Healthcare spending is about 18% of U.S. GDP, and education spending is about 6%—roughly one-quarter combined.

Looking only at government spending, the two account for **about 39% of federal, state, and local government current expenditures**, or approximately **$3.92 trillion in 2024**. The details below distinguish those two different measurements.

🟦 How much of the overall economy?

These figures include **public and private spending**—government, households, employers, and other private sources.

Area	Spending as a percentage of U.S. GDP	Scope and data year
Healthcare	**18.0%**	**$5.3 trillion in 2024**, including medical services, insurance administration, public health, and investment
Education	**5.8%**	Educational institutions from elementary school through college; OECD's 2025 report, using its 2022 finance reference period
Combined scale	**About 24%**	A useful approximation; the underlying years and coverage differ

Sources: CMS National Health Expenditure Accounts and OECD *Education at a Glance*. The education measure is not an exhaustive accounting of every kind of learning, childcare, or employer training. CMS

"About one-quarter of GDP" is the defensible shorthand. These are spending-to-GDP ratios, rather than a claim that these industries generate exactly one-quarter of economic value added.

🟩 How many government dollars—and what percentage of government spending?

For a consistent comparison, this table uses the Bureau of Economic Analysis's **2024 government current expenditures**. That includes operating spending, benefits, grants, and interest, but is **not identical to enacted budgets or total spending including capital investment**.

Dollar amounts below are in **billions**; $1,000 billion equals $1 trillion. Percentages are calculated against each row's total government spending.

Government level	Total current spending	Healthcare: dollars / share	Education: dollars / share	Combined share
Federal	$7,053 billion	**$2,149 billion / 30.5%**	**$173 billion / 2.4%**	**32.9%**
State and local combined	$3,970 billion	**$1,082 billion / 27.3%**	**$1,274 billion / 32.1%**	**59.3%**
All levels, after removing transfers between governments	**$10,061 billion**	**$2,566 billion / 25.5%**	**$1,353 billion / 13.5%**	**39.0%**

Sources: BEA government expenditures by function and expenditure totals, distributed through the Federal Reserve's FRED database. Figures rounded; percentages calculated from unrounded data. St. Louis Fed

Why don't the federal and state/local rows add up to the national row? Some federal spending is a grant to a state, which then spends that same money. The national total removes that duplication. In education and healthcare together, about **$758 billion** would be counted twice if we simply added those two rows.

For example, a federal Medicaid dollar can appear in both the federal expenditure account and the state's Medicaid expenditure account. It remains only one dollar spent on care.

🟨 **What about states and local governments separately?**

The consistent BEA table above groups them together. Separate budget reports provide additional detail, but use different accounting rules.

State budgets: NASBO estimates that states spent **$3.21 trillion in fiscal 2025**, including federal funds passing through their budgets:

State budget category	Approximate dollars*	Share of total state spending
K–12 education	**$585 billion**	**18.2%**
Higher education	**$283 billion**	**8.8%**
Education combined	**$867 billion**	**27.0%**

State budget category	Approximate dollars*	Share of total state spending
Medicaid alone	**$986 billion**	**30.7%**
Education plus Medicaid	**$1.85 trillion**	**57.7%**

Calculated from NASBO's rounded shares. Medicaid is only part of healthcare spending; these figures include federal funding and must not be added to federal spending without adjustment. higherlogicdownload.s3.amazonaws.com

Local budgets: I did not verify a comparable current nationwide dollar split for local education and all healthcare. For an explicitly older benchmark, Census-based figures for **2021** show local governments spent about **$1.9 trillion in direct general expenditures**:

- **K–12 plus higher education:** about **41%**, or roughly **$780 billion**, calculated from rounded figures.
- **Health and hospitals:** about **10%**, or roughly **$190 billion**. This is **not total healthcare**, because much Medicaid spending is classified separately under public welfare.

"Local government" here includes school districts, counties, cities, and special districts. These older figures illustrate the division of responsibility; they should not be presented as today's budgets. Urban Institute

🟪 42's take for PSA

The useful scale is **roughly one-quarter of GDP and nearly two-fifths of government current spending**. PSA's education and healthcare mission concerns two enormous commitments of American resources.

Using the **$3.92 trillion government figure**, even a **1% improvement in value delivered per dollar** represents about **$39 billion annually**. That is an illustration, not a forecast of AI savings. For PSA, the meaningful test is whether technology improves learning, health, or access for a given cost—especially for people currently underserved.

A useful next comparison would be **New Mexico's spending and outcomes versus the national figures**, separating money spent from the access and results it buys.