

## ACTIVITY 5.1

**BRIEFING REPORT**

Your teacher will assign you to an “Expert Group.” Your group’s task will be to complete the assigned section of this report, using the data your teacher has given to you. Next, your teacher will assign you to a “Home Team.” You will have two tasks: (1) brief the members of your home team about your section of this briefing report; (2) complete the rest of this report with the information provided by the other members of your Home Team.

All Groups: Remember that even small changes in spending as measured as a percentage of GDP can be very significant. In 2006, one percent of GDP represented \$130 billion!

**Expert Group 1 (Trends in overall government spending)**

Look at Table 1, “Government Spending, 1977-2006.” Note that this table includes spending as a percent of GDP.

In what year was each category of government spending as a percent of GDP highest?

Federal spending?	Year _____	Percent of GDP _____
State and local spending?	Year _____	Percent of GDP _____
Total government spending?	Year _____	Percent of GDP _____

Look for any long-term trends in the data.

Has the percentage of spending gone up, down, or remained constant for the federal government?

\_\_\_\_\_

What is your evidence for this conclusion? \_\_\_\_\_

Has the percentage of spending gone up, down, or remained constant for state and local governments? \_\_\_\_\_

What is your evidence for this conclusion? \_\_\_\_\_

Within the long-term trends, identify some short-term changes in spending. (Example: What happens around the time of recessions?) For each, speculate about the reason for the change.

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**Expert Group 2 (Composition of federal spending)**

Look at Table 2, “Federal Government Spending by Major Function, 1977-2006.” Most of the categories shown in Table 2 are self-explanatory, but here are a few notes. *Mandatory spending* is the portion of the federal budget that will be spent automatically unless Congress acts to change the relevant laws. Examples are entitlement spending, such as Social Security, and interest on the national debt. *Discretionary spending* requires Congress to pass authorizations each

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### BRIEFING REPORT

year, including spending for most of the defense budget. The column “Domestic” includes most of the domestic spending programs that Congress votes on for each budget, like highway construction and the space program. Mandatory spending includes the function called “Income Security,” which includes many well-known programs like “Food Stamps” and other spending to support people with low incomes.

Be sure to brief your Home Team on mandatory and discretionary spending.

Look for any long-term trends in the data. Has spending as a percent of GDP gone up, down, or remained constant for mandatory and discretionary spending? For particular spending functions? What evidence demonstrates this? What reasons can you think of for the trends?

<i>Category / Function</i>	<i>Trend</i>	<i>Evidence</i>	<i>Possible Reason</i>

#### Expert Group 3 (Composition of state and local spending)

Look at Table 3, “Categories of State and Local Spending.” The responsibilities of state and local governments are very different from those of the federal government. Note that education is mostly a state and local responsibility, as is police and fire protection, welfare, and many other functions.

Be sure to brief your Home Team on the categories of spending that are the responsibilities of state and local governments.

In what year was each category as a percent of total spending the highest?

Education?                      Year \_\_\_\_      Percent of Total Spending \_\_\_\_

Welfare?                        Year \_\_\_\_      Percent of Total Spending \_\_\_\_

Corrections (prisons)?      Year \_\_\_\_      Percent of Total Spending \_\_\_\_

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Look for any long-term trends in the data. Has spending gone up, down, or remained constant for particular spending functions? What evidence demonstrates this? What reasons can you think of for the trends?

<i>Category / Function</i>	<i>Trend</i>	<i>Evidence</i>	<i>Possible Reason</i>

ACTIVITY 5.2

DATA

**TABLE 1: GOVERNMENT SPENDING, 1977-2006**

(In current dollars and percent of GDP)

Year	GDP	Federal Spending		State and Local Spending		Total Government Spending
	in \$ billions	in \$ billions	% of GDP	in \$ billions	% of GDP	% of GDP
1977	1,974.3	409.2	20.7%	324.6	16.4%	37.2%
1978	2,217.0	458.7	20.7%	346.8	15.6%	36.3%
1979	2,500.7	504.0	20.2%	381.9	15.3%	35.4%
1980	2,726.7	590.9	21.7%	434.1	15.9%	37.6%
1981	3,054.7	678.2	22.2%	487.0	15.9%	38.1%
1982	3,227.6	745.7	23.1%	524.6	16.3%	39.4%
1983	3,440.7	808.4	23.5%	566.7	16.5%	40.0%
1984	3,840.2	851.9	22.2%	600.2	15.6%	37.8%
1985	4,141.5	946.4	22.9%	657.9	15.9%	38.7%
1986	4,412.4	990.4	22.4%	717.5	16.3%	38.7%
1987	4,647.1	1,004.1	21.6%	777.0	16.7%	38.3%
1988	5,008.6	1,064.5	21.3%	826.8	16.5%	37.8%
1989	5,400.5	1,143.8	21.2%	890.9	16.5%	37.7%
1990	5,735.4	1,253.1	21.8%	975.9	17.0%	38.9%
1991	5,935.1	1,324.3	22.3%	1063.3	17.9%	40.2%
1992	6,239.9	1,381.6	22.1%	1156.8	18.5%	40.7%
1993	6,575.5	1,409.5	21.4%	1213.7	18.5%	39.9%
1994	6,961.3	1,461.9	21.0%	1264.3	18.2%	39.2%
1995	7,325.8	1,515.9	20.7%	1351.4	18.4%	39.1%
1996	7,694.1	1,560.6	20.3%	1397.6	18.2%	38.4%
1997	8,182.4	1,601.3	19.6%	1460.6	17.9%	37.4%
1998	8,627.9	1,652.7	19.2%	1529.3	17.7%	36.9%
1999	9,125.3	1,702.0	18.7%	1625.9	17.8%	36.5%
2000	9,709.8	1,789.2	18.4%	1746.9	18.0%	36.4%
2001	10,057.9	1,863.2	18.5%	1899.2	18.9%	37.4%
2002	10,377.4	2,011.2	19.4%	2051.5	19.8%	39.1%
2003	10,808.6	2,160.1	20.0%	2164.2	20.0%	40.0%
2004	11,517.5	2,293.0	19.9%	2265.1	19.7%	39.6%
2005	12,265.8	2,472.2	20.2%	2372.1	19.3%	39.5%
2006	13,061.1	2,655.4	20.3%	2507.4	19.2%	39.5%

Shaded areas represent recession during part or all of the period.

Data on State and local expenditures from the Tax Policy Center:

<http://www.taxpolicycenter.org/TaxFacts/Tfdb/TFTemplate.cfm?DocID=501&Topic2id=90&Topic3id=92>.

Budget of the United States Government: Historical Tables Fiscal Year 2006

<http://www.gpoaccess.gov/usbudget/fy06/hist.html>.

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## DATA

**TABLE 2: FEDERAL GOVERNMENT SPENDING BY MAJOR FUNCTION, 1977-2006 (PERCENT OF GDP)**

	Discretionary			Mandatory					
	Defense	Inter-national	Domestic	Social Security	Medicare	Medicaid	Income Security	Other Retirement & Disability	Other Programs
1977	4.9	0.4	4.6	4.2	1.1	0.5	1.8	1.6	1.2
1978	4.7	0.4	4.8	4.2	1.1	0.5	1.4	1.5	1.5
1979	4.7	0.4	4.6	4.1	1.1	0.5	1.3	1.5	1.3
1980	4.9	0.5	4.7	4.3	1.2	0.5	1.6	1.6	1.4
1981	5.2	0.4	4.5	4.5	1.4	0.6	1.6	1.7	1.4
1982	5.8	0.4	3.9	4.8	1.5	0.5	1.6	1.7	1.3
1983	6.1	0.4	3.8	4.9	1.6	0.6	1.9	1.7	1.3
1984	5.9	0.4	3.5	4.6	1.6	0.5	1.3	1.6	1.0
1985	6.1	0.4	3.5	4.5	1.7	0.5	1.3	1.5	1.4
1986	6.2	0.4	3.3	4.5	1.7	0.6	1.2	1.4	1.1
1987	6.1	0.3	3.1	4.4	1.7	0.6	1.2	1.4	0.9
1988	5.8	0.3	3.1	4.3	1.7	0.6	1.1	1.4	0.9
1989	5.6	0.3	3.1	4.3	1.7	0.6	1.1	1.4	1.0
1990	5.2	0.3	3.2	4.3	1.9	0.7	1.2	1.3	1.5
1991	5.4	0.3	3.3	4.5	1.9	0.9	1.5	1.4	1.7
1992	4.8	0.3	3.4	4.6	2.1	1.1	1.8	1.4	0.6
1993	4.4	0.3	3.4	4.6	2.2	1.2	1.8	1.3	0.2
1994	4.1	0.3	3.4	4.6	2.3	1.2	1.7	1.3	0.3
1995	3.7	0.3	3.4	4.5	2.4	1.2	1.6	1.3	0.1
1996	3.5	0.2	3.2	4.5	2.5	1.2	1.6	1.3	0.1
1997	3.3	0.2	3.1	4.4	2.5	1.2	1.5	1.2	0.1
1998	3.1	0.2	3.1	4.4	2.4	1.2	1.4	1.2	0.3
1999	3.0	0.2	3.0	4.2	2.3	1.2	1.4	1.2	0.4
2000	3.0	0.2	3.1	4.2	2.2	1.2	1.4	1.2	0.4
2001	3.0	0.2	3.2	4.3	2.4	1.3	1.4	1.2	0.4
2002	3.4	0.3	3.5	4.4	2.4	1.4	1.7	1.2	0.4
2003	3.7	0.3	3.6	4.4	2.5	1.5	1.8	1.2	0.5
2004	3.9	0.3	3.5	4.3	2.6	1.5	1.7	1.2	0.5
2005	4.0	0.3	3.6	4.2	2.7	1.5	1.6	1.2	0.6
2006	4.0	0.3	3.5	4.2	2.9	1.4	1.5	1.1	0.8

Source: Congressional Budget Office <http://www.cbo.gov/budget/historical.shtml>, Tables 8 and 10.

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DATA

**TABLE 3: CATEGORIES OF STATE AND LOCAL SPENDING**

Percentage of Total Spending  
(Some categories excluded, numbers do not add to 100)

	1977	1982	1987	1992	1997	2002	2006
Education	31.7%	29.4%	29.2%	28.1%	28.6%	29.0%	29.0%
Public Welfare	10.6%	10.7%	10.3%	13.4%	13.7%	13.7%	14.8%
Hospitals	5.4%	5.8%	5.2%	5.1%	4.7%	4.3%	4.4%
Health	1.7%	2.0%	2.2%	2.5%	2.9%	2.9%	2.8%
Highways	7.1%	6.6%	6.7%	5.8%	5.6%	5.6%	5.4%
Police Protection	3.2%	3.1%	3.2%	3.1%	3.2%	3.1%	3.2%
Fire Protection	1.4%	1.3%	1.3%	1.3%	1.3%	1.3%	1.4%
Corrections	1.3%	1.6%	2.1%	2.5%	2.7%	2.7%	2.5%
Natural Resources	1.2%	1.3%	1.3%	1.1%	1.1%	1.1%	1.0%
Parks and Recreation	1.5%	1.4%	1.4%	1.4%	1.4%	1.5%	1.4%
Housing and Community Development	1.0%	1.6%	1.5%	1.5%	1.6%	1.5%	1.7%
Sewerage and Solid Waste	2.9%	2.8%	2.8%	2.9%	2.8%	2.5%	2.5%
Interest on General Debt	3.5%	3.8%	5.4%	4.8%	4.3%	3.7%	3.4%

U.S. Census Bureau, Annual Survey of State and Local Government Finances (01-Jun-07); State & Local Government Finance Data Query System.

<http://www.taxpolicycenter.org/taxfacts/displayafact.cfm?DocID=504&Topic2id=90&Topic3id=92>.

The Urban Institute-Brookings Institution Tax Policy Center. Data from U.S. Census Bureau, Annual Survey of State and Local Government Finances, Government Finances, Volume 4, and Census of Governments (Years). Date of Access: (22-Jul-08 12:48 PM).