



USA **FACTS**

# Methodology

## Spending by Function

April 18, 2017

# Federal Spending

## Spending

- Compensation for past government employees – Includes the following from OMB Table 11.3 “Outlays for Payments to Individuals by Category and Major Program”:
  - Federal employees’ retirement and insurance – military retirement and civil service retirement
  - Uniformed Services retiree health care fund
  - Postal Service retiree health benefits fund
  - Energy employees’ compensation fund
- Compensation for present government employees – Includes the following from the Bureau of Economic Analysis (BEA):
  - Table 6.2B Line 76 Compensation of Employees by Industry (Federal Government)
  - Less Table 6.11 Line 28 – Employer contributions for employee pension and insurance funds (Federal government)
- Offset for government employee contributions for retirement and disability – Includes total contributions from government employees to federal government retirement funds (excludes Thrift Savings Plan). Although this is counted by OMB as receipts, it is included as a negative outlay here to be consistent with employer contributions.
- Capital expenditures – Includes non-grant totals for defense and non-defense from OMB Table 9.2 – “Major Public Physical Capital Investment Outlays in Current and Constant Dollars”
  - Defense and Non-Defense breakout is same as that from OMB Table 9.2.

- Transfer Payments to Individuals – Includes all non-grant outlays from OMB Table 11.3 “Outlays for Payments to Individuals by Category and Major Program” EXCEPT those included in the category above “Compensation for past government employees.”
  - Breakout by program/area is consistent with OMB. Veterans benefits includes benefits from five different program types: pension and disability benefits, education benefits, hospital and medical care, non-service connected pensions, and insurance and burial benefits.
- Grants to state and local governments – Includes all grant outlays from OMB Table 6.1 “Composition of Outlays.” This includes grants for payments to individuals and all other grants.
- Net interest on debt – Includes “Net Interest” line from OMB Table 6.1 “Composition of Outlays.”
- Payments to Others for Goods and Services – This category is a residual category that equals federal government spending as defined by USAFacts (see expenditures by segment) less the categories above (compensation for government employees, capital expenditures, transfer payments to individuals (non-grant), grants to state and local governments, and net interest). USAFacts total federal government spending is slightly different from OMB outlays as there are a few items that USAFacts classifies as revenues that OMB considers outlays (specifically offsetting receipts).

## State and Local

### Revenues

Tax Revenues include all state and local tax revenues as defined by USAFacts (see expenditures by segment). This differs slightly from Census’s tax revenues figure. USAFacts includes Special Assessments (Census Code U01) as tax revenue instead of non-tax revenue. It is included in the “Other Taxes” category. This is consistent with BEA methodology which includes this item as a tax.

Non-tax revenues include all state and local non-tax revenues as defined by USAFacts (see expenditures by segment), including grant revenue from the federal government. This differs

noticeably from Census revenues due to USAFacts counting receipts of government business-like operations as negative expenditures instead of revenues to assure consistency between the federal and state/local methodologies.

## Spending

- Compensation for Personnel (past & present)
  - Past Employees – Includes the following expenditure codes from the Census Bureau’s State and Local Government Finances report: X11 – Public Employee Retirement Systems – Benefits Paid, X12 – Public Employee Retirement Systems – Withdrawals, Y14 – Workers’ Compensation Systems – Benefits Paid, Y53 – Other State Social Insurance Systems – Benefits Paid
  - Present Employees – Includes the following from the Bureau of Economic Analysis (BEA):
    - Table 6.2B Line 82 Compensation of Employees by Industry (Federal Government)
    - Less Table 6.11 Line 29 – Employer contributions for employee pension and insurance funds (Federal government)
  - Offset for state and local government employee contributions for retirement and disability – Equivalent to the sum of Census Codes X01 (contributions from state government employees), X02 (contributions from local government employees), Y11 (Workers’ compensation systems – contributions), and Y51 (Other state social insurance systems – contributions). Census defines employee contributions (X01 and X02) as: Amounts contributed or withheld from salaries and wages of employees, and voluntary employee contributions, to provide for retirement or survivors’ benefits. Includes reimbursements for disability payments, interest on employee loans, and interest on buyback contributions. Also includes contributions from general employees as well as those of public colleges and other institutions or dependent agencies. Census code Y11 is defined as Premiums, assessments, payroll “taxes” or other contributions collected from employers and employees to provide for workers’ compensation benefits, including contributions from local governments as employers on behalf of their own employees. Also includes amounts received from employees of either state or local governments. Census code Y51 is defined as: Premiums,

assessments, or contributions collected from members to provide for benefits, including contributions from local governments as employers on behalf of their own employees. Also includes amounts received from employees of either state or local governments.

- P&L
  
- Capital Expenditures
  - Education – Includes the following expenditure codes from the Census Bureau’s State and Local Government Finances report: F12 – Construction – Elementary and Secondary Education, F16 – Construction – Higher Education Auxiliary Expenditure, F18 – Construction – Higher Education Other, F21 – Construction – Other Education, F52 – Construction – Libraries, G12 – Other Capital Outlay – Elementary and Secondary Education, G16 – Other Capital Outlay – Higher Education Auxiliary Expenditure, G18 – Other Capital Outlay – Higher Education Other, G21 – Other Capital Outlay – Other Education, G52 – Other Capital Outlay – Libraries
  
  - Transportation – Includes the following expenditure codes from the Census Bureau’s State and Local Government Finances report: F01 – Construction – Airports, F44 – Construction – Regular Highways, F45 – Construction – Toll Highways, F60 – Construction – Parking Facilities, F87 – Construction – Sea and Inland Port Facilities, F94 – Construction – Mass Transit, G01 – Other Capital Outlays – Airports, G44 – Other Capital Outlays – Regular Highways, FG5 – Other Capital Outlays – Toll Highways, G60 – Other Capital Outlays – Parking Facilities, G87 – Other Capital Outlays – Sea and Inland Port Facilities, G94 – Other Capital Outlays – Mass Transit.
  
  - Other Capital Expenditures – Includes all other expenditures for Construction and Other Capital Outlays from the Census Bureau’s State and Local Government Finances report.
  
- Transfer Payments to Individuals & Subsidies
  - Medicaid & CHIP – Includes the following expenditure codes from the Census Bureau’s State and Local Government Finances report: E74 – Current Operations – Public Welfare – Vendor Payments for Medical Care, M67/N67 – Intergovernmental Payments from State to Local – Federal Categorical Assistance Programs. Note that for local hospital expenditures, which

are included in payments to others for goods and services (see below), the amount from M67/N67 is deducted to avoid double-counting medical care expenditures.

- Other – Includes the following expenditure codes from the Census Bureau’s State and Local Government Finances report: E67 - Current Operations - Public Welfare - Federal Categorical Assistance Programs, E68 - Current Operations - Public Welfare - Other Cash Assistance Programs, E75 - Current Operations - Public Welfare - Vendor Payments for Other Purposes, E77 - Current Operations - Public Welfare - Institutions, E79 - Current Operations - Public Welfare - Other, E84 - Current Operations - Veterans' Payments, E85 - Current Operations - Veterans' Services, J19 - Assistance and Subsidies - State Scholarships and Other Subsidies - Education, J67 - Assistance and Subsidies - Public Welfare, Federal Categorical Assistance Programs, J68 - Assistance and Subsidies - Public Welfare, Cash Assistance Programs - Other, J85 - Assistance and Subsidies - State Other Veterans’ Services
- Payments to Others for Goods & Services -- This is a residual category that equals state and local government spending as defined by USAFacts (see segment spending P&L) less the categories above (compensation for government employees, capital expenditures, transfer payments to individuals (non-grant), and net interest). USAFacts total state and local government spending differs from Census expenditures as USAFacts nets out revenues from government business-like operations expenditures, thereby counting them as a net expenditure. This is done to be consistent with the OMB’s treatment of the federal budget.
- Net Interest Paid – Equals the sum of the following Census expenditure codes: I89 (General – Interest on Debt), I91 (Water Utilities – Interest on Debt), I92 (Electric Utilities – Interest on Debt), I93 (Gas Utilities – Interest on Debt), I94 (Transit Utilities – Interest on Debt) less Census revenue code U20 (Misc. General Revenue – Interest). Interest revenue is subtracted from interest expenditure to arrive at “Net Interest Paid.” This adjustment is also done to the Census data to be consistent with the federal budget category of “Net Interest.”

## Total Government

The total government section combines federal, state, and local governments. Each of the total categories is equal to the sum of the respective federal and state/local categories except for grants from federal government to state and local governments.

Total revenue is equal to federal revenue plus state and local revenue less state and local revenue reported as grants from state and local governments.

Total expenditures equal federal expenditures plus state and local expenditures less federal expenditures reported as grants to state and local governments, with an adjustment to account for the fact that Census state and local grant revenue is not equal to federal expenditures on grants to state and local governments.

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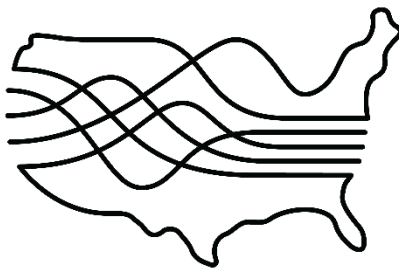
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