficit reduction so early on our recovery from the Great Recession actually *weakened* and *prolonged* our recovery.

When President Biden took office, our nation faced numerous and interconnected challenges: a devastating pandemic, painful economic downturn, and the harmful consequences of a decade of chronic underinvestment in everything from health care and infrastructure, to schooling and housing.

However, Democratic stewardship of Congress during the pandemic resulted in a much faster economic recovery because we learned from the experience of the Great Recession. At the worst point in the 2020 recession, we lost nearly 22 million jobs and it took just over 2 years after the start of the COVID crisis to regain those jobs. At the worst point in the Great Recession, we lost nearly 9 million jobs, but it took more than 6 years to recover those jobs.

Through critical investments in the Consolidated Appropriations Act, 2023, along with historic legislative accomplishments – the American Rescue Plan, the Bipartisan Infrastructure Investment and Jobs Act, the Inflation Reduction Act – Democrats delivered long-overdue, critical investments to save lives, put our economy back on track, and begin to repair the damage done by previous years of self-defeating austerity measures. Democrats will not allow Republicans’ phony deficit fearmongering to destroy the extraordinary recovery that is underway.

We must protect these popular and productive investments.

While “government spending” is often unfairly maligned, individual programs that fall under the NDD category receive widespread support. Indeed, Americans usually advocate boosting investment in those areas. After more than a decade of austerity-level spending caps punctuated by the pandemic, Americans have learned that we cannot afford to underfund these crucial investments. Fiscal policy must recognize that federal investments in physical and human capital pay dividends for economic growth far into the future. In the years ahead, our country will need to continue making bold public investments that foster a more productive, dynamic, and equitable economy than what we have now. This will mean investing in workers, supporting families, and addressing inequities – such as a broken tax system that favors wealth over work – that undermine our prosperity.

If Republicans genuinely wanted to reduce the deficit, they would pursue these proven pro-growth strategies. Eliminating programs that are highly valued – yet make up a small fraction of federal spending – is not the answer.

This document has not been reviewed and approved by the Democratic Caucus of the Budget Committee and may not necessarily reflect the views of all members.



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