10-K REPORT

PUBLISHED 2022

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

UNITED STATES GOVERNMENTS

PREPARED BY

USAFACTS

USAFacts Institute
PO Box 1558, Bellevue, WA 98009-1558

www.usafacts.org

As of September 30, 2019, the aggregate value of debt securities issued by the federal, state, and local governments of the United States combined and held by the public was $18.8 trillion.

United States Governments

10-K Report

For the Fiscal Year Ended September 30, 2019

Index

Part I

About This Report

Purpose

This report is intended to provide the American people with a comprehensive view of the combined US federal, state, and local governments' (our Government) revenues, expenditures, key metrics that measure progress towards our constitutional objectives, and the factors that may affect future operations of our Government. It is intended to foster a more constructive and reasoned public debate by providing an authoritative and comprehensive set of data from Government sources on certain facets of our Government: how it raises money, for what purpose, and how it spends that money; actions that it takes through its authorities; and related key metrics. Greater transparency will help voters judge the effectiveness of our Government's programs, improving the accountability that is essential to a well-functioning democracy. A more civil and rational public debate will enable us to define our goals as a society and choose the best people and policies to carry out those goals.

This report is not intended to provide our opinion on our Government's efficiency or effectiveness. Rather, it is intended to provide the data necessary for you to develop your own opinions.

Structure and content

Other individuals and groups have created reports with similarities to this one; however, we are not aware of a document for our Government that has the scope and perspective of this one. We have discussed some of the reports with similarities to ours in Exhibit 99.09.

Overall structure and content

This report is modeled on the Form 10-K, which public companies are required to file annually with the US Securities and Exchange Commission (SEC). In preparing the report, we have conceptualized the requirements of the Form 10-K and applied them to our Government. Our goal is to bring the same level of transparency, accuracy, and lack of bias to our Government that public corporations are required to offer their shareholders.

Of course, our Government is not a corporation; its purpose is not to make a profit but to provide services to its citizens that improve the quality of life. But this Form 10-K format does have the advantage of providing a thorough account of government finances, structure, and activities.

In this report, you will find:

- *Part I* – an overview of our Government's structure and operations;
- *Part II* – information regarding financial and other key metrics of our Governments' operations, including:
  - Management's Discussion and Analysis (MD&A), which provides analysis of financial and other information, including trends in revenue, expenditures, and key metrics; and
  - financial statements and the related notes to the financial statements; and
- *Part III* – information regarding our Government's officers and certain relationships and transactions.

We have excluded certain sections of Form 10-K that are not obviously applicable to our Government. We have also excluded certain financial statements normally found in a Form 10-K. See Exhibit 99.10 for a discussion of this excluded content.

Timeliness of data

Information included in each section of this report is generally based on the most current information from government sources for the majority of the data in the particular section.

Part II of this report generally includes information through September 30, 2019, which marks the end of the latest fiscal year for which aggregated state and local income statement data is available. More recent federal data is available, but to provide a consolidated picture of our Government as a whole, we generally limit the financial data we present to the latest period for which both state and local and federal data is available. We acknowledge that this information is not timely. We do, however, believe that there is value in looking at a longer time series of data, as we have presented in this report and on our website, and that the longer-term trends noted in our analyses likely did not change materially between fiscal years 2019 and 2021. We will continue to search for more current data and explore ways that we might aggregate it ourselves to provide more timely information.

In general, Parts I and III of this report include more recent data, with dates depending on availability of the majority of the respective data.

This year's report is subject to additional data availability challenges due to a changing federal administration (e.g. budget data for the new administration is not yet available, we may see data continuity issues, policy changes are possible) and the decennial census that was conducted in 2020, through which a significant amount of population data was gathered but has not yet been released.

Item 1. Purpose and Function of Our Government

General

Who we are

The United States of America (US) is a federal republic composed of 50 states, a federal district of Washington, D.C., five major and various minor insular areas, as well as over 90,000 local governments, including counties, municipalities, townships, school districts, and special district governments. At 3.8 million square miles and with nearly 332 million people, the US is the world's third-largest country by total area and the third most populous.

Our vision and mission

As documented in the US Constitution, the people of the US, through our Government, seek to form a more perfect union by establishing justice, ensuring domestic tranquility, providing for the common defense, promoting the general welfare, and securing the blessings of liberty to ourselves and our posterity.

Our strategy

To achieve the mission of the people, our Government raises money, spends money, and exercises its authority. Through these actions, it enables, incentivizes, and forces certain behaviors (e.g. saving for retirement through Social Security and Medicare, attending minimum years of school, getting vaccinated) in an effort to maintain or improve various key metrics related to American life.

Raising and spending money

Our Government raises money through taxes and non-tax sources, including businesses it runs. This money is used to pay government expenditures and to transfer money to individuals and others. At the federal level, when the money raised is not sufficient to cover the money spent (most years), the US Department of the Treasury may borrow money to finance the difference. States may borrow funds for projects but may not borrow to fund annual deficits, except Vermont, where its constitution does not preclude it from doing so.

Exercising authority

Our Government exercises its authority directly by regulating, legislating, and issuing executive orders and court orders. It also grants authority to, and rescinds it from, government agencies and state and local governments.

See more at *Government operations* below.

Government structure

The US is a constitutional republic and representative democracy. Our Government is regulated by a system of checks and balances defined by the US Constitution, which serves as the country's supreme legal document. In the US, citizens are usually subject to three levels of government: federal, state, and local. The original text of the Constitution establishes the structure and responsibilities of the federal government and its relationship with the individual states. The Constitution has been amended 27 times, including the first 10 amendments, the Bill of Rights, which forms the central basis of Americans' individual rights.

Federal government structure

The Constitution divides the federal government into three branches to ensure a central government in which no individual or group gains too much control:

- *Legislative* – Makes laws (Congress)
- *Executive* – Carries out laws (President, Vice President, Cabinet)
- *Judicial* – Evaluates laws (Supreme Court and other courts)

Each branch of government can change acts of the other branches as follows:

- The president can veto legislative bills passed by Congress before they become law (subject to Congressional override).
- Congress confirms or rejects the president's appointments and can remove the president from office in exceptional circumstances.
- The justices of the Supreme Court, who can overturn unconstitutional laws, are appointed by the president and confirmed by the Senate.

Legislative

The legislative branch enacts legislation, confirms or rejects presidential appointments, and has the authority to declare war. This branch comprises Congress (the Senate and House of Representatives) and several agencies that provide support services to Congress.

Executive

The executive branch carries out and enforces laws. It includes the president, vice president, the Cabinet, 15 executive departments, independent agencies, and other boards, commissions, and committees.

Judicial

The judicial branch interprets the meaning of laws, applies laws to individual cases, and decides if laws violate the Constitution. The judicial branch comprises the Supreme Court and other federal courts.

THE UNITED STATES GOVERNMENT

THE CONSTITUTION

LEGISLATIVE BRANCH	EXECUTIVE BRANCH	JUDICIAL BRANCH
THE CONGRESS **SENATE | HOUSE** 100 Senators 435 Representatives	**THE PRESIDENT** **THE VICE PRESIDENT** **EXECUTIVE OFFICE OF THE PRESIDENT** 15 Cabinet Members	**THE SUPREME COURT OF THE UNITED STATES** 9 Justices
Architect of the Capitol United States Botanic Garden Government Accountability Office Government Printing Office Library of Congress Congressional Budget Office US Capitol Police	White House Office Office of the Vice President Council of Economic Advisers Council on Environmental Quality National Security Council Office of Administration Office of Management and Budget Office of National Drug Control Policy Office of Policy Development Office of Science and Technology Policy Office of the US Trade Representative	United States Courts of Appeals United States District Courts Territorial Courts United States Court of International Trade United States Court of Federal Claims Administrative Office of the United States Courts Federal Judicial Center United States Sentencing Commission

SIGNIFICANT REPORTING ENTITIES (15)

DEPARTMENT OF AGRICULTURE	DEPARTMENT OF COMMERCE	DEPARTMENT OF DEFENSE	DEPARTMENT OF EDUCATION	DEPARTMENT OF ENERGY
DEPARTMENT OF HEALTH AND HUMAN SERVICES	DEPARTMENT OF HOMELAND SECURITY	DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT	DEPARTMENT OF THE INTERIOR	DEPARTMENT OF JUSTICE
DEPARTMENT OF LABOR	DEPARTMENT OF STATE	DEPARTMENT OF TRANSPORTATION	DEPARTMENT OF THE TREASURY	DEPARTMENT OF VETERANS AFFAIRS

OTHER SIGNIFICANT REPORTING ENTITIES

Environmental Protection Agency
General Services Administration
National Aeronautics and Space Administration
National Science Foundation
Office of Personnel Management
Small Business Administration
Social Security Administration
US Agency for International Development
US Nuclear Regulatory Commission
Defense Security Cooperation Agency
Export-Import Bank of the United States
Farm Credit System Insurance Corporation
Federal Communications Commission
Federal Deposit Insurance Corporation
General Fund of the US Government
Millennium Challenge Corporation
National Credit Union Administration
Overseas Private Investment Corporation
Pension Benefit Guaranty Corporation
Railroad Retirement Board
Securities and Exchange Commission
Smithsonian Institution
Tennessee Valley Authority
US Postal Service

IN CONSERVATORSHIP

Fannie Mae
Freddie Mac

SIGNIFICANT RELATED ENTITIES

The Federal Reserve
Federal Home Loan Banks
The Farm Credit System

For a discussion of each of the federal government departments and offices, please see *The United States Government Manual* at https://www.govinfo.gov/app/collection/GOVMAN.

State government structure[1]

Under the Tenth Amendment to the US Constitution, all powers not granted to the federal government are reserved to the states and the people. All state governments are modeled after the federal government and consist of three branches: executive, legislative, and judicial. The US Constitution mandates that states uphold a “republican form” of government, although the three-branch structure is not required.

Legislative

All 50 states have legislatures made up of elected representatives, who consider matters brought forth by the governor or introduced by its members to create legislation that becomes law. The legislature also approves a state's budget and initiates tax legislation and articles of impeachment. The latter is part of a system of checks and balances among the three branches of government that mirrors the federal system and prevents any branch from abusing its power.

Every state except one has a bicameral legislature made up of two chambers: a smaller upper house and a larger lower house. Together the two chambers make state laws and fulfill other governing responsibilities. The smaller upper chamber is always called the Senate, and its members generally serve longer terms, usually four years. The larger lower chamber is most often called the House of Representatives, but some states call it the Assembly or the House of Delegates. Its members usually serve shorter terms, often two years. Nebraska is the lone state that has just one chamber in its legislature.

Executive

In every state, the executive branch is headed by a governor who is directly elected by the people. In most states, other leaders in the executive branch are also directly elected, including the lieutenant governor, the attorney general, the secretary of state, and auditors and commissioners. States reserve the right to organize in any way, so they often vary greatly with regard to executive structure. No two state executive organizations are identical.

Judicial

Most states have a supreme court that hears appeals from lower-level state courts. Court structures and judicial appointments/elections are determined either by legislation or by the state constitution. The state supreme court usually focuses on correcting errors made in lower courts and therefore holds no trials. Rulings made in state supreme courts are normally binding; however, when questions are raised regarding consistency with the US Constitution, matters may be appealed directly to the United States Supreme Court.

STATE GOVERNMENTS (50)

LEGISLATIVE BRANCH	EXECUTIVE BRANCH	JUDICIAL BRANCH
ELECTED REPRESENTATIVES TO UPPER AND LOWER HOUSES: SENATE HOUSE (Except Nebraska)	**GOVERNOR** Most states also elect: LIEUTENANT GOVERNOR ATTORNEY GENERAL SECRETARY OF STATE AUDITORS AND COMMISSIONERS	**STATE SUPREME COURT** Appellate Courts Trial Courts

Local government structure[2]

A government is an organized entity that, in addition to having governmental character, has sufficient discretion in the management of its own affairs to distinguish it as separate from the administrative structure of any other governmental unit.

To be counted as a government, any entity must possess all three of the following attributes:

- *Existence as an organized entity* – the presence of some form of organization and the possession of some corporate powers, such as perpetual succession, the right to sue and be sued, have a name, make contracts, acquire and dispose of property, and the like.
- *Governmental character* – In essence, an organization can only be considered to be a government if it provides services, wields authority, or bears accountability that is of a public nature.
- *Substantial autonomy* – This requirement is met when, subject to statutory limitations and any supervision of local governments by the state, an entity has considerable fiscal and administrative independence.

LOCAL GOVERNMENTS (90,075)

GENERAL PURPOSE GOVERNMENTS (38,779)	SPECIAL DISTRICT GOVERNMENTS (51,296)	
County (3,031)	**Independent School Districts (12,754)**	
Municipality (19,495)	**Other Special Districts (38,542)**	
Township (16,253)	Air transportation	Libraries
	Cemeteries	Mortgage credit
	Corrections	Natural resources
	Electric power	Parking facilities
	Fire protection	Parks and recreation
	Gas supply	Sea and inland port facilities
	Health	Sewerage
	Highways	Solid waste management
	Hospitals	Transit
	Housing and community development	Water supply
	Industrial development	

Insular area government structure

The US has many insular areas, or jurisdictions that are neither a state nor a federal district, including any commonwealth, freely associated state, possession, or territory. Five of the insular areas – Puerto Rico, Guam, Northern Mariana Islands, US Virgin Islands, and American Samoa – are self-governing, each with a non-voting member of the House of Representatives and permanent populations. The remaining areas are small islands, atolls, and reefs in the Pacific Ocean and Caribbean Sea. US possession of certain of these areas is disputed by other countries. The population of these areas are excluded from our reported population figures. However, these individuals may contribute to the revenues, expenditures, and other figures included in this report.

American Indian tribal government structure

Our Government officially recognizes 574 Indian tribes in the contiguous 48 states and Alaska. The US observes tribal sovereignty of the American Indian nations to a limited degree, as it does with the states' sovereignty. American Indians are US citizens and tribal lands are subject to the jurisdiction of the US Congress and the federal courts. Like the states, the tribal governments have a great deal of autonomy with respect to their members, including the power to tax, govern, and try them in court, but also like the states, tribes are not allowed to make war, engage in their own foreign relations, or print and issue currency.

Government operations

Our Government has a few tools by which it carries out its mission:

- *Raises money* – taxes, mandates savings, licenses, and charges fees and fines for dedicated and general-purpose uses;

- *Spends money* – employs people, invests in equipment and infrastructure, contracts services, disburses savings to seniors, transfers money to and subsidizes services for the poor, subsidizes businesses and individuals directly;
- *Regulates, legislates, issues executive orders and court orders* – makes rules, delegates or rescinds authority, incentivizes and forces behavior (e.g. save for retirement through Social Security and Medicare, buy health insurance, attend minimum years of school, get vaccinated); and
- *Runs businesses* – operates post offices, transit systems, hospitals, etc., sometimes at a financial loss.

Our Government performs the above activities in an effort to maintain or improve various key metrics related to American life.

Federal government authority to raise money

Tax revenue[3]

For most taxes, Congress does not need to pass a new law every year authorizing the IRS to collect. They continue to operate as established unless Congress chooses to change the law. Some changes to tax laws can occur in a given year because Congress previously enacted a timeline for the law to change at some specified point in time. For example, Congress often enacts sunset provisions on certain tax breaks or new programs to take effect at some date in the future. That is, they are scheduled to change unless Congress acts again.

Federal individual income tax

The individual income tax is the largest source of revenue for the federal government and the single biggest tax paid by Americans (in aggregate). The federal individual income tax is levied on most sources of individual income with some notable exceptions, such as employer-provided health insurance premiums. Taxes are levied based on a progressive rate structure, with rates that range from 10% to 39.6% for the periods presented in this report and that increase as taxable income increases. People who file tax returns may qualify for some tax credits, such as the child tax credit, the earned income tax credit, and education tax credits, among others. Some credits are refundable, meaning that a filer may receive a refund that is larger than the amount of income tax withheld.

Beginning in 2013, an additional income tax is levied on individuals – the Unearned Income Medicare Contribution Tax, which provides for a 3.8% tax on net investment income for those whose earnings exceed certain levels. This provision was enacted as part of the *Affordable Care Act* and went into effect January 1, 2013. Despite its name, this tax revenue is not legally earmarked to the Medicare trust funds; rather, it is used for general government purposes. In this report, this tax is included in individual income tax revenue.

On December 22, 2017, the *Tax Cuts and Jobs Act* (TCJA) became law. Effective January 1, 2018, the TCJA reduces the top individual income tax rate from 39.6% to 37%, changes the income tax brackets associated with each tax rate, increases the child tax credit, and provides for a 20% deduction of qualified business income and certain dividends for individuals.

Federal corporate income tax

The federal corporate income tax is levied on the net incomes of C-corporations (corporations recognized as separate taxpaying entities). C-corporations are allowed deductions for normal business expenditures that are typical of accounting for net income as well as some special provisions inserted by Congress. The federal statutory corporate income tax rate in the US was 35% until January 1, 2018. For companies headquartered in the US that earn income from overseas sources, such income was taxed only when repatriated back to the US. Effective January 1, 2018, the TCJA reduces the federal statutory income tax rate from 35% to 21%. The TCJA also requires foreign income of US businesses to be taxed at 21% but provides one-time reduced tax rates for foreign profits accumulated in the form liquid assets (15.5% tax rate) and illiquid assets (8% tax rate) if the assets are brought to the US.

Not all business profits are subject to the corporate income tax. Income derived from S-corporations (closely-held corporations), partnerships, sole proprietorships, and real estate investment trusts is only subject to tax under the federal individual income tax.

Federal payroll taxes

Federal payroll taxes to finance Social Security and Medicare are levied on both employees and employers.

Social Security tax revenues

Social Security tax revenues are earmarked for the Social Security Trust Fund, which funds both Old-Age Survivors Insurance (OASI) and Disability Insurance (DI). See discussion of OASI and DI in *Major Government Programs, Social Security* below. Individuals and employers each pay a 6.2% tax (5.3% for OASI and 0.9% for DI) on payrolls (wages and salaries and self-employment income) up to the payroll tax cap, for a total of 12.4%. Beyond the payroll tax cap, there is no Social Security tax. In tax year 2021, the payroll tax cap was $142,800 per employee. In the case of self-employed individuals, a tax equal to the employee plus the employer portion (12.4%) is levied.

Medicare tax revenues

Medicare tax revenues are earmarked to the Hospital Insurance Trust Fund portion of Medicare (HI Trust Fund). Employees and employers each pay a 1.45% tax on payrolls (wages and salaries) with no cap. People who are self-employed pay both the employee and the employer portion for a total of 2.9%. In addition, beginning in 2013, individuals pay an additional 0.9% Medicare tax on their wages, compensation, or self-employment income exceeding $200,000 for single filers ($250,000 for married filing jointly, $125,000 for married filing separately).

Unemployment tax revenues

Together with state unemployment tax systems, the *Federal Unemployment Tax Act* (FUTA) tax provides funds to pay unemployment compensation to workers who have lost their jobs. Only employers pay a FUTA tax, and most pay both a federal and a state unemployment tax. Generally, employers can take a credit against FUTA tax amounts they have paid to state unemployment funds. For 2021, the FUTA tax rate is 6% on the first $7,000 paid to each employee as wages during the year.

Other taxes

The federal government levies other taxes including:

- excise taxes on select products such as motor fuel, airport usage, tobacco, and alcohol, among others;
- tariffs and duties charged for certain products imported from certain other countries;
- special taxes on some participants in the medical industry, such as medical device manufacturers, pharmaceutical companies, and health insurers, as well as penalties related to health insurance mandates on employers and individuals; and
- taxes on the estates of high net-worth individuals after they die.

Non-tax revenue

Federal non-tax revenue comprises mainly earnings of the Federal Reserve and sales of government resources.

Federal Reserve earnings

The residual earnings of each of the 12 Federal Reserve member banks are distributed to the Treasury after providing for the costs of operations, payment of dividends, and transfers to surplus (the amount necessary to equate surplus with capital paid-in, limited to $6,825,000,000).[4] See additional discussion of the Federal Reserve in *Other related entities, The Federal Reserve* below.

Sales of government resources

The largest portion of revenue from sales of government resources is made up of rents and royalties on leases of oil, gas, and other marine minerals on the outer continental shelf. Our Government also receives proceeds from auctions of licenses for the rights to transmit signals over the electromagnetic spectrum.

Receipts that offset expenses

Our Government records money collected in one of two ways, either as revenue or as a reduction of expenditures. Those recorded as revenue are discussed under *Tax revenue* and *Non-tax revenue* above. Those recorded as reductions of expenditures derive mainly from business-like transactions with the public. Unlike revenues, which are derived from our Government's exercise of its sovereign power, these collections arise primarily from voluntary payments from the public for goods or services provided by our Government. The collections are classified as offsets to government outlays for the cost of producing, marketing, and delivering the goods or services for sale. These activities include the sale of postage stamps, land, timber, electricity, and services to the public (e.g. admission to national parks), as well as premiums for healthcare benefits (e.g. Medicare Parts B and D).

We have shown all significant offsetting amounts that are known to us in *Note 24 – Offsetting amounts* in *Part II, Item 8. Financial Statements and Supplementary Data, Notes to financial statements* within this annual report. Certain amounts have already been offset in the federal financial data before we sourced it and therefore the related gross amounts are not available to us for disclosure in *Note 24 – Offsetting amounts*.

Federal government authority to spend money

To understand federal authority to spend money, the first step is to divide spending laws into two different categories: those that do not require action every year (mandatory, generally) and those that do (discretionary, generally).

Mandatory spending

For most mandatory spending programs, as with most taxes, Congress does not need to pass a new law every year authorizing major programs like Medicare and Social Security to continue sending out checks. They continue to run as established unless Congress chooses to change the law. Some changes to mandatory spending programs can occur in a given year because Congress previously enacted a timeline for the law to change at some specified point in time.

For mandatory spending programs, unlike discretionary programs which are discussed next, it is important to note that the amount to be spent is unknown at the beginning of the year. For example, the amount that is spent on SNAP (food stamps) or unemployment insurance in a given year depends on the number of people who qualify based upon the program's rules and then decide to make claims for benefits. This will vary depending on conditions such as inflation, economic growth, and shifting demographics, among other factors. There is no upper limit in the law on how much can be spent on these mandatory programs, and in fiscal year 2019, they accounted for approximately 70% of outlays (including interest on federal debt), limiting the flexibility of Congress and the president to decide spending and policy priorities.

Discretionary spending

For discretionary spending, Congress must first create a program and then fund it on a regular basis; otherwise, the program ceases to exist. The funding of discretionary programs is called the appropriations process. Appropriations passed by Congress and signed into law by the president grant agencies budget authority to spend some fixed amount of money for a specific purpose over a specified period (one year to indefinitely, with the majority within three years). When those funds are exhausted, no more money can be spent for that purpose by that department unless Congress acts again.

State and local government authority to raise money

Tax revenue

Like the federal government, state governments do not need to pass a new law every year authorizing the state departments of revenue to collect. They continue to run as established until changes are approved, generally either through committee review followed by approval by the governor or a vote by the citizens. Certain states have constitutional restrictions on their authority to tax. For example, seven states have no individual income tax, while other states have caps on the taxes that can be levied, such as Proposition 13 in California, which limits real property taxes in California. Some changes to tax laws can occur in a given year because a state government previously enacted a timeline for the law to change at some specified point in time.

A local government's authority to tax must be granted to it by its state government.

State and local individual income tax

Individual income taxes are levied by most states with the tax base generally defined by federal income tax regulations (with some exceptions). State income tax rates are generally lower and less progressive than the federal income tax. Seven states do not have an individual income tax, while the other states differ in terms of their individual income tax rate levels and the degree of progressivity. The Wisconsin Legislative Fiscal Bureau published an informational paper in 2021, which reports that for tax year 2019: "The highest marginal tax rate used by a state was 12.3% in California. Hawaii had the greatest number of tax brackets at 12. Ten states imposed a single (flat) tax rate on all taxable income, while one state (Massachusetts) had two flat tax rates, each of which applied to different types of income."[5] You can see more detail by state at the source provided.

With respect to the impact of combined state and local government taxation of individual income, the government of the District of Columbia performs a nationwide study of the tax burdens of 51 US cities. For 2020, it found: "In twenty-five of the cities that are in states that levy an income tax, the percentage of income paid in individual income taxes by the family earning $25,000 per year is zero percent (or less than zero due to refundable credits). Notably, residents of Burlington, Vermont would receive a refund of $1,290, making it the lowest income tax burden on a family earning $25,000 per year. The highest income tax burden at this lower income level is $1,736, or 6.9% in Philadelphia, Pennsylvania, and next at $991, or 4.0% in Louisville, Kentucky. At the $150,000 income level, the burden ranges from a low of $1,865, or 1.2% of income in Fargo, North Dakota, to $11,213 or 7.5% in New York City, New York. (New Hampshire and Tennessee income taxes are applicable only to interest and dividend income and the exemptions are high enough to eliminate individual income taxes at all income levels used in the study)."[6]

State and local corporate income tax

Most states levy corporate income taxes that are significantly lower than federal income taxes. State corporate income taxes vary in two key dimensions: (1) rates and (2) apportionment factors. In 2020, Iowa, Pennsylvania, Minnesota, Illinois, Alaska, and New Jersey had the highest statutory corporate income tax rates, each at 9% or higher. Because major corporations operate across state lines, each must apportion its net income to each state. However, states have different rules as to how companies must apportion their income between states. Generally, there are three factors whose weights differ across states, with weight attributed to a state based on: property held in the state, payroll paid to employees in the state, and sales to customers in the state.

Property taxes

Local governments levy property taxes on real estate and business property (and in some states, on personal property such as automobiles). Nationally, for owner-occupied housing, the typical real estate tax rate paid is approximately 1% of the home value. In 2020, for the largest city in each state as a group, the median effective residential property tax rate was 1.31%, while the unweighted average rate was 1.51%. These tax rates vary widely by city and state. In 2020, the highest effective residential property tax rate, among the largest cities in each state, was in Detroit, MI at 3.26%, while the lowest was in Honolulu, HI at 0.35%.

General sales taxes

General sales taxes, or taxes that are applied at a consistent rate to purchases of all non-exempted items, are a key source of revenue for most states and many localities. Illinois, Arkansas, Alabama, Oklahoma, Louisiana, Colorado, and Arizona have the highest combined state and local general sales tax rates. Alaska, Delaware, Montana, New Hampshire, and Oregon have no statewide general sales tax. In most states, items such as food and medical products are either exempt from general sales taxes or are taxed at a lower rate. Services such as housing, healthcare, and education are generally exempt. Sales taxes tend to be regressive, meaning that low-income households tend to pay a higher percentage of their income in sales taxes than high-income households. However, because of the exemptions or preferential treatment for many household necessities in most general sales taxes, sales taxes are not as regressive as a broad-based consumption tax. Furthermore, goods and services provided by our Government to low-income households, such as food assistance benefits, those transactions are tax exempt.

Other taxes

State governments levy other taxes including:

- selective sales taxes on specific products, both on a per unit basis and based on the value of the product, including taxes on alcoholic beverages, tobacco products, insurance receipts, public utilities, motor fuels, gambling, and others;
- licenses, including those for motor vehicle and operator registration, hunting and fishing, general business, occupational, alcoholic beverage, and gambling; and
- severance taxes on the extraction of specified natural resources, including oil, coal, and gas in states such as Alaska, Louisiana, and West Virginia, and timber in states such as Washington and Oregon.

Non-tax revenue

State non-tax revenue comprises mainly earnings and losses on investments, mostly investments of Public Employee Retirement Systems assets. State non-tax revenue also includes: proceeds from sales of government resources, including rents and royalties primarily from commercial activity on state land such as leasing of state-owned office buildings and mineral extraction on state-owned land; donations to our Government; and fines and forfeitures.

State and local government authority to spend money[7]

State budgets are approved anew each year. Certain items carry over but must be reauthorized as a part of the full budget. According to a survey by the National Association of State Budget Officers (NASBO), 30 states report using an annual budget cycle and 20 states report using a biennial budget cycle, while in practice a number use a combination of annual and biennial budgeting.

The state budget cycle typically begins with the state budget office providing guidance, including financial assumptions such as spending targets, inflation, and the governor's priorities, to state agencies. Agencies submit requests back to the state budget office. After review and analysis of the agencies' budget requests, the budget office staff make recommendations to the governor on the overall budget proposal. The governor reviews the recommendations and often provides additional direction, which the budget office uses to compile the governor's proposed budget. The governor then usually presents the proposed budget to the legislature for review. Typically, each chamber of the legislature approves its own version of the budget, and a conference committee is appointed to resolve the differences between the two versions.

Once the legislature passes the budget, generally the governor must sign it in order for it to become law. If the governor does not approve of the budget, he or she may veto the bill(s). The legislature generally has the power to override the governor's veto, though this usually requires a super-majority vote.

According to NASBO, "The governor is required to submit a balanced budget in 45 states, the legislature is required to enact a balanced budget in 44 states, and the budget signed by the governor is required to be balanced in 41 states. Additionally, 35 states reported that they are required to execute a balanced budget at year-end – that is, they are not permitted to carry over a deficit. Among the states that are permitted to carry over a deficit, sometimes this ability is restricted to certain circumstances."

A local government's authority to spend must be granted to it by its state government.

Other related entities

The entities discussed in this section are legally separate from our Government but are related to it in important ways, generally through subsidies or other transactions with our Government and either explicit or implicit guarantees of these organizations by our Government. Transactions between these entities and our Government are included in our financial statements, while the financial statements of these entities themselves are excluded.

The Federal Reserve[8]

The Federal Reserve System, created by Congress in 1913, is the US central bank. Although the Federal Reserve is supervised by Congress, its monetary policy decisions aren't subject to approval either by Congress or the president. It carries out the following functions:

- conducts monetary policy with the twin goals of ensuring full employment and low and stable inflation;
- supervises and regulates commercial banks to ensure the safety and soundness of the financial system and to protect the credit rights of consumers;
- maintains the stability of the financial system and contains so-called systemic risk; and
- provides financial services to banks and the federal government.

The Federal Reserve aims to keep US employment at the highest level consistent with low and stable inflation. It currently has an inflation goal of 2%. It seeks to meet its goals by influencing the level of interest rates, or the cost of borrowing money, across the economy. Lower interest rates stimulate the economy by encouraging consumers to buy goods and employers to invest in equipment. Higher rates cool the economy by discouraging consumption and investment.

The Federal Reserve influences borrowing costs by using tools to maintain a target range for the federal funds rate, or the rate that banks pay to borrow from one another in the overnight money markets. (Banks must borrow overnight funds if the amount of money they hold in reserve at the Federal Reserve falls short of the level required by the central bank.) The federal funds rate, in turn, influences a broad array of interest rates for consumer and business credit, from corporate loans to mortgages. The Federal Reserve uses the following tools to target the federal funds rate:

- *Open-market operations* – The central bank buys and sells short-term Treasury securities from banks. In doing so, it influences the overall level of reserves in the banking system, which in turn affects the price of reserves, or the federal funds rate.
- *Interest on excess reserves* – The Federal Reserve is empowered by Congress to pay interest on the reserves that banks hold at the central bank in excess of the required level. By paying interest on excess reserves, the Federal Reserve encourages banks to keep that money on deposit at the central bank, rather than lend it out to consumers or businesses.

The Federal Reserve has other tools for influencing longer-term interest rates. These include:

- *Large-scale asset purchases* – During the 2008 financial crisis, the Federal Reserve cut the federal funds rate almost to zero, but longer-term rates remained higher than it wanted. In response, the Federal Reserve started buying trillions of dollars of longer-term Treasury securities and housing debt, pushing down the yields on those securities.

- *Forward guidance* – After each policy meeting, the Federal Reserve issues a statement describing its view of the economy and explaining its current policy stance. These statements may contain language about the outlook for the federal funds rate, which can influence the level of longer-term rates.
- *Quarterly forecasts* – In addition to its policy statements, the Federal Reserve announces policy makers' forecasts for the federal funds rate and the pace of economic growth, inflation, and the unemployment rate. These quarterly forecasts affect investor perceptions of the future path of interest rates.

The Federal Reserve System is composed of the seven-person Board of Governors, which is based in Washington, D.C., and 12 regional Federal Reserve Banks based in major cities across the country, from Boston to San Francisco. Together, the members of the Board of Governors and five presidents of regional Federal Reserve Banks make up the Federal Open Market Committee (FOMC), which conducts monetary policy.

The Federal Reserve receives no appropriations from Congress, and its income consists primarily of interest earned on its holdings of Treasury and other US government agency securities. By law, national banks are members of the Federal Reserve System. State-chartered banks that meet certain requirements may also choose to join. Member banks must subscribe to stock in the regional Reserve Banks. The profits of the Federal Reserve are contributed to the Treasury and are included in non-tax revenues in our income statements.

Federal Reserve balance sheets

(In billions) **December 31,**	**2018**	**2019**	**2020**
Assets			
Treasury securities	$ 2,338	$ 2,541	$ 5,255
Agency- and GSE-backed securities	1,645	1,471	2,167
Debt securities	3,983	4,012	7,422
Other assets	113	367	234
Total assets	$ 4,096	$ 4,379	$ 7,656
Liabilities and net worth			
Depository institution reserves	$ 1,556	$ 1,549	$ 2,995
Deposits and currency	2,200	2,291	4,045
Security repurchase agreements	304	337	216
Other liabilities	40	40	44
Total liabilities	4,100	4,217	7,300
Net worth	(4)	162	356
Total liabilities and net worth	$ 4,096	$ 4,379	$ 7,656

Government-sponsored enterprises

A government-sponsored enterprise (GSE) is a financial services corporation created by the US Congress for public policy purposes. Its intended function is to enhance the availability, and reduce the cost of, credit to the targeted borrowing sectors, primarily agriculture, home finance, and education.

Government-sponsored enterprise financial statements are not included in our financial statements because GSEs are private companies. However, because of their public purpose, we discuss them here. In addition, though they are not government entities, our Government may help determine policy, provide oversight, and appoint board members to the organizations. Even though GSE securities are not explicitly backed by the federal government, their importance to our Government may lead them to be implicitly backed; our Government may bail them out if they are in financial distress, as was done in 2008 with Fannie Mae and Freddie Mac (see Conservatorship below). Within our combined income statements, payments for these bailouts are included in economy and infrastructure within *Promote the general welfare* *expenditures* if they are general purpose bailouts made directly to financial institutions or in each respective segment's expenditures if the bailout relates to a specific area. For example, housing bailouts are in general housing support expenditures, while student loan bailouts are in education expenditures, both within *Secure the blessings of liberty to ourselves and our posterity expenditures*. In addition, certain of these GSEs receive considerable federal and state and local tax benefits.

GSEs consist of Federal Home Loan Banks, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Agricultural Mortgage Corporation, the Farm Credit System, the Financing Corporation, and the Resolution Funding Corporation. They also included the Student Loan Marketing Association until it was fully privatized in the fourth quarter of 2004. The most significant of these GSEs are described below.

Federal Home Loan Banks[9]

The 11 Federal Home Loan Banks (FHLBanks) are federally-chartered but privately capitalized and independently managed. The FHLBanks serve the public by providing a readily available, low-cost source of funds to FHLBank member banks through advances, which in turn loan money to local institutions that lend directly to borrowers. These funds may be used for residential mortgages, community investments, and other services for housing and community development. In addition, some of the banks provide member banks with a means of enhancing liquidity by purchasing home mortgages through mortgage programs developed for their member banks. Member banks can also borrow from an FHLBank to fund low-income housing. As of December 31, 2021, 2020, and 2019, the FHLBanks had outstanding advances of $351 billion, $423 billion, and $642 billion, respectively.

The Federal Housing Finance Agency (FHFA), an independent agency in the executive branch of the US government, supervises and regulates the FHLBanks. The *Housing Act* created the FHFA with regulatory authority over FHLBank issues such as: board of director composition, executive compensation, risk-based capital standards and prompt corrective action enforcement provisions, membership eligibility for community development financial institutions, and low-income housing goals. The FHFA's mission, with respect to the FHLBanks, is to ensure that the FHLBanks operate in a safe and sound manner so that the FHLBanks serve as a reliable source of liquidity and funding for housing finance and community investment.

The FHLBanks are exempt from all corporate federal, state, and local taxation, except for local real estate tax. However, by regulation, the FHLBanks must annually set aside for the Affordable Housing Program (AHP) the greater of the aggregate of $100 million or 10% of each individual FHLBank's income subject to assessment. An AHP subsidizes the cost of owner-occupied housing provided that the household's income may not exceed 80% of the area median income, and in the case of rental housing, at least 20% of the units should be occupied by, and affordable for, households whose income does not exceed 50% of the area median income. The subsidy may be in the form of a grant or an advance with a reduced interest rate. AHP funds are primarily available through a competitive application program at each of the FHLBanks. AHP assessments were $201 million, $315 million, and $362 million for the years ended December 31, 2021, 2020, and 2019, respectively.

Fannie Mae and Freddie Mac

Fannie Mae[10]

The Federal National Mortgage Association (Fannie Mae) is a GSE that was chartered by Congress in 1938, and in 1968 became a publicly traded company. Its public mission is to support liquidity and stability in the secondary mortgage market, where existing mortgage-related assets are purchased and sold, and to increase the supply of affordable housing. Its charter does not permit it to originate loans or lend money directly to consumers in the primary mortgage market.

Fannie Mae provides reliable, large-scale access to affordable mortgage credit and indirectly enables families to buy, refinance, or rent homes. Fannie Mae securitizes mortgage loans originated by lenders by placing the loans in a trust and issuing Fannie Mae mortgage-backed securities (MBS) comprising these securitized loans, which it then guarantees

(Fannie Mae MBS). One of its key functions is to evaluate, price, and manage the credit risk on the loans and securities that it guarantees.

Mortgage loans purchased or securitized by Fannie Mae must meet minimum standards required by its charter:

- conform to maximum original principal limits, known as "conforming loan limits," which are established each year based on the average prices of one-family residences; and
- include credit enhancement on any single-family conventional mortgage loan if the loan-to-value ratio is greater than 80% at the time of purchase. Credit enhancement can take one or more of the following forms: (1) insurance or guarantee by a qualified insurer of the over-80% portion of the unpaid principal balance of the mortgage; (2) a seller's agreement to repurchase or replace the mortgage in the event of default; or (3) retention by the seller of at least a 10% participation interest in the mortgage. Regardless of the loan-to-value ratio, the Fannie Mae charter does not require credit enhancement to purchase or securitize loans insured by Federal Housing Administration or guaranteed by the US Department of Veterans Affairs.

Fannie Mae has two primary sources of revenue: (1) the guarantee fees received for managing the credit risk on loans underlying Fannie Mae MBS held by third parties, and (2) the difference between interest income earned on the assets in the retained mortgage portfolio and the interest expense associated with the debt that funds those assets. It also obtains funds to support its business activities by issuing a variety of debt securities in the domestic and international capital markets, which attract global capital to the US housing market.

Fannie Mae is subject to the GSE Act, including government regulation and oversight. The FHFA has general supervisory and regulatory authority over Fannie Mae.

Freddie Mac[11]

The Federal Home Loan Mortgage Corporation (Freddie Mac) is a publicly-traded GSE chartered by Congress in 1970 with a public mission to provide liquidity, stability, and affordability to the US housing market. Freddie Mac does this primarily by purchasing residential mortgages originated by mortgage lenders. In most instances, Freddie Mac will package these mortgage loans into MBS, which are guaranteed by Freddie Mac and sold in the global capital markets. In addition to selling MBS, Freddie Mac also invests in mortgage loans and mortgage-related securities. Freddie Mac's charter does not permit it to originate mortgage loans or lend money directly to consumers in the primary mortgage market.

Freddie Mac supports the US housing market and the overall economy by: (1) providing America's families with access to mortgage funding at lower rates; (2) helping distressed borrowers keep their homes and avoid foreclosure; and (3) providing consistent liquidity to the multifamily mortgage market, which includes providing financing for affordable rental housing. Freddie Mac is also working with FHFA, its customers and the industry to build a stronger housing finance system for the nation.

Net interest income, comprising interest income (which includes income from loan guarantee fees) less interest expense, is Freddie Mac's primary source of revenue.

Conservatorship[12]

On September 6, 2008, the FHFA used its authority to place Fannie Mae and Freddie Mac into conservatorship. This was in response to a substantial deterioration in the housing markets that severely damaged Fannie Mae's and Freddie Mac's financial condition and left them unable to fulfill their mission without government intervention.

A key component of the conservatorships is the commitment of the Treasury to provide financial support to Fannie Mae and Freddie Mac to enable them to continue to provide liquidity and stability to the mortgage market. The Treasury has provided $190 billion in support.

In accordance with the *Federal Housing Enterprises Financial Safety and Soundness Act of 1992* as amended, FHFA is authorized to "take such action as may be: (i) necessary to put the regulated entity in a sound and solvent condition; and (ii) appropriate to carry on the business of the regulated entity and preserve and conserve the assets and property of the regulated entity."

While FHFA has broad authority over Fannie Mae and Freddie Mac, the focus of the conservatorships is not to manage every aspect of their operations. Instead, FHFA leadership reconstituted Fannie Mae's and Freddie Mac's boards of directors in 2008 and charged them with ensuring that normal corporate governance practices and procedures are in place. The boards are responsible for carrying out normal board functions, which are subject to FHFA review and approval on critical matters. Fannie Mae and Freddie Mac continue to operate legally as business corporations and must follow the laws and regulations governing financial disclosure, including the requirements of the SEC.

According to FHFA, long-term, continued operation in a government-run conservatorship is not sustainable for Fannie Mae and Freddie Mac because each company lacks capital, cannot rebuild its capital base, and is operating on a remaining, finite line of capital from taxpayers. Until Congress determines the future of Fannie Mae and Freddie Mac and the housing finance market, FHFA will continue to carry out its responsibilities as Conservator.

Farm Credit System[13]

The Farm Credit System (Farm Credit) is a nationwide network of 70 independent customer-owned lending institutions, providing more than $315 billion in loans, leases, and related services to nearly 600,000 customers. Farm Credit helps rural communities and agriculture grow and thrive by providing reliable, consistent credit and financial services, including loans, leases, and financial services to farmers, ranchers, and rural businesses across the US and in Puerto Rico.

Farm Credit raises funds by selling debt securities on the nation's money markets through the Federal Farm Credit Banks Funding Corporation. Farm Credit debt is insured by the Farm Credit System Insurance Corporation, a self-funded insurance entity. Once the Funding Corporation issues debt securities on behalf of all Farm Credit institutions, Farm Credit's four regional wholesale banks, AgFirst, AgriBank, CoBank, and Farm Credit Bank of Texas then fund the individual Farm Credit associations who support farmers, ranchers, and rural homebuyers. In addition to funding local retail associations, CoBank also uses the proceeds from Farm Credit debt securities to make loans directly to farmer-owned cooperatives, rural infrastructure providers, and other agribusinesses.

Farmer Mac[14]

The Federal Agricultural Mortgage Corporation (Farmer Mac) is designated by statute as a Farm Credit institution but is different from other Farm Credit institutions in several respects. In general, most Farm Credit institutions are primary lenders to farmers and ranchers and other borrowers in rural America. In contrast, Farmer Mac serves as a secondary market for lenders that extend credit in rural America. Also, Farmer Mac is a stockholder-owned company while the other Farm Credit institutions are organized as cooperatives.

Farmer Mac is a stockholder-owned, federally chartered corporation that combines private capital and public sponsorship to serve a public purpose: providing a secondary market for a variety of loans made to borrowers in rural America. In a secondary market, the owners of financial assets, such as the originators of loans, may sell all or part of those assets or pay a fee to otherwise offset some or all of the inherent risks of holding the assets. This secondary market is designed to increase the availability of credit at stable interest rates to America's rural communities and to provide rural borrowers with the benefits of capital markets pricing and product innovation.

Farmer Mac's main secondary market activities are:

- purchasing eligible loans directly from lenders;
- providing advances against eligible loans by purchasing obligations secured by those loans;
- securitizing assets and guaranteeing the payment of principal and interest on the resulting securities that represent interests in, or obligations secured by, pools of eligible loans; and
- issuing long-term standby purchase commitments for eligible loans.

Farmer Mac funds its purchases of eligible loans (including participation interests in eligible loans) and guaranteed securities primarily by issuing debt obligations in the public capital markets. As of December 31, 2021, its total outstanding business volume was $24 billion.

Major government programs

These summaries are provided as background for this report and should not be used to determine eligibility for any government program.

Social Security

Fiscal year, except as otherwise noted	1980	1990	2000	2010	2018	2019	2020	2021
Old Age and Survivors Insurance								
Total benefits paid (in millions, calendar year)	$ 105,074	$ 222,993	$ 352,706	$ 577,448	$ 844,924	$ 902,833	$ 952,388	na
Number of recipients	30,631,213	35,441,163	38,676,621	43,621,258	52,448,921	53,813,045	55,018,400	55,787,260
Average monthly benefit per recipient	$ 304	$ 525	$ 759	$ 1,107	$ 1,347	$ 1,403	1,446	1,487
Disability Insurance								
Total benefits paid (in millions, calendar year)	$ 15,437	$ 24,803	54,938	$ 124,191	$ 143,656	$ 145,049	$ 143,487	139,996
Number of recipients	4,699,942	4,225,933	6,624,978	10,034,403	10,213,144	9,980,251	9,731,824	9,338,766
Average monthly benefit per recipient	$ 269	$ 437	$ 625	$ 922	$ 1,066	$ 1,104	$ 1,126	$ 1,153
Total Social Security								
Total benefits paid (in millions, calendar year)	$ 120,511	$ 247,796	$ 407,644	$ 701,639	$ 988,580	$ 1,047,882	$ 1,095,875	na
Number of recipients	35,331,155	39,667,096	45,301,599	53,655,661	62,662,065	63,793,296	64,750,224	65,126,026
Average monthly benefit per recipient	$ 299	$ 515	$ 740	$ 1,072	$ 1,302	$ 1,356	$ 1,398	$ 1,439

† *We limited the data in this table to the years presented to provide the most recent data but to also fit the table to the page. Additional years of data and more detail may be found on our website. Click "More detail" to access it.*

na *An "na" reference in the table means the data is not available.*

Social Security is a federal government program that provides a source of income for individuals or their legal dependents (spouse, children, or parents) if they qualify for benefits. The program collects taxes from employees and employers and deposits the receipts into the two Social Security trust funds – the Old Age and Survivors Insurance (OASI) fund and the Disability Insurance (DI) fund. While the two are legally separate, they are often referred to together as OASDI.

In 2019, Social Security payments were $1,044 billion or 16% of our Government's aggregate expenditures. Partially offsetting Social Security expenditures (but shown separately as revenue in our income statement), is $932 billion of Social Security tax receipts, which comprised 16% of our Government's aggregate revenue.

Eligibility and enrollment[15]

The Social Security program pays benefits to qualified individuals out of the trust funds. Qualified individuals include, among others, disabled workers, retirees and their surviving spouses, and surviving children of deceased workers. Social Security benefits are subject to federal income taxes using a two-tiered scheme if the recipient's income exceeds certain thresholds. According to the Wisconsin Fiscal Legislative Bureau, in 2019: "A total of 30 states…exempted social security income from taxation. Fourteen states taxed social security benefits in 2019. Four states followed current federal practice and taxed up to 85% of benefits, including Minnesota, which provided a second separate state subtraction, subject to an income-based phaseout. An additional ten states provided their own taxation treatment."[5]

Disability

The Social Security Administration uses a five-step process to decide if a person is disabled, including verifying that:

- the applicant's earnings average less than a certain amount each month;
- the applicant's medical condition significantly limits his or her ability to do basic work activities – such as lifting, standing, walking, sitting, and remembering – for at least 12 months;

- the applicant's medical condition is of at least a certain severity, preventing the applicant from completing substantial gainful activity, regardless of age, education, or work experience;
- the applicant's medical impairment(s) prevents him or her from performing any of his or her past work; and
- there is no other work the applicant can do despite his or her impairment(s) given his or her age, education, past work experience, and skills.

In general, to get disability benefits, an applicant must also meet two earnings tests, one related to how recently the applicant has worked and the other related to the duration of the applicant's work history.

There are special rules for people who are blind.

Retirement

Those who pay Social Security taxes earn "credits" toward Social Security benefits. The number of credits needed to qualify for retirement benefits depends on one's birthdate. People born in 1929 or later need 40 credits (10 years of work).

The more a recipient has earned during a working career, the greater the retirement benefit. Retirement age also affects the size of benefit payments. Age 62 is the earliest possible Social Security retirement age, and those who retire at this age will have reduced benefits. Age 66 is the earliest age at which one can retire with full benefits. Each extra year of work thereafter adds another year of earnings to your Social Security record, increasing your benefits until you start receiving benefits or you reach age 70.

Spouses who never worked or have low earnings can get up to half of a retired worker's full benefit. Those who are eligible for both their own retirement benefits and spousal benefits are paid their own benefits first. Those whose spousal benefit is higher than their own retirement benefit will get a combination of benefits equaling the higher spousal benefit. Divorced people aged 62 and older whose marriage lasted 10 years or longer may be able to receive benefits on their ex-spouse's record even if the ex-spouse has remarried.

Social Security replaces a percentage of a worker's pre-retirement income based on their lifetime earnings. The amount of average wages that Social Security retirement benefits replaces varies depending on one's earnings and when one chooses to start receiving benefits. According to the Social Security Administration, if benefits start at age 67, this percentage ranges from as much as 75% for very low earners, to about 40% for medium earners, and about 27% for high earners. If benefits start earlier than age 67, these percentages would be lower, and after age 67 they'd be higher.

Survivor benefits

Widows and widowers may be eligible to receive Social Security benefits at age 60, or at age 50 if suffering from a disability that started before or within seven years of the spouse's death. Widows and widowers can take reduced benefits on one record, and then switch to full benefits on another record later. For example, a woman can take a reduced widow's benefit at 60 or 62, and switch to her own full retirement benefit at full retirement age.

Children's benefits

Children whose parents are disabled, retired, or deceased may be eligible for Social Security benefits. Biological children, adopted children, and dependent stepchildren of the worker are eligible. To get benefits, a child must have:

- A parent who is disabled or retired and entitled to Social Security benefits; or
- A parent who died after having worked long enough in a job where the parent paid Social Security taxes.

The child must also be any of the following:

- Unmarried;
- Younger than age 18;
- 18-19 years old and a full-time student (no higher than grade 12); or
- 18 or older and disabled. (The disability must have started before age 22.)

Enrollment

A person needs a Social Security number to get a job legally, and this nine-digit number remains one's first and continuous link with Social Security. Information on how to apply for a new or replacement Social Security number and card can be found at https://www.ssa.gov/. Having this number and beginning work at a job that participates in the Social Security program enrolls one in the program. When an individual is ready to make a claim, he or she can apply to receive Social Security retirement benefits on the above-referenced site.

Funding and financial condition of the program[16]

Funding

The Social Security program is funded primarily by a 12.4% payroll tax levied on employers and workers (each pay 6.2%, self-employed individuals pay the entire 12.4%). During the periods discussed in this report, there were two temporary tax rate reductions. For calendar year 2010, most employers were exempt from paying the employer share of OASDI tax on wages paid to certain qualified individuals hired after February 3. For calendar years 2011 and 2012, the OASDI tax rate was reduced by 2 percentage points for employees and for self-employed workers, resulting in a 4.2% effective tax rate for employees and a 10.4% effective tax rate for self-employed workers. Reductions in tax revenue due to these lower tax rates were made up by transfers from the general fund of the Treasury to the OASI and DI trust funds.

The payroll tax is levied on employee earnings up to a maximum taxable amount, which varies each year. Recent maximum taxable earnings were:

1980	$	25,900	**1990**	$	51,300	**2000**	$	76,200	**2010**	$	106,800
2018	$	128,400	**2019**	$	132,900	**2020**	$	137,700	**2021**	$	142,800

When the Social Security trust funds have surpluses, our Government generally uses the excess funds to purchase Treasury securities. Therefore, the trust funds earn some interest income.

Financial condition

Social Security funds are deposited in trust funds. The table below shows that at the end of 2019, the OASDI trust funds had an aggregate balance of $2.9 trillion.

Old-Age and Survivors Insurance and Disability Insurance trust funds

Fiscal year (In millions)	1980	1990	2000	2010	2018	2019	2020
Total cash income [1]	**$ 117,439**	**$ 307,921**	**$ 561,321**	**$ 788,061**	**$ 992,568**	**$ 1,051,120**	**$ 1,103,086**
Social insurance and retirement receipts (payroll taxes)	113,209	281,656	480,584	631,687	854,747	914,303	965,428
Intergovernmental receipts:	4,230	26,265	80,685	156,281	137,745	136,690	137,534
Government employer share of employee retirement	1,204	5,567	7,637	14,936	18,193	18,055	19,134
Interest	2,340	15,991	59,796	118,502	83,809	82,504	78,804
Other	686	4,707	13,252	22,843	35,743	36,131	39,596
Other cash income	—	—	52	93	76	127	124
Total cash outgo [1]	**$ 118,559**	**$ 249,705**	**$ 409,473**	**$ 706,351**	**$ 987,904**	**$ 1,044,606**	**$ 1,095,562**
Benefit payments	115,514	243,263	402,104	695,459	976,566	1,032,919	1,084,212
Payments to railroad retirement	1,442	3,049	3,697	4,392	4,943	4,946	4,988
Interest payments	—	1,082	—	—	—	—	—
Administrative expenses	1,494	2,273	3,606	6,390	6,423	6,626	6,156
Beneficiary services and other	109	38	66	110	(28)	115	206
Surplus (deficit)	**$ (1,120)**	**$ 58,216**	**$ 151,848**	**$ 81,710**	**$ 4,664**	**$ 6,514**	**$ 7,524**
Adjustment to balances	—	—	—	3	(1)	(1)	(71)
Fund balance, end of year:	**$ 32,260**	**$ 214,900**	**$ 1,006,852**	**$ 2,585,484**	**$ 2,894,208**	**$ 2,900,721**	**$ 2,908,174**
Invested balance	31,251	215,222	1,007,226	2,586,333	2,894,655	2,900,916	2,908,422
Uninvested balance	1,009	(322)	(374)	(849)	(447)	(195)	(248)

† *Dollar amounts in this table may not agree to amounts for the same program in our financial statements or narrative discussion as 1) the data in this table may be on a different year (e.g. fiscal vs. calendar) basis and 2) the data in this table may be drawn from a source that prepares the data on an accrual rather than a cash basis.*
†† *Source: Office of Management and Budget.*
††† *Our website shows the OASI and DI trust fund financials separately. You can find them here.*
1 *Offsetting collections from Federal sources that are credited to the OASI account are treated as offsets to cash outgo rather than as cash income.*

The Board of Trustees of OASI and DI Trust Funds projects the OASDI trust funds may become depleted as early as 2031. You can see their projections in Exhibit 99.06.

Medicare[17]

Fiscal year (In thousands)	1980	1990	2000	2010	2018	2019	2020
Total enrollment by part: [1]	**28,433**	**34,251**	**39,688**	**47,720**	**60,020**	**61,529**	**62,608**
Part A (Hospital Insurance)	28,002	33,747	39,257	47,365	59,677	61,182	62,250
Part B (Medical Insurance)	27,278	32,567	37,335	43,882	54,679	56,017	57,296
Part C (Private Insurer-Provided Medicare)	na	2,017	6,856	11,693	21,336	22,947	25,076
Part D (Outpatient Prescription Drug Insurance)	na	na	na	34,772	45,802	47,176	48,648

† *Dollar amounts in this table may not agree to amounts for the same program in our financial statements or narrative discussion as 1) the data in this table may be on a different year (e.g. fiscal vs. calendar) basis and 2) the data in this table may be drawn from a source that prepares the data on an accrual rather than a cash basis.*
†† *Source: Office of Management and Budget.*
††† *We limited the data in this table to the years presented to provide the most recent data but to also fit the table to the page. Additional years of data and more detail may be found on our website. Click "More detail" to access it.*
na *An "na" reference in the table means the data is not available.*
1 *Starting in 1983, includes amounts from Postal Service.*

Medicare is our country's health insurance program for people age 65 or older. People younger than age 65 with certain disabilities, permanent kidney failure, or amyotrophic lateral sclerosis (Lou Gehrig's disease) can also qualify for Medicare. The program helps with the cost of healthcare, but it does not cover all medical expenses or the cost of most long-term care. As of 2013, on average, Medicare covered about 66%[18] of the healthcare charges for those enrolled. A person can buy a Medicare supplement policy from a private insurance company to cover some of the costs that Medicare does not. Medicaid may also cover a portion of costs for those who are eligible.

In 2020, Medicare provided benefits to 63 million Americans, 86% (54 million) of whom were age 65 and older and 14% (9 million) of whom were disabled.

In 2019, Medicare payments (net of premiums of $108 billion) were $763 billion or 11% of our Government's aggregate expenditures. Partially offsetting these expenditures (but shown separately as a payroll tax revenue in our income statement) were $282 billion of Medicare tax receipts, which comprised 5% of our Government's aggregate revenue.

Programs

Medicare is the combination of two separate programs with three parts:

- the Hospital Insurance (HI) program, also known as Medicare Part A:
  - Part A covers in-patient hospital treatment along with some other medical services, with 61 million enrollees as of 2019; and
- the Supplemental Medical Insurance (SMI) program, also known as Medicare Parts B and D:
  - Part B covers much of what Part A does not, such as physician visits, out-patient hospital treatments, and some drugs, with 56 million enrollees as of 2019; and
  - Part D is the newest addition to the Medicare program (introduced January 1, 2006) and provides subsidies for prescription drugs, with 47 million enrollees as of 2019.

Medicare Part C (aka Medicare Advantage) is a privately-run health insurance option available via Medicare, with 23 million enrollees as of 2019. Part C enrollees pay premiums for their Part B, as well as additional fees to the private insurer, while the federal government covers an amount similar to what it would pay for the person to be enrolled in traditional Medicare.

Eligibility and enrollment

Part A

People age 65 or older, who are citizens or permanent residents of the US, are eligible for Medicare Part A at no cost if they:

- or their spouse receives or is eligible to receive Social Security benefits or railroad retirement benefits;
- or their spouse worked long enough in a government job through which they paid Medicare taxes; or
- are the dependent parent of a fully insured deceased child.

If they don't meet these requirements, they may be able to get Medicare Part A by paying a monthly premium. People who are already receiving Social Security retirement or disability benefits will be automatically enrolled in Medicare Parts A and B when they turn 65. Those who aren't yet receiving Social Security benefits should enroll in Medicare Part A even if they don't plan to retire at age 65. The enrollment period begins three months before the month of an applicant's 65th birthday and continues for three months after the month he or she turns 65. One can enroll online at https://www.ssa.gov/, by phone, or by visiting a local Social Security Administration office.

Part B

Individuals eligible for Medicare Part A at no cost can enroll in Medicare Part B by paying a monthly premium. Some people with higher incomes will pay a higher monthly Part B premium. A person who is not eligible for Part A at no cost, can purchase Part B without having to buy Part A, if the person is 65 or older and is a US citizen or a lawfully admitted noncitizen who has lived in the US for at least five years. Those who fail to enroll in Part B when they are first eligible may be subject to a penalty if they enroll later. If, however, they are active employees past the age of 65 and are eligible for health insurance that their employer subsidizes, it may not be in their interest to enroll in Parts B or D until they retire.

Part C (Medicare Advantage)

Individuals who receive Part A and Part B benefits directly from our Government have original Medicare. Individuals who receive benefits from a Medicare Advantage organization or other company approved by Medicare have Medicare Advantage plans, which are offered by Medicare-approved private companies. Many of these plans provide extra coverage and may lower out-of-pocket costs. Individuals who have Medicare Parts A and B can join a Medicare Advantage plan.

Part D

Anyone who has Medicare Part A or Part B is eligible for Part D (Medicare prescription drug coverage). Joining a Medicare prescription drug plan, which charges an extra monthly premium, is voluntary. Some beneficiaries with higher incomes will pay a higher monthly Part D premium.

Participant costs

No part of Medicare pays for all of a beneficiary's covered medical costs, and many costs are not covered at all. The program contains premiums, deductibles, and coinsurance, which the covered individual must pay out-of-pocket. Some people may qualify to have other governmental programs (such as Medicaid) pay premiums and some or all of the costs associated with Medicare. Deductibles and coinsurance are paid directly to providers and are excluded from this report. Premiums are reported in the financial statements within this report as reductions of Medicare expenditures rather than as revenues. See the overall discussion of what revenues are netted against expenses and why at *Receipts that offset expenses* above.

Most Medicare enrollees do not pay a monthly Part A premium, because they (or a spouse) have had 40 or more 3-month quarters in which they paid *Federal Insurance Contributions Act* (FICA) taxes. The benefit is the same no matter how much or how little the beneficiary paid as long as the minimum number of quarters is reached. Medicare-eligible persons who do not have 40 or more quarters of Medicare-covered employment (or a spouse who does) may buy into Part A for a monthly premium of:

- $274 per month (as of 2022) for those with 30 – 39 quarters of Medicare-covered employment, or
- $499 per month (as of 2022) for those with fewer than 30 quarters of Medicare-covered employment and who are not otherwise eligible for premium-free Part A coverage.

Most Medicare Part B enrollees pay an insurance premium for this coverage. Part B premiums for 2022 are $170.10 to $578.30 per month, depending on the enrollee's yearly income, with the highest premium paid by individuals earning more than $500,000 or married couples earning more than $750,000.

Premiums for Parts C and D vary by plan, and some Part C plans do not charge premiums.

Funding and financial condition of the program

Funding

Each part of Medicare relies on different funding mechanisms:

- Part A is largely funded by a 2.9% payroll tax levied on employers and workers (each pay 1.45%; self-employed individuals pay the entire 2.9%). Beginning in 2013, the rate of Part A tax on earned income exceeding $200,000 for individuals ($250,000 for married couples filing jointly) rose to 3.8% (paid 2.35% by employee and 1.45% by employer, or 3.8% by a self-employed individual), in order to pay part of the cost of the subsidies mandated by the *Patient Protection and Affordable Care Act* (PPACA).
- Part B is funded primarily by revenue from the federal government general fund and by premiums paid by Medicare enrollees.
- Part C is funded by the Medicare Trust Funds at a fixed amount per month, plus any additional premiums paid by Part C plan members.
- Part D is financed primarily by revenue from the federal government general fund with small amounts coming from enrollee premiums (15% of funding in 2020) and transfers from states (11% of funding in 2020). In 2006, a surtax was added to Part B premiums for higher-income seniors to partially fund Part D.

Financial condition

Each of the three primary parts of Medicare (Parts A, B, and D) has its own account managed by trustees (a trust fund account). Part C does not have a trust fund.

Medicare trust funds financials

At the end of fiscal year 2020, the HI (Part A) trust fund had a balance of $134 billion and the SMI (Parts B and D) trust fund had a balance of $89 billion, for a combined balance of $223 billion.

Fiscal year (In millions)	**1980**	**1990**	**2000**	**2010**	**2018**	**2019**	**2020**
Total cash income	**$ 35,690**	**$ 125,170**	**$ 248,921**	**$ 505,217**	**$ 746,142**	**$ 785,384**	**$ 839,756**
Social insurance and retirement receipts (payroll taxes)	23,217	68,029	135,529	180,068	260,659	277,572	291,778
Excise taxes (SMI)	—	—	—	—	4,095	2,437	3,167
Intergovernmental receipts:	9,529	45,531	91,333	250,528	358,230	373,067	400,783
Government employer share for government employee retirement [1]	249	2,153	2,630	4,042	4,478	4,479	4,719
Interest	1,477	9,370	13,630	17,602	9,733	9,673	7,535
Federal payment (OASDI taxes)	—	—	8,787	13,760	24,192	23,781	26,941
Federal contributions and other	7,803	34,008	66,286	215,124	319,827	335,134	361,588
Premium income	2,944	11,607	21,907	65,307	111,738	120,150	128,506
Other cash income [2]	—	3	152	9,314	11,420	12,158	15,522
Total cash outgo	**$ 35,034**	**$ 109,709**	**$ 219,022**	**$ 525,640**	**$ 711,502**	**$ 782,547**	**$ 919,434**
Benefit payments	33,937	107,172	214,867	518,832	701,888	772,844	909,815
Administrative expenses [3]	1,080	2,298	3,042	5,279	6,660	6,660	6,915
Payments to the Patient-Centered Outcomes Research Trust Fund	—	—	—	—	144	145	—
Other	17	239	1,113	1,529	2,810	2,898	2,704
Surplus (deficit)	**$ 656**	**$ 15,461**	**$ 29,899**	**$ (20,423)**	**$ 34,640**	**$ 2,837**	**$ (79,678)**
Adjustment to balances	—	—	—	22	5	(63)	1
Fund balance, end of year	**$ 19,029**	**$ 110,158**	**$ 213,968**	**$ 350,842**	**$ 300,173**	**$ 302,947**	**$ 223,270**
Invested balance	19,214	110,535	213,934	349,203	301,002	303,341	221,212
Uninvested balance	(185)	(377)	34	1,639	(829)	(394)	2,058

[†] *Dollar amounts in this table may not agree to amounts for the same program in our financial statements or narrative discussion as 1) the data in this table may be on a different year (e.g. fiscal vs. calendar) basis and 2) the data in this table may be drawn from a source that prepares the data on an accrual rather than a cash basis.*

[††] *Source: Office of Management and Budget.*

[†††] *Our website shows the HI and SMI trust fund financials separately. You can find them here.*

[1] *Starting in 1983, includes amounts from Postal Service.*

[2] *For years after 1986, SMI receipts for kidney dialysis. For years after 2004, includes Medicare refunds, which were shown as offsets to cash outgo in years prior to 2005.*

[3] *For 1989 and 1990, includes transactions and balances of the HI and SMI Catastrophic Insurance trust funds, which began in 1989 and were abolished in 1990.*

The Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds project the Medicare HI (Part A) trust fund may become depleted as early as 2024. See their projections in Exhibit 99.07.

Medicaid and Children's Health Insurance Program (CHIP)[19]

Federal fiscal year, except as otherwise noted	1980	1990	2000	2010	2018	2019	2020
Medicaid							
Spending (in billions) [1]	$ 25.2	$ 72.2	$ 206.2	$ 401.5	$ 616.1	$ 626.9	$ 682.7
Average monthly enrollment (in millions) [1]	19.6	22.9	34.5	54.5	73.9	73.9	75.3
Spending per enrollee [1] (calendar year)	$ 1,285	$ 3,147	$ 5,972	$ 7,361	$ 8,339	$ 8,487	$ 9,070
Total beneficiaries (in thousands of people) [2]	**21,605**	**25,255**	**41,212**	**63,730**	**82,940**	**81,655**	**na**
Children	9,333	11,220	18,528	30,024	30,769	29,998	na
Adults	4,877	6,010	8,538	15,368	28,870	29,792	na
Disabled	2,911	3,718	6,688	9,341	9,062	8,811	na
Aged	3,440	3,202	3,640	4,289	6,086	6,265	na
Unknown	1,044	1,105	3,817	4,709	8,153	6,789	na
Total enrollees (in thousands of people, to the nearest 100,000) [3]	**19,600**	**22,900**	**34,500**	**54,500**	**73,900**	**73,900**	**75,300**
Children	na	na	16,100	26,400	28,100	28,400	28,900
Adults	na	na	6,900	13,100	15,600	15,700	15,800
Newly eligible adults	na	na	—	—	12,200	12,600	13,200
Disabled	na	na	6,700	9,200	10,700	10,800	11,000
Aged	na	na	3,600	4,900	6,000	6,200	6,400
Territories	na	na	900	1,000	1,400	1,400	1,400
State fiscal year	**1980**	**1990**	**2000**	**2010**	**2018**	**2019**	**2020**
Medicaid share of state budgets (all federal and state funds) [4]	na	12.5%	19.1%	22.2%	29.3%	28.7%	na
Medicaid share of state budgets (state general funds only; no federal) [4]	na	9.5%	15.0%	14.8%	20.3%	19.7%	na
Medicaid as share of state budgets (all state funds; no federal) [4]	na	6.9%	11.0%	11.6%	16.5%	15.9%	na
Children's Health Insurance Program (CHIP)							
Children enrolled (in millions)	na	na	3.4	7.7	9.7	9.7	9.1

† *Dollar amounts in this table may not agree to amounts for the same program in our financial statements or narrative discussion as 1) the data in this table may be on a different year (e.g. fiscal vs. calendar) basis and 2) the data in this table may be drawn from a source that prepares the data on an accrual rather than a cash basis. Details may not foot to total due to rounding.*

†† *Source: Centers for Medicare and Medicaid Services (CMS).*

††† *We limited the data in this table to the years presented to provide the most recent data but to also fit the table to the page. Additional years of data and more detail may be found on our website. Click "More detail on Medicaid" and "More detail on CHIP" to access it.*

na *An "na" reference in the table means the data is not available.*

1 *All numbers exclude CHIP-financed coverage. The amounts shown in this table may differ from those published elsewhere due to slight differences in the timing of data and the treatment of certain adjustments. The amounts may also differ from prior versions of MACStats due to changes in methodology by the CMS Office of the Actuary. Spending consists of federal and state Medicaid expenditures for benefits and administration, excluding the Vaccines for Children program. Enrollment counts are full-year equivalents and, for fiscal years prior to 1980, have been estimated from counts of persons served. Enrollment data for fiscal year 2018 is projected; those for fiscal years 2000 – 2020 include estimates for the territories.*

2 *Beneficiaries (enrollees for whom payments are made) are shown here because they provide the only historical time series data directly available prior to FY 1990. Most current analyses of individuals in Medicaid reflect enrollees. Beginning in fiscal year 1998, a Medicaid-eligible person who received only coverage for managed care benefits was included in this series as a beneficiary. Children and adults who qualify for Medicaid on the basis of a disability are included in the disabled category. In addition, although disability is not a basis of eligibility for aged individuals, states may report some enrollees age 65 and older in the disabled category. For fiscal years prior to 2018, this data does not recode individuals age 65 and older who are reported as disabled, due to lack of detail in the historical data. Due to the way eligibility is reported in the Transformed Medicaid Statistical Information System (T-MSIS), age must be used to separate beneficiaries eligible on the basis of age from those eligible based on disability. This means that beneficiary count in 2018 and subsequent years for the disabled category no longer includes anyone age 65 and older. Generally, individuals whose eligibility group is unknown are persons who were enrolled in the prior year but had a Medicaid claim paid in the current year. Due to the transition from the Medicaid Statistical Information System (MSIS) to T-MSIS, complete and valid data were not available for all states for several years and jumped to fiscal year 2018 because this was the most complete year of data available to develop the MACStats data.*

3 *The CMS temporarily stopped reporting numbers of beneficiaries in 2013. Accordingly, we also report enrollees. Details may not add up to the total. Total enrollees and enrollees by type were taken from two separate data sources.*

4 *The all federal and state funds category reflects amounts from any source. The state general funds category reflects amounts from revenues raised through income, sales, and other broad-based state taxes. The all state funds category reflects amounts from any non-federal source; these include state general funds, other state funds (amounts from revenue sources that are restricted by law for particular government functions or activities, which for Medicaid includes provider taxes and local funds), and bonds (expenditures from the sale of bonds, generally for capital projects).*

Medicaid is a joint federal and state program that, together with the Children's Health Insurance Program (CHIP), provides health coverage to more than 84.8 million Americans, including children, pregnant women, parents, seniors, and individuals with disabilities. Medicaid is the single largest source of health coverage in the US. States establish and administer their own Medicaid programs and determine the type, amount, duration, and scope of services within broad federal guidelines. Federal law requires states to provide certain mandatory benefits and allows states the choice of covering other optional benefits. Mandatory benefits include services like inpatient and outpatient hospital services, physician services, laboratory and x-ray services, and home health services, among others. Optional benefits include services like prescription drugs, case management, physical therapy, and occupational therapy.

In 2019, Medicaid and CHIP payments were $629 billion or 9% of our Government's aggregate expenditures.

The *Families First Coronavirus Response Act* (FFCRA) was enacted in March 2020 in response to COVID-19. Pursuant to FFCRA, states may not terminate individuals enrolled for Medicaid benefits as of March 18, 2020 or determined eligible on or after that date. This includes continuing coverage for individuals who experience a change in circumstances that impact eligibility or who are determined eligible based on self-attestation for certain criteria, if the state has adopted post-enrollment verification of the criterion. Thus, if a state is able to process a change in circumstances prior to the end of the month in which the public health emergency ends and determines that a beneficiary no longer meets all eligibility criteria for coverage, the state must postpone taking adverse action until after the end of the month in which the emergency ends in order to qualify for the temporary 6.2% increase in Federal Medical Assistance Percentage under FFCRA.[20]

Eligibility and enrollment

In order to participate in Medicaid, federal law requires states to cover certain groups of individuals. Low-income families, qualified pregnant women and children, and individuals receiving Supplemental Security Income (SSI) are examples of mandatory eligibility groups. States have additional options for coverage and may choose to cover other groups, such as individuals receiving home and community-based services and children in foster care who are not otherwise eligible.

As of 2021, 38 states have expanded their Medicaid programs to cover all people with household incomes below a certain level. Whether you qualify for Medicaid coverage depends partly on whether your state has expanded its program through the Affordable Care Act.

- *In all states* - You can qualify for Medicaid based on income, household size, disability, family status, and other factors. Eligibility rules differ between states.
- *In states that have expanded Medicaid coverage* - You can qualify based on your income alone. If your household income is below 133% of the federal poverty level (FPL), you qualify.

Modified Adjusted Gross Income (MAGI), calculated as adjusted gross income (AGI) (gross income less adjustments as defined by the IRS at the time) plus untaxed foreign income, non-taxable Social Security benefits, and tax-exempt interest, is used to determine financial eligibility for Medicaid, CHIP, and premium tax credits and cost sharing reductions available through the health insurance marketplace. Eligibility is expressed as a percentage of the FPL and varies by state; a recipient's MAGI must be below the stated threshold to qualify. The eligibility ranges, expressed as a percentage of the FPL (including states with expanded rates), are as follows:

Medicaid:

- *Children ages 0-1* – ranging from 139% in Utah to 375% in Iowa
- *Children ages 1-5* – ranging from 133% in Oregon to 319% in District of Columbia
- *Children ages 6-18* – ranging from 133% in 15 states to 319% in District of Columbia
- *Pregnant women* – ranging from 133% in four states to 375% in Iowa
- *Adult parent/caretaker* – ranging from 13% in Alabama to 216% in District of Columbia

CHIP:

- *Children from birth to age 19 with exceptions, including 16 states that don't offer CHIP to children* – ranging from 185% in Idaho to 400% in New York
- *Pregnant women* – only six states offer – ranging from 200% in two states to 300% in two states

The FPL for 2021 ranges from $12,880 for individuals to $44,660 for a family of eight.

To be eligible for Medicaid, individuals must also meet certain non-financial criteria. Beneficiaries must generally be residents of the state in which they are receiving Medicaid. They must either be citizens of the US or certain qualified non-citizens, such as lawful permanent residents. In addition, some eligibility groups are limited by age, or by pregnancy or parenting status.

Applications are accepted at any time; there is no open enrollment period. Applicants may enroll electronically via https://www.healthcare.gov/ or at their local Center for Medicare and Medicaid Services or Medicaid office.

Funding and financial condition of the program

Medicaid is funded jointly by states and the federal government. Its federal funding source is among the mandatory expenditures in the annual federal budget. Congress could act to modify or remove the program's funding, but otherwise, it will continue as scheduled. The program does not have a trust fund.

Medicaid is also funded by state funds and to a lesser degree, premiums and cost sharing. States may charge limited premiums and enrollment fees to certain groups of Medicaid enrollees with incomes above 150% of the Federal Poverty Level (FPL). States may establish cost sharing requirements for Medicaid enrollees, but allowable charges vary by income and service. In addition, children with incomes below 133% of the FPL generally cannot be charged cost sharing. Overall, premium and cost sharing amounts for family members enrolled in Medicaid may not exceed 5% of a family's annual income. States can choose to impose limited enrollment fees, premiums, deductibles, coinsurance, and copayments for children and pregnant women enrolled in CHIP, generally limited to 5% of a family's annual income.

Food assistance – Supplemental Nutrition Assistance Program (SNAP)

Fiscal year	1980	1990	2000	2010	2018	2019	2020	2021
Total benefits (in millions)	$ 8,721	$ 14,143	$ 14,983	$ 64,702	$ 60,917	$ 55,622	$ 74,034	$ 107,578
Average monthly recipients (in thousands)	21,082	20,049	17,194	40,302	40,776	35,702	39,879	41,499
Average monthly benefits per person	$ 34	$ 59	$ 73	$ 134	$ 124	$ 130	$ 155	$ 216

† *Dollar amounts in this table may not agree to amounts for the same program in our financial statements or narrative discussion as 1) the data in this table may be on a different year (e.g. fiscal vs. calendar) basis and 2) the data in this table may be drawn from a source that prepares the data on an accrual rather than a cash basis.*

†† *Source: Department of Agriculture.*

††† *We limited the data in this table to the years presented to provide the most recent data but to also fit the table to the page. Additional years of data and more detail may be found on our website. Click "More detail" to access it.*

The Supplemental Nutrition Assistance Program (SNAP) offers nutrition assistance to millions of eligible, low-income individuals and families and provides economic benefits to communities when recipients spend money on food locally. SNAP is the largest program in the domestic hunger safety net. The maximum monthly benefit for the first person in a household is $250, with the amount per additional person decreasing with each person. These maximum benefits are reduced by 30% of the net monthly income of the household, as SNAP households are expected to spend 30% of their resources on food. In 2019, SNAP payments were $56 billion or 1% of our Government's aggregate expenditures.

Since the onset of COVID-19, Food and Nutrition Service (FNS) approved flexibilities to assist states in ensuring access to SNAP is maintained despite rising caseloads and challenges associated with social distancing and remote operations. FNS has issued guidance to support states in their planning for the expiration of the public health emergency. That guidance provides states with the opportunity to request SNAP flexibilities for implementation until the end of the month subsequent to the month in which the public health emergency declaration related to COVID-19 is lifted by the Secretary of Health and Human Services, whichever comes first.[21]

Eligibility and enrollment[22]

SNAP benefits are available to US citizens and certain immigrants who meet certain tests, including resource, income, and employment tests.

The Food and Nutrition Service works with state agencies, nutrition educators, and neighborhood and faith-based organizations to ensure that those eligible for nutrition assistance can make informed decisions about applying for the program and can access benefits.

Resources

Households may have $2,500 in countable resources, such as a bank account, or $3,750 in countable resources if at least one person is age 60 or older or is disabled. However, certain resources are not counted, such as a home and lot, the resources of people who receive SSI, the resources of people who receive Temporary Assistance for Needy Families (TANF), and most retirement (pension) plans, as well as vehicles in certain states.

Income

Households have to meet income tests unless all members are receiving TANF, SSI, or in some places general assistance. Most households must have gross income and net income (gross income minus allowable deductions) of no more than 130% and 100% of the poverty level, respectively, except in Alaska and Hawaii, where income limits are higher. A household with a person 60 years of age or older or a person who is receiving certain types of disability payments only has to meet the net income test.

Employment

In general, people must meet work requirements in order to be eligible for SNAP. These work requirements include registering for work, not voluntarily quitting a job or reducing hours, taking a job if offered, and participating in employment and training programs, if assigned by the state. In addition, able-bodied adults without dependents are required to work or participate in a work program for at least 20 hours per week in order to receive SNAP benefits for more than three months in a 36-month period. Some special groups may not be subject to these requirements, including children, seniors, pregnant women, and people who are exempt for physical or mental-health reasons.

Immigrants

SNAP is available to most legal immigrants who meet the tests above and:

- have lived in the US for five years; or
- are receiving disability-related assistance or benefits; or
- are children under 18.

Certain non-citizens, such as those admitted for humanitarian reasons and those admitted for permanent residence, may also be eligible for the program. Eligible household members can get SNAP benefits even if there are other members of the household who are not eligible. Non-citizens who are in the US temporarily, such as students, are not eligible.

Funding and financial condition of the program

SNAP is funded by mandatory expenditures in the annual federal budget. Congress could act to modify or remove the program's funding, but otherwise, it will continue as scheduled. SNAP does not have a dedicated trust fund.

Unemployment Insurance[23]

Fiscal year	1980	1990	2000	2010	2018	2019	2020
Regular Benefits							
Total # weeks claimed (in thousands)	148,952	115,954	96,007	203,149	79,298	75,958	471,649
Average weekly benefit (non-partial)	$ 100	$ 162	$ 221	$ 299	$ 356	$ 369	$ 319
Aggregate benefits paid (in millions)	$ 14,191	$ 17,956	$ 20,479	$ 57,891	$ 27,092	$ 26,940	$ 140,842
Extended Benefits							
Total # weeks claimed (in thousands)	17,940	247	28	31,786	26	—	12,342
Average weekly benefit (non-partial)	$ 98	$ 105	$ 182	$ 295	$ 203	$ 197	$ 339
Aggregate benefits paid (in millions)	$ 1,704	$ 30	$ 4	$ 8,919	$ (1)	$ (3)	$ 4,204
Emergency Benefits							
Total # weeks claimed (in thousands)	—	—	—	237,307	9	6	95,461
Average weekly benefit (non-partial)	$ —	$ —	$ —	$ 289	$ 296	$ 370	$ 300
Aggregate benefits paid (in millions)	$ —	$ —	$ —	$ 70,229	$ 3	$ 2	$ 28,659
Total Benefits (All Types)							
Aggregate UI benefits paid (in millions)	$ 15,895	$ 17,986	$ 20,483	$ 137,039	$ 27,094	$ 26,939	$ 173,705

† *Dollar amounts in this table may not agree to amounts for the same program in our financial statements or narrative discussion as 1) the data in this table may be on a different year (e.g. fiscal vs. calendar) basis and 2) the data in this table may be drawn from a source that prepares the data on an accrual rather than a cash basis. Details may not add to the total due to rounding.*

†† *Source: Department of Labor.*

††† *We limited the data in this table to the years presented to provide the most recent data but to also fit the table to the page. Additional years of data and more detail may be found on our website. Click "More detail" to access it.*

The Department of Labor's Unemployment Insurance (UI) programs provide benefits to eligible workers who become unemployed through no fault of their own and meet certain other eligibility requirements. Unemployment insurance payments (benefits) are intended to provide temporary financial assistance to unemployed workers who meet the requirements of state law. Each state administers a separate UI program within guidelines established by federal law. In general, UI benefits are based on a percentage of an individual's earnings over a recent 52-week period, up to a state maximum amount. Benefits can be paid for a maximum of 26 weeks in most states. Additional weeks of benefits may be available during times of high unemployment (extended and emergency benefits). The basic extended benefits program provides up to 13 additional weeks of benefits. Some states have also enacted a voluntary program to pay up to 7 additional weeks (20 weeks maximum) of extended benefits during periods of extremely high unemployment. Some states provide additional benefits for specific purposes. In 2019, UI payments were $31 billion or 1% of our Government's aggregate expenditures.

According to the Bureau of Economic Analysis, total unemployment benefits decreased from $537 billion in calendar year 2020 to $339 billion in calendar year 2021. The 2021 and 2020 amounts were the result of new pandemic-related unemployment programs created by Congress. These amounts include, among other things, the additional $600/week unemployment benefit payments made to people through July 31, 2020 as part of the "Coronavirus Aid, Relief, and Economic Security Act" or the "CARES Act," as well as the new eligibility for self-employed workers (including so-called gig economy workers). These benefits were updated and extended with the *Continued Assistance for Unemployed Workers Act of 2020*, which among other things, provides $300/week unemployment benefit payments made to people beginning after December 26, 2020, and ending on or before March 14, 2021.

Eligibility and enrollment

Eligibility for UI, benefit amounts, and the length of time benefits are available are determined by the state law under which UI claims are established. Applicants should contact the state UI agency as soon as possible after becoming unemployed. In some states, applicants can now file a claim by telephone.

Funding and financial condition of the program

In most states, UI benefit funding is based solely on a tax imposed on employers, the *Federal Unemployment Tax Act* (FUTA) tax. Employers owe FUTA tax on the first $7,000 they pay to each employee during the calendar year after subtracting any payments exempt from FUTA tax. The FUTA tax is 6.0% for 2021, however, employers can receive a credit of up to 5.4% against this FUTA tax if they pay state unemployment tax during the calendar year.[24] Three states require minimal employee contributions. Funds received by the federal government are distributed to state trust funds held by the Treasury, which are used to finance the programs. If a state uses all of its state funds, it may borrow from the federal government (authorized under Title XII of the Social Security Act). The Treasury will apply all tax revenue greater than the amount for benefit payments to the outstanding loan. States are also able to use private sector borrowing instruments, such as revenue bonds, to repay the federal government for their outstanding loans. If a state fails to repay the outstanding Title XII advance by November 10th of the year in which the second January 1st has passed, then all taxable employers in that state will be subject to a reduced credit on their FUTA tax of 0.3%.

As of December 31, 2021, the aggregate state UI trust fund balance was $39 billion. Because of the 2020 and 2021 recession, 22 states and one insular area depleted their UI funds and took advances totaling $77 billion (since January 1, 2020) from the federal government to continue to pay benefits. As of the end of 2021, nine states and one insular-area UI program still had a total of $40 billion in outstanding federal loans. Many states were able to supplement their unemployment funds during the past two years through use of funding available through the *CARES Act* and the *American Rescue Plan Act of 2021* (ARPA). No states had outstanding private borrowings. During 2021, the states earned a total of $517 million on their UI trust fund investments and incurred a total of $67 million of interest expense owed to the federal government for their Title XII loans.[25]

Earned Income Tax Credit (EITC)[26]

Calendar year	1980	1990	2000	2010	2018	2019
Total EITC claims (in millions)	$ 1,986	$ 7,542	$ 32,296	$ 59,562	$ 64,924	$ 64,478
Total EITC claims for returns with children (in millions)	$ 1,986	$ 7,542	$ 31,593	$ 57,809	$ 62,828	$ 62,212
Number of EITC returns (in thousands)	6,954	12,542	19,277	27,368	26,492	26,738
Number of EITC Returns with children (in thousands)	6,954	12,542	15,872	20,720	19,557	19,171
Average amount of EITC	$ 286	$ 601	$ 1,675	$ 2,176	$ 2,451	$ 2,411
Average amount of EITC for returns with children	$ 286	$ 601	$ 1,990	$ 2,790	$ 3,213	$ 3,245

† *Dollar amounts in this table may not agree to amounts for the same program in our financial statements or narrative discussion as 1) the data in this table may be on a different year (e.g. fiscal vs. calendar) basis and 2) the data in this table may be drawn from a source that prepares the data on an accrual rather than a cash basis.*

†† *Source: Internal Revenue Service.*

††† *We limited the data in this table to the years presented to provide the most recent data but to also fit the table to the page. Additional years of data and more detail may be found on our website. Click "More detail" to access it.*

Earned Income Tax Credit (EITC) is a tax credit for working people who have low to moderate income. EITC is a refundable credit, which means that if the credit exceeds the amount of tax owed, the taxpayer can receive the excess credit as a refund.

The maximum federal credit amounts for the latest tax year, 2021, are:

- $6,728 with three or more qualifying children;
- $5,980 with two qualifying children;
- $3,618 with one qualifying child; and
- $1,502 with no qualifying children.

Eligibility and enrollment

To be eligible for the EITC, one must meet financial and non-financial qualifications.

Financial qualifications

To be eligible for the EITC, one may not earn more than $10,000 in investment income for the year (as of 2021). In addition, earned income and adjusted gross income (AGI) for 2021 must each be less than:

	Qualifying Children Claimed			
If filing	Zero	One	Two	Three or more
Single, Head of Household or Widowed	$ 21,430	$ 42,158	$ 47,915	$ 51,464
Married Filing Jointly	$ 27,380	$ 48,108	$ 53,865	$ 57,414

Non-financial qualifications

To read about non-financial qualifications, see the IRS website at https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit/eitc-earned-income-tax-credit-questions-and-answers.

Funding and financial condition of the program

Refundable federal EITCs are primarily funded by mandatory expenditures in the annual federal budget. Congress could act to modify or remove the program's funding, but otherwise, it will continue as scheduled. Twenty-three states, plus the District of Columbia and New York City, have established their own EITCs or similar credits to supplement the federal credit. Certain states use federally provided TANF money (see *Welfare – Temporary Assistance for Needy Families (TANF)* below) to fund their state-level EITCs. EITCs do not have a dedicated trust fund.

Premium Tax Credit (PTC)[27]

Calendar year	2015	2016	2017	2018	2019
Total PTC claims (in millions)	$18,081	$ 22,183	$28,756	$41,772	$40,520
Number of PTC returns (in thousands)	5,003	5,426	5,336	5,362	5,182
Average amount of PTC	$ 3,614	$ 4,088	$ 5,390	$ 7,790	$ 7,819

† *Dollar amounts in this table may not agree to amounts for the same program in our financial statements or narrative discussion as 1) the data in this table may be on a different year (e.g. fiscal vs. calendar) basis and 2) the data in this table may be drawn from a source that prepares the data on an accrual rather than a cash basis.*

†† *Source: Internal Revenue Service.*

Premium Tax Credit (PTC) is a refundable tax credit that began in 2014 in connection with the Affordable Care Act. This credit is designed to help eligible individuals and families with low or moderate income afford health insurance purchased through the Health Insurance Marketplace (Marketplace), a shopping and enrollment service for medical insurance. The size of one's premium tax credit is based on a sliding scale; those who have a lower income get a larger credit.

When enrolling in Marketplace insurance, an individual can choose to have the Marketplace compute an estimated credit that is paid to the enrollee's insurance company ("advance credit payments") to lower what the enrollee pays for monthly premiums or choose to get all of the benefit of the credit when you file your tax return for the year. The credit is "refundable" because, if the amount of the credit is more than the amount of your tax liability, you will receive the difference as a refund. If you owe no tax, you can get the full amount of the credit as a refund. However, if advance credit payments were made to your insurance company and your actual allowable credit on your return is less than your advance credit payments, the difference, subject to certain repayment caps, will be subtracted from your refund or added to your balance due.

The maximum credit amounts for the latest tax year, 2021, are:

- $6,728 with three or more qualifying children;
- $5,980 with two qualifying children;
- $3,618 with one qualifying child; and
- $1,502 with no qualifying children.

Eligibility and enrollment

You are eligible for the premium tax credit if you meet all of the following requirements:

- have household income that falls within a certain range (see *Income limits* below);
- do not file a Married Filing Separately tax return (with limited exceptions);
- cannot be claimed as a dependent by another person; and
- in the same month, you, or a family member:
  - enroll in coverage (excluding "catastrophic" coverage) through a Marketplace;
  - are not able to get affordable coverage through an eligible employer-sponsored plan that provides minimum value;
  - are not eligible for coverage through a government program, like Medicaid, Medicare, CHIP or TRICARE; and
  - pay the share of premiums not covered by advance credit payments.

Income limits

In general, individuals and families may be eligible for the premium tax credit if their household income for the year is at least 100% but no more than 400% of the federal poverty line for their family size. For residents of one of the 48 contiguous states or Washington, D.C., the following illustrates when household income would be at least 100% but no more than 400% of the federal poverty line in computing your premium tax credit for 2021:

- $12,880 (100%) up to $51,520 (400%) for one individual;
- $17,420 (100%) up to $69,680 (400%) for a family of two; and
- $26,500 (100%) up to $106,000 (400%) for a family of four.

For tax years 2021 and 2022, section 9661 of the *American Rescue Plan Act of 2021* (ARPA), enacted on March 11, 2021, temporarily expanded eligibility for the premium tax credit by eliminating the requirement that a taxpayer's household income may not be more than 400% of the federal poverty line. Under this rule, taxpayers with household income of more than 400% of the federal poverty line for their family size may be allowed to claim a premium tax credit, if otherwise eligible

Funding and financial condition of the program

Refundable federal PTCs are primarily funded by mandatory expenditures in the annual federal budget. Congress could act to modify or remove the program's funding, but otherwise, it will continue as scheduled. PTCs do not have a dedicated trust fund.

Supplemental Security Income (SSI)[28]

Fiscal year	1980	1990	2000	2010	2018	2019	2020
Total payments (in millions):	**$ 7,771**	**$ 16,182**	**$ 32,159**	**$ 51,356**	**$ 57,765**	**$ 58,760**	**$ 58,887**
Blind or disabled	5,142	12,635	27,438	45,618	51,556	52,406	52,492
Aged	2,629	3,547	4,722	5,739	6,210	6,354	6,395
SSI federal payments [1]	$ 5,923	$ 12,943	$ 28,778	$ 47,767	$ 55,161	$ 56,198	$ 56,365
SSI federally administered state supplementation payments	$ 1,848	$ 3,239	$ 3,381	$ 3,589	$ 2,604	$ 2,562	$ 2,521
SSI recipients (in thousands): [2]	**4,142**	**4,817**	**6,602**	**7,912**	**8,129**	**8,077**	**7,960**
Blind or disabled	2,334	3,363	5,312	6,728	6,960	6,910	6,824
Aged	1,808	1,454	1,289	1,184	1,169	1,167	1,136
SSI payments per recipient: [2]	**$ 1,876**	**$ 3,359**	**$ 4,871**	**$ 6,491**	**$ 7,106**	**$ 7,275**	**$ 7,398**
Blind or disabled	2,203	3,757	5,165	6,780	7,407	7,584	7,692
Aged	1,454	2,439	3,663	4,847	5,312	5,445	5,629

† *Dollar amounts in this table may not agree to amounts for the same program in our financial statements or narrative discussion as 1) the data in this table may be on a different year (e.g. fiscal vs. calendar) basis and 2) the data in this table may be drawn from a source that prepares the data on an accrual rather than a cash basis. Details may not add to the total due to rounding.*

†† *Source: Social Security Administration.*

††† *We limited the data in this table to the years presented to provide the most recent data but to also fit the table to the page. Additional years of data and more detail may be found on our website. Click "More detail" to access it.*

1 *Total historical payments for 1980 are estimated.*

2 *Recipients are those with Federally Administered Payments in Current-Payment Status.*

Supplemental Security Income (SSI) is a federal program designed to help aged, blind, and disabled people who have little or no income. It provides cash to meet basic needs for food, clothing, and shelter.

The monthly maximum benefit amounts for 2022 are $841 for an eligible individual, $1,261 for an eligible individual with an eligible spouse, and $421 for an essential person. The monthly amount is reduced by subtracting monthly countable income. In the case of an eligible individual with an eligible spouse, the amount payable is further divided equally between the two spouses. Some states supplement SSI benefits.

In 2019, SSI payments were $53 billion or 1% of aggregate government expenditures.

Eligibility and enrollment

To be eligible for SSI, one must be:

- age 65 or older;
- blind; or
- disabled;

and:

- have limited income, which varies depending on where one lives, the nature of one's income, and the number of people living in a household;
- have limited resources (individual/child – $2,000, couple – $3,000);
- be a US citizen or national, or in one of certain categories of aliens;
- be a resident of one of the 50 states, the District of Columbia, or the Northern Mariana Islands;
- not be absent from the country for a full calendar month or for 30 consecutive days or more;
- not be confined to an institution (such as a hospital or prison) at our Government's expense;
- apply for any other cash benefits or payments for which one may be eligible, (for example, pensions, Social Security benefits); and
- meet certain other requirements.

Funding and financial condition of the program

SSI's funding source is primarily mandatory expenditures in the annual federal budget. Congress could act to modify or remove this source of the program's funding, but otherwise, it will continue as scheduled. Certain states also supply funding for the program. SSI does not have a dedicated trust fund.

Affordable housing

Calendar year	2000	2005	2010	2018	2019	2020	2021
All HUD programs							
Annual federal spending for all HUD programs (in billions)	$ 30.8	$ 42.5	$ 60.1	$ 54.7	$ 29.2	$ 33.2	$ 55.8
Subsidized units available (in thousands) [1]	4,881	5,092	5,095	5,036	5,035	5,077	5,098
Average monthly household rent contribution [2]	$ 212	$ 258	$ 288	$ 346	$ 357	$ 355	$ 364
Average monthly federal spending per unit [3]	$ 421	$ 503	$ 631	$ 743	$ 765	$ 810	$ 839
Demographics							
Total number of people (in thousands)	8,494	8,809	9,859	9,535	9,440	9,338	9,171
Average household size (persons)	2.2	2.2	2.0	2.1	2.0	2.0	2.0
% household with children	46%	44%	41%	36%	36%	34%	34%
% household headed by female	79%	79%	78%	75%	75%	75%	75%
% minority households	58%	59%	63%	64%	65%	66%	66%
Average household income per year	$ 10,300	$ 11,500	$ 12,364	$ 14,347	$ 14,835	$ 14,693	$ 15,045
% extremely low income (<30% median) [4]	70%	77%	76%	75%	75%	78%	77%
Average months on waiting list [5]	22	18	18	26	26	27	27
Average months since moved in [6]	75	74	84	110	115	118	119

† *Dollar amounts in this table may not agree to amounts for the same program in our financial statements or narrative discussion as 1) the data in this table may be on a different year (e.g. fiscal vs. calendar) basis and 2) the data in this table may be drawn from a source that prepares the data on an accrual rather than a cash basis.*

†† *Source: Department of Housing and Urban Development.*

††† We limited the data in this table to the years presented to provide the most recent data but to also fit the table to the page. Additional years of data and more detail may be found on our website. Click "More detail" to access it.
1 Number of units under contract for federal subsidy and available for occupancy.
2 Average household contribution towards rent per month (includes utilities).
3 Average federal spending per unit per month. For public housing, the operating subsidy is divided by the total number of occupied units. For tenant-based Section 8 the housing assistance payment is divided by the total number of reported households. Average total household income per year (shown in thousands of dollars per year). (Numerator includes zero income but excludes missing income; denominator includes all households.)
4 % of households with income below 30% of local area median family income, adjusted for household size.
5 Average months on waiting list among new admissions. Excludes programs that do not report waiting list dates. (Excludes zero and missing values.)
6 Average number of months since moved in. (Excludes zero and missing values.)

According to the US Department of Housing and Urban Development (HUD), families that pay more than 30% of their income for housing are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation, and medical care. Nearly 20 million households who report any income pay more than 50% of their monthly incomes for housing.

HUD's Office of Housing and Office of Public and Indian Housing administer programs to increase the amount of affordable housing available to low-income households across the nation. The largest of these are Section 8 rental housing assistance programs named after Section 8 of the *Housing Act of 1937*. There are two main Section 8 programs:

- *Tenant-based rental assistance through the Housing Choice Voucher Program* – participants find their own home or apartment and use a voucher to pay for all or part of the rent; and
- *Project-based rental assistance* – our Government gives funds directly to apartment owners, who lower the rents they charge low-income tenants.

Within HUD, the Office of Affordable Housing Programs administers the following grant programs designed to increase the stock of housing affordable to low-income households:

- The HOME Investments Partnerships Program provides grants to states and local governments to fund a wide range of activities including building, buying, and/or rehabilitating housing for rent or homeownership or providing direct rental assistance to low-income families. It is the largest federal block grant program for state and local governments designed exclusively to create affordable housing for low-income households; and
- The National Housing Trust Fund supports the acquisition, new construction, or reconstruction of rental units for extremely low-income families or families with incomes below the poverty line, whichever is greater.

In 2019, government housing support generated net revenue of $44 billion. In some years, the programs have incurred net expenditures and in other years, they have generated net revenue. The aggregate for all the years we tracked (1980 through 2019) was net revenue generation of $162 billion. Housing support programs have generated net revenue in aggregate because our Government's investments in Fannie Mae and Freddie Mac securities have generated a net $143 billion in revenue (between 2008 and 2019).

Eligibility and enrollment

Income limits that determine eligibility for assisted housing programs are based on Median Family Income estimates and Fair Market Rent area definitions. The income limits are too numerous to list in this document but are available at https://www.huduser.gov/portal/datasets/il.html.

Funding and financial condition of the program

Affordable housing programs are funded through mandatory expenditures in the annual federal budget. Congress could act to modify or remove the programs' funding, but otherwise, they will continue as scheduled. Affordable housing programs do not have a dedicated federal trust fund.

Student financial aid[29]

This section discusses student financial aid, excluding direct state appropriations to educational institutions.

(In millions, except as otherwise noted)	1980	1990	2000	2010	2018	2019	2020	2021
Federal grants								
Pell Grant expenditures by type of institution:	**$ 2,357**	**$ 4,778**	**$ 7,209**	**$ 29,992**	**$ 28,672**	**$ 28,244**	**$ 27,822**	**na**
Public [1]	na	na	na	$ 18,145	$ 19,951	$ na	na	na
Private [1]	na	na	na	$ 3,884	$ 4,851	$ na	na	na
Proprietary [1]	na	na	na	$ 7,332	$ 3,869	$ na	na	na
Number of valid Pell Grant applicants (in thousands):	**3,868**	**6,165**	**8,527**	**16,542**	**15,587**	**na**	**na**	**na**
Eligible applicants	3,030	4,348	4,903	10,969	10,742	na	na	na
Ineligible applicants	839	1,818	3,624	5,574	4,845	na	na	na
Federal Pell Grant recipients (in thousands)	**2,538**	**3,322**	**3,370**	**8,234**	**7,112**	**6,865**	**na**	**na**
Average Pell Grant (actuals):	**$ 929**	**$ 1,438**	**$ 1,915**	**$ 3,706**	**$ 4,031**	**$ 4,416**	**na**	**na**
Minimum grant	$ 200	$ 200	$ 400	$ 976	$ 596	$ 650	$ 650	$ 639
Maximum grant	$ 1,800	$ 2,300	$ 3,125	$ 5,350	$ 5,920	$ 6,095	$ 6,195	$ 6,345
Federal Supplemental Educational Opportunity Grants	$ 338	$ 437	$ 619	$ 736	$ 733	$ 839	$ 840	na
Veterans (fiscal year)	na	na	$ 1,629	$ 8,260	$ 13,178	$ 13,811	$ 12,688	na
Federal Work-Study	$ 547	$ 609	$ 850	$ 972	$ 981	$ 1,120	$ 1,110	na
Federal loans								
Federal loans receivable by the government, net (in billions)	na	na	$ 192	$ 368	$ 1,208	$ 1,201	$ 1,168	$ 1,163
Perkins Loan disbursements [2]	**$ 651**	**$ 903**	**$ 1,101**	**$ 818**	**$ 631**	**$ —**	**$ —**	**$ —**
Federal Family Education Loan Program (FFEL) disbursements by type of institution: [3]	**na**	**na**	**$ 21,442**	**$ 57,243**	**$ —**	**$ —**	**$ —**	**$ —**
Public [1]	na	na	$ 8,319	$ 20,018	$ —	$ —	$ —	$ —
Private [1]	na	na	$ 10,043	$ 22,030	$ —	$ —	$ —	$ —
Proprietary [1]	na	na	$ 2,865	$ 14,300	$ —	$ —	$ —	$ —
Foreign [1]	na	na	$ 216	$ 894	$ —	$ —	$ —	$ —
William D. Ford Federal Direct Loan Program (Direct Loan) disbursements by type of institution:	**na**	**na**	**$ 10,141**	**$ 42,582**	**$ 92,719**	**$ 91,262**	**$ 90,035**	**$ 82,117**
Public [1]	na	na	$ 6,930	$ 22,430	$ 43,664	$ 42,527	$ 41,470	$ 37,276
Private [1]	na	na	$ 2,554	$ 9,933	$ 36,222	$ 36,219	$ 35,693	$ 32,767
Proprietary [1]	na	na	$ 657	$ 10,209	$ 11,465	$ 11,136	$ 11,350	$ 10,573
Foreign [1]	na	na	$ —	$ 10	$ 1,368	$ 1,380	$ 1,522	$ 1,501

† *Dollar amounts in this table may not agree to amounts for the same program in our financial statements or narrative discussion as 1) the data in this table may be on a different year (e.g. fiscal vs. calendar) basis and 2) the data in this table may be drawn from a source that prepares the data on an accrual rather than a cash basis. Details may not add to the total due to rounding.*

†† *Source: Department of Education.*

††† *We limited the data in this table to the years presented to provide the most recent data but to also fit the table to the page. Additional years of data and more detail may be found on our website. Click "More detail" to access it.*

na *An "na" reference in the table means the data is not available.*

1 *May not add to total. Total expenditures and expenditures by institution type were taken from two separate data sources. In addition, numbers have been rounded.*

2 *The Perkins Loan Program was discontinued on September 30, 2017. Final disbursements were permitted through June 30, 2018.*

3 *The FFEL Program was discontinued on June 30, 2010.*

Federal

The Federal Student Aid office of the US Department of Education awards more than $120 billion a year in grants, work-study funds, and low-interest loans to approximately 13 million students. Federal student aid covers expenses such as tuition and fees, room and board, books and supplies, and transportation. Aid also can help pay for other related expenses, such as a computer and dependent care. Federal student aid includes:

- *Grants* – financial aid that does not have to be repaid;
- *Loans* – borrowed money for college or career school and repaid with interest; and
- *Work Study* – a work program through which money is earned to help pay for school.

Student financial aid payments are dispersed in our segment income statements according to the nature of the program and the individual served. Pell Grants are in the General Welfare segment, within standard of living and aid to the disadvantaged. Veterans and military grants are in the Common Defense segment, within national defense and support for veterans. Federal student loans are included in the Secure the Blessings segment, within education.

Eligibility and enrollment

Applicants for federal financial aid for college must complete a Free Application for Federal Student Aid (FAFSA). To qualify, applicants must:

- demonstrate financial need (for most programs);
- be a US citizen or an eligible noncitizen;
- have a valid Social Security number (with the exception of students from the Republic of the Marshall Islands, Federated States of Micronesia, or the Republic of Palau);
- be enrolled or accepted for enrollment as a regular student in an eligible degree or certificate program;
- be enrolled at least half-time to be eligible for Direct Loan Program funds;
- maintain satisfactory academic progress in college or career school;
- sign the certification statement on the FAFSA stating that:
    - the applicant is not in default on a federal student loan and does not owe money on a federal student grant; and
    - will use federal student aid only for educational purposes; and
- show they are qualified to obtain a college or career school education by:
    - having a high school diploma or a recognized equivalent such as a General Educational Development (GED) certificate;
    - completing a high school education in a homeschool setting approved under state law; or
    - enrolling in an eligible career pathway program and meeting one of the “ability-to-benefit” alternatives.

On December 27, 2020, the *FAFSA Simplification Act* was enacted into law as part of the Consolidated Appropriations Act, 2021. Among other things, that law eliminated the requirement for male students to register with the Selective Service before the age of 26 to be eligible for federal financial aid. For the 2021-2022 award year, therefore, failing to register with the Selective Service will no longer impact a student’s federal financial aid eligibility.

Funding and financial condition of the program

Federal student aid programs are funded by federal general funds, part of which are mandatory and part of which are discretionary, as well as by repayments of prior loans and interest.

As of September 30, 2021, 43.4 million unduplicated recipients of federal student loans owed a total of $1.6 trillion or approximately $37,100 per borrower, including principal and interest. Direct loans constituted the largest portion of the total, with $1.4 trillion owed by 37.0 million unduplicated recipients or approximately $37,200 per borrower. Of these direct loans, $16 billion or approximately $34,300 per borrower were in repayment status, all of which was current due to changes to borrower accounts as a result of executive actions and provisions in the CARES Act. This resulted in borrowers in repayment being moved into a forbearance status unless they opted out. Due to these changes, the number of borrowers in repayment has been drastically reduced and delinquencies were cured. Prior to these changes, $623 billion or approximately $38,500 per borrower was current and $8 billion, or 1% or approximately $27,900 per borrower, was in technical default (271 days plus delinquent) or transferring to a collection agency, with the remaining balance in various stages of delinquency.

State and local

State and local governments also provide financial aid to students. However, we are not aware of a government source for aggregated information on these programs, so we have not presented any information here.

Welfare – Temporary Assistance for Needy Families (TANF)[30]

Fiscal year	1980	1990	2000	2010	2018	2019	2020	2021
TANF expenditures (in millions) [1]	na	na	$ 24,781	$ 33,255	$ 28,720	$ 28,483	$ 28,984	na
TANF/AFDC average monthly total recipients (in thousands) [2]	10,597	11,460	5,943	4,371	2,259	2,045	2,037	2,539
TANF/AFDC average monthly child recipients (in thousands) [2]	7,322	7,755	4,370	3,289	1,767	1,610	1,587	1,454
TANF/AFDC average monthly families (in thousands) [2]	3,642	3,974	2,265	1,848	1,013	917	894	819
TANF SSP average monthly total recipients [3]	na	na	380,522	221,868	975,846	896,028	789,287	653,110
TANF SSP average monthly child recipients [3]	na	na	227,615	132,913	615,223	561,202	494,402	408,918
TANF SSP average monthly total number of families [3]	na	na	90,811	69,459	222,539	203,815	179,923	152,804

† *Source: Department of Health and Human Services.*

†† *We limited the data in this table to the years presented to provide the most recent data but to also fit the table to the page. Additional years of data and more detail may be found on our website. Click "More detail" to access it.*

na *An "na" reference in the table means the data is not available.*

1 *Includes State Separate Programs expenditures*

2 *In 1996, Aid to Families with Dependent Children (AFDC) was replaced by TANF.*

3 *State Separate Programs (SSP) are assistance programs that are administered by TANF agencies but are paid for wholly from state funds. When SSPs are conducted in a manner consistent with federal regulations, the money states spend on SSPs counts toward federal maintenance-of-effort (MOE) requirements, under which states must sustain a certain level of contribution to the costs of TANF and approved related activities..*

The Temporary Assistance for Needy Families (TANF) program, often referred to as "welfare," is designed to help needy families with children achieve self-sufficiency by providing temporary cash assistance while aiming to get people off of that assistance, primarily through employment. TANF was created by the *Personal Responsibility and Work Opportunity Act* instituted in 1996 and is administered by the Department of Health and Human Services (DHHS). The states design and operate programs that accomplish one of the purposes of the TANF program, which are:

- provide assistance to needy families so that children can be cared for in their own homes;
- reduce the dependency of needy parents by promoting job preparation, work, and marriage;
- prevent and reduce the incidence of out-of-wedlock pregnancies; and
- encourage the formation and maintenance of two-parent families.

In 2019, TANF payments were $16 billion or less than 1% of our Government's aggregate expenditures.

Eligibility and enrollment

State and local agencies are responsible for establishing the eligibility criteria and procedures that apply in their TANF programs, not the federal government. For more information, you can contact your state TANF director's office. You can find their contact information at https://www.acf.hhs.gov/ofa/help.

Funding and financial condition of the program

TANF is funded in part by mandatory federal block grants to the states and by matching state funds (not dollar-for-dollar but according to a formula). Its federal funding source is mandatory expenditures in the annual federal budget. Congress could act to modify or remove the program's funding, but otherwise, it will continue as scheduled. TANF does not have a dedicated trust fund.

Research and development

Fiscal year (In millions)	1980	1990	2000	2010	2018	2019	2020
Federal R&D outlays by agency [1]							
All agencies	**$29,154**	**$62,135**	**$76,898**	**$131,388**	**$117,072**	**$124,859**	**136,453**
Department of Defense	13,501	36,703	38,519	67,615	44,843	48,135	54,317
Department of Health and Human Services	3,477	8,309	18,187	34,928	32,997	35,271	37,604
Department of Energy	4,697	5,508	6,068	8,986	14,607	13,657	16,158
NASA	3,465	6,324	6,424	7,316	10,765	13,260	12,935
All other	4,014	5,291	7,700	12,543	13,860	14,536	15,439
Higher education R&D expenditures [2]							
Total higher education	**$6,063**	**$16,290**	**$30,084**	**$61,287**	**$79,177**	**$83,689**	**86,435**
Federal government – all agencies [3]	4,098	9,640	17,548	37,478	41,937	44,560	46,220
Department of Health and Human Services	na	na	na	na	22,837	24,425	25,398
Department of Defense	na	na	na	na	5,895	6,655	7,081
National Science Foundation	na	na	na	na	5,271	5,333	5,415
All other	na	na	na	na	7,861	8,069	8,251
State and local government	491	1,324	2,200	3,887	4,326	4,520	4,605
Institution funds	835	3,006	5,925	11,943	20,221	21,137	21,980
Business	236	1,127	2,156	3,202	4,726	5,067	5,189
All other	403	1,193	2,255	4,777	7,966	8,405	8,441

† *Source: National Science Foundation. Details may not add to totals due to rounding.*

†† *We limited the data in this table to the years presented to provide the most recent data but to also fit the table to the page. Additional years of data and more detail may be found on our website. Click "More detail" to access it.*

na *An "na" reference in the table means the data is not available.*

1 *Represents pure R&D, excludes facilities and fixed equipment.*

2 *Science and Engineering R&D only.*

3 *Federal Expenditures are also counted in Federal R&D Outlays by Agency above. Details may not add to totals, as details and totals were taken from two separate data sources. In addition, for the agency detail, beginning in FY 2012, institutions reporting less than $1 million in total R&D expenditures completed a shorter version of the survey questionnaire and those totals are not reflected here.*

Our Government spends money on research and development (R&D) to provide for the common defense and promote the general welfare of our citizens and in pursuit of specific goals, such as weapons in an effort to assure the safety and security of US citizens and vaccines against disease. More broadly, R&D spending can foster innovation, which can fuel economic growth, create jobs, and ultimately enhance our Government's financial position by broadening the tax base. Government R&D spending also promotes scientific and engineering skills in the workforce, in an effort to keep the US at the forefront of global innovation.

In 2020, 40% of federal R&D outlays were for the Department of Defense, with most of that devoted to the development of advanced weapons systems such as the Joint Strike Fighter. The Department of Energy also carries out R&D on nuclear weapons, in addition to basic scientific research in areas such as nuclear physics and the biological and environmental sciences. At the National Institutes of Health, which accounts for about a third of federal R&D spending, research is focused in understanding, diagnosing, preventing, and treating illnesses such as cancer and Alzheimer's disease. NASA is funding research for projects, including advanced electronic propulsion systems and space habitation projects.

Much of our Government's research is carried out under contract by private-sector companies or at colleges, universities, hospitals, and private research institutions. Our Government conducts research in several hundred laboratories around the country, such as the Brookhaven National Laboratory in Long Island, New York, and the Los Alamos National Laboratory near Santa Fe, New Mexico.

Marketing, sales, and distribution

Our Government markets, sells, and distributes services either directly to the public or via contracts with private firms.

Marketing

Our Government uses television, radio, print, the Internet, and social media to advertise and market government services. Many government agencies employ media spokespeople to tout their achievements, build public awareness, and promote their services and build websites to offer information. They may also hire advertising agencies for marketing campaigns. The military uses advertising campaigns to recruit soldiers.

Federal agencies spent $909 million on advertising in fiscal year 2015, according to an estimate by the Government Accountability Office. The top three advertisers were the Departments of Defense, Health and Human Services, and Homeland Security. These and other agencies spend for purposes such as advertising job openings, federal contracts and sales of surplus property.

Federal agencies also advertise to promote their services or influence public behavior. In April 2021, the Department of Health and Human Services started an education campaign called "We Can Do This" to increase public confidence in and uptake of COVID-19 vaccines while reinforcing basic prevention measures such as mask wearing and social distancing.[31] The Centers for Disease Control, for example, has carried out campaigns to encourage people to quit smoking and get tested for HIV. The Office of National Drug Control Policy is mandated by law to produce advertising campaigns to discourage the use of illegal drugs. State, local, and federal governments use the services of the Ad Council, a non-profit group backed by advertising agencies and media outlets, for free public-service advertising campaigns through a nationwide network of media outlets. These have included anti-drunk-driving campaigns by the National Highway Traffic Safety Administration and efforts by the US Forest Service to prevent forest fires.

The military uses advertising and marketing campaigns to recruit soldiers and has promoted public goodwill by staging patriotic events at professional sports games. The United States Army Recruiting Command employs about 10,900 recruiters working out of more than 1,400 recruiting stations across the US and overseas.

Many state and local agencies market their services through trade organizations such as the American Public Transportation Association, which lobbies the federal government for funding for local transit systems, carries on campaigns to generate public support for mass transit, and conducts research. Agencies also conduct their own marketing campaigns; the Los Angeles Metro, for example, has an in-house agency that uses billboard advertising to encourage residents to leave their cars at home and use public buses, rail or carpooling instead.

Sales

Many government services are sold directly to the public. State and local governments provide higher education via networks of state and county colleges, universities, and community colleges, and deliver health at state and county hospitals. Postal services are sold through the federal government's network of over 31,000 retail outlets. Customers pay for transportation when they buy rides on local bus and subway networks and pay tolls on highways. Many states and counties have a monopoly on distribution and sales of some or all alcoholic beverages, often through chains of government-operated retailers.

Distribution

Our Government sometimes use third-party distributors to carry out government objectives. Private universities and research institutions conduct government-funded research. Healthcare funded under government programs such as Medicare and Medicaid may be delivered by private health-care practitioners, hospitals, and clinics, in addition to public hospitals. Lottery tickets are sold through retailers such as convenience stores and gasoline stations.

Public and cooperative utilities supply services such as water, sewage treatment, electricity, and natural gas directly to commercial, residential, and industrial customers through dedicated distribution networks. The Tennessee Valley Authority, a federally owned utility that generates hydroelectric power, supplies electricity to most of Tennessee and parts of six other states. It sells power wholesale, about half to federal agencies and half to large industries and locally owned municipal and cooperative distribution systems.

Reporting segments

When businesses report their financial results, they organize them into "segments." A segment is a portion of an organization that engages in activities from which it may earn revenue and incur expenses, has discrete financial information available, and whose results are regularly reviewed by the organization's decision maker(s) for performance assessment and resource allocation decisions. This framework is what the business itself, investors, and the media use to explain in a common language the financial results and operations of the company. Adopting a similar framework, we have chosen to report our Government's operations in four segments – Justice and Domestic Tranquility (JDT), Common Defense (CD), General Welfare (GW), and Blessings of Liberty (BL), aligned with the preamble to the US Constitution:

> "We the People of the United States, in Order to form a more perfect Union, establish Justice, ensure domestic Tranquility, provide for the common defense, promote the general Welfare, and secure the Blessings of Liberty to ourselves and our Posterity, do ordain and establish this Constitution for the United States of America."

Federal, state, and local governments play a role in each of these segments. Some initiatives reported herein as state and local government activities and related expenditures were funded by transfers from the federal government. So, though the state and local governments fulfill them, they originate with the federal government.

We do not report revenues by segment but do report expenditures and key metrics on a segment basis. Certain expenditures, including 2% of total fiscal year 2019 expenditures, are not allocated to any segment and are categorized as general government support, outside of our reporting segments. These expenditures are for the costs of central government functions, including general property and records management, financial management, Congress, and general claims against our Government that our Government has not allocated to one agency.

Justice and Domestic Tranquility

This segment works to establish justice and ensure domestic tranquility among the US population, keeping citizens safe, alive, and living in peace with one another. To do this, our Government works to reduce crime, administer justice, mitigate and prevent disasters, help populations who cannot protect themselves (such as children), protect people from dangerous products, businesses, and commercial practices, and prevent accidents of all kinds. In 2019, 7% or $478 billion of our Government's expenditures were made by this segment.

The Justice and Domestic Tranquility segment can be further divided into the following reporting units, with their associated key initiatives, departments, and metrics.

Crime and disaster ($360 billion in spending in 2019)

- *Key initiatives* – reduce crime, administer justice, and mitigate and prevent disasters, including fires
- *Key departments* – Department of Justice, Department of Homeland Security (primarily Federal Emergency Management Agency), and Judicial Branch (primarily courts of appeals, district courts, and other judicial services) at the federal level and state and local police, correctional, judicial, and fire departments
- *Key metrics (see Item 7. Management's Discussion and Analysis, Key metrics by segment)* – numbers of crimes reported, arrests, people incarcerated, fire incidents and related civilian deaths, disaster declarations and related aid

Safeguarding consumers and employees ($23 billion in spending in 2019)

- *Key initiatives* – keep people away from harm by regulating, primarily commercial interests, including consumer product safety, financial protection and regulation, workplace safety and labor fairness, and transportation safety
- *Key departments* – Department of Health and Human Services (primarily Food and Drug Administration), Department of Agriculture (primarily Food Safety and Inspection Service), Department of Labor (primarily Occupational Safety and Health Administration and Mine Safety Administration), Federal Trade Commission, and Securities and Exchange Commission at the federal level and state and local protective inspection and regulation offices
- *Key metrics (see Item 7. Management's Discussion and Analysis, Key metrics by segment)* – numbers of consumer complaints and consumer product injuries, transportation crashes and fatalities, workplace violations, fatal and non-fatal workplace injuries, and back wages recovered

Child safety and miscellaneous social services ($95 billion in spending in 2019)

- *Key initiatives* – maintain the welfare and safety of all children, including through child protective services, child welfare, and foster care programs
- *Key departments* – Department of Health and Human Services (primarily Administration for Children and Families), Department of Education (primarily Office of Special Education and Rehabilitative Services), Corporation for National and Community Service, and Office of Social Innovation and Civic Participation at the federal level and state and local child welfare offices
- *Key metrics (see Item 7. Management's Discussion and Analysis, Key metrics by segment)* – numbers of child victims and fatalities, children in foster care and their time spent there, foster children reunited with family or adopted, and children in poverty

State and local governments perform most Justice and Domestic Tranquility activities.

Approximately 65% of this segment's expenditures are for crime and disaster. The key drivers of crime and disaster costs are costs of police protection operations and corrections, driven by the number of employees, facilities, and crimes committed. The drivers of the most significant fluctuations in annual crime and disaster costs are generally the occurrence and magnitude of natural disasters. Excluding costs of natural disasters, 37% of the segment's expenditures are for payroll for current employees.

Common Defense

This segment works to provide for the common defense of the US population and citizens abroad by protecting them from external threats. To do so, our Government prevents conflict where possible, engages in conflict when threatened, manages relationships with other nations, and keeps the US borders secure. To achieve these goals, our Government operates a military and provides benefits to veterans. It also manages immigration, controls entrance to the country at the borders, and operates a diplomatic force around the world that promotes American ideals and values on behalf of its citizens. In 2019, 14% or $955 billion of our Government's expenditures were made by this segment.

The Common Defense segment can be further divided into the following reporting units, with their associated key initiatives, departments, and metrics.

National defense and support for veterans ($885 billion in spending in 2019)

- *Key initiatives* – operate a military, including raise an army, navy, and air force, employ troops, provide benefits to veterans, and invest in defense technology and equipment
- *Key departments* – Department of Defense, Department of Veterans Affairs (primarily the Veterans Health Administration), Department of Energy (primarily the National Nuclear Security Administration and

Environmental and Other Defense Activities), and Department of Justice (primarily the Federal Bureau of Investigation) at the federal level and veterans' services offices at the state level
- *Key metrics (see Item 7. Management's Discussion and Analysis, Key metrics by segment)* – numbers of military personnel deployed, military deaths, civilian deaths overseas, veterans, and unique Veterans Affairs patients, and rates of veteran unemployment, poverty, and disability

Immigration and border security ($16 billion in spending in 2019)

- *Key initiatives* – maintain a system for immigration and control entrance to the country at the borders, including managing visas, Green Cards, and customs
- *Key departments* – Department of Homeland Security (primarily US Customs and Border Protection, US Immigration and Customs Enforcement, and Citizenship and Immigration Services) at the federal level
- *Key metrics (see Item 7. Management's Discussion and Analysis, Key metrics by segment)* – the estimated numbers of immigrants who are in the US without authorization and the numbers of those who were removed or returned, border apprehensions, numbers of naturalizations, Green Cards, and visas granted, intellectual property and drug seizures, and airport firearm discoveries

Foreign affairs and foreign aid ($54 billion in spending in 2019)

- *Key initiatives* – operate a diplomatic force around the world, including embassies and ambassadors, that promotes American ideals and values on behalf of its citizens, and provide economic and military foreign assistance
- *Key departments* – Department of State and International Assistance Programs at the federal level
- *Key metrics (see Item 7. Management's Discussion and Analysis, Key metrics by segment)* – number of US passports in circulation, and foreign aid obligations

Nearly all Common Defense activities are performed by the federal government, though the states do provide certain veterans services.

More than 70% of the expenditures of this segment are for national defense activities and are driven mainly by investment in preparation for future military conflicts and the occurrence and magnitude of conflicts. The costs are largely for personnel, equipment procurement, operations and maintenance, and services. Federal military employee wages and salaries was $117 billion in 2019.

General Welfare

This segment works to promote the general welfare of the US population by maximizing the day-to-day experience of the population and enabling them to live happy, healthy, productive lives and contribute to society. To do this, our Government works to stimulate the economy through investment and business promotion with the ultimate goal that every American who wants a job has one that pays a livable wage. Our Government attempts to balance taxes with income so Americans can have the standard of living they desire, while also providing a minimum standard of living through welfare and transfer programs for those in need. Government promotes good health as the foundation of a good standard of living, and it manages the structure of the healthcare industry so that people who do get sick can afford care. Finally, our Government operates services as businesses where they otherwise may not exist, such as the post office and transit systems. In 2019, 23% or $1,537 billion of our Government's expenditures were made by this segment, with a third spent by the federal government and the remainder by state and local governments.

The General Welfare segment can be further divided into the following reporting units, with their associated key initiatives, departments, and metrics.

Economy and infrastructure ($302 billion in spending in 2019)

- *Key initiatives* – stimulate the economy through tax policy, investment, business promotion, and trade and operate services as businesses where they otherwise may not exist (for example, post offices, transit, utilities, lotteries – see the full list at Exhibit 99.04 and quantification of key businesses in *Note 24 – Offsetting amounts* in *Part II, Item 8. Financial Statements and Supplementary Data, Notes to financial statements* within this annual report)
- *Key departments* – Department of Homeland Security (primarily United States Coast Guard and Transportation Security Administration), Department of Transportation (primarily Federal Aviation Administration), Federal Deposit Insurance Corporation, Federal Communications Commission, Department of the Treasury, National Science Foundation, Department of Energy, Department of Commerce, National Credit Union Administration, and US Postal Service at the federal level and liquor stores, lotteries, airports, ports, highways, mass transit, and parking facilities at the state and local level
- *Key metrics (see Item 7. Management's Discussion and Analysis, Key metrics by segment)* – numbers of new businesses and businesses that close, bankruptcy filings, bank failures, new home sales and prices, gross rents and vacancy rates, gross domestic product (GDP), values of the S&P 500, private investment, our net trade deficit, total employment, jobs per person in the working age population, median annual and federal minimum wages, and the condition of our roads and bridges

Standard of living and aid to the disadvantaged ($1,063 billion in spending in 2019)

- *Key initiatives* – manage a fair tax structure, provide a minimum standard of living through welfare and transfer programs for those in need
- *Key programs* – Earned Income Tax Credit, SNAP, Unemployment Insurance, Student Financial Aid (primarily Pell Grants), Subsidized Housing, TANF, SSI, Medicaid and CHIP
- *Key departments* – Department of the Treasury (primarily Internal Revenue Service), Department of Agriculture (primarily Food and Nutrition Service), Social Security Administration, Department of Labor (primarily Employment and Training Administration), Department of Education (primarily Office of Federal Student Aid), Department of Housing and Urban Development, and Department of Health and Human Services (primarily Indian Health Service) at the federal level and state and local departments of housing and community development and welfare offices
- *Key metrics (see Item 7. Management's Discussion and Analysis, Key metrics by segment)* – overall and child poverty rates, numbers of people in subsidized housing, and the amount of purchases a family makes in a year (an indicator of standard of living)

Health (excluding Medicaid and Medicare) ($172 billion in spending in 2019)

- *Key initiatives* – promote good health as the foundation of a good living and manage the structure of the healthcare industry as well as public health and health regulation
- *Key departments* – Department of Health and Human Services at the federal level and state and local public hospitals
- *Key metrics (see Item 7. Management's Discussion and Analysis, Key metrics by segment)* – life expectancy at birth, average age at death, deaths from various sicknesses, percentages of adults who suffer from certain health conditions, and the amount of money individuals spend on healthcare

Nearly 70% of this segment's expenditures are spent on standard of living and aid to the disadvantaged. These expenditures are driven primarily by macroeconomic conditions, including the health of the overall economy and costs of healthcare, housing, and food, which influence enrollment in, and program costs of, Medicaid and CHIP, SNAP, housing assistance, and other poverty-based programs.

Blessings of Liberty

This segment works to secure the blessings of liberty to the US population, which it does through investing in the future. Our Government invests in the future by providing educational opportunities and standards, promoting retirement savings and homeownership, and mandating savings through Social Security and Medicare. In order to prevent future conflict and destabilization, our Government manages its debt to limit the burden on future generations, protects the environment and manages natural resources, works to maintain a healthy democracy, and supports opportunity for economic mobility for each individual. In 2019, 53% or $3,589 billion of our Government's expenditures were made by this segment.

The Blessings of Liberty segment can be further divided into the following reporting units, with their associated key initiatives, departments, and metrics.

Education ($997 billion in spending in 2019)

- *Key initiatives* – increase educational attainment in the US
- *Key programs* – Student Financial Aid (state aid and federal student loans)
- *Key departments* – Department of Education (primarily Office of Federal Student Aid and Office for Postsecondary Education) and Department of the Treasury (primarily Internal Revenue Service, for refundable American Opportunity Credits) at the federal level and school districts, schools, and libraries at the state and local level
- *Key metrics (see Item 7. Management's Discussion and Analysis, Key metrics by segment)* – Head Start funded and other pre-kindergarten enrollment, public school enrollment, reading and math skills, high school graduation and GED rates, college enrollment, the cost of college, and higher education graduation rates

Wealth and savings ($2,460 billion in spending in 2019)

- *Key initiatives* – encourage wealth creation through tax incentives and tools for homeownership and saving for retirement through pension plans, Social Security, and Medicare, and maintain a manageable balance between current expenditures and future debt
- *Key programs* – Social Security and Medicare
- *Key departments* – Department of the Treasury, Social Security Administration, and Department of Health and Human Services (primarily Centers for Medicare and Medicaid Services) at the federal level
- *Key metrics (see Item 7. Management's Discussion and Analysis, Key metrics by segment)* – rates of savings, total and average household financial assets and mortgage debt, rates of homeownership, poverty of the elderly (over 65), retirement plan participation and performance, and national debt held by the public as a percentage of Gross Domestic Product (GDP) and per capita

Sustainability and self-sufficiency ($132 billion in spending in 2019)

- *Key initiatives* – protect the environment, manage natural resources responsibly, and maintain national self-sufficiency, including energy and agriculture
- *Key departments* – Department of Agriculture, Environmental Protection Agency, Corps of Engineers – Civil Works, Department of the Interior, Department of Commerce (primarily National Oceanic and Atmospheric Administration), and Department of Energy at the federal level and utilities (including energy, water, sewer, and solid waste management) and departments of forestry, fish and game, and parks and recreation at the state and local level
- *Key metrics (see Item 7. Management's Discussion and Analysis, Key metrics by segment)* – emissions; numbers of days with unhealthy air quality; percentage of assessed waters threatened or impaired; primary and net energy consumption; energy consumption from renewable sources; air, drinking water, hazardous waste and pesticide violations; crops harvested and crop failures; and our net agricultural surpluses

American Dream ($2 billion in spending in 2019, also included within other subsegments)

- *Key initiatives* – increase intergenerational economic mobility, build strong communities throughout the US, and encourage philanthropy and civic participation, including voting
- *Key departments* – Department of Justice (primarily Civil Rights Division), Corporation for National and Community Service, Federal Election Commission
- *Key metrics (see Item 7. Management's Discussion and Analysis, Key metrics by segment)* – rates of children with parents in the bottom income quintiles making it to a higher income quintile, numbers of hate crime incidents, equal employment charges, housing discrimination complaints, health discrimination investigations, citizen voting in presidential and midterm elections, rates of volunteering, and amounts of charitable giving

Over 60% of the segment's expenditures are spent by the federal government, while the remainder is spent by state and local governments.

Nearly 50% of this segment's expenditures are for Social Security and Medicare payments, which are driven primarily by the number and mix of beneficiaries and for Medicare, the costs of healthcare, and premiums paid by enrollees. Another nearly 30% of this segment's expenditures are for education, which are driven primarily by the number of government employees in the education sector and their salaries and related benefits, and by student fees, including tuition, room, board, and event entrance fees.

Customers

Our Government's customers are the individuals living in the US and US citizens living overseas, including members of the armed forces. As of July 1, 2021, the population of the US, excluding US territories, was 332 million. The population of the US is growing but at a rate that is generally decelerating; the population of the US grew less than 1% during each of the years ended July 1, 2021 and July 1, 2020, 16% in the 20 years following July 1, 2001, and 45% in the 40 years following July 1, 1981.

Demographics of our population

Below are tables with demographics of our population, as follows:

- *the first two tables* show demographics of our overall population, first combined and then by race and ethnicity;
- *the third and fourth tables* show demographics of our largest non-white race population (African-American people) and our largest ethnic population (Hispanic people), respectively; and
- *the fifth and sixth tables* show demographics for our native-born and foreign-born populations, respectively.

Population demographics

	1980	1990	2000	2010	2017	2018	2019	2020	2021
Total population (in thousands) [1,4]	**227,225**	**249,623**	**282,162**	**309,327**	**325,122**	**326,838**	**328,330**	**331,501**	**331,894**
Population change [2]	2,920	2,588	2,457	2,395	2,050	1,716	1,492	1,154	393
Natural	2,021	1,959	1,579	1,659	1,102	996	923	677	148
Births	4,492	4,114	3,966	4,150	3,890	3,835	3,770	3,748	3,582
Deaths	2,471	2,155	2,387	2,491	2,788	2,839	2,847	3,071	3,434
Net migration	na	na	878	735	948	720	569	477	245
Residual [3]	899	534	—	—	—	—	—	—	—
Age and gender [1,4]									
Male	48.6%	48.8%	49.1%	49.2%	49.2%	49.2%	49.2%	48.9%	na
Female	51.4%	51.2%	50.9%	50.8%	50.8%	50.8%	50.8%	50.4%	na
<5 years of age	7.2%	7.6%	6.8%	6.5%	6.1%	6.1%	6.0%	5.8%	na
5 to 14 years	15.3%	14.1%	14.6%	13.3%	12.6%	12.6%	12.5%	12.4%	na
15 to 24 years	18.7%	14.8%	14.0%	14.1%	13.3%	13.1%	13.0%	12.8%	na
25 to 34 years	16.5%	17.3%	14.1%	13.3%	13.9%	14.0%	14.0%	13.9%	na
35 to 44 years	11.4%	15.1%	16.0%	13.2%	12.5%	12.6%	12.7%	12.7%	na
45 to 54 years	10.0%	10.1%	13.5%	14.5%	13.0%	12.7%	12.4%	12.2%	na
55 to 64 years	9.6%	8.5%	8.7%	11.9%	12.9%	12.9%	12.9%	12.8%	na
65+ years	11.3%	12.5%	12.4%	13.1%	15.6%	16.0%	16.5%	16.8%	na
18+ years	na	74.3%	74.3%	75.6%	77.0%	77.2%	77.4%	77.4%	na
Median age (years)	30.0	33.0	35.3	37.2	38.0	38.2	38.4	37.1	na
Race and ethnicity [1,4,5]									
White	85.7%	83.9%	81.0%	78.3%	76.6%	76.4%	76.2%	75.5%	na
Black/African American	11.7%	12.3%	12.7%	13.0%	13.4%	13.4%	13.5%	13.4%	na
Asian	1.6%	3.0%	4.0%	5.2%	6.1%	6.2%	6.3%	6.3%	na
American Indian/Alaska Native	0.6%	0.8%	1.0%	1.2%	1.3%	1.3%	1.3%	1.3%	na
Other/Mixed Race	na	na	1.4%	2.3%	2.7%	2.8%	2.8%	2.9%	na
Hispanic	6.4%	9.0%	12.6%	16.4%	18.0%	18.2%	18.4%	18.5%	na
Non-Hispanic, White only	na	75.6%	69.4%	63.8%	60.8%	60.4%	60.1%	59.4%	na
Regional [1,4]									
Northeast	21.6%	20.4%	19.0%	17.9%	17.2%	17.2%	17.1%	16.8%	na
Midwest	25.9%	24.0%	22.9%	21.7%	21.0%	20.9%	20.8%	20.6%	na
South	33.3%	34.4%	35.6%	37.1%	38.0%	38.1%	38.3%	38.2%	na
West	19.1%	21.3%	22.5%	23.3%	23.8%	23.8%	23.8%	23.7%	na
Educational attainment [6]									
Population 25 years and over (in thousands)	na	158,868	175,230	199,928	216,921	219,830	221,478	223,058	na
Less than high school graduate	na	24.8%	15.9%	12.9%	10.4%	10.2%	9.9%	9.1%	na
High school graduate	na	30.0%	33.1%	31.2%	28.8%	28.5%	28.1%	27.6%	na
Some college or associate's degree	na	24.9%	25.4%	26.0%	26.6%	26.3%	25.9%	25.8%	na
Bachelor's degree	na	13.1%	17.0%	19.4%	21.3%	21.9%	22.5%	23.4%	na
Graduate or professional degree	na	7.2%	8.6%	10.5%	12.8%	13.1%	13.5%	14.1%	na
Households and families [6, 8, 9]									
Total households (in thousands)	80,776	93,347	104,705	117,538	126,224	127,586	128,579	128,451	129,931
Total family households (in thousands)	59,550	66,091	72,026	78,833	82,828	83,088	83,482	83,677	83,907
% total households married no kids	29.9%	29.8%	28.7%	28.8%	29.4%	29.3%	29.7%	30.1%	29.5%
% total households married parents	30.9%	26.3%	24.1%	20.9%	18.7%	18.7%	18.5%	18.4%	17.8%
% total households single fathers	0.8%	1.2%	1.7%	1.9%	1.9%	1.9%	1.9%	1.8%	2.0%
% total households single mothers	6,7%	7.1%	7.2%	7.2%	6.5%	6.4%	6.0%	5.8%	6.0%
% total households other family	5.4%	6.5%	7.0%	8.3%	9.0%	8.8%	8.8%	8.9%	9.2%
Total non-family households (in thousands)	21,226	27,257	32,680	38,705	43,396	44,498	45,096	44,774	46,024
% total households single person	22.7%	24.6%	25.5%	26.7%	27.9%	28.0%	28.4%	28.2%	28.5%
% total households multiple people non-family	3.6%	4.6%	5.7%	6.2%	6.5%	6.9%	6.7%	6.7%	7.0%
Young adults (25-34 years) living at home (in thousands)	3,194	4,987	3,989	5,520	7,108	7,537	7,580	8,032	7,688
Rate of young adults living at home	8.7%	11.5%	10.6%	13.4%	16.1%	16.8%	16.8%	17.7%	17.0%
Average household size	2.76	2.63	2.62	2.59	2.54	2.53	2.52	2.53	2.51
Average family size	3.29	3.17	3.17	3.16	3.14	3.14	3.14	3.15	3.13
Marital status (age 15 years+) [6, 7]									
Currently married	**61.0%**	**58.7%**	**56.2%**	**53.6%**	**52.4%**	**52.1%**	**52.3%**	**52.0%**	**51.1%**
All men	63.2%	60.7%	57.9%	54.8%	53.8%	53.4%	53.6%	53.2%	52.2%
All women	58.9%	56.9%	54.7%	52.4%	51.0%	50.8%	51.1%	50.9%	49.9%
Net divorce rate [10]	**7.8%**	**10.7%**	**12.9%**	**14.1%**	**14.5%**	**14.6%**	**14.3%**	**14.3%**	**14.6%**
All men	6.8%	9.7%	12.1%	12.9%	13.3%	13.4%	12.9%	12.9%	13.2%
All women	8.6%	11.5%	13.6%	15.2%	15.5%	15.6%	15.5%	15.4%	15.9%

† *Source: US Census Bureau.*

†† *We limited the data in this table to the years presented to provide the most recent data but to also fit the table to the page. Additional years of data and more detail may be found on our website. Click "More detail" to access it.*

na An "na" reference in the table means the data is not available.

1 Population statistics are from intercensal estimates taken on July 1 of each year, providing detailed, current information to communities every year. Decennial census figures are published April 1 each decade, providing an official count of the population. We retain the intercensal estimates in this table despite decennial census figures being released, as this allows us to report details consistent with the total population reported.

2 Components of population change are from yearly intercensal estimates taken on July 1 of each year. Estimates have not been revised for all years and as a result total population change does not always add to the gap between annual population estimates.

3 The "residual" shown here includes the components of population change: net international migration, Federal Citizen movement, net domestic migration, and a statistical residual. For post-1990 estimates, the estimates methodology was refined to allow separate identification of these components.

4 Total population estimates by the Census Bureau are released in March of each year while the demographic statistics are released in July. All figures will be updated when full data is available in July.

5 Race categories have been redefined many times in the history of the census. Due to the ability to choose "some other race" in census years and select more than one race in 2000 and later, race estimates in census years sometimes vary significantly from intercensal estimates.

6 Educational attainment, living arrangements, marital status, and household and family statistics are from the Current Population Survey Annual Social and Economic Supplement produced in March of each year. It includes the civilian non-institutional population plus armed forces living off post or with their families on post.

7 Marital status includes householders whose race was reported as only one race (rather than in combination with one or more other races) after 2003.

8 A household is an occupied housing unit.

9 In table titles, "family" is used to refer to a family household. In general, family consists of those related to each other by birth, marriage or adoption. A non-family household consists of a householder living alone (a one-person household) or where the householder shares the home only with people to whom he/she is not related.

10 Net divorce rate is calculated as currently divorced as a percentage of ever married.

From 1980 through 2019, our population has remained 49% male and 51% female but has shifted in the ways discussed below.

We're getting older – the median age of our population has increased by 8 years or 28%, from 30.0 years old in 1980 to 38.4 years old in 2019.

We're becoming more diverse racially, ethnically, and in our country of origin –

- The share of the US population of non-Hispanic white people has decreased 16 percentage points since 1990 to 60% of our population in 2019, with other races and ethnicities increasing over this same time.
- The share of foreign-born individuals within our population has increased 3 percentage points since 2000 to 14% of our population in 2019. Foreign-born individuals:
  - have a higher labor participation rate (67% in 2019) than native-born individuals (63% in 2019);
  - work in more manual jobs (e.g. service, natural resources, construction, maintenance, moving); and
  - have lower annual earnings (44% earned $50,000 or more in 2019) than native-born individuals (51% earned $50,000 or more in 2019).
- Our annual population growth from migration (0.6 million in 2019) is approaching the growth from births and deaths (0.9 million in 2019).

We're moving south and west – our population is migrating from the Northeast and Midwest to the South and West. States range in population from just under 600,000 (Wyoming) to over 39 million (California).

We're becoming more educated – the rate of individuals with less than a high school diploma has decreased 15 percentage points since 1990 to 10%, while the share of adults 25 years and over with at least some college experience has increased 17 percentage points to 62% in 2019.

The composition of our households and families is changing – our total number of households has increased, but:

- the size of the average household (a person or people residing together in a housing unit) has decreased 0.3 people or 9% since 1980 to 2.5 people per household in 2019, as more people are living alone and fewer people are having children;
- the size of the average family (two or more people related by birth, marriage, or adoption and residing together) has decreased 0.2 people or 5% since 1980 to 3.1 people per family in 2019;
- the share of households that comprise married families has decreased 13 percentage points since 1980 to 48% in 2019, while the share of households that comprise unmarried individuals or families have increased 13 percentage points to 52% in 2019;
- the share of our population that is currently married has decreased 10 percentage points for men and 8 percentage points for women since 1980 to 54% and 51%, respectively, in 2019, while the rate of individuals

currently divorced has increased 6 percentage points for men and 7 percentage points for women to 13% and 16%, respectively, in 2019; and

- the number of young adults (25 – 34 years old) living at home has increased 137% since 1980 to 7.6 million or 17% of all young adults in 2019.

Demographics by race and ethnicity

For US federal government reporting, race and ethnicity are two separate and distinct concepts that generally reflect social definitions recognized in this country and do not conform to any biological, anthropological, or genetic criteria. Data for ethnicity is reported as Hispanic or non-Hispanic. Hispanic origin can be viewed as the heritage, nationality, lineage, or country of birth of the person or the person's parents or ancestors. People who identify as Hispanic may be any race. People may choose to report more than one race to indicate their racial mixture, such as "American Indian" and "white." Federal government agencies report data for at least five race categories: white, Black or African American, American Indian/Alaska Native, Asian, and Native Hawaiian or Other Pacific Islander.

	1980	1990	2000	2010	2017	2018	2019	2020	2021
Total population (in thousands)	**227,225**	**249,623**	**282,162**	**309,327**	**325,122**	**326,838**	**328,330**	**331,501**	**331,894**
White	194,713	209,367	228,530	242,228	248,993	249,605	250,065	250,310	na
Black/African American	26,683	30,648	35,815	40,358	43,465	43,857	44,224	44,531	na
Asian	3,729	7,549	10,706	15,267	18,948	19,344	19,706	20,012	na
Hispanic	14,609	22,573	35,662	50,736	58,403	59,469	60,404	61,313	na
Poverty rate of all persons	**13.0%**	**13.5%**	**11.3%**	**15.1%**	**12.3%**	**11.8%**	**10.5%**	**11.4%**	**na**
White population [1]	10.2%	10.7%	9.5%	13.0%	10.5%	10.1%	9.1%	10.1%	na
Black [1]	32.5%	31.9%	22.5%	27.4%	21.7%	20.8%	18.8%	19.5%	na
Asian [1]	na	12.2%	9.9%	12.2%	9.7%	10.1%	7.3%	8.1%	na
Hispanic	25.7%	28.1%	21.5%	26.5%	18.3%	17.6%	15.7%	17.0%	na
Crime									
Total arrests (in thousands) [6]	**10,458**	**11,460**	**10,435**	**10,367**	**8,687**	**8,536**	**7,697**	**5,479**	**na**
White	74.0%	69.6%	67.9%	70.4%	68.4%	67.9%	68.0%	68.8%	na
Black/African American	24.2%	29.3%	30.9%	28.1%	27.0%	27.4%	26.8%	25.8%	na
American Indian/Alaska Native	1.2%	1.1%	1.2%	1.4%	2.4%	2.1%	2.3%	2.4%	na
Asian/Pacific Islander	0.6%	na	na	na	1.5%	1.4%	1.6%	1.5%	na
Total sentenced prisoners (in thousands) [7]	**330**	**774**	**1,394**	**1,614**	**1,489**	**1,464**	**1,430**	**1,216**	**na**
White (non-Hispanic) [8]	51.3%	47.5%	37.6%	41.3%	39.1%	39.5%	39.6%	39.1%	na
Black (non-Hispanic) [8]	45.6%	47.2%	45.7%	41.5%	39.2%	39.0%	38.9%	39.2%	na
Hispanic	7.7%	13.3%	15.7%	13.5%	18.2%	18.2%	18.1%	17.9%	na
High school dropout rate [2]	**14.1%**	**12.1%**	**10.9%**	**7.4%**	**5.8%**	**5.7%**	**5.2%**	**5.3%**	**na**
White	11.4%	9.0%	6.9%	5.1%	4.6%	4.6%	4.5%	4.8%	na
Black	19.1%	13.2%	13.1%	8.0%	5.7%	5.8%	5.6%	4.2%	na
Hispanic	35.2%	32.4%	27.8%	15.1%	9.5%	9.0%	7.5%	7.4%	na
College graduation rate (at 4 yr institutions, within 6 yrs of start) [3]	**na**	**na**	**na**	**58.4%**	**60.4%**	**62.4%**	**63.4%**	**64.0%**	**na**
White	na	na	na	61.6%	64.4%	65.9%	66.7%	67.4%	na
Black	na	na	na	39.6%	39.8%	42.4%	44.3%	45.0%	na
Hispanic	na	na	na	50.2%	55.0%	56.7%	57.9%	58.7%	na
Civil rights violations									
Equal employment charges	**na**	**na**	**79,896**	**99,922**	**84,254**	**76,418**	**72,675**	**67,448**	**na**
By race	na	na	28,945	35,890	28,528	24,600	23,976	22,064	na
By ethnicity/national origin	na	na	7,792	11,304	8,299	7,106	7,009	6,377	na
By color	na	na	1,290	2,780	3,240	3,166	3,415	3,562	na
Hate crimes based on race/ethnicity/ancestry [4]	**na**	**na**	**5,248**	**3,982**	**4,131**	**4,047**	**3,963**	**na**	**na**

	1980	1990	2000	2010	2017	2018	2019	2020	2021
Employment (as % of working-age population) [5]									
White	60.0%	63.7%	64.9%	59.4%	60.4%	60.7%	61.0%	57.3%	na
Black	52.3%	56.7%	60.9%	52.3%	57.6%	58.3%	58.7%	53.6%	na
Asian	na	na	64.8%	59.9%	61.5%	61.6%	62.3%	57.3%	na
Hispanic	57.6%	61.9%	65.7%	59.1%	62.7%	63.2%	63.9%	58.7%	na
% of births to mothers under 18 (by race of mother)	**na**	**4.7%**	**4.1%**	**2.8%**	**1.3%**	**1.2%**	**1.1%**	**1.1%**	**na**
White	na	3.6%	3.5%	2.5%	0.8%	0.7%	0.6%	0.6%	na
Black/African American	na	10.1%	7.8%	4.9%	2.0%	1.9%	1.8%	1.8%	na
Asian/Pacific Islander	na	2.1%	1.5%	0.7%	0.2%	0.2%	0.1%	0.2%	na
Hispanic/Latina (of any race)	na	6.6%	6.3%	4.7%	2.3%	2.1%	2.0%	1.9%	na
Life expectancy at birth	**73.7**	**75.4**	**76.8**	**78.7**	**78.6**	**78.7**	**78.8**	**77.0**	**na**
White	74.4	76.1	77.3	78.8	78.5	78.6	78.8	77.6	na
Black	68.1	69.1	71.8	74.7	74.9	74.7	74.7	71.8	na
Hispanic	na	na	na	81.7	81.8	81.8	81.8	78.8	na
Mortality rate (per 100,000 persons)	**878.3**	**863.8**	**854.0**	**799.5**	**863.8**	**867.8**	**869.7**	**1,027.0**	**na**
White	892.5	888.0	900.2	861.7	936.6	939.9	941.1	1,095.6	na
Black/African American	875.4	871.0	781.1	682.2	742.4	754.1	760.4	974.0	na
Asian/Pacific Islander	296.9	283.3	296.6	301.1	349.3	355.9	362.8	454.2	na
American Indian/Alaska Native	487.4	402.8	380.8	365.1	434.6	438.2	441.3	583.8	na
Hispanic	na	na	303.8	286.2	334.6	341.9	350.7	498.6	na
Non-Hispanic	na	na	929.6	897.6	977.4	982.6	984.6	1,144.5	na
Infant (under 1 year old) mortality (per 1,000 births)	**na**	**8.9**	**6.9**	**6.1**	**5.8**	**5.7**	**na**	na	na
White	na	7.3	5.7	5.2	4.9	4.7	na	na	na
Black/African American	na	16.9	13.5	11.2	10.4	10.5	na	na	na
Asian/Pacific Islander	na	6.6	4.9	4.3	4.2	4.0	na	na	na
Hispanic/Latina (of any race)	na	7.5	5.6	5.3	5.1	4.9	na	na	na
Number of children in foster care on September 30	**na**	**na**	**552,000**	**404,878**	**436,552**	**434,909**	**426,566**	**407,493**	**na**
White	na	na	38%	41%	44%	44%	44%	43%	na
Black	na	na	39%	29%	23%	23%	23%	23%	na
Hispanic	na	na	15%	21%	21%	21%	21%	22%	na
Asian	na	na	1%	1%	—%	1%	1%	1%	na

† *Sources: US Census Bureau, Bureau of Labor Statistics, Centers for Disease Control and Prevention, Department of Health and Human Services, Bureau of Justice Statistics, Federal Bureau of Investigation, National Center for Education Statistics.*

na *An "na" reference in the table means the data is not available.*

1 *Includes mixed races prior to 2002.*

2 *16-24 years old who are not enrolled in school and who have not completed a high school program, regardless of when they left school.*

3 *Data are for 4-year degree-granting postsecondary institutions participating in Title IV federal financial aid programs. Graduation rates refer to students receiving bachelor's degrees from their initial institutions of attendance only. Graduation rate is for cohort starting six years earlier. Totals include data for persons whose race/ethnicity was not reported. Race categories exclude persons of Hispanic ethnicity.*

4 *A hate crime is a traditional offense like murder, arson, or vandalism with an added element of bias. For the purposes of collecting statistics, the FBI has defined a hate crime as a "criminal offense against a person or property motivated in whole or in part by an offender's bias against a race, religion, disability, sexual orientation, ethnicity, gender, or gender identity." Hate itself is not a crime – and the FBI is mindful of protecting freedom of speech and other civil liberties.*

5 *Total employment is from the current employment statistics (CES) survey and represents average annual national non-farm employment. All self-employed workers, both incorporated and unincorporated, are excluded from these earnings estimates.*

6 *Arrests include each separate instance in which a person is arrested, cited, or summoned for an offense. A single arrest may be for a single criminal incident or for many incidents that occurred over a long time period. Because a person may be arrested multiple times during a year, arrest figures do not reflect the number of individuals who have been arrested. Rather, the arrest data show the number of times that persons are arrested, as reported by law enforcement agencies. Data reflect the hierarchy of offenses, meaning that the most serious offense in a multiple-offense arrest instance is used to characterize the arrest.*

7 *Sentenced prisoners are prisoners with sentences of more than 1 year under the jurisdiction of state or federal correctional officials.*

8 *Data source used to estimate race and Hispanic origin changed in 2010. Use caution when comparing to prior years.*

African-American population

	1980	1990	2000	2010	2017	2018	2019
African-American population (in thousands)	**26,683**	**29,931**	**34,658**	**40,355**	**43,374**	**43,732**	**44,075**
% of total population	11.8%	12.0%	12.3%	13.0%	13.4%	13.4%	13.4%
Age and gender							
Male	47.3%	47.2%	47.5%	47.7%	47.9%	47.9%	47.9%
Female	52.7%	52.8%	52.5%	52.3%	52.1%	52.1%	52.1%
<5 years of age	9.2%	9.2%	8.1%	7.6%	6.9%	6.8%	6.7%
5 to 14 years	19.5%	17.7%	18.3%	15.3%	14.2%	14.1%	14.0%
15 to 24 years	21.6%	17.1%	16.0%	16.9%	15.3%	14.9%	14.6%
25 to 34 years	15.9%	18.1%	14.9%	14.1%	15.5%	15.7%	15.9%
35 to 44 years	10.2%	14.0%	15.9%	13.5%	12.9%	12.9%	13.0%
45 to 54 years	8.6%	8.9%	11.8%	14.0%	12.7%	12.5%	12.3%
55 to 64 years	7.2%	6.7%	6.8%	9.9%	11.5%	11.7%	11.7%
65+ years	7.8%	8.4%	8.1%	8.7%	10.9%	11.3%	11.7%
18+ years	64.5%	68.0%	68.6%	72.0%	74.5%	74.8%	75.1%
Median age (years)	24.9	28.3	30.2	32.1	33.6	33.8	34.1
Regional							
Northeast	18.3%	18.7%	17.6%	16.8%	16.5%	16.2%	16.2%
Midwest	20.1%	19.0%	18.8%	17.9%	17.1%	17.1%	17.0%
South	53.0%	52.8%	54.8%	56.5%	57.7%	57.8%	57.9%
West	8.5%	9.4%	8.9%	8.8%	8.7%	8.8%	8.8%
Educational attainment							
Population 25 years and over (in thousands)	na	15,761	19,858	22,969	26,455	27,047	27,428
Less than high school graduate	na	32.9%	27.7%	18.4%	15.8%	12.1%	12.1%
High school graduate	na	29.7%	29.8%	32.6%	29.8%	32.7%	32.6%
Some college or associate's degree	na	25.3%	28.2%	29.2%	30.4%	30.0%	29.2%
Bachelor's degree	na	8.0%	9.5%	10.4%	15.1%	16.3%	16.6%
Graduate or professional degree	na	4.1%	4.8%	8.9%	8.8%	8.9%	9.5%
Income							
Number of households (in thousands)	8,847	10,671	13,174	15,265	16,997	17,167	17,054
Earning <$15,000 annually	24.9%	24.9%	17.6%	22.1%	19.1%	19.1%	17.2%
$15,000 to $24,999	16.3%	13.9%	11.9%	13.5%	12.2%	12.6%	11.5%
$25,000 to $34,999	12.6%	10.9%	11.5%	11.3%	11.8%	11.3%	11.4%
$35,000 to $49,999	14.7%	14.1%	14.5%	14.7%	13.9%	13.9%	13.7%
$50,000 to $74,999	16.6%	16.5%	18.1%	15.3%	15.7%	16.3%	16.8%
$75,000 or more	15.0%	19.7%	26.5%	23.1%	27.2%	26.8%	29.4%
Employment							
Population 16 years and over (in thousands)	17,824	21,477	24,902	28,708	32,247	32,761	33,036
Civilian labor force	61.0%	64.0%	65.8%	62.2%	62.3%	62.3%	62.5%
Employed	52.2%	56.7%	60.9%	52.3%	57.6%	58.3%	58.7%
Unemployed	8.7%	7.3%	5.0%	9.9%	4.7%	4.0%	3.8%
Not in labor force	39.0%	36.0%	34.2%	37.8%	37.7%	37.7%	37.5%

† *Source: US Census Bureau.*

na *An "na" reference in the table means the data is not available.*

Hispanic population

	1980	1990	2000	2010	2017	2018	2019
Hispanic population (in thousands)	**14,609**	**21,900**	**35,306**	**50,743**	**58,574**	**59,640**	**60,572**
% of total population	6.4%	8.8%	12.5%	16.4%	18.0%	18.3%	18.5%
Age and gender							
Male	49.8%	50.8%	51.4%	50.7%	50.5%	50.5%	50.5%
Female	50.2%	49.2%	48.6%	49.3%	49.5%	49.5%	49.5%
<5 years of age	11.4%	10.6%	10.5%	10.1%	8.8%	8.6%	8.4%
5 to 14 years	20.6%	19.0%	19.2%	18.4%	17.8%	17.6%	17.4%
15 to 24 years	21.9%	19.1%	18.6%	17.5%	16.5%	16.4%	16.3%
25 to 34 years	17.1%	20.0%	18.4%	16.7%	15.8%	15.8%	15.7%
35 to 44 years	10.7%	13.3%	14.5%	14.5%	14.4%	14.3%	14.3%
45 to 54 years	8.1%	7.8%	8.9%	10.9%	11.7%	11.7%	11.8%
55 to 64 years	5.3%	5.3%	4.8%	6.4%	7.9%	8.2%	8.4%
65+ years	4.9%	4.8%	4.9%	5.6%	7.1%	7.4%	7.7%
18+ years	61.5%	65.1%	65.0%	66.1%	68.4%	68.8%	69.1%
Median age (years)	23.2	25.6	25.8	27.3	29.2	29.5	29.8
Regional							
Northeast	17.8%	16.6%	14.9%	13.9%	14.0%	13.8%	13.8%
Midwest	8.7%	7.6%	8.8%	9.2%	9.1%	9.1%	9.1%
South	30.6%	30.4%	32.8%	36.1%	37.5%	37.8%	38.0%
West	42.8%	45.4%	43.5%	40.8%	39.4%	39.2%	39.1%
Educational attainment							
Population 25 years and over (in thousands)	na	11,227	18,270	26,375	32,660	33,877	34,575
Less than high school graduate	na	50.2%	47.6%	39.4%	32.6%	28.4%	28.2%
High school graduate	na	21.6%	22.1%	27.4%	27.9%	30.7%	31.4%
Some college or associate’s degree	na	19.1%	19.9%	19.3%	22.6%	22.5%	21.6%
Bachelor’s degree	na	5.9%	6.7%	10.1%	12.2%	13.0%	13.1%
Graduate or professional degree	na	3.3%	3.8%	3.8%	5.1%	5.3%	5.7%
Income							
Number of households (in thousands)	3,906	6,220	10,034	14,435	17,336	17,758	17,667
Earning <$15,000 annually	15.9%	15.5%	11.3%	14.6%	11.8%	11.2%	10.7%
$15,000 to $24,999	14.0%	15.0%	11.9%	12.8%	10.4%	10.9%	8.8%
$25,000 to $34,999	13.4%	11.8%	11.6%	12.3%	11.4%	10.7%	10.5%
$35,000 to $49,999	17.0%	15.8%	15.9%	15.7%	14.3%	15.0%	14.1%
$50,000 to $74,999	19.6%	19.5%	20.0%	17.7%	19.0%	18.6%	19.5%
$75,000 or more	19.9%	22.3%	29.4%	26.7%	33.0%	33.6%	36.4%
Employment							
Population 16 years and over (in thousands)	9,598	15,904	23,938	33,713	41,371	42,734	43,507
Civilian labor force	64.0%	67.4%	69.7%	67.5%	66.1%	66.3%	66.8%
Employed	57.6%	61.9%	65.7%	59.0%	62.7%	63.2%	63.9%
Unemployed	6.5%	5.5%	4.0%	8.4%	3.4%	3.1%	2.9%
Not in labor force	36.0%	32.6%	30.3%	32.5%	33.9%	33.7%	33.2%

† *Source: US Census Bureau.*

na *An “na” reference in the table means the data is not available.*

Demographics of native-born and foreign-born population

Native-born population

	2000	2005	2010	2015	2016	2017	2018	2019
Total population (in thousands) [1]	**281,422**	**288,378**	**309,350**	**321,419**	**323,128**	**325,719**	**327,167**	**328,240**
Native-born	250,314	252,688	269,394	278,128	279,388	281,193	282,439	283,307
Foreign-born	31,108	35,690	39,956	43,290	43,739	44,526	44,729	44,933
Foreign-born; naturalized	12,543	14,968	17,476	20,697	21,238	21,949	22,630	23,183
Foreign-born; not a US citizen	18,565	20,722	22,480	22,593	22,501	22,577	22,099	21,750
Native-born demographics (in thousands) [1]	**250,314**	**252,688**	**269,394**	**278,128**	**279,388**	**281,193**	**282,439**	**283,307**
White	na	78.6%	78.0%	77.2%	76.8%	76.5%	76.4%	76.3%
Black/African American	na	12.8%	13.2%	13.2%	13.2%	13.2%	13.2%	13.3%
Asian	na	1.6%	1.8%	2.1%	2.1%	2.2%	2.2%	2.3%
Hispanic	na	9.9%	11.9%	13.3%	13.5%	13.9%	14.1%	14.3%
Non-Hispanic, White only	na	73.3%	70.3%	68.2%	67.9%	67.3%	67.0%	66.7%
Median age (years)	na	35.7	35.9	36.0	36.1	36.2	36.3	36.5
Educational attainment								
Population 25 years and over (in thousands)	na	159,699	170,663	178,726	180,299	182,305	183,902	185,345
Less than high school graduate	na	12.7%	11.0%	9.4%	9.1%	8.7%	8.4%	8.2%
High school graduate	na	30.8%	29.7%	28.6%	28.2%	28.1%	27.9%	27.9%
Some college or associate’s degree	na	29.2%	30.9%	31.1%	31.2%	31.0%	31.0%	30.7%
Bachelor’s degree	na	17.5%	18.1%	19.4%	19.8%	20.1%	20.4%	20.7%
Graduate or professional degree	na	9.8%	10.3%	11.4%	11.8%	12.1%	12.3%	12.5%
Employment								
Population 16 years and over (in thousands)	na	na	206,115	214,802	216,181	218,066	219,463	220,650
In labor force	na	na	63.8%	62.6%	62.6%	62.7%	62.6%	62.9%
Civilian labor force	na	na	63.3%	62.1%	62.1%	62.2%	62.2%	62.4%
Employed	na	na	56.3%	58.1%	58.5%	58.8%	59.0%	59.5%
Unemployed	na	na	6.9%	4.0%	3.7%	3.4%	3.2%	2.9%
Armed Forces	na	na	0.5%	0.4%	0.4%	0.4%	0.4%	0.5%
Not in labor force	na	na	36.2%	37.4%	37.4%	37.3%	37.4%	37.1%
Total civilian employed (in thousands)	na	115,788	116,126	124,810	126,379	128,284	129,585	131,204
Management, business, science, and arts	na	35.3%	37.4%	38.4%	38.8%	39.4%	39.7%	41.0%
Service occupations	na	15.2%	16.6%	16.7%	16.8%	16.7%	16.7%	16.6%
Sales and office	na	27.3%	26.4%	25.0%	24.7%	24.3%	22.7%	21.6%
Natural resources, construction, maintenance	na	9.9%	8.4%	8.2%	8.0%	8.0%	8.0%	8.1%
Production, transportation and moving	na	12.4%	11.2%	11.8%	11.6%	11.6%	12.9%	12.8%
Annual earnings								
Population 16+ years with earnings (in thousands)	na	77,501	80,425	87,849	89,331	91,392	92,847	94,993
Earning <$15,000 annually	na	6.9%	5.9%	5.1%	4.8%	4.4%	4.2%	4.2%
$15,000 to $24,999	na	16.4%	13.9%	12.8%	12.1%	11.5%	10.8%	10.0%
$25,000 to $34,999	na	19.3%	17.0%	15.8%	15.5%	15.2%	15.0%	14.6%
$35,000 to $49,999	na	22.2%	21.6%	20.6%	20.4%	20.2%	20.0%	19.9%
$50,000 to $74,999	na	19.6%	21.8%	22.3%	22.6%	23.1%	23.3%	23.4%
$75,000 or more	na	15.6%	19.8%	23.5%	24.5%	25.6%	26.8%	27.9%

† *Source: US Census Bureau.*

na *An “na” reference in the table means the data is not available.*

1 *2005-2019 data is sourced from the American Community Survey and therefore total population may differ from other tables; 2000 data is sourced from the decennial census survey.*

Foreign-born population

	2000	2005	2010	2015	2016	2017	2018	2019
Total population (in thousands) [1]	**281,422**	**288,378**	**309,350**	**321,419**	**323,128**	**325,719**	**327,167**	**328,240**
Native-born	250,314	252,688	269,394	278,128	279,388	281,193	282,439	283,307
Foreign-born	31,108	35,690	39,956	43,290	43,739	44,526	44,729	44,933
Foreign-born; naturalized	12,543	14,968	17,476	20,697	21,238	21,949	22,630	23,183
Foreign-born; not a US citizen	18,565	20,722	22,480	22,593	22,501	22,577	22,099	21,750
Foreign-born demographics (in thousands) [1]	**31,108**	**35,690**	**39,956**	**43,290**	**43,739**	**44,526**	**44,729**	**44,933**
White	na	46.7%	47.9%	47.0%	46.1%	45.5%	45.5%	45.2%
Black/African American	na	7.6%	8.3%	8.9%	9.0%	9.3%	9.5%	9.7%
Asian	na	23.5%	24.5%	26.6%	26.6%	27.1%	27.1%	27.2%
Hispanic	na	47.0%	47.1%	45.0%	44.9%	44.3%	44.3%	44.2%
Non-Hispanic, White only	na	20.9%	18.8%	18.1%	18.1%	17.9%	17.7%	17.4%
Median age (years)	na	39.3	41.4	43.9	44.4	44.8	45.2	45.7
Educational attainment								
Population 25 years and over (in thousands)	na	29,252	33,626	37,721	38,176	38,945	39,257	39,554
Less than high school graduate	na	32.4%	31.7%	29.3%	28.8%	27.5%	26.9%	26.3%
High school graduate	na	22.8%	22.5%	22.5%	22.4%	22.7%	22.3%	22.3%
Some college or associate's degree	na	18.1%	18.8%	18.7%	18.7%	18.8%	18.9%	18.7%
Bachelor's degree	na	15.7%	15.9%	17.0%	17.2%	17.6%	18.1%	18.5%
Graduate or professional degree	na	11.0%	11.1%	12.4%	12.8%	13.4%	13.9%	14.2%
Employment								
Population 16 years and over (in thousands)	na	na	37,718	41,366	41,770	42,498	42,723	42,884
In labor force	na	na	67.7%	66.0%	66.2%	66.1%	66.5%	66.9%
Civilian labor force	na	na	67.6%	65.8%	66.0%	66.0%	66.4%	66.7%
Employed	na	na	60.7%	62.2%	62.7%	63.0%	63.7%	64.3%
Unemployed	na	na	6.9%	3.6%	3.3%	3.0%	2.7%	2.4%
Armed forces	na	na	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%
Not in labor force	na	na	32.3%	34.0%	33.8%	33.9%	33.5%	33.1%
Total civilian employed (in thousands)	na	20,671	22,908	25,724	26,192	26,774	27,198	27,554
Management and professional	na	27.2%	28.6%	31.0%	31.6%	32.4%	33.1%	34.6%
Service occupations	na	22.2%	25.1%	24.0%	24.1%	23.4%	23.1%	22.8%
Sales and office	na	18.3%	17.8%	16.9%	16.6%	16.4%	15.4%	14.6%
Farming, fishing, and forestry	na	15.3%	13.0%	13.1%	12.9%	12.8%	12.7%	12.5%
Production, transportation, and moving	na	16.9%	15.5%	15.0%	14.9%	15.0%	15.7%	15.5%
Annual earnings								
Population 16+ years with earnings (in thousands)	na	14,266	16,023	18,499	18,881	19,521	19,922	20,860
Earning <$15,000 annually	na	13.4%	10.4%	7.5%	6.7%	5.8%	5.3%	5.1%
$15,000 to $24,999	na	25.6%	23.4%	20.8%	19.6%	17.9%	16.3%	14.7%
$25,000 to $34,999	na	18.4%	17.7%	17.7%	18.1%	18.0%	17.9%	17.8%
$35,000 to $49,999	na	16.6%	17.1%	17.3%	17.4%	18.2%	18.4%	18.9%
$50,000 to $74,999	na	13.5%	14.7%	15.8%	16.4%	17.1%	17.5%	17.8%
$75,000 or more	na	12.6%	16.7%	20.9%	21.9%	23.0%	24.5%	25.7%

† *Source: US Census Bureau.*

na *An "na" reference in the table means the data is not available.*

1 *2005-2019 data is sourced from the American Community Survey and therefore total population may differ from other tables; 2000 data is sourced from the decennial census survey.*

Cohorts of our population

To get a consistent and informative picture of our populations, we chose to view several statistics in cohorts of people grouped by family structure and income. In the tables throughout this report which have these groupings, there are two types of economic units: families and individuals. We use the Census Bureau's definition for each. If there are two or more related individuals living together, they are a family economic unit. If a person is living alone or in a household with no other related persons, that person is considered an individual economic unit. Therefore, some economic units have only one person, while other economic units have multiple persons.

We rank these economic units, which we call FIUs (family and individual units) by market income to place each in a percentile that shows the unit relative to other units in the population. (There are approximately 150 million family and individual units). After determining each unit's market income percentile relative to all other units, we then place each unit into one of five categories:

- Single person under 65 with no children under 18
- Single person under 65 with children under 18
- Married couple with head of household under 65 with no children under 18
- Married couple with head of household under 65 with children under 18
- Head of household aged 65 or over

It should be the noted that although we divide the families based on presence of children under 18, if a person is aged 18+ and still living in the family with relatives, she would not be her own economic unit unless she had her own subfamily.

We use these FIU groupings to present certain information because:

- The tax structure and many federal programs are distributed by family structure (e.g. families with children receive certain tax credits unavailable to others);
- General experience is significantly different between the cohorts (e.g. a single individual without children has different needs than a single individual with children);
- Several programs are directed towards the poorest income quintile (or fifth), such as Medicaid and tax credits, and the elderly, such as Social Security and Medicare; and
- Although family structure is changing in the US, there are life stages associated with each cohort, where many individuals go from single no children, to married or single parents, to elderly, while at the same time, in an ideally mobile world, moving from lower income quintiles to higher income quintiles.

See Exhibit 99.08 for more information on the creation of these cohorts. We have included certain cohorts in this section of the document and others in *Part II, Item 7. Management's Discussion and Analysis, Key metrics by segment*. Additional cohorts are available on our website at https://usafacts.org.

Family structure and income cohorts (calendar year 2019)

		Average Per Unit			Top Earner by Gender		Race, Ethnicity of Unit Head											Region
Family and Individual Unit Sub Group/Income %	**# of Units (in K)**	**Persons**	**Children (Under 18)**	**Age of Unit Head**	**% Male**	**% Female**	**% White (all ethnicities)**	**% Black (all ethnicities)**	**% Asian (all ethnicities)**	**% Other Race (all ethnicities)**	**% Hispanic (all races)**	**% US-Born**	**% Urban**	**% Rural**	**% Northeast**	**% Midwest**	**% South**	**% West**
All family and individual units	**149,441**	**2.2**	**0.5**	**50.6**	**56%**	**44%**	**79%**	**14%**	**6%**	**2%**	**15%**	**84%**	**83%**	**17%**	**17%**	**21%**	**38%**	**23%**
Bottom 5% ($0)	5,397	1.4	0.3	50.1	42%	58%	67%	24%	6%	3%	20%	83%	79%	21%	16%	17%	44%	23%
Bottom 5%-20% ($0-$11K)	22,418	1.6	0.3	54.1	44%	56%	75%	18%	5%	3%	17%	84%	79%	21%	16%	20%	42%	22%
Second 20% ($11K-$38K)	29,888	1.8	0.4	52.1	48%	52%	77%	17%	4%	2%	19%	84%	80%	20%	16%	21%	40%	23%
Middle 20% ($38K-$72K)	29,888	2.1	0.5	49.4	55%	45%	79%	14%	5%	2%	18%	84%	82%	18%	16%	22%	38%	23%
Fourth 20% ($72K-$130K)	29,889	2.5	0.6	48.8	63%	37%	81%	11%	6%	2%	13%	85%	84%	16%	18%	22%	37%	24%
Top 2%-20% ($130K-$763K)	28,393	2.9	0.7	49.8	70%	30%	83%	7%	9%	1%	9%	85%	88%	12%	20%	21%	34%	25%
Top 1% ($763+)	1,494	3.1	0.8	52.6	68%	32%	82%	7%	10%	1%	5%	80%	94%	6%	22%	17%	36%	25%
Married no kids	**23,799**	**2.5**	**—**	**50.7**	**70%**	**30%**	**84%**	**8%**	**7%**	**1%**	**13%**	**84%**	**82%**	**18%**	**16%**	**21%**	**39%**	**24%**
Bottom 5%	173	2.2	—	56.1	63%	37%	65%	15%	17%	3%	21%	71%	84%	16%	19%	15%	45%	20%
Bottom 5%-20%	882	2.2	—	52.8	66%	34%	75%	13%	10%	2%	19%	74%	75%	25%	11%	17%	49%	24%
Second 20%	1,450	2.4	—	51.1	69%	31%	79%	10%	8%	2%	22%	72%	73%	27%	16%	15%	43%	25%
Middle 20%	3,088	2.4	—	50.8	68%	32%	83%	9%	6%	2%	19%	79%	74%	26%	12%	21%	43%	24%
Fourth 20%	6,866	2.4	—	49.8	69%	31%	84%	9%	6%	1%	14%	84%	79%	21%	14%	23%	40%	23%
Top 2%-20%	10,554	2.5	—	50.8	72%	28%	86%	6%	7%	1%	9%	87%	87%	13%	19%	22%	34%	24%
Top 1%	490	2.5	—	54.6	72%	28%	85%	5%	10%	0%	5%	86%	95%	5%	21%	15%	36%	27%
Married parents	**24,577**	**4.3**	**2.0**	**40.8**	**76%**	**24%**	**80%**	**9%**	**9%**	**2%**	**20%**	**75%**	**85%**	**15%**	**16%**	**21%**	**37%**	**25%**
Bottom 5%	65	3.8	1.8	45.1	44%	56%	61%	14%	20%	5%	29%	55%	84%	16%	11%	17%	29%	43%
Bottom 5%-20%	727	4.2	2.1	39.8	72%	28%	76%	11%	9%	4%	37%	54%	82%	18%	14%	14%	45%	27%
Second 20%	2,071	4.4	2.2	39.2	80%	20%	81%	8%	8%	3%	39%	60%	82%	18%	13%	15%	42%	29%
Middle 20%	4,003	4.5	2.2	39.3	80%	20%	81%	11%	6%	3%	34%	66%	79%	21%	13%	20%	41%	27%
Fourth 20%	7,485	4.3	2.0	40.0	76%	24%	81%	9%	8%	2%	18%	79%	82%	18%	14%	23%	38%	25%
Top 2%-20%	9,497	4.2	1.9	42.3	74%	26%	79%	7%	12%	1%	10%	81%	89%	11%	20%	22%	34%	24%
Top 1%	591	4.3	2.0	44.3	70%	30%	80%	6%	13%	1%	6%	75%	97%	3%	22%	19%	34%	24%
Single no kids	**50,901**	**1.2**	**—**	**40.7**	**52%**	**48%**	**75%**	**17%**	**6%**	**2%**	**16%**	**86%**	**85%**	**15%**	**17%**	**21%**	**38%**	**24%**
Bottom 5%	2,449	1.1	—	40.9	46%	54%	66%	25%	7%	3%	18%	85%	82%	18%	16%	19%	42%	24%
Bottom 5%-20%	9,594	1.1	—	40.1	48%	52%	73%	19%	5%	3%	18%	86%	81%	19%	15%	22%	41%	22%
Second 20%	12,562	1.2	—	39.7	51%	49%	73%	20%	4%	3%	20%	85%	82%	18%	15%	22%	40%	23%
Middle 20%	13,105	1.2	—	40.3	51%	49%	76%	17%	5%	2%	16%	87%	85%	15%	17%	22%	36%	24%
Fourth 20%	8,621	1.3	—	41.8	55%	45%	78%	13%	8%	2%	12%	87%	91%	9%	20%	20%	35%	25%
Top 2%-20%	3,804	1.4	—	43.8	59%	41%	75%	13%	10%	1%	9%	84%	93%	7%	24%	14%	32%	30%
Top 1%	116	1.4	—	44.8	55%	45%	67%	19%	12%	2%	5%	74%	96%	4%	30%	11%	26%	34%
Single parents	**13,619**	**2.9**	**1.7**	**36.0**	**26%**	**74%**	**67%**	**27%**	**3%**	**3%**	**26%**	**84%**	**82%**	**18%**	**15%**	**21%**	**42%**	**22%**
Bottom 5%	1,068	2.2	1.5	26.2	30%	70%	65%	28%	2%	4%	30%	86%	79%	21%	13%	18%	47%	22%
Bottom 5%-20%	2,664	2.7	1.7	31.6	23%	77%	64%	29%	3%	4%	26%	85%	78%	22%	13%	22%	43%	21%
Second 20%	4,253	3.0	1.8	35.9	18%	82%	63%	31%	3%	3%	30%	82%	80%	20%	14%	21%	44%	21%
Middle 20%	3,114	2.9	1.7	38.5	27%	73%	70%	24%	3%	3%	26%	84%	82%	18%	15%	23%	41%	21%
Fourth 20%	1,779	3.0	1.6	41.4	39%	61%	74%	21%	3%	2%	19%	86%	88%	12%	18%	20%	36%	26%
Top 2%-20%	509	3.0	1.6	43.7	43%	57%	76%	16%	7%	1%	13%	85%	91%	9%	19%	19%	34%	27%
Top 1%	16	3.3	2.0	46.2	24%	76%	50%	28%	15%	6%	22%	65%	99%	1%	14%	8%	57%	20%
Elderly (age 65+)	**36,544**	**1.7**	**—**	**72.7**	**51%**	**49%**	**84%**	**11%**	**4%**	**1%**	**8%**	**88%**	**79%**	**21%**	**19%**	**21%**	**38%**	**22%**
Bottom 5%	1,641	1.3	—	74.2	40%	60%	71%	23%	5%	2%	17%	81%	75%	25%	18%	15%	47%	20%
Bottom 5%-20%	8,551	1.4	—	74.3	41%	59%	80%	14%	5%	2%	12%	85%	77%	23%	19%	19%	41%	21%
Second 20%	9,553	1.6	—	73.9	46%	54%	85%	10%	3%	1%	7%	90%	77%	23%	17%	22%	38%	22%
Middle 20%	6,578	1.8	—	72.2	56%	44%	86%	9%	4%	1%	6%	90%	81%	19%	18%	25%	35%	22%
Fourth 20%	5,138	2.0	0.1	71.3	60%	40%	87%	8%	4%	1%	5%	91%	82%	18%	21%	23%	33%	23%
Top 2%-20%	4,029	2.2	0.1	70.3	68%	32%	89%	5%	5%	1%	5%	90%	85%	15%	19%	20%	35%	25%
Top 1%	281	2.2	0.1	70.1	63%	37%	91%	5%	4%	—%	3%	86%	85%	15%	18%	18%	43%	20%

† *We limited the data in this table to the years presented to provide the most recent data but to also fit the table to the page. Additional years of data and more detail may be found on our website. Click "More detail" to access it.*

Marital status and age

In the US, among the non-elderly, marriage tends to be correlated with higher family incomes. In 2019:

- Among married couples with children, the largest fraction (41%) is in the top 20% by income, meaning they earn at least $130,000 per year.
- Among married couples without children, the figure is similar – 46% are in the top 20% income group.
- By contrast, among single parents, a plurality, or 31%, is in the second 20% income group, where incomes range from $11,000 to $38,000 a year, and only 4% are in the top 20% income group.
- Single people without children do slightly better, where the three bottom income cohorts each comprise 24%-26% of the overall group.

The higher levels of income among those who are married relative to those who are not may be due to them having two or more working age individuals in the family who may both be working, as opposed to each individual earning more income relative to unmarried individuals.

Among the elderly, a plurality, or 28%, is in the bottom income cohort, where incomes range from zero to $11,000, followed closely by 26% in the second 20% income group, where incomes range from $11,000 to $38,000. For reference, in 2019, the federal poverty level was $12,490 for an individual and $4,420 for each additional person.

Race and ethnicity

White people make up 79% of all family and individual units (FIUs) but just 67% of single-parent FIUs. Asian people are also underrepresented among single-parent FIUs, accounting for 6% of all FIUs and 3% of single-parent FIUs. However, Black people represent 14% of all FIUs and 27% of single-parent FIUs. For people of Hispanic ethnicity: they make up 15% of all FIUs and 26% of single-parent FIUs.

Black people, who make up 14% of all FIUs, account for 19% of the lowest income quintile (earning less than $11,000 a year). At higher income levels, black representation diminishes, with 7% in the top 1% of income earners. The opposite is true among white people: they make up 79% of all FIUs but 73% of the poorest FIUs and 82% of the wealthiest 1%. People of Hispanic ethnicity, who account for 15% of all FIUs, see 18% of their population in each of the bottom two quintiles and 5% of their population in the top 1% of income earners.

Gender

Women make up 44% of the main earners in all FIUs but 58% of those in the lowest income group. Women are the main earners in just 30% of FIUs in the top 20% by income, who earn over $130,000 a year.

Geography

Southerners make up 38% of all FIUs and 44% of the poorest FIUs. The opposite is true for Northeasterners, who make up 17% of all FIUs and 22% of the top 1% by income. As incomes rise, Americans are more likely to live in urban areas.

Officers

Federal

The federal government's key officers as of March 1, 2022 were as follows:

Name	Age	Position with our Government
Joe Biden	79	President
Kamala Harris	57	Vice President
Nancy Pelosi	81	Speaker of the House
Steny Hoyer	82	House Majority Leader
Kevin McCarthy	57	House Minority Leader
Charles Schumer	71	Senate Majority Leader
Mitch McConnell	80	Senate Minority Leader
John Roberts	67	Chief Justice

President

The President is both the head of state and head of government of the US, and Commander-in-Chief of the armed forces. Under Article II of the US Constitution, the President is responsible for the execution and enforcement of the laws created by Congress. The President also appoints the heads of more than 50 independent federal commissions, such as the Federal Reserve Board or the Securities and Exchange Commission, as well as federal judges, ambassadors, and other federal offices.

Mr. Biden is the 46th President of the US. Mr. Biden was born in Scranton, Pennsylvania, on November 20, 1942, the first of four children to Joseph Sr. and Catherine Biden. Mr. Biden graduated from the University of Delaware and Syracuse Law School and served on the New Castle County Council. At age 29, Mr. Biden became one of the youngest people ever elected to the US Senate. Mr. Biden represented Delaware for 36 years in the US Senate before becoming the 47th Vice President of the US. After leaving the White House, Mr. Biden and first lady Jill Biden continued their efforts to expand opportunity for every American with the creation of the Biden Foundation, the Biden Cancer Initiative, the Penn Biden Center for Diplomacy and Global Engagement, and the Biden Institute at the University of Delaware. On April 25, 2019, Mr. Biden announced his candidacy for President of the United States.

Vice President

The primary responsibility of the Vice President of the US is to be ready at a moment's notice to assume the Presidency if the President is unable to perform his duties. This can be because of the President's death, resignation, or temporary incapacitation, or if the Vice President and a majority of the Cabinet judge that the President is no longer able to discharge the duties of the presidency. The Vice President also serves as the President of the US Senate, where he or she casts the deciding vote in the case of a tie.

Mrs. Harris was born in Oakland, California, on October 20, 1964, to parents who emigrated from India and Jamaica. Mrs. Harris graduated from Howard University and the University of California, Hastings College of Law. In 1990, Mrs. Harris joined the Alameda County District Attorney's Office where she specialized in prosecuting child sexual assault cases. She then served as a managing attorney in the San Francisco District Attorney's Office and later was chief of the Division on Children and Families for the San Francisco City Attorney's Office. Mrs. Harris was elected District Attorney of San Francisco in 2003. In 2010, Mrs. Harris was elected California's Attorney General and oversaw the largest state justice department in the US. In 2017, Mrs. Harris was sworn into the US Senate representing California. On August 11, 2020, Mrs. Harris accepted President Biden's invitation to become his running mate. She is the first woman, the first Black American, and the first South Asian American to be elected Vice President.

Speaker of the House

The Speaker of the US House of Representatives is elected by the majority party to lead the House. The Speaker presides over debate, appoints members of select and conference committees, establishes the legislative agenda, maintains order within the House, and administers the oath of office to House members. The individual in this office is second in the line of presidential succession, following the Vice President.

Mrs. Pelosi is the House Speaker of the US House of Representatives for the 117th Congress having previously served as the House Minority Leader. From 2007 to 2011, Mrs. Pelosi served as Speaker of the House, the first woman to do so in American history. For 31 years, Leader Pelosi has represented San Francisco, California's 12th District, in Congress. She has led House Democrats for 16 years and previously served as House Democratic Whip. Mrs. Pelosi comes from a family tradition of public service. Her late father, Thomas D'Alesandro Jr., served as Mayor of Baltimore for 12 years, after representing the city for five terms in Congress. Her brother, Thomas D'Alesandro III, also served as Mayor of Baltimore. She graduated from Trinity College in Washington, D.C.

House Majority Leader

The House of Representatives has chosen majority and minority leaders since the 19th century to expedite legislative business and to keep their parties united. These leaders are elected every two years in secret balloting of the party caucus or conference. The House Majority Leader is charged with: scheduling legislation for floor consideration; planning the daily, weekly, and annual legislative agendas; consulting with members to gauge party sentiment; and, generally, working to advance the goals of the majority party.

Mr. Hoyer has served Maryland's 5th district since 1981 and is currently the Majority Leader in the US House of Representatives. From 2007 to 2011, Mr. Hoyer served as House Majority Leader, which made him the highest-ranking member of Congress from Maryland in history. He previously served as House Democratic Whip from 2003 to 2007 and from 2011 to 2019. He graduated from the University of Maryland and received his law degree from Georgetown University. At the age of 27, he won a seat in the Maryland Senate and in 1975, he was elected President of the Senate, the youngest ever in Maryland state history.

House Minority Leader

The House Minority Leader serves as floor leader of the "loyal opposition" and is the minority counterpart to the Speaker. Although many of the basic leadership responsibilities of the minority and majority leaders are similar, the Minority Leader speaks for the minority party and its policies and works to protect the minority's rights.

Mr. McCarthy serves California's 23rd district and is currently the Minority Leader in the US House of Representatives. He previously served as Majority Leader of the House from 2014 to 2019. Mr. McCarthy was first elected to Congress in 2006 and is a native of Bakersfield and a fourth-generation Kern County resident. At the age of 21, he started his own small business, Kevin O's Deli. He later sold his business to put himself through college and graduate school at California State University, Bakersfield. While at school, he interned for Congressman Bill Thomas and later became a member of Congressman Thomas's staff. In 2000, he won his first public election as Trustee to the Kern Community College District and then, in 2002, he was elected to represent the 32nd Assembly District in the California State Assembly. As a freshman legislator, Mr. McCarthy was selected by his Republican colleagues to serve as the Assembly Republican Leader, becoming the first freshman legislator and the first legislator from Kern County to assume this top post in the California Legislature. After he was elected to Congress in 2006, Mr. McCarthy became Chief Deputy Whip and later served as Majority Whip.

Senate Majority Leader

The primary functions of a Majority Leader usually relate to floor duties. The Senate Majority Leader is the lead speaker for the majority party during floor debates, develops the calendar, and assists the President or Speaker with program development, policy formation, and policy decisions.

Mr. Schumer was born in Brooklyn, NY to parents Selma, a homemaker active in the community, and Abe, who owned a small exterminating business. After graduating from Harvard College and Harvard Law School in 1974, Mr. Schumer returned home and was elected to the New York State Assembly. In 1980, at 29, he ran for and won the seat in the 9th Congressional District (CD). Mr. Schumer represented the 9th CD in Brooklyn and Queens for 18 years. In 1998, he was elected to the US Senate. Following the elections of 2006, Majority Leader Harry Reid appointed Mr. Schumer to serve as Vice Chair of the Democratic Conference, the number three position on the Democratic Leadership team.

Senate Minority Leader

The Minority Leader is the principal leader of the minority caucus. The Senate Minority Leader is responsible for: developing the minority position, negotiating with the majority party, directing minority caucus activities on the chamber floor, and leading debate for the minority.

Mr. McConnell graduated with honors from the University of Louisville College of Arts and Sciences and is also a graduate of the University of Kentucky College of Law. First elected to the Senate in 1984, he was elected Majority Leader in the US Senate by his Republican colleagues first in 2014 and again in 2016. Mr. McConnell previously served as the Republican Leader from the 110th through the 113th Congresses, as the Majority Whip in the 108th and 109th Congresses, and as chairman of the National Republican Senatorial Committee during the 1998 and 2000 election cycles. Mr. McConnell worked as an intern on Capitol Hill for Senator John Sherman Cooper before serving as chief legislative assistant to Senator Marlow Cook and as Deputy Assistant Attorney General to President Gerald Ford. Before his election to the Senate, he served as judge-executive of Jefferson County, Kentucky, from 1978 until he commenced his Senate term on January 3, 1985.

Chief Justice

The Chief Justice of the US is the head of the US federal court system, is the highest judicial officer in the country, and acts as a chief administrative officer for the federal courts. As head of the Judicial Conference of the US, the Chief Justice appoints the director of the Administrative Office of the US Courts. The Chief Justice also serves as a spokesperson for the judicial branch. The Chief Justice leads the business of the Supreme Court and presides over oral arguments. When the court renders an opinion, the Chief Justice, when in the majority, decides who writes the court's opinion. The Chief Justice also has significant agenda-setting power over the court's meetings. In modern tradition, the Chief Justice also has the ceremonial duty of administering the oath of office of the President of the US.

Mr. Roberts was born in Buffalo, New York, January 27, 1955. He received an A.B. from Harvard College in 1976 and a J.D. from Harvard Law School in 1979. He served as a law clerk for Judge Henry J. Friendly of the US Court of Appeals for the Second Circuit from 1979 – 1980 and as a law clerk for then-Associate Justice William H. Rehnquist of the Supreme Court of the US during the 1980 Term. He was Special Assistant to the Attorney General, US Department of Justice from 1981 – 1982, Associate Counsel to President Ronald Reagan, White House Counsel's Office from 1982 – 1986, and Principal Deputy Solicitor General, US Department of Justice from 1989 – 1993. From 1986 – 1989 and 1993 – 2003, he practiced law in Washington, D.C. He was appointed to the United States Court of Appeals for the District of Columbia Circuit in 2003. President George W. Bush nominated him as Chief Justice of the US, and he took his seat September 29, 2005.

State and local[32]

In each state and territory, the chief executive is the governor, who serves as both head of state and head of government. As state managers, governors are responsible for implementing state laws and overseeing the operation of the state executive branch. As state leaders, governors advance and pursue new and revised policies and programs using a variety of tools, among them executive orders, executive budgets, and legislative proposals and vetoes. Governors play two broad roles in relation to state legislatures. First, they may be empowered to call special legislative sessions, provided in most cases that the purpose and agenda for the sessions are set in advance. Second, governors coordinate and work with state legislatures in: approval of state budgets and appropriations; enactment of state legislation; confirmation of executive and judicial appointments; and legislative oversight of executive branch functions.

Our state governors as of March 1, 2022 were as follows:

Name	Age	State Represented	Party *	Name	Age	State Represented	Party *
Kay Ivey	77	Alabama	R	Greg Gianforte	60	Montana	R
Mike Dunleavy	60	Alaska	R	John (Pete) Ricketts	57	Nebraska	R
Douglas Ducey	57	Arizona	R	Steve Sisolak	68	Nevada	D
Asa Hutchinson	71	Arkansas	R	Chris Sununu	47	New Hampshire	R
Gavin Newsom	54	California	D	Phil Murphy	64	New Jersey	D
Jared Polis	46	Colorado	D	Michelle Lujan Grisham	62	New Mexico	D
Ned Lamont	68	Connecticut	D	Kathy Hochul	63	New York	D
John Carney	65	Delaware	D	Roy Cooper	64	North Carolina	D
Ron DeSantis	43	Florida	R	Doug Burgum	65	North Dakota	R
Brian Kemp	58	Georgia	R	Richard (Mike) DeWine	75	Ohio	R
David Ige	65	Hawaii	D	John (Kevin) Stitt	49	Oklahoma	R
Brad Little	68	Idaho	R	Kate Brown	61	Oregon	D
Jay (J.B.) Pritzker	57	Illinois	D	Thomas Wolf	73	Pennsylvania	D
Eric Holcomb	53	Indiana	R	Dan McKee	70	Rhode Island	D
Kim Reynolds	62	Iowa	R	Henry McMaster	74	South Carolina	R
Laura Kelly	72	Kansas	D	Kristi Noem	50	South Dakota	R
Andy Beshear	44	Kentucky	D	Bill Lee	62	Tennessee	R
John Bel Edwards	55	Louisiana	D	Gregory Abbott	64	Texas	R
Janet Mills	74	Maine	D	Spencer Cox	46	Utah	R
Larry Hogan	65	Maryland	R	Phil Scott	63	Vermont	R
Charles Baker, Jr.	65	Massachusetts	R	Glen Youngkin	55	Virginia	D
Gretchen Whitmer	50	Michigan	D	Jay Inslee	71	Washington	D
Tim Walz	57	Minnesota	D	Jim Justice	70	West Virginia	R
Tate Reeves	47	Mississippi	R	Tony Evers	70	Wisconsin	D
Michael Parson	66	Missouri	R	Mark Gordon	64	Wyoming	R

Our other territory leaders as of March 1, 2022 were as follows:

Name	Age	Area Represented	Party *
Lemanu Mauga	73	American Samoa	D
Muriel Bowser	49	District of Columbia	D
Lou Leon Guerrero	71	Guam	D
Ralph Torres	42	Northern Mariana Islands	R
Pedro Pierluisi	62	Puerto Rico	PNP
Albert Bryan	54	US Virgin Islands	D

* Party Affiliation Key	
D	Democrat
I	Independent
R	Republican
PNP	New Progressive Party of Puerto Rico

Employees

As of the dates shown below, there were 23.8 million full-time and part-time employees of our Government, including:

- 4.0 million federal employees, of whom 8% (excluding armed forces) work part-time;
- 5.5 million state employees, of whom 29% work part-time; and
- 14.3 million local government employees, of whom 22% work part-time.

The functions of our Government employing the most people and the respective percentage of Government employees were:

- Education – 47%, of which 70% relate to elementary and secondary education, 30% relate to higher education, and 1% relate to other education;
- Active-duty military – 6%;
- Hospitals – 6%; and
- Police – 5%.

Employees by segment and reporting unit (to the extent allocable) were as follows:

March	Total	State and Local 2020	Federal 2014 [4]
All government employees (part-time and full-time)	**23,776,691**	**19,737,736**	**4,038,955**
Establish Justice and Ensure Domestic Tranquility	**2,916,439**	**2,631,200**	**285,239**
Police protection	1,211,867	1,026,237	185,630
Fire protection	448,194	448,194	—
Corrections	754,242	715,231	39,011
Judicial and legal	502,136	441,538	60,598
Provide for the Common Defense	**2,082,300**	**—**	**2,082,300**
National defense and international relations [1]	743,813	—	743,813
Active-duty military [2]	1,338,487	—	1,338,487
Promote the General Welfare	**4,782,782**	**3,716,355**	**1,066,427**
Highways	508,215	505,332	2,883
Transit	268,277	268,277	—
Air transportation	99,917	54,854	45,063
Water transport and terminals	18,699	14,206	4,493
Space research and technology	17,736	—	17,736
Public welfare	550,787	541,100	9,687
Housing and community development	126,518	114,291	12,227
Health	659,222	490,092	169,130
Hospitals	1,347,254	1,120,539	226,715
Social insurance administration (state and local) [3]	64,051	64,051	—
Solid waste management	114,252	114,252	—
Sewerage	133,494	133,494	—
Water supply	192,916	192,916	—
Electric power	78,566	78,566	—
Gas supply	11,604	11,604	—
Postal service	578,493	—	578,493
State liquor stores	12,781	12,781	—
Secure the Blessings of Liberty to Ourselves and Our Posterity	**12,267,311**	**11,995,808**	**271,503**
Education	11,205,138	11,195,764	9,374
Libraries	187,905	184,525	3,380
Parks and Recreation	450,957	426,603	24,354
Social Insurance Administration (federal) [3]	62,708	—	62,708
Natural Resources	360,603	188,916	171,687
General Government and Other	**1,727,859**	**1,394,373**	**333,486**
Financial administration	574,801	457,650	117,151
Other government administration	442,224	418,089	24,135
All other and unallocable	710,834	518,634	192,200

† *Sources: US Census Bureau, Bureau of Economic Analysis*

†† *We limited the data in this table to the years presented to provide the most recent data but to also fit the table to the page. Additional years of data and more detail may be found on our website. Click "More detail" to access it.*

1 *Civilian military employees are included in national defense and international relations.*

2 *Active-duty military are as of September of each year, reserves are not included.*

3 *At the federal level, social insurance administration employees are primarily those responsible for administering Social Security and Medicare and therefore have been allocated to "Secure the Blessings of Liberty to Ourselves and Our Posterity." State and local social insurance administration employees administer unemployment and job services and therefore are allocated to "Promote the General Welfare."*

4 *Federal employees are as of March of 2014, the latest date available.*

For 2021, 38% of government employees were represented by unions, including 29% of federal government employees, 33% of state government employees, and 44% of local government employees.[33]

Talented employees are critical to the success of our Government, and the market for talented employees is competitive. The Government Accountability Office has found that mission-critical skills gaps within the federal workforce pose a high risk to the nation. Regardless of whether the shortfalls are in such government-wide occupations as cybersecurity and acquisitions, or in agency-specific occupations such as nurses at the Veterans Health Administration (VHA), skills gaps impede the federal government from cost-effectively serving the public and achieving results. Agencies can have skills gaps for different reasons: they may have an insufficient number of people or their people may not have the appropriate skills or abilities to accomplish mission-critical work. Moreover, current budget and long-term fiscal pressures, the changing nature of federal work, and a potential wave of employee retirements that could produce gaps in leadership and institutional knowledge, threaten to aggravate the problems created by existing skills gaps. Indeed, the government's capacity to address complex challenges such as disaster response, national and homeland security, and rapidly-evolving technology and privacy security issues requires a skilled federal workforce able to work seamlessly with other agencies, with other levels of government, and across sectors.[34]

Available information

Our website can be found at https://usafacts.org, where we make available free of charge a variety of information. Our goal is to maintain the website as a portal through which users can easily find or navigate to pertinent information about our Government, including:

- USAFacts Annual Report – a detailed annual score card for our Government;
- USAFacts 10-K (this report) – an annual report for our Government in the style of a corporate Form 10-K;
- Facts in Focus – brief topical analyses; and
- a database containing the data used in these reports, plus additional data and analysis.

In addition to our website, we use social media to communicate with the public. You can follow us on Twitter at @usafacts and Facebook and Instagram at USAFacts.

Item 1A. Risk Factors

Our Government's operations, financial results, and satisfaction of its customers are subject to various risks and uncertainties, including those described below.

Social Risks

The COVID-19 pandemic may hinder our Government's ability to achieve its constitutional objectives, at least in the short-term.[35]

Overview and status

The Centers for Disease Control (CDC) is responding to a worldwide pandemic of respiratory disease spreading from person-to-person caused by a novel (new) coronavirus. The disease has been named "coronavirus disease 2019" (abbreviated "COVID-19"). On March 11, 2020, the COVID-19 outbreak was characterized as a pandemic by the World Health Organization (WHO). As of March 31, 2022, there have been 974,623 related deaths and 78,114,930 confirmed cases of COVID-19 in the US, which means more than 20% of our population has been infected. For current data visit the USAFacts.org website.

COVID-19 spreads when an infected person breathes out droplets and very small particles that contain the virus. These droplets and particles can be breathed in by other people or land on their eyes, noses, or mouth. In some circumstances, they may contaminate surfaces they touch. People who are closer than 6 feet from the infected person are most likely to get infected. People who are infected but do not show symptoms can also spread the virus to others

Reinfection with the virus that causes COVID-19 means a person was infected, recovered, and then later became infected again. After recovering from COVID-19, most individuals will have some protection from repeat infections. However, reinfections do occur after COVID-19. We are still learning more about these reinfections.

Viruses constantly change through mutation, and new variants of a virus are expected to occur over time. Multiple variants of the virus that causes COVID-19 are circulating globally. Some variants spread more easily and quickly than other variants, which may lead to more cases of COVID-19. Even if a variant causes less severe disease in general, an increase in the overall number of cases could cause an increase in hospitalizations, put more strain on healthcare resources and potentially lead to more deaths.

Mitigation and relief efforts

On Government has passed various and guidelines and regulations to limit the spread of the virus that causes COVID-19 and protect public health. In addition, non-governmental entities have produced COVID-19 vaccines. There are currently three COVID-19 vaccines approved for use in the US, and as of March 14, 2022, at least 254,599,776 people or 77% of the US population have received at least one dose of vaccine. Overall, 216,690,804 people or 65% of the US population are considered fully vaccinated. Additionally, 96,035,748 people or 29% of the US population have received a booster dose.

To aid the nation's recovery from COVID-19, Congress has passed a series of special appropriations for our Government to use in relief efforts. Please see a discussion of these appropriations and related Government actions in *Note 27 – Subsequent event* in *Item 8. Financial Statements and Supplementary Data - Notes to financial statements* within this report. In addition, please see the impact of these actions on various programs discussed in *Item 1. Purpose and Function of our Government* within this report.

Impact

The pandemic and our responses to it have had a significant negative impact on the health and well-being of the US population, as well as on the US economy. Despite mitigation and relief efforts, in the US:

- 974,623 people have died from causes associated with COVID-19, making COVID-19 the third leading cause of death in 2020 and 2021, after heart disease and cancer, and the top cause of death during December 2020, January 2021, and September 2021.
- 78,114,930 people have been diagnosed with COVID-19.
- in 2020, GDP decreased 3.4%, the lowest growth rate since 1946, but GDP increased 5.7% in 2021, the highest growth rate since 1984.
- Monthly unemployment reached a high of 14.7% in April 2020, after rising from a 50-year low of 3.5% in February 2020, and then decreased again to a near-low level of 3.9% in December 2021.
- in 2020, the economy lost 9.3 million jobs but gained back 6.7 million of these jobs in 2021, as compared to the 8.6 million job drop from 2007 to 2009 during the Great Recession.

Further transmission of COVID-19 could translate into large numbers of people needing medical care at the same time. Public health and healthcare systems may become overloaded, with elevated rates of hospitalizations and deaths. Other critical infrastructure, such as law enforcement, emergency medical services, and sectors of the transportation industry may also be affected. Schools, childcare centers, and workplaces may experience more absenteeism, and our economy could be further negatively impacted.

There is also risk that the mitigation and relief efforts will not achieve their intended objectives, including risk of fraud in the relief bills. In 2021, the US Government Accountability Office (GAO) added emergency loans for small businesses to its high risk list noting "limited controls built into the [Paycheck Protection Program] PPP and [Economic Injury Disaster Loan] EIDL approval processes…[and] the related risk of hundreds of millions of dollars in improper payments."[34]

For ongoing analysis of the impact of COVID-19, please see USAFacts' page https://usafacts.org/issues/coronavirus/.

In a free society, human behavior cannot be fully regulated or controlled.

Our Government provides services, promulgates regulations, and enacts legislation intended to make progress towards our Constitutional objectives; however, citizens are responsible for making their own choices as to employment, healthcare, education, and the like. They may choose wisely or poorly, and they may or may not take advantage of the opportunities open to them. For example:

- While our Government seeks to create a stable economic climate that favors full employment and low inflation, it cannot guarantee these outcomes. Company investment, hiring decisions, and individuals' desire to work are beyond our Government's control.
- Our Government provides access to healthcare and discourages unhealthful behavior (for example, by imposing high excise taxes on tobacco and requiring warning labels); however, individuals may still choose to engage in unhealthful behavior such as smoking.
- Our Government sets emissions standards for automobiles to limit air pollution, but citizens are still free to drive as much as they wish.
- Our Government seeks to promote transportation safety by issuing drivers' licenses, imposing speed limits, requiring the use of seatbelts in cars and regulating the trucking, rail, and airline industries. Even so, accidents will occur as a result of human error or unforeseeable mechanical failures.

Our Government's revenue and spending and our Constitutional objectives may be significantly affected by social unrest.

Establishing justice and ensuring domestic tranquility have been top priorities since the adoption of the Constitution in 1787. If there is civil unrest, most inputs and outcomes of our Government are affected.

Domestic tranquility has periodically been disrupted by localized rebellions, criminal gangs, labor actions, riots, and mass protests. In 1794, President George Washington raised a militia to suppress the "Whisky Rebellion," an uprising by farmers in western Pennsylvania resisting the imposition of an excise tax on whiskey. In 1932, President Herbert Hoover ordered the army to disperse the so-called "bonus army," a group of more than 40,000 veterans, family members and supporters who gathered in Washington to demand cash redemption for bonus certificates awarded for service in World War I. In 1968, the assassination of civil rights leader Martin Luther King, Jr. sparked a wave of riots across American cities, including Washington D.C., Chicago, Baltimore, Detroit, and Kansas City, causing dozens of deaths, more than 10,000 arrests, and widespread property damage. President Lyndon B. Johnson mobilized more than 10,000 federal troops and national guardsmen to quell the disturbances in Washington. The 1960s also saw mass demonstrations to protest the war in Vietnam, including one in 1969 that drew an estimated half a million protesters to the capital. Most significantly, a dispute between southern and northern states over the institution of slavery resulted in the secession of 11 southern states from the union, followed by a civil war to restore the union that lasted from 1861 to 1865, costing the lives of 620,000 soldiers.

Throughout 2020, Domestic Violent Extremists (DVEs) targeted individuals with opposing views engaged in First Amendment-protected, non-violent protest activity. DVEs motivated by a range of issues, including anger over COVID-19 restrictions, the 2020 election results, and police use of force have plotted and on occasion carried out attacks against government facilities, including the January 6, 2021 breach of the US Capitol Building in Washington, D.C. Long-standing racial and ethnic tension—including opposition to immigration—has driven DVE attacks, including a 2019 shooting in El Paso, Texas that killed 23 people.[36]

As of February 2022, the US remains in a heightened threat environment fueled by several factors, including an online environment filled with false or misleading narratives and conspiracy theories, and other forms of mis- dis- and mal-information (MDM) introduced and/or amplified by foreign and domestic threat actors. These threat actors seek to exacerbate societal friction to sow discord and undermine public trust in government institutions to encourage unrest, which could potentially inspire acts of violence. Mass casualty attacks and other acts of targeted violence conducted by lone offenders and small groups acting in furtherance of ideological beliefs and/or personal grievances pose an ongoing threat to the nation. While the conditions underlying the heightened threat landscape have not significantly changed over the last year, the convergence of the following factors has increased the volatility, unpredictability, and complexity of the threat environment: (1) the proliferation of false or misleading narratives, which sow discord or undermine public trust in US government institutions; (2) continued calls for violence directed at US critical infrastructure; soft targets and mass gatherings; faith-based institutions, such as churches, synagogues, and mosques; institutions of higher education; racial and religious minorities; government facilities and personnel, including law enforcement and the military; the media; and perceived ideological opponents; and (3) calls by foreign terrorist organizations for attacks on the US based on recent events.[37]

Today, cities, counties, and states operate police forces and court systems responsible for enforcing local laws and maintaining public order, prisons to accommodate those who have been convicted of breaking the law and sentenced to incarceration, and fire departments to prevent and fight fires. The federal government also operates a number of law-enforcement agencies, including the Federal Bureau of Investigation and the Drug Enforcement Administration. Our Government also seeks to ensure the safety of consumer products, food and pharmaceuticals, and transportation systems; protect the environment; and protect the population against natural disasters.

Our Government's ability to maintain order and protect the population from a variety of threats faces a number of risks and challenges, including:

- Natural disasters such as hurricanes, earthquakes, tornadoes, and forest fires;
- Riots and civil unrest, with potential causes including racial tensions and perceptions that inequality is rising and economic mobility declining;
- Nuclear disasters, caused by an accident or sabotage;
- Terrorist attacks, either homegrown or originating abroad;
- Individuals or groups that seek to harm others, including by committing homicides, and the inability of our Government to control all individuals despite incentives and laws; and
- War with a powerful adversary.

Promoting good health faces key challenges.[34]

First, the Medicare Hospital Insurance Trust Fund is forecast to be depleted as early as 2024, reflecting rising health-care costs and a relative decline in the number of workers paying payroll taxes. See Exhibit 99.07 for more information.

Second, epidemics, such as those caused by the Ebola or Zika viruses, and pandemics, such as the one caused by COVID-19, could bring about widespread illness and loss of life. See *The COVID-19 pandemic may hinder our Government's ability to achieve its constitutional objectives, at least in the short-term* above for discussion of the risks associated with the current pandemic.

Third, in 2021, the GAO added national efforts to prevent, respond to, and recover from drug misuse to its high-risk list, noting "National rates of drug misuse have increased over the past 2 decades and represent a serious risk to public health. This has resulted in significant loss of life and harmful effects to society and the economy, including billions of dollars in costs. GAO identified several challenges in the federal government's response, such as a need for greater leadership and coordination of the national effort, strategic guidance that fulfills all statutory requirements, and more effective implementation and monitoring." As of 2019, nearly 137 people in the US died per day after overdosing on opioids. The misuse of and addiction to opioids—including prescription pain relievers, heroin, and synthetic opioids such as fentanyl—is a serious national crisis that affects public health as well as social and economic welfare. The Centers for Disease Control and Prevention estimates that the total "economic burden" of prescription opioid misuse alone in the United States is $78.5 billion a year, including the costs of healthcare, lost productivity, addiction treatment, and criminal justice involvement.

Data and Cybersecurity Risks

Government data is often untimely and inconsistent, inhibiting informed decision-making.

Unlike information about a corporation, the data for our Government come from numerous and varied sources. The current state of this data poses significant challenges, including:

- Each of the sources may prepare the data on different accounting bases (e.g. cash vs. accrual) and for different time periods (e.g. a point in time vs. a full year, calendar year vs. fiscal year), preventing comparability.
- The data is often not provided timely, sometimes years after-the-fact even for material data sets. For example, the latest date for which we have detailed corporate tax information is 2018. The latest date for which we have Medicaid enrollment data that is not estimates is 2013. The latest date for which we have consolidated financial data for our more than 90,000 state and local governments is 2019. Data on student enrollment and teacher populations is missing for some recent years. The Census Bureau's operations were significantly impacted in 2020 by the COVID-19 pandemic. While it released results of the 2020 Census, the Census Bureau did not release its usual data for the 2020 American Community Survey because of data quality concerns. As a result, we do not use the 2020 1-year American Community Survey estimates in this report.
- Sometimes the data conflicts with other data provided by our Government for the same metrics. For example, there are conflicting figures from the same or different government agencies for research and development spending, Unemployment Insurance benefits, Supplemental Security Income payments, and healthcare costs.

This lack of availability and comparability of data makes analysis of our Government challenging, hampering the knowledge and decision-making capability of our leaders, regulators, citizens, and all other interested parties. We have highlighted these and other key data challenges for this 10-K in Exhibits 99.12 and 99.13 to this report.

Government personnel security clearance processing challenges put us at risk.[34]

A high-quality and timely government-wide personnel security clearance process is essential to minimize the risks of unauthorized disclosures of classified information and to identify and assess individuals with criminal histories or other questionable behavior. The Office of the Director of National Intelligence reported that as of October 1, 2018, approximately 4.1 million government and contractor employees, in or supporting executive branch agencies, were eligible to hold a security clearance. Current challenges in the personnel security clearance process include:

- *Timeliness* - For fiscal year 2020, the government-wide average for the fastest 90% of initial secret clearance investigations was 58 days, while the timeliness objective is 40 days. For fiscal year 2016 (the latest available data), investigations for the fastest 90% of initial top-secret clearances ranged from 168 days to 208 days, while the timeliness objective is 80 days. As of October 2020, there was a backlog of approximately 220,000 background investigations.
- *Investigation quality* – The executive branch has not established measures for the quality of background investigations. Establishing performance measures is one element of a framework for effectively managing program performance to achieve desired outcomes.
- *Resolution of previously identified issues* - Several critical areas of previously identified areas for reform - such as the implementation of continuous evaluation, and the issuance of a reciprocity policy - remain incomplete. The GAO made numerous recommendations to executive branch agencies to address risks associated with the personnel security clearance process since 2011, of which 14 are open as of March 2021.

Increasing cyber security threats challenge our safety, prosperity, and well-being.[34]

Our Government and our nation's critical infrastructures—such as energy, transportation systems, communications, and financial services—are dependent on computerized (cyber) information systems and electronic data to carry out operations and to process, maintain, and report essential information. Ineffectively protecting cyber assets can facilitate security incidents and cyberattacks that disrupt critical operations; lead to inappropriate access to and disclosure, modification, or destruction of sensitive information; and threaten national security, economic well-being, and public health and safety. We are seeing steady advances in the sophistication of cyber-attack technology and the emergence of new and more destructive attacks. Since 2010, the GAO has made more than 3,300 recommendations (103 designated priority) to agencies aimed at addressing cybersecurity challenges facing the government. Nevertheless, many agencies face challenges in safeguarding their information systems and information, in part because many of these recommendations have not been fully implemented, and as of December 2020, more than 750 (67 designated priority) of the GAO's information security–related recommendations had not been fully implemented.

Strategic and Operational Risks

Our Government's revenue and spending are significantly affected by economic conditions.

Our Government's ability to deliver services to citizens is influenced by the state of the economy. Indeed, maintaining economic growth, full employment, and low and stable inflation are among its top priorities, at least in part because these conditions both foster the prosperity and well-being of its citizens and provide tax revenue that funds Government services.

An economic downturn could result in business failures and job losses, with a resulting decline in corporate and personal income-tax revenue. At the same time, spending would rise as government increases outlays for services such as unemployment insurance, Temporary Assistance to Needy Families, and the Supplemental Nutrition Assistance Program.

On the federal level, the combination of lower revenue and higher spending would widen the budget deficit, which would have to be financed either by raising taxes, selling government assets, or issuing debt. The increase of our national debt raises interest costs and constrains our Government's ability to provide services in the future.

An economic downturn could be caused by policy errors, the vagaries of the business cycle, and exogenous factors. In the longer term, the economy could succumb to a slowing pace of growth as an aging society reduces the size of the labor force as a proportion of the total population.

Policy errors

- Keeping interest rates low for too long could stoke inflation, which may then need to be curbed by a sudden, sharp increase in interest rates. Too-low rates also raise the risk of unsustainable asset valuations, or "bubbles."
- Keeping interest rates higher than necessary, which could slow the pace of economic growth by increasing the cost of doing business, as an example, and thereby raise unemployment.
- Excessive government spending with borrowed funds, which could drive inflation higher, eroding citizens' standard of living, creating an uncertain business environment, and discouraging investment.
- Insufficient government spending on services such as policing, health, defense, and education could reduce the effectiveness of key government functions and adversely affect the safety and well-being of the population.
- Raising personal and/or corporate income taxes excessively, thus possibly reducing incentives for certain individuals to work, invest, and innovate.
- Reducing personal and/or corporate income taxes too much and not decreasing government spending accordingly, thereby increasing the budget deficit.

Other potential causes

The state of the economy also depends on factors beyond our Government's control, including:

- *External shocks* – economic downturns or crises in overseas markets could reduce demand for US exports of goods and services, potentially slowing domestic economic growth.
- *Health shocks* – large-scale pandemics could cause economic disruption and budgetary pressures on federal, state, and local governments, reducing government revenues and requiring greater government expenditures.
- *Energy shocks* – a sudden, sharp jump in the price of oil and/or natural gas could result in higher prices for products such as gasoline and heating fuel, curbing consumer spending for other goods and services and slowing the overall pace of growth. More expensive energy could also spur broader consumer-price inflation by pushing up prices companies pay for electricity, fuel, and raw materials for the production of chemicals, plastics, and other goods.
- *Financial shocks* – a sharp drop in financial asset prices (e.g. common stocks) would reduce household wealth, potentially limiting consumer spending and driving companies into bankruptcy.
- *Housing bubble* – a steep increase in home prices, followed by a sharp decline, could push the economy into a recession by causing a drop in household balance sheets, consumer confidence, and spending.

Our Government's revenue and its ability to provide needed services in the long run may also be limited by failure to control budget deficits and the national debt.

Federal debt held by the public is now at its highest level since shortly after World War II. Without a change in current laws and policies, federal spending, especially for Social Security and Medicare, is forecast to outstrip revenue over the next decade, widening the national debt to 107% of GDP in 2031 from 102% in 2021, according to the Congressional Budget Office. In 30 years, the Congressional Budget Office projects the debt will rise to 202% of GDP. That amount would be the highest in the nation's history by far. As a result, there is a risk that interest payments on the debt could consume a growing portion of the budget, possibly limiting the federal government's ability to provide other services unless taxes are raised or revenue is otherwise increased. A rising debt also risks pushing up interest rates, reducing savings and investment, and increasing the chances of a fiscal crisis.

Recently enacted legislation and tax avoidance put downward pressure on tax revenues, reducing Government resources.

On December 22, 2017, the *Tax Cuts and Jobs Act* (TCJA) became law. Effective January 1, 2018, the TCJA reduced the top individual income tax rate from 39.6% to 37%, changed the income tax brackets associated with each tax rate, eliminated personal exemptions and nearly doubled the standard deduction, capped state and local tax deductions at $10,000, increased the child tax credit, provided for a 20% deduction of qualified business income and certain dividends for individuals, reduced the corporate tax rate to 21%, and provided changes to treatment of earnings from foreign subsidiaries, among other provisions.

The Joint Committee on Taxation, a nonpartisan committee of the US Congress, estimates that the TCJA will reduce federal income tax revenue by $1.5 trillion between 2018 and 2027, including $1.1 trillion between 2018 and 2022. The estimated impacts on annual tax revenues range from a gain of $33 billion in 2027 to a loss of $280 billion of revenue in 2019. This works out to an average estimated annual revenue loss of $146 billion, or about 3% of our Government's annual revenue.

Enforcement of tax laws helps fund our Government. Internal Revenue Service (IRS) enforcement collects revenue from noncompliant taxpayers and, perhaps more importantly, promotes voluntary compliance by giving taxpayers confidence that others are paying their fair share. The IRS's capacity to implement new initiatives, carry out ongoing enforcement and taxpayer service programs, and combat identity theft (IDT) refund fraud under an uncertain budgetary environment remains a challenge. In 2019, the IRS estimated that the average annual gross tax gap—the difference between taxes owed and taxes paid on time—was $381 billion, on average, for tax years 2011-2013. In addition, the IRS estimates that at least

$6.1 billion in individual IDT tax refund fraud was attempted in 2018, of which it prevented at least $6 billion. The IRS estimates that it paid between $90 million and $380 million to fraudsters.

Failure to raise the debt limit could create operational and economic risk.

Gross federal debt, or the sum of the debt held by the public and debt held by government entities (such as the Social Security trust fund) is subject to a statutory ceiling set by Congress. Once the ceiling, known as the debt limit, is reached, the Treasury may not issue new debt to pay bills already incurred by Congress. Since 1960, Congress has raised, extended, or altered the definition of the debt limit or suspended it numerous times, most recently effective December 16, 2021, when it was raised to $31.4 trillion. The Treasury has used “extraordinary measures” to help pay federal obligations since August 2, 2021, when Treasury Secretary Janet Yellen declared a “debt issuance suspension period” (DISP). A DISP allows Treasury to suspend investments in Civil Service and US Postal Service retirement funds. Treasury also draws on certain other, smaller funds, such as the Exchange Stabilization Fund. Federal financial operations continue normally, although debt limit restrictions complicate Treasury’s debt and cash management. Failure to raise the ceiling when needed could prompt an unprecedented default on Treasury securities, which are generally considered the world’s safest government debt and form a foundation for the global financial system. A US default, in turn, could trigger a financial crisis and throw the nation into a recession.

Ongoing efforts to modernize the financial regulatory system and the federal role in housing finance also pose risks to the budget outlook and economic stability.[34]

Following massive bailouts of financial firms during the 2007-2008 crisis, in 2010, the federal government enacted the Dodd-Frank Act, which was intended to strengthen oversight of the financial system and reduce the risk of another crisis. In May 2018, the *Financial CHOICE Act* rolled back a number of provisions of the Dodd-Frank Act. This act, as amended, has not been tested, and it’s unclear whether it is adequate to prevent future financial crises that would involve the use of government funds to rescue financial institutions.

As a reaction to the financial crisis, our Government also took over two housing-finance agencies, Fannie Mae and Freddie Mac, which guarantee about half of the new mortgages in the US and had combined assets of about $7 trillion as of December 31, 2021. Our Government’s role in housing finance could require the use of significant government funds.

Our Government has significant fiscal exposure to risks associated with a changing environment.[34]

Changes in our environment may pose risk to agriculture, infrastructure, and the health of citizens. Possible effects include coastal flooding as a result of rising sea levels, changes to the productivity of farms, and more intense and frequent weather events, according to our Government Accountability Office. Drought and diminishing water supplies are also risks. Our Government is the owner and operator of infrastructure that is vulnerable to changes in our environment, insures crops that could be damaged, and provides disaster aid in emergencies.

The federal government is also financially liable for cleaning up areas where federal activities have contaminated the environment. Various federal laws, agreements with states, and court decisions require the federal government to clean up environmental hazards at federal sites and facilities—such as nuclear weapons production facilities and military installations. Such sites are contaminated by many types of waste. The GAO reports that the federal government's environmental liability has been growing for the past 20 years and is likely to continue to increase. For fiscal year 2019, the federal government's estimated environmental liability was $595 billion—up from $212 billion for fiscal year 1997. However, this estimate does not reflect all of the future cleanup responsibilities federal agencies may face. The GAO has found that federal agencies cannot always address their environmental liabilities in ways that maximize the reduction of health and safety risks to the public and the environment in a cost-effective manner, and that some agencies do not take a holistic, risk-informed approach to environmental cleanup that aligns limited funds with the greatest risks to human health and the environment.

Our Government's ability to achieve its vision is affected by foreign relations.

Cultivating friendly relations with foreign powers that share our values as well as improving relations or avoiding conflicts with actual and potential adversaries are essential to providing for the common defense. When necessary, we go to war to protect our vital national interests. Threats to our national security include:

- *Russia*, a nuclear power and principal successor to the USSR, seeks veto authority over nations on its periphery in terms of their governmental, economic, and diplomatic decisions, to shatter NATO and change European and Middle East security and economic structures to its favor. The use of emerging technologies to discredit and subvert democratic processes in Georgia, Crimea, and eastern Ukraine is concern enough, but when coupled with its expanding and modernizing nuclear arsenal the challenge is clear. According to the Department of Defense, Russia poses acute threats, as illustrated by its brutal and unprovoked invasion of Ukraine. The Department of Defense will collaborate with the US's NATO Allies and partners to reinforce robust deterrence in the face of Russian aggression.
- *China*, which also possesses a nuclear arsenal, is leveraging military modernization, influence operations, and predatory economics to coerce neighboring countries to reorder the Indo-Pacific region to their advantage. As China continues its economic and military ascendance, asserting power through an all-of-nation long-term strategy, it will continue to pursue a military modernization program that seeks Indo-Pacific regional dominance in the near-term and displacement of the US to achieve global preeminence in the future.
- *Global terrorism* – Groups such as Islamic State have taken advantage of instability in the Middle East, including the collapse of Libya, civil war in Syria, and a weak, US-backed regime in Iraq, to extend control over territory and natural resources that can then be used to stage terrorist attacks across the globe. Such groups are difficult to counter because they usually deploy suicide attackers and their radical ideology, alien to our own values, makes it difficult if not impossible to negotiate with them.
- *Nuclear proliferation* – While the US has continued to reduce the number and salience of nuclear weapons, others, including Russia and China, have moved in the opposite direction. They have added new types of nuclear capabilities to their arsenals, increased the salience of nuclear forces in their strategies and plans, and engaged in increasingly aggressive behavior, including in outer space and cyber space. North Korea continues its illicit pursuit of nuclear weapons and missile capabilities in direct violation of United Nations (UN) Security Council resolutions. Iran has agreed to constraints on its nuclear program in the Joint Comprehensive Plan of Action (JCPOA). Nevertheless, it retains the technological capability and much of the capacity necessary to develop a nuclear weapon within one year of a decision to do so.
- *Alliances* – Our Government has concluded alliances and partnerships with a number of nations around the world, including Turkey, Pakistan, Israel, and Saudi Arabia. The goals and interests of these nations may not be identical to our own, and they may become embroiled in local conflicts that end up involving the US.
- *Cyberwarfare* could disrupt our military capabilities and command and control; adversaries could also create economic havoc through cyber-attacks on the financial system, the power grid, our water sources, and nuclear power plants.

Our Government's ability to secure the financial future of retirees is threatened by the risk of insolvency facing Social Security trust funds and the Pension Benefit Guaranty Corporation.[34]

The cost of providing Social Security and disability benefits is rising faster than revenue generated by the payroll tax. Reserves of the DI Trust Fund may be depleted as early as 2027, and reserves of the OASI Trust Fund may be depleted as early as 2031, according to projections by the funds' trustees. See Exhibit 99.06 for more information. The Pension Benefit Guaranty Corporation (PBGC), which backs the pension benefits of over 33 million Americans through insurance programs that guarantee pension benefits when plans fail, may not be able to meet its long-term obligations, due in part to a long-term decline in the number of traditional defined benefit plans and the collective financial risk of the many underfunded pension plans that PBGC insures. According to the PBGC's 2021 Annual Report, the *American Rescue Plan Act of 2021* (ARP), established a new multiemployer Special Financial Assistance Program (SFA). The new SFA Program helped eliminate PBGC's deficit resulting in a positive net position of $31 billion as of September 30, 2021, from a deficit of $48 billion as of September 30, 2020. Prior to enactment of ARP, PBGC's multiemployer program was expected to run out of money by 2026. ARP's SFA Program will significantly extend the solvency of the multiemployer program by at least 30 years to a median projected insolvency in 2055. When the program becomes insolvent, PBGC will be unable to provide financial assistance to pay the current level of guaranteed benefits in insolvent plans. At that time, the only money available to provide financial assistance will be incoming multiemployer premiums and thus PBGC will be only able to pay financial assistance to the extent of PBGC's multiemployer premium income.

Failure to maintain and upgrade the nation's surface transportation system could curb economic growth and adversely affect the quality of life for citizens.[34]

The nation's highways, mass transit, and rail systems are under growing strain, reflecting increasing congestion and freight demand, and traditional funding sources are eroding. For example, federal taxes on gasoline haven't been raised since 1993. Inflation-adjusted revenue from motor fuel taxes that support the Highway Trust Fund, a major source of federal surface transportation funding, is declining, according to the Government Accountability Office, and our Government has been using general revenues to maintain spending levels. This trend is forecast to continue as consumers turn to vehicles that are more fuel efficient or that use alternative energy sources. The Congressional Budget Office estimates that $188 billion in additional funding would be needed between 2021 and 2030 to maintain inflation adjusted spending on current levels.

On November 15, 2021, the *Infrastructure Investment and Jobs Act* became law. Among other provisions, this bill provides new funding for infrastructure projects, including for:

- roads, bridges, and major projects;
- passenger and freight rail;
- highway and pedestrian safety;
- public transit;
- broadband;
- ports and waterways;
- airports;
- water infrastructure;
- power and grid reliability and resiliency;
- resiliency, including funding for coastal resiliency, ecosystem restoration, and weatherization;
- clean school buses and ferries;
- electric vehicle charging;
- addressing legacy pollution by cleaning up Brownfield and Superfund sites and reclaiming abandoned mines; and
- Western Water Infrastructure.

The Congressional Budget Office estimates that over the 2021-2031 period, this law will decrease direct spending by $110 billion, increase revenues by $50 billion, and increase discretionary spending by $415 billion, thus adding a net $256 billion to projected deficits over that period.[38]

Recruiting and retaining skilled Government workers is key to delivering essential, and in many cases life-saving, services to the American people.[34]

High levels of training and education are required to address complex challenges such as disaster response, national and homeland security, and rapidly evolving technology and privacy-security issues. However, current budget and long-term fiscal pressures, declining levels of federal employee satisfaction, and a potential wave of employee retirements could produce gaps in leadership and institutional knowledge.

Item 2. Properties

Domestic

Land

Federal government owned land

The federal government owns and manages more than a quarter of the roughly 2 billion acres of land in the US. These lands are managed for many purposes, primarily preservation, recreation, and development of natural resources. Five primary federal agencies manage about 95% of this federally-owned-and-managed land. The five agencies and the land they managed are:

Fiscal year (Acres in thousands)	**1990**	**2000**	**2010**	**2018**
Agency				
Bureau of Land Management	272,029	264,398	247,859	244,391
Forest Service	191,367	192,355	192,881	192,919
Fish and Wildlife Service	86,822	88,226	88,949	89,206
National Park Service	76,134	77,931	79,691	79,946
Department of Defense	20,501	24,052	19,422	8,850
Total federally-owned land	646,853	646,962	628,802	615,312
Total land in US	2,271,343	2,271,343	2,271,343	2,271,343
Percentage of land in US federally-owned	28%	28%	28%	27%

† *Data source is the Congressional Research Service paper titled Federal Land Ownership: Overview and Data, dated February 21, 2020, the latest source for detailed acres.*

Federal government owned, otherwise managed, and leased land – non-public domain

Our Government sometimes refers to the land it owns and manages as public domain lands and acquired lands. According to the Congressional Research Service, public domain lands are those ceded by the original states or obtained from a foreign sovereign (via purchase, treaty, or other means). Acquired lands were obtained from a state or individual by exchange, purchase, or gift. About 90% of all federal lands are public domain lands, while the other 10% are acquired lands. Many laws were enacted that related only to public domain lands. Even though the distinction has lost most of its underlying significance today, different laws may still apply depending on the original nature of the lands involved. Owned, otherwise managed, and leased non-public domain land and related costs are as follows:

Fiscal year	**2015**	**2016**	**2019**	**2020**
Land acres [1]	**49,601,819**	**42,343,516**	**26,751,439**	**27,443,005**
Owned and otherwise managed acres	47,909,576	41,015,497	25,209,573	26,037,355
Total annual operating costs (in thousands) [2,3]	$ 122,890	$ 125,059	$ 137,551	$ 156,028
Leased acres	1,692,243	1,328,020	1,361,866	1,405,650
Total annual lease costs (in thousands) [2,4]	$ 49,568	$ 50,728	$ 42,349	$ 47,656

† *Data source is the General Services Administration (GSA) FY 2020 Federal Real Property Profile (FRPP) Summary Data Set. The GSA reports that Department of Defense (DOD) data is not available for 2017 and 2018. In addition, the GSA reports that the "DOD made progress in addressing data quality concerns and is included in FY 2019. As a result, comparisons between FY 2019 and previous years' data is not recommended." It does not make sense for us to report 2017 and 2018 without DOD data, as it comprises a large portion of the data set. As such, we have limited the data in this section to the dates shown in the table above.*

1 *Includes federal government owned and managed museum trust, state government owned, and withdrawn land, and leased land. Does not include public domain land. Details may not add to total due to rounding.*

2 *It is difficult to compare owned and otherwise managed and leased annual operating costs due to their make-up. Owned and otherwise managed annual operating costs only includes operations and maintenance costs, whereas leased annual operating costs also includes rent to capture the full cost of the asset.*

3 *Owned and otherwise managed annual operating and maintenance costs consist of the following: 1) recurring maintenance and repair costs; 2) utilities (includes plant operation and purchase of energy); 3) cleaning and/or janitorial costs (includes pest control, refuse collection, and disposal including recycling operations); and 4) roads/grounds expenses (includes grounds maintenance, landscaping, and snow and ice removal from roads, piers, and airfields).*

4 *Lease costs comprise: 1) annual net rent to the lessor – the fully serviced rental to the lessor minus the annual operating and maintenance costs and 2) annual operating and maintenance costs – reoccurring maintenance and repair costs including: utilities (includes plant operation and purchase of energy); cleaning and/or janitorial costs (includes pest control, refuse collection, and disposal, including recycling operations); roads/grounds expenses (includes grounds maintenance, landscaping, and snow and ice removal from roads, piers, and airfields).*

Owned and otherwise managed (OOM) and leased non-public domain land by agency as of 2020 was as follows:

Fiscal year (In thousands)		Acres	
Agency	**OOM**	**Leased**	**Total**
Corps of Engineers	7,573	83	7,656
Army Department	5,913	1,061	6,974
Department of Interior	6,272	1	6,273
Department of Energy	2,191	9	2,200
Navy Department	1,752	20	1,772
Air Force Department	1,648	101	1,749
Other department or agency	688	131	819
Total	26,037	1,406	27,443

† *Data source is the General Services Administration (GSA) FY 2020 Federal Real Property Profile (FRPP) Summary Data Set.*

State and local government owned and leased land

We are not aware of a source of state and local government OOM and leased land for each government.

Buildings and other structures

Below is detail of federal and state-OOM and leased buildings and structures.

Fiscal year	2015	2016	2019	2020
Buildings [4]	**273,125**	**267,127**	**286,773**	**285,829**
OOM [1]	253,481	247,723	268,043	267,118
Total square feet (in thousands)	2,520,991	2,490,265	2,546,061	2,550,003
Total annual operating costs (in thousands) [3,6]	$ 11,644,642	$ 12,022,269	$ 16,356,346	$ 15,466,330
Leased	19,644	19,404	18,730	18,711
Total square feet (in thousands)	283,125	280,103	286,138	288,604
Total annual lease costs (in thousands) [3,7]	$ 7,103,442	$ 7,284,160	$ 7,630,462	$ 7,935,063
Structures [7]	**496,022**	**496,174**	**525,240**	**537,080**
OOM [1]	492,263	492,725	521,948	533,580
Total annual operating costs (in thousands) [3,6]	$ 8,787,913	$ 6,326,949	$ 12,023,494	$ 12,454,246
Leased	3,759	3,449	3,292	3,500
Total annual lease costs (in thousands) [3,7]	$ 58,053	$ 59,135	$ 64,360	$ 70,964
Buildings real property utilization [8]				
Utilized	96,718	89,359	117,601	120,737
Underutilized	3,598	7,859	4,413	3,023
Unutilized	3,414	3,120	15,199	12,679
Repair needs [1,2]				
OOM building repair needs costs (in thousands)				$ 131,670,093
OOM structure repair needs costs (in thousands) [5]				$ 137,677,620

† *Data source is the GSA FY 2020 FRPP Summary Data Set. The GSA reports that DOD data is not available for 2017 and 2018. In addition, the GSA reports that the "DOD made progress in addressing data quality concerns and is included in FY 2019. As a result, comparisons between FY 2019 and previous years' data is not recommended." It does not make sense for us to report 2017 and 2018 without DOD data, as it comprises a large portion of the data set. As such, we have limited the data in this section to the dates shown in the table above.*

1 *Includes federal government, foreign government, museum trust, and state government owned and otherwise managed.*

2 *Repair needs are only a required data element for owned assets. Repair needs is the objective amount necessary to ensure that a constructed asset is restored to a condition substantially equivalent to the originally intended and designed capacity, efficiency, or capability. This should exclude any consideration of the likelihood that the repair will be performed at any time before the asset's disposition.*

3 It is difficult to compare owned and leased annual operating costs due to their make-up. Owned and otherwise managed annual operating costs only includes operations and maintenance costs, whereas leased annual operating costs also includes rent to capture the full cost of the asset.
4 Buildings (examples): office, laboratories, hospital, warehouse
5 Structures (examples): airfield pavements, flood control and navigation, utility systems, navigation, and traffic aids
6 Owned and otherwise managed annual operating and maintenance costs consist of the following: 1) recurring maintenance and repair costs; 2) utilities (includes plant operation and purchase of energy); 3) cleaning and/or janitorial costs (includes pest control, refuse collection, and disposal including recycling operations); and 4) roads/grounds expenses (includes grounds maintenance, landscaping, and snow and ice removal from roads, piers, and airfields).
7 Lease costs comprise: 1) annual net rent to the lessor – the fully serviced rental to the lessor minus the annual operating and maintenance costs and 2) annual operating and maintenance costs – reoccurring maintenance and repair costs including: utilities (includes plant operation and purchase of energy); cleaning and/or janitorial costs (includes pest control, refuse collection, and disposal, including recycling operations); roads/grounds expenses (includes grounds maintenance, landscaping, and snow and ice removal from roads, piers, and airfields).
8 The reporting of utilization is only required for offices, laboratories, hospitals, warehouses, family housing, dormitories, and barracks.

Buildings detail (2020)

As shown in the table above, our Government occupies 2.8 billion square feet of building space in the US and US territories, of which 2.6 billion square feet are owned and otherwise managed and 289 million square feet are leased. Information by use and by government agency as of 2020 are shown in the tables below:

Buildings Real Property Use Fiscal year (in thousands, except per sq ft)	**OOM sq/ft[1]**		**Annual Operating and Maintenance Costs[1,4]**		**OOM Annual Costs per sq/ft[1,4]**	**Leased sq/ft**		**Leased Annual Costs[2,4]**		**Leased Annual Costs per sq/ft [2,4]**
Total	**2,550,003**	**$**	**15,466,330**	**$**	**6.07**	**288,604**	**$**	**7,935,063**	**$**	**27.49**
Office	510,085	$	2,996,059	$	5.87	180,183	$	5,627,555	$	31.23
Service	400,506	$	2,063,763	$	5.15	5,546	$	39,702	$	7.16
Warehouses	298,650	$	747,661	$	2.50	29,255	$	284,090	$	9.71
School	251,161	$	1,543,895	$	6.15	3,030	$	27,108	$	8.95
Dormitories/Barracks	227,589	$	1,196,742	$	5.26	1,795	$	18,586	$	10.35
Laboratories	175,162	$	1,721,392	$	9.83	5,109	$	164,468	$	32.19
Other institutional uses	163,827	$	983,001	$	6.00	1,658	$	19,319	$	11.65
Hospital	118,104	$	1,195,310	$	10.12	561	$	18,545	$	33.07
Industrial	109,641	$	869,024	$	7.93	2,370	$	76,825	$	32.41
Family housing	45,243	$	175,912	$	3.89	1,103	$	12,641	$	11.46
Prisons and detention centers	42,478	$	301,700	$	7.10	92	$	812	$	8.80
Outpatient healthcare facility	42,456	$	417,777	$	9.84	14,904	$	537,380	$	36.06
Communications systems	20,393	$	220,531	$	10.81	609	$	6,203	$	10.18
Navigation and traffic aids	12,628	$	259,282	$	20.53	664	$	18,410	$	27.71
Child care center	9,235	$	34,373	$	3.72	26	$	433	$	16.67
Museum	7,091	$	37,030	$	5.22	297	$	110	$	0.37
Land port of entry	4,991	$	66,801	$	13.39	888	$	20,419	$	23.00
Facility security	4,975	$	24,227	$	4.87	51	$	497	$	9.77
Data centers	3,140	$	73,439	$	23.38	395	$	14,325	$	36.25
Border/Inspection station	2,840	$	38,251	$	13.47	8,207	$	99,544	$	12.13
Comfort stations/Restrooms	1,779	$	18,520	$	10.41	—	$	—	$	—
Public facing facility	1,593	$	27,360	$	17.18	19,142	$	596,091	$	31.14
Post office	969	$	6,211	$	6.41	—	$	—	$	—
Aviation security related	378	$	5,518	$	14.61	3,457	$	165,398	$	47.84
All other [3]	95,089	$	442,552	$	4.65	9,261	$	186,602	$	20.15

† Data source is the GSA FY 2020 FRPP Summary Data Set.
1 Includes federal government, foreign government, museum trust, and state government owned and otherwise managed.
2 Includes operations and maintenance costs and rent.
3 The All Other category is defined as "buildings that cannot be classified elsewhere."
4 It is difficult to compare owned and leased annual operating costs due to their make-up. Owned and otherwise managed annual operating costs only includes operations and maintenance costs, whereas leased annual operating costs also includes rent to capture the full cost of the asset.

Fiscal year (In thousands)	Building Square Feet		
Agency	**OOM**	**Leased**	**Total**
Army Department	741,372	19,649	761,021
Air Force Department	453,422	5,593	459,015
Navy Department	444,919	2,899	447,818
General Services Administration	230,691	188,351	419,042
Department of Veterans Affairs	156,819	20,523	177,342
Department of Energy	113,469	640	114,109
Department of Interior	100,151	2,973	103,124
Other department or agency	309,160	47,976	357,136
Total	2,550,003	288,604	2,838,607

† *Data source is the GSA FY 2020 FRPP Summary Data Set.*

The US Government Accountability Office (GAO) reports that federal agencies continue to face long-standing challenges in several areas of real property management, including: (1) effectively disposing of excess and underutilized property, (2) collecting reliable real property data for decision making, and (3) protecting federal facilities.[34]

Federal Indian reservations[39]

A federal Indian reservation is an area of land reserved for a tribe or tribes under treaty or other agreement with the US, executive order, or federal statute or administrative action as permanent tribal homelands, and where the federal government holds title to the land in trust on behalf of the tribe. Approximately 56.2 million acres (approximately 2% of total US land area) are held in trust by the US for various Indian tribes and individuals. There are approximately 326 Indian land areas in the US administered as federal Indian reservations (i.e. reservations, pueblos, rancherias, missions, villages, communities, etc.). The largest is the 16 million-acre Navajo Nation Reservation located in Arizona, New Mexico, and Utah. The smallest is a 1.32-acre parcel in California where the Pit River Tribe's cemetery is located. Many of the smaller reservations are less than 1,000 acres.

International[40]

We are not aware of a current aggregated source for land held by our Government outside of the US. However, the Department of Defense (DOD) reports on its overseas holdings. As of 2020, the DOD managed a worldwide real property portfolio that spanned 48 territories and foreign countries. Locations comprising at least 10 acres or $10 million of replacement value (477 in total) comprise the following:

- *By country* – Germany (94 sites), Japan (87 sites), and South Korea (65 sites) had the most sites by country;
- *By service* – 199 were for the Army, 110 for the Air Force, 146 for the Navy, and 22 for the Marine Corps; and
- *By value* – 48 had no replacement value, 366 had a replacement value of more than $0 and less than $1.102 billion each, 23 had a replacement value of equal to or more than $1.102 billion and less than $2.067 billion each, 40 had a replacement value of equal to or more than $2.067 billion each.

Item 3. Legal Proceedings

Our Government is subject to a variety of claims and suits that arise from time to time in the ordinary course of its operations. See *Part II, Item 8. Financial Statements and Supplementary Data*, *Notes to financial statements*, *Note 18 – Contingencies* for a discussion of these items.

Part II

Item 6. Selected Financial Data

The figures below represent financial highlights for our Government, comprising combined federal, state, and local government figures.

(In billions) Year Ended September 30,	2019	2018	2015	2010	2005	2000	1990	1980
As reported								
Revenue	$ 5,761	$ 5,729	$ 5,172	$ 3,931	$ 3,640	$ 3,214	$ 1,638	$ 770
Expenditures	$ 6,709	$ 6,291	$ 5,663	$ 5,130	$ 3,826	$ 2,804	$ 1,817	$ 833
Surplus (deficit)	$ (948)	$ (562)	$ (491)	$ (1,199)	$ (186)	$ 410	$ (179)	$ (63)
Cash, cash equivalents, and short-term investments [1]	$ 1,250	$ 1,284	$ 1,053	$ 991	$ 523	$ 494	$ 310	$ 133
Total assets [1]	$ 24,762	$ 24,067	$ 21,041	$ 17,365	$ 13,137	$ 10,297	$ 5,603	$ 2,867
Total liabilities [1]	$ 32,902	$ 31,471	$ 27,947	$ 20,965	$ 13,839	$ 9,431	$ 5,561	$ 2,150
Net worth [1]	$ (8,140)	$ (7,404)	$ (6,906)	$ (3,600)	$ (702)	$ 866	$ 42	$ 717
Adjusted for inflation [2]								
Revenue	$ 5,761	$ 5,835	$ 5,557	$ 4,600	$ 4,785	$ 4,788	$ 3,238	$ 2,448
Expenditures	$ 6,709	$ 6,408	$ 6,085	$ 6,003	$ 5,029	$ 4,177	$ 3,591	$ 2,648
Surplus (deficit)	$ (948)	$ (573)	$ (528)	$ (1,403)	$ (244)	$ 611	$ (353)	$ (200)
Cash, cash equivalents, and short-term investments [1]	$ 1,250	$ 1,308	$ 1,131	$ 1,160	$ 688	$ 736	$ 613	$ 423
Total assets [1]	$ 24,762	$ 24,513	$ 22,608	$ 20,321	$ 17,269	$ 15,339	$ 11,074	$ 9,115
Total liabilities [1]	$ 32,902	$ 32,054	$ 30,029	$ 24,534	$ 18,192	$ 14,049	$ 10,991	$ 6,836
Net worth [1]	$ (8,140)	$ (7,541)	$ (7,421)	$ (4,213)	$ (923)	$ 1,290	$ 83	$ 2,279

[1] *Balance sheet figures shown here are sourced from the Federal Reserve. The balance sheets we use in all other sections of this document are sourced as described in Exhibit 99.01. Because Item 6 requires us to show more years of financial information than elsewhere in this report, these figures are sourced from the Federal Reserve as this is the only source with an extended time series of combined balance sheet data. Key differences in balance sheets from the two sources are that the Federal Reserve does not include in its data TARP investments, inventories and related property, investments in GSEs, environmental and disposal liabilities, benefits due and payable, loan guarantee liabilities, or other liabilities. They also appear to account for Treasury securities, property, plant, and equipment, and employee and veteran benefits payable on different bases.*

[2] *To show the financial highlights in "real" terms, we have calculated and reported inflation-adjusted amounts. The inflation adjustment factors are based on the Consumer Price Index – All Urban Consumers (CPI-U) with a baseline year of 2019.*

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following Management's Discussion and Analysis (MD&A) is intended to help the reader understand the results of operations and financial condition of our Government. MD&A is provided as a supplement to, and should be read in conjunction with, *Item 8. Financial Statements and Supplementary Information*.

About Management's Discussion and Analysis

Fiscal years presented

In this MD&A, we analyze the one-year, five-year, and 10-year periods ending September 30, 2019, the most recent period for which a nearly complete set of federal, state, and local financial data is available. A public company is generally required to analyze its immediately prior three fiscal years. While decisions can be made and implemented quickly within companies, and the impact of those decisions may be seen shortly thereafter, this is not generally the case within government. Therefore, we have provided a longer-term view within this MD&A than we would for a company.

Which changes are discussed

Throughout this MD&A, we discuss key changes in revenues and expenditures during the periods presented. We define key changes as those that are the largest dollar changes that when added together comprise at least 75% of the total change being explained. These key changes are highlighted in gray in the tables and then are discussed in the sections following each table. Note that only key changes are discussed, though all changes in major categories are shown in the tables for your information.

Modification of data

In cases where only calendar year annual data was available, we used one simple formula to create federal fiscal year (October 1 to September 30) data – 25% of the prior calendar year figure plus 75% of the current calendar year figure. All the figures in this MD&A that were converted from calendar year to federal fiscal year in this manner are indicated by * (one asterisk). To create state and local fiscal year (July 1 to June 30) data, we used a formula of 50% of the prior calendar year figure plus 50% of the current calendar year figure. All the figures in this MD&A that were converted from calendar year to state and local fiscal year in this manner are indicated by ** (two asterisks). Finally, for tax revenues, we calculated the impact of tax rates vs. tax bases by holding one constant while fluctuating the other. See more information at Exhibit 99.13.

Comparability of data

See discussion of the comparability of data within this MD&A in Exhibit 99.12 *Data comparability considerations*.

Overview

The United States of America (US) is a federal republic composed of 50 states, a federal district of Washington, D.C., five major and various minor insular areas, as well as over 90,000 local governments, including counties, municipalities, townships, school districts, and special district governments. At 3.8 million square miles and with over 332 million people (as of 2021), the US is the world's third-largest country by total area and the third most populous.

The people of the US, through our Government as outlined in our Constitution, seek to form a more perfect union, establish justice, ensure domestic tranquility, provide for the common defense, promote the general welfare, and secure the blessings of liberty to ourselves and our posterity.

To achieve the vision of the people, our Government raises money, spends money, and exercises, grants, and rescinds authorities. Our Government generates revenue mainly by taxing individuals and businesses in the US, and to a lesser degree through income on assets invested and charges for government services. Our Government's most significant expenditure is transfer payments to individuals and subsidies, comprising 48% of expenditures in 2019, most significantly for Social Security, Medicare, and Medicaid. Personnel and compensation costs is our Government's second-largest expenditure, comprising 26% of expenditures in 2019. By segment, our Government's most significant expenditures are for securing the blessings of liberty to ourselves and our posterity, comprising 53% of expenditures in 2019.

Trends

During the one-year, five-year, and 10-year periods ending in 2019, we saw a mixture of stagnation, progression towards, and retreat from, achievement of our Constitutional objectives. Our Government's role in these trends is not clear. However, we believe it may be useful to observe these trends in evaluating our Government. The 10-year comparison in this year's report is particularly noteworthy, as the Great Recession was still underway during 2009; the Great Recession began in December 2007 and was accompanied by a financial crisis that peaked in September-October 2008 as major financial institutions were on the brink of collapse, prompting the federal government to act. Highlights in key metrics for these years are summarized below.

When comparing 2019 to 2009, we made progress towards our objectives by:

- ***growing our economy***, by many measures, including most notably increasing: the S&P 500; private fixed investment; GDP; new home sales; net asset accumulation, including total and average household financial and real estate assets paired with lower mortgage debt; numbers of pension participants and total pension assets;

and numbers of businesses, including those less than one year old; while decreasing workers at or below minimum wage and bankruptcy filings;

- ***reducing overall crime and physical harm***, including most notably reducing: reported crime and arrests, certain jailed and imprisoned populations, and sentencings for property and drug crimes; unauthorized persons removed or returned; workplace violations and non-fatal workplace injuries, along with increased back wages recovered; overall numbers of active-duty military deaths and US civilian deaths overseas; and civil rights crimes reported (except hate crimes);
- ***improving quality of life for certain populations***, including reducing the number of children in poverty and the number of active-duty military personnel who are stationed abroad, while increasing passports in circulation and the number of visas granted; and
- ***tending to our environment***, including reducing numbers of poor air quality days in certain large cities and net energy consumption, while increasing energy consumption from nuclear and renewable sources.

We retreated from our objectives through:

- ***continuing fiscal unsustainability of our Government***, as our Government's debt continues to grow as a percentage of GDP and per capita, and our overall trade deficit rises;
- ***increasing specific crime and physical harm***, including increasing civilian deaths from fire incidents of all kinds; highway crashes; consumer complaints; fatal workplace injuries; intellectual property seizures; airport discoveries of loaded firearms; border apprehensions of illegal aliens, and removal of unauthorized persons with a prior criminal conviction;
- ***increasing transportation infrastructure challenges***, including increasing hours of commuter delays and gallons of fuel wasted, hours of delay in passenger trains, and ages of railcars and trainset fleets;
- ***increasing challenges to the health of our population***, including increasing: deaths from accidents, heroin poisoning, other opioids, and other synthetic narcotics; costs of, and deaths from, natural disasters; acres burned in wildland fires; increased crop failures; and increased personal healthcare expenditures;
- ***insufficiently protecting our children***, including increasing: child fatalities as a result of maltreatment among all age groups and victimization of children ages birth to one year old; children receiving free and reduced price lunch; and homeless children enrolled in school; and
- ***increasing challenges to the affordability of higher education and housing***, including increasing costs of higher education, median new home prices, and rent.

Our Government's operations are financially unsustainable. It continues to spend more than it takes in each year, amassing total liabilities and an overall accumulated deficit that reached $38.6 trillion and $16.3 trillion, respectively, at September 30, 2019. Expenditures increased 28% between 2009 and 2019, when they reached a record high of $6.7 trillion annually. Our Government has, however, reduced its annual deficit by 59% from its peak of $2.3 trillion in 2009 to $948 billion in 2019 through increased revenue. Increases in revenue have been driven by both overall economic prosperity (primarily increased taxable income and income on invested Government assets) and tax policy changes. See *Part I, Item 1A. Risk Factors*, *Recently enacted legislation and tax avoidance put downward pressure on tax revenues, reducing Government resources*, for discussion of recent significant tax policy changes that could further impact these trends.

Macroeconomy and related government actions

Key economic indicators

Below are some key economic indicators for the periods discussed in this MD&A:

	2019	2018	2014	2009
Interest rates				
10-year Treasury Rate (calendar year)	2.14%	2.91%	2.54%	3.26%
US Federal Funds Rate (calendar year)	1.55%	2.27%	0.12%	0.12%
US Bank Prime Loan Rate (state and local fiscal year)	5.32%	4.47%	3.25%	3.89%

Economic indicators				
Gross domestic product (calendar year)	21,373	20,527	17,551	14,478
Gross domestic product (fiscal year)	21,161	20,265	17,374	14,537
Average annual US inflation rate (calendar year)	1.8%	2.4%	1.6%	(0.4)%
Average annual US inflation rate (fiscal year)	1.9%	2.4%	1.6%	(0.3)%
Change in average annual US inflation from the respective fiscal year to 2019	*—ppt*	*(0.5)ppt*	*0.3ppt*	*2.2ppt*
Stock indices				
Standard and Poor's 500 (S&P 500) average daily closing price:				
Federal fiscal year – October 1 to September 30	2,816	2,722	1,870	903
Change from the respective year to 2019	*—%*	*3%*	*51%*	*212%*
State and local fiscal year – July 1 to June 30	2,789	2,626	1,794	968
Change from the respective year to 2019	*—%*	*6%*	*55%*	*188%*
Differences between beginning and ending closing prices of select stock indices, July 1 of the prior year compared to June 30:				
S&P 500	223	295	354	(361)
Change from the respective year to 2019	*—%*	*(24)%*	*(37)%*	*(162)%*
Deutsche Boerse AG German Stock Index, Performance (DAXI) – in Euros	93	(19)	1,874	(1,610)
Change from the respective year to 2019	*—%*	*(589)%*	*(95)%*	*(106)%*
Nikkei 225: N225 (NIKKEI) – in Japanese Yen	(1,029)	2,271	1,485	(3,523)
Change from the respective year to 2019	*—%*	*(145)%*	*(169)%*	*(71)%*
Financial Times Stock Exchange 100 Index: UKX (FTSE)	(211)	324	528	(1,377)
Change from the respective year to 2019	*—%*	*(165)%*	*(140)%*	*(85)%*
Chicago Board Options Exchange Volatility Index (VIX) at June 30	15	16	12	26
Asset and service prices				
West Texas Intermediate (WTI) crude oil spot price (per barrel)	$ 56.99	$ 65.23	$ 93.17	$ 61.95
Consumer Price Index (average monthly for the fiscal year):				
Consumer price index	254.4	249.7	236.0	213.8
Growth from the respective year to 2019	*—%*	*2%*	*8%*	*19%*
Food price index	256.8	252.5	240.6	218.5
Growth from the respective year to 2019	*—%*	*2%*	*7%*	*18%*
Medical care price index	493.1	482.4	432.6	372.4
Growth from the respective year to 2019	*—%*	*2%*	*14%*	*32%*
Medical care commodities price index	380.0	381.2	340.5	302.3
Growth from the respective year to 2019	*—%*	*—%*	*12%*	*26%*
Medical care services price index	529.5	514.9	462.2	394.0
Growth from the respective year to 2019	*—%*	*3%*	*15%*	*34%*
Hospital and related services price index	878.3	859.7	726.3	558.6
Growth from the respective year to 2019	*—%*	*2%*	*21%*	*57%*
Housing (calendar year unless otherwise noted)				
US 30-year fixed-rate mortgage interest rate	3.94%	4.55%	4.17%	5.04%
Median new home sales price (in thousands) [1]	$ 322	$ 326	$ 289	$ 217
Median home value (in thousands) (state and local fiscal year) [2]	$ 235	$ 224	$ 178	$ 191
Existing home sales (in thousands of housing units) [3]	5.530	5,340	4,923	na
New home sales (in thousands of housing units)	683	617	437	375

† *Sources: Federal Reserve, Bureau of Labor, Freddie Mac, Energy Information Administration, Bureau of Economic Analysis, US Census, Bureau of Labor Statistics, Yahoo Finance, Google Finance, Investing.com*

na *An "na" reference in the table means the data is not available.*

1 *December of each year*

2 *Value is the respondent's estimate of how much the property (house and lot) would sell for if it were for sale. Any nonresidential portions of the property (for example, shared spaces in a condominium/co-op), any rental units, and land cost of mobile homes, are excluded from the value. For vacant units, value represents the sales price asked for the property at the time of the interview and may differ from the price at which the property is sold.*

3 *Existing home sales are based on closing transactions of single-family, townhomes, condominiums, and cooperative homes. Seasonally-adjusted rate.*

The first five years discussed in this MD&A

Between fiscal years 2009 and 2014, nominal GDP increased by 20%, with the following sectors experiencing the largest increases: finance, insurance, real estate, rental, and leasing; professional and business services; manufacturing; and educational services, healthcare, and social assistance. The S&P 500 index grew 87%, while the average annual US inflation rate increased from a decline of 0.3% in 2009 to 1.6% in 2014. However, there were significant shocks in the system during this period.

In 2007, the housing bubble peaked and shortly thereafter gave way to a financial crisis. The Great Recession began in December 2007 and was accompanied by a financial crisis that peaked in September-October 2008 as major financial institutions were on the brink of collapse, prompting the federal government to act. Major government action first began in March 2008 when the investment firm Bear Stearns collapsed, and the federal government assisted in J.P. Morgan's takeover of the failed entity. Then in September 2008, Fannie Mae and Freddie Mac were placed in conservatorship by the Federal Housing Finance Agency. Ultimately, a broader package called the Troubled Asset Relief Program (TARP) was authorized by Congress in October 2008 to stabilize the financial system amid the most severe economic downturn since the Great Depression. Its original goal was to buy distressed assets, such as mortgage-backed securities, from financial firms. That was later changed to inject capital directly into banks through the purchase of bank senior preferred shares and warrants. The program was also broadened to include bailouts for auto firms General Motors Company and Chrysler Corporation, mortgage relief for homeowners, and measures to restart credit markets. Congress originally authorized $700 billion for TARP, which was later reduced to $475 billion (96% of which has since been returned to our Government, along with a surplus on certain investments that totals more than $7.9 billion).

During this period, federal and state budget deficits reached record highs as revenues declined and spending increased. Revenues for state and local governments declined significantly because of the economic downturn, prompting some cuts to spending and higher tax rates as states (except Vermont) are not allowed to spend more than they receive.

After President Obama took office in January 2009, he and the Democratic-controlled Congress enacted the *American Recovery and Reinvestment Act* (ARRA), which was a stimulus package of temporary tax cuts and spending increases with the aim of boosting the macroeconomy. The legislation's numerous spending and revenue provisions can be grouped into several categories according to their focus:

- *Providing funds to states and localities* – for example, by raising federal matching rates under Medicaid, providing aid for education, and increasing financial support for some transportation projects;
- *Supporting people in need* – such as by extending and expanding unemployment benefits and increasing benefits under the Supplemental Nutrition Assistance Program (formerly food stamps);
- *Purchasing goods and services* – for instance, by funding construction and other investment activities that could take several years to complete; and
- *Providing temporary tax relief for individuals and businesses* – such as by raising exemption amounts for the Alternative Minimum Tax, increasing the Earned Income Tax Credit, adding a new Making Work Pay tax credit and a new American Opportunity Credit for higher education, and creating enhanced deductions for depreciation of business equipment.

At the end of fiscal year 2009, the recession waned, and a gradual recovery began. In December 2010, some tax cuts enacted in ARRA and those enacted during President George W. Bush's term were extended for two more years. Some of those were eventually allowed to expire in December 2012 – primarily those affecting high-income taxpayers. In March of 2010, the *Affordable Care Act* (ACA) was enacted, with most of the associated government revenue increases taking effect on January 1, 2013.

The following five years

The second and final five years of the 10-year window included in this MD&A was marked by economic growth. Overall, between fiscal years 2014 and 2019, nominal GDP grew by 22%, with the following sectors experiencing the largest increases: finance, insurance, real estate, rental, and leasing; professional and business services; educational services, healthcare, and social assistance; and government. The S&P 500 index grew 51%, while the average annual US inflation rate increased from 1.6% in 2014 to 1.9% in 2019.

This period was also one of numerous changes in individual income tax law. In December 2012, following President Obama's reelection, he signed into law an extension of the Bush tax cuts again, albeit this time without the lower tax rates on high-income taxpayers. As a result, the top two individual income tax rates reverted to their pre-2001 levels of 39.6% and 36%, while the top income tax rate on capital gains moved from 15% to 20%. These tax rates went into effect in January 2013.

Also going into effect in January 2013 were some new taxes from the ACA. This included most notably a new 3.8% tax on unearned income for high-income taxpayers. That is, taxpayers with Adjusted Gross Income (AGI) higher than $200,000 (single) and $250,000 (married) began paying a 3.8% tax on income from interest, dividends, and capital gains, among other sources. Furthermore, there was a 0.9 percentage point increase in the employee Medicare tax for those with AGIs higher than $200,000 (single) and $250,000 (married). This applies to payroll sources of income such as wages and self-employment income. The ACA also put into effect a higher AGI threshold for the medical expenses itemized deduction. Specifically, taxpayers under the age of 55 can deduct medical expenses in excess of 10% of AGI. Before, it was 7.5% of AGI.

In tax year 2014, key new healthcare coverage provisions of the ACA went into effect, including healthcare exchange cost subsidies provided to individual taxpayers through the Premium Tax Credit and the individual mandate requiring Americans pay a penalty if they lacked adequate health insurance.

In January 2017, Donald Trump was sworn in as the 45th president of the US, marking the transition from a Democrat to a Republican and the beginning of many policy changes. Among the policy changes was the *Tax Cuts and Jobs Act* (TCJA), which became law effective January 1, 2018 and for which elements are effective at various dates. The TCJA reduced the top individual income tax rate from 39.6% to 37%, changed the income tax brackets associated with each tax rate, eliminated personal exemptions, capped the state and local tax deduction at $10,000, nearly doubled the amount of the standard deduction, increased the child tax credit, provided for a 20% deduction of qualified business income and certain dividends for individuals, reduced the corporate income tax rate from 35% to 21%, and required a one-time tax on all foreign profits accumulated prior to the passing of the act, among other provisions.

Subsequent event

At the time of the publishing of this 10-K, the US continues to grapple with a worldwide pandemic of a respiratory disease, COVID-19, which is spreading from person-to-person caused by a novel (new) coronavirus. This pandemic, as well as our responses to it, have had a significant negative impact on the health and well-being of the US population, as well as on the US economy. Certain positive economic and other trends noted in management's discussion below will likely reverse during the time of COVID-19. Aggregate individual and corporate income will likely decline, and our Government's primary source of revenue – taxes – will decline accordingly, at least temporarily. Another significant source of revenue for our state and local governments, revenue from investments they make, may also be negatively impacted by stock and bond market volatility. In response to this crisis, our Government will need to spend more to help the population regain its health, to support those who are in need of assistance due to the economic impacts of the crisis, and to stimulate the economy once the serious public health risk abates. To aid the nation's recovery from COVID-19, Congress has passed a series of special appropriations for our Government to use in relief efforts. Please see a discussion of these appropriations and related Government actions in *Note 27 – Subsequent event* in *Item 8. Financial Statements and Supplementary Data - Notes to financial statements* within this report. See also *Item 1A. Risk Factors, The COVID-19 pandemic may hinder our Government's ability to achieve its constitutional objectives, at least in the short-term*.

Other factors affecting this discussion

For each revenue and expenditure table below, we include two rows at the bottom of the table which show the potential impact of inflation and US population growth on the revenues or expenditures analyzed. These inflation and population figures are not meant to provide a precise measure of the impact of inflation and population growth on the respective revenues or expenditures, as such a measurement is not possible. Rather, we have provided these figures as possible benchmarks for how the revenues and expenditures might have been anticipated to change over time due to these factors. To calculate the inflation and population adjustment figures, we multiplied the prior period total revenues or total expenditures by the rates of inflation (using CPIU) and population growth for the respective periods.

Rates of inflation are shown in the *Key economic indicators* table above. During the periods discussed in this MD&A, our total population grew by:

- 2018 to 2019 – 1.5 million people or less than 1%, 0.9 million through births and deaths and 0.6 million through migration;
- 2014 to 2019 – 9.9 million people or 3%, 5.6 million through births and deaths and 4.3 million through migration; and
- 2009 to 2019 – 21.4 million people or 7%, 12.9 million through births and deaths and 8.5 million through migration.

Our population aged 65 years and older grew by:

- 2018 to 2019 – 1.7 million people or 3%;
- 2014 to 2019 – 7.9 million people or 17%; and
- 2009 to 2019 – 14.4 million people or 36%.

Summary results of operations

	2019			2018			Changes					
(In billions, except percentages)	Total	Federal	State and Local	Total	Federal	State and Local	Total	Federal	State and Local	Total	Federal	State and Local
Revenues	**$ 5,761**	$ 3,489	$ 2,272	**$ 5,729**	$ 3,359	$ 2,370	**$ 32**	$ 130	$ (98)	**1%**	4%	(4)%
Expenditures	**6,709**	3,714	2,995	**6,291**	3,401	2,890	**418**	313	105	**7%**	9%	4%
Intergovernmental (expenditures) revenues [1]	**—**	(759)	759	**—**	(737)	737	**—**	(22)	22	**—%**	3%	3%
Net surplus (deficit)	**$ (948)**	$ (984)	$ 36	**$ (562)**	$ (779)	$ 217	**$ (386)**	$ (205)	$ (181)	**69%**	26%	(83)%
Estimated impact of inflation on net surplus (deficit)							**$ (10)**	$ (14)	$ 4	**2%**	2%	2%
Estimated impact of population growth on net surplus (deficit)							**(3)**	(4)	1	**0%**	0%	0%

	2019			2014			Changes					
(In billions, except percentages)	Total	Federal	State and Local	Total	Federal	State and Local	Total	Federal	State and Local	Total	Federal	State and Local
Revenues	**$ 5,761**	$ 3,489	$ 2,272	**$ 5,230**	$ 3,047	$ 2,183	**$ 531**	$ 442	$ 89	**10%**	15%	4%
Expenditures	**6,709**	3,714	2,995	**5,386**	2,933	2,453	**1,323**	781	542	**25%**	27%	22%
Intergovernmental (expenditures) revenues [1]	**—**	(759)	759	**—**	(599)	599	**—**	(160)	160	**—%**	27%	27%
Net surplus (deficit)	**$ (948)**	$ (984)	$ 36	**$ (156)**	$ (485)	$ 329	**$ (792)**	$ (499)	$ (293)	**508%**	103%	(89)%
Estimated impact of inflation on net surplus (deficit)							**$ (12)**	$ (38)	$ 26	**8%**	8%	8%
Estimated impact of population growth on net surplus (deficit)							**(5)**	(15)	10	**3%**	3%	3%

	2019			2009			Changes					
(In billions, except percentages)	Total	Federal	State and Local	Total	Federal	State and Local	Total	Federal	State and Local	Total	Federal	State and Local
Revenues	**$ 5,761**	$ 3,489	$ 2,272	**$ 2,928**	$ 2,142	$ 786	**$ 2,833**	$ 1,347	$ 1,486	**97%**	63%	189%
Expenditures	**6,709**	3,714	2,995	**5,241**	3,029	2,212	**1,468**	685	783	**28%**	23%	35%
Intergovernmental expenditures (revenues) [1]	**—**	(759)	759	**—**	(526)	526	**—**	(233)	233	**—%**	44%	44%
Net surplus (deficit)	**$ (948)**	$ (984)	$ 36	**$ (2,313)**	$ (1,413)	$ (900)	**$ 1,365**	$ 429	$ 936	**(59)%**	(30)%	(104)%
Estimated impact of inflation on net surplus (deficit)							**$ (439)**	$ (268)	$ (171)	**19%**	19%	19%
Estimated impact of population growth on net surplus (deficit)							**(162)**	(99)	(63)	**7%**	7%	7%

[1] *See separate schedule and discussion of intergovernmental transfers at Note 23 – Intergovernmental transfers (Part II, Item 8 within this annual report).*

Our Government ran a net deficit in each of the years discussed in this MD&A and in all intervening years (between 2009 and 2019).

The deficit peaked in 2009, when revenues declined 26% and spending increased 13% as compared to the prior year. The most significant revenue declines were losses incurred on investments at the state and local level as stock markets dropped worldwide, followed by decreased individual and corporate income tax revenues as the Great Recession hit the bottom lines of individuals and businesses. The expenditure increases reflected significant spending on banking, finance, and housing industry support and increases in general support programs, such as unemployment insurance, Social Security, Medicaid, and SNAP, expenditures intended to boost the economy and support the population in the interim. These dynamics illustrate how government finances can be significantly impacted by the health of the overall economy.

In the sections below, we discuss the material changes in our Government's results of operations during the periods presented.

Revenues[41]

Fiscal year 2019 compared with fiscal year 2018

(In billions, except percentages)	2019 Total	2019 Federal	2019 State and Local [1]	2018 Total	2018 Federal	2018 State and Local [1]	Changes [2] Total	Changes [2] Federal	Changes [2] State and Local [1]	Changes [2] Total	Changes [2] Federal	Changes [2] State and Local [1]
Individual income taxes	**$ 2,166**	$ 1,718	$ 448	**$ 2,110**	$ 1,684	$ 426	**$ 56**	$ 34	$ 22	**3%**	2%	5%
Payroll taxes	**1,261**	1,261	—	**1,189**	1,189	—	**72**	72	—	**6%**	6%	—%
Sales and excise taxes	**739**	99	640	**711**	95	616	**28**	4	24	**4%**	4%	4%
Property taxes	**577**	—	577	**548**	—	548	**29**	—	29	**5%**	—%	5%
Corporate income taxes	**296**	230	66	**261**	205	56	**35**	25	10	**13%**	12%	18%
Other taxes	**238**	98	140	**207**	74	133	**31**	24	7	**15%**	32%	5%
Tax revenues	**$ 5,277**	$ 3,406	$ 1,871	**$ 5,026**	$ 3,247	$ 1,779	**$ 251**	$ 159	$ 92	**5%**	5%	5%
Earnings on investments	**$ 241**	$ —	$ 241	**$ 443**	$ —	$ 443	**$ (202)**	$ —	$ (202)	**(46)%**	—%	(46)%
Federal Reserve earnings	**53**	53	—	**71**	71	—	**(18)**	(18)	—	**(25)%**	(25)%	—%
Sales of government resources	**22**	7	15	**23**	10	13	**(1)**	(3)	2	**(4)%**	(30)%	15%
Other non-tax revenues	**168**	23	145	**166**	31	135	**2**	(8)	10	**1%**	(26)%	7%
Total non-tax revenues	**$ 484**	$ 83	$ 401	**$ 703**	$ 112	$ 591	**$ (219)**	$ (29)	$ (190)	**(31)%**	(26)%	(32)%
Total revenues	**$ 5,761**	$ 3,489	$ 2,272	**$ 5,729**	$ 3,359	$ 2,370	**$ 32**	$ 130	$ (98)	**1%**	4%	(4)%
Estimated impact of inflation on total revenues							**$ 106**	$ 62	$ 44	**2%**	2%	2%
Estimated Impact of population growth on total revenues							**26**	15	11	**0%**	0%	0%

[1] *State and local revenue excludes transfers from the federal government. See separate schedule and discussion of intergovernmental transfers at Note 23 – Intergovernmental transfers (Part II, Item 8 within this annual report).*

[2] *Key changes are highlighted in gray in the table above and are discussed in the sections below.*

2018 to 2019 | Federal individual income tax revenue

The federal individual income tax revenue increase of $34 billion can be attributed $59 billion* to higher taxable income, offset in part by a decrease of $24 billion* attributed to changes in in average tax rates.

Income changes*

The $59 billion increase in revenue attributable to higher taxable income reflected a $401 billion or 3% increase in aggregate AGI, as well as a $46 billion or 2% decrease in aggregate deductions and exemptions. Following are the income components of AGI shown by AGI group (cohort).

(In billions, except percentages)	2019 Wages and Salaries	2019 Capital Gains	2019 Partnership and S-Corp	2019 All Other [1]	2019 Total AGI	2018 Wages and Salaries	2018 Capital Gains	2018 Partnership and S-Corp	2018 All Other [1]	2018 Total AGI	Changes Wages and Salaries	Changes Capital Gains	Changes Partnership and S-Corp	Changes All Other [1]	Changes Total AGI	Changes Wages and Salaries	Changes Capital Gains	Changes Partnership and S-Corp	Changes All Other [1]	Changes Total AGI
Less than $1	$ 21	$ 21	$ (68)	$ (203)	**$ (229)**	$ 22	$ 17	$ (53)	$ (197)	**$ (211)**	$ (1)	$ 4	$ (15)	$ (6)	**$ (18)**	(5)%	24%	(28)%	(3)%	**(9)%**
$1-$50K	1,631	11	6	343	**1,991**	1,598	11	7	348	**1,964**	33	—	(1)	(5)	**27**	2%	—%	(14)%	(1)%	**1%**
$50,001-$75K	1,061	11	10	274	**1,356**	1,022	12	10	269	**1,313**	39	(1)	—	5	**43**	4%	(8)%	—%	2%	**3%**
$75,001-$100K	913	16	12	273	**1,214**	882	17	13	270	**1,182**	31	(1)	(1)	3	**32**	4%	(6)%	(8)%	1%	**3%**
$100,001-$200K	2,187	63	63	660	**2,973**	2,092	67	61	616	**2,836**	95	(4)	2	44	**137**	5%	(6)%	3%	7%	**5%**
$200,001-$500K	1,402	115	147	397	**2,061**	1,292	118	146	365	**1,921**	110	(3)	1	32	**140**	9%	(3)%	1%	9%	**7%**
$500,001-$1 million	441	84	131	117	**773**	406	86	124	114	**730**	35	(2)	7	3	**43**	9%	(2)%	6%	3%	**6%**
Over $1 million	526	547	378	296	**1,747**	511	567	375	297	**1,750**	15	(20)	3	(1)	**(3)**	3%	(4)%	1%	—%	**—%**
Total	$ 8,182	$ 868	$ 679	$ 2,157	**$ 11,886**	$ 7,825	$ 895	$ 683	$ 2,082	**$ 11,485**	$ 357	$ (27)	$ (4)	$ 75	**$ 401**	5%	(3)%	(1)%	4%	**3%**

[1] *All Other includes interest, dividends, state income tax refunds, business or profession net income (loss), taxable individual retirement arrangement distributions, taxable pensions and annuities, taxable social security benefits, and other income (loss), less: self-employed SEP, self-employed health insurance, retirement account deductions, student loan interest deductions, tuition and fees deduction, domestic production activities deduction, and other deductions.*

AGI by cohort

AGI increased for nearly all income cohorts, most significantly for the cohorts with AGI between $100,001 and $500,000, a group which saw its aggregate AGI increase over $277 billion or 6% for the year. The cohort with the largest dollar and rate increases in AGI was the one with AGI between $200,001 and $500,000, at an increase of $140 billion or 7%, driven primarily by higher wages and salaries but with increases across nearly all sources of income. The increases in AGI for these cohorts were offset in part by an $18 billion or 9% decrease in AGI for the cohort where AGI is less than $1, driven primarily by decreased Partnership and S-Corporation income.

AGI by income type

Most (89%) of the overall $401 billion increase in AGI was driven by higher wages and salaries, which increased $357 billion or 5%. All AGI cohorts saw wage and salary growth, except the cohort with AGI less than $1. The largest dollar amount of growth, at an increase of $110 billion or 9%, was for the cohort with AGI between $200,001 and $500,000. The highest rate of wage and salary growth, at an increase of 9%, was for each of the cohorts with AGI between $200,001 and $500,000 and between $500,001 and $1 million.

AGI mobility – numbers of income tax returns filed by income cohort

(In thousands, except percentages)	**2019**	**2018**	**Changes**	
Less than $1	2,208	2,478	(270)	(11)%
$1-$50K	91,257	92,318	(1,061)	(1)%
$50,001-$75K	18,976	18,894	82	0%
$75,001-$100K	12,060	11,896	164	1%
$100,001-$200K	15,424	14,566	858	6%
$200,001-$500K	4,066	3,719	347	9%
$500,001-$1 million	678	584	94	16%
Over $1 million	370	296	74	25%
Total	145,039	144,751	288	0%

The number of income tax returns filed for the lowest income cohorts, those with AGI of $50,000 or less, decreased by 1.3 million tax returns in aggregate, while the number of tax returns filed increased for all other AGI cohorts. The group with the highest increase in number of returns filed was the cohort with AGI between $100,001 and $200,000, at an increase of 0.9 million returns, while the highest percentage increase in the number of returns filed was for the cohort with AGI greater than $1 million, at an increase of 25%.

Deductions and exemptions

	2019					**2018**					**Changes**									
(In billions, except percentages)	**Itemized Deductions**	**Standard Deductions**	**Exemptions**	**Limitations [1]**	**Total Deductions / Exemptions**	**Itemized Deductions**	**Standard Deductions**	**Exemptions**	**Limitations [1]**	**Total Deductions / Exemptions**	**Itemized Deductions**	**Standard Deductions**	**Exemptions**	**Limitations [1]**	**Total Deductions / Exemptions**	**Itemized Deductions**	**Standard Deductions**	**Exemptions**	**Limitations [1]**	**Total Deductions / Exemptions**
Less than $1	$ —	$ —	$ —	$ (228)	**$ (228)**	$ —	$ —	$ 3	$ (213)	**$ (210)**	$ —	$ —	$ (3)	$ (15)	**$ (18)**	—%	—%	(100)%	7%	**9%**
$1-$50K	60	1,256	—	(166)	**1,150**	85	1,079	142	(165)	**1,141**	(25)	177	(142)	(1)	**9**	(29)%	16%	(100)%	1%	**1%**
$50,001-$75K	61	356	—	8	**425**	79	292	44	8	**423**	(18)	64	(44)	—	**2**	(23)%	22%	(100)%	—%	**—%**
$75,001-$100K	61	244	—	9	**314**	83	195	32	7	**317**	(22)	49	(32)	2	**(3)**	(27)%	25%	(100)%	29%	**(1)%**
$100,001-$200K	173	370	—	29	**572**	229	278	53	22	**582**	(56)	92	(53)	7	**(10)**	(24)%	33%	(100)%	32%	**(2)%**
$200,001-$500K	133	90	—	35	**258**	161	64	15	26	**266**	(28)	26	(15)	9	**(8)**	(17)%	41%	(100)%	35%	**(3)%**
$500,001-$1 million	45	10	—	15	**70**	54	7	—	11	**72**	(9)	3	—	4	**(2)**	(17)%	43%	—%	36%	**(3)%**
Over $1 million	114	3	—	54	**171**	146	2	—	39	**187**	(32)	1	—	15	**(16)**	(22)%	50%	—%	38%	**(9)%**
Total	$ 647	$ 2,329	$ —	$ (244)	**$ 2,732**	$ 837	$ 1,917	$ 289	$ (265)	**$ 2,778**	$ (190)	$ 412	$ (289)	$ 21	**$ (46)**	(23)%	21%	(100)%	(8)%	**(2)%**

[1] *Limitations represents the effect of limiting taxable income to no less than zero. If the combination of deductions and exemptions exceeds AGI, the excess deductions and exemptions are disallowed.*

The $46 billion decrease in deductions and exemptions from 2018 to 2019 reflected a shift across all cohorts from larger itemized deductions and exemptions and into smaller standard deductions, largely due to tax law changes from the *Tax Cuts and Jobs Act* (see next section). The cohort with the largest dollar change, at a decrease of $31 billion or 21% deductions and exemptions (before limitations), is the cohort with AGI over $1 million. The cohort with the largest percent change, at a decrease of 100% or $3 billion, is the cohort with AGI less than $1. These decreases in deductions and exemptions were offset in part by lower disallowances due to limitations, which were seen across all AGI cohorts except those with AGI less than $1.

Tax rate changes

There were several key statutory individual income tax rate changes during this period due to the *Tax Cuts and Jobs Act* (TCJA). The TCJA reduced individual income tax rates overall, effective January 1, 2018, including:

- decreasing the top individual income tax rate from 39.6% to 37%;
- eliminating the personal exemptions, and capping the state and local tax deduction at $10,000, while nearly doubling the amount of the standard deduction;
- increasing the child tax credit; and
- providing a 20% deduction of qualified business income and certain dividends for individuals.

2018 to 2019 | Payroll tax revenue

The $72 billion increase in payroll tax revenue was driven primarily by a $59 billion or 7% increase in Social Security tax revenues. These increased Social Security tax revenues reflect a $41 billion* increase attributable to higher taxable income, driven by a $345 billion* or 5%* increase in earnings subject to Social Security taxes. The overall Social Security tax rate (employee and employer combined) was 12.4%* in fiscal years 2019 and 2018.

2018 to 2019 | Property taxes

The $29 billion or 5% growth in revenue from property taxes reflects a 5%** increase in the median home value. In addition, there were various changes in property tax rates in 2019. The aggregate unweighted average of the nominal residential property tax rate for the largest city in each state increased 2%.[43] Among this group, the nominal residential property tax rate increased in the largest city in 23 states, with a maximum increase of 31% in Providence, RI, offset in part by decreases in 20 states, with a maximum decrease of 28% in Charlotte, NC.[46]

2018 to 2019 | Federal corporate income taxes

Federal corporate income tax revenues increased $25 billion or 12%. The federal statutory corporate income tax rate in the US was 35% until December 31, 2017, the first quarter of fiscal year 2018, and then was reduced to 21% on January 1, 2018 with the enactment of the TCJA, for the remaining three quarters of the fiscal year. For companies headquartered in the US that earn income from overseas sources, such income was taxed only when repatriated back to the US. Effective January 1, 2018, the TCJA requires foreign income of US businesses to be taxed at 21% but provides one-time reduced tax rates for all undistributed and deferred post-1986 foreign profits accumulated in the form liquid assets (15.5% tax rate) and illiquid assets (8% tax rate), which can be paid in installments over eight years, interest-free. The IRS has not yet published 2019 C-Corporation taxable income.

2018 to 2019 | Federal other taxes

Federal other taxes increased $24 billion or 32% due to an increase in customs duties of $30 billion or 71%.

2018 to 2019 | State and local earnings on investments[47]

State and local earnings on investments (primarily funds held by retirement, workers' compensation, and other trusts) decreased $202 billion or 46% due to a decrease in stock market performance, offset in part by a $128 billion or 2%

increase in investment balances. The increase in investment balances was driven primarily by increases in miscellaneous assets ($556 billion or 191% increase) and treasury securities ($99 billion or 10% increase), offset in part by the decreases in US corporate equities ($350 billion or 12% decrease) and mutual funds ($196 billion or 51% decrease). Miscellaneous assets consist primarily of venture capital, partnerships, and real estate investment trusts (REITs).

During these periods, state and local funds were invested primarily in US corporate equities (41% and 47% in 2019 and 2018, respectively), treasury securities (18% and 17%, respectively), corporate and foreign bonds (11% for both periods), agency and GSE-backed securities (11% and 10%, respectively), and miscellaneous assets (14% and 5%, respectively).

Using state and local fiscal year (July 1 to June 30) starting and ending stock prices to calculate the annual changes, there were decreases of 24%, 589%, 165%, and 145% in the annual change in the S&P 500, DAX, FTSE, and NIKKEI, respectively. During the same period, the US Prime rate increased from 4.47% to 5.32%.

Fiscal year 2019 compared with fiscal year 2014

	2019			2014			Changes [2]					
(In billions, except percentages)	Total	Federal	State and Local [1]	Total	Federal	State and Local [1]	Total	Federal	State and Local [1]	Total	Federal	State and Local [1]
Individual income taxes	$ 2,166	$ 1,718	$ 448	$ 1,737	$ 1,394	$ 343	$ 429	$ 324	$ 105	25%	23%	31%
Payroll taxes	1,261	1,261	—	1,041	1,041	—	220	220	—	21%	21%	—%
Sales and excise taxes	739	99	640	615	93	522	124	6	118	20%	6%	23%
Property taxes	577	—	577	465	—	465	112	—	112	24%	—%	24%
Corporate income taxes	296	230	66	376	321	55	(80)	(91)	11	(21)%	(28)%	20%
Other taxes	238	98	140	181	63	118	57	35	22	31%	56%	19%
Tax revenues	$ 5,277	$ 3,406	$ 1,871	$ 4,415	$ 2,912	$ 1,503	$ 862	$ 494	$ 368	20%	17%	24%
Earnings on investments	$ 241	$ —	$ 241	$ 550	$ —	$ 550	$ (309)	$ —	$ (309)	(56)%	—%	(56)%
Federal Reserve earnings	53	53	—	100	100	—	(47)	(47)	—	(47)%	(47)%	—%
Sales of government resources	22	7	15	24	9	15	(2)	(2)	—	(8)%	(22)%	—%
Other non-tax revenues	168	23	145	141	26	115	27	(3)	30	19%	(12)%	26%
Total non-tax revenues	$ 484	$ 83	$ 401	$ 815	$ 135	$ 680	$ (331)	$ (52)	$ (279)	(41)%	(39)%	(41)%
Total revenues	$ 5,761	$ 3,489	$ 2,272	$ 5,230	$ 3,047	$ 2,183	$ 531	$ 442	$ 89	10%	15%	4%
Estimated impact of inflation on total revenues							$ 407	$ 237	$ 170	8%	8%	8%
Estimated impact of population growth on total revenues							163	95	68	3%	3%	3%

1 *State and local revenue excludes transfers from the federal government. See separate schedule and discussion of intergovernmental transfers at Note 23 – Intergovernmental transfers (Part II, Item 8 within this annual report).*

2 *Key changes are highlighted in gray in the table above and are discussed in the sections below.*

2014 to 2019 | Federal individual income tax revenue

The federal individual income tax revenue increase of $324 billion can be attributed $332 billion* to higher taxable income, offset in part by a decrease of $8 billion* attributed to changes in in average tax rates.

Income changes*

The $332 billion increase in revenue attributed to higher taxable income reflected a $2,284 billion or 24% increase in aggregate AGI, as well as a $27 billion or 1% decrease in aggregate deductions and exemptions. Following are the income components of AGI shown by AGI group (cohort).

(In billions, except percentages)	2019 Wages and Salaries	2019 Capital Gains	2019 Partnership and S-Corp	2019 All Other [1]	2019 Total AGI	2014 Wages and Salaries	2014 Capital Gains	2014 Partnership and S-Corp	2014 All Other [1]	2014 Total AGI	Changes Wages and Salaries	Changes Capital Gains	Changes Partnership and S-Corp	Changes All Other [1]	Changes Total AGI	Changes Wages and Salaries	Changes Capital Gains	Changes Partnership and S-Corp	Changes All Other [1]	Changes Total AGI
Less than $1	$ 21	$ 21	$ (68)	$ (203)	**$ (229)**	$ 21	$ 14	$ (39)	$ (193)	**$ (197)**	$ —	$ 7	$ (29)	$ (10)	**$ (32)**	—%	50%	(74)%	(5)%	**(16)%**
$1-$50K	1,631	11	6	343	**1,991**	1,570	11	7	368	**1,956**	61	—	(1)	(25)	**35**	4%	—%	(14)%	(7)%	**2%**
$50,001-$75K	1,061	11	10	274	**1,356**	916	11	9	254	**1,190**	145	—	1	20	**166**	16%	—%	11%	8%	**14%**
$75,001-$100K	913	16	12	273	**1,214**	836	14	13	243	**1,106**	77	2	(1)	30	**108**	9%	14%	(8)%	12%	**10%**
$100,001-$200K	2,187	63	63	660	**2,973**	1,736	50	58	480	**2,324**	451	13	5	180	**649**	26%	26%	9%	38%	**28%**
$200,001-$500K	1,402	115	147	397	**2,061**	935	80	120	249	**1,384**	467	35	27	148	**677**	50%	44%	23%	59%	**49%**
$500,001-$1 million	441	84	131	117	**773**	301	59	103	81	**544**	140	25	28	36	**229**	47%	42%	27%	44%	**42%**
Over $1 million	526	547	378	296	**1,747**	393	397	300	205	**1,295**	133	150	78	91	**452**	34%	38%	26%	44%	**35%**
Total	$ 8,182	$ 868	$ 679	$ 2,157	**$ 11,886**	$ 6,708	$ 636	$ 571	$ 1,687	**$ 9,602**	$ 1,474	$ 232	$ 108	$ 470	**$ 2,284**	22%	36%	19%	28%	**24%**

[1] *See prior federal AGI tables for the definition of All Other.*

AGI by cohort

AGI increased for nearly all income cohorts, most significantly for the cohorts with AGI above $100,000, a group which saw its aggregate AGI increase over $2,007 billion or 36%. The cohort with the largest dollar and percentage increase in AGI is the one with AGI between $200,001 and $500,000, at an increase of $677 billion or 49%, driven primarily by higher wages and salaries but with increases across all sources of income. The increases in AGI for these cohorts were offset in part by a $32 billion or 16% decrease in AGI for the cohort where AGI is less than $1, driven by decreased Partnership and S-Corporation income.

AGI by income type

Approximately 65% of the overall $2,284 billion increase in AGI was driven by higher wages and salaries, which increased $1,474 billion or 22%. All AGI cohorts saw wage and salary growth, except for the cohort with AGI of less than $1, for which wages and salaries were flat. The largest dollar and percentage growth, at an increase of $467 billion or 50%, was for the cohort with AGI between $200,001 and $500,000.

Income within the “All Other” category shown in the table above increased $470 billion or 28%, comprising 21% of the overall increase in AGI. All cohorts with AGI over $50,000 saw growth in “All Other” income. The largest dollar growth, at an increase of $180 billion or 38%, was for the cohort with AGI between $100,001 and $200,000. The largest percentage growth, at an increase of 59% or $148 billion, was for the cohort with AGI between $200,001 and $500,000. The increase in “All Other” income was driven primarily by a $286 billion or 124% increase in taxable IRA distributions and a $186 billion or 73% increase in taxable social security distributions.

AGI mobility – numbers of income tax returns filed by income cohort

(In thousands, except percentages)	2019	2014	Changes	
Less than $1	2,208	2,544	(336)	(13)%
$1-$50K	91,257	91,228	29	0%
$50,001-$75K	18,976	18,719	257	1%
$75,001-$100K	12,060	11,720	340	3%
$100,001-$200K	15,424	13,879	1,545	11%
$200,001-$500K	4,066	3,403	663	19%
$500,001-$1 million	678	531	147	28%
Over $1 million	370	269	101	38%
Total	145,039	142,293	2,746	2%

The number of income tax returns filed for the lowest income cohort, those with AGI of $1 or less, decreased by 0.3 million tax returns, while the number of tax returns filed increased for all other AGI cohorts. The group with the highest increase in the number of returns filed was the cohort with AGI between $100,001 and $200,000, at an increase of over 1.5 million returns, while the group with the highest percentage increase in the number of returns filed was the cohort with AGI over $1 million, at an increase of 38%.

Deductions and exemptions

(In billions, except percentages)	2019					2014					Changes									
	Itemized Deductions	Standard Deductions	Exemptions	Limitations [1]	Total Deductions / Exemptions	Itemized Deductions	Standard Deductions	Exemptions	Limitations [1]	Total Deductions / Exemptions	Itemized Deductions	Standard Deductions	Exemptions	Limitations [1]	Total Deductions / Exemptions	Itemized Deductions	Standard Deductions	Exemptions	Limitations [1]	Total Deductions / Exemptions
Less than $1	$ —	$ —	$ —	$ (228)	**$ (228)**	$ —	$ —	$ 12	$ (210)	**$ (198)**	$ —	$ —	$ (12)	$ (18)	**$ (30)**	—%	—%	(100)%	9%	15%
$1-$50K	60	1,256	—	(166)	**1,150**	160	635	592	(216)	**1,171**	(100)	621	(592)	50	**(21)**	(63)%	98%	(100)%	(23)%	(2)%
$50,001-$75K	61	356	—	8	**425**	139	119	164	(2)	**420**	(78)	237	(164)	10	**5**	(56)%	199%	(100)%	(500)%	1%
$75,001-$100K	61	244	—	9	**314**	147	64	122	(2)	**331**	(86)	180	(122)	11	**(17)**	(59)%	281%	(100)%	(550)%	(5)%
$100,001-$200K	173	370	—	29	**572**	342	47	184	(1)	**572**	(169)	323	(184)	30	**—**	(49)%	687%	(100)%	nm	—%
$200,001-$500K	133	90	—	35	**258**	197	4	45	(1)	**245**	(64)	86	(45)	36	**13**	(32)%	nm	(100)%	nm	5%
$500,001-$1 million	45	10	—	15	**70**	63	1	—	—	**64**	(18)	9	—	15	**6**	(29)%	900%	—%	—%	9%
Over $1 million	114	3	—	54	**171**	155	—	—	(1)	**154**	(41)	3	—	55	**17**	(26)%	—%	—%	nm	11%
Total	$ 647	$ 2,329	$ —	$ (244)	**$ 2,732**	$ 1,203	$ 870	$ 1,119	$ (433)	**$ 2,759**	$ (556)	$ 1,459	$ (1,119)	$ 189	**$ (27)**	(46)%	168%	(100)%	(44)%	(1)%

[1] *Limitations represents the effect of limiting taxable income to no less than zero. If the combination of deductions and exemptions exceeds AGI, the excess deductions and exemptions are disallowed.*

[nm] *An "nm" reference in the table means the figure is not meaningful.*

The $27 billion decrease in net deductions and exemptions during this period reflected a similar shift in mix of deductions and exemptions as discussed in the 2018 to 2019 comparison above, due to the TCJA. The cohort with the largest dollar change, at a decrease of $71 billion or 5% deductions and exemptions (before limitations), is the cohort with AGI between $1 and $50,000. The cohort with the largest percent change, at a decrease of 100% or $12 billion, is the cohort with AGI less than $1. These decreases in deductions and exemptions were offset in part by lower disallowances due to limitations, which were seen across all AGI cohorts except those with AGI less than $1.

2014 to 2019 | Payroll tax revenue

The $220 billion increase in payroll tax revenue was driven primarily by a $181 billion or 21% increase in Social Security tax revenues. These increased tax revenues reflect a $182 billion* increase attributable to higher taxable income, driven by a $1,484 billion* or 24%* increase in earnings subject to Social Security taxes.

2014 to 2019 | State and local sales and excise taxes

The $118 billion growth in revenue from state and local sales and excise taxes reflects an $83 billion or 24% increase in general sales tax revenues and a $35 billion or 21% increase in selective sales tax revenues.

General sales tax revenues

General sales tax revenues increased due to increased consumption of taxable goods and services, and a net increase in unweighted state-level general sales tax rates. Household consumption of most categories of taxable goods and services increased during the period, led by recreation and entertainment ($171 billion or 26% increase)**, food and non-alcoholic beverages away from home ($168 billion or 32%)**, principal and down payments on cars ($109 billion or 37%)**, and technology ($101 billion or 18%)**.[42] State-level general sales tax rates increased in four states by between 0.25 and 0.5 percentage points, while there were decreases in two states of between 0.25 and 0.38 percentage points.[43] During the periods presented, local governments also both increased and decreased their sales tax rates.

Selective sales tax revenues

Selective sales tax revenues increased across nearly every major category, led by a $10 billion or 22% increase in tax revenues from motor fuels and a $6 billion or 30% increase in tax revenues from insurance premiums, offset in part by a $1 billion or 3% decrease in tax revenues from public utilities. The increases in selective sales tax revenues are due to changes in both consumption of the selected goods and services and the related tax rates. Unit consumption of finished motor gasoline and distillate fuel oil decreased 1%**[44], spending on insurance premiums increased 32%**[45], and spending on household utilities and fuels increased 9%**[42]. The unweighted average of gas tax rates across all states increased 31% during this period.[43] We are not aware of an aggregated source of data for state and local government tax rates on insurance premiums or household utilities and fuels.

2014 to 2019 | State and local earnings on investments[47]

State and local earnings on investments decreased $309 billion or 56% due to stock market performance, offset in part by a $1,037 billion or 20% increase in investment balances. The increase in investment balances was driven primarily by increases in miscellaneous assets ($657 billion or 344% increase) and treasury securities ($302 billion or 36% increase).

During these periods, state and local funds were invested primarily in US corporate equities (41% and 47% in 2019 and 2014, respectively), treasury securities (18% and 17%, respectively), corporate and foreign bonds (11% and 15%, respectively), agency and GSE-backed securities (11% for both periods), and miscellaneous assets (14% and 4%, respectively).

Using state and local fiscal year (July 1 to June 30) starting and ending stock prices to calculate the annual changes, there were 37%, 95%, 140%, and 169% decreases in the S&P 500, DAX, FTSE, and NIKKEI, respectively. During the same period, the US Prime rate increased from 3.25% to 5.32%.

Fiscal year 2019 compared with fiscal year 2009

	2019			2009			Changes [2]					
(In billions, except percentages)	**Total**	**Federal**	**State and Local [1]**	**Total**	**Federal**	**State and Local [1]**	**Total**	**Federal**	**State and Local [1]**	**Total**	**Federal**	**State and Local [1]**
Individual income taxes	**$ 2,166**	$ 1,718	$ 448	**$ 1,186**	$ 915	$ 271	**$ 980**	$ 803	$ 177	**83%**	88%	65%
Payroll taxes	**1,261**	1,261	—	**906**	906	—	**355**	355	—	**39%**	39%	—%
Sales and excise taxes	**739**	99	640	**497**	63	434	**242**	36	206	**49%**	57%	47%
Property taxes	**577**	—	577	**435**	—	435	**142**	—	142	**33%**	—%	33%
Corporate income taxes	**296**	230	66	**184**	138	46	**112**	92	20	**61%**	67%	43%
Other taxes	**238**	98	140	**157**	54	103	**81**	44	37	**52%**	81%	36%
Tax revenues	**$ 5,277**	$ 3,406	$ 1,871	**$ 3,365**	$ 2,076	$ 1,289	**$ 1,912**	$ 1,330	$ 582	**57%**	64%	45%
Earnings on investments	**$ 241**	$ —	$ 241	**$ (618)**	$ —	$ (618)	**$ 859**	$ —	$ 859	**(139)%**	—%	(139)%
Federal Reserve earnings	**53**	53	—	**34**	34	—	**19**	19	—	**56%**	56%	—%
Sales of government resources	**22**	7	15	**36**	22	14	**(14)**	(15)	1	**(39)%**	(68)%	7%
Other non-tax revenues	**168**	23	145	**111**	10	101	**57**	13	44	**51%**	130%	44%
Total non-tax revenues	**$ 484**	$ 83	$ 401	**$ (437)**	$ 66	$ (503)	**$ 921**	$ 17	$ 904	**(211)%**	26%	(180)%
Total revenues	**$ 5,761**	$ 3,489	$ 2,272	**$ 2,928**	$ 2,142	$ 786	**$ 2,833**	$ 1,347	$ 1,486	**97%**	63%	189%
Estimated impact of inflation on total revenues							**$ 556**	$ 407	$ 149	**19%**	19%	19%
Estimated impact of population growth on total revenues							**206**	151	55	**7%**	7%	7%

1 *State and local revenue excludes transfers from the federal government. See separate schedule and discussion of intergovernmental transfers at Note 23 – Intergovernmental transfers (Part II, Item 8 within this annual report).*

2 *Key changes are highlighted in gray in the table above and are discussed in the sections below.*

2009 to 2019 | Federal individual income tax revenue

The $803 billion federal individual income tax revenue increase can be attributed $483 billion* to higher individual taxable income and $320 billion* to changes in average tax rates.

Income changes*

The $483 billion increase in revenue attributable to higher taxable income reflected a $4,100 billion or 53% increase in aggregate AGI, offset in part by a $828 billion or 43% increase in aggregate deductions and exemptions. Following are the income components of AGI shown by AGI cohort.

	2019					2009					Changes									
(In billions, except percentages)	**Wages and Salaries**	**Capital Gains**	**Partnership and S-Corp**	**All Other [1]**	**Total AGI**	**Wages and Salaries**	**Capital Gains**	**Partnership and S-Corp**	**All Other [1]**	**Total AGI**	**Wages and Salaries**	**Capital Gains**	**Partnership and S-Corp**	**All Other [1]**	**Total AGI**	**Wages and Salaries**	**Capital Gains**	**Partnership and S-Corp**	**All Other [1]**	**Total AGI**
Less than $1	$ 21	$ 21	$ (68)	$ (203)	**$ (229)**	$ 24	$ 12	$ (89)	$ (135)	**$ (188)**	$ (3)	$ 9	$ 21	$ (68)	**$ (41)**	(13)%	75%	24%	(50)%	**(22)%**
$1-$50K	1,631	11	6	343	**1,991**	1,528	(2)	3	392	**1,921**	103	13	3	(49)	**70**	7%	(650)%	100%	(13)%	**4%**
$50,001-$75K	1,061	11	10	274	**1,356**	913	3	7	234	**1,157**	148	8	3	40	**199**	16%	267%	43%	17%	**17%**
$75,001-$100K	913	16	12	273	**1,214**	784	5	10	197	**996**	129	11	2	76	**218**	16%	220%	20%	39%	**22%**
$100,001-$200K	2,187	63	63	660	**2,973**	1,423	19	43	327	**1,812**	764	44	20	333	**1,161**	54%	232%	47%	102%	**64%**
$200,001-$500K	1,402	115	147	397	**2,061**	641	32	91	163	**927**	761	83	56	234	**1,134**	119%	259%	62%	144%	**122%**
$500,001-$1 million	441	84	131	117	**773**	193	27	73	54	**347**	248	57	58	63	**426**	128%	211%	79%	117%	**123%**
Over $1 million	526	547	378	296	**1,747**	262	194	213	145	**814**	264	353	165	151	**933**	101%	182%	77%	104%	**115%**
Total	$ 8,182	$ 868	$ 679	$ 2,157	**$ 11,886**	$ 5,768	$ 290	$ 351	$ 1,377	**$ 7,786**	$ 2,414	$ 578	$ 328	$ 780	**$ 4,100**	42%	199%	93%	57%	**53%**

[1] *See prior federal AGI tables for the definition of All Other.*

AGI by cohort

AGI increased for nearly all income cohorts, most significantly for the cohorts with AGI above $100,000, a group which saw its aggregate AGI increase over $3,654 billion or 94%. The cohort with the largest dollar increase in AGI is the one with AGI between $100,001 and $200,000, at an increase of $1,161 billion or 54%, driven primarily by higher wages and salaries but with increases across all sources of income. The cohort with the largest percentage increase in AGI is the one with AGI between $500,001 and $1 million, at an increase of 123% or $426 billion, driven primarily by higher wages and salaries but with increases across all sources of income. The increases in AGI for these cohorts were offset in part by a $41 billion or 22% decrease in AGI for the cohort where AGI is less than $1, driven primarily by a decrease in All Other income.

AGI by income type

Approximately 59% of the $4,100 billion increase in AGI was driven by higher wages and salaries, which increased $2,414 billion or 42%. Nearly all AGI cohorts saw wage and salary growth. The largest dollar amount of wage and salary growth, at an increase of $764 billion or 54%, was for the cohort with AGI between $100,001 and $200,000. The highest rate of growth, at 128% or $248 billion, was for the cohort with AGI between $500,001 and $1 million.

Income within the “All Other” category shown in the table above increased $780 billion or 57%, comprising 19% of the overall increase in AGI. All cohorts with AGI over $50,000 saw growth in “All Other” income. The largest dollar growth, at an increase of $333 billion or 102%, was for the cohort with AGI between $100,001 and $200,000. The largest percentage growth, at an increase of 144% or $234 billion, was for the cohort with AGI between $200,001 and $500,000. The increase in “All Other” income was driven primarily by a $376 billion or 268% increase in taxable IRA distributions and a $271 billion or 159% increase in taxable social security distributions.

AGI mobility – numbers of income tax returns filed by income cohort

(In thousands, except percentages)	2019	2009	Changes	
Less than $1	2,208	2,508	(300)	(12)%
$1-$50K	91,257	90,484	773	1%
$50,001-$75K	18,976	18,820	156	1%
$75,001-$100K	12,060	11,530	530	5%
$100,001-$200K	15,424	13,604	1,820	13%
$200,001-$500K	4,066	3,265	801	25%
$500,001-$1 million	678	514	164	32%
Over $1 million	370	258	112	43%
Total	145,039	140,983	4,056	3%

The number of income tax returns filed for the lowest income cohort, those with AGI of $1 or less, decreased by 0.3 million tax returns, while the number of tax returns filed increased for all other AGI cohorts. The group with the highest increase in number of returns filed was the cohort with AGI between $100,001 and $200,000, at an increase of 1.8 million returns, while the group with the highest percentage increase in the number of returns filed was the cohort with AGI over $1 million, at an increase of 43%.

Deductions and exemptions

	2019					2009					Changes									
(In billions, except percentages)	Itemized Deductions	Standard Deductions	Exemptions	Limitations [1]	Total Deductions / Exemptions	Itemized Deductions	Standard Deductions	Exemptions	Limitations [1]	Total Deductions / Exemptions	Itemized Deductions	Standard Deductions	Exemptions	Limitations [1]	Total Deductions / Exemptions	Itemized Deductions	Standard Deductions	Exemptions	Limitations [1]	Total Deductions / Exemptions
Less than $1	$ —	$ —	$ —	$ (228)	**$ (228)**	$ —	$ —	$ 10	$ (160)	**$ (150)**	$ —	$ —	$ (10)	$ (68)	**$ (78)**	—%	—%	(100)%	43%	**52%**
$1-$50K	60	1,256	—	(166)	**1,150**	166	435	430	(165)	**866**	(106)	821	(430)	(1)	**284**	(64)%	189%	(100)%	1%	**33%**
$50,001-$75K	61	356	—	8	**425**	133	72	118	(2)	**321**	(72)	284	(118)	10	**104**	(54)%	394%	(100)%	(500)%	**32%**
$75,001-$100K	61	244	—	9	**314**	126	34	82	(1)	**241**	(65)	210	(82)	10	**73**	(52)%	618%	(100)%	nm	**30%**
$100,001-$200K	173	370	—	29	**572**	249	19	105	(1)	**372**	(76)	351	(105)	30	**200**	(31)%	nm	(100)%	nm	**54%**
$200,001-$500K	133	90	—	35	**258**	117	1	23	(1)	**140**	16	89	(23)	36	**118**	14%	nm	(100)%	nm	**84%**
$500,001-$1 million	45	10	—	15	**70**	36	—	3	—	**39**	9	10	(3)	15	**31**	25%	nm	(100)%	nm	**79%**
Over $1 million	114	3	—	54	**171**	75	—	1	(1)	**75**	39	3	(1)	55	**96**	52%	nm	(100)%	nm	**128%**
Total	$ 647	$ 2,329	$ —	$ (244)	**$ 2,732**	$ 902	$ 561	$ 772	$ (331)	**$ 1,904**	$ (255)	$ 1,768	$ (772)	$ 87	**$ 828**	(28)%	315%	(100)%	(26)%	**43%**

1 *Limitations represents the effect of limiting taxable income to no less than zero. If the combination of deductions and exemptions exceeds AGI, the excess deductions and exemptions are disallowed.*

nm *An "nm" reference in the table means the figure is not meaningful.*

The $828 billion increase in net deductions and exemptions during this period reflect a similar shift in mix of deductions and exemptions discussed in the 2018 to 2019 comparison above, due to the TCJA. The cohort with the largest dollar change, at an increase of $285 billion or 28% deductions and exemptions (before limitations), is the cohort with AGI between $1 and $50,000. The cohort with the largest percent change, at a decrease of 100% or $10 billion, is the cohort with AGI less than $1. The aggregate gross increase in deductions and exemptions was further increased by lower disallowances due to limitations, which were seen across all AGI cohorts except those with AGI less than $1.

Tax rate changes

There were several key statutory individual income tax rate changes during this period, among them:

- effective January 1, 2018, the TCJA reduced individual income tax rates overall, as discussed under *2018 to 2019 | Federal individual income tax revenue* above;
- the mid-fiscal year 2013 expiration of several tax cuts as part of the *American Taxpayer Relief Act of 2012*, which primarily affected high-income taxpayers, including:
  - increasing the top federal individual income tax bracket rate from 35% to 39.6%;
  - increasing the second highest federal individual income tax bracket rate from 33% to 35%;

    - increasing the top federal individual income tax rates on both capital gains and qualified dividends from 15% to 20%;
    - increasing the federal estate tax rate from 35% to 40%; and
    - phasing out certain itemized deductions and personal exemptions; and
- new income taxes effective mid-fiscal year 2013 as part of the Affordable Care Act, including:
    - a new 3.8% Unearned Income Medicare Contribution tax that applies to high-income tax returns;
    - tighter restrictions on what qualifies as an expenditure under Health Savings Accounts and Flexible Savings Accounts; and
    - an increase in the AGI threshold for the medical expenditures itemized deduction from 7.5% of AGI to 10% of AGI for taxpayers under 55.

2009 to 2019 | State and local individual income tax revenue

The $177 billion state and local individual income tax revenue increase can be attributed $134 billion** to higher taxable income and $43 billion** to changes in average tax rates.

Income changes**

The $134 billion increase attributable to higher individual taxable income reflected an approximately $3,079 billion or 49% increase in the aggregate AGI of all individual taxpayers in all states that tax individual income. Following are the income components of AGI shown by AGI cohort.

	2019					2009					Changes									
(In billions, except percentages)	**Wages and Salaries**	**Capital Gains**	**Partnership and S-Corp**	**All Other [2]**	**Total AGI**	**Wages and Salaries**	**Capital Gains**	**Partnership and S-Corp [3]**	**All Other [2]**	**Total AGI**	**Wages and Salaries**	**Capital Gains**	**Partnership and S-Corp**	**All Other [2]**	**Total AGI**	**Wages and Salaries**	**Capital Gains**	**Partnership and S-Corp**	**All Other [2]**	**Total AGI**
$0-$50k [1]	$ 1,276	$ 24	$ (45)	$ 117	**$ 1,373**	$ 1,223	$ 7	$ (63)	$ 179	**$ 1,346**	$ 54	$ 17	$ 18	$ (61)	**$ 27**	4%	224%	29%	(34)%	**2%**
$50,001-$75K	838	8	8	217	**1,071**	738	2	5	190	**935**	100	6	2	27	**136**	14%	255%	41%	14%	**15%**
$75,001-$100K	728	13	9	215	**964**	638	4	8	159	**809**	89	9	1	56	**155**	14%	213%	14%	35%	**19%**
$100,001-$200K	1,752	48	50	520	**2,370**	1,166	15	35	264	**1,479**	587	33	15	256	**891**	50%	221%	43%	97%	**60%**
Over $200k [1]	1,903	541	505	598	**3,547**	901	192	306	278	**1,676**	1,002	350	199	320	**1,871**	111%	182%	65%	115%	**112%**
Total	$ 6,497	$ 634	$ 526	$ 1,667	**$ 9,325**	$ 4,665	$ 221	$ 290	$ 1,070	**$ 6,246**	$ 1,832	$ 414	$ 236	$ 597	**$ 3,079**	39%	188%	81%	56%	**49%**

[1] *The breakdown of income less than $1 and between $200,001 and $1 million is not available for 2009. We have condensed the cohorts here to those that are available and comparable in the comparative periods.*

[1] *All Other includes interest, dividends, state income tax refunds, business or profession net income (loss), taxable individual retirement arrangement distributions, taxable pensions and annuities, taxable social security benefits, and other income (loss), less: self-employed SEP, self-employed health insurance, retirement account deductions, student loan interest deductions, tuition and fees deduction, domestic production activities deduction, and other deductions.*

[2] *Partnership and S-Corporation income is not available by state for tax year 2008, and therefore, we are unable to calculate a fiscal year 2009 figure. This 2009 figure represents tax year 2009.*

AGI by cohort

For states that tax individual income, AGI increased for all income cohorts, most significantly for the cohort with AGI over $200,000, a group which had the largest dollar amount and percentage growth, with aggregate AGI that increased $1,871 billion or 112% over the past decade. This growth was driven primarily by higher wages and salaries but reflected increases across all sources of income.

AGI by income type

Nearly 60% of the overall $3,079 billion increase in AGI in states that tax individual income was driven by higher wages and salaries, which increased $1,832 billion or 39%. All AGI cohorts saw wage and salary growth. The largest dollar amount and rate of growth, at an aggregate increase of $1,002 billion or 111%, was for the cohort with AGI over $200,000.

Income within the “All Other” category shown in the table above increased $597 billion or 56%, comprising 19% of the overall increase in AGI. All cohorts with AGI over $50,000 saw growth in “All Other” income. The largest dollar and percentage growth, at an increase of $320 billion or 115%, was for the cohort with AGI over $200,000. The increase in “All Other” income was driven primarily by a $249 billion or 40% increase in taxable IRA, pension, and annuity distributions and a $207 billion or 128% increase in taxable social security distributions.

Tax rate changes

The increase in state and local individual income tax revenue attributable to tax rate changes is due to both more income in higher tax rate brackets and changes in tax rates. AGI for the cohort with AGI greater than $200,000 increased 112%, while the aggregate AGI for all groups with AGI less than $200,000 increased 26%. There were multiple statutory tax rate changes at the state level during this period. Two states increased their individual income tax rates. Kentucky had the largest rate increase, raising the rate on its lowest income bracket by 3.0 percentage points. Nine states decreased their income tax rates. Kentucky also had the largest rate decrease, lowering the rate on its highest income bracket by 1.0 percentage points.

2009 to 2019 | Payroll tax revenue

The $355 billion increase in payroll tax revenue primarily reflected a $264 billion or 40% increase in Social Security tax revenues, as well as a $88 billion or 45% increase in Medicare tax revenues.

Social Security payroll tax revenues

The $264 billion increase in Social Security tax revenues primarily reflects a $287 billion* increase attributable to higher taxable income, driven by a $2,283 billion* or 43%* increase in earnings subject to Social Security taxes. The overall Social Security tax rate (employee and employer combined) was 12.4% in each year.

Medicare payroll tax revenues

The $88 billion increase in Medicare tax revenues primarily reflects an $87 billion* increase attributable to higher taxable income, driven by a $2,904 billion* or 45%* increase in earnings subject to Medicare taxes.

The overall base Medicare tax rate (employee and employer combined) was 2.9% in each year. Beginning in calendar year 2013, however, individuals paid an additional 0.9% (on top of the base 2.9%) Medicare tax on their wages, compensation, or self-employment income exceeding $200,000 for single filers ($250,000 for married filing jointly, $125,000 for married filing separately).

2009 to 2019 | State and local sales and excise taxes

The $206 billion growth in revenue from state and local sales and excise taxes reflects a $143 billion or 49% increase in general sales tax revenues and a $64 billion or 45% increase in selective sales tax revenues.

General sales tax revenues

General sales tax revenues increased due to increased consumption of taxable goods and services, and a net increase in unweighted state-level general sales tax rates. Household consumption of most categories of taxable goods and services increased during the period, led by: food and non-alcoholic beverages away from home ($251 billion or 58% increase)**; recreation and entertainment ($229 billion or 39%); technology ($166 billion or 34%); and household supplies, jewelry, and personal care ($152 billion or 39%).[42] State-level general sales tax rates increased in 10 states by between 0.25 and 1.2 percentage points, while there were decreases in four states ranging from 0.25 and 2.07 percentage points.[43] During the periods presented, local governments also both increased and decreased their sales tax rates.

Selective sales tax revenues

Selective sales tax revenues increased across nearly every major category, led by an $14 billion or 38% increase in tax revenues from motor fuels and a $9 billion or 56% increase in tax revenues from insurance premiums, offset in part by a $1 billion or 4% decrease in tax revenues from public utilities. The increases in selective sales tax revenues are due to changes in both consumption of the selected goods and services and the related tax rates. Unit consumption of finished motor gasoline and distillate fuel oil decreased 1%**[44], spending on insurance premiums increased 54**%[45], and spending on household utilities and fuels increased 16%.[42] The unweighted average of gas tax rates across all states increased 38% during this period.[43] We are not aware of an aggregated source of data for state and local government tax rates on insurance premiums or household utilities and fuels.

2009 to 2019 | State and local earnings on investments[47]

State and local earnings on investments increased $859 billion or 139% due to a $2,308 billion or 60% increase in investment balances, offset in part by a decrease in stock market performance. The increase in investment balances was driven primarily by increases in US corporate equities ($1,168 or 85% increase), miscellaneous assets ($644 billion or 316% increase) and treasury securities ($380 billion or 50% increase).

During these periods, state and local funds were invested primarily in US corporate equities (41% and 63% in 2019 and 2009, respectively), treasury securities (18% and 22%, respectively), corporate and foreign bonds (11% and 19%, respectively), agency and GSE-backed securities (11% and 16%, respectively), and miscellaneous assets (14% and 5%, respectively).

Using state and local fiscal year (July 1 to June 30) starting and ending stock prices to calculate the annual changes, there were decreases of 162%, 106%, 85%, and 71%, in the annual change in the S&P 500, DAX, FTSE, and NIKKEI, respectively. During the same period, the US Prime rate increased from 3.89% to 5.32%.

Expenditures by function[48]

We review expenditures in this MD&A in two ways, by function and by reporting segment. This section discusses expenditures by function.

Fiscal year 2019 compared with fiscal year 2018

	2019			2018			Changes [2]					
(In billions, except percentages)	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**
Transfer payments to individuals and subsidies	**$ 3,200**	$ 2,394	$ 806	**$ 2,972**	$ 2,206	$ 766	**$ 228**	$ 188	$ 40	**8%**	9%	5%
Personnel and compensation	**1,757**	607	1,150	**1,688**	587	1,101	**69**	20	49	**4%**	3%	4%
Payments to others for goods and services	**748**	176	572	**708**	143	565	**40**	33	7	**6%**	23%	1%
Capital expenditures	**608**	199	409	**568**	180	388	**40**	19	21	**7%**	11%	5%
Net interest paid	**434**	376	58	**395**	325	70	**39**	51	(12)	**10%**	16%	(17)%
Other	**(38)**	(38)	—	**(40)**	(40)	—	**2**	2	—	**(5)%**	(5)%	—%
Total expenditures	**$ 6,709**	$ 3,714	$ 2,995	**$ 6,291**	$ 3,401	$ 2,890	**$ 418**	$ 313	$ 105	**7%**	9%	4%
Estimated impact of inflation on total expenditures							**$ 117**	$ 63	$ 54	**2%**	2%	2%
Estimated impact of population growth on total expenditures							**29**	16	13	**0%**	0%	0%

1 Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at Note 23 – Intergovernmental transfers (Part II, Item 8 within this annual report).

2 Key changes are highlighted in gray in the table above and are discussed in the sections below.

2018 to 2019 | Federal transfer payments to individuals and subsidies

The $188 billion increase in federal transfer payments to individuals and subsidies reflects increases across all major programs except SNAP and unemployment insurance. The most significant changes are discussed below.

Medicare

Medicare payments (net of premiums received) increased $71 billion or 10%, driven by a 1.5 million* person or 2%* increase in Medicare enrollees, and a 4%* increase in average costs per beneficiary (net of premiums received). Medicare premiums received increased $8 billion or 8% during this period.

Our population aged 65 years and older (one eligibility requirement of Medicare) grew by 3% during this period. General medical care cost inflation was 2%, with prices of medical services inflating 3%, and hospitals inflating 2%.[50]

Social Security (Old Age, Survivor, and Disability Insurance, or OASDI)

Social Security payments increased $55 billion or 7%, driven by:

- a 1.1 million person or 2% increase in the number of OASDI recipients, including an increase of 1.4 million recipients or 3% for Old Age and Survivor Insurance (OASI), offset in part by a decrease of 0.2 million recipients or 2% for Disability Insurance (DI); and
- a 4% increase in the average monthly benefit payment, including increases of $55 or 4% for OASI and $38 or 4% for DI. OASDI benefit payments are indexed for inflation.

The average OASI and DI recipient ages remained 72 and 49, respectively, during these periods, while the population aged 65 years and older, the cohort we track that is most likely to be receiving OASI benefits, increased 3%.

Other transfer payments to individuals and subsidies

Other transfer payments to individuals and subsidies increased $37 billion or 22%, primarily driven by a $38 billion, or 261%, increase in Federal Direct Student Loan Program (FDSL) expenditures. This increase in FDSL expenditures includes a $21 billion or 177% increase in FDSL program costs and a $16 billion or 63% increase in FDSL program credits that reflected accounting for changes in actual and anticipated future program performance. During this period there was a 0.6 million person or 4% decrease in the number of FDSL recipients, while the average dollar amount of loans disbursed remained flat. Also during this period, average undergraduate tuition and required fees increased 1%.

2018 to 2019 | State and local transfer payments to individuals and subsidies

The $40 billion growth in state and local transfer payments to individuals and subsidies was driven primarily by a $33 billion or 5% increase in Medicaid and CHIP payments. This increase reflects:

- 1.1 million or 1% growth in person-year equivalent enrollment, including growth of 0.4 million (3% growth) in expansion adult enrollees (adults made newly eligible for Medicaid under the ACA beginning in 2014), 0.3 million children enrollees (1% growth), 0.2 million aged enrollees (3% growth), and 0.1 million adult enrollees (1% growth); and
- a $200 or 3% increase in average annual per enrollee spending, driven by a $406 or 2% increase in per enrollee spending for the disabled, the most expensive group served, a $192 or 3% increase for expansion adults, and an $82 or 1% increase for the aged, the second most expensive group served.[49]

The majority of the growth in Medicaid benefit expenditures was in the form of capitation payments, which are payments made to Medicaid healthcare providers at a set amount for each enrolled person assigned to them during the period, based on average expected healthcare utilization for that enrollee, regardless of whether the enrollee seeks care.

2018 to 2019 | State and local personnel and compensation

The $49 billion increase in state and local personnel and compensation payments reflects growth of $35 billion or 5% in compensation for current employees and $14 billion or 4% in compensation for former employees.

Current employees

The 5% increase in compensation for current employees was driven by a 3%** or $1.10** per hour increase in compensation (excluding pension), including 3%** growth in wages and salaries and 3%** growth in health insurance benefits. In addition, there was a 1%** increase in the number of state and local government full-time equivalent employees, including a 2%** increase in full-time equivalent non-education employees during this period.

Compensation for current employees is reported net of current employee contributions to their own pensions. We count the employer portion of pension contributions as expenditures when paid out to the former employees and therefore include them in compensation for former employees below. Pension contributions made by current employees to their own pensions grew 2% during this period. Contributions made by state and local government employers on behalf of their employees grew 5% during this period, primarily related to defined benefit plans, which made up 93% of total employer pension contributions in 2019 and increased 6% during the period.

Former employees

The 4% increase in compensation for former employees was driven by a 2% increase in the number of retirees receiving periodic benefits and a 3% increase in the average benefit payment per recipient. The increase in number of retirees receiving benefits may be driven in part by our aging population; our population aged 65 years and older grew by 3% during this period.

2018 to 2019 | Federal net interest paid

The $51 billion or 16% increase in federal net interest paid was driven by a $974 billion or 7% increase in federal marketable Treasury securities outstanding and a change in the mix of securities towards those with shorter terms and higher interest rates. The average interest rate for 1-month Treasury securities increased 0.98 percentage points or 76% during this period, while the average interest rate for 3-month Treasury securities increased 0.90 percentage points or 64%.

Fiscal year 2019 compared with fiscal year 2014

	2019			2014			Changes [2]					
(In billions, except percentages)	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**
Transfer payments to individuals and subsidies	**$ 3,200**	$ 2,394	$ 806	**$ 2,540**	$ 1,943	$ 597	**$ 660**	$ 451	$ 209	**26%**	23%	35%
Personnel and compensation	**1,757**	607	1,150	**1,472**	539	933	**285**	68	217	**19%**	13%	23%
Payments to others for goods and services	**748**	176	572	**620**	90	530	**128**	86	42	**21%**	96%	8%
Capital expenditures	**608**	199	409	**474**	154	320	**134**	45	89	**28%**	29%	28%
Net interest paid	**434**	376	58	**302**	229	73	**132**	147	(15)	**44%**	64%	(21)%
Other	**(38)**	(38)	—	**(22)**	(22)	—	**(16)**	(16)	—	**73%**	73%	—%
Total expenditures	**$ 6,709**	$ 3,714	$ 2,995	**$ 5,386**	$ 2,933	$ 2,453	**$ 1,323**	$ 781	$ 542	**25%**	27%	22%
Estimated impact of inflation on total expenditures							**$ 419**	$ 228	$ 191	**8%**	8%	8%
Estimated impact of population growth on total expenditures							**169**	92	77	**3%**	3%	3%

[1] *Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at Note 23 – Intergovernmental transfers (Part II, Item 8 within this annual report).*

[2] *Key changes are highlighted in gray in the table above and are discussed in the sections below.*

2014 to 2019 | Federal transfer payments to individuals and subsidies

The $451 billion increase in federal transfer payments to individuals and subsidies reflects increases across all major programs except unemployment insurance and SNAP. The most significant changes are discussed below.

Social Security

Social Security payments increased $190 billion or 27%, driven by:

- a 5.0 million person or 9% increase in the number of OASDI recipients, including an increase of 6.0 million recipients or 12% for OASI, offset in part by a decrease of 0.9 million recipients or 9% for DI; and
- a 12% increase in the average monthly benefit payment, including increases of $167 or 14% for OASI and $103 or 10% for DI.

The average OASI recipient age increased from 71 to 72 during these periods, while the average DI recipient age increased 4% from 47 to 49 in 2019. The population aged 65 years and older, the cohort we track that is most likely to be receiving OASI benefits, increased 17%.

Medicare

Medicare payments (net of premiums received) increased $177 billion or 30%, driven by a 7.4 million* person or 14%* increase in Medicare enrollees and a 13%* increase in average costs per beneficiary (net of premiums received). Medicare premiums received increased $36 billion or 49% during this period.

Our population aged 65 years and older (one eligibility requirement for Medicare) grew by 17% during this period. General medical care cost inflation was 14%, with prices of medical commodities inflating 12%, medical services inflating 15%, and hospitals inflating 21%.[50]

2014 to 2019 | State and local transfer payments to individuals and subsidies

The $209 billion growth in state and local transfer payments to individuals and subsidies was driven primarily by a $185 billion or 42% increase in Medicaid and CHIP payments. This increase reflects:

- 10.1 million or 16% growth in person-year equivalent enrollment, including growth of 8.3 million expansion adult enrollees (193% growth), 0.7 million aged enrollees (13% growth), 0.6 million adult enrollees (4% growth), and 0.4 million blind and disabled enrollees (4% growth); and
- a $941 or 13% increase in average annual per enrollee spending, driven by a $2,277 or 12% increase in per enrollee spending for the disabled, the most expensive group served.[49]

The majority of the growth in Medicaid benefit expenditures was in the form of capitation payments.

2014 to 2019 | State and local personnel and compensation

The $217 billion increase in state and local personnel and compensation payments comprised growth of $147 billion or 22% in compensation for current employees and $69 billion or 25% in compensation for former employees.

Current employees

The 22% increase in compensation for current employees was driven by a 15%** or $5.82** per hour increase in compensation (excluding pension), including 14%** growth in wages and salaries and 17%** growth in health insurance benefits. In addition, there was a 4%** increase in the number of state and local government full-time equivalent employees, including a 4%** increase in full-time equivalent education employees during this period.

Pension contributions made by current employees to their own pensions grew 24% during this period. Contributions made by state and local government employers on behalf of their employees grew 45% during this period, primarily related to defined benefit plans, which made up 93% of total employer pension contributions in 2019 and increased 48% during the period.

Former employees

The 25% increase in compensation for former employees was driven by a 17% increase in the number of retirees receiving periodic benefits and a 9% increase in the average benefit payment per recipient. The increase in number of retirees receiving benefits may be driven in part by our aging population; our population aged 65 years and older grew by 17% during this period.

2014 to 2019 | Federal net interest paid

The $147 billion or 64% increase in federal net interest paid was driven by a $3,725 billion or 32% increase in federal marketable Treasury securities outstanding and a change in the mix of securities towards those with shorter terms and higher interest rates. The average interest rate for 1-month Treasury securities increased 2.24 percentage points or 7,143% during this period, while the average interest rate for 3-month Treasury securities increased 2.25 percentage points or 5,340%.

Fiscal year 2019 compared with fiscal year 2009

	2019			2009			Changes [2]					
(In billions, except percentages)	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**
Transfer payments to individuals and subsidies	**$ 3,200**	$ 2,394	$ 806	**$ 2,081**	$ 1,616	$ 465	**$ 1,119**	$ 778	$ 341	**54%**	48%	73%
Personnel and compensation	**1,757**	607	1,150	**1,354**	499	855	**403**	108	295	**30%**	22%	35%
Payments to others for goods and services	**748**	176	572	**1,013**	528	485	**(265)**	(352)	87	**(26)%**	(67)%	18%
Capital expenditures	**608**	199	409	**549**	187	362	**59**	12	47	**11%**	6%	13%
Net interest paid	**434**	376	58	**232**	187	45	**202**	189	13	**87%**	101%	29%
Other	**(38)**	(38)	—	**12**	12	—	**(50)**	(50)	—	**(417)%**	(417)%	—%
Total expenditures	**$ 6,709**	$ 3,714	$ 2,995	**$ 5,241**	$ 3,029	$ 2,212	**$ 1,468**	$ 685	$ 783	**28%**	23%	35%
Estimated impact of inflation on total expenditures							**$ 995**	$ 575	$ 420	**19%**	19%	19%
Estimated impact of population growth on total expenditures							**368**	213	155	**7%**	7%	7%

[1] *Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at Note 23 – Intergovernmental transfers (Part II, Item 8 within this annual report).*

[2] *Key changes are highlighted in gray in the table above and are discussed in the sections below.*

2009 to 2019 | Federal transfer payments to individuals and subsidies

The $778 billion increase in federal transfer payments to individuals and subsidies reflects increases across all major programs except unemployment insurance. The most significant changes are discussed below.

Social Security

Social Security payments increased $332 billion or 59%, driven by:

- a 11.6 million person or 22% increase in the number of OASDI recipients, including increases of 11.2 million recipients or 26% for OASI and 0.4 million recipients or 4% for DI; and
- a 25% increase in the average monthly benefit payment, including increases of $308 or 28% for OASI and $187 or 20% for DI.

The average OASI recipient age increased from 71 to 72 during these periods, while the average DI recipient age increased 9% from 45 to 49 in 2019. The population aged 65 years and older, the cohort we track that is most likely to be receiving OASI benefits, increased 36%.

Medicare

Medicare payments (net of premiums received) increased $274 billion or 56%, reflecting a 14.8 million* person or 32%* increase in Medicare enrollees and a 21%* increase in average cost per beneficiary (net of premiums received). Medicare premiums received increased $51 billion or 89% during this period.

Our population aged 65 years and older (one eligibility requirement for Medicare) grew by 36% during this period. General medical care cost inflation was 32%, with prices of medical commodities inflating 26%, medical services inflating 34%, and hospitals inflating 57%.[50]

2009 to 2019 | State and local transfer payments to individuals and subsidies

The $341 billion growth in state and local transfer payments to individuals and subsidies was driven primarily by a $298 billion or 90% increase in Medicaid and CHIP payments. This increase reflects:

- 24.2 million or 48% growth in person-year equivalent enrollment, including 12.6 million expansion adult enrollees; 4.0 million children enrollees (16% growth), 3.8 million adult enrollees (32% growth), 1.9 million blind and disabled enrollees (21%), and 1.5 million aged enrollees (32%); and
- a $1,163 or 17% increase in average annual per enrollee spending, driven by a $3,060 or 17% increase in per enrollee spending for the disabled, the most expensive group served, $1,502 or 36% increase in per enrollee for adults, offset in part by a $921 or 6% decrease in per enrollee spending for the aged, the second most expensive group served.[49]

The majority of the growth in Medicaid benefit expenditures was in the form of capitation payments.

2009 to 2019 | State and local personnel and compensation

The $295 billion increase in state and local personnel and compensation payments comprised growth of $160 billion or 25% in compensation for current employees and $135 billion or 64% in compensation for former employees.

Current employees

The 25% increase in compensation for current employees was driven by a 23%** or $8.33** per hour increase in compensation (excluding pension), including 22%** growth in wages and salaries and 37%** growth in health insurance benefits. In addition, there was a 1%** increase in the number of state and local government full-time equivalent employees, including a 3%** increase in full-time equivalent education employees during this period.

Pension contributions made by current employees to their own pensions grew 34% during this period. Contributions made by state and local government employers on behalf of their employees grew 91% during this period, primarily related to defined benefit plans, which made up 93% of total employer pension contributions in 2019 and increased 98% during the period.

Former employees

The 64% increase in compensation for former employees was driven by a 41% increase in the number of retirees receiving periodic benefits and a 22% increase in the average benefit payment per recipient. The increase in number of retirees receiving benefits may be driven in part by our aging population; our population aged 65 years and older grew by 36% during this period.

2009 to 2019 | Federal payments to others for goods and services

The $352 billion decrease in federal payments to others for goods and services was driven by the financial crisis during the Great Recession, which created conditions in 2009 that did not repeat in 2019. Accordingly, when comparing these periods, we see a $154 billion or 100% decrease in costs associated with TARP, a $107 billion or 117% decrease in net costs associated with the federal government having taken conservatorship over Fannie Mae and Freddie Mac, and a $38 billion or 247% decrease in Federal Housing Administration (FHA) costs resulting from refinancing of mortgages from FHA programs to conventional lenders.

2009 to 2019 | Federal net interest paid

The $189 billion or 101% increase in federal net interest paid was driven by a $8,956 billion or 144% increase in federal marketable Treasury securities outstanding, offset in part by a change in the mix of securities and related changes in interest rates. The average interest rate for 1-month Treasury securities increased 2.15 percentage points or 1,777% during this period, while the average interest rate for 3-month Treasury securities increased 2.08 percentage points or 975%, offset in part by a 0.76 percentage points or 24% decrease in 10-year Treasury Securities during this period.

Expenditures by segment[48]

	2019			2018			Changes					
(In billions, except percentages)	Total	Federal [1]	State and Local	Total	Federal [1]	State and Local	Total	Federal [1]	State and Local	Total	Federal [1]	State and Local
Justice and Domestic Tranquility	**$ 478**	$ 60	$ 418	**$ 471**	$ 67	$ 404	**$ 7**	$ (7)	$ 14	**1%**	(10)%	3%
Common Defense	**955**	954	1	**874**	873	1	**81**	81	—	**9%**	9%	—%
General Welfare	**1,537**	474	1,063	**1,446**	429	1,017	**91**	45	46	**6%**	10%	5%
Blessings of Liberty	**3,589**	2,244	1,345	**3,353**	2,052	1,301	**236**	192	44	**7%**	9%	3%
General government support and other	**150**	(18)	168	**147**	(20)	167	**3**	2	1	**2%**	(10)%	1%
Total expenditures	**$ 6,709**	$ 3,714	$ 2,995	**$ 6,291**	$ 3,401	$ 2,890	**$ 418**	$ 313	$ 105	**7%**	9%	4%
Estimated impact of inflation on total expenditures							**$ 117**	$ 63	$ 54	**2%**	2%	2%
Estimated impact of population growth on total expenditures							**29**	16	13	**0%**	0%	0%

	2019			2014			Changes					
(In billions, except percentages)	Total	Federal [1]	State and Local	Total	Federal [1]	State and Local	Total	Federal [1]	State and Local	Total	Federal [1]	State and Local
Justice and Domestic Tranquility	**$ 478**	$ 60	$ 418	**$ 401**	$ 44	$ 357	**$ 77**	$ 16	$ 61	**19%**	36%	17%
Common Defense	**955**	954	1	**813**	812	1	**142**	142	—	**17%**	17%	—%
General Welfare	**1,537**	474	1,063	**1,230**	421	809	**307**	53	254	**25%**	13%	31%
Blessings of Liberty	**3,589**	2,244	1,345	**2,785**	1,655	1,130	**804**	589	215	**29%**	36%	19%
General government support and other	**150**	(18)	168	**157**	1	156	**(7)**	(19)	12	**(4)%**	(1,900)%	8%
Total expenditures	**$ 6,709**	$ 3,714	$ 2,995	**$ 5,386**	$ 2,933	$ 2,453	**$ 1,323**	$ 781	$ 542	**25%**	27%	22%
Estimated impact of inflation on total expenditures							**$ 419**	$ 228	$ 191	**8%**	8%	8%
Estimated impact of population growth on total expenditures							**169**	92	77	**3%**	3%	3%

(In billions, except percentages)	2019 Total	2019 Federal [1]	2019 State and Local	2009 Total	2009 Federal [1]	2009 State and Local	Changes Total	Changes Federal [1]	Changes State and Local	Changes Total	Changes Federal [1]	Changes State and Local
Justice and Domestic Tranquility	**$ 478**	$ 60	$ 418	**$ 387**	$ 47	$ 340	**$ 91**	$ 13	$ 78	**24%**	28%	23%
Common Defense	**955**	954	1	**809**	808	1	**146**	146	—	**18%**	18%	—%
General Welfare	**1,537**	474	1,063	**1,313**	624	689	**224**	(150)	374	**17%**	(24)%	54%
Blessings of Liberty	**3,589**	2,244	1,345	**2,545**	1,520	1,025	**1,044**	724	320	**41%**	48%	31%
General government support and other	**150**	(18)	168	**187**	30	157	**(37)**	(48)	11	**(20)%**	(160)%	7%
Total expenditures	**$ 6,709**	$ 3,714	$ 2,995	**$ 5,241**	$ 3,029	$ 2,212	**$ 1,468**	$ 685	$ 783	**28%**	23%	35%
Estimated impact of inflation on total expenditures							**$ 995**	$ 575	$ 420	**19%**	19%	19%
Estimated impact of population growth on total expenditures							**368**	213	155	**7%**	7%	7%

1 *Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at Note 23 – Intergovernmental transfers (Part II, Item 8 within this Annual Report).*

Justice and Domestic Tranquility (JDT)

This segment's expenditures comprise a small portion (7%) of the overall Government budget. The majority (65%) of this segment's expenditures comprises state and local government crime and disaster expenditures, of which more than 65% are law enforcement and corrections expenditures. See Exhibit 99.05 for more information on the largest items in each of this segment's expenditure categories.

Fiscal year 2019 compared with fiscal year 2018

(In billions, except percentages)	2019 Total	2019 Federal [1]	2019 State and Local	2018 Total	2018 Federal [1]	2018 State and Local	Changes [2] Total	Changes [2] Federal [1]	Changes [2] State and Local	Changes [2] Total	Changes [2] Federal [1]	Changes [2] State and Local
Crime and disaster	**$ 360**	$ 51	$ 309	**$ 361**	$ 60	$ 301	**$ (1)**	$ (9)	$ 8	**—%**	(15)%	3%
Child safety and miscellaneous social services	**95**	1	94	**89**	1	88	**6**	—	6	**7%**	—%	7%
Safeguarding consumers and employees	**23**	8	15	**21**	6	15	**2**	2	—	**10%**	33%	—%
Total Justice and Domestic Tranquility	**$ 478**	$ 60	$ 418	**$ 471**	$ 67	$ 404	**$ 7**	$ (7)	$ 14	**1%**	(10)%	3%
As a percentage of total expenditures	**7%**	2%	14%	**7%**	2%	14%						
Estimated impact of inflation on segment expenditures							**$ 8**	$ 1	$ 7	**2%**	2%	2%
Estimated impact of population growth on segment expenditures							**2**	—	2	**0%**	0%	0%

1 *Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at Note 23 – Intergovernmental transfers (Part II, Item 8 within this annual report).*
2 *Key changes are highlighted in gray in the table above and are discussed in the sections below.*

Federal crime and disaster

The $9 billion decrease in federal crime and disaster expenditures was driven primarily by a $12 billion or 60% decrease in disaster relief expenditures. The number of billion-dollar weather and climate disaster incidents did not change during this period.[51] However, the decrease in disaster relief expenditures related primarily to hurricanes Harvey, Maria, and Irma. Though these disasters occurred in late fiscal year 2017, the costs associated with addressing these disasters were included in the fiscal year 2018 results.

State and local crime and disaster

The $8 billion increase in state and local crime and disaster expenditures was driven primarily by a $5 billion or 4% increase in law enforcement expenditures and a $2 billion or 3% increase in fire protection expenditures.

The $5 billion increase in law enforcement expenditures was driven mainly by a $5 billion or 4% increase in police protection operations costs. Annualized gross payroll costs (including wages and healthcare costs, excluding pension benefits) for state and local police protection employees grew $2 billion or 3% during this period, while the number of state and local police protection employees remained flat. During this period, the violent crime rate decreased 1% and related arrests decreased 1%, while the property crime rate decreased 5% and related arrests decreased 2%.

The $2 billion increase in fire protection costs reflects an increase of $2 billion or 5% in annualized gross payroll costs for state and local fire protection employees, while the number of state and local fire protection employees increased 2%. Overall non-natural disaster fire incidents decreased 1% during this period.

State and local child safety and miscellaneous social services

The $6 billion increase in state and local child safety and miscellaneous social services expenditures was due to a $6 billion or 7% increase in the costs of public welfare operations.

Federal safeguarding consumers and employees

The $2 billion increase in federal safeguarding consumers and employees expenditures was due primarily to a $1 billion or 22% increase in the costs of consumer protection.

Fiscal year 2019 compared with fiscal year 2014

	2019			2014			Changes [2]					
(In billions, except percentages)	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**
Crime and disaster	**$ 360**	$ 51	$ 309	**$ 303**	$ 38	$ 265	**$ 57**	$ 13	$ 44	**19%**	34%	17%
Child safety and miscellaneous social services	**95**	1	94	**79**	1	78	**16**	—	16	**20%**	—%	21%
Safeguarding consumers and employees	**23**	8	15	**19**	5	14	**4**	3	1	**21%**	60%	7%
Total Justice and Domestic Tranquility	**$ 478**	$ 60	$ 418	**$ 401**	$ 44	$ 357	**$ 77**	$ 16	$ 61	**19%**	36%	17%
As a percentage of total expenditures	**7%**	2%	14%	**7%**	2%	15%						
Estimated impact of inflation on segment expenditures							$ 31	$ 3	$ 28	**8%**	8%	8%
Estimated impact of population growth on segment expenditures							12	1	11	**3%**	3%	3%

1 *Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at Note 23 – Intergovernmental transfers (Part II, Item 8 within this annual report).*
2 *Key changes are highlighted in gray in the table above and are discussed in the sections below.*

State and local crime and disaster

The $44 billion increase in state and local crime and disaster expenditures was driven primarily by a $29 billion or 17% increase in law enforcement and corrections costs, reflecting a $21 billion or 21% increase in law enforcement expenditures and an $8 billion or 11% increase in corrections expenditures. In addition, fire protection costs increased $10 billion or 22%.

The $21 billion increase in law enforcement expenditures was driven mainly by a $21 billion or 21% increase in police protection operations costs. Annualized gross payroll costs for state and local police protection employees grew $14 billion or 23% during this period, while the number of state and local police protection employees increased 5%. During this period, the violent crime rate increased 2% and related arrests increased 6%, while the property crime rate decreased 18% and related arrests decreased 24%.

The $8 billion increase in corrections expenditures comprised mainly an $9 billion or 13% increase in correctional operations costs. Annualized gross payroll costs for state and local corrections employees grew $6 billion or 16% during this period, while the number of correctional employees increased 1%. Comparing these years, there was an 8% and 1% decrease in the number of people incarcerated in state prisons and in local jails, respectively.

The $10 billion increase in fire protection costs reflects an increase of $5 billion or 21% in annualized gross payroll costs for state and local fire protection employees, while the number of state and local fire protection employees increased 3%. Overall non-natural disaster fire incidents increased 3% during this period.

State and local child safety and miscellaneous social services

The $16 billion increase in state and local child safety and miscellaneous social services expenditures was due to a $16 billion or 21% increase in the costs of public welfare operations.

Fiscal year 2019 compared with fiscal year 2009

	2019			2009			Changes [2]					
(In billions, except percentages)	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**
Crime and disaster	**$ 360**	$ 51	$ 309	**$ 294**	$ 40	$ 254	**$ 66**	$ 11	$ 55	**22%**	28%	22%
Child safety and miscellaneous social services	**95**	1	94	**73**	1	72	**22**	—	22	**30%**	—%	31%
Safeguarding consumers and employees	**23**	8	15	**20**	6	14	**3**	2	1	**15%**	33%	7%
Total Justice and Domestic Tranquility	**$ 478**	$ 60	$ 418	**$ 387**	$ 47	$ 340	**$ 91**	$ 13	$ 78	**24%**	28%	23%
As a percentage of total expenditures	**7%**	2%	14%	**7%**	2%	15%						
Estimated impact of inflation on segment expenditures							$ 74	$ 9	$ 65	**19%**	19%	19%
Estimated impact of population growth on segment expenditures							**27**	3	24	**7%**	7%	7%

nm *An "nm" reference in the table means the figures is not meaningful.*

1 *Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at Note 23 – Intergovernmental transfers (Part II, Item 8 within this annual report).*

2 *Key changes are highlighted in gray in the table above and are discussed in the sections below.*

State and local crime and disaster

The $55 billion increase in state and local crime and disaster expenditures was driven primarily by a $35 billion or 21% increase in costs of law enforcement and corrections, reflecting a $28 billion or 29% increase in law enforcement expenditures and a $7 billion or 9% increase in corrections expenditures. In addition, fire protection costs increased $13 billion or 32%.

The $28 billion increase in law enforcement expenditures was driven by a $28 billion or 29% increase in police protection operations costs. Annualized gross payroll costs for state and local police protection employees grew $18 billion or 31% during this period, while the number of state and local police protection employees remained flat. During this period, property and violent crime rates decreased 31% and 12%, respectively, while arrests for property and violent crimes decreased 31% and 9%, respectively.

The $7 billion increase in corrections expenditures was driven by a $9 billion or 13% increase in correctional operations costs. Annualized gross payroll costs for state and local corrections employees grew $7 billion or 18% during this period, while the number of correctional employees decreased 6%. Comparing these years, there was an 11% and 4% decrease in the number of people incarcerated in state prisons and local jails, respectively.

The $13 billion increase in fire protection costs reflects an increase of $8 billion or 33% in annualized gross payroll costs for state and local fire protection employees, while the number of state and local fire protection employees increased 8%. Overall non-natural disaster fire incidents decreased 7% during this period.

State and local child safety and miscellaneous social services

The $22 billion increase in state and local child safety and miscellaneous social services expenditures was due to a $22 billion or 31% increase in the costs of public welfare operations.

Common Defense

This segment's expenditures comprise 14% of the overall Government budget. Slightly more than 70% of this segment's expenditures are costs of national defense, while most of the rest (slightly more than 20%) comprise costs of support for veterans. See Exhibit 99.05 for more information on the largest items in each of this segment's expenditure categories.

Fiscal year 2019 compared with fiscal year 2018

	2019			2018			Changes [2]					
(In billions, except percentages)	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**
National defense	**$ 686**	$ 686	$ —	**$ 631**	$ 631	$ —	**$ 55**	$ 55	$ —	**9%**	9%	—%
Support for veterans	**199**	198	1	**178**	177	1	**21**	21	—	**12%**	12%	—%
Foreign affairs and foreign aid	**54**	54	—	**49**	49	—	**5**	5	—	**10%**	10%	—%
Immigration and border security	**16**	16	—	**16**	16	—	**—**	—	—	**—%**	—%	—%
Total Common Defense	**$ 955**	$ 954	$ 1	**$ 874**	$ 873	$ 1	**$ 81**	$ 81	$ —	**9%**	9%	—%
As a percentage of total expenditures	**14%**	26%	—%	**14%**	26%	—%						
Estimated impact of inflation on segment expenditures							**$ 16**	$ 16	$ —	**2%**	2%	2%
Estimated impact of population growth on segment expenditures							**4**	4	—	**0%**	0%	0%

[1] *Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at Note 23 – Intergovernmental transfers (Part II, Item 8 within this annual report).*

[2] *Key changes are highlighted in gray in the table above and are discussed in the sections below.*

National defense

The $55 billion increase in national defense expenditures reflects:

- a $15 billion or 7% increase in operations and maintenance expenditures, mostly for the Navy, which fund the training, supply, and equipment maintenance of military units as well as the infrastructure of military bases;
- a $12 billion or 16% increase in research and development expenditures, mostly for the Air Force;
- a $12 billion or 11% increase in military procurement expenditures, mostly for the Air Force and primarily for the procurement of items other than aircraft, missiles, ammunition, weapons, or tracked combat vehicles, and for space related items; and
- a $10 billion or 7% increase in military personnel expenditures across all military branches: Army, Navy, Air Force, and Marines.

Comparing these years, the number of active-duty military personnel and civilian military personnel both increased 2%.

Federal support for veterans

The $21 billion increase in federal support for veterans' expenditures was driven primarily by a $16 billion or 18% increase in pension and disability benefits expenditures and a $6 billion or 9% increase in veterans medical care costs, despite a 3% decline in the number of veterans.

The 18% increase in pension and disability benefits expenditures was driven primarily by growth of $16 billion or 20% in veteran compensation payments. This growth primarily reflects a 201 thousand or 4% increase in the number of disability compensation recipients and a $1,001 or 6% increase in the average annual disability compensation payment. There was also an 11 thousand or 3% increase in the number of surviving beneficiary compensation recipients and a $457 or 3% increase in the average annual surviving beneficiary compensation payment. The overall growth in compensation payments reflects changes in underlying veteran demographics; there was a 1.8 million person or 11% increase in veteran/beneficiary claimants who served in the Gulf War Era, partially offset by a 28 thousand person or 21% decrease in veteran/beneficiary claimants who served in World War II.

The 9% increase in veterans medical care costs was driven primarily by a $3 billion or 33% increase in veterans Medical Community Care expenditures and a $3 billion or 7% increase in veterans medical services costs. Veterans Medical Community Care expenditures are for hospital care and medical services from community providers that are not provided through the Veterans Choice Program. Veterans medical services costs are for inpatient and outpatient care, including treatment in facilities not under the jurisdiction of the Department of Veterans Affairs, as well as for salaries and medical supplies for nursing home and hospital care. There was a 1% increase in the number of patients who received care at a Veterans Health Administration facility during this period, while medical care inflation was 2%.

Fiscal year 2019 compared with fiscal year 2014

	2019			2014			Changes [2]					
(In billions, except percentages)	Total	Federal [1]	State and Local	Total	Federal [1]	State and Local	Total	Federal [1]	State and Local	Total	Federal [1]	State and Local
National defense	**$ 686**	$ 686	$ —	**$ 604**	$ 604	$ —	**$ 82**	$ 82	$ —	**14%**	14%	—%
Support for veterans	**199**	198	1	**149**	148	1	**50**	50	—	**34%**	34%	—%
Foreign affairs and foreign aid	**54**	54	—	**47**	47	—	**7**	7	—	**15%**	15%	—%
Immigration and border security	**16**	16	—	**13**	13	—	**3**	3	—	**23%**	23%	—%
Total Common Defense	**$ 955**	$ 954	$ 1	**$ 813**	$ 812	$ 1	**$ 142**	$ 142	$ —	**17%**	17%	—%
As a percentage of total expenditures	**14%**	26%	—%	**15%**	28%	—%						
Estimated impact of inflation on segment expenditures							**$ 63**	$ 63	$ —	**8%**	8%	8%
Estimated impact of population growth on segment expenditures							**25**	25	—	**3%**	3%	3%

[1] *Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at Note 23 – Intergovernmental transfers (Part II, Item 8 within this annual report).*
[2] *Key changes are highlighted in gray in the table above and are discussed in the sections below.*

National defense

The $82 billion increase in national defense expenditures reflects:

- a $23 billion or 11% increase in operations and maintenance expenditures, mostly for the Navy and Air Force, which fund the training, supply, and equipment maintenance of military units as well as the infrastructure of military bases;
- a $24 billion or 38% increase in research and development expenditures, mostly for the Air Force;
- a $17 billion or 16% increase in military procurement expenditures, mostly for the Air Force and Navy and primarily for the procurement of items other than aircraft, missiles, ammunition, weapons, or tracked combat vehicles, and for space related items; and
- a $7 billion or 5% increase in military personnel expenditures, mostly for the Navy.

Comparing these years, the number of active-duty military personnel remained flat and civilian military personnel increased 5%.

Federal support for veterans

The $50 billion increase in federal support for veterans' expenditures was driven primarily by a $30 billion or 43% increase in pension and disability benefits expenditures and a $23 billion or 42% increase in veterans medical care costs, despite a 9% decline in the number of veterans.

The 43% increase in pension and disability benefits expenditures was driven primarily by growth of $31 billion or 49% in veteran compensation payments. This growth primarily reflects a 1 million or 25% increase in the number of disability compensation recipients, and a $3,442 or 25% increase in the average annual disability compensation payment. There was also a 52 thousand or 14% increase in the number of surviving beneficiary compensation recipients, and a $1,124 or 7% increase in the average annual surviving beneficiary compensation payment. The overall growth in compensation payments reflects changes in underlying veteran demographics; there was an 83% increase in veteran/beneficiary claimants who served in the Gulf War Era, partially offset by a 65% decrease in veteran/beneficiary claimants who served in World War II.

The 42% increase in veterans medical care costs was driven primarily by an $11 billion or 100% increase in veterans Medical Community Care expenditures and a $7 billion or 15% increase in veterans medical services costs. There was a 6% increase in the number of patients who received care at a Veterans Health Administration facility during this period, while medical care inflation was 14%.

Fiscal year 2019 compared with fiscal year 2009

	2019			2009			Changes [2]					
(In billions, except percentages)	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**
National defense	**$ 686**	$ 686	$ —	**$ 661**	$ 661	$ —	**$ 25**	$ 25	$ —	**4%**	4%	—%
Support for veterans	**199**	198	1	**96**	95	1	**103**	103	—	**107%**	108%	—%
Foreign affairs and foreign aid	**54**	54	—	**37**	37	—	**17**	17	—	**46%**	46%	—%
Immigration and border security	**16**	16	—	**15**	15	—	**1**	1	—	**7%**	7%	—%
Total Common Defense	**$ 955**	$ 954	$ 1	**$ 809**	$ 808	$ 1	**$ 146**	$ 146	$ —	**18%**	18%	—%
As a percentage of total expenditures	**14%**	26%	—%	**15%**	27%	—%						
Estimated impact of inflation on segment expenditures							**$ 153**	$ 153	$ —	**19%**	19%	19%
Estimated impact of population growth on segment expenditures							**57**	57	—	**7%**	7%	7%

[1] *Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at Note 23 – Intergovernmental transfers (Part II, Item 8 within this annual report).*

[2] *Key changes are highlighted in gray in the table above and are discussed in the sections below.*

National defense

The $25 billion increase in national defense expenditures reflects:

- a $9 billion or 4% increase in operations and maintenance expenditures, mostly for the Navy, which fund the training, supply, and equipment maintenance of military units as well as the infrastructure of military bases;
- a $10 billion or 13% increase in research and development expenditures, mostly for the Air Force;
- a $9 billion or 6% increase in military personnel expenditures, mostly for the Navy and Air Force; offset in part by
- a $5 billion or 3% decrease in military procurement expenditures, mostly for the Army and primarily for the procurement of items other than aircraft, missiles, ammunition, weapons, or tracked combat vehicles, and for space related items.

Comparing these years, the number of active-duty military personnel decreased 6% and civilian military personnel increased 4%.

Federal support for veterans

The $103 billion increase in federal support for veterans expenditures was driven primarily by a $55 billion or 120% increase in pension and disability benefits expenditures and a $37 billion or 91% increase in veterans medical care costs, despite a 20% decline in the number of veterans.

The 120% increase in pension and disability benefits expenditures was driven primarily by growth of $55 billion or 137% in veteran compensation payments. This growth primarily reflects a 1.9 million or 61% increase in the number of disability compensation recipients, and a $6,064 or 55% increase in the average annual disability compensation payment. There was also a 93 thousand or 27% increase in the number of surviving beneficiary compensation recipients, and a $2,129 or 15% increase in the average annual surviving beneficiary compensation payment. The overall increase in compensation payments reflects changes in underlying veteran demographics; there was a 281% increase in veteran/beneficiary claimants who served in the Gulf War Era, partially offset by an 81% decrease in veteran/beneficiary claimants who served in World War II.

The 91% increase in veterans medical care costs was driven primarily by an $18 billion or 55% increase in medical services expenditures and an $11 billion or 100% increase in veterans Medical Community Care expenditures. There was a 20% increase in the number of patients who received care at a Veterans Health Administration facility during this period, while medical care inflation was 32%.

General Welfare (GW)

This segment's expenditures comprise approximately a quarter of the overall Government budget. Expenditures for standard of living and aid to the disadvantaged comprise nearly 70% of this segment's expenditures. Over 68% of the expenditures for standard of living and aid to the disadvantaged are for state and local medical assistance to the poor, including Medicaid and CHIP. See Exhibit 99.05 for more information on the largest items in each of this segment's expenditure categories.

Fiscal year 2019 compared with fiscal year 2018

	2019			2018			Changes [2]					
(In billions, except percentages)	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**
Economy and infrastructure	**$ 302**	$ 81	$ 221	**$ 268**	$ 58	$ 210	**$ 34**	$ 23	$ 11	**13%**	40%	5%
Standard of living and aid to the disadvantaged	**1,063**	338	725	**1,010**	320	690	**53**	18	35	**5%**	6%	5%
Health (excluding Medicaid and Medicare)	**172**	55	117	**168**	51	117	**4**	4	—	**2%**	8%	—%
Total General Welfare	**$1,537**	$ 474	$ 1,063	**$1,446**	$ 429	$ 1,017	**$ 91**	$ 45	$ 46	**6%**	10%	5%
As a percentage of total expenditures	**23%**	13%	35%	**23%**	13%	35%						
Estimated impact of inflation on segment expenditures							**$ 27**	$ 8	$ 19	**2%**	2%	2%
Estimated impact of population growth on segment expenditures							**7**	2	5	**0%**	0%	0%

[1] *Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at Note 23 – Intergovernmental transfers (Part II, Item 8 within this annual report).*

[2] *Key changes are highlighted in gray in the table above and are discussed in the sections below.*

Federal economy and infrastructure expenditures

The $23 billion increase in federal economy and infrastructure expenditures was driven by a $9 billion or 256% increase in general commerce expenditures and an $8 billion or 50% increase in banking and financing expenditures.

The 256% increase in general commerce expenditures reflects a $7.1 billion or 635% increase in outlays for accelerated alternative minimum tax or research and development credits taken by businesses.[52]

The 50% increase in banking and financing expenditures is primarily driven by deposit insurance, which reflects an $8 billion or 53% increase in the FDIC's costs of insuring the deposits of banks and resolving failed banks.

Federal standard of living and aid to the disadvantaged expenditures

The $18 billion increase in federal standard of living and aid to the disadvantaged expenditures was driven by many items. The items that each changed by $5 billion or more were:

- a $10 billion or 55% increase in refundable child tax credits, reflecting the provision of the *Tax Cuts and Jobs Act* that doubled the maximum child tax credit, which increased expenditures in 2019;
- a $6 billion or 13% increase in medical assistance to the poor, which includes a $4 billion or 166% increase in risk adjustment program payments that assist health plans that provide coverage to individuals with higher

health care costs and help ensure that those who are sick have access to the coverage they need, as well as a $3 billion or 6% increase in refundable tax credits paid to families and individuals to assist them in purchasing health insurance (the Premium Tax Credit);
- a $5 billion or 10% increase in Supplemental Security Income payments, reflecting a 1%* decrease in the number of recipients and a $158* or 3%* increase in the average annual payment per recipient, partially offset by
- a $5 billion or 8% decrease in food and nutritional assistance (SNAP) payments.

The 8% decrease in SNAP payments reflects a 12% decrease in the average monthly number of participants, partially offset by and a 4% increase in the average monthly benefit per person. The 12% decrease in average monthly number of participants was likely due to stronger economic conditions during this period, which decreases the need for assistance. The 4% increase in the average monthly benefit per person was likely due mainly to inflation of the cost of food for this period of 2%.

State and local standard of living and aid to the disadvantaged expenditures

The $35 billion increase in state and local standard of living and aid to the disadvantaged expenditures was driven by a $33 billion or 5% increase in Medicaid and CHIP benefits payments, as discussed within *Expenditures by function, 2018 to 2019 / State and local transfer payments to individuals and subsidies* above.

Fiscal year 2019 compared with fiscal year 2014

	2019			2014			Changes [2]					
(In billions, except percentages)	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**
Economy and infrastructure	**$ 302**	$ 81	$ 221	**$ 221**	$ 49	$ 172	**$ 81**	$ 32	$ 49	**37%**	65%	28%
Standard of living and aid to the disadvantaged	**1,063**	338	725	**861**	325	536	**202**	13	189	**23%**	4%	35%
Health (excluding Medicaid and Medicare)	**172**	55	117	**148**	47	101	**24**	8	16	**16%**	17%	16%
Total General Welfare	**$ 1,537**	$ 474	$ 1,063	**$ 1,230**	$ 421	$ 809	**$ 307**	$ 53	$ 254	**25%**	13%	31%
As a percentage of total expenditures	**23%**	13%	35%	**23%**	14%	33%						
Estimated impact of inflation on segment expenditures							**$ 96**	$ 33	$ 63	**8%**	8%	8%
Estimated impact of population growth on segment expenditures							**38**	13	25	**3%**	3%	3%

1 *Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at Note 23 – Intergovernmental transfers (Part II, Item 8 within this annual report).*
2 *Key changes are highlighted in gray in the table above and are discussed in the sections below.*

State and local economy and infrastructure expenditures

The $49 billion increase in state and local economy and infrastructure expenditures was primarily due to a $32 billion or 21% increase in general highway transportation costs and a $16 billion or 34% increase in railroad-related costs.

State and local standard of living and aid to the disadvantaged expenditures

The $189 billion increase in state and local standard of living and aid to the disadvantaged expenditures was driven by a $185 billion or 42% increase in Medicaid and CHIP payments, as discussed within *Expenditures by function, 2014 to 2019 / State and local transfer payments to individuals and subsidies* above.

Fiscal year 2019 compared with fiscal year 2009

(In billions, except percentages)	2019 Total	2019 Federal [1]	2019 State and Local	2009 Total	2009 Federal [1]	2009 State and Local	Changes [2] Total	Changes [2] Federal [1]	Changes [2] State and Local	Changes [2] Total	Changes [2] Federal [1]	Changes [2] State and Local
Economy and infrastructure	**$ 302**	$ 81	$ 221	**$ 419**	$ 248	$ 171	**$ (117)**	$ (167)	$ 50	**(28)%**	(67)%	29%
Standard of living and aid to the disadvantaged	**1,063**	338	725	**756**	336	420	**307**	2	305	**41%**	1%	73%
Health (excluding Medicaid and Medicare)	**172**	55	117	**138**	40	98	**34**	15	19	**25%**	38%	19%
Total General Welfare	**$ 1,537**	$ 474	$ 1,063	**$ 1,313**	$ 624	$ 689	**$ 224**	$ (150)	$ 374	**17%**	(24)%	54%
As a percentage of total expenditures	**23%**	13%	35%	**25%**	21%	31%						
Estimated impact of inflation on segment expenditures							**$ 250**	$ 119	$ 131	**19%**	19%	19%
Estimated impact of population growth on segment expenditures							**92**	44	48	**7%**	7%	7%

[1] *Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at Note 23 – Intergovernmental transfers (Part II, Item 8 within this annual report).*
[2] *Key changes are highlighted in gray in the table above and are discussed in the sections below.*

State and local standard of living and aid to the disadvantaged expenditures

The $305 billion increase in state and local standard of living and aid to the disadvantaged expenditures was driven by a $298 billion or 90% increase in Medicaid and CHIP payments, as discussed within *Expenditures by function, 2009 to 2019 / State and local transfer payments to individuals and subsidies* above.

Blessings of Liberty (BL)

This segment's expenditures comprise approximately half of our Government's expenditures. Wealth and savings (primarily Social Security, government obligations, including pension obligations and interest on debt, and Medicare) expenditures comprise nearly 70% of the segment's expenditures, with education expenditures comprising most of the remainder. See Exhibit 99.05 for more information on the largest items in each of this segment's expenditure categories.

Fiscal year 2019 compared with fiscal year 2018

(In billions, except percentages)	2019 Total	2019 Federal [1]	2019 State and Local	2018 Total	2018 Federal [1]	2018 State and Local	Changes [2] Total	Changes [2] Federal [1]	Changes [2] State and Local	Changes [2] Total	Changes [2] Federal [1]	Changes [2] State and Local
Education	**$ 997**	$ 37	$ 960	**$ 921**	$ (1)	$ 922	**$ 76**	$ 38	$ 38	**8%**	(3,800)%	4%
Wealth and savings	**2,460**	2,135	325	**2,323**	1,998	325	**137**	137	—	**6%**	7%	—%
Sustainability and self-sufficiency	**132**	72	60	**109**	55	54	**23**	17	6	**21%**	31%	11%
Total Blessings of Liberty	**$ 3,589**	$ 2,244	$ 1,345	**$ 3,353**	$ 2,052	$ 1,301	**$ 236**	$ 192	$ 44	**7%**	9%	3%
As a percentage of total expenditures	**53%**	60%	45%	**53%**	60%	45%						
Estimated impact of inflation on segment expenditures							**$ 62**	$ 38	$ 24	**2%**	2%	2%
Estimated impact of population growth on segment expenditures							**15**	9	6	**0%**	0%	0%

[1] *Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at Note 23 – Intergovernmental transfers (Part II, Item 8 within this annual report).*
[2] *Key changes are highlighted in gray in the table above and are discussed in the sections below.*

Federal education expenditures

The $38 billion increase in federal education expenditures reflect increased Federal Direct Student Loans expenditures as discussed within *Expenditures by function, 2018 to 2019 / Federal transfer payments to individuals and subsidies* above.

State and local education expenditures

The $38 billion increase in state and local education expenditures was driven primarily by a $32 billion or 4% increase in costs of elementary and secondary education.

The 4% increase in costs of elementary and secondary education during this period primarily reflects:

- a 3% increase in salaries and wages, including 3% for instruction employees and 4% for support employees; and
- a 6% increase in employee benefits, including 5% for instruction employees and 6% for support employees.

Within public elementary and secondary schools, the change in the numbers of students enrolled and teachers both were negligible, and the student/teacher ratio remained flat at 16.0 students per teacher.

Federal wealth and savings expenditures

The $137 billion increase in federal wealth and savings expenditures was driven primarily by a $62 billion or 11% increase in Medicare expenditures and a $57 billion or 14% increase in government obligations, including interest on debt costs, and a $57 billion or 6% increase in Social Security expenditures, offset in part by a $36 billion or 463% decrease in housing expenditures.

The 14% increase in government obligations was driven by increased net interest on debt, as discussed within *Expenditures by function, 2018 to 2019 / Federal net interest paid* above.

The 11% increase in Medicare expenditures and the 6% increase in Social Security expenditures reflect increased benefits payments, as discussed within *Expenditures by function, 2018 to 2019 / Federal transfer payments to individuals and subsidies* above.

The 463% decrease in housing expenditures was driven by a $29 billion or 438% decrease in FHA costs resulting from refinancing of mortgages from FHA programs to conventional lenders.

Fiscal year 2019 compared with fiscal year 2014

	2019			2014			Changes [2]					
(In billions, except percentages)	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**
Education	**$ 997**	$ 37	$ 960	**$ 788**	$ (9)	$ 797	**$ 209**	$ 46	$ 163	**27%**	(511)%	20%
Wealth and savings	**2,460**	2,135	325	**1,894**	1,608	286	**566**	527	39	**30%**	33%	14%
Sustainability and self-sufficiency	**132**	72	60	**103**	56	47	**29**	16	13	**28%**	29%	28%
Total Blessings of Liberty	**$ 3,589**	$ 2,244	$ 1,345	**$ 2,785**	$ 1,655	$ 1,130	**$ 804**	$ 589	$ 215	**29%**	36%	19%
As a percentage of total expenditures	**53%**	60%	45%	**52%**	56%	46%						
Estimated impact of inflation on segment expenditures							**$ 217**	$ 129	$ 88	**8%**	8%	8%
Estimated impact of population growth on segment expenditures							**87**	52	35	**3%**	3%	3%

[1] *Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at Note 23 – Intergovernmental transfers (Part II, Item 8 within this annual report).*

[2] *Key changes are highlighted in gray in the table above and are discussed in the sections below.*

State and local education expenditures

The $163 billion increase in state and local education expenditures was driven primarily by a $140 billion or 23% increase in costs of elementary and secondary education and a $23 billion or 14% increase in costs of higher education.

The 23% increase in costs of elementary and secondary education during this period primarily reflects:

- a 15% increase in salaries and wages, including 13% for instruction employees and 19% for support employees; and
- a 30% increase in employee benefits, including 29% for instruction employees and 31% for support employees.

Within public elementary and secondary schools, the numbers of students enrolled increased 1%, the number of teachers increased 2%, and the student/teacher ratio decreased from 16.1 to 16.0 students per teacher.

The 14% increase in costs of higher education expenses during this period primarily reflects:

- a 13% increase in costs of instruction, including a 16% increase in salaries and wages;
- a 20% increase in costs of academic support, including libraries, academic administration, course curriculum development, and ancillary support; and
- a 12% increase in costs of institutional support, the day-to-day operational costs for institutions (excluding physical plant operations), including general administrative services, executive direction and planning, legal and fiscal operations, and community relations; partially offset by
- a 14% decrease in costs of auxiliary enterprises, essentially self-supporting operations of institutions that furnish a service to students, faculty, or staff, such as residence halls and food services.

Within higher education institutions, the number of faculty staff increased 1% and administrative staff decreased 10%, while the number of students enrolled decreased 1%. The student/faculty ratio declined 3% from 15.2 to 14.7, while the student/administrative staff ratio increased 9% from 48.6 to 53.0.

Federal wealth and savings expenditures

The $527 billion increase in federal costs of wealth and savings was driven primarily by a $194 billion or 23% increase in Social Security expenditures, a $158 billion or 49% increase in government obligations, and a $139 billion or 27% increase in Medicare expenditures. The increases in Social Security and Medicare expenditures reflect increased benefits payments, as discussed within *Expenditures by function, 2014 to 2019 / Federal transfer payments to individuals and subsidies* above.

The 49% increase in government obligations was driven by increased net interest on debt, as discussed within *Expenditures by function, 2014 to 2019 / Federal net interest paid* above.

Fiscal year 2019 compared with fiscal year 2009

	2019			2009			Changes [2]					
(In billions, except percentages)	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**
Education	**$ 997**	$ 37	$ 960	**$ 725**	$ (23)	$ 748	**$ 272**	$ 60	$ 212	**38%**	(261)%	28%
Wealth and savings	**2,460**	2,135	325	**1,683**	1,486	197	**777**	649	128	**46%**	44%	65%
Sustainability and self-sufficiency	**132**	72	60	**137**	57	80	**(5)**	15	(20)	**(4)%**	26%	(25)%
Total Blessings of Liberty	**$ 3,589**	$ 2,244	$ 1,345	**$ 2,545**	$ 1,520	$ 1,025	**$ 1,044**	$ 724	$ 320	**41%**	48%	31%
As a percentage of total expenditures	**53%**	60%	45%	**49%**	50%	46%						
Estimated impact of inflation on segment expenditures							**$ 484**	$ 289	$ 195	**19%**	19%	19%
Estimated impact of population growth on segment expenditures							**179**	107	72	**7%**	7%	7%

1 Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at Note 23 – Intergovernmental transfers (Part II, Item 8 within this annual report).

2 Key changes are highlighted in gray in the table above and are discussed in the sections below.

State and local education expenditures

The $212 billion increase in state and local education expenditures was driven primarily by a $157 billion or 27% increase in costs of elementary and secondary education and a $51 billion or 38% increase in costs of higher education.

The 27% increase in costs of elementary and secondary education during this period primarily reflects:

- a 16% increase in salaries and wages, including 15% for instruction employees and 20% for support employees; and
- a 45% increase in employee benefits, including 51% for instruction employees and 50% for support employees.

Within public elementary and secondary schools, the number of students enrolled increased 3%, the number of teachers decreased 2%, and the student/teacher ratio increased 5%, from 15.3 to 16.0 students per teacher.

The 38% increase in higher education expenses during this period primarily reflects:

- a 52% increase in costs of instruction, including a 31% increase in salaries and wages;
- a 73% increase in costs of academic support;
- a 57% increase in costs of institutional support; and
- a 67% decrease in costs of auxiliary enterprises.

Within higher education institutions, the number of faculty and administrative staff increased 7% and 144%, respectively, along with a 4% increase in the number of students enrolled. The student/faculty ratio declined 3%, from 15.2 to 14.7, while the student/administrative staff ratio declined 57% from 124.2 to 53.0.

Federal wealth and savings expenditures

The $649 billion increase in federal wealth and savings expenditures was driven primarily by a $361 billion or 53% increase in Social Security expenditures, a $220 billion or 51% increase in Medicare expenditures, and a $214 billion or 81% increase in government obligations. The increases in Social Security and Medicare expenditures reflect increased benefits payments, as discussed within *Expenditures by function, 2009 to 2019 / Federal transfer payments to individuals and subsidies* above.

The 81% increase in government obligations was driven by increased net interest on debt, as discussed within *Expenditures by function, 2009 to 2019 / Federal net interest paid* above.

General government support and other

The costs of central government functions, including general property and records management and general claims against our Government that are not allocable to one agency, are not allocated to our segments and are considered general government support.

Other expenditures include non-grant assistance from the federal government to territories and state and local governments (e.g. direct borrowing subsidies through the Build America Bonds program) and the discrepancy between grants from the federal government to state and local governments as reported by the federal government versus as reported by state and local governments (we assumed the federal government source was accurate).

Fiscal year 2019 compared with fiscal year 2018

	2019			2018			Changes [2]					
(In billions, except percentages)	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**	**Total**	**Federal [1]**	**State and Local**
Costs of central government functions	**$ 188**	$ 20	$ 168	**$ 187**	$ 20	$ 167	**$ 1**	$ —	$ 1	**1%**	—%	1%
Other	**(38)**	(38)	—	**(40)**	(40)	—	**2**	2	—	**(5)%**	(5)%	—%
Total general government support and other	**$ 150**	$ (18)	$ 168	**$ 147**	$ (20)	$ 167	**$ 3**	$ 2	$ 1	**2%**	(10)%	1%
As a percentage of total expenditures	**2%**	—%	6%	**2%**	(1)%	6%						
Estimated impact of inflation on segment expenditures							**$ 3**	$ —	$ 3	**2%**	2%	2%
Estimated impact of population growth on segment expenditures							**1**	—	1	**0%**	0%	0%

[1] *Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at Note 23 – Intergovernmental transfers (Part II, Item 8 within this annual report).*
[2] *Key changes are highlighted in gray in the table above and are discussed in the sections below.*

Other federal expenditures increased $2 billion due primarily to $2 billion in annual variations in the discrepancy between grants from the federal government to state and local governments as reported by the federal government versus as reported by state and local governments.

Fiscal year 2019 compared with fiscal year 2014

(In billions, except percentages)	2019 Total	2019 Federal [1]	2019 State and Local	2014 Total	2014 Federal [1]	2014 State and Local	Changes [2] Total	Changes [2] Federal [1]	Changes [2] State and Local	Changes [2] Total	Changes [2] Federal [1]	Changes [2] State and Local
Costs of central government functions	**$ 188**	$ 20	$ 168	**$ 179**	$ 23	$ 156	**$ 9**	$ (3)	$ 12	**5%**	(13)%	8%
Other	**(38)**	(38)	—	**(22)**	(22)	—	**(16)**	(16)	—	**73%**	73%	—%
Total general government support and other	**$ 150**	$ (18)	$ 168	**$ 157**	$ 1	$ 156	**$ (7)**	$ (19)	$ 12	**(4)%**	1,900%	8%
As a percentage of total expenditures	**2%**	—%	6%	**3%**	—%	6%						
Estimated impact of inflation on segment expenditures							**$ 12**	$ —	$ 12	**8%**	8%	8%
Estimated impact of population growth on segment expenditures							**5**	—	5	**3%**	3%	3%

[1] *Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at Note 23 – Intergovernmental transfers (Part II, Item 8 within this annual report).*
[2] *Key changes are highlighted in gray in the table above and are discussed in the sections below.*

Other federal expenditures decreased $16 billion due primarily to $16 billion in annual variations in the discrepancy between grants from the federal government to state and local governments as reported by the federal government versus as reported by state and local governments.

Fiscal year 2019 compared with fiscal year 2009

(In billions, except percentages)	2019 Total	2019 Federal [1]	2019 State and Local	2009 Total	2009 Federal [1]	2009 State and Local	Changes [2] Total	Changes [2] Federal [1]	Changes [2] State and Local	Changes [2] Total	Changes [2] Federal [1]	Changes [2] State and Local
Costs of central government functions	**$ 188**	$ 20	$ 168	**$ 175**	$ 18	$ 157	**$ 13**	$ 2	$ 11	**7%**	11%	7%
Other	**(38)**	(38)	—	**12**	12	—	**(50)**	(50)	—	**(417)%**	(417)%	—%
Total general government support and other	**$ 150**	$ (18)	$ 168	**$ 187**	$ 30	$ 157	**$ (37)**	$ (48)	$ 11	**(20)%**	(160)%	7%
As a percentage of total expenditures	**2%**	—%	6%	**4%**	1%	7%						
Estimated impact of inflation on segment expenditures							**$ 36**	$ 6	$ 30	**19%**	19%	19%
Estimated impact of population growth on segment expenditures							**13**	2	11	**7%**	7%	7%

[1] *Federal expenditures exclude transfers to state and local governments. See separate schedule and discussion of intergovernmental transfers at Note 23 – Intergovernmental transfers (Part II, Item 8 within this annual report).*
[2] *Key changes are highlighted in gray in the table above and are discussed in the sections below.*

Other federal expenditures decreased $50 billion due primarily to $50 billion in annual variations in the discrepancy between grants from the federal government to state and local governments as reported by the federal government versus as reported by state and local governments.

Key metrics by segment

In this section, we analyze by segment certain key metrics that measure progress towards our constitutional objectives of justice and domestic tranquility, common defense, general welfare, and security of the blessings of liberty to ourselves and our posterity. We chose metrics for which government data was available and that seemed representative of the status of these objectives. There are more metrics on our website at https://usafacts.org/, which you can access by selecting the "More detail" links next to the tables below.

As discussed in *Part I, Item 1A. Risk Factors*, in a free society, human behavior cannot be fully regulated or controlled. Government provides services, promulgates regulations, and enacts legislation intended to make progress towards our constitutional objectives; however, people are responsible for making their own choices. In addition, there are many other forces influencing these key metrics, including the natural world, governments and citizens of other countries, and businesses and philanthropic organizations worldwide. Therefore, one should not assume that the revenue and expenditures discussed above and the legislation discussed throughout this document caused the key metrics discussed in this section.

Justice and Domestic Tranquility (JDT)

The JDT segment works to establish justice and ensure domestic tranquility among the US population. Its reporting units are crime and disaster, safeguarding consumers and employees, and child safety and miscellaneous social services. Overall, the long-term trend for the past decade shows we:

- ***made meaningful progress*** on: numbers of overall crimes reported and related arrests; persons in federal and state prisons; youth in jails and prisons, as well as overall numbers of those sentenced to prison for property and drug crimes; home structure fires per housing unit as well as highway vehicle fires per mile driven; acres burned in wildland fires; median losses per fraud complaint; highway fatalities per crash; workplace violations, non-fatal workplace injuries, and back wages recovered; children adopted from foster care; and the number of children in poverty; and
- ***regressed notably*** in: people sentenced to prison for public order and other offenses; other structure fires and civilian deaths from all types of fire incidents; the numbers and estimated costs of billion-dollar disasters and deaths from disasters; acres burned per wildland fire; all types of consumer complaints; highway crashes; fatal workplace injuries; child fatalities as a result of maltreatment in all age groups and victimization rates of children ages birth to one year old; percentages of children receiving free and reduced price lunch; and homeless children enrolled in school.

Shorter-term trends may differ.

Crime and disaster

The crime and disaster reporting unit seeks to reduce crime, administer justice, and mitigate and prevent disasters.

Crime

(In thousands, except percentages, rates, or otherwise noted)	2019	2018	2014	2009	Change 2019 vs. 2018	Change 2019 vs. 2014	Change 2019 vs. 2009
Crimes reported [1] (fiscal year):							
Property crimes [2]	6,926	7,219	8,209	9,337	(4)%	(16)%	(26)%
Property crimes per 100,000 people	*2,110*	*2,210*	*2,574*	*3,041*	*(5)%*	*(18)%*	*(31)%*
Violent crimes [3]	1,203	1,210	1,153	1,326	(1)%	4%	(9)%
Violent crimes per 100,000 people	*367*	*370*	*362*	*432*	*(1)%*	*1%*	*(15)%*
Murder/non-negligent manslaughter (MNM)	16	16	14	15	—%	14%	7%
MNMs per 100,000 people	*5*	*5*	*4*	*5*	*—%*	*25%*	*—%*
Arrests by crime (calendar year):	**8,385**	**8,571**	**9,000**	**10,988**	**(2)%**	**(7)%**	**(24)%**
Drug abuse violations	1,282	1,357	1,253	1,333	(6)%	2%	(4)%
Drug abuse violations arrests per 100,000 people	*390*	*415*	*394*	*435*	*(6)%*	*(1)%*	*(10)%*
Sale/manufacturing	156	184	206	237	*(15)%*	*(24)%*	*(34)%*
Possession	1,011	1,147	1,012	1,044	(12)%	—%	(3)%
Property crimes [2]	961	982	1,265	1,396	(2)%	(24)%	(31)%
Property crimes arrests rate (of property crimes reported)	*14%*	*14%*	*15%*	*15%*	*—ppt*	*1ppt*	*1ppt*
Driving under the influence (DUI) of alcohol or narcotics	755	799	892	1,158	(6)%	(15)%	(35)%
DUI arrests per 1,000 miles driven	*231*	*247*	*295*	*392*	*(6)%*	*(22)%*	*(41)%*
Violent crimes [3]	426	428	400	468	—%	7%	(9)%
Violent crimes arrests rate (of violent crimes reported)	*35%*	*35%*	*35%*	*35%*	*—ppt*	*—ppt*	*—ppt*
Other	4,961	5,005	5,190	6,633	(1)%	(4)%	(25)%

[†] *We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2019, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "More detail" to access it.*

[na] *An "na" reference in the table means the data is not available.*

[1] *Crimes reported by local law enforcement to the Federal Bureau of Investigation*

[2] *Property crimes are offenses of burglary, larceny-theft, motor vehicle theft, and arson.*

[3] *Violent crimes are offenses of murder and nonnegligent manslaughter, rape, robbery, and aggravated assault.*

Crimes reported

Property crimes and violent crimes had generally been declining at accelerating rates each year of the decade covered by this report, and at even higher rates if you adjust for population growth. Declines were seen across most crime sub-categories and major regions (Northeast, Midwest, South, West).

In 2016, this trend temporarily reversed for violent crimes, as reported crimes increased across all sub-categories and in every major region, with the exception of the Northeast. Rates dropped for most sub-categories and regions from 2018 to 2019 but remained elevated when compared to recent history:

- *By major region* - the change in violent crimes from 2018 to 2019 ranged from a decrease of 2% in the West (to a rate of 413 violent crimes reported per 100,000 people) to remaining flat in the South (to a rate of 407 violent crimes reported per 100,000 people).
- *By state/territory* - the change in violent crimes from 2018 to 2019 ranged from a decrease of 14% in New Hampshire (to a rate of 153 violent crimes reported per 100,000 people) to an increase of 12% in Hawaii (to a rate of 286 violent crimes reported per 100,000 people).
- *By type* - Aggravated assaults accounted for 68% of violent crimes reported to law enforcement in 2019, with the number of aggravated assaults reported up 1-percentage point from 2018, while robbery offenses accounted for 23% (down 1-percentage point), rape accounted for 8% (same as 2018), and murder accounted for 1% (same as 2018).

Arrests

Arrests for property crimes and violent crimes followed similar trends as crimes reported, with property crime arrests decreasing in all periods and violent crime arrests decreasing over the past decade but increasing in 2018 and remaining flat for 2019. Arrests for drug abuse violations had mixed results, decreasing over the decade and in 2018, with a slight increase in 2014. For the decade, we see a shift in the distribution of drug abuse violation arrests towards those for possession (vs. sale/manufacturing) of heroin or cocaine and their derivatives and synthetic or manufactured drugs. Arrests for DUIs decreased for all periods of this report.

Underlying the overall arrests trends, there are demographical points to note:

- Youth (under age 18) are more often arrested for property crimes (18% of their arrests in 2019) than violent crimes (7% of their arrests in 2019) and are comprising a disproportionately smaller percentage of all arrests over time (a 7-percentage point decline overall between 2009 and 2019 – compared to a 2-percentage point decline in the percentage of the total population they represent); and
- Black people have been arrested at a rate (27% of total arrests in 2019) that is significantly higher than the rate they comprise of the US population (14% in 2019) throughout the periods discussed in this report. In 2019, Black people accounted for more than 50% of the population arrested for murder and nonnegligent manslaughter and robbery offenses.

Incarceration

December 31, except as otherwise noted (In thousands, except percentages or otherwise noted)	2019	2018	2014	2009	Change 2019 vs. 2018	Change 2019 vs. 2014	Change 2019 vs. 2009
Incarcerated population: [1]	**2,087**	**2,122**	**2,225**	**2,298**	**(2)%**	**(6)%**	**(9)%**
Persons in jail (last weekday in June) [2]	735	738	745	767	—%	(1)%	(4)%
Persons in federal and state prison [3]	1,431	1,465	1,562	1,616	(2)%	(8)%	(11)%
Youth in jail (actuals, last weekday in June)	2,900	3,400	4,200	7,218	(15)%	(31)%	(60)%
Youth in state prisons (actuals)	626	699	1,035	2,743	(10)%	(40)%	(77)%
Sentenced prisoners by crime committed:							
Violent crimes	722	706	711	707	2%	2%	2%
Property crimes	194	209	261	268	(7)%	(26)%	(28)%
Drug crimes	239	253	302	362	(6)%	(21)%	(34)%
Public order and other [4]	204	217	221	163	(6)%	(8)%	25%

† *We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2019, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "More detail" to access it.*

1 *Prisoners held in local jails were excluded from the total to prevent double counting.*

2 *Jails are correctional facilities that confine persons before or after adjudication and are usually operated by local law enforcement authorities. Jail sentences are usually for 1 year or less.*

3 *State and federal prisoner populations differ from the jail inmate population in terms of conviction status, offense distribution, and average length of stay. Prison facilities also differ from local jail facilities in average size, treatment and programming resources, and crowding, among other characteristics.*

4 *Public order includes weapons, drunk driving, and court offenses; commercialized vice, morals, and decency offenses; and liquor law violations and other public-order offenses.*

Our incarcerated populations decreased over the past decade. However, there are racial and other dynamics of note:

- Black (non-Hispanic) people are disproportionately jailed and imprisoned, comprising 34% of those jailed and 39% of those imprisoned in 2019 as compared to 13% of the US population. However, the percentages of the jailed and imprisoned populations they comprise are decreasing (declines of 6 and 3 percentage points between 2009 and 2019 of those jailed and imprisoned, respectively) despite increasing from 12% to 13% of the US population, respectively, during this period.

- The opposite is true for white (non-Hispanic) people, who represent a disproportionately small but increasing percentage of those incarcerated - 49% of those jailed and 40% of those imprisoned in 2019, while comprising 60% of the US population. The percentage of those jailed who are white increased 7 percentage points between 2009 and 2019, while the percentage of those imprisoned who are white decreased 1 percentage points. Meanwhile, white people decreased as a percentage of the US population (a 4-percentage point decrease between 2009 and 2019).
- Hispanic people comprised 15% of those jailed and 18% of those imprisoned in 2019 and 18% of the US population. The percentage of those jailed who are Hispanic decreased 2 percentage points between 2009 and 2019, while the percentage of those imprisoned who are Hispanic increased 5 percentage points.
- The offenses for which people are imprisoned has changed, with drug and property crimes decreasing, while public order offenses and violent crimes increased.
- Numbers of incarcerated youth are decreasing.

Fire (non-natural disaster)

Calendar year	**2019**	**2018**	**2014**	**2009**	**Change 2019 vs. 2018**	**Change 2019 vs. 2014**	**Change 2019 vs. 2009**
Fire incidents (in thousands, except rates):	**1,292**	**1,319**	**1,298**	**1,349**	**(2)%**	**(1)%**	**(4)%**
Home structure fires [1]	340	363	368	363	(6)%	(8)%	(6)%
Home structure fires per 100,000 housing units	*243*	*262*	*275*	*279*	*(7)%*	*(12)%*	*(13)%*
Other structure fires [2]	142	136	127	118	4%	12%	20%
Highway vehicle fires [3]	190	182	168	191	4%	13%	(1)%
Highway vehicle fires per 1 billion miles driven	*58*	*56*	*56*	*65*	*4%*	*4%*	*(11)%*
Other fires [4]	620	638	636	677	(3)%	(3)%	(8)%
Civilian deaths from fire incidents:	**3,704**	**3,655**	**3,275**	**3,010**	**1%**	**13%**	**23%**
Home structure fire civilian deaths [1]	2,770	2,720	2,745	2,565	2%	1%	8%
Rate of deaths per home structure fire	*0.8%*	*0.7%*	*0.7%*	*0.7%*	*0.1ppt*	*0.1ppt*	*0.1ppt*
Other structure fire civilian deaths [2]	210	190	115	130	11%	83%	62%
Rate of deaths per other structure fire	*0.1%*	*0.1%*	*0.1%*	*0.1%*	*—ppt*	*—ppt*	*—ppt*
Highway vehicle fire civilian deaths [3]	550	490	310	260	12%	77%	112%
Rate of deaths per highway vehicle fire	*0.3%*	*0.3%*	*0.2%*	*0.1%*	*—ppt*	*0.1ppt*	*0.2ppt*
Other fire civilian deaths [4]	174	255	105	55	(32)%	66%	216%
Rate of deaths per other fire	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*—ppt*	*—ppt*	*—ppt*

† *We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2019, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "More detail" to access it.*

1 *Homes are dwellings, duplexes, manufactured homes (also called mobile homes), apartments, rowhouses, and townhouses.*

2 *Includes other residential properties, such as hotels and motels, dormitories, barracks, rooming and boarding homes, and the like; and the non-residential properties, such as assembly, eating and drinking establishments, educational and institutional buildings., stores and office buildings, storage and detached garages, and other outside or special property.*

3 *Highway vehicles include any vehicle designed to operate normally on highways, such as automobiles, motorcycles, buses, trucks, and trailers, but not manufactured homes on foundations.*

4 *Other fires include fires in non-highway vehicles (i.e., trains, boats, ships, aircraft, farm, and construction vehicles), outside property fires, outside wilderness fires, and fires in rubbish, among others.*

Fire incidents

The number of fire incidents have fluctuated but ultimately declined over the past decade, both on an absolute basis and per housing unit and mile driven, with the exception of other structure fires. The overall decrease was led by a 57 thousand or 8% decrease in "other" fires. In 2019, the leading cause of fires was cooking for both residential and non-residential buildings, comprising 50% and 30% of those fires, respectively.

Civilian deaths from fire incidents

Civilian deaths from fire incidents have increased in the past decade, led by a 290 or 112% increase in deaths from highway vehicle fire incidents and a 119 or 216% increase in deaths from other fire incidents. As a percentage of fire incidents, deaths for all types of fire incidents shown have remained less than 1% throughout the past decade.

Disasters

Calendar year (Dollars in billions, others actuals or as noted	**2019**	**2018**	**2014**	**2009**	**Change 2019 vs. 2018**	**Change 2019 vs. 2014**	**Change 2019 vs. 2009**
Billion-dollar disaster incidents [1]	14	14	9	8	—%	56%	75%
Billion-dollar disaster cost estimate [1]	$ 45	$ 91	$ 17	$ 12	(51)%	165%	275%
Cost per billion-dollar disaster [1]	*$ 3*	*$ 7*	*$ 2*	*$ 2*	*(57)%*	*50%*	*50%*
Disaster deaths	44	247	53	26	(82)%	(17)%	69%
Billion-dollar disaster incidents							
Severe storm	8	8	6	6	—%	33%	33%
Severe storm cost	$ 14	$ 12	$ 10	$ 7	17%	40%	100%
Cost per severe storm	*$ 2*	*$ 2*	*$ 2*	*$ 1*	*—%*	*—%*	*100%*
Tropical cyclone	2	2	—	—	—%	nm	nm
Tropical cyclone cost	$ 7	$ 49	$ —	$ —	(86)%	nm	nm
Cost per tropical cyclone	*$ 4*	*$ 25*	*$ —*	*$ —*	*(84)%*	nm	*nm*
Flood	3	—	1	—	nm	200%	nm
Flood cost	$ 20	$ —	$ 1	$ —	nm	nm	nm
Cost per flood	*$ 7*	*$ —*	*$ 1*	*$ —*	*nm*	*600%*	*nm*
Drought	—	1	1	1	(100)%	(100)%	(100)%
Drought cost	$ —	$ 3	$ 4	$ 4	*(100)%*	(100)%	(100)%
Cost per drought	*$ —*	*$ 3*	*$ 4*	*$ 4*	*(100)%*	*(100)%*	*(100)%*
Wildfire	1	1	—	1	—%	nm	—%
Wildfire cost	$ 5	$ 24	$ —	$ 1	(79)%	nm	400%
Cost per wildfire	*$ 5*	*$ 24*	*$ —*	*$ 1*	*(79)%*	*nm*	*400%*
Other disaster	—	2	1	—	(100)%	(100)%	—%
Other disaster cost	$ —	$ 3	$ 2	$ —	(100)%	(100)%	—%
Cost per other disaster	*$ —*	*$ 2*	*$ 2*	*$ —*	*(100)%*	*(100)%*	—%
Wildland fires							
Acres burned in wildland fires (thousands)	4,664	8,767	3,596	5,922	(47)%	30%	(21)%
Acres burned per wildland fire	*92*	*151*	*57*	*75*	*(39)%*	*61%*	*23%*

† *We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2019, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "More detail" to access it.*

nm *An "nm" reference in the table means the figure is not meaningful.*

1 Data is limited to billion-dollar disasters as provided by National Oceanic and Atmospheric Administration, as they account for roughly 80% of the total estimated US losses for all combined severe weather and climate events. These loss estimates reflect direct effects of weather and climate events (not including indirect effects) and constitute total estimated losses (both insured and uninsured). Because most of the data sources provide only insured losses, a "factor approach" (based on approximate average insurance participate rates) is used for conversion into the corresponding total estimated losses. For more detailed information regarding the cost estimates see https://www.ncdc.noaa.gov/monitoring-content/billions/docs/smith-and-katz-2013.pdf.

Disaster incidents

The numbers of billion-dollar disaster incidents have fluctuated over the past decade, however, 2019 marks the fifth consecutive year (2015-19) in which 10 or more separate billion-dollar disaster events have occurred. The number of billion-dollar disaster incidents increased 75% in the past decade. During 2019, there were 14 separate billion-dollar disasters, including, 8 severe storms, 3 major inland floods, 2 tropical cyclones, and 1 wildfire event. The most frequent type of billion-dollar disaster over the past decade is severe storm, followed by flood and tropical cyclone.

Disaster costs

Total estimated costs for billion-dollar disasters increased 275% in the past decade, with the most expensive disaster type per disaster being tropical cyclone, followed by wildfire. Per billion-dollar disaster, estimated costs increased 50% over the past decade. During the past decade, disasters have been particularly destructive and some historic, including the 2019 inland flooding across many Central states ($20 billion), 2018 hurricanes Michael and Florence ($25 billion and $24 billion, respectively), and the 2018 record-setting wildfire season (nearly $24 billion) in the Western region. Two of the top three costliest disaster years on record occurred within the last decade, 2017 ($306 billion) and 2012 ($116 billion).

Disaster deaths

Like billion-dollar disaster incidents, disaster deaths have fluctuated during the past decade, and have increased over the decade by 69%. Tropical cyclones are responsible for the highest number of deaths in 2019 (15 deaths), followed by severe storms (14 deaths), and flooding (12 deaths).

Acres burned

Acres burned in wildland fires (in all wildland fires, not just those declared disasters) decreased over the past decade, while acres burned per wildland fire increased over the decade. Acres burned in wildland fires, categorized as either lightning-caused or human-caused, decreased by 1.3 million acres or 21% over the past decade. Human-caused fires decreased 855 thousand acres or 41%, and lightning-caused fires decreased 402 thousand acres or 10%. The Southern Area region had the largest number decrease in total acres burned, at a decrease of 729 thousand acres, and the Southern California region had the largest percent decrease at 83%, while the Great Basin region had the largest number and percent increase of total acres burned at 322 thousand acres or 235%.

Safeguarding consumers and employees

The safeguarding consumers and employees reporting unit seeks to keep people away from harm by regulating, primarily commercial interests.

Safeguarding consumers

Consumer complaints and product safety injuries

Calendar year (In thousands, except percentages, rates, or otherwise noted)	**2019**	**2018**	**2014**	**2009**	**Change 2019 vs. 2018**	**Change 2019 vs. 2014**	**Change 2019 vs. 2009**
Consumer fraud complaints	1,863	1,523	1,526	709	22%	22%	163%
Consumer fraud complaints per 100,000 people	*567*	*466*	*479*	*231*	*22%*	*18%*	*145%*
Median loss per fraud complaint	*$ 320*	*$ 375*	*$ 499*	*$ 531*	*(15)%*	*(36)%*	*(40)%*
Identity theft complaints	651	444	333	278	47%	95%	134%
Identity theft complaints per 100,000 people	*198*	*136*	*105*	*91*	*46%*	*89%*	*118%*
Other consumer complaints [1]	957	1,203	762	442	(20)%	26%	117%
Other consumer complaints per 100,000 people	*291*	*368*	*239*	*144*	*(21)%*	*22%*	*102%*
Consumer financial protection (CFP) complaints [2]	277	257	153	na	8%	81%	na
CFP complaints per 100,000 people	*84*	*79*	*48*	*na*	*7%*	*75%*	*na*
Consumer product safety injuries [3]	13,533	13,249	12,711	12,436	2%	6%	9%

† *We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2019, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "More detail" to access it.*

na *An "na" reference in the table means the data is not available.*

1 *Other consumer complaints are complaints made to the Federal Trade Commission (FTC) that are other than fraud or identity theft complaints, including: auto-related complaints; banks and lenders; computer equipment and software; credit bureaus, information furnishers, and report users; credit cards; debt collection; education; funeral services; home repair, improvement, and products; and television and electronic media.*

[2] *These complaints were reported by the Consumer Financial Protection Bureau while all other complaints in this table were reported by the FTC.*

[3] *These are calendar year national estimates of the number of persons treated in US hospital emergency departments with consumer product-related injuries and are derived by summing the statistical weights for the appropriate injury cases. The data system allows for reporting of up to two products for each person's injury, so a person's injury may be counted in two product groups.*

Consumer complaints

Consumer complaints overall have grown over the period of this report, driven primarily by increased fraud and other consumer complaints.

- *Fraud complaints* are made by adults of all ages with no notable concentrations. Victims who report the method of initial contact primarily report that the fraud was initiated via phone, and those who report transferring funds most often report doing so through wire transfer.
- *Identity theft complaints* are also made by adults of all ages, with a plurality (30%) in the 30-39-year-old age group, and most often comprise credit card fraud.
- *Other consumer complaints* made to the FTC have decreased due primarily to third-party debt collection complaints.
- *Consumer financial protection complaints* have grown, driven primarily by increases in credit-related complaints, including credit reporting and debt collection. These complaints are made to the Consumer Financial Protection Bureau, which originated in 2010 in response to the financial crisis and Great Recession.

Consumer fraud losses

The median loss per fraud complaint has decreased over the decade. In 2019, 77% of the reports resulted in no loss, while the group with the largest number of reported losses (28% of the reports) was the group with losses between $1 and $100. Six percent of losses reported were more than $10,000, the top loss group. By type of fraud, the largest median loss amount per fraud in 2019 was for foreign money offers and counterfeit check scams at $1,500 per fraud.

Consumer product safety injuries

Consumer product safety injuries have increased over the decade. The largest numbers of injuries relate to home structures and construction materials, home furnishings and fixtures, and sports and recreational equipment. Injuries related to home structures and construction materials increased 25% when comparing 2019 to 2009, while home furnishings and fixtures injuries increased 23%, and injuries related to sports and recreational equipment decreased 15%, over this same period.

Transportation safety

Calendar year (In thousands, except percentages, rates, or otherwise noted)	**2019**	**2018**	**2014**	**2009**	**Change 2019 vs. 2018**	**Change 2019 vs. 2014**	**Change 2019 vs. 2009**
Transportation crashes	6,782	6,760	6,092	5,530	—%	11%	23%
Highway crashes	6,756	6,735	6,064	5,505	—%	11%	23%
Highway crashes per 100 million miles driven	*207*	*208*	*200*	*186*	—%	*4%*	*11%*
Transportation fatalities (actuals)	38,174	38,766	34,637	35,978	(2)%	10%	6%
Highway fatalities	36,096	36,835	32,744	33,883	(2)%	10%	7%
Highway fatalities per 100,000 highway crashes	*534*	*547*	*540*	*615*	*(2)%*	*(1)%*	*(13)%*

[†] *We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2019, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "More detail" to access it.*

Nearly all transportation crashes (99.6% in 2019) and transportation fatalities (95% in 2019) are highway crashes and fatalities.

Highway crashes have increased, in absolute terms and per mile driven, over the past decade by 23% and 11%, respectively. Highway fatalities in absolute terms have also increased over the decade by 7%, however, highway fatalities per highway crash have decreased by 13%. Nearly a third of highway fatalities (28% or 10,142 in 2019) involved a driver with a Blood Alcohol Concentration (BAC) of 0.08 (an illegal level in all 50 States, DC, and Puerto Rico) or higher, and 26% or 9,478 fatalities were speeding-related crashes. Fatalities from illegal level BAC highway crashes and speeding-related crashes have both declined over the decade by 6% and 11%, respectively. Since 2009, distraction-affected fatalities have also decreased 43%, to 3,142. Of drivers involved in fatal vehicle crashes (passenger cars and light trucks) in 2019 with known restraint use, almost half (47%) who were speeding were also unrestrained at the time of the crashes, compared to 21% unrestrained for non-speeding drivers.

Safeguarding employees

Calendar year, except as otherwise noted (In thousands, except percentages, rates, or otherwise noted)	**2019**	**2018**	**2014**	**2009**	**Change 2019 vs. 2018**	**Change 2019 vs. 2014**	**Change 2019 vs. 2009**
Workplace violations (actual) [1]	50,874	49,641	57,230	68,981	2%	(11)%	(26)%
Workplace violations per 100,000 employees	*32*	*32*	*39*	*49*	*—%*	*(18)%*	*(35)%*
Non-fatal workplace injuries	3,497	3,544	3,676	4,141	(1)%	(5)%	(16)%
Non-fatal injuries per 100,000 employees	*2,220*	*2,275*	*2,513*	*2,960*	*(2)%*	*(12)%*	*(25)%*
Fatal workplace injuries (actual)	5,333	5,250	4,821	4,551	2%	*11%*	17%
Rate of fatality of workplace injuries	*0.2%*	*0.1%*	*0.1%*	*0.1%*	*0.1ppt*	*0.1ppt*	*0.1ppt*
Back wages recovered (fiscal year)	$ 322,491	$ 304,914	$ 240,832	$ 172,615	6%	34%	87%
Back wages recovered per injury	*$ 92*	*$ 86*	*$ 65*	*$ 42*	*7%*	*41%*	*121%*

[†] We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2019, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "More detail" to access it.

[1] Workplace violations are those reported by the Occupational Safety and Health Administration, including violations relating to fall protection, hazard communication, scaffolding, respiratory protection, control of hazardous energy, ladders, powered industrial trucks, machinery and machine guarding, and electrical wiring methods.

The work safety outcomes discussed here are mixed. Workplace violations and non-fatal workplace injuries are down 26% and 16%, respectively over the past decade, while fatal workplace injuries have increased 17%. As a rate per workplace injury, fatal injuries have been fairly steady over the decade. Back wages recovered, in total and per injury, have increased.

Fatal workplace injuries disproportionately take the lives of men (92% of the incidents in 2019). In 2019, 91% of fatal workplace injuries occurred in private industry, with the balance occurring in government. By private industry, in 2018 (the latest data available for the periods presented), 43% of the incidents occurred in goods-producing industries, 49% of which were in construction, while the other 57% of the incidents occurred in service-providing industries, of which nearly a third were in transportation and warehousing.

Child safety and miscellaneous social services

The child safety and miscellaneous social services reporting unit works to maintain the welfare and safety of all children.

Child family situation

	2019	2018	2014	2009	Change 2019 vs. 2018	Change 2019 vs. 2014	Change 2019 vs. 2009
Children in single parent households (in thousands, calendar year)	**18,998**	**19,646**	**20,258**	**19,415**	**(3)%**	**(6)%**	**(2)%**
Children in single parent households per 10,000 children	*2,599*	*2,677*	*2,753*	*2,619*	*(3)%*	*(6)%*	*(1)%*
Children in foster care (fiscal year)	**426,566**	**434,909**	**414,259**	**418,672**	**(2)%**	**3%**	**2%**
Children in foster care per 10,000 children	*58*	*59*	*56*	*56*	*(2)%*	*4%*	*4%*
Percentage of foster children fostered by relatives	32%	32%	29%	24%	—ppt	3ppt	8ppt
Children entering foster care	251,359	262,791	264,531	254,896	(4)%	(5)%	(1)%
Children exiting foster care	249,675	251,640	235,843	277,606	(1)%	6%	(10)%
Median months in foster care	13	13	13	15	—%	—%	(2)%
Percentage of foster children reunited with parents	47%	49%	51%	51%	(2)ppt	(4)ppt	(4)ppt
Percentage of foster children discharged to live with other relatives	6%	7%	7%	8%	(1)ppt	(1)ppt	(2)ppt
Children adopted from foster care [1]	66,208	63,091	50,668	57,187	5%	31%	16%
Rate of children adopted from foster care (as a percentage of children in foster homes) [1]	*16%*	*15%*	*12%*	*14%*	*1ppt*	*4ppt*	*2ppt*

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[1] *Adoptions are those with Public Child Welfare Agency involvement.*

Children in single parent households

The numbers of children in single parent households, including the rates thereof, have not changed materially during the periods presented here. In 2019, 83% of single-family households were headed by single mothers, while 17% were headed by single fathers, compared to 87% and 13%, respectively in 2009, a 4-percentage point shift upwards for single-families headed by fathers over the decade.

Children in foster care

The number of children in foster care has increased 2% while their median stay has decreased 2% over the past decade. In 2019, the primary cause of children being in foster care was neglect, at 63% of cases, followed by drug abuse by a parent, at 34%. The ratio of male and female children in foster care has been relatively consistent over the last decade, with 52% male and 48% female in 2019. Other demographic details include:

- the median age of children exiting foster care remained unchanged at 8 years old;
- the percentage of children in foster care who are African-American decreased 7 percentage points, with all other races and ethnicities remaining flat or increasing over the same period; and
- the race with the most children in foster care is white, at 44% of foster children in 2019, having grown consistently over the past decade.

The percentages of foster children reunited with their parents or other relatives have declined over the past decade, while the numbers and rates of children adopted with welfare agency involvement have increased.

Crimes against children

Fiscal year	2019	2018	2014	2009	Change 2019 vs. 2018	Change 2019 vs. 2014	Change 2019 vs. 2009
Child victims [1] (nearest thousand)	**656,000**	**677,000**	**675,000**	**702,000**	**(3)%**	**(3)%**	**(7)%**
Victimization rate by age (per 1,000 children):							
Birth-1	*25.7*	*26.7*	*24.4*	*20.6*	*(4)%*	*5%*	*25%*
1-3	*10.8*	*11.1*	*11.7*	*11.3*	*(3)%*	*(8)%*	*(4)%*
4-7	*9.1*	*9.4*	*10.7*	*9.7*	*(3)%*	*(15)%*	*(6)%*
8-11	*7.8*	*8.1*	*8.0*	*8.1*	*(4)%*	*(3)%*	*(4)%*
12-17	*6.3*	*6.2*	*6.4*	*6.9*	*2%*	*(2)%*	*(9)%*
Boys [3]	48%	49%	49%	49%	(1)ppt	(1)ppt	(1)ppt
Girls [3]	52%	51%	51%	51%	1ppt	1ppt	1ppt
White (non-Hispanic)	44%	44%	44%	44%	—ppt	—ppt	—ppt
African-American (non-Hispanic)	21%	21%	21%	22%	—ppt	—ppt	(1)ppt
Hispanic	23%	22%	23%	21%	1ppt	—ppt	2ppt
Neglect [2]	64%	61%	65%	62%	3ppt	(1)ppt	2ppt
Physical abuse [2]	15%	11%	15%	14%	4ppt	—ppt	1ppt
Sexual abuse [2]	8%	7%	7%	8%	1ppt	1ppt	—ppt
Child fatalities as a result of maltreatment	**1,840**	**1,780**	**1,590**	**1,740**	**3%**	**16%**	**6%**
Fatality rate by age (per 100,000 children):							
Birth-1	*22.9*	*22.8*	*18.0*	*18.4*	*—%*	*27%*	*24%*
1-3	*5.6*	*5.2*	*5.0*	*5.3*	*8%*	*12%*	*6%*
4-7	*1.6*	*1.3*	*1.2*	*1.0*	*24%*	*33%*	*60%*
8-11	*0.7*	*0.6*	*0.5*	*0.4*	*17%*	*40%*	*75%*
12-17	*0.6*	*0.5*	*0.2*	*0.4*	*20%*	*200%*	*50%*
Boys [3]	59%	58%	59%	54%	1ppt	—ppt	5ppt
Girls [3]	41%	42%	41%	46%	(1)ppt	—ppt	(5)ppt
White (non-Hispanic)	44%	40%	43%	39%	4ppt	1ppt	5ppt
African-American (non-Hispanic)	29%	33%	30%	29%	(4)ppt	(1)ppt	—ppt
Hispanic	16%	14%	15%	17%	2ppt	1ppt	(1)ppt
Neglect [2]	73%	73%	72%	67%	—ppt	1ppt	6ppt
Physical abuse [2]	44%	46%	41%	45%	(2)ppt	3ppt	(1)ppt
Sexual abuse [2]	1%	1%	1%	2%	—ppt	—ppt	(1)ppt

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[1] *Victims of maltreatment are defined as children who experienced or who were at risk of experiencing abuse or neglect.*

[2] *A child may have suffered from more than one type of maltreatment and therefore, the total number of reported maltreatments exceeds the number of fatalities and the total percentage of reported maltreatments exceeds 100%. The percentages are calculated against the number of child fatalities in the reporting states. Prior to 2009, "multiple maltreatment types" was a separate category. In 2009, the current method of reporting each of the multiple maltreatment types began, resulting in increases in each of the maltreatment categories in 2009 and later years when compared to prior years.*

[3] *May not add to 100% due to unknown population.*

Children victimized and who suffer fatalities as a result of reported maltreatment are most often victims of their parents, one year old or younger, neglected, and white. However, African-American children disproportionately suffer victimization and death from reported maltreatment, comprising 14% of the child population in 2019, while comprising 21% of child victims and 29% of child fatalities as a result of reported maltreatment.

Reported child victimization rates decreased over the past decade across most demographics, though victimization rates increased for:

- children ages birth to 1, increasing 25%;
- girls, increasing 1 percentage point; and
- Hispanic children, increasing 2 percentage points.

Child fatalities as a result of reported maltreatment increased over the past decade. Increased fatality rates were seen in children of all age groups, and for boys. By race and ethnicity, the percentage of child fatalities that were non-Hispanic white and Hispanic children decreased, while those that were African-American children remained unchanged.

In 2019, parents represented 91% of the perpetrators of reported child victimization, while 14% were nonparents, and 3% were unknown (figures don't add to 100% due to multiple perpetrator situations). In 2009, parents represented 81% of the perpetrators, while 14% were nonparents, and 6% were unknown. The categories for perpetrators of child victimization have changed, such that 2019 data may not be fully comparable to 2009 data. The purpose of the changes was to be more descriptive of what the categories include and to reduce the number of relationships counted as unknown.

Child welfare

School year, except as otherwise noted	2019	2018	2014	2009	Change 2019 vs. 2018	Change 2019 vs. 2014	Change 2019 vs. 2009
Children in poverty (in thousands, calendar year)	10,446	11,869	15,540	15,451	(12)%	(33)%	(32)%
Rate of children in poverty	*16%*	*17%*	*24%*	*24%*	*(1)ppt*	*(8)ppt*	*(8)ppt*
Percentage of children receiving free or reduced lunch at school	74%	74%	71%	62%	—ppt	3ppt	12ppt
Homeless children enrolled in school and known to our Government (in thousands) [1]	1,388	1,508	1,298	915	(8)%	7%	52%
Homeless children enrolled in school and known to our Government per 10,000 children	*190*	*205*	*176*	*123*	*(7)%*	*8%*	*54%*

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1 *Years represent the school year ending in the year noted. Includes the District of Columbia and Puerto Rico. Enrolled students include those aged 0 to 2, 3 through 5 not in Kindergarten, enrolled in Kindergarten through grade 12, and ungraded. Grade 13 is included for school year 2014. Data is inconsistently reported year over year by state and local educational agencies. Numbers reflect the number of homeless students known to the Government rather than the total number of homeless students in the country. The 2010-2011 school year and earlier contains duplicate counts.*

Child poverty

Children in poverty represent roughly a third of the overall US population in poverty. The number of children in poverty and child poverty rates decreased when compared to a decade ago.

The race and ethnicity with the highest rates of child poverty are the non-Hispanic Black population, ranging from 26% to 37% of children, and the Hispanic population, ranging from 21% to 33% of children, for the periods presented in this report. White and Asian populations have lower rates of child poverty, ranging from 8% to 12% for non-Hispanic white children and 7% to 14% for Asian children, during the periods presented. Child poverty rates for all populations decreased when comparing 2019 to 2009.

Free and reduced lunch

The percentage of children receiving free or reduced lunch at school has grown consistently over the decade, including in recent years despite reduced numbers of children in poverty in those years. Any child at a participating school may purchase a meal through the National School Lunch Program. Children from families with incomes at or below 130% of the federal poverty level are eligible for free meals. Those with incomes between 130% and 185% of the federal poverty level (for the fiscal year ended June 30, 2019, 130% of poverty level is $32,630 for a family of four; 185% is $46,435) are eligible for reduced-price lunch, for which students can be charged no more than 40 cents. These eligibility requirements have not changed in the past decade. The increased percentage of children receiving free or reduced lunch at school may be due to the *2010 Healthy Hunger-Free Kids Act*, which allows qualifying schools in high-poverty areas to provide free meals to all students without requiring students to demonstrate eligibility.

Homeless children

Homeless children enrolled in school and known to our Government increased over the past decade. Most (76% in 2019) homeless children are "doubled up," or living with others due to loss of housing, economic hardship, or a similar reason. The next largest source of primary nighttime residence for homeless children, at 12% of the homeless in 2019, was shelters and transitional housing (includes students awaiting foster care). The fastest growing forms of nighttime residence were doubling up and hotels/motels, growing 58% and 107%, respectively, from 2009 to 2019.

Common Defense (CD)

CD works to provide for the common defense of the US population. Its reporting units are national defense and support for veterans, immigration and border security, and foreign affairs and foreign aid. Overall, the long-term trend for the past decade shows we:

- ***made meaningful progress*** on bringing home our active-duty military personnel who were stationed abroad, and numbers of: active-duty military deaths from all causes except self-inflicted; US civilian deaths overseas from nearly all causes; naturalizations and visas granted; unauthorized people removed or returned; and passports in circulation; and
- ***regressed notably*** on numbers of: self-inflicted active-duty military deaths; US civilian deaths overseas from "other" causes; VA patients; border apprehensions and removal of unauthorized persons with a prior criminal conviction; intellectual property seizures; and airport firearm discoveries.

Shorter-term trends may differ.

National defense and support for veterans

The national defense and support for veterans reporting unit provides for our common defense by maintaining and managing the military and providing benefits for veterans, as well as by keeping Americans safe abroad.

National defense

Calendar year, except as otherwise noted	2019	2018	2014	2009	Change 2019 vs. 2018	Change 2019 vs. 2014	Change 2019 vs. 2009
Total armed forces, excluding reserves (in thousands, fiscal year)	**2,094**	**2,057**	**2,055**	**2,144**	**2%**	**2%**	**(2)%**
Number of active-duty military stationed in (in thousands): [1]	1,326	1,304	1,326	1,419	2%	—%	(7)%
US	1,159	1,139	1,168	1,156	2%	(1)%	—%
Abroad	167	165	159	263	1%	5%	(37)%
Number of active-duty military deaths from:	**893**	**918**	**880**	**1,515**	**(3)%**	**1%**	**(41)%**
Hostile/terrorist	21	14	38	346	50%	(45)%	(94)%
Accidents	279	306	305	467	(9)%	(9)%	(40)%
Self-inflicted	366	363	304	302	1%	20%	21%
Illness	154	174	195	277	(11)%	(21)%	(44)%
Homicide	32	31	27	77	3%	19%	(58)%
Undetermined or pending	41	30	11	46	37%	273%	(11)%

Calendar year, except as otherwise noted	2019	2018	2014	2009	Change 2019 vs. 2018	Change 2019 vs. 2014	Change 2019 vs. 2009
Number of US civilian deaths overseas by cause:	**650**	**724**	**814**	**885**	**(10)%**	**(20)%**	**(27)%**
Vehicle accident	178	167	227	252	7%	(22)%	(29)%
Homicide	110	132	175	189	(17)%	(37)%	(42)%
Suicide	110	112	142	114	(2)%	(23)%	(4)%
Drowning	83	136	105	119	(39)%	(21)%	(30)%
Disaster	—	—	—	6	—%	—%	(100)%
Terrorist, hostage, and execution	12	6	19	12	100%	(37)%	—%
Other accident	135	107	119	174	26%	13%	(22)%
Other	22	64	27	19	(66)%	(19)%	16%

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na *An "na" reference in the table means the data is not available.*

1 *Details may not add to total. Totals and by location were taken from two separate data sources. In addition, numbers have been rounded.*

Armed forces

Both the overall numbers of armed forces (excluding reserve forces) and the number of active-duty military personnel have decreased over the decade, 2% and 7%, respectively. The mix of station location changed when comparing 2019 to 2009; there was a decline in those stationed abroad, primarily in the "undistributed" geography, mostly in the Navy followed by the Army. This decline was offset in part by increased numbers of active-duty military personnel stationed in East Asia and Pacific in all branches, with the largest increase in the Army, followed by the Navy.

Active-duty military deaths

The numbers of active-duty military deaths decreased 41% compared to a decade ago, with all major causes decreasing, except for self-inflicted deaths. Deaths from hostile and terrorist attacks decreased by 325 or 94%; deaths from accidents decreased by 188 or 40%; deaths from illness decreased by 123 or 44%; and deaths from homicide decreased by 45 or 58%, while self-inflicted deaths increased by 64 or 21% over the decade.

US civilian deaths overseas

The numbers of deaths of US civilians overseas fluctuates from year to year but decreased in 27% in 2019 compared to a decade ago, reflecting a decrease in all major causes of death. Compared to a decade ago, the largest incident decrease was in homicides (79 instances or 42%), followed by vehicle accidents (74 instances or 29%).

Support for veterans

Calendar year, except as otherwise noted (In thousands, except percentages or otherwise noted)	2019	2018	2014	2009	Change 2019 vs. 2018	Change 2019 vs. 2014	Change 2019 vs. 2009
Number of veterans	17,418	17,964	19,260	21,854	(3)%	(10)%	(20)%
Rates of veteran:							
Unemployment	3%	4%	5%	8%	(1)ppt	(2)ppt	(5)ppt
Poverty	7%	7%	7%	7%	—ppt	—ppt	—ppt
Disability	30%	29%	29%	26%	1ppt	1ppt	4ppt
Number of unique VA patients (fiscal year)	6,160	6,116	5,829	5,138	1%	6%	20%

† *We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2019, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "More detail" to access it.*

The number of veterans has decreased consistently over the past decade, while indicators of veteran well-being were mixed.

Veteran unemployment

The veteran unemployment rate has trended downward since 2010 and is down approximately five percentage points compared to a decade ago, while overall unemployment has trended downward since 2009. As of 2019, the veteran unemployment rate was generally consistent with the overall unemployment rate. See discussion of overall unemployment at *General Welfare, Economy and Infrastructure, Employment Profile (calendar year 2019)* below.

Veteran poverty

The veteran poverty rate is trending higher, despite veteran unemployment declining and veteran compensation and pension payments increasing. In 2019, the veteran poverty rate was less than the poverty rate of all persons of 10.5%. In 2017 (except as otherwise noted, the latest available date):

- female veterans had higher poverty rates than male veterans (9% for females and 6% for males), including much higher rates for those in the service industry (11% for females and 4% for males);
- disabled female veterans had higher poverty rates than disabled male veterans (16% for females and 9% for males), primarily for those ages 35-53 years old (19% for females and 13% for males);
- female veterans had lower median household income than male veterans, at $60,223 for females and $61,986 for males;
- Black/African American veterans had the highest poverty rate among female veterans at 13%, while female veterans of Some Other Race (a race other than white, Black/African American, American Indian/Alaska Native, Asian, or Native Hawaiian/Other Pacific Islander) had the lowest rate at 3%;
- American Indian/Alaska Native veterans had the highest poverty rate among male veterans at 13%, while white male veterans had the lowest rate at 6%;
- post-9/11, World War II, and peacetime veterans had higher poverty rates than veterans of other conflicts;
- the lowest poverty rates for male and female veterans were in the Northeast; and
- in 2019, the rate of veterans in poverty by state/district/territory ranged from 5% in each Maryland, Minnesota, New Jersey, Utah, Vermont, Virginia, and Washington to 17% in Puerto Rico. The highest rates of veteran poverty were in:
    - Puerto Rico, at 17%, while the overall unemployment rate for the territory was 8.3%;
    - Louisiana at 11%, while the overall unemployment rate for the state was 4.7%;
    - Kentucky at 9%, while the overall unemployment rate for the state was 4.1%;
    - Oklahoma at 9%, while the overall unemployment rate for the state was 3.1%; and
    - Arkansas at 9%, while the overall unemployment rate for the state was 3.5%.

Veteran disability

The veteran disability rate has increased in the past decade and is currently four percentage points higher than it was a decade ago. The most prevalent service-connected disabilities are Tinnitus (the perception of noise or ringing in the ears), hearing loss, limitation of knee flexion, post-traumatic stress disorder (PTSD), lumbosacral or cervical strain, and general scars, which comprised 8%, 5%, 4%, 4%, 4%, and 4%, respectively, of the disabilities of veterans receiving disability compensation at the end of fiscal year 2019.

VA patients

While the overall veteran population declines, the number of unique patients being treated at VA medical centers is increasing. According to the GAO, this is due in part to servicemembers returning from US military operations in Afghanistan and Iraq and the growing needs of an aging veteran population. The proportion of living veterans who served in World War II and the Korean War decreased 9 and 6 percentage points, respectively, while the proportion of living veterans who served in Vietnam and the Gulf War increased 1 and 19 percentage points, respectively, over the past decade.

Immigration and border security

The immigration and border security reporting unit manages the US immigration process, including borders and customs responsibilities.

Authorized entry to the US

Fiscal year (In thousands, except percentages or otherwise noted)	2019	2018	2014	2009	Change 2019 vs. 2018	Change 2019 vs. 2014	Change 2019 vs. 2009
Naturalizations (citizenship) [1]	844	762	653	744	11%	29%	13%
Naturalizations as a percentage of attempts (total naturalizations and denials)	*90%*	*89%*	*91%*	*87%*	*1ppt*	*(1)ppt*	*3ppt*
Green Cards (permanent residence) granted [2]	1,032	1,097	1,017	1,131	(6)%	1%	(9)%
Visas granted	8,742	9,028	9,932	5,804	(3)%	(12)%	51%

[†] *We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2018, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "More detail" to access it.*

[1] *Naturalization is the process by which US citizenship is granted to a foreign citizen or national after he or she fulfills the requirements established by Congress in the Immigration and Nationality Act.*

[2] *Foreign nationals granted lawful permanent residence*

The number of employees working in citizenship and immigration services within the Department of Homeland Security increased 81% over the past decade.

Naturalizations (citizenship)

Naturalization is the way a person not born in the US voluntarily becomes a US citizen. General requirements for naturalization require the applicant to be at least 18 years old at the time of filing, be a permanent resident (have a "Green Card") for at least five years, demonstrate continuous residence in the US for at least five years immediately preceding the date of filing, and be able to read, write, and speak basic English, amongst some of the requirements.

Naturalizations increased in the last decade, as did naturalizations as a percentage of attempted naturalizations. Throughout the periods presented in this report, most people who naturalized were:

- females, including 55% of those who naturalized in 2019;
- 21 years of age or older, including 97% in 2019;
- married, including 64% in 2019;
- working in an unknown occupation, working in management, professional, and related occupations, working in service occupations, or not working, including 66%, 14%, 6%, and 3%, respectively, in 2019; and
- born in Asia or North America, including 39% and 33%, respectively in 2019.

Green Cards (permanent residence)

A Green Card allows a person to live and work permanently in the US. There are a few eligibility categories that allow an individual to apply for a Green Card: through family, through employment, as a Special Immigrant, for victims of abuse, through registry, and through other categories. Most people who apply for a Green Card will need to complete two forms – an immigrant petition and a Green Card application. Someone else usually must file the petition on behalf of the applicant (e.g. family, spouse, employer).

Green Cards granted followed similar demographic trends as naturalizations. Throughout the periods presented in this report, most people who were granted Green Cards were:

- females, including 54% of those granted Green Cards in 2019;
- 21 years of age or older, including 78% in 2019;
- married, including 61% in 2019;
- either immediate family members (49% in 2019) or otherwise related (20% in 2019) to US citizens; and
- born in Asia or North America, including 35% and 36%, respectively, in 2019.

The categories of Green Card recipients with the largest numerical and percentage growth, respectively, between 2009 and 2019 were parents, with growth of 19,973 people or 17%, and certain Iraqis and Afghans employed by our Government and their spouses and children, at 176% growth or 8,081 people. The categories with the largest numerical and percentage declines between 2009 and 2019 were refugees, declining 37,928 people or 32%, and parolees, declining 99% or 2,369 people.

Visas

The numbers of visas granted increased over the past decade but has been declining since 2015. Most visas are granted to temporary visitors for business or pleasure, including 74% of visas granted in 2019. The next largest category of visa recipients are temporary workers and their families, at 10% in 2019, followed by students and their families and exchange visitors and their families, at 5% and 4%, respectively in 2019. The category of visa recipients with the largest numerical growth between 2009 and 2019 was temporary visitors for business or pleasure, with growth of 2.4 million people or 57%.

Unauthorized entry to the US

Fiscal year (In thousands, except percentages, rates, or otherwise noted)	**2019**	**2018**	**2014**	**2009**	**Change 2019 vs. 2018**	**Change 2019 vs. 2014**	**Change 2019 vs. 2009**
Border apprehensions of illegal aliens	860	404	487	556	113%	77%	55%
Rate of apprehensions per attempted crossing (apprehensions plus estimated undocumented population)	*na*	*3%*	*4%*	*5%*	*na*	*na*	*na*
Persons removed or returned [1]	531	489	569	962	9%	(7)%	(45)%
Rate of those removed or returned per estimated undocumented person in the population	*na*	*4%*	*5%*	*9%*	*na*	*na*	*na*
Persons removed with a prior criminal conviction[2]	156	148	169	128	5%	(8)%	22%
Rate of those removed that had a prior criminal conviction	*29%*	*30%*	*30%*	*13%*	*(1)ppt*	*(1)ppt*	*16ppt*

† *We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2019, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "More detail" to access it.*

na *An "na" reference in the table means the data is not available.*

1 *Removals are the compulsory and confirmed movement of an inadmissible or deportable alien out of the US based on an order of removal. An alien who is removed has administrative or criminal consequences placed on subsequent reentry owing to the fact of the removal. Returns are the confirmed movement of an inadmissible or deportable alien out of the US not based on an order of removal.*

2 *Refers to persons who have a prior criminal conviction. In 2017, Office of Immigration Statistics started aligning with Enforcement and Removal Operations (ERO's) methodology in identifying criminals within the ERO administrative arrest data, one that is no longer solely based on criminal conviction.*

The number of employees working in customs and border protection, within the Department of Homeland Security, increased 6% over the past decade, while the number of employees working in immigration, also within the Department of Homeland Security, remained steady over the same period. The number of border agents decreased 2% nationwide and 4% at the southwest US border over the past decade.

Border apprehensions

Border apprehensions have increased over the past decade and mark a 12-year high of 860 thousand apprehensions of illegal immigrants in 2019. Nearly all (99% in 2019) border apprehensions occur at the southwest border of the US, and

20% of all illegal aliens apprehended in 2019 were from Mexico. However, over the last decade, the number of illegal aliens apprehended from Mexico decreased 66%, while the number of illegal aliens apprehended from other locations increased 1,210%. The US experienced a surge of migrant groups arriving in 2019, resulting in 852 thousand apprehensions at its southwest border, of which 31% (264 thousand) were from Guatemala and 30% (254 thousand) were from Honduras.

Persons removed or returned

The number of persons removed or returned decreased 45% over the past decade. Of those removed in 2019: 60% were Mexican nationals, of whom 39% had a prior criminal conviction; 15% were Guatemalan nationals, of whom 43% had a prior criminal conviction; and 11% were Honduran nationals, of whom 44% had a prior criminal conviction. Of those returned in 2019: 45% were from North America, including 26% from Mexico and 11% from Canada, and 39% were from Asia, including 18% from the Philippines and 10% from China.

Estimated unauthorized immigrant population in the US

January 1	2000	2005	2010	2010 [1]	2015 [2]	2015 [3]	2016 [3]	2017 [3]	2018 [3]
Unauthorized immigrants [†]									
Estimated population (in thousands)	8,460	10,490	10,790	11,590	11,960	11,440	11,750	11,410	11,390
Period of entry									
1980 to 1989	na	21.1%	18.7%	na	na	15.0%	14.0%	13.5%	13.7%
1990 to 1999	na	49.7%	42.6%	na	na	36.5%	34.8%	33.5%	33.5%
2000 to 2009	na	29.2%	38.8%	na	na	41.2%	40.1%	39.4%	37.2%
2010 or later	na	—%	—%	na	na	7.3%	11.1%	12.4%	15.6%
Gender and age									
Male	na	na	57.0%	na	52.6%	52.6%	52.3%	52.0%	51.4%
Female	na	na	43.0%	na	47.4%	47.4%	47.7%	48.0%	48.6%
Under 18 years	na	na	11.4%	na	8.7%	9.9%	8.9%	9.5%	9.8%
18 to 24 years	na	na	12.0%	na	9.5%	10.3%	9.2%	8.4%	7.4%
25 to 34 years	na	na	35.1%	na	29.5%	30.6%	28.9%	27.4%	25.8%
35 to 44 years	na	na	27.7%	na	30.2%	30.1%	31.2%	31.5%	31.9%
45 to 54 years	na	na	10.2%	na	15.1%	14.2%	15.3%	16.6%	17.5%
55+years	na	na	3.6%	na	7.0%	4.9%	6.5%	6.6%	7.6%
Country of birth									
Mexico	55.3%	56.9%	61.5%	58.9%	55.0%	54.2%	50.8%	51.4%	47.6%
El Salvador	5.1%	4.5%	5.7%	5.8%	6.3%	6.3%	6.4%	6.6%	6.4%
Guatemala	3.4%	3.5%	4.8%	4.5%	5.2%	5.2%	5.2%	5.3%	5.4%
Honduras	1.9%	1.7%	3.1%	3.3%	3.7%	3.7%	3.7%	4.4%	4.0%
Philippines	2.4%	2.0%	2.6%	2.5%	3.1%	3.1%	3.5%	2.6%	3.2%
India	1.4%	2.7%	1.9%	2.3%	3.9%	3.9%	4.8%	4.3%	4.7%
Columbia	1.2%	1.0%	1.0%	1.0%	1.2%	1.1%	1.2%	1.1%	1.8%
China	2.2%	2.2%	1.2%	2.6%	2.7%	2.8%	3.6%	3.6%	3.6%
Other countries	27.1%	25.5%	18.2%	19.1%	18.3%	19.7%	20.8%	20.7%	23.3%

† *The most recent data available from our Government is shown in this table. Additional years of key metrics data not shown in this table may be found on our website. Click "More detail" to access it.*

†† *The unauthorized resident immigrant population is defined as all foreign-born non-citizens who are not legal residents and calculated as: the legally resident population (includes all persons who were granted lawful permanent residence; granted asylum; admitted as refugees; or admitted as nonimmigrants for a temporary stay in the US and not required to leave by January of the respective year) on January 1 of the respective year less the total foreign-born population living in the US on the same date. Under section 249 of the Immigration and Nationality Act (INA), the registry provision, qualified persons who have resided continuously in the US since prior to January 1, 1972 may apply for legal permanent resident (LPR) status. Additionally, persons who had resided continuously in the US since prior to January 1, 1982 as unauthorized residents were eligible to adjust for LPR status under the Immigration Reform and Control Act (IRCA) of 1986.*

na *An "na" reference in the table means the data is not available.*

1 *Revised by DHS to be consistent with estimates derived from the 2010 Census.*

2 *2015 estimates should not be compared with DHS estimates previously released for 2000-2010 due to the use of the 2010 Census population estimates versus the 2000 Census population estimates. A revision for 2010 to be consistent with the 2010 Census has been provided by DHS.*

3 *2015-2018 incorporate minor updates to improve upon the methodology employed in previous years. A revision for 2015 to be consistent with the new methodology has been provided by DHS.*

Due to a change in methodology, we are not able to compare the estimated undocumented population consistently across all periods presented in this report. However, the estimated undocumented population has increased, with a shift in the mix of immigrants towards older people and countries of birth other than Mexico.

Other border security

Fiscal year, except as otherwise noted (In thousands, except percentages, rates, or otherwise noted)	2019	2018	2014	2009	Change 2019 vs. 2018	Change 2019 vs. 2014	Change 2019 vs. 2009
Intellectual property seizures [1]	28	34	23	15	(18)%	22%	87%
Intellectual property seizures per 100 border agents	*143*	*174*	*110*	*75*	*(18)%*	*30%*	*91%*
Drugs seized at the border coming into the US (kgs)	367	406	1,106	na	(10)%	(67)%	*na%*
Airport firearm discoveries (actual, calendar year)	4,432	4,239	2,212	976	5%	100%	354%

† *We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2019, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "More detail" to access it.*

na *An "na" reference in the table means the data is not available.*

1 *Products that are seized because they infringe on US trademarks, copyrights, and patents.*

Intellectual property seizures

Intellectual property seizures have increased 87%, and the average border agent is seizing more goods. There have been changes in the sources and nature of the goods seized:

- *Economy of origin* – China and Hong Kong were consistently the top two sources of goods seized during the periods of this report, while many of the other originators have changed; four of the top 10 originators in 2009 were not among the top 10 in 2019. In 2019, most seized goods originated in China or Hong Kong, including 66% and 26%, respectively, of the value of goods seized. In 2009, 79% of the value of goods seized originated in China, while the second highest originator was Hong Kong at 10% of the value seized.
- *Commodities seized* – In 2019, the aggregate Manufacturer's Suggested Retail Price (MSRP) of intellectual property seizures was $1.6 billion, compared to $0.3 billion in 2009. The top (those 7% or more of aggregate MSRP) commodities seized in 2019 were watches/jewelry (44% of aggregate MSRP), wearing apparel/accessories (22%), handbags/wallets (14%), and consumer electronics (7%). In 2009, the top commodities seized were footwear (38% of aggregate MSRP), consumer electronics (12%), and handbags/wallets/backpacks and wearing apparel at 8%, respectively.

The increase in the MSRP of seizures of the top commodities over the past decade was nearly seven-fold the increase in paid consumption of these goods. Paid consumption of audio-video, photographic, and information processing equipment and media; luggage and similar personal items; clothing and footwear; and jewelry and watches increased 50%, 41%, 30%, and 27%, respectively, in the past decade.

Drug seizures

We do not have border drug seizures data for periods prior to 2012. However, for the periods for which we do have data, total kilograms of drugs seized at the border have declined, reflecting decreased seizures of marijuana, offset in part by increased seizures of methamphetamine. The decline in marijuana seizures began in 2014, when kilograms seized decreased 23% from the prior year. Recreational use of marijuana was legalized in Colorado and Washington states in 2012. Eight additional states, and the District of Columbia, legalized recreational use of marijuana from 2012-2019.

Airport firearm discoveries

Firearm discoveries at Transportation Security Administration airport checkpoints have consistently increased each year. In 2019, discoveries were made at 278 airports, with the greatest numbers discovered at Hartsfield-Jackson Atlanta

International Airport and Dallas/Fort Worth International Airport at 323 and 217 discoveries, respectively. Of the overall number of firearms discovered in 2019, 87% were loaded.

Foreign affairs and foreign aid

The foreign affairs and foreign aid reporting unit aims to support American interests and values around the world through diplomacy.

Fiscal year	2019	2018	2014	2009	Change 2019 vs. 2018	Change 2019 vs. 2014	Change 2019 vs. 2009
Number of valid passports in circulation (in thousands)	146,775	137,589	121,512	97,597	7%	21%	50%
Foreign aid obligations by type (in millions):							
Governance	$ 19,926	$ 20,635	$ 16,368	$ 22,817	(3)%	22%	(13)%
Health and population	$ 8,893	$ 8,920	$ 10,084	$ 8,040	—%	(12)%	11%
Humanitarian	$ 9,290	$ 8,230	$ 6,207	$ 4,776	13%	50%	95%
Infrastructure	$ 1,029	$ 488	$ 727	$ 1,826	111%	42%	(44)%
Other	$ 9,041	$ 9,697	$ 10,563	$ 9,182	(7)%	(14)%	(2)%

† *We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2019, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "More detail" to access it.*

The number of passports in circulation has increased consistently, outpacing the rate of population growth. We are not aware of a government source for data on where Americans are traveling with their passports.

Aid by category

Foreign aid has fluctuated over the past decade, with a shift towards humanitarian aid and away from infrastructure aid. Growth in humanitarian aid outpaced inflation. According to the Congressional Research Service (CRS), "Adjusted for inflation, annual foreign assistance funding since FY2003 has been higher than in any period since the Marshall Plan was implemented in the years immediately following World War II. In FY2019, Afghanistan, Israel, Jordan, Egypt, and Iraq received the largest amounts of U.S. assistance, reflecting long-standing commitments to Israel and Egypt, the strategic significance of Afghanistan and Iraq, and the strategic and humanitarian importance of Jordan as the crisis in neighboring Syria continues."[53]

Infrastructure aid has been significantly reduced. According to CRS, "The [infrastructure] aid programs in Iraq and Afghanistan supported the building of schools, health clinics, roads, power plants, and irrigation systems.... The Afghanistan Infrastructure Fund... wound down as the U.S. military presence in that country declined... In Iraq alone, more than $10 billion went to economic infrastructure. Economic infrastructure is now also supported by U.S. assistance in a wider range of developing countries through the Millennium Challenge Corporation. In this case, recipient countries design their own assistance programs, most of which, to date, include an infrastructure component."

Aid by country

According to CRS, "More than 180 countries and territories received some form of U.S. assistance in FY2019, reflecting the broad use of aid as a diplomatic and strategic tool. Top U.S. bilateral aid recipients are typically countries that are strategic allies in the Middle East, important partners in counterterrorism efforts, or global health focus countries. Top recipients include countries that face humanitarian crises brought on by natural disaster or conflict. U.S. aid is geographically dispersed—55 countries received more than $100 million of U.S. aid in 2019, and 118 received more than $10 million. The top 10 recipient countries in FY2019 accounted for approximately 34% of aid obligations."

Afghanistan received the most aid in 2019 of $5 billion, followed by Israel of $3 billion, Jordan of $2 billion, Egypt, Ethiopia and Iraq of $1 billion each, Uganda and Nigeria of $900 million each, and Kenya and Yemen, each receiving $800 million.

Aid to Afghanistan increased significantly (453%) in 2002, generally grew annually from there, peaked at $13.4 billion in 2011, and has generally declined since with some annual fluctuations.

Aid to Israel has been relatively steady over the past 30 years, exceeding $2 billion in 1981 and remaining between $2 billion and $5 billion annually since. Through 2021, according to the Congressional Research Service, "Israel is the largest cumulative recipient of U.S. foreign assistance since World War II… To date, the United States has provided Israel $150 billion (current, or noninflation-adjusted, dollars) in bilateral assistance and missile defense funding. Almost all U.S. bilateral aid to Israel is in the form of military assistance, although from 1971 to 2007 Israel also received significant economic assistance… In 2016, the U.S. and Israeli governments signed their third 10-year Memorandum of Understanding (MOU) on military aid, covering FY2019 to FY2028. Under the terms of the MOU, the United States pledges to provide – subject to congressional appropriation - $38 billion in military aid…to Israel. The United States and Israel have maintained strong bilateral relations based on a number of factors, including robust domestic U.S. support for Israel and its security; shared strategic goals in the Middle East; a mutual commitment to democratic values; and historical ties dating from U.S. support for the creation of Israel in 1948. U.S. foreign aid has been a major component in cementing and reinforcing these ties."[54]

General Welfare (GW)

This segment works to promote the general welfare of the US population. Its reporting units are economy and infrastructure, standard of living and aid to the disadvantaged, and health. Overall, the long-term trend for the past decade shows we:

- ***made meaningful progress*** on growing our economy as measured by increases in: GDP; the S&P 500 index; private fixed investment; numbers of businesses, including those less than one year old; new home sales, and by decreases in workers at or below minimum wage, bankruptcy filings, and bank failures; and reducing the percentage of Americans who are uninsured; and
- ***regressed notably*** in increased: net trade deficit; rates of senior employment; median housing prices – both new homes and rent; hours of commuter highway delays and gallons of fuel wasted; hours of delay on passenger trains; age of railcar and trainset fleets; deaths from accidents, heroin poisoning, other opioids, and other synthetic narcotics; and spending on healthcare, including out-of-pocket costs; as well as in decreases in federal minimum wage per hour adjusted for inflation.

Shorter-term trends may differ.

Economy and infrastructure

The economy and infrastructure reporting unit seeks to encourage economic growth and development, and to limit economic volatility. It also works to ensure there are jobs for those who can work and to maintain minimum wages.

Economy

Investment, Gross Domestic Product (GDP), and trade

Calendar year, except as otherwise noted (In thousands, except percentages, rates, or otherwise noted)	2019	2018	2014	2009	Change 2019 vs. 2018	Change 2019 vs. 2014	Change 2019 vs. 2009
Investment and GDP							
S&P 500 (end of December) (actual)	3,231	2,507	2,059	1,115	29%	57%	190%
S&P 500 adjusted for inflation (2019 base)	*3,231*	*2,552*	*2,224*	*1,329*	*27%*	*45%*	*143%*
Private fixed investment (in billions) [1]	$ 3,753	$ 3,579	$ 2,960	$ 2,080	5%	27%	80%
Residential	$ 814	$ 799	$ 560	$ 390	2%	45%	109%
Nonresidential	$ 2,939	$ 2,781	$ 2,400	$ 1,690	6%	22%	74%
Private fixed investment per capita	*$ 11,431*	*$ 10,950*	*$ 9,297*	*$ 6,780*	*4%*	*23%*	*69%*
Private fixed investment adjusted for inflation (2019 base)	*$ 3,753*	*$ 3,644*	*$ 3,197*	*$ 2,479*	*3%*	*17%*	*51%*
GDP (in billions)	$ 21,373	$ 20,527	$ 17,551	$ 14,478	4%	22%	48%
GDP (in billions) adjusted for inflation (2019 base, using GDP deflator)	*$ 21,373*	*$ 20,899*	*$ 18,954*	*$ 17,253*	*2%*	*13%*	*24%*
GDP per capita	*$ 65,096*	*$ 62,805*	*$ 55,125*	*$ 47,195*	*4%*	*18%*	*38%*
Trade							
Annual goods, services, and income trade by top largest surplus and (deficit) between the US and other countries (in millions):	$ (472,126)	$ (438,236)	$ (369,987)	$ (379,729)	8%	28%	24%
China	$ (335,072)	$ (407,447)	$ (347,168)	$ (263,956)	(18)%	(3)%	27%
Mexico	$ (119,967)	$ (94,851)	$ (70,273)	$ (60,670)	26%	71%	98%
Japan	$ (85,978)	$ (80,729)	$ (82,559)	$ (50,811)	7%	4%	69%
Singapore	$ 47,747	$ 56,092)	$ 44,071	$ 15,316	(15)%	8%	212%
United Kingdom	$ 68,819	$ 75,974	$ 23,898	$ 17,148	(9)%	188%	301%
Netherlands	$ 98,832	$ 101,057	$ 84,934	$ 66,972	(2)%	16%	48%
Other	$ (146,527)	$ (88,332)	$ (22,890)	$ (103,728)	66%	540%	41%

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[1] *Private fixed investment (PFI) measures spending by private businesses, nonprofit institutions, and households on fixed assets in the US economy. Fixed assets consist of structures, equipment, and software that are used in the production of goods and services. PFI encompasses the creation of new productive assets, the improvement of existing assets, and the replacement of worn out or obsolete assets.*

S&P 500

The S&P 500 peaked in 2007, dropped and bottomed out in 2008 in connection with the Great Recession, and began climbing again, surpassing its pre-recession value in 2013, and after wavering, ending the decade at a record high in 2019, nearly tripling since 2009.

Private fixed investment

Private fixed investment followed a similar trend. Over the past decade, private fixed investment in nonresidential investments increased 74%, while residential investments increased 109%. Within nonresidential, the largest increases were in equipment, which increased $560 billion or 84%, followed by intellectual property, which increased $466 billion or 83%, over the past decade. Within residential, the largest dollar increase was in other structures, which increased $204 billion or 82%, followed by single family residential structures, which increased $175 billion or 166%. Other residential structures includes manufactured homes, improvements, dormitories, net purchases of used structures, brokers' commissions on residential structures and adjoining land, and other ownership transfer costs.

GDP

Gross domestic product (GDP) has grown over the past decade, even when adjusted for inflation and population. All industries increased over the decade. By industry, the largest increases were in: finance, insurance, real estate, rental, and leasing (up $1.5 trillion or 53%); professional and business services (up $1 trillion or 62%); manufacturing (up $670 billion or 39%); educational services, healthcare, and social assistance (up $604 billion or 48%); and government (up $577 billion or 28%). The lowest growth was in mining (up $20 billion or 7%).

Trade

The US has an overall net trade deficit with other countries, comprising largely a deficit with China. China accounted for 71% of our overall net trade deficit in 2019, made up mostly of a deficit in the trading of goods. Of note is the 18% decrease from 2018 to 2019 in the trade deficit with China, which corresponds to the period of escalation in the US-China trade conflict during which a series of tariffs were imposed on Chinese imports between 2018 and 2019. The Federal Reserve estimates that 76% or $55 billion of this annual decrease is due to underreporting of Chinese imports by US importers to evade US tariffs.[55] The country with whom we had the largest trade surplus in 2019 was the Netherlands. The majority of that surplus comprised a surplus of income, meaning Americans earned more income in the Netherlands than the Dutch earned in the US. The country with the second largest trade surplus in 2019 and the largest surplus growth over the past decade was the United Kingdom, where the majority of the surplus in 2019 was also a surplus of income, having shifted from a surplus of services in 2009.

Businesses

(In thousands, except percentages, rates, or otherwise noted)	2019	2018	2014	2009	Change 2019 vs. 2018	Change 2019 vs. 2014	Change 2019 vs. 2009
Businesses (end of March)							
Establishments less than one year old	771	734	653	609	5%	18%	27%
Net change in establishments (number of openings less closings)	117	90	92	(147)	30%	27%	(180)%
Bankruptcy filings	**777**	**773**	**963**	**1,403**	**1%**	**(19)%**	**(45)%**
Business bankruptcy filings (fiscal year)	*23*	*22*	*28*	*59*	5%	(18)%	(61)%
Business bankruptcy filings per 10,000 businesses	*38*	*36*	*49*	*102*	6%	(22)%	(63)%
Non-business bankruptcy filings (fiscal year)	754	751	935	1,344	—%	(19)%	(44)%
Non-business bankruptcy filings per 100,000 adults	*295*	*296*	*382*	*578*	—%	*(23)%*	*(49)%*
Bank failures (calendar year)	4	—	18	140	nm	(78)%	(97)%
Bank failures per 100,000 banks	*89*	—	*323*	*2,063*	nm	*(72)%*	*(96)%*

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nm *An "nm" reference in the table means the figure is not meaningful.*

Businesses

Establishments less than one year old and net changes in establishments vary from year to year, decreased in and around the Great Recession, and have increased since. For the decade, the service industry had the largest increase in the number of establishments, at 223 thousand or 9%, and the arts, entertainment, and recreation industry had the largest rate of increase in the number of establishments, at 18% or 18 thousand, while the retail trade industry had the largest decrease in number at 40 thousand or 4%, and the manufacturing industry had the largest rate decrease at 12% or 36 thousand.

Bankruptcy filings

Bankruptcy filings have decreased over the past decade, both business and non-business. Bank failures increased from 2009 to 2010 when they peaked in frequency and declined until they reached 0 in 2018 then increased to 4 in 2019.

Housing

Calendar year (In thousands, except percentages, rates, or otherwise noted)	2019	2018	2014	2009	Change 2019 vs. 2018	Change 2019 vs. 2014	Change 2019 vs. 2009
Homeownership rate (inverse is rental rate)	65%	64%	64%	68%	1ppt	1ppt	(3)ppt
Homeowners							
New home sales	683	617	437	375	11%	56%	82%
New home sales per 100,000 adults	*268*	*243*	*179*	*161*	*10%*	*50%*	*66%*
Median new home price	$ 322	$ 326	$ 289	$ 217	(1)%	11%	48%
Median home price adjusted for inflation (2019 base)	*$ 322*	*$ 332*	*$ 312*	*$ 259*	*(3)%*	*3%*	*24%*
Median new home size (sq ft)	2,322	2,435	2,526	2,202	(5)%	(8)%	5%
Median new home lot size (sq ft)	7,819	8,511	8,689	8,780	(8)%	(10)%	(11)%
Vacancy rates [1]	3%	3%	3%	6%	—ppt	—ppt	(3)ppt
Renters							
Median gross rent (actual)	$ 1,097	$ 1,058	$ 934	$ 842	4%	17%	30%
Median gross rent adjusted for inflation (2019 base)	*$ 1,097*	*$ 1,077*	*$ 1,009*	*$ 1,003*	*2%*	*9%*	*9%*
Vacancy rates [1]	7%	7%	8%	11%	—ppt	(1)ppt	(4)ppt

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1 *Vacancy rates are from the Current Population Survey/Housing Vacancy Survey and represent the unweighted average of vacancy rates for housing with 1 unit and 2 or more units (includes rates for 5 or more units).*

Rates of homeownership have decreased over the past decade while rates of renting a home have increased. This is generally true across all major regions of the US.

Homeowners

New home sales peaked in 2005, bottomed out in 2011 after a 76% decline from the peak amidst the Great Recession, and have been increasing annually since, yet have not reached pre-recession levels (776 thousand in 2007). In the past decade, unit sales of new homes increased, with a decline in units sold in the Northeast (1 thousand homes or 3%) offset by increases in all other regions. The South saw the largest increase in unit sales (197 thousand or 98%), while the West saw the largest rate increase (109% or 95 thousand).

The median price of a new home followed a similar pattern as new home sales, decreasing during the Great Recession and mostly increasing since, surpassing pre-recession highs in 2013. However, 2018 to 2019 decreased slightly by 2% or $4,900. In the past decade, the largest dollar and rate increase in median sales price was in the Northeast at $180,000 or 60% increase.

The median size of new homes sold increased 5% over the past decade, with increases in all major regions of the US, while the median lot size of new homes sold decreased 11%, with decreases in most major regions. Vacancy rates for homeowner units decreased 3 percentage points over the past decade. In 2019, homeowner vacancy rates for 1 unit was 1%, 2 or more units was 4%, and 5 or more units was 4%.

Renters

Median gross rents increased for each of the periods presented. Median gross rent was $1,097 in 2019, up 9% from a decade ago after adjusting for inflation. In the past decade, the largest dollar and rate increase in median gross rents was in the West (up $381 or 38%). By State or territory, the District of Columbia had the largest dollar increase at $544 and Colorado had the largest rate increase at 61%, while Puerto Rico had the lowest dollar and rate increase (up $63 and 15%). Vacancy rates for rental units decreased 4 percentage points over the past decade. Among the groupings reported, rentals with 5 or more units had the highest vacancy rates, higher than both those with 1 unit and with 2 or more units.

Jobs and wages

Calendar year (In thousands, except percentages, rates, or otherwise noted)	2019	2018	2014	2009	Change 2019 vs. 2018	Change 2019 vs. 2014	Change 2019 vs. 2009
Total working age employment [1]	147,191	146,056	138,334	133,763	1%	6%	10%
Jobs per person in working age population (ages 16-64) [2]	*0.71*	*0.70*	*0.67*	*0.66*	*1%*	*6%*	*8%*
Total senior employment [1]	10,347	9,706	7,971	6,114	7%	30%	69%
Jobs per person in senior population (ages 65+) [2]	*0.19*	*0.19*	*0.17*	*0.15*	*—%*	*12%*	*27%*
Median annual wage (actual)	$ 39,810	$ 38,640	$ 35,540	$ 33,190	3%	12%	20%
Median annual wage adjusted for inflation (2019 base)	*$ 39,810*	*$ 39,340*	*$ 38,381*	*$ 39,552*	1%	*4%*	*1%*
Workers at or below minimum wage	1,603	1,711	2,992	3,572	(6)%	(46)%	(55)%
Workers at or below minimum wage per 1,000 hourly employees	*19*	*21*	*39*	*49*	*(10)%*	*(51)%*	(61)%
Federal minimum wage per hour	$ 7.25	$ 7.25	$ 7.25	$ 7.25	—%	—%	—%
Federal minimum wage per hour adjusted for inflation (2019 base)	*$ 7.25*	*$ 7.38*	*$ 7.83*	*$ 8.64*	*(2)%*	*(7)%*	*(16)%*

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1 *Total working age employment is from the current population survey (CPS) and represents average annual national non-farm employment.*

2 *Total working age employment divided by the working age population of the US.*

Jobs

Total working age employment increased during the periods presented in this report and outpaced the growth in the working age population; over the past decade, total working age employment increased 10% while the working age population increased 3%, resulting in an increase of 8% in jobs per person of working age. Over this same time period, total senior employment increased 69% while the senior population increased 36%, resulting in an increase of 27% in jobs per senior.

Demographically:

- *Gender* - The number of employed men increased more over the past decade (up 13% to 83 million workers) than did the number of employed women (up 12% to 74 million workers).
- *Race and ethnicity* - The number of employed Asian people increased at the greatest rate (up 53% to 10 million workers) followed by Hispanic people (up 42% to 28 million workers), while the number of employed white people increased by 6% (to 122 million workers).
- *Type of job* - The number of jobs that increased the most were in transportation and material moving, adding nearly 4 million jobs, followed by healthcare support, adding 3 million jobs, and with food preparation and serving related, business and financial operations, and management each adding 2 million jobs in a decade, while the number of jobs that decreased the most were in office and administrative support, losing nearly 3 million jobs.

Wages

The median annual wage increased across all job categories over the past decade and outpaced inflation by 1%. By job (not adjusted for inflation):

- The largest dollar increase in median annual wages was in management jobs, increasing $16,330 or 18% to $105,660.
- The largest percentage increase was in farming, fishing, and forestry, increasing 39% or $7,570 to $27,180.
- The smallest dollar increase was in healthcare support, increasing $3,750 or 15% to $28,470.
- The smallest percentage increase was in legal, increasing 11% or $7,790 to $81,820.

The job category with the highest median annual wage is management, at $105,560 in 2019. The job category with the lowest median annual wage is food preparation and serving related, at $24,220 in 2019.

The number of workers paid at or below minimum wage decreased 55% over the past decade, as opposed to growth in total employment (13%) and the working age population (3%). The federal minimum wage remained flat over the past decade, while median annual wages increased 20%. After adjusting for inflation, the federal minimum wage decreased 16% over the decade, while median annual wages increased 1%. As of January 1, 2019, the District of Columbia, Guam, and 29 states had higher minimum wages than the federal minimum wage, up to the highest minimum wage of $14.00 per hour in the District of Columbia. Five states had no state level minimum wage.

Employment Profile (calendar year 2019)

We also analyze employment by family and individual units (FIUs) and income cohort. See *Part I, Item 1. Purpose and Function of Our Government, Customers, Cohorts of our population* of this report for a discussion of FIUs and income cohorts. An important thing to note when viewing the table below is that the income cohorts are based on average total Market Income, which equals the sum of average: wages and salaries, supplements to wages and salaries, self-employment income, interest income, rental income, S-Corporation income, dividend income, capital gains income, net retirement income, and other market income. Therefore, an FIU can be counted as unemployed in the table below but still have income.

Family and Individual Unit Sub Group /Income %	16 + Population (in K)	Employed (in K)	Not Participating (in K)	Unemployed (in K)	Employment-Population Ratio	Labor Force Participation Rate	Unemployment Rate	Avg. Number of Hours Worked per Week per Unit		% of Units with # of Primary Earners		
								Primary Earners	All Earners	0 Earners	1 Earner	2 Earners
All Family and Individual Units	**263,892**	**153,514**	**101,857**	**8,521**	**58.2%**	**61.4%**	**5.3%**	**36.1**	**40.0**	**27%**	**49%**	**23%**
Bottom 5% ($0)	6,305	320	5,777	208	5.1%	8.4%	39.4%	—	—	100%	0%	—%
Bottom 5%-20% ($0-$11K)	29,452	7,435	20,826	1,191	25.2%	29.3%	13.8%	8.7	9.2	66%	33%	1%
Second 20% ($11K-$38K)	44,680	22,027	20,778	1,875	49.3%	53.5%	7.8%	24.5	27.0	32%	64%	5%
Middle 20% ($38K-$72K)	49,958	30,093	18,068	1,796	60.2%	63.8%	5.6%	36.2	39.8	17%	70%	13%
Fourth 20% ($72K-$130K)	60,085	40,896	17,391	1,798	68.1%	71.1%	4.2%	49.1	54.8	10%	53%	36%
Top 2%-20% ($130K-$763K)	66,273	49,113	15,639	1,521	74.1%	76.4%	3.0%	62.5	69.9	6%	32%	61%
Top 1% ($763K+)	3,637	2,562	1,015	60	70.4%	72.1%	2.3%	67.6	73.6	5%	34%	61%
Married No Kids	**58,247**	**41,097**	**15,465**	**1,685**	**70.6%**	**73.4%**	**3.9%**	**61.6**	**68.3**	**8%**	**27%**	**66%**
Bottom 5%	382	17	363	2	4.5%	4.9%	9.1%	—	—	100%	0%	0%
Bottom 5%-20%	1,947	608	1,280	59	31.2%	34.3%	8.9%	21.1	22.3	47%	37%	16%
Second 20%	3,468	1,703	1,602	163	49.1%	53.8%	8.7%	38.3	41.7	16%	51%	33%
Middle 20%	7,272	4,260	2,753	260	58.6%	62.1%	5.7%	48.7	52.4	10%	43%	46%
Fourth 20%	16,488	11,928	4,013	548	72.3%	75.7%	4.4%	63.2	68.8	4%	29%	67%
Top 2%-20%	26,756	21,426	4,721	609	80.1%	82.4%	2.8%	72.3	81.7	2%	17%	81%
Top 1%	1,241	947	267	27	76.3%	78.5%	2.8%	75.1	83.6	0%	26%	74%
Married Parents	**63,798**	**42,646**	**19,120**	**2,032**	**66.8%**	**70.0%**	**4.5%**	**65.0**	**68.9**	**2%**	**29%**	**69%**
Bottom 5%	147	11	127	9	7.5%	13.3%	43.6%	—	—	100%	—%	—%
Bottom 5%-20%	1,802	661	1,061	80	36.7%	41.1%	10.8%	28.6	29.7	28%	54%	18%
Second 20%	5,314	2,744	2,327	242	51.6%	56.2%	8.1%	46.5	48.9	3%	59%	38%
Middle 20%	10,375	6,007	3,947	421	57.9%	62.0%	6.5%	55.4	58.6	1%	47%	52%
Fourth 20%	19,271	13,401	5,244	626	69.5%	72.8%	4.5%	67.2	71.1	—%	25%	74%
Top 2%-20%	24,926	18,566	5,735	625	74.5%	77.0%	3.3%	74.3	79.0	—%	16%	83%
Top 1%	1,595	1,104	467	25	69.2%	70.7%	2.2%	78.6	81.3	—%	23%	77%

Family and Individual Unit Sub Group /Income %	16 + Population (in K)	Employed (in K)	Not Participating (in K)	Unemployed (in K)	Employment-Population Ratio	Labor Force Participation Rate	Unemployment Rate	Avg. Number of Hours Worked per Week per Unit		% of Units with # of Primary Earners		
								Primary Earners	All Earners	0 Earners	1 Earner	2 Earners
Single No Kids	**60,722**	**43,208**	**14,794**	**2,721**	**71.2%**	**75.6%**	**5.9%**	**30.2**	**33.5**	**19%**	**81%**	**—%**
Bottom 5%	2,667	178	2,366	124	6.7%	11.3%	40.9%	—	—	100%	—%	—%
Bottom 5%-20%	10,542	4,283	5,610	649	40.6%	46.8%	13.2%	12.2	12.5	49%	51%	—%
Second 20%	14,810	10,892	3,113	805	73.5%	79.0%	6.9%	30.4	32.8	12%	88%	—%
Middle 20%	15,655	13,152	1,844	659	84.0%	88.2%	4.8%	38.7	42.0	4%	96%	—%
Fourth 20%	11,003	9,690	1,006	307	88.1%	90.9%	3.1%	41.2	47.4	3%	97%	—%
Top 2%-20%	5,152	4,515	498	140	87.6%	90.3%	3.0%	42.6	51.1	2%	98%	—%
Top 1%	164	139	21	4	84.9%	87.3%	2.8%	42.3	51.2	2%	98%	—%
Single Parents	**20,282**	**11,517**	**7,572**	**1,193**	**56.8%**	**62.7%**	**9.4%**	**27.5**	**31.4**	**23%**	**77%**	**—%**
Bottom 5%	1,008	103	847	58	10.2%	15.9%	35.9%	—	—	100%	—%	—%
Bottom 5%-20%	3,250	1,016	1,973	261	31.3%	39.3%	20.4%	8.0	8.7	59%	41%	—%
Second 20%	6,363	3,986	1,947	430	62.6%	69.4%	9.7%	32.0	34.9	6%	94%	—%
Middle 20%	5,109	3,435	1,419	256	67.2%	72.2%	6.9%	38.6	43.2	3%	97%	—%
Fourth 20%	3,197	2,186	867	144	68.4%	72.9%	6.2%	40.6	50.4	2%	98%	—%
Top 2%-20%	927	661	228	38	71.3%	75.4%	5.5%	42.2	53.0	3%	97%	—%
Top 1%	34	19	14	1	56.0%	58.4%	4.0%	39.4	45.4	1%	99%	—%
Elderly (age 65+)	**60,843**	**15,046**	**44,906**	**891**	**24.7%**	**26.2%**	**5.6%**	**11.2**	**14.3**	**70%**	**24%**	**7%**
Bottom 5%	2,101	11	2,073	17	0.5%	1.3%	61.2%	—	—	100%	—%	—%
Bottom 5%-20%	11,912	866	10,903	142	7.3%	8.5%	14.1%	2.0	2.6	91%	9%	—%
Second 20%	14,725	2,701	11,790	234	18.3%	19.9%	8.0%	6.5	8.9	77%	21%	2%
Middle 20%	11,546	3,240	8,105	201	28.1%	29.8%	5.8%	12.6	16.4	62%	32%	5%
Fourth 20%	10,125	3,691	6,261	173	36.5%	38.2%	4.5%	20.5	26.1	49%	38%	14%
Top 2%-20%	8,511	3,945	4,457	109	46.4%	47.6%	2.7%	30.5	37.4	37%	38%	25%
Top 1%	602	353	245	4	58.6%	59.3%	1.1%	43.7	51.1	24%	43%	34%

† *We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2019, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "More detail" to access it.*

In 2019, of the 263.9 million FIUs age 16 and older:

- 153.5 million FIUs or 58.2 % of FIUs were employed (including the self-employed);
- 101.9 million FIUS or 38.6% were not participating in the workforce (neither employed nor actively looking for work); and
- 8.5 million FIUs or 3.2% were unemployed (not employed and had been actively looking for a job for the prior four weeks). The 5.3% unemployment rate shown in the cohort table above is different from this rate, as the rate in the table above represents the unemployed divided by the labor force (those employed and unemployed, excluding those not participating) rather than being divided by all FIUs age 16 and older.

Employed

By family type

Of the 153.5 million FIUs that were employed in 2019, the families without children had the highest employment rates. By family type:

- 41.1 million FIUs or 71% of the married without kids FIUs were employed;
- 42.6 million FIUs or 67% of the married parent FIUs were employed;
- 43.2 million FIUs or 71% of the single without kids FIUs were employed;
- 11.5 million FIUs or 57% of the single parent FIUs were employed; and
- 15.0 million FIUs or 25% of the elderly FIUs were employed.

By income cohort and disability status

Generally, the percentage of FIUs employed increase as we move up the income cohorts; the employment rate climbs from 5.1% in the lowest 5% income cohort to 74.1% in the second highest cohort, and then declines to 70.4% for the top 1% cohort. Of the working age population that was employed in 2019, 4% had a disability.

Not participating (not working, not looking)

By family type

Of the 101.9 million FIUs that were not participating in the workforce in 2019, a plurality (44.9 million FIUs or 44%) were elderly (age 65 and older). The remainder was, by family type:

- 15.5 million married without kids FIUs (27% of their family type) or 15% of the FIUs aged 16 and older that were not participating;
- 19.1 million married parent FIUs (30% of their family type) or 19% of those not participating;
- 14.8 million single without kids FIUs (24% of their family type) or 15% of those not participating; and
- 7.6 million single parent FIUs (37% of their family type) or 7% of those not participating.

By income cohort and disability status

Generally, the rates of FIUs not participating in the labor force decrease as we move up the income cohorts; the rate of those not participating decreases from 91.6% in the lowest 5% income cohort until it reaches 23.6% in the second highest income cohort, and then increases to 27.9% for the top 1% cohort. Of the working age population that was not participating in 2019, 25% had a disability.

Unemployed (not working, actively looking)

By family type

Nearly a third of the 8.5 million FIUs who were unemployed were single without kids, while the elderly comprised the fewest number of FIUs unemployed. By family type:

- 1.7 million FIUs or 20% of the FIUs aged 16 and older that were unemployed were married without kids;
- 2.0 million or 24% were married parents;
- 2.7 million or 32% were single without kids;
- 1.2 million or 14% were single parents; and
- 0.9 million or 10% were elderly.

By income cohort and disability status

Generally, the rate of FIUs unemployed decreases as we move up the income cohorts; the unemployment rate (the percentage of the FIUs age 16 and older that are unemployed) increases from 3.3% for the lowest 5% income cohort to 4.2% for the third lowest income cohort, and then decreases for each cohort through the top 1% cohort where the unemployment rate is 1.6%. Of the working age population that was unemployed in 2018, 8% had a disability.

Workweek

In 2019, the workweek averaged 40.0 hours for all FIUs. The number of hours in a workweek generally rises with incomes, ranging from zero for the bottom 5% income cohort to 73.6 hours among the top 1% income cohort. There may be multiple people in an FIU who work, so this is not the number of hours worked by each individual.

Transportation infrastructure

Fiscal year, except as otherwise noted (In thousands, except percentages and otherwise noted)	2019	2018	2014	2009	Change 2019 vs. 2018	Change 2019 vs. 2014	Change 2019 vs. 2009
Percentage of roads in unsatisfactory condition by type (calendar year):							
Interstates [1]	3%	3%	3%	3%	—ppt	—ppt	—ppt
Other freeways and expressways	7%	7%	8%	7%	—ppt	(1)ppt	—ppt
Other principal arterials	13%	14%	13%	12%	(1)ppt	—ppt	1ppt
Minor arterials	17%	19%	18%	14%	(2)ppt	(1)ppt	3ppt
Major collectors	20%	20%	20%	16%	—ppt	—ppt	4ppt
Collectors	48%	48%	53%	45%	—ppt	(5)ppt	3ppt
Percentage of bridges in poor condition [2]	7%	8%	9%	na	(1)ppt	(2)ppt	na
Hours of delay per commuter per year per urban highway commuter [3]	54	54	49	43	—%	10%	26%
Fuel wasted due to urban commuter delays (million gallons) [3]	7.0	6.9	6.5	6.0	1%	8%	17%
Passenger trains							
Number of Amtrak passengers (in millions)	32.5	31.7	30.9	27.2	3%	5%	19%
Amtrak hours of delay, due to:	97	96	100	79	1%	(3)%	23%
Host railroad issue (e.g. freight train interference)	54	55	57	47	(2)%	(5)%	15%
Amtrak issue (e.g. equipment failure, passenger handling, holding)	31	27	32	22	15%	(3)%	41%
Other (e.g. weather, customs and immigration, law enforcement)	12	14	11	10	(14)%	9%	20%
Average age of Amtrak locomotive and car fleets (years):							
Locomotives (diesel and electric)	18.3	19.9	21.5	20.6	(8)%	(15)%	(11)%
Car fleets (railcar and trainset fleets)	32.7	31.3	29.6	25.5	4%	10%	28%

† *We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2019, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "More detail" to access it.*

na *An "na" reference in the table means the data is not available.*

1 *Unsatisfactory condition means an International Roughness Index (IRI) value greater than 170, as used by the National Cooperative Highway Research Program (NHCRP). These percentages were derived from https://www.bts.gov/topics/national-transportation-statistics.*

2 *Poor condition means a bridge that has a condition rating of 4 or less for the deck, superstructures, substructures, or culvert, as defined by the Federal Highway Administration (https://www.fhwa.dot.gov/bridge/britab.cfm).*

3 *Data is based on an analysis by Texas A&M Transportation Institute, Mobility Division and reported by the Bureau of Transportation Statistics (a 494 urban area average).*

Roads

All types of roads except interstates and other freeways and expressways became more unsatisfactory in condition over the past decade, while bridges improved in condition since 2012 (the first year for which we have information). As of 2019, the roads in the worst condition, at 48% unsatisfactory, are the collectors. Collectors are, for rural areas, routes that serve intra-county rather than statewide travel, and in urban areas, streets that provide direct access to neighborhoods and arterials. As of 2019, 7% of bridges were in poor condition.

Road congestion in urban areas is one of the major causes for commuter delays. Hours of delay per year per urban highway commuter increased 11 hours over the past decade. All cities reported increases over the past decade, and the city that reported the greatest increase in hours of delay was Boston at an increase of 24 hours. Fuel wasted due to urban commuter delays increased 17% from 2009 to 2019.

Passenger trains

The number of Amtrak passengers has increased, and they are experiencing more delays in their travels. During the past decade, all causes of delays increased, with Amtrak issues increasing by 41%, followed by other causes and host railroad issues at 20% and 15% increases, respectively. Amtrak owns its trains, however, approximately 70% of the miles traveled by Amtrak trains are on tracks owned by other railroads known as "host railroads." Host railroads range from large, publicly traded companies based in the US or Canada, to state and local government agencies and small businesses. The leading cause of delay to Amtrak trains on host railroads is freight train interference, which is typically caused by a freight railroad requiring an Amtrak train to wait so that its freight trains can operate first.

The average age of Amtrak trains has increased over the past decade. Amtrak operates a fleet of predominantly custom-built equipment, a significant portion of which is at or nearing the end of its useful service life. Amtrak's railcar fleet is averaging nearly 33 years of age, and its diesel locomotives nearly 18 years of age, both nearly at or beyond Amtrak's estimated useful commercial life of 30 years for railcars and 20-25 years for locomotives. The estimated commercial useful life is the life before key factors affecting a locomotive or car fleet become significant. With a long lead-time to procure any replacement units, Amtrak is focused on the continued modernization of its passenger car, locomotive, and trainset fleets, by rebuilding existing fleet not imminently slated for retirement, in addition to procuring equipment.

Standard of living and aid to the disadvantaged

The standard of living and aid to the disadvantaged reporting unit seeks to maintain a minimum standard of living for all Americans and reduce levels of poverty among the US population, including children, by providing for their basic needs including welfare, free and subsidized school lunches, and child healthcare.

Poverty

	2019	2018	2014	2009	Change 2019 vs. 2018	Change 2019 vs. 2014	Change 2019 vs. 2009
Rate of poverty of all persons - Official Poverty Measure [1]	11%	12%	15%	14%	(1)ppt	(4)ppt	(3)ppt
Rate of poverty of all persons - Supplemental Poverty Measure [1]	12%	13%	15%	na	(1)ppt	(3)ppt	na

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na *An "na" reference in the table means the data is not available.*

1 *The poverty rate is calculated by the Census based on income for the calendar year shown, for the population as of March of the following year. For example, the 2018 poverty rate is for the population living in March of 2019 that would be considered in poverty based on calendar year 2018 income.*

There are two primary government poverty measures, the Official Poverty Measure (OPM) and the Supplemental Poverty Measure (SPM), which began in 2010. The key differences are that the SPM uses a different definition of income and a different poverty threshold. The OPM income or resource measure is pre-tax cash income, while the SPM income or resource measure is cash income plus in-kind government benefits (such as food stamps and housing subsidies) minus nondiscretionary expenditures (e.g. taxes and work expenses). The OPM poverty thresholds are based on the cost of food multiplied by 3 to allow for expenditures on other goods and services, adjusted for changes in prices, while the SPM thresholds are based on a broad measure of necessary expenditures (food, clothing, shelter, and utilities) and are based on recent, annually updated expenditure data, adjusted for geographic differences in the cost of living. The two measures (OPM and SPM) may produce different pictures of who is counted as poor.

We discuss and show the details of both poverty measures below. Note that the rates in the table above are per individual, while the tables below are per family and individual unit (FIU), consistent with our other cohort tables.

Poverty profile using Official Poverty Measure (calendar year 2019)

Family and Individual Unit Sub Group/% of Poverty Threshold %	# of Units *(in K)*	Average Per Unit			Top Earner Gender		Race, Ethnicity of Unit Head											
		Persons	Children *(Under 18)*	Age of Unit Head	% Male	% Female	% White (all ethnicities)	% Black (all ethnicities)	% Asian (all ethnicities)	% Other Race (all ethnicities)	% Hispanic (all races)	% US-Born	% Urban	% Rural	% Northeast	% Midwest	% South	% West
All Families	**149,441**	**2.2**	**0.5**	**50.6**	**56%**	**44%**	**79%**	**14%**	**6%**	**2%**	**15%**	**84%**	**83%**	**17%**	**17%**	**21%**	**38%**	**23%**
<100% of poverty threshold	18,456	1.8	0.6	47.4	41%	59%	70%	22%	5%	3%	21%	81%	79%	21%	16%	20%	43%	21%
100%-200%	24,972	2.1	0.6	51.0	47%	53%	75%	18%	5%	2%	21%	80%	78%	22%	15%	20%	42%	22%
200%-300%	22,542	2.2	0.5	50.5	55%	45%	78%	15%	5%	2%	19%	83%	80%	20%	15%	22%	39%	23%
300%-400%	19,938	2.2	0.5	49.8	58%	42%	79%	14%	5%	2%	16%	85%	82%	18%	16%	22%	39%	23%
400%+	63,533	2.3	0.4	51.4	64%	36%	82%	9%	7%	1%	9%	87%	87%	13%	19%	21%	35%	24%
Single No Kids	**50,901**	**1.2**	**—**	**40.7**	**52%**	**48%**	**75%**	**17%**	**6%**	**2%**	**16%**	**86%**	**85%**	**15%**	**17%**	**21%**	**38%**	**24%**
<100% of poverty threshold	9,034	1.1	—	40.2	45%	55%	70%	21%	5%	3%	18%	84%	80%	20%	16%	21%	41%	22%
100%-200%	8,814	1.2	—	40.6	49%	51%	72%	21%	4%	3%	19%	84%	81%	19%	14%	22%	42%	22%
200%-300%	7,971	1.2	—	39.6	52%	48%	74%	19%	5%	3%	20%	85%	82%	18%	16%	23%	38%	23%
300%-400%	7,762	1.2	—	40.3	52%	48%	77%	17%	4%	2%	17%	88%	85%	15%	16%	22%	38%	23%
400%+	17,321	1.2	—	41.7	56%	44%	78%	13%	8%	2%	12%	87%	91%	9%	21%	19%	34%	26%
Single Parents	**13,619**	**2.9**	**1.7**	**36.0**	**26%**	**74%**	**67%**	**27%**	**3%**	**3%**	**26%**	**84%**	**82%**	**18%**	**15%**	**21%**	**42%**	**22%**
<100% of poverty threshold	3,570	3.1	2.0	34.2	17%	83%	62%	32%	2%	4%	27%	82%	78%	22%	14%	21%	45%	20%
100%-200%	3,705	3.0	1.7	35.4	22%	78%	65%	29%	3%	3%	32%	80%	80%	20%	14%	21%	43%	21%
200%-300%	2,440	2.8	1.6	37.4	29%	71%	71%	24%	2%	2%	24%	87%	82%	18%	15%	23%	40%	21%
300%-400%	1,631	2.7	1.4	36.5	32%	68%	69%	23%	4%	3%	22%	86%	85%	15%	15%	21%	41%	23%
400%+	2,273	2.5	1.4	37.9	39%	61%	73%	20%	4%	3%	17%	89%	88%	12%	18%	18%	38%	26%
Married No Kids	**23,799**	**2.5**	**—**	**50.7**	**70%**	**30%**	**84%**	**8%**	**7%**	**1%**	**13%**	**84%**	**82%**	**18%**	**16%**	**21%**	**39%**	**24%**
<100% of poverty threshold	648	2.3	—	52.7	58%	42%	77%	14%	7%	1%	20%	77%	77%	23%	12%	11%	54%	23%
100%-200%	1,438	2.4	—	52.4	68%	32%	77%	12%	9%	2%	23%	71%	74%	26%	13%	17%	47%	24%
200%-300%	2,329	2.4	—	51.2	67%	33%	81%	10%	6%	3%	22%	75%	73%	27%	12%	18%	47%	23%
300%-400%	2,547	2.6	—	50.2	72%	28%	81%	11%	7%	1%	19%	78%	78%	22%	13%	22%	40%	24%
400%+	16,836	2.5	—	50.5	71%	29%	86%	7%	7%	1%	9%	87%	84%	16%	18%	22%	36%	24%
Married Parents	**24,577**	**4.3**	**2.0**	**40.8**	**76%**	**24%**	**80%**	**9%**	**9%**	**2%**	**20%**	**75%**	**85%**	**15%**	**16%**	**21%**	**37%**	**25%**
<100% of poverty threshold	1,255	4.8	2.5	39.3	80%	20%	77%	12%	8%	3%	44%	49%	83%	17%	15%	18%	40%	27%
100%-200%	3,355	4.7	2.4	39.2	81%	19%	79%	10%	7%	3%	40%	60%	80%	20%	13%	18%	40%	28%
200%-300%	3,683	4.5	2.1	39.2	80%	20%	80%	11%	7%	3%	28%	71%	80%	20%	13%	21%	40%	27%
300%-400%	3,377	4.3	2.0	40.0	77%	23%	82%	9%	7%	3%	19%	80%	80%	20%	13%	24%	39%	25%
400%+	12,906	4.0	1.8	42.1	73%	27%	80%	7%	11%	1%	10%	82%	89%	11%	19%	22%	35%	24%
Elderly (65+)	**36,544**	**1.7**	**—**	**72.7**	**51%**	**49%**	**84%**	**11%**	**4%**	**1%**	**8%**	**88%**	**79%**	**21%**	**19%**	**21%**	**38%**	**22%**
<100% of poverty threshold	3,950	1.4	0.1	74.0	36%	64%	73%	21%	4%	2%	15%	82%	78%	22%	19%	18%	44%	20%
100%-200%	7,659	1.4	—	74.8	39%	61%	81%	14%	4%	1%	11%	87%	75%	25%	19%	19%	41%	21%
200%-300%	6,120	1.7	—	73.4	51%	49%	84%	11%	3%	2%	9%	88%	77%	23%	17%	23%	38%	22%
300%-400%	4,621	1.8	—	72.9	53%	47%	85%	9%	4%	1%	8%	88%	78%	22%	18%	22%	38%	22%
400%+	14,195	1.9	—	71.3	61%	39%	88%	7%	5%	1%	4%	91%	83%	17%	19%	23%	34%	24%

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†† *Poverty as defined by the Official Poverty Measure (OPM), officially used by the Census Bureau since 1963. Varies by family size, composition, and age of householder. Poverty line set as equal to three times the cost of a minimum diet in 1963 (adjusted for inflation). Uses gross income before tax as resource measure.*

Over the past decade, the average poverty rate of our population (using the OPM) increased between 2009 and 2014, then started to decline. Demographically, in 2019:

- *Geographic region* - The region with the highest poverty rate remained the South, at 43% of all FIUs below the poverty line.
- *Race and ethnicity* -
  - White people accounted for the largest portion of FIUs in poverty, at 70% of heads of FIUs below the poverty line in 2019, while they represented an even greater portion of heads of all FIUs (79%).
  - Black people were disproportionately represented among the poor, comprising 14% of heads of all FIUs, while representing 22% of heads of FIUs below the poverty line in 2019.

  - Hispanic people (included within each applicable race as well) were also disproportionately represented among the poor, comprising 15% of the heads of all FIUs, while representing 21% of heads of FIUs below the poverty line in 2019.
- *Gender* - Families where women were the primary earners accounted for 44% of all FIUs in 2019 but 59% of the poor. In particular, women disproportionately supported elderly poor families, where they were head-of-household for 49% of all elderly FIUs but 64% of the elderly poor FIUs. The same was true for families who were married with no kids, where women were head-of-household for 30% of this population but 42% of the subset that was below the poverty line.
- *Family type* - In 2019, by family type, the largest number of people in poverty were single people without kids. Single parents had the highest poverty rate, 26%, and were disproportionally represented among the poor (19% of the poor while 9% of all FIUs). Single people without kids had an 18% poverty rate and were also disproportionally represented among the poor, representing 49% of the poor and 34% of all FIUs. All other family types were under-represented among the poor (i.e. they comprised a smaller portion of the poor than they did of all FIUs).

Poverty profile using Supplemental Poverty Measure (calendar year 2019)

		Average Per Unit			Top Earner Gender		Race, Ethnicity of Unit Head											
Family and Individual Unit SubGroup/% of Poverty Threshold [1]	**# of Units** *(in K)*	**Persons**	**Children** *(Under 18)*	**Age of Unit Head**	**% Male**	**% Female**	**% White**	**% Black**	**% Asian**	**% Other Race**	**% Hispanic**	**% US-Born**	**% Urban**	**% Rural**	**% Northeast**	**% Midwest**	**% South**	**% West**
All Families	**149,441**	**2.2**	**0.5**	**50.6**	**56%**	**44%**	**79%**	**14%**	**6%**	**2%**	**15%**	**84%**	**83%**	**17%**	**17%**	**21%**	**38%**	**23%**
<100% of poverty threshold	20,064	1.9	0.5	50.0	45%	55%	71%	21%	6%	2%	23%	77%	84%	16%	17%	16%	41%	25%
100%-200%	39,224	2.2	0.6	49.8	51%	49%	74%	18%	5%	3%	22%	79%	81%	19%	16%	20%	40%	24%
200%-300%	30,847	2.3	0.5	49.3	57%	43%	79%	14%	6%	2%	15%	86%	82%	18%	16%	22%	38%	24%
300%-400%	21,658	2.2	0.5	49.9	60%	40%	82%	10%	6%	2%	11%	88%	82%	18%	17%	23%	37%	22%
400%+	37,649	2.1	0.3	52.8	64%	36%	86%	7%	6%	1%	7%	90%	85%	15%	19%	23%	36%	22%
Single No Kids	**50,901**	**1.2**	**—**	**40.7**	**52%**	**48%**	**75%**	**17%**	**6%**	**2%**	**16%**	**86%**	**85%**	**15%**	**17%**	**21%**	**38%**	**24%**
<100% of poverty threshold	8,906	1.2	—	39.8	48%	52%	69%	22%	7%	3%	21%	81%	84%	16%	16%	18%	41%	25%
100%-200%	13,395	1.3	—	41.2	51%	49%	71%	21%	5%	3%	21%	83%	83%	17%	16%	20%	40%	24%
200%-300%	10,555	1.2	—	39.7	51%	49%	74%	18%	5%	2%	16%	88%	85%	15%	17%	23%	36%	24%
300%-400%	7,278	1.2	—	40.1	54%	46%	80%	13%	5%	2%	13%	89%	85%	15%	18%	24%	37%	22%
400%+	10,768	1.1	—	42.3	55%	45%	82%	10%	7%	1%	9%	89%	88%	12%	20%	21%	35%	23%
Single Parents	**13,619**	**2.9**	**1.7**	**36.0**	**26%**	**74%**	**67%**	**27%**	**3%**	**3%**	**26%**	**84%**	**82%**	**18%**	**15%**	**21%**	**42%**	**22%**
<100% of poverty threshold	3,024	3.0	1.8	34.8	19%	81%	62%	31%	4%	3%	32%	77%	83%	17%	15%	18%	45%	23%
100%-200%	5,737	3.0	1.8	35.8	22%	78%	64%	30%	3%	3%	28%	83%	81%	19%	15%	21%	41%	22%
200%-300%	2,711	2.8	1.6	36.3	31%	69%	72%	22%	3%	2%	22%	89%	80%	20%	15%	23%	41%	21%
300%-400%	1,168	2.6	1.4	36.9	35%	65%	74%	20%	3%	3%	17%	91%	80%	20%	14%	22%	43%	22%
400%+	978	2.5	1.4	39.3	39%	61%	79%	15%	4%	2%	14%	91%	85%	15%	15%	24%	39%	22%
Married No Kids	**23,799**	**2.5**	**—**	**50.7**	**70%**	**30%**	**84%**	**8%**	**7%**	**1%**	**13%**	**84%**	**82%**	**18%**	**16%**	**21%**	**39%**	**24%**
<100% of poverty threshold	1,356	2.5	—	52.6	63%	37%	75%	13%	10%	2%	23%	68%	83%	17%	17%	12%	45%	27%
100%-200%	3,431	2.6	—	50.9	70%	30%	77%	12%	10%	2%	25%	69%	80%	20%	15%	17%	41%	28%
200%-300%	4,520	2.6	—	50.1	68%	32%	83%	10%	6%	1%	17%	81%	80%	20%	15%	20%	40%	25%
300%-400%	4,161	2.6	—	49.7	69%	31%	84%	8%	7%	2%	11%	86%	81%	19%	17%	22%	37%	24%
400%+	10,332	2.3	—	51.1	72%	28%	88%	5%	6%	1%	6%	91%	83%	17%	17%	24%	37%	21%
Married Parents	**24,577**	**4.3**	**2.0**	**40.8**	**76%**	**24%**	**80%**	**9%**	**9%**	**2%**	**20%**	**75%**	**85%**	**15%**	**16%**	**21%**	**37%**	**25%**
<100% of poverty threshold	1,576	4.5	2.1	40.2	78%	22%	78%	10%	9%	3%	47%	47%	88%	12%	16%	14%	35%	36%
100%-200%	6,366	4.5	2.2	39.2	80%	20%	78%	11%	8%	3%	33%	64%	84%	16%	15%	18%	38%	28%
200%-300%	6,074	4.3	2.0	40.1	75%	25%	80%	9%	9%	2%	18%	81%	82%	18%	16%	21%	38%	25%
300%-400%	4,202	4.2	1.9	41.2	75%	25%	81%	8%	9%	2%	11%	84%	83%	17%	16%	24%	38%	22%
400%+	6,359	4.0	1.8	43.1	73%	27%	81%	6%	12%	1%	7%	83%	88%	12%	19%	24%	36%	22%
Elderly (65+)	**36,544**	**1.7**	**—**	**72.7**	**51%**	**49%**	**84%**	**11%**	**4%**	**1%**	**8%**	**88%**	**79%**	**21%**	**19%**	**21%**	**38%**	**22%**
<100% of poverty threshold	5,202	1.6	0.1	74.0	41%	59%	75%	17%	6%	2%	15%	80%	81%	19%	20%	15%	40%	24%
100%-200%	10,294	1.6	—	73.9	43%	57%	80%	14%	4%	1%	11%	86%	77%	23%	19%	20%	39%	23%
200%-300%	6,987	1.8	—	72.7	52%	48%	85%	10%	4%	1%	7%	89%	80%	20%	18%	23%	38%	22%
300%-400%	4,849	1.8	—	71.9	55%	45%	87%	7%	4%	1%	5%	91%	79%	21%	18%	24%	36%	22%
400%+	9,212	1.8	—	71.4	64%	36%	91%	6%	3%	1%	3%	93%	79%	21%	18%	25%	36%	21%

† We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2019, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "More detail" to access it.

†† Poverty threshold as defined by the Supplemental Poverty Measure (SPM) from the Census Bureau. The SPM extends the official poverty measure by taking account of many of our Government programs designed to assist low-income families and individuals that are not included in the current official poverty measure. It uses different methodologies for household size and adjusts for cost of living differences across geographies.

Similar to the OPM, the average poverty rate of our population has declined using the SPM. Demographically, in 2019:

- *Geographic region* - The region with the highest poverty rate remained the South, at 41% of all FIUs in poverty below the poverty line.
- *Race and ethnicity* - White people accounted for the largest portion of FIUs in poverty, at 71% of heads of FIUs below the poverty line in 2019, while they represented an even greater portion of heads of all FIUs (79%). Black and Hispanic people were disproportionately represented among the poor, comprising 14% and 15% of heads of all FIUs, respectively, while representing 21% and 23%, respectively, of heads of FIUs below the poverty line in 2019.
- *Gender* - Families where women were the primary earners accounted for 44% of all FIUs in 2019 but 55% of the poor. In particular, women disproportionately supported poor families in elderly households, families who were married with no kids, and single families with kids, where the ratio of female head-of-household to households below the poverty line were 49% as compared to 59%, 30% to 37%, and 74% to 81%, respectively.
- *Family type* - In 2019, by family type, the largest number of people in poverty were single people without kids. Single parents had the highest poverty rate, 22%, and were disproportionally represented among the poor (15% of the poor while 9% of all FIUs). Single people without kids had a 17% poverty rate and were also disproportionally represented among the poor, representing 44% of the poor and 34% of all FIUs. The elderly had a 14% poverty rate and were also disproportionally represented among the poor, representing 26% of the poor and 24% of all FIUs. Married families were under-represented among the poor (i.e. they comprised a smaller portion of the poor than they did of all FIUs).

Subsidized housing

Calendar year	2019	2018	2014	2009	Change 2019 vs. 2018	Change 2019 vs. 2014	Change 2019 vs. 2009
People in subsidized housing (in thousands)	9,440	9,535	9,835	9,537	(1)%	(4)%	(1)%
People in subsidized housing per 100,000 people	*2,875*	*2,917*	*3,089*	*3,109*	*(1)%*	*(7)%*	*(8)%*

† We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2019, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "More detail" to access it.

The number of people in subsidized housing has fluctuated but decreased over the past decade. Demographically:

- *Gender* - Over the past decade, 75% to 78% of HUD subsidized households were headed by a woman, and 32% to 38% were headed by a woman with a child in the household.
- *Family type* - Over the past decade, 32% to 37% of HUD subsidized households had only one adult with children, while the number of households with two or more adults with children was 4% to 5%.
- *Race* - Households where the head-of-household is Black comprised 42% of the subsidized households in 2019, while households headed by a white person followed at 33%. Over the past decade, the Black head-of-household percentage decreased 1 percentage point, while the white head-of household percentage decreased 4 percentage points.
- *Age* - Households where the head-of-household is age 25 to 50 comprised 40% of the subsidized households in 2019, down from 46% in 2009, while households headed by a person over 62 years old followed at 37% in 2019, up from 32% in 2009.

Consumption

Calendar year	2019	2018	2014	2009	Change 2019 vs. 2018	Change 2019 vs. 2014	Change 2019 vs. 2009
Total household cash expenditures (consumption) (in billions)	$ 13,358	$ 12,861	$ 10,954	$ 9,417	4%	22%	42%
Cash expenditures per household	*$103,889*	*$100,803*	*$ 88,891*	*$ 80,363*	*3%*	*17%*	*29%*
Cash expenditures per household adjusted for inflation (2019 base)	*$103,889*	*$102,629*	*$ 95,996*	*$ 95,766*	*1%*	*8%*	*8%*

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One measure of standard of living may be household consumption. Total household cash expenditures have outpaced inflation by 8% over the past decade. In 2019, our largest household cash expenditures were for healthcare (25% of our expenditures), housing (18%), food (12%), and transportation (10%). The largest dollar increases in aggregate household expenditures over the last decade were in healthcare (growth of $1.1 trillion or 56%), food both in and out of the home ($481 billion or 44%), housing ($441 billion or 24%), transportation ($377 billion or 36%), recreation and entertainment ($258 billion or 45%), and technology ($188 billion or 39%).

As a comparison, medical care inflation was 26%, food inflation was 18%, overall inflation was 19%, population growth was 7%, and the median annual wage grew 20% over the past decade.

Health

The health reporting unit seeks to maintain good public health in America, by incentivizing healthy behavior and managing the public healthcare delivery system.

Health conditions

Calendar year	2019	2018	2014	2009	Change 2019 vs. 2018	Change 2019 vs. 2014	Change 2019 vs. 2009
Percent of adults with: [1]							
Asthma [2]	15%	15%	14%	14%	—ppt	1ppt	1ppt
Diabetes [3]	11%	11%	10%	8%	—ppt	1ppt	2ppt
Heavy drinker [4]	7%	7%	5%	6%	—ppt	2ppt	1ppt
Smoker [5]	16%	16%	18%	18%	—ppt	(2)ppt	(2)ppt
Exercise 1x/mo + [6]	74%	76%	77%	76%	(2)ppt	(3)ppt	(2)ppt
Obese [7]	32%	31%	30%	27%	1ppt	2ppt	5ppt
Overweight [8]	35%	35%	35%	36%	—ppt	—ppt	(1)ppt
Low sleep [9]	na	36%	35%	na	na	na	na

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na *An "na" reference in the table means the data is not available.*

1 *Data represents the median crude prevalence of conditions across all states and the District of Columbia.*

2 *Individuals who have ever been told that they have asthma.*

3 *Individuals who have ever been told by a medical professional that they have diabetes.*

4 *Males having 14+ drinks per week, females having 7+ drinks per week.*

5 *Individuals who smoke cigarettes every day or some days.*

6 *Individuals who in the past month have participated in any physical activities or exercises such as running, calisthenics, golf, gardening, or walking for exercise outside of regular job.*

7 *Individuals with a body mass index (BMI) greater than 29.9.*

8 *Individuals with a body mass index (BMI) between 25.0 and 29.9.*

9 *Individuals who sleep on average less than 7 hours during a 24-hour period.*

Americans report experiencing higher rates of asthma, diabetes, heavy drinking, and obesity than they were a decade ago. We look at these factors and others by family and individual unit (FIU) and income cohort in the table below.

Health profile (calendar year 2019)

Family and Individual Unit Sub Group/Income %	% Asthma [1]	% Diabetes [2]	% Heavy Drinker [3]	% Smoker [4]	% Exercise 1x / mo + [5]	% Obese [6]	% Overweight [7]	% Low Sleep [8]
	Percent of adults who have health condition							
All Families	**14.3%**	**10.1%**	**6.6%**	**12.4%**	**76.6%**	**30.4%**	**35.2%**	**na**
Bottom 20% ($0-$11K)	17.0%	17.4%	5.3%	18.7%	66.0%	32.5%	32.3%	na
Second 20% ($11K-$38K)	14.9%	12.6%	6.0%	16.3%	70.4%	31.9%	34.1%	na
Middle 20% ($38K-$72K)	14.1%	9.4%	6.9%	13.4%	76.1%	32.2%	34.8%	na
Fourth 20% ($72K-$130K)	13.3%	7.9%	7.1%	10.2%	80.4%	29.4%	36.5%	na
Top 20% ($130K+)	13.3%	6.8%	7.1%	7.8%	83.6%	27.7%	36.5%	na
Married No Kids	**13.8%**	**8.9%**	**7.5%**	**11.2%**	**78.9%**	**30.1%**	**36.5%**	**na**
Bottom 20%	14.4%	17.8%	5.7%	18.5%	69.8%	37.1%	32.4%	na
Second 20%	14.1%	12.9%	6.2%	17.4%	69.2%	32.7%	36.3%	na
Middle 20%	15.0%	11.6%	6.9%	13.5%	73.6%	32.5%	37.9%	na
Fourth 20%	13.2%	8.5%	7.5%	11.4%	78.4%	31.2%	36.6%	na
Top 20%	13.9%	7.0%	8.0%	8.9%	82.8%	27.8%	36.4%	na
Married Parents	**12.9%**	**5.1%**	**5.2%**	**9.0%**	**80.8%**	**30.9%**	**36.2%**	**na**
Bottom 20%	14.9%	9.9%	3.6%	13.4%	67.4%	36.5%	34.0%	na
Second 20%	13.5%	7.1%	3.8%	13.2%	70.8%	32.3%	36.1%	na
Middle 20%	12.1%	5.5%	4.5%	12.3%	75.5%	34.6%	35.5%	na
Fourth 20%	12.8%	4.6%	5.7%	9.1%	82.2%	30.9%	36.3%	na
Top 20%	12.9%	4.5%	5.5%	6.4%	85.0%	28.6%	36.5%	na
Single No Kids	**16.5%**	**7.5%**	**8.7%**	**18.3%**	**76.1%**	**30.6%**	**31.6%**	**na**
Bottom 20%	19.9%	11.5%	7.1%	24.6%	69.5%	32.2%	29.6%	na
Second 20%	16.3%	8.1%	8.1%	21.4%	72.5%	33.5%	30.0%	na
Middle 20%	15.3%	6.0%	9.4%	16.7%	78.1%	31.1%	32.1%	na
Fourth 20%	14.4%	4.9%	9.8%	12.6%	82.2%	26.2%	34.5%	na
Top 20%	15.7%	5.0%	10.5%	10.1%	84.2%	26.7%	33.3%	na
Single Parents	**17.2%**	**5.7%**	**6.1%**	**19.1%**	**73.7%**	**34.9%**	**31.7%**	**na**
Bottom 20%	20.0%	7.1%	5.0%	24.2%	69.7%	35.6%	28.9%	na
Second 20%	18.5%	6.3%	5.6%	21.3%	70.6%	35.3%	32.3%	na
Middle 20%	16.4%	4.9%	6.4%	16.4%	76.8%	35.9%	31.0%	na
Fourth 20%	13.2%	4.4%	8.2%	14.3%	80.0%	32.3%	34.3%	na
Top 20%	12.3%	3.7%	7.5%	10.6%	77.4%	30.4%	32.6%	na
Elderly (65+)	**12.9%**	**19.7%**	**4.9%**	**9.1%**	**71.8%**	**28.7%**	**37.6%**	**na**
Bottom 20%	14.3%	26.3%	3.7%	12.4%	61.1%	30.9%	35.5%	na
Second 20%	12.8%	21.1%	4.5%	10.1%	68.3%	28.9%	37.6%	na
Middle 20%	12.5%	17.4%	5.7%	8.6%	75.0%	30.0%	37.3%	na
Fourth 20%	13.0%	16.4%	5.3%	6.3%	78.7%	26.4%	39.5%	na
Top 20%	11.5%	13.5%	6.0%	6.2%	82.5%	25.8%	38.9%	na

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1 *Individuals who have ever been told that they have asthma.*

2 *Individuals who have ever been told by a medical professional that they have diabetes.*

3 *Males having 14+ drinks per week, females having 7+ drinks per week.*

4 *Individuals who smoke cigarettes every day or some days.*

5 *Individuals who in the past month have participated in any physical activities or exercises such as running, calisthenics, golf, gardening, or walking for exercise outside of regular job.*

6 *Individuals with a body mass index (BMI) greater than 29.9.*

7 *Individuals with a body mass index (BMI) between 25.0 and 29.9.*

8 *Individuals who sleep on average less than 7 hours during a 24-hour period.*

By income cohort, the higher the income, the lower the rates of asthma, diabetes, smoking, and obesity, and the higher the rates of heavy drinking, exercise, and being overweight. In 2019, the conditions where the gap between the lowest and highest income cohorts were greatest (greater than a 10-percentage point delta) were diabetes, smoking, and exercise:

- Higher income earners report lower instances of diabetes, at 6.8% of top earners compared to 17.4% of those who earn the least.
- Smokers accounted for just 7.8% of top earners, compared with 18.7% of those who earn the least.
- Those with higher income report exercising more often than the poor, with 83.6% of the top income cohort and 66.0% of the bottom income cohort exercising at least one time per month.

There is no family type that is consistently healthier than the others by all of these measures. The elderly often represent the extremes of these measures in both positive and negative respects; they have the highest rates for diabetes and overweight and the lowest rates of heavy drinking, exercising, and obesity. The two conditions where the gap between family types were greatest in 2019 (for those conditions where we have information) were diabetes and smoking. Married parents comprised 5.1% of those who reported having diabetes, while 19.7% of the elderly reported having this condition. Single parents accounted for 19.1% of those individuals who smoke every day or some days, compared with 9.0% of married parents.

Overall, in 2019, 66.0% of Americans were either overweight or obese. The highest rate of obesity was among single parents, while the lowest was among the elderly. The highest rate of those overweight was among the elderly, while the lowest was among singles without kids. The rate of obesity has increased over the last decade, while the rate of those overweight has decreased.

By major racial and ethnic group, there is no group that is consistently healthier than the others by all of these measures. The race or ethnicity with the highest and lowest rates of these measures are:

- *Asthma* - highest - Black people at 18%, lowest - Hispanic people at 12%
- *Diabetes* - highest - Black people at 13%, lowest - white people at 10%
- *Heavy drinker* - highest - white people at 7%, lowest - Black people at 5%
- *Smoking* - highest - Black people at 15%, lowest - Hispanic people at 10%
- *Exercise* - highest - white people at 78%, lowest - Black people at 72%
- *Obese* - highest - Black people at 39%, lowest - white people at 29%
- *Overweight (but not obese)* - highest - Hispanic people at 38%, lowest - Black people at 32%

All these populations generally follow the overall trend that the higher the income, the lower the rates of asthma, diabetes, smoking, and obesity, and the higher the rates of heavy drinking, exercise, and being overweight (but not obese).

Longevity and mortality

Calendar year	2019	2018	2014	2009	Change 2019 vs. 2018	Change 2019 vs. 2014	Change 2019 vs. 2009
Life expectancy at birth (years)	78.8	78.7	78.9	78.5	—%	—%	—%
Average age at death (years)	73.8	73.8	73.6	73.0	—%	—%	1%
Total deaths	2,854	2,839	2,626	2,437	1%	9%	17%
Deaths by leading and other select causes (in thousands):							
Circulatory diseases	875	869	808	785	1%	8%	11%
Cancers	615	615	608	582	—%	1%	6%
Respiratory diseases	271	283	258	239	(4)%	5%	13%
Accidents	173	167	136	118	4%	27%	47%
Mental disorders	134	135	151	106	1%	(11)%	26%
Heroin poisoning	14	15	11	3	(7)%	27%	367%
Other opioid	12	13	12	10	(8)%	—%	20%
Other synthetic narcotics[1]	36	31	6	3	16%	500%	1,100%
Firearm deaths	40	40	34	31	—%	18%	29%
Suicides	48	48	43	37	—%	12%	30%

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1 *Synthetic opioid analgesics other than methadone, including drugs such as fentanyl and tramadol.*

During the periods presented, life expectancy at birth had no notable change, and average age at death increased by 1%. Life expectancy for males and females, Hispanic people, non-Hispanic Black people and non-Hispanic white people, all increased, with the largest increase at 0.9 years, for Hispanic women. In 2019, male life expectancy at birth was 76.3 years and female was 81.4 years. For non-Hispanic Black people, life expectancy at birth was 74.7 years, while for non-Hispanic white people it was 78.8 years.

Causes of death

The leading causes of death, as shown in the table above, remained the leading causes throughout the periods shown in this report. Most leading causes of death have increased over the past decade, even when adjusting for population growth, except in the case of cancer, where the rates of death grew the same or slower than the rate of population growth. Though they are not leading causes of death, heroin, and other synthetic narcotic deaths have increased at rates far exceeding those of the leading causes over the past decade. Other synthetic narcotics had the most significant increase at 1,100% over the past decade, followed by heroin poisoning with an increase of 367%. Demographically:

- *Age and gender* – the age group between 25 to 34 made up the largest group of other synthetic narcotics and heroin death increases over the past decade at 30%, followed by those between the ages of 35 to 44 at 26%, and those between the ages of 45 and 54 at 18%. Male deaths were more than two times those of female deaths within each of these age groups.
- *Race and ethnicity* – White people experienced the most other synthetic narcotic deaths and heroin deaths, making up 80% of the increase over the past decade, with Black people following at 19%. American Indian or Alaska Native and Asian or Pacific Islanders each showed an increase in deaths of 1% over the decade.

Though also not a leading cause of death, deaths from firearms increased 29% over the past decade. In 2019, 60% of these deaths were suicides, 36% were homicides, and the remainder was not classified. Demographically:

- *Geography* - Metropolitan areas housed 82% of the firearm deaths, while 18% occurred in non-metropolitan areas.
- *Age* - A plurality of firearm deaths occurred for those between ages 20 and 34, at 32% of the deaths, while the least number occurred for those under 19, at 9% of the deaths.
- *Race and ethnicity* - White people experienced the most firearm deaths at 71%, while Black people experienced 27% of the deaths.

Suicide was the 10th leading cause of death overall in the US in 2019, with nearly two and a half times as many suicides (47,511) as there were homicides (19,141). Demographically:

- suicide was the second leading cause of death among individuals between the ages of 10 and 34 and the fourth among individuals between the ages of 35 and 44;
- among females, the suicide rate was highest for those aged 45-64 (9.6 per 100,000);
- among males, the suicide rate was highest for those aged 75 and older (39.9 per 100,000); and
- rates of suicide were highest for American Indian, non-Hispanic males (33.4 per 100,000) and females (11.1 per 100,000), followed by white non-Hispanic males (29.8 per 100,000) and females (8.0 per 100,000).

Healthcare affordability

Calendar year	2019	2018	2014	2009	Change 2019 vs. 2018	Change 2019 vs. 2014	Change 2019 vs. 2009
Total personal healthcare expenditures (in billions) [1]	$ 3,175	$ 3,022	$ 2,527	$ 2,106	5%	26%	51%
Personal healthcare expenditures per capita	*$ 9,670*	*$ 9,246*	*$ 7,937*	*$ 6,865*	*5%*	*22%*	*41%*
Personal healthcare expenditures adjusted for inflation (medical inflation, 2019 base) (in billions)	*$ 3,175*	*$ 3,089*	*$ 2,880*	*$ 2,788*	*3%*	*10%*	*14%*
Out-of-pocket healthcare expenditures (in billions) [2]	$ 404	$ 387	$ 340	$ 297	4%	19%	36%
Percentage of personal healthcare expenditures paid out-of-pocket	*13%*	*13%*	*13%*	*14%*	*—ppt*	*—ppt*	*(1)ppt*
Percentage of disposable income spent on healthcare [3]	23%	22%	22%	22%	1ppt	1ppt	1 ppt
Percentage of Americans that are uninsured	9%	9%	12%	15%	—ppt	(3)ppt	(6)ppt

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1 *Personal healthcare expenditures include hospital, physician and clinical, prescription drug, dental services, and other professional and durable products expenditures, as aggregated by the Centers for Medicare and Medicaid Services, Office of the Actuary, and National Health Statistics Group.*

2 *Out-of-pocket expenses are costs for medical care that aren't reimbursed by insurance, including deductibles, coinsurance, and copayments for covered services plus all costs for services that aren't covered.*

3 *See the definition of disposable income at the* Wealth creation *table below.*

Total personal healthcare expenditures rose 51% over the last decade, or 41% per capita. By type, these expenditures increased across all major categories, with the largest dollar increases in hospital ($423 billion or 55% increase), physician and clinical ($270 billion or 54%), and prescription drug ($84 billion or 33%) expenditures.

Private health insurance, Medicare, Medicaid, and individual "out-of-pocket" expenditures (excluding insurance premiums) made up 33%, 23%, 17%, and 13%, respectively, of the total personal healthcare expenditures payment sources in 2019. Over the decade, spending from all payment sources increased, except for general assistance (direct payments for health care expense to or on behalf of those who do not qualify for federally financed assistance programs), and maternal and child health programs. Payments from the Department of Veterans Affairs grew at the highest rate (92%), while payments from general assistance decreased by 13% over the decade.

In 2019, households spent 23% of their disposable household cash income on healthcare as compared to 22% in 2009. Over the past decade, as a percentage of disposable household income, spending in most every major healthcare category increased, with the largest increases in net health insurance and pharmaceutical products, at a 0.4 percentage point increase in each.

In 2019, 9% of Americans were uninsured, including 6% of children, a decrease from 15% of Americans, including 9% of children, in 2009. Experience varies by race and ethnicity, with white non-Hispanic people having the lowest uninsured rates at 6% in 2019, down from 11% in 2009, and American Indian/Alaska Native people having the highest rates at 19% in 2019, down from 29% in 2009.

Blessings of Liberty (BL)

This segment works to secure the blessings of liberty to the US population and its posterity. Its reporting units are education, wealth and savings, sustainability and self-sufficiency, and the American Dream. Overall, the long-term trend for the past decade shows we:

- ***made meaningful progress*** on: net asset accumulation, including total and average household financial and real estate assets paired with lower mortgage debt; numbers of participants in 401(K) type private pension plans; total pension assets; the number of associate's degrees granted; civil rights crimes reported for employment, housing and health discrimination; environmental sustainability and self-sufficiency, including reduced net energy consumption, increased energy consumption from renewable sources, number of days reaching unhealthy level for air quality, and overall water quality as measured by quantity of suspended solids; and increased consumption of grains and soy vs. meat and poultry; and

- ***regressed notably*** in the cost of higher education, total government debt as a percentage of GDP and per capita, levels of nitrate plus nitrite found in water, and crop failures.

Shorter-term trends may differ.

Education

The education reporting unit seeks to increase educational attainment in the US.

Pre-kindergarten to grade 12

Academic year, except as otherwise noted	2019	2018	2014	2009	Change 2019 vs. 2018	Change 2019 vs. 2014	Change 2019 vs. 2009
Head Start [1] funded enrollment (in thousands) (fiscal year)	873	887	927	904	(2)%	(6)%	(3)%
Head Start [1] funded enrollment per 10,000 children age birth-5	*446*	*448*	*466*	*447*	*—%*	*(4)%*	*—%*
Percentage of 3-5 year-olds enrolled in educational programs:							
Full day	na	41%	40%	na	na	na	na
Half day	na	23%	25%	na	na	na	na
Percentage of 5- to 17-year-olds enrolled in public elementary and secondary school	na	94.4%	93.1%	91.5%	na	na	na
Rate of high school graduates as percentage of freshman cohort	na	86%	83%	na	na	na	na
Percentage of population 25 years and over with a high school diploma or GED (no more or less education)	28%	29%	30%	31%	(1)ppt	(2)ppt	(3)ppt
% students at or above proficient NAEP [2] reading level							
4th grade	35%	na	na	33%	na	na	2ppt
8th grade	34%	na	na	32%	na	na	2ppt
% students at or above proficient NAEP [2] math level							
4th grade	41%	na	na	39%	na	na	2ppt
8th grade	34%	na	na	34%	na	na	—ppt

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na *An "na" reference in the table means the data is not available.*

1 *Head Start provides programs that promote school readiness of children ages birth to five from low-income families by supporting their development in a comprehensive way. The programs offer a variety of service models, depending on the needs of the local community, including programs based in schools, child care centers, and family child care homes. Some programs offer home-based services that assigned dedicated staff who conduct weekly visits to children in their own home and work with the parent as the child's primary teacher.*

2 *National Assessment of Educational Progress, the largest nationally representative and continuing assessment of what America's students know and can do in various subject areas. Since NAEP assessments are administered uniformly using the same sets of test booklets across the nation, NAEP results serve as a common metric for all states and selected urban districts. The assessment stays essentially the same from year to year, with only carefully documented changes. This permits NAEP to provide a clear picture of student academic progress over time.*

Enrollment and graduation

Head Start funded enrollment decreased 3% over the past decade. The percentage of children ages three to five that are enrolled in education programs increased from 2008 to 2018 (the most recent decade available), from 63% to 64%, with those enrolled in full day programs increasing and those enrolled in half day programs decreasing.

As a percentage of the applicable population, enrollment in public elementary and secondary schools was generally consistent over the past decade, though the data is not available for 2019.

The rate of high school graduates as a percentage of those that began high school increased from 2010 (the most recent comparative period for which data is available) to 2018 (the latest comparative period for which data is available).

The percentage of the population age 25 years and older whose highest schooling is a high school diploma or GED (no more or less education) decreased over the past decade. In 2019, demographically:

- *Gender* – percentages of males and females were similar at 29% and 27% of each population, respectively;
- *Age* – percentages increased with age, with 25- to 34-year-olds and 35- to 54-year-olds each at 26%, and 55-year-olds and older at 31%; and
- *Race and ethnicity* – Asian people have the lowest percentage at 18%, followed by people who are non-Hispanic white at 27%, white at 28%, Hispanic of any race at 31%, and Black at 33%.

Educational proficiency

The NAEP scores are provided every two years. Between 2009 and 2019, the reading proficiency rates increased for both 4th and 8th graders, while the math proficiency rates increased for 4th graders and remained unchanged for 8th graders. There are notable demographic variances in 2019:

- *Race and ethnicity* – Asian children are the most proficient in both reading (55% are proficient at grade 4, 54% at grade 8) and math (66% at grade 4, 62% at grade 8), followed by white children in reading (45% at grade 4, 42% at grade 8) and math (52% at grade 4, 44% at grade 8). American Indian/Alaska Native and Black children perform at the lowest end of the range, with Black children the least proficient at reading (18% at grade 4, 15% at grade 8) and math (20% at grade 4, 14% at grade 8) and American Indian/Alaska Native children not faring much better at reading (19% at both grades) and math (24% at grade 4, 15% at grade 8).
- *Gender* – boys are more proficient in math, while girls are more proficient in reading. However, by grade 8, girls are nearly as proficient in math as boys. For math, boys were 44% proficient at grade 4 and 34% proficient at grade 8, while girls were 38% proficient and 33% proficient, respectively. For reading, girls were 38% proficient at grade 4 and 39% at grade 8, while boys were 32% proficient and 28% proficient, respectively.
- *Residential area* – For both reading and math, students are more proficient when they live in suburbs, followed by rural areas, then towns, then cities, with the exception of 8th grade reading, where the ranking is suburbs, followed by rural areas, then cities, then towns.
- *State* – Students in Massachusetts are the most proficient in reading for both 4th and 8th grades, at 45% each, while 4th grade students in New Mexico and 8th grade students in DC have the lowest proficiency in reading, at 24% and 23%, respectively. Students in Minnesota are the most proficient in 4th grade math, and students in Massachusetts are most proficient in 8th grade math, at 53% and 47%, respectively, while 4th grade students in Alabama and 8th grade students in New Mexico have the lowest proficiency in math, at 28% and 21%, respectively.

Higher education

Academic year (In thousands, except percentages)	**2019**	**2018**	**2014**	**2009**	**Change 2019 vs. 2018**	**Change 2019 vs. 2014**	**Change 2019 vs. 2009**
Average annual cost of undergraduate education	$ 24,623	$ 23,833	$ 20,995	$ 17,045	3%	17%	44%
Average annual cost of undergraduate education adjusted for inflation (2019 base) [1]	*$ 24,623*	*$ 24,265*	*$ 22,673*	*$ 20,312*	*1%*	*9%*	*21%*
Rate of college enrollment as percentage of recent high school graduates	69%	67%	66%	69%	2ppt	3ppt	—ppt
Rate of graduation from four-year institutions within six years of start	63%	62%	60%	58%	1ppt	3ppt	5ppt
Rate of graduation from two-year institutions within three years of start	34%	32%	28%	na	2ppt	6ppt	na
Number of associate's degrees conferred by postsecondary institutions	1,037	1,012	1,005	787	2%	3%	32%
Percentage of population 25 years and over with a bachelor's degree or higher	36%	35%	32%	30%	1ppt	4ppt	6ppt

† *We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2019, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "More detail" to access it.*

1 *Cost is the average undergraduate tuition, fees, room, and board rates charged for full-time students in degree-granting postsecondary institutions, both 2-year and 4-year institutions. Adjusted for inflation at the source.*

Average annual cost (adjusted for inflation)

The average annual cost of undergraduate education, adjusted for inflation, has increased 21% over the past decade. The cost for 4-year institutions and that for 2-year institutions increased at the same rate at 17% each. Among the components of the cost of education, tuition and fees and dormitory room costs increased the most at 24% and 25% growth, respectively. Inflation over the decade was 18%.

Enrollment

The overall rate of college enrollment by recent high school graduates has fluctuated but remained steady over the decade. From 2009 to 2019, the rate of enrollment in 4-year institutions rose 2.0 percentage points, while enrollment in 2-year institutions dropped 5.9 percentage points. The rate of male enrollment declined 4.0 percentage points, with enrollment in 2-year institutions decreasing 2.3 percentage points and enrollment in 4-year decreasing 1.7 percentage points. The rate of female enrollment also declined 4.0 percentage points, with enrollment in 2-year institutions decreasing 9.2 percentage points, offset in part by an increase in enrollment in 4-year institutions of 5.2 percentage points. From 2009 to 2016 (the latest date for which data is available), the rate of college enrollment by students coming from low-income families increased by 11.5 percentage points, while enrollment by middle-income and high-income students both decreased 1.7 percentage points.

Graduation

The rates of graduation from 4-year institutions have increased 5% over the decade. However, the rates vary by type of institution and the gender and race of the student. Comparative information for 2-year institutions was unavailable for 2009.

4-year institutions

For 4-year institutions, in most years, the rates of graduation from for-profit institutions are less than half of the rates from each public and nonprofit institutions. In 2019, these rates were 26%, 62%, and 68%, respectively. Over the past decade, graduation rates from 4-year institutions increased overall and for all types of institutions.

Females graduate from 4-year institutions at higher rates than men, at 66% and 60%, respectively, in 2019. These graduation rates reflect increases of 4.8 and 6.3 percentage points among males and females, respectively, over the past decade. By institution type, males and females both graduated at the highest rates from nonprofit 4-year institutions.

By race and ethnicity, Asian people enjoyed the highest rate of graduation from 4-year institutions, at 75% in 2019, while American Indian/Alaska Native people had the lowest rate, at 41%.

2-year institutions

In contrast to 4-year institutions, for 2-year institutions, in most years, the rates of graduation for both males and females from public institutions are less than half of the rates from each for-profit and nonprofit institutions. In 2019, these overall graduation rates were 28%, 61%, and 59%, respectively. Similar to 4-year institutions, by race and ethnicity, Asian people enjoyed the highest rate of graduation from 2-year institutions, at 40% in 2019, while American Indian/Alaska Native people had the lowest rate, at 27%.

Comparative information for 2-year institutions was unavailable for 2009. However, compared to 2011 (the year closest to 2009 for which we have information), graduation rates from 2-year institutions increased 2 percentage points. The rates increased in nonprofit and public institutions, by 2.1 and 8.0 percentage points, respectively, and decreased 0.5 percentage points in for-profit institutions. By gender, graduation rates increased 3.6 percentage points among males and 1.4 percentage points among females. By race and ethnicity, White people showed the largest increase in graduation rates at 5.9 percentage points, followed by Asian people at 4.9 percentage points, and American Indian/Alaska Native and Black people at 1.4 and 0.8 percentage points, respectively, while the graduation rates for Hispanic people decreased 3.5 percentage points for the period.

Degrees

Associate's degree

The number of associate's degrees conferred by postsecondary institutions increased 32% over the last decade. In 2019, demographically:

- *Gender* – 39% of the degrees were conferred to males, while 61% were conferred to females; and
- *Race and ethnicity* – a majority (52%) of the degrees were earned by white non-Hispanic students, with the second and third largest populations, Hispanic and Black non-Hispanic students, earning 24% and 12% of the degrees, respectively.

Bachelor's or higher degree

The percentage of the population 25 years and older with a bachelor's degree or higher increased 6 percentage points over the last decade, reaching 36% in 2019.

In 2019, demographically:

- *Gender* – females had a 2-percentage point higher rate than males of obtaining a master's degree (11% and 9%, respectively) and a 0.5 percentage point higher rate for bachelor's degrees (23% and 22% respectively), while males had a 0.5 percentage point higher rate of obtaining professional degrees (2%) than women (1%) and a 0.7 percentage point higher rate for doctorate degrees (2% each, rounded);
- *Age* – the rates of bachelor's degrees decrease with age, with 25- to 34-year-olds at 28%, 35- to 54-year-olds at 24%, and 55-year-olds and older at 19%, while rates of master's, professional, and doctorate degrees all generally have higher rates in the older age groups; and
- *Race and ethnicity* – Asian people had the highest rate of earning all degrees, at 33% for bachelor's, 18% for master's, 2% for professional, and 5% for doctorate degrees, while Hispanic people of any race have the lowest rates at 13% for bachelor's, 4% for master's, and 1% for each professional and doctorate degrees.

Education profile (calendar year 2019)

One way to analyze education outcomes is by family and individual units (FIUs) and income cohorts. As discussed under *Part I, Item 1. Purpose and Function of Our Government, Customers, Cohorts of our population* of this report, although we categorize the families based on presence of children under 18, if a person is aged 18 or older and still living in the family with relatives, she would not be her own economic unit unless she had her own subfamily. Therefore, in the table below, households that are "no kids" may have students currently living in the home, either young adult students still living at home or adults who have gone back to school.

Family and Individual Unit Sub Group/Income %	Educational Attainment of Unit Head: % Some H.S.	% H.S. Diploma	% Some College	% College Graduate	# of Students in Household (in thousands): Pre-School (Aged 3+)	K-12 Public	K-12 Private	College Full-Time	College Part-Time
All Family and Individual Units	**9%**	**26%**	**28%**	**37%**	**5,132**	**47,197**	**6,225**	**13,322**	**4,259**
Bottom 20% ($0-$11K)	21%	35%	26%	18%	506	5,044	488	2,659	524
Second 20% ($11K-$38K)	11%	35%	31%	22%	776	8,364	660	2,130	740
Middle 20% ($38K-$72K)	8%	28%	30%	34%	901	9,464	917	1,927	818
Fourth 20% ($72K-$130K)	4%	21%	29%	46%	1,355	11,480	1,439	2,688	1,057
Top 20% ($130K+)	2%	13%	21%	64%	1,554	12,318	2,684	3,796	1,081
Single No Kids	**8%**	**27%**	**29%**	**36%**	—	**655**	**63**	**4,843**	**1,417**
Bottom 20%	16%	33%	31%	21%	—	179	30	2,167	297
Second 20%	9%	35%	32%	24%	—	141	12	1,208	400
Middle 20%	4%	27%	30%	39%	—	199	10	687	351
Fourth 20%	3%	16%	24%	58%	—	97	6	476	277
Top 20%	1%	11%	15%	73%	—	31	5	252	85
Single Parents	**17%**	**31%**	**31%**	**21%**	**1,362**	**15,369**	**1,060**	**1,072**	**428**
Bottom 20%	34%	35%	23%	7%	409	3,554	264	241	72
Second 20%	14%	38%	36%	13%	499	5,107	314	345	143
Middle 20%	8%	26%	37%	28%	282	3,679	246	258	121
Fourth 20%	5%	20%	30%	45%	130	2,103	133	152	66
Top 20%	5%	12%	23%	60%	26	614	85	72	19
Married No Kids	**7%**	**25%**	**28%**	**40%**	—	**683**	**107**	**3,574**	**898**
Bottom 20%	21%	37%	21%	20%	—	20	5	85	22
Second 20%	16%	38%	26%	19%	—	52	12	176	33
Middle 20%	13%	35%	30%	22%	—	103	7	389	97
Fourth 20%	6%	29%	32%	33%	—	186	32	1,000	254
Top 20%	3%	16%	26%	56%	—	321	50	1,898	479
Married Parents	**8%**	**20%**	**25%**	**48%**	**3,705**	**29,303**	**4,848**	**3,182**	**1,067**
Bottom 20%	25%	29%	22%	25%	92	968	151	103	39
Second 20%	22%	33%	24%	21%	268	2,807	302	275	70
Middle 20%	16%	32%	28%	24%	603	5,284	643	486	191
Fourth 20%	5%	22%	30%	42%	1,211	8,894	1,236	890	354
Top 20%	1%	10%	19%	70%	1,505	11,166	2,500	1,394	409
Elderly (age 65+)	**11%**	**29%**	**27%**	**33%**	**66**	**1,187**	**147**	**651**	**449**
Bottom 20%	24%	36%	23%	17%	5	323	37	63	94
Second 20%	10%	34%	30%	25%	8	257	19	126	95
Middle 20%	6%	27%	30%	37%	16	199	11	107	59
Fourth 20%	3%	20%	28%	48%	13	200	32	169	106
Top 20%	2%	13%	22%	64%	23	186	45	180	89

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In 2019, 37% of all heads-of-households had a college degree, with the percentage climbing with each income cohort, from 18% at the lowest income cohort to 64% at the highest. Another 28% had some college education, and 26% had only a high school diploma. Nine percent of all heads-of-households had no college degree or high school diploma.

By family type, married parents are most likely to be among the college-educated, at 48% of the heads of these households having graduated college. The least likely are single parents, at 21% having graduated college. The highest-educated group is single with no kids in the top 20% by income, with 73% holding college degrees. Those with the least education are single parents in the bottom 20% by income, of whom just 7% are college graduates and 34% have only some high school education.

Wealth and savings

The wealth and savings reporting unit encourages wealth creation through fair taxation and tools for homeownership, and encourages saving for retirement through pension plans, Social Security, and Medicare, while seeking to maintain a manageable balance between current expenditures and future debt.

Wealth creation

Calendar year	2019	2018	2014	2009	Change 2019 vs. 2018	Change 2019 vs. 2014	Change 2019 vs. 2009
Rate of savings as a percentage of disposable income [1]	14%	14%	14%	12%	—ppt	—ppt	2ppt
Total household financial assets (primarily at market value) (in billions)	$ 93,387	$ 82,406	$ 71,347	$ 49,957	13%	31%	87%
Average financial assets (per household)	*$ 726,298*	*$ 641,540*	*$ 578,979*	*$ 426,321*	*13%*	*25%*	*70%*
Average financial assets adjusted for inflation (2019 base)	*$ 726,298*	*$ 653,166*	*$ 625,254*	*$ 508,034*	*11%*	*16%*	*43%*
Homeownership rate (as a percentage of households)	65%	64%	64%	68%	1ppt	1ppt	(3)ppt
Average real estate assets (per household)	$ 260,917	$ 247,454	$ 197,026	$ 180,994	5%	32%	44%
Average real estate assets adjusted for inflation (2019 base)	*$ 260,917*	*$ 251,938*	*$ 212,773*	*$ 215,685*	*4%*	*23%*	*21%*
Average home mortgage debt (per household)	$ 81,515	$ 79,438	$ 76,177	$ 89,104	3%	7%	(9)%
Average home mortgage debt adjusted for inflation (2019 base)	*$ 81,515*	*$ 80,878*	*$ 82,265*	*$ 106,183*	1%	*(1)%*	*(23)%*

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1 *Disposable income is a USAFacts defined value equal to market income plus government transfers to households (includes Social Security, Medicare, Medicaid, Supplemental Security Income, SNAP, EITC, etc), minus direct taxes (including payroll taxes, personal income taxes, taxes on owner-occupied housing, etc).*

The rate of savings as a percentage of disposable income increased 2 percentage points over the past decade, due to increases in income that outpaced increases in expenditures. Disposable income increased primarily due to higher wages and salaries (49% increase) and government transfers to households (see footnote 1 to the table above, a 47% increase), as well as due to sole proprietor/partnership income (70% increase), retirement benefit distributions (69% increase), and capital gains (269% increase). See analysis of the taxable components of income in *Revenues*, *Federal individual income tax revenue* above. Expenditures increased primarily in the categories of health (56% increase), food (44% increase), and housing (24% increase).

Financial assets

Total and average (per household) financial assets (excluding real estate) increased over the past decade, 87% and 70%, respectively. Total household financial assets increased $43.4 trillion, primarily reflecting increases in corporate equities ($13.8 trillion), pension entitlements ($11.3 trillion), equity in noncorporate business ($6.1 trillion), and mutual fund shares ($5.9 trillion). Average household financial assets increased at a lower rate than total household financial assets due to a 10% increase in the number of households.

Real estate

In 2019, 65% of households owned their home. The percentage of families that are homeowners fell 3 percentage points over the last decade, including:

- *By geography*, the largest decrease was at 3.5 percentage points in the South, while the lowest decrease was 2.1 percentage points in the West;
- *By race and ethnicity*, the largest decrease was among Black people at 3.7 percentage points, and the lowest decrease was among non-Hispanic white people at 1.6 percentage points; and
- *By income group*, the rate of decrease was 3.2 percentage points among households with family income greater than or equal to the median family income and 0.8 percentage points among households with family income less than the median.

Average real estate assets (not included in financial assets) per household increased 44% over the past decade, while average mortgage debt decreased 9%. Since 2012, average real estate asset values per household have been climbing, and since 2015, average home mortgage debt per household has been climbing. In 2019, average real estate assets less average mortgage debt per household was $179,402.

Wealth profile (calendar year 2019, produced every three years)

	Average Assets (thousands)	Average Debt (thousands)	Average Net Worth (thousands)	Ratio of Debt Payments to Income (Avg.)	% Families Past Due on Debt (60 Days)	% Families that Saved
All families	**$ 857**	**$ 108**	**$ 749**	**11.8%**	**5.4%**	**58.6%**
Bottom 20% of income [1]	150	20	129	16.2%	8.0%	36.5%
Second 20% of income [1]	182	42	140	15.9%	8.3%	47.8%
Middle 20% of income [1]	296	73	224	16.3%	6.9%	59.8%
Fourth 20% of income [1]	555	125	429	16.4%	3.6%	68.8%
Top 20% of income [1]	3,100	279	2,821	8.7%	1.0%	79.8%
Under 35	157	80	76	14.3%	7.4%	60.7%
Age 35-44	601	165	436	15.9%	7.5%	57.9%
Age 45-54	985	152	833	12.5%	6.2%	57.6%
Age 55-64	1,289	113	1,176	10.3%	3.8%	58.1%
Age 65-74	1,291	74	1,217	8.6%	3.1%	60.7%
Age 75+	1,023	45	978	7.3%	0.5%	54.9%

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1 *Data from the* Survey of Consumer Finances, *The Federal Reserve Board. This source has a subset of this data for more recent periods The income classifier used is "usual" income, designed to capture a version of household income with transitory fluctuations smoothed away in order to approximate the economic concept of "permanent" income. Usual income differs from actual income when the respondent reports that the family experienced a negative or positive income "shock" that is unlikely to persist, say from a temporary unemployment spell or an unexpected salary bonus; respondents are given the option to report their usual income if they believe they experienced a temporary deviation. The definition of "family" is a primary economic unit (PEU), distinct from everyone else in the household. The PEU is intended to be the economically dominant single person or couple (whether married or living together as partners) and all other persons in the household who are financially interdependent with that economically dominant person or couple.*

By income cohort, in 2019, families in the top 20% of income had higher average net worth than all other income cohorts, including 558% higher net worth than the next highest income cohort, and 2,087% higher net worth than the lowest income cohort.

Families in all income cohorts held a plurality of their asset in primary residences, except the top 20%, which held a plurality in other nonfinancial assets. By age, average assets in 2019 grew as we moved up each age cohort, peaked at ages 65 to 74 years old, and then decreased again for those age 75 and older. Except for those age 55 to 64, families of each age group held the largest portion of their assets in primary residences, followed by other non-financial assets (except for those under age 75 and older, where other financial assets was the second highest category). Those age 55 to 64 held a plurality of their assets, 23%, in other nonfinancial assets.

Families in all income and age cohorts held a majority (69% overall) of their debt in primary residence mortgages. The second highest debt category for all income cohorts (except for the top 20%) was other education loans, and, by age (except for those under 44), the second highest category was other residential debt. By age, average debt in 2019 peaked at age 35 to 44, then decreased as we moved up each age cohort.

The ratio of debt payments to income did not follow a discernable pattern as we moved between income cohorts, with the highest ratio in the fourth income quintile from the bottom and the lowest ratio in the top income quintile. The ratio of debt payments to income, however, peaked at age 35 to 44 and then decreased as we moved up the age cohorts.

The percentage of families that were past due on debt by 60 days or more peaked in the second income quintile and decreased as we moved up the income cohorts. By age, the rates peaked at age 35 to 44, then decreased as we moved up the age cohorts.

The percentage of families that saved increased as we moved up the income cohorts. By age, the rates of those who saved did not vary greatly, clustering around 55%-60%, with the maximum variance in savings rates between age cohorts at 5.8 percentage points.

Retirement

	2019	2018	2014	2009	Change 2019 vs. 2018	Change 2019 vs. 2014	Change 2019 vs. 2009
Elderly (65+) poverty rate	9%	10%	10%	9%	1ppt	1ppt	—ppt
Number of active participants in private pension plans (in thousands)[1]	98,106	96,449	89,872	90,105	2%	9%	9%
Active participants in private pension plans as a percentage of the working age population	*47%*	*46%*	*44%*	*45%*	*1ppt*	*3ppt*	*2ppt*
Private retirement plan assets per active participant[1]	$ 109,138	$ 95,730	$ 92,436	$ 61,163	14%	18%	78%
Private retirement plan assets per active participant adjusted for inflation (2019 base)	*$ 109,138*	*$ 97,098*	*$ 99,824*	*$ 72,886*	*12%*	*9%*	*50%*
Annual rate of return earned by pension plans with 100 or more participants	18.4%	(3.3)%	7.8%	15.2%	21.7ppt	10.6ppt	3.2ppt
Number of active participants in 401(k) type private pension plans (in thousands)[1]	72,202	70,335	62,651	60,285	3%	15%	20%
Active participants in 401(k) type private pension plans as a percentage of the working age population	*35%*	*34%*	*30%*	*30%*	*1ppt*	*5ppt*	*5ppt*
401(k) type private retirement plan assets per active participant[1]	$ 86,455	$ 74,347	$ 70,229	$ 45,352	16%	23%	91%
401(k) type private retirement plan assets per active participant adjusted for inflation (2019 base)	*$ 86,445*	*$ 75,694*	*$ 75,842*	*$ 54,045*	*14%*	*14%*	*60%*
Rate of return earned by 401(k) type plans with 100 or more participants	20.1%	(4.5)%	6.7%	18.8%	24.6ppt	13.4ppt	1.3ppt

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[1] *Active participants include any workers currently in employment covered by a plan and who are earning or retaining credited service under a plan. This category includes any nonvested former employees who have not yet incurred a break in service. Active participants also include individuals who are eligible to elect to have the employer make payments to a Code section 401(k) plan.*

Elderly poverty

The rate of the elderly in poverty, 9%, is equal to the rate of a decade ago. In 2019, by gender, the rate of poverty was higher among female elderly, at 10% of the respective population, than among male elderly, at 7% of the respective population. The poverty rates were the highest among elderly Black people at 18%, down from 20% in 2009, whereas the poverty rates were the lowest among the elderly white people at 7%, remaining unchanged over the decade.

Private pension plan participation

The number of active participants in private pension plans, including 401(k) type plans, has increased over the past decade, outpacing the increase in the working age population. Underlying the overall increase is a 19% increase in active participation in defined contribution plans, offset in part by a 30% decrease in active participation in defined benefit plans. Defined contribution plans are pension plans where the periodic contribution by the sponsor is known but the ultimate benefit to be provided is unknown. Defined benefit plans are pension plans where the ultimate benefit to be provided by the sponsor is known and the contribution amount may vary to reach that goal.

Private pension plan assets per active participant increased over the past decade. In 2019, average pension plan assets per active participant amounted to $109,138 in all private pension plans and $86,455 in 401(k) type plans. Annual rates of return on private pension plan assets were positive in 2019, as they were a decade ago, at 18.4% for all private pension plans and 20.1% for 401(k) type plans in 2019, compared to 15.2% for private pension plans and 18.8% for 401(k) type plans in 2009. For comparative purposes, using beginning and ending federal fiscal year (October 1 to September 30) closing prices, the S&P 500 produced a 1.3% return in 2019 and a loss of 8.7% in 2009.

Government obligations

Fiscal year	2019	2018	2014	2009	Change 2019 vs. 2018	Change 2019 vs. 2014	Change 2019 vs. 2009
Total Government debt held by the public as % of GDP	89%	87%	85%	68%	2ppt	4ppt	21ppt
Total Government debt held by the public per person	*$ 54,208*	*$ 51,426*	*$ 44,980*	*$ 26,049*	*5%*	*21%*	*108%*

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Total Government debt held by the public as a percentage of GDP increased 21 percentage points over the last decade, with Government debt held by the public increasing 90% and GDP increasing 49%. Per person in the US, total Government debt held by the public increased 108%. See additional discussion of our Government's debt at *Financial Condition, Debt* below.

Sustainability and self-sufficiency

The sustainability and self-sufficiency reporting unit works to protect our environment, manage our natural resources responsibly, and increase our self-sufficiency.

Energy and water

Calendar year	2019	2018	2014	2009	Change 2019 vs. 2018	Change 2019 vs. 2014	Change 2019 vs. 2009
Energy							
Primary energy consumption (quadrillion Btu) [1]	100	101	98	94	(1)%	2%	6%
Energy consumption from renewable sources and nuclear (quadrillion Btu)	20	20	18	16	—%	11%	25%
Net consumption of energy (quadrillion Btu) [2]	—	7	11	21	(100)%	(100)%	(100)%
Spot price of West Texas Intermediate (WTI) crude oil per barrel	$ 56.99	$ 65.23	$ 93.17	$ 61.95	(13)%	(39)%	(8)%
Spot price of Henry Hub natural gas per million Btu	$ 2.57	$ 3.15	$ 4.39	$ 3.95	(18)%	(41)%	(35)%
Coal prices per short ton – open market	$ 33.45	$ 32.69	$ 35.72	$ 34.74	2%	(6)%	(4)%
Water							
Water use per day (billions of gallons) [3]	na	na	na	na	na	na	na

† *We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2019, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "More detail" to access it.*

na *An "na" reference in the table means the data is not available.*

1 *Primary energy is energy in the form found at its original source, which has not been converted or transformed.*

2 *Net consumption of energy is primary energy consumption less energy production.*

3 *The USGS had estimated water use for the US every 5 years since 1950. In 2016, it stopped, and we are not aware of a new source for this data.*

Energy

Primary energy consumption increased over the past decade, though at a rate lower than the increase in the portion of our energy consumption that is fueled by renewable sources and nuclear. Over the past decade, consumption of fossil fuels increased 2.6 quadrillion Btu or 3%, renewable energy consumption increased 3.8 quadrillion Btu or 50%, and consumption of nuclear electric power increased 97 trillion Btu or 1%. By source, over the past decade:

- *Fossil fuels* - Consumption of coal decreased (8.4 quadrillion Btu or 43%), while consumption of other fossil fuels increased, with petroleum up (2.1 quadrillion Btu or 6%) and natural gas up (8.8 quadrillion Btu or 38%). The price of a barrel of crude oil dropped 8%, the price of natural gas dropped 35%, and coal prices dropped 4%.
- *Renewable sources* - Consumption of energy from all renewable energy sources increased, except for hydroelectric power. Energy consumption increased from wind (1.9 quadrillion Btu or 265% increase), biofuels

(1.1 quadrillion Btu or 27%), solar (940 trillion Btu or 1,201%), and geothermal (1.1 trillion Btu or 1%), while hydroelectric power consumption decreased 105 trillion Btu or 4%. Biofuel is biomass converted directly into liquid fuels, of which the two most common types in use today are ethanol and biodiesel.

By sector, primary energy consumption increased over the past decade across the industrial (4.3 quadrillion Btu or 23% increase), transportation (2.1 quadrillion Btu or 8% increase), commercial (744 trillion Btu or 18% increase), and residential (451 trillion Btu or 7% increase) sectors. Conversely, the electric power sector consumption decreased by 1.1 quadrillion Btu or 3%.

Over the past decade, we have increased our energy self-sufficiency, decreasing our net consumption of energy from 21 quadrillion Btu in 2009 to 446 trillion Btu in 2019. Our production of all sources of energy increased, and our overall consumption decreased. In 2019 as compared to 2009, we imported 25% fewer barrels of crude oil.

Water use

Water use data is only produced every five years. Between 2005 and 2015, the latest 10-year period the data was available, water use declined by 88 billion gallons per day or 21%. All major use categories saw declines over this 10-year period, except mining, where water use increased 4%. The largest gallon and percentage decreases were for thermoelectric power, for which water use decreased 68 billion gallons per day or 34% over 10 years.

Environment quality and violations

Calendar year, except as otherwise noted	2019	2018	2014	2009	Change 2019 vs. 2018	Change 2019 vs. 2014	Change 2019 vs. 2009
Air							
Emissions (million metric tons of CO_2 equivalents)	6,558	6,671	6,825	6,772	(2)%	(4)%	(3)%
Atmospheric CO_2 (parts per million)	411.7	408.7	398.9	387.6	1%	3%	6%
Days reaching "unhealthy for sensitive groups" level or worse air quality [1]	479	799	598	786	(40)%	(20)%	(39)%
Air violations (facilities)	2,620	2,609	na	na	—%	na	na
Air violations as % of facilities inspected	*3%*	*3%*	*na*	*na*	*—ppt*	*na*	*na*
Water							
Water quality – suspended sediment concentration of largest pollutants (per liter of water): [2]	220.6	210.8	204.5	263.5	5%	8%	(16)%
Silica	9.3	9.3	9.3	9.0	—%	—%	3%
Dissolved organic carbon	4.0	4.1	4.5	5.0	(2)%	(11)%	(20)%
Nitrogen	2.0	2.0	2.1	2.2	—%	(5)%	(9)%
Nitrate plus nitrite	1.4	1.6	1.3	1.2	(13)%	8%	17%
Drinking water violations (facilities, fiscal year)	46,621	49,254	54,506	na	(5)%	(14)%	na
Drinking water violations as % of facilities inspected	*82%*	*88%*	*99%*	*na*	*(6)ppt*	*(17)ppt*	*na*
Other (fiscal year)							
Hazardous waste violations (facilities)	8,828	8,020	8,294	na	10%	6%	na
Pesticide violations (number of federal violations)	1,903	2,057	1,199	na	(7)%	59%	na

† *We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2019, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "More detail" to access it.*

na *An "na" reference in the table means the data is not available.*

1 *Shown are the number of days among 35 major US cities combined in which the Air Quality Index (AQI) for ozone and fine particulate pollution ($PM_{2.5}$) combined was unhealthy for sensitive groups or above. A number of factors influence ozone formation, including emissions from cars, trucks, buses, power plants, and industries, along with weather conditions. Weather is especially favorable for ozone formation when it's hot, dry and sunny, and winds are calm and light. Fine particle pollution can be emitted directly from cars, trucks, buses, power plants and industries, along with wildfires and woodstoves. But it also forms from chemical reactions of other pollutants in the air.*

2 *This data provides streamflow, nutrient, pesticide, and sediment data collected and analyzed by the National Water Quality Network and other historical water-quality networks from 1963-2019.*

Air

Emissions (CO_2 equivalents) decreased over the past decade. By emission type, carbon dioxide (CO_2) and methane emissions each decreased by 4%, while nitrous oxide and fluorinated gas emissions increased 3% and 17%, respectively. Overall emissions decreased in the electricity generation sector by 25% over the last decade, while in the industry, commercial, residential, agriculture, and transportation sectors, emissions increased by 13%, 9%, 7%, 5%, and 4%, respectively.

Below is a brief summary of the various emission types:

- *Carbon dioxide* - enters the atmosphere through burning fossil fuels (coal, natural gas, and oil), solid waste, trees and wood products, and also as a result of certain chemical reactions. Carbon dioxide is removed from the atmosphere (or "sequestered") when it is absorbed by plants as part of the biological carbon cycle.
- *Methane* - emitted during the production and transport of coal, natural gas, and oil. Methane emissions also result from livestock and other agricultural practices and by the decay of organic waste in municipal solid waste landfills.
- *Nitrous oxide* - emitted during agricultural and industrial activities, as well as during combustion of fossil fuels and solid waste.
- *Fluorinated gases* - synthetic gases that are emitted from a variety of industrial processes. Fluorinated gases are sometimes used as substitutes for stratospheric ozone-depleting substances (e.g., chlorofluorocarbons, hydrochlorofluorocarbons, and halons). These gases are typically emitted in smaller quantities, but they are potent.

Despite decreased emissions in the US, atmospheric CO_2 as measured from the Mauna Loa Observatory, has increased consistently. Meanwhile, in the metro areas tracked, the number of days the air was considered unhealthy for sensitive groups decreased over the past decade. In 2019, the metro area with the highest number of unhealthy air days was Los Angeles (88 days, as compared to 120 days in 2009). The metro areas with the lowest number of unhealthy air days in 2019 were New Orleans, Kansas City, Minneapolis-St. Paul-Bloomington, Boston-Cambridge-Newton, Columbus, and Nashville-Murfreesboro-Franklin, each with only 1 unhealthy air day, as compared to 13, 13, 8, 6, 5, and 3 unhealthy air days, respectively, in 2009. Unhealthy air days are generally caused by emissions from cars, trucks, buses, power plants, and industries, along with wildfires and woodstoves.

Within this reporting period, we have limited data on air violations. However, for the past two years, the number of facilities inspected and the number of violations has remained steady.

Water

One measure of water quality that our Government tracks regularly is the quantity of suspended solids in the water. Suspended solids can clog fish gills, either killing them or reducing their growth rate, and reduces light penetration, which reduces the ability of algae to produce food and oxygen. When the water slows down, as when it enters a reservoir, the suspended sediment settles out and drops to the bottom, a process called siltation. This causes the water to clear, but as the silt or sediment settles it may smother bottom-dwelling organisms, cover breeding areas, and smother eggs.

Nutrients, such as nitrogen and phosphorus, are essential for plant and animal growth and nourishment, but the overabundance of certain nutrients in water can cause adverse health and ecological effects. Nitrogen, in the forms of nitrate, nitrite, or ammonium, is a nutrient needed for plant growth. If excess nitrogen is found in the crop fields, the drainage water can introduce it into streams, which will drain into other larger rivers and might end up in the Gulf of Mexico, where excess nitrogen can lead to hypoxic conditions (lack of oxygen).

During the periods presented, water quality as measured by the quantity of suspended solids were mixed, but improved overall for the decade, though levels of nitrate plus nitrite increased notably. Nitrate can get into water directly as the result of runoff of fertilizers containing nitrate. Some nitrate enters water from the atmosphere, which carries nitrogen-containing compounds derived from automobiles and other sources, derived either naturally from chemical reactions or from the combustion of fossil fuels, such as coal and gasoline. Nitrate can also be formed in water bodies through the oxidation of other forms of nitrogen, including nitrite, ammonia, and organic nitrogen compounds such as amino acids. Ammonia and organic nitrogen can enter water through sewage effluent and runoff from land where manure has been applied or stored.

Regarding drinking water violations, the number of facilities with violations decreased by 23% since 2011 (the closest year to 2009 for which we have data), while the number of facilities inspected remained steady for the same period.

Agriculture

Calendar year, except as otherwise noted (In millions of metric tons, except for percentages or otherwise noted)	**2019**	**2018**	**2014**	**2009**	**Change 2019 vs. 2018**	**Change 2019 vs. 2014**	**Change 2019 vs. 2009**
Crops harvested (in millions of acres)	303	317	325	319	(4)%	(7)%	*(5)%*
Crops harvested per 1,000 acres of cropland	*938*	*938*	*953*	*958*	*—%*	*(2)%*	*(2)%*
Crop failures (in millions of acres)	10	11	10	8	(9)%	—%	25%
Domestic production of grains and soy (market year)	464	481	480	453	(4)%	(3)%	2%
Domestic consumption of grains and soy (market year)	390	390	376	357	—%	4%	9%
Excess of grains and soy production over consumption	74	91	104	96	(19)%	(29)%	(23)%
Domestic production of meat and poultry [1]	45	44	56	54	2%	(20)%	(17)%
Domestic consumption of meat and poultry [1]	39	38	48	47	3%	(19)%	(17)%
Excess of meat and poultry production over consumption [1]	6	6	8	7	—%	(25)%	(14)%

† *We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2019, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "More detail" to access it.*

1 *Beef, veal and swine are categorized as meat.*

Over the past decade, crops harvested, absolute and per acre, fluctuated but decreased overall, while crop failures fluctuated and increased overall. Over the past decade, the US has remained self-sufficient for its major food sources of grains, soy, meat, and poultry by producing more than it consumes. Over this period, our consumption of grain increased, while our consumption of meat and poultry decreased.

American Dream

The American Dream reporting unit works to equalize opportunity for economic mobility, civil rights, and democratic and community participation in the US.

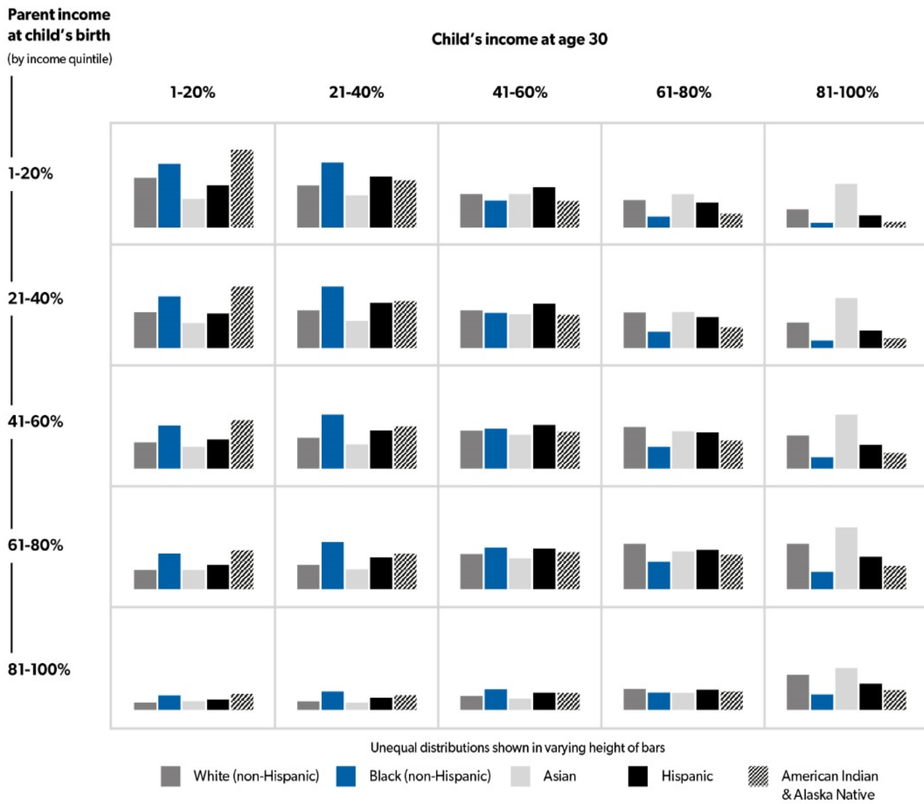
Economic mobility

Our Government seeks to equalize economic mobility opportunity in the US, where each child has an equal opportunity to move to a higher income group than the one into which he or she is born. By income quintile (shown below), this would mean that every child would have a 20% chance of ending up in any quintile.

The chart below (from a study in March 2018 that linked data from the Census Bureau and the IRS) shows differences in economic mobility by race and ethnicity.[56] Looking at the bottom quintile alone shows how both income and race/ethnicity can impact a child's likelihood of moving up. On average, among children born into the bottom quintile:

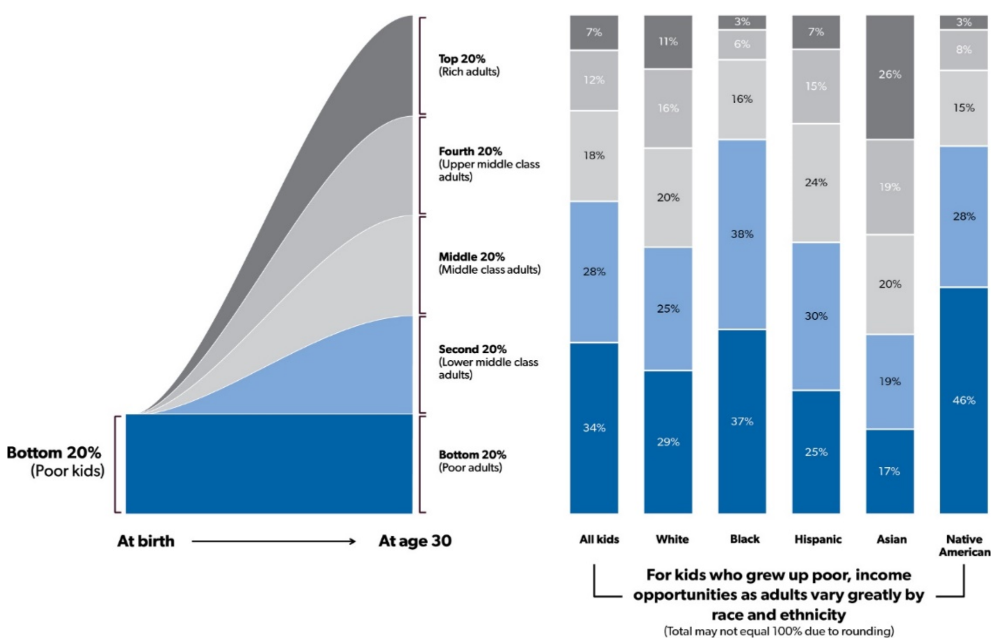
- Asian children have an 83% chance of moving up;
- Hispanic children have a 75% chance of moving up;
- White (non-Hispanic) children have a 71% chance of moving up;
- Black (non-Hispanic) children have a 63% chance of moving up; and
- American Indian/Alaska Native children have a 55% chance of moving up.

What is a person's likely income around age 30 compared to his or her parents' income at birth?



What economic mobility looks like for children in poverty

Poor children who start out in the bottom 20% have a certain likelihood to "move up" to higher income levels as adults depending on many factors including race and ethnicity.



Civil rights

Our Government seeks to ensure that minorities are protected and to reduce the number of civil rights crimes in the US.

	2019	2018	2014	2009	Change 2019 vs. 2018	Change 2019 vs. 2014	Change 2019 vs. 2009
Hate crime incidents	7,314	7,120	5,479	6,604	3%	33%	11%
Hate crime incidents (per 1 million people)	*22*	*22*	*17*	*22*	*—%*	*29%*	*—%*
Equal employment charges (fiscal year)	72,675	76,418	88,778	93,277	(5)%	(18)%	(22)%
Equal employment charges (per 1 million employees)	*461*	*491*	*607*	*667*	*(6)%*	*(24)%*	*(31)%*
Equal employment charges (per 1 million job openings)	*2,244*	*2,513*	*2,987*	*3,718*	*(11)%*	*(25)%*	*(40)%*
Housing discrimination complaints (fiscal year)	7,729	7,788	8,489	10,242	(1)%	(9)%	(25)%
Housing discrimination complaints per housing unit	*55*	*56*	*63*	*79*	*(2)%*	*(13)%*	*(30)%*
Health discrimination investigations	1,247	899	1,956	3,357	39%	(36)%	(63)%
Health discrimination investigations per 1,000,000 people	*4*	*3*	*6*	*11*	*33%*	*(33)%*	*(64)%*

† *We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2019, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "More detail" to access it.*

Civil rights outcomes have been mixed over the past decade, fluctuating by year, however, overall reports of hate crimes have increased for 2019 versus all prior years presented here. When comparing 2019 to 2009, overall reports of hate crime incidents increased 11%, with the largest increase in reports for religion (218 reports or 17%); multiple bias (205 reports or 3,417%), and gender identity (167 reports or 539% since our source began reporting this category in 2013).

Compared to a decade ago, equal employment charges decreased overall, and results were mixed across categories. Charges increased for retaliation, disability, color, and equal pay, while they decreased for race, sex, national origin, religion, and age.

Housing discrimination complaints and health discrimination investigations can fluctuate significantly but decreased over the periods included in this report. On a per unit basis, housing discrimination complaints per housing unit and health discrimination per million people have both decreased over the period of this report, down 30% and 64%, respectively, for the decade.

Democratic participation

Our Government seeks to encourage civic participation, including voting. The voting-age population was 252 million in 2020 (the latest presidential election included within this MD&A), an increase of 3% over 2016. Among people of voting age, 67% were registered to vote in 2020; among citizens of voting age, the registered proportion was 73%. That level is the highest since 1996 but is down from a peak of 75% in 1992.

Calendar year	2020	2016	2012	2008	Change 2020 vs. 2016	Change 2020 vs. 2012	Change 2020 vs. 2008
Rate of citizen voting in presidential elections	67%	61%	62%	64%	6ppt	5ppt	3ppt
Rate of voting per registered voter	*92%*	*87%*	*87%*	*90%*	*5ppt*	*5ppt*	*2ppt*

† *We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2019, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "More detail" to access it.*

The proportion of US citizens of voting age who voted in presidential elections has increased. Voting rates have varied by demographic:

- the voting rate for women has been higher than for men since 1980;

- by age, the lowest voting rate in 2020, 48%, was among 18 to 24-year-olds, while the highest, 72%, was among voters 65 and older;
- among people with less than a ninth-grade education, the voting rate in 2020 was 21%, while among those with a bachelor's degree or more, it was 74%; and
- regionally, the voting rate in 2020 was highest in the Midwest (66%) and lowest in the South (59%).

By race and ethnicity, the voting rate for citizens in 2020 was highest among non-Hispanic white people, at 71%, followed by Black people, at 63%. Participation in 2020 was lowest among Asian (60%) and Hispanic (54%) people. The voting rate among Black citizens jumped from 60% in 2004 to 65% in 2008, the year Barack Obama was elected the nation's first Black president, and was 66% in 2012 for his second term, before dropping again to 59% in 2016 when Obama left office.

Calendar year	2018	2014	2010	2006	Change 2018 vs. 2014	Change 2018 vs. 2010	Change 2018 vs. 2006
Rate of citizen voting in midterm elections	53%	42%	46%	48%	11ppt	7ppt	5ppt
Rate of voting per registered voter	*49%*	*39%*	*42%*	*44%*	*10ppt*	*7ppt*	*5ppt*

† *We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2018, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "More detail" to access it.*

Voting rates are even lower in nationwide midterm elections when citizens choose all members of the US House of Representatives and a third of the Senate but not the president. The midterm-voting rate had been falling but reversed trend and grew in 2018, resulting in overall growth for the decade.

The voting-age population was 250 million in the 2018 midterm elections, an increase of 4% over 2014. Among people of voting age, 61% were registered to vote in 2018.

Since 1986, women have been more likely to vote in midterm elections than men. As in presidential elections, voting frequency in midterms increases with age and educational attainment. The age group 65 years and older had the highest midterm voting rate amongst all age groups reported in 2018 at 64%. The group with bachelor's degrees or higher had the highest rate of voting at 64% in 2018. By race and ethnicity, white, non-Hispanic people had their highest midterm voting rate in 2018, when it reached 57%, the highest rate among all races and ethnicities for any of the periods reported. Hispanic people of any race consistently had the lowest mid-term voting rates, but they too experienced their highest rate in 2018, when it reached 29%. The Midwest region had the highest midterm voting rate throughout the periods shown above, ranging from a low of 42% in 2014 to a high of 54% in 2018. The region with the lowest voting rate was the South for all midterm periods presented, ranging from a low of 39% in 2010 to 47% in 2018, except in 2014 when the voting rate was lowest in the Northeast at 36%.

Community participation

Our Government seeks to encourage the building of strong communities throughout the US.

Fiscal year, except as otherwise noted	2019	2018	2014	2009	Change 2019 vs. 2018	Change 2019 vs. 2014	Change 2019 vs. 2009
Volunteering rate	27%	na	25%	27%	na	2ppt	—ppt
Median volunteer hours per year	na	na	50	50	na	na	na
Total giving (in millions, tax year)	$ 190,114	$ 196,956	$ 210,599	$ 158,017	(3)%	(10)%	20%
Total giving adjusted for inflation (2019 base)	*$ 190,114*	*$ 200,525*	*$ 227,431*	*$ 188,304*	*(5)%*	*(16)%*	*1%*
Total giving per $100,000 of Adjusted Gross Income	*$ 159*	*$ 169*	*$ 216*	*$ 207*	*(6)%*	*(26)%*	*(23)%*

† *We limited the key metrics data in this table to the years presented to be consistent with the previous sections of this MD&A. The most recent data in those sections is 2019, as that is the latest date for which comprehensive Government-wide financial data is available. Additional years of key metrics data may be found on our website. Click "More detail" to access it.*

na *An "na" reference in the table means the data is not available.*

Volunteering

The proportion of Americans taking part in volunteer activities remained relatively consistent over the past decade, among males and females and across all age groups and education levels. Volunteering in 2019 was most prevalent among people ages 35 to 49 and least prevalent in the youngest age groups tracked, ages 15 to 24 and ages 25 to 24 (who volunteered at the same rate). Throughout the decade, for those years for which we have information, people with higher levels of education (a bachelor's degree or higher) and women were more likely to volunteer than people with less education and men. In 2015 (the latest year for which the detailed data was available), men who volunteered were most likely to engage in general labor (12%); coach, referee, or supervise sports teams (9%); or collect, prepare, distribute, or serve food (9%). Female volunteers were most likely to collect, prepare, distribute, or serve food (13%); tutor or teach (11%); or fundraise (10%).

With respect to median volunteer hours, the number of hours per year increased 4% (2 hours) between 2009 and 2015 (the latest year for which we have information). In 2015, the most hours were worked by those ages 65 and older (increasing 4% over 2009), while the least hours were worked by those ages 16 to 24 (decreasing 10% from 2009).

Philanthropy

Americans claimed $190 billion in charitable deductions in tax year 2019, for an average of $13,148 per tax return with claims. This is compared with $158 billion in charitable deductions, or an average of $4,243 per tax return, in 2009. Though charitable deductions increased over the past decade, they dropped 3% from 2018, likely due to changes in tax law from the TCJA, which made claiming the standard deduction more attractive than itemizing deductions (including charitable deductions), for many tax filers.

Charitable deductions generally increase as income increases. By income cohort:

- the group with the greatest aggregate dollars claimed and number of associated tax returns in both 2019 and 2009 were those with AGI between $100,001 and $200,000, who claimed an aggregate of $35 billion in charitable deductions in 2019, or an average of $7,322 per tax return, and an aggregate of $40 billion in 2009, or an average of $3,904 per tax return;
- the group with the greatest dollars claimed per tax return were those with AGI of $10 million or more, who claimed an aggregate of $40 billion in charitable deductions in 2019, or an average of $2.1 million per tax return. This is compared to an aggregate of $14 billion in 2009, or an average of $1.7 million per tax return.

Financial condition[47]

Liquidity and capital resources

Cash and other monetary assets

Our Government's cash and other monetary assets decreased $20 billion or 2% in 2019 to $1,290 billion, including $525 billion of federal funds and $765 billion of state and local funds.

Cash and other monetary assets increased $17 billion or 3% at the federal level, primarily relating to increased restricted cash held by the Security Assistance Accounts (SSA), which executes foreign military sales. The SAA had $37 billion and $26 billion of restricted cash as of September 30, 2019 and 2018, respectively. See *Part II, Item 8. Financial Statements and Supplementary Data, Notes to financial statements, Note 2 – Cash and other monetary assets* for more information.

Cash and other monetary assets decreased $37 billion or 5% at the state and local government level, primarily reflecting a $53 billion or 54% decrease in pension cash and other monetary asset balances, mostly in the form of money market fund shares.

Our Government holds cash and monetary assets primarily to fund near-term operations and existing obligations and where otherwise required by law. It also holds international monetary assets in the International Monetary Fund (IMF). The IMF promotes international monetary cooperation and a stable payments system to facilitate growth in the world economy. Further discussion of the federal government's IMF related assets can be found in *Item 8. Financial Statements and Supplementary Data, Notes to financial statements, Note 2 – Cash and other monetary assets.*

Debt and equity securities

Our Government's debt and equity securities comprise mainly corporate equities, corporate and foreign bonds, and agency and government-sponsored enterprise (GSE)-backed securities, primarily held at the state and local level. These securities are predominantly US dollar-denominated securities, but also include foreign currency-denominated securities.

Government debt and equity securities increased $35 billion or 1% in 2019 to $5,157 billion. Of the total increase, state and local investments increased $29 billion, while federal investments increased $6 billion. At the state and local level, there was an $11 billion increase in investments of pension assets, which are not considered liquid assets our Government can use for general operations, as well as an increase of $18 billion related to non-pension assets, reflecting increases in agency and GSE-backed securities of $9 billion and corporate equities of $10 billion. See *Item 8. Financial Statements and Supplementary Data, Notes to financial statements, Note 7 – Debt and equity securities* for more information.

Off balance sheet assets, liabilities, and other arrangements

There are significant resources available to our Government that extend beyond the assets reflected in the accompanying balance sheets. Those resources include stewardship land (e.g. national parks, wildlife refuges, national forests, and other lands of national and historical significance) and heritage assets (e.g. national monuments and historical sites of historical, natural, cultural, educational, or artistic significance) in addition to our Government's sovereign powers to tax and set monetary policy.

The federal government states that stewardship land and heritage assets are not expected to be used to meet the obligations of the federal government, and as such, they are not recorded as assets on the balance sheet. However, our Government does generate revenues from these assets. See *Part II, Item. 8, Financial Statements and Supplementary Data, Note 22 – Stewardship land and heritage assets* within this annual report for more information.

The primary cash inflows of our Government come from its ability to tax and set monetary policy, for which there are no assets recorded on the balance sheet. Tax revenue comprised 92% and 88% of our Government's total revenues for 2019 and 2018, respectively.

Our Government has certain obligations and rights related to its relationship with GSEs that may not be recorded on the balance sheet. See *Item 8. Financial Statements and Supplementary Data, Notes to financial statements, Note 8 – Investments in government-sponsored enterprises* for more information.

Our Government also has certain other obligations that are not legal liabilities in its balance sheets. See *Item 8. Financial Statements and Supplementary Data, Notes to financial statements, Note 18 – Contingencies* and *Note 19 – Commitments* for more information.

Debt

Total Government debt held by the public increased $895 billion, or 5%, in 2019 to $18,775 billion.

Federal government

The unified federal budget surplus or deficit is the difference between total federal spending and receipts (e.g. taxes) in a given year. Our Government borrows from the public (increases federal debt levels) to finance deficits by issuing Treasury bills, bonds, and notes. During a budget surplus (i.e. when receipts exceed spending), our Government typically uses those excess funds to reduce the debt held by the public. Total federal government debt held by the public was $15,728 billion at September 30, 2019.

Foreign governments and other overseas entities top the list of holders of federal debt securities, owning $6,924 billion or 41% of the total federal debt held by the public at September 30, 2019. That proportion has fluctuated over the years and was 47% in 2009 (the first year discussed in this MD&A). The biggest foreign holders of our federal government's debt in 2019 were Japan, holding $1,146 billion or 7%, and China, with $1,102 billion or 7% of the balance.

The second-largest category of holders of federal debt securities are American households and businesses, which owned $6,353 billion at September 30, 2019, or 38% of the total federal debt held by the public.

The third-largest holder of federal debt is the Federal Reserve, the US central bank. The Federal Reserve's holdings jumped to $2,436 billion at September 30, 2019 from $769 billion at September 30, 2009, comprising 14% and 10%, respectively, of the total federal debt held by the public, as it sought to bring the country out of the Great Recession and keep the economy growing afterwards. To do that, the Federal Reserve bought large amounts of Treasury securities to keep long-term interest rates low. Buying Treasury securities pushes up their price, which in turn lowers the interest rate, or yield. That makes it cheaper for companies and individuals to borrow, since many types of loans, including home mortgages, are linked to Treasury yields.

State and local government

State and local governments generally borrow to finance construction projects, including schools, hospitals, and roads. When these governments borrow, they sell bonds, which represent money that must later be repaid with interest. The state and local government debt balance was $3,047 billion at September 30, 2019.

We are not aware of an aggregated source for a listing of holders of the state and local government debt held by the public.

Intergovernmental debt

In addition to debt held by the public, our federal government had $5,983 billion in federal intergovernmental debt outstanding at September 30, 2019, which arose when one part of our federal government borrowed from another. This amount represents debt issued by the Treasury and held by federal government accounts, including the Social Security ($2,804 billion) and Medicare ($254 billion) trust funds. Because these amounts are both liabilities of the Treasury and assets of federal government trust funds, they are eliminated as part of the consolidation process for the federal government financial statements. However, when those securities are redeemed, for example, to pay future Social Security benefits, the Treasury will need to obtain the resources necessary to reimburse the trust funds.

There is also intergovernmental debt between the federal and the state and local governments, which generally arises when state and local governments invest in Treasury securities. We eliminated the state and local government holdings of Treasury securities when preparing our combined balance sheets. See *Item 8. Financial Statements and Supplementary Data, Notes to financial statements, Note 23 – Intergovernmental transfers* for more information.

Contractual obligations

The following table summarizes the payments due by fiscal year for our Government's outstanding contractual obligations as of September 30, 2019:

(In billions)	2020	2021-2022	2023-2024	Thereafter	Total
Long-term debt: [1]					
Federal government Treasury securities principal payments	$ 4,492	$ 4,099	$ 2,571	$ 4,514	$ 15,676
Federal government Treasury securities interest payments [2]	302	457	331	1,469	2,559
State and local government principal payments [3]	*	*	*	*	3,047
Federal government long-term operating leases [4]	*	*	*	*	37
Federal undelivered orders [5]	*	*	*	*	1,300
Federal other commitments [6]	*	*	*	*	553
Total contractual obligations	$ 4,794	$ 4,556	$ 2,902	$ 5,983	$ 23,172

* *We are not aware of a source for this data by year.*

1 *Excludes unamortized discounts and agency securities. See Part II, Item 8. Financial Statements and Supplementary Data, Notes to financial statements, Note 11 – Debt securities held by the public and accrued interest within this annual report.*

2 *These amounts represent estimates of the amounts due for interest on federal government debt obligations. We calculated the interest payments using the September 2019 Monthly Statement of the Public Debt report from the Treasury (found at https://www.treasurydirect.gov/govt/reports/pd/mspd/2019/2019_sep.htm). We multiplied the outstanding Treasury security balances by each security's interest rate, to arrive at an annual expected interest payment. This sum was then multiplied by the number of years remaining on each security as of September 30, 2019, and grouped to arrive at the estimated interest payments for the years presented.*

3 *This amount represents total state and local government debt outstanding on the 2019 balance sheet. We are not aware of an aggregated source that provides the amount of principal debt payments in each of the years shown above. This amount does not include expected interest on the state and local government debt obligations as we are not aware of an aggregated source for this data.*

4 *This amount represents the federal long-term operating leases at September 30, 2019 that require then-future use of financial resources. See Note 19 – Commitments for more information. We are not aware of an aggregated source for state and local government long-term operating lease commitments.*

5 *This amount represents the federal government undelivered orders at September 30, 2019, which represent the value of goods and services ordered that had not yet been received as of that date. See Note 19 – Commitments for more information. We are not aware of an aggregated source for state and local government undelivered orders.*

6 *This amount represents other federal government commitments at September 30, 2019 that may require then-future use of financial resources. See Note 19 – Commitments for more information. We are not aware of an aggregated source for other state and local government commitments.*

Other expected uses of capital

We expect our Government will continue to invest in major government functions and programs, such as Social Security, Medicare, infrastructure, education, and training, to name a few, in alignment with its overall objectives.

Social insurance

The largest outlays of the federal government are the various social insurance programs (e.g. Social Security and Medicare) and grants to the states for Medicaid. Our Government records liabilities for social insurance programs when payments are due and payable to beneficiaries or service providers. These liabilities do not encompass total expected future expenditures.

The Treasury, in its *Financial Report of the United States* (the *Financial Report*), provides Statements of Social Insurance (SOSI). The SOSI provide estimates of the potential future obligations for the most significant social insurance programs – Social Security, Medicare, Railroad Retirement, and Black Lung. The estimates represent the actuarial present values of the projected future net expenditures for the programs, generally based on continuation of then-current program provisions and economic and demographic assumptions from the respective programs' trustees over the following 75 years. The estimates at September 30, 2019 show net present values of estimated then-future net expenditures for Social Security, Medicare, and other social insurance programs of $16.8 trillion, $42.2 trillion, and $0.1 trillion, respectively. More information on these programs and the related fiscal projections can be found at *Exhibit 99.06* and *Exhibit 99.07* of this Form 10-K.

Deferred maintenance and repairs

Deferred maintenance and repairs result from maintenance not being performed on assets on a timely basis. The consequences of not performing regular maintenance and repairs could include increased safety hazards, poor service to the public, higher costs in the future, and inefficient operations. The federal government estimates the cost to bring its property, plant, and equipment to an acceptable condition. These estimates exclude the cost of expanding the capacity of assets or upgrading them to serve needs beyond those originally intended. The federal government estimated that the deferred maintenance and repairs on its buildings, structures, and land was $183 billion as of September 30, 2019. Estimated deferred maintenance and repairs costs are not recognized as a liability on the balance sheets.

Sustainability

Federal

Our federal government operates at a deficit nearly every year, with cash outflows exceeding inflows. We do not expect existing cash, cash equivalents, short-term investments, and cash flows from operations to be sufficient to fund federal government operations. Rather, we rely on our federal government's ability to issue debt securities or to adjust tax and other revenues to fund its activities. This is true for at least the next 12 months and thereafter for the foreseeable future.

Our federal government's ability to issue debt securities is subject to a statutory debt limit (the Debt Limit) and is impacted by its credit rating. The sum of debt held by the public and intergovernmental debt equals gross federal debt, which (with some adjustments) is the amount subject to the Debt Limit. At September 30, 2019 and 2018, the debt subject to the Debt Limit was $22.7 trillion and $21.5 trillion, respectively, but there was no Debt Limit due to Congress' temporary suspension of it. During both fiscal years 2019 and 2018, delays in raising the debt limit resulted in the Treasury implementing "extraordinary measures" on a temporary basis, to enable the federal government to protect the full faith and credit of the US by continuing to pay the nation's bills. These extraordinary measures permit the federal government to continue to honor pre-existing commitments; they do not increase spending or authorize new spending. As of September 30, 2019, and 2018, the federal government had the top two highest possible ratings among the largest credit rating agencies in the US. See *Item 7A. – Quantitative and Qualitative Disclosures about Market Risk, Sovereign credit rating* for further information.

According to the Treasury, an important item for citizens to understand is the current fiscal policy and the importance and magnitude of policy reforms necessary to make it sustainable. According to the Treasury, a sustainable policy is one where the ratio of debt held by the public to Gross Domestic Product (GDP) (the debt-to-GDP ratio) is stable or declining over the long term. GDP measures the size of the nation's economy in terms of the total value of all final goods and services that are produced in a year. The debt-to-GDP ratio is a measure commonly used to gauge a nation's ability to pay its debt, as GDP is one measure of a country's ability to generate the financial resources needed to service its debt. Total Government debt (federal and state and local) held by the public (excluding intergovernmental debt) was $18,775 billion at September 30, 2019, or 87% of GDP, consistent with 87% of GDP at September 30, 2018. Total federal debt (including intergovernmental debt) was 78% of GDP, while federal debt held by the public (excluding intergovernmental debt) was 73% of GDP, at September 30, 2019.

The projections in the *Financial Report* at the end of 2019 indicate that the debt-to-GDP ratio was projected to reach 474% in 2094 and to rise continuously thereafter. The debt-to-GDP ratio rises at an accelerating rate despite primary deficits (the total budget deficit excluding net payments) that flatten out because higher levels of debt lead to higher net interest expenditures, and higher net interest expenditures lead to higher debt. Preventing the debt-to-GDP ratio from rising over the 75 years following 2019 was estimated by the Treasury to require some combination of spending reductions and revenue increases that amount to 3.8% of GDP over the projection period, a decrease of 3 basis points from their 2018 estimates. While this estimate of the "75-year fiscal gap" is highly uncertain, the Treasury believes it is nevertheless nearly certain that then-current fiscal policies cannot be sustained indefinitely.

State and local

We are not aware of a consolidated state and local government source that analyzes its financial sustainability.

Application of critical accounting policies

Preparing financial statements requires preparers to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses. These estimates and assumptions are affected by the application of accounting policies. As the combined financial statements in this annual report represent the aggregation of financial data prepared by other entities, and as we do not have complete information about the accounting policies used to prepare the data, we are unable to determine what are the critical accounting policies.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk[57]

The US is exposed to economic risk from its sovereign credit rating, interest rates, foreign exchange rates, equity prices, and commodity prices. These risks may impact our Government's combined financial statements as well as the overall US economic health and our Government's ability to achieve its objectives.

During fiscal year 2019, the year of focus for this 10-K, the US economy has continued to perform well. Economic growth remains robust, unemployment rates are at a 50-year low, corporate and consumer delinquency and default rates are low, and financial conditions are broadly stable. Stock prices have increased over the past year. Prices for commercial and residential real estate have also increased, albeit at a somewhat slower rate than in previous years. However, some uncertainty regarding future economic performance has emerged. This uncertainty prompted the Federal Reserve to shift to a more accommodative monetary policy stance over the past year.

Overall, risks to US financial stability remain moderate. Much of the uncertainty in the economic outlook stems from events overseas. A slowdown in economic growth in the euro area and China may affect economic conditions in the US though the effects on financial stability, if any, are likely to be modest. The potential for a disorderly withdrawal of the United Kingdom (UK) from the European Union (EU) remains. Such an event could impact global markets and have a further negative impact on European economic growth. Domestically, the growth in corporate borrowing remains a key area of focus for the Financial Stability Oversight Council. While firms are able to service their obligations in the current economic environment, high levels of debt and leverage in the corporate sector could exacerbate the effects of a sharp reversal in economic conditions.

Sovereign credit rating

A sovereign credit rating is the credit rating of a country. Sovereign credit ratings give investors insight into the level of economic and political risk associated with investing in a country. The sovereign credit rating usually influences a country's access to international funding and interest rates. A poor US credit rating could have significant impact on global financial markets. The three major credit rating agencies, Standard & Poor's, Moody's, and Fitch, left overall ratings of US sovereign debt unchanged at AA+, Aaa, and AAA, respectively, during 2019.

There is the potential for an increasing federal government debt burden to negatively impact long-term financial stability. US federal government debt held by the public was estimated to be 79% of GDP in 2019. The Congressional Budget Office projects that the debt burden could increase in an accelerating manner in the coming decades. High levels of indebtedness could limit the latitude of the federal government in responding to a future financial crisis. Achieving long-term sustainability of the national budget is important to maintaining global market confidence in US Treasury securities and the financial stability of the US.

Interest rate

The federal funds rate is maintained by the Federal Reserve and is generally viewed as the base rate for all other interest rates in the US economy. The higher the federal funds rate, the more expensive it is to borrow money. The US federal funds rate can influence domestic and international monetary and financial conditions. See more about the federal funds rate at *Part I, Item I. Purpose and Function of Our Government, Other related entities, The Federal Reserve* within this report.

The slowdown in global economic growth, coupled with falling inflation expectations and increased political uncertainty, pushed long-term global interest rates lower in 2019. In mid-2019, yield curves in the largest developed economies inverted for the first time since the 2008 financial crisis. Additionally, the supply of negative-yielding debt increased significantly, hitting a record in August 2019 before falling at the end of September 2019.

Over the past few years, regulators, benchmark administrators, and market participants have worked to improve the resilience of the London Interbank Offered Rate (LIBOR) and develop alternative reference rates. Regulators are concerned that LIBOR is not sustainable because it is based on a diminishing number of observable transactions. The weaknesses of LIBOR may undermine market integrity and the uncertainty surrounding its sustainability could threaten US financial institutions and the US financial system more broadly. The cessation or degradation of LIBOR as a reference rate for financial contracts is anticipated in the near future. As an alternative reference rate, the Secured Overnight Financing Rate (SOFR) has been introduced. Widespread failure of market participants to adequately adapt to this transition could result in a reduction in liquidity in markets for several types of financial contracts and could potentially adversely impact financial stability.

Foreign currency

The currencies of most developed countries are valued based on the demand and supply of the currency. The value of currency can impact economic factors such as trade balance, GDP, and employment.

The US dollar appreciated modestly in the first nine months of 2019 after strengthening notably over 2018. Dollar appreciation in 2019 was concentrated between late July and early September, when a deterioration in global risk appetite generated a flight to safety that pushed the dollar higher against most currencies other than the Japanese yen and Swiss franc. The dollar remained elevated from a longer-term perspective, with the real trade-weighted dollar standing 9% above its 20-year average as of the end of September. The dollar was supported in 2019 by continued outperformance of the US economy and the associated interest rate differentials between the US and other large economies.

Equity

Generally, rising stock prices for companies from a particular country indicate a healthy, growing market, while a downward trend in stocks may reflect weakening fundamentals in a country's economy. Rising stock prices usually indicate net investment in the future health and growth of the economy. An equity index represents a portfolio of securities of a certain market or sector. Global equity indices represent the overall health of the equity market.

Despite some softening global economic data and a slowdown in corporate earnings growth, the S&P 500 was up nearly 20% for the first nine months of 2019 amid more accommodative monetary policy communications from the Federal Reserve and central banks in other advanced nations. Equity market volatility was low for much of 2019, with fluctuating global trade tensions leading to brief spikes. US equity market valuations remain elevated relative to historical levels. The cyclically adjusted price-to-earnings (CAPE) ratio, in which market price is divided by the moving average of the last 10 years of earnings, and the Buffett Indicator, in which market capitalization is presented relative to the US gross national product, are both at or above the 95th percentile relative to historical levels. Valuation measures using current corporate earnings are high relative to historical levels.

Commodity

Commodities are generally traded goods such as oil, crops, and minerals for inputs towards the production of other goods or services. The prices of most commodities are generally valued based on the demand and supply of the commodity. Volatility in global price can have extensive implications for both commodity importers and exporters.

Over 2019, commodity prices broadly declined as expectations of slowing global growth cut into demand. The S&P GSCI Index of global commodity prices fell by 17% over the 12 months ended September 2019, though performance varied across commodity types for idiosyncratic reasons.

On the back of production limits agreed upon by the Organization of Petroleum Exporting Countries (OPEC) countries plus other major oil producers like Russia (OPEC+), Brent crude oil prices reached a four-year high of $86 per barrel in October 2018. However, crude prices fell substantially in late 2018 because of concerns about a slowdown in global growth and idiosyncratic supply-demand imbalances in the oil market. Crude oil prices steadily rebounded in the first half of 2019 as some OPEC+ countries limited production. In September 2019, oil prices moved sharply higher in response to an attack on a Saudi oil facility. However, the increase was short lived as production was restored and prices soon moved below pre-attack levels. Brent crude oil prices fluctuated 70% in 2019 between $51 and $86 per barrel.

Industrial metals fell sharply over 2019. The S&P GSCI Industrial Metals Spot Index was down 7.5% for the 12 months ended September 2019. Similar to other commodity prices, industrial metal prices fell as uncertainty from trade tensions and slowing global growth reduced demand. One major outlier was iron ore, a commodity for which supply disruptions, including a major dam disaster at the Vale SA operation in Brazil, helped push prices up by over 100% between mid-2018 and mid-2019.

Agricultural prices also trended lower because of trade tensions and concerns about the global economy. Over 2019, prices for the basket of commodities in the S&P GSCI Agriculture Index approached 10-year lows. As of September 2019, corn and soybean prices were more than 20% lower than historical averages. In addition to being affected by low prices, US farm incomes were depressed by unprecedented flooding impacting spring planting, which resulted in lower yields and reduced quality for both grain and oilseed crops. As a result of these factors, overall net farm income was nearly 50% below its 2013 peak.

Item 8. Financial Statements and Supplementary Data

Combined functional income statements

(In billions) Fiscal Year	2019	2018	2014	2009
Tax revenues	**$ 5,277**	$ 5,025	$ 4,415	$ 3,365
Non-tax revenues	**484**	704	815	(437)
Total revenue	**5,761**	5,729	5,230	2,928
Transfer payments to individuals other than personnel and subsidies	**3,200**	2,972	2,540	2,081
Compensation for personnel past and present	**1,757**	1,688	1,472	1,354
Payments to others for goods and services	**748**	708	620	1,013
Capital expenditures	**608**	568	474	549
Net interest paid	**434**	395	302	232
Other income	**(38)**	(40)	(22)	12
Total expenditures	**6,709**	6,291	5,386	5,241
Net deficit	**$ (948)**	$ (562)	$ (156)	$ (2,313)

Combined segment income statements

(In billions) Fiscal Year	2019	2018	2014	2009
Tax revenues	**$ 5,277**	$ 5,025	$ 4,415	$ 3,365
Non-tax revenues	**484**	704	815	(437)
Total revenues	**5,761**	5,729	5,230	2,928
Establish justice and ensure domestic tranquility expenditures	**478**	471	401	387
Provide for the common defense expenditures	**955**	874	813	809
Promote the general welfare expenditures	**1,537**	1,446	1,230	1,313
Secure the blessings of liberty to ourselves and our posterity expenditures	**3,589**	3,353	2,785	2,545
General government and other expenditures	**150**	147	157	187
Total expenditures	**6,709**	6,291	5,386	5,241
Net deficit	**$ (948)**	$ (562)	$ (156)	$ (2,313)

See accompanying notes.

Combined balance sheets

(In billions)	2019	2018
Assets		
Cash and other monetary assets (Note 2)	**$ 1,290**	$ 1,310
Accounts and taxes receivable, net (Note 3)	**653**	523
Loans receivable, net (Note 4)	**1,669**	1,668
Inventories and related property, net (Note 5)	**356**	338
Property, plant, and equipment, net (Note 6)	**12,946**	12,392
Debt and equity securities (Note 7)	**5,157**	5,122
Investments in government-sponsored enterprises (Note 8)	**112**	113
Other assets (Note 9)	**110**	111
Total assets	**$ 22,293**	$ 21,577
Stewardship land and heritage assets (Note 22)		
Liabilities and equity		
Accounts payable (Note 10)	**$ 1,122**	$ 1,063
Debt securities held by the public and accrued interest (Note 11)	**18,775**	17,880
Employee and veteran benefits payable (Note 12)	**17,163**	16,429
Environmental and disposal liabilities (Note 13)	**595**	577
Benefits due and payable (Note 14)	**224**	211
Insurance and guarantee program liabilities (Note 15)	**195**	170
Loan guarantees liability (Note 4)	**22**	38
Other liabilities (Note 16)	**510**	479
Total liabilities	**38,606**	36,847
Contingencies (Note 18) and commitments (Note 19)		
Accumulated deficit	**(16,313)**	(15,270)
Total liabilities and accumulated deficit	**$ 22,293**	$ 21,577

See accompanying notes.

Notes to financial statements

General note on sources

Federal government

Federal government amounts and the related text within Notes 2 through 22 and Note 25 below were copied from the 2019 United States (US) Treasury (Treasury) *Financial Report of the United States* (the *Financial Report*). We condensed and reordered the *Financial Report* information in reproducing it here to reflect the materiality level of this report, generally rounding dollars to the nearest billion, condensing amounts in tables less than 5% of the respective totals, and deleting the corresponding text. We also excluded the following notes of the *Financial Report* in creating this report:

- *Note 1 – Summary of significant accounting policies* – excluded because aggregated accounting policies for state and local governments are not available, and the federal accounting policies are voluminous and less helpful without the associated state and local government information. Rather, we refer you to each of our sources for information on their accounting policies – see *Part I, About this Report, Structure and content, Sources of data* within this report for more information on our financial statement sources;
- *Note 17 – Collections and refunds of federal revenue* – excluded because the footnote provides details on federal government revenues shown in the *Financial Report*, whereas our revenues come from a different source and therefore this detail is not applicable to our report; and
- *Note 22 – Social insurance* and *Note 23 – Long-term fiscal projections* – excluded because these footnotes primarily contain projections that a company would not normally include in its footnotes, though we have provided some supplemental information on potential future social insurance program (e.g. Medicare, Social Security) obligations in Exhibits 99.06 and 99.07 of this report.

Finally, we supplemented the *Financial Report* information in *Note 8 – Investments in government-sponsored enterprises* by providing the Fannie Mae and Freddie Mac balance sheets (obtained from their respective Form 10-Ks) and in *Note 22 – Stewardship land and heritage assets* by providing tables that show revenues generated from federally owned land, including stewardship land (see source in *Note 22*).

Please see also *Note 1 – Accounting policies* below.

State and local government

State and local government amounts within these footnotes were sourced from the Federal Reserve. We have aggregated certain figures to reflect the materiality level of this report and grouped the figures to match the federal government categories. The Federal Reserve does not provide definitions or other accompanying text for the state and local government data. Therefore, there is a risk that we mapped the state and local government figures to the federal government categories in a different way than the state and local governments or the Federal Reserve would have mapped them. In addition, we have not provided as much information for state and local governments in these footnotes as we have for the federal government due to this data source limitation. We plan to provide more detailed state and local data in the future.

Note 1 – Accounting policies

Accounting principles

As discussed under *General note on sources* above, our combined financial statements and accompanying notes represent the aggregation of data prepared by other organizations. The accounting principles, including principles of combination, the preparation of estimates, and the use of assumptions can be found at each respective source. Principles we have applied in addition to theirs are discussed in this note.

Principles of combination

The combined financial statements have been prepared through the aggregation of federal and state and local government data, as described above. Certain intergovernmental amounts have been eliminated (see *Note 23 – Intergovernmental transfers*) and certain revenues and expenditures have been netted (see *Note 24 – Offsetting amounts*).

Estimates and assumptions

Preparing financial statements requires management of organizations to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenditures. As our financial statements comprise the combined data of other organizations, the related estimates and assumptions have been made by management of those organizations.

Changes in prior period amounts

Within our financial statements and footnotes, we have adjusted prior period amounts that our sources have adjusted. In addition, we have reclassified certain prior period amounts to conform to the current period presentation, with no impact on combined net deficit. See details in *Note 17 – Prior period adjustments*.

Note 2 – Cash and other monetary assets

(In billions)	2019	2018
Federal	$ 525	$ 508
State and local	765	802
Total cash and other monetary assets	$ 1,290	$ 1,310

Federal government

(In billions)	2019	2018
Unrestricted cash		
Cash held by Treasury for federal government-wide operations	$ 376	$ 379
Other	5	4
Restricted cash	45	32
Total cash	426	415
International monetary assets	73	67
Other monetary assets	26	26
Total cash and other monetary assets	$ 525	$ 508

Unrestricted cash includes cash held by Treasury for governmentwide operations (Operating Cash) and all other unrestricted cash held by the federal entities. Operating Cash represents balances from tax collections, federal debt receipts, and other various receipts net of cash outflows for federal debt repayments and other payments. Treasury checks outstanding are netted against Operating Cash until they are cleared by the Federal Reserve System. Other unrestricted cash not included in Treasury's Operating Cash balance includes balances representing cash, cash equivalents, and other funds held by entities, such as undeposited collections, deposits in transit, demand deposits, amounts held in trust, and imprest funds. Operating Cash held by the Treasury decreased by $2 billion (a decrease of approximately 1%) in fiscal year 2019 due to Treasury's investment and borrowing decisions to manage the balance and timing of the federal government's cash position.

Restrictions on cash are due to the imposition on cash deposits by law, regulation, or agreement. Restricted cash is primarily composed of cash held by the Security Assistance Accounts (SAA), which execute foreign military sales. The SAA included $37 billion and $26 billion as of September 30, 2019 and 2018, respectively.

International monetary assets include the US reserve position in the International Monetary Fund (IMF) and US holdings of Special Drawing Rights (SDRs). The US reserve position in the IMF had a US dollar equivalent of $23 billion and $15 billion as of September 30, 2019, and 2018, respectively. Only a portion of the US financial subscription to the IMF is made in the form of reserve assets; the remainder is provided in the form of a letter of credit. The balance available under the letter of credit totaled $90 billion and $100 billion as of September 30, 2019, and 2018, respectively. The total amount of SDR holdings of the US was the equivalent of $50 billion and $51 billion as of September 30, 2019, and 2018, respectively. For more information regarding the US participation in the IMF and SDRs, see Treasury's Agency Financial Report and Note 25—Disclosure Entities and Related Parties.

State and local government

(In billions)	2019	2018
Non-pension		
Time and savings deposits	$ 406	$ 384
Security repurchase agreements	163	165
Money market fund shares	22	20
Checkable deposits and currency	129	135
Total non-pension cash and other monetary assets	$ 720	$ 704
Pension		
Money market fund shares	$ 16	$ 61
Other	29	37
Total pension cash and other monetary assets	$ 45	$ 98
Total cash and other monetary assets	$ 765	$ 802

Note 3 – Accounts and taxes receivable, net

(In billions)	2019	2018
Federal	$ 238	$ 145
State and local	415	378
Total accounts and taxes receivable, net	$ 653	$ 523

Federal government

(In billions)	2019	2018
Accounts receivable		
Gross accounts receivable	$ 118	$ 113
Allowance for uncollectible amounts	(32)	(31)
Accounts receivable, net	$ 86	$ 82
Taxes receivable		
Gross taxes receivable	$ 384	$ 227
Allowance for uncollectible amounts	(232)	(164)
Taxes receivable, net	$ 152	$ 63
Total accounts and taxes receivable, net	$ 238	$ 145

Gross accounts receivable includes related interest receivable of $3 billion and $4 billion as of September 30, 2019, and 2018, respectively.

Treasury comprises approximately 61% of the federal government's reported accounts and taxes receivable, net, as of September 30, 2019. Treasury experienced a year-to-year increase of $86 billion due to taxes receivable. This is a consequence of the *Tax Cuts and Jobs Act of 2017* (TCJA), which imposed a one-time tax on previously unrepatriated foreign earnings at a reduced rate that taxpayers may elect to pay over an eight-year installment schedule. The following list of entities comprise 98% of the federal government's accounts and taxes receivable, net, of $238 billion as of September 30, 2019. Please refer to the following entities financial statements for details on gross accounts and taxes receivable and the related allowance for uncollectible amounts: of the Department of the Treasury (Treasury), the Department of Health and Human Services (HHS), the Social Security Administration (SSA), the Department of Homeland Security (DHS), the Department of the Interior (DOI), the Department of Veterans Affairs (VA), the Department of Defense (DOD), the Pension Benefit Guaranty Corporation (PBGC), the Department of Agriculture (USDA), the Department of Energy (DOE), the Tennessee Valley Authority (TVA), the Office of Personnel Management (OPM), the Department of Labor (DOL), the United States Postal Service (USPS), the Federal Deposit Insurance Corporation (FDIC), and the Federal Communications Commission (FCC).

Accounts and taxes receivable, net, have historically included amounts related to criminal restitution owed to the federal government. In both fiscal years 2019 and 2018, accounts and taxes receivable, net, included $8 billion of gross receivables related to criminal restitution orders monitored by responsible entities, of which $1 billion is determined to be collectible for both fiscal years 2019 and 2018. Of this gross receivable amount as of September 30, 2019 and 2018, Treasury and HHS collectively account for $5 billion and $6 billion, respectively, of which $1 billion is determined to be collectible for both September 30, 2019 and 2018.

State and local government

(In billions)	2019	2018
Accounts receivable, net	$ 239	$ 217
Taxes receivable, net	176	161
Total accounts and taxes receivable, net	$ 415	$ 378

Note 4 – Loans receivable and loan guarantees liability, net

Loans receivable

(In billions)	2019	2018
Federal	$ 1,405	$ 1,400
State and local	264	268
Total loans receivable	$ 1,669	$ 1,668

Loan guarantees liability

(In billions)	2019	2018
Federal	$ 22	$ 38
State and local	—	—
Total loan guarantees liability	$ 22	$ 38

Federal government

The federal government has two types of loan programs: direct loans and loan guarantees. One major type of loan is direct loans such as the Department of Education's (Education) Federal Direct Student Loans. The second type is loan guarantee programs, such as the Department of Housing and Urban Development's (HUD's) Federal Housing Administration Loans program.

Direct loans and loan guarantee programs are used to promote the Nation's welfare by making financing available to segments of the population not served adequately by non-federal institutions, or otherwise providing for certain activities or investments. For those unable to afford credit at the market rate, federal credit programs provide subsidies in the form of direct loans offered at an interest rate lower than the market rate. For those to whom non-federal financial institutions are reluctant to grant credit because of the high risk involved, federal credit programs guarantee the payment of these non-federal loans and absorb the cost of defaults.

The amount of the long-term cost of post-1991 direct loans and loan guarantees outstanding equals the subsidy cost allowance for direct loans and the liability for loan guarantees (including defaulted guaranteed loans) as of September 30. The amount of the long-term cost of pre-1992 direct loans and loan guarantees equals the allowance for subsidy amounts (or present value allowance) for direct loans and the liability for loan guarantees. The long-term cost is based on all direct loans and guaranteed loans disbursed in this fiscal year and previous years that are outstanding as of September 30. It includes the subsidy cost of these loans and guarantees estimated as of the time of loan disbursement and subsequent adjustments such as modifications, re-estimates, amortizations, and write-offs.

The 2018 subsidy expense/(income), principal amount of loans under guarantee, and principal amount guaranteed by the US have been restated to provide consistency among credit reform entities. The restated 2018 loans guarantee liabilities subsidy expense/(income) increased by $0.3 billion while the 2018 loans receivable subsidy expense/(income) decreased by $0.1 billion. The liabilities for principal amount of loans under guarantee increased by $3 billion and the principal amount of loans guaranteed by the US increased by $2 billion.

Net loans receivable includes related interest and foreclosed property. Foreclosed property is property that is transferred from borrowers to a federal credit program, through foreclosure or other means, in partial or full settlement of post-1991 direct loans or as a compensation for losses that the federal government sustained under post-1991 loan guarantees. Please refer to the financial statements of the USDA, VA, and HUD for significant detailed information regarding foreclosed property. The total subsidy expense/(income) is the cost of direct loans and loan guarantees recognized during the fiscal year. It consists of the subsidy expense/(income) incurred for direct and guaranteed loans disbursed during the fiscal year, for modifications made during the fiscal year of loans and guarantees outstanding, and for upward or downward re-estimates as of the end of the fiscal year of the cost of loans and guarantees outstanding.

Loans receivable

(In billions)	Loans Receivable, Gross	Interest Receivable	Foreclosed Property	Allowance for Subsidy	Net Loans Receivable	Subsidy Expense (Income) for the Fiscal Year
2019						
Federal Direct Student Loans – Education	$ 1,165	$ 83	$ —	$ (124)	$ 1,124	$ 61
Federal Family Education Loans – Education	90	22	—	(36)	76	6
All other programs	222	18	3	(38)	205	—
Total loans receivable	$ 1,477	$ 123	$ 3	$ (198)	$ 1,405	$ 67

(In billions)	Loans Receivable, Gross	Interest Receivable	Foreclosed Property	Allowance for Subsidy	Net Loans Receivable	Subsidy Expense (Income) for the Fiscal Year
2018						
Federal Direct Student Loans – Education	$ 1,084	$ 72	$ —	$ (41)	$ 1,115	$ 4
Federal Family Education Loans – Education	95	21	—	(23)	93	2
All other programs	212	12	2	(34)	192	1
Total loans receivable	$ 1,391	$ 105	$ 2	$ (98)	$ 1,400	$ 7

Loan guarantees liability

	Principal Amount of Loans Under Guarantee		Principal Amount Guaranteed by the US		Loan Guarantee Liabilities		Subsidy Expense (Income) for the Fiscal Year	
(In billions)	2019	2018	2019	2018	2019	2018	2019	2018
Federal Housing Administration Loans – HUD	$ 1,525	$ 1,471	$ 1,366	$ 1,327	$ 3	$ 19	$ (25)	$ (9)
Veterans Housing Benefit Programs – VA	712	664	180	168	8	9	(2)	(3)
All other guaranteed loan programs	488	511	447	468	11	10	5	(3)
Total loan guarantees	$ 2,725	$ 2,646	$ 1,993	$ 1,963	$ 22	$ 38	$ (22)	$ (15)

Loan programs

The majority of the loan programs are provided by Education, HUD, USDA, Small Business Administration (SBA), US Agency for International Development (USAID), VA, and Export-Import Bank (EXIM Bank). For significant detailed information regarding the direct and guaranteed loan programs listed in the tables above, please refer to the financial statements of the entities.

Education has two major loan programs, authorized by Title IV of the *Higher Education Act of 1965* (HEA). The first program is the William D. Ford Federal Direct Loan Program (referred to as the Direct Loan Program), which was established in fiscal year 1994. The Direct Loan Program offered four types of educational loans: Stafford, Unsubsidized Stafford, PLUS for parents and/or graduate or professional students, and consolidation loans. With this program, the federal government makes loans directly to students and parents through participating institutions of higher education. Direct loans are originated and serviced through contracts with private vendors. Education disbursed approximately $131 billion in Direct Loans to eligible borrowers in fiscal year 2019 and approximately $134 billion in fiscal year 2018. The second program is the Federal Family Education Loan (FFEL) Program. This program was established in fiscal year 1965 and is a guaranteed loan program. Like the Direct Loan Program, it offered four types of loans: Stafford, Unsubsidized Stafford, PLUS for parents and/or graduate or professional students, and consolidation loans. The *Student Aid and Fiscal Responsibility Act* (SAFRA), which was enacted as part of the *Health Care Education and Reconciliation Act of 2010* (P.L. 111-152), eliminated the authority to guarantee new FFEL after June 30, 2010. During fiscal year 2019, Education net loans receivable decreased by $7 billion, largely the result of net upward loan subsidy re-estimates of $59 billion that exceeded an increase in gross loan receivables. The re-estimate includes changes in estimation methods and comparative cost increases for Education's Income-Driven Repayment plans as well as enhancements in estimation methodology with respect to deferment and forbearance actions.

HUD's Office of Housing plays a vital role for the nation's homebuyers, homeowners, renters, and communities through its nationally administered programs. It includes Federal Housing Administration (FHA), the largest mortgage insurer in the world. FHA provides over $1 trillion in mortgage insurance on mortgages for single family homes, multifamily properties, and healthcare facilities.

USDA's Rural Development offers both direct and guaranteed loans with unique missions to bring prosperity and opportunity to rural areas. The Rural Housing programs provide affordable, safe, and sanitary housing and essential community facilities to rural communities. Rural Utility programs help improve the quality of life in rural areas through a variety of loan programs for electric energy, telecommunications, and water and environmental projects.

USAID currently operates the following loan and/or loan guarantee programs: Direct Loan Program, Urban and Environmental Program, Micro and Small Enterprise Development Program, Israel Loan Guarantee Program, Development Credit Authority Program, Loan Guarantees to Middle East Northern Africa Program, and the Ukraine Loan Guarantee Program. These programs provide loans to developing countries to help with housing and economic transition.

The SBA provides guarantees that help small businesses obtain bank loans and licensed companies to make investments in qualifying small businesses. The SBA also makes loans to microloan intermediaries and provides a direct loan program that assists homeowners, renters and businesses recover from disasters.

VA operates the following direct loan and loan guarantee programs: Vendee Loans, Acquired Loans, Native American Direct Loans, Housing Guaranteed Loans, Insurance Loans, and Loan Sale Guarantees. The Home Loans program provides loan guarantees and direct loans to veterans, service members, qualifying dependents, and limited non-veterans to purchase homes and retain homeownership with favorable market terms. During fiscal year 2019, the face value of outstanding principal on loans guaranteed by the VA increased by $49 billion. This increase was primarily due to $155 billion in new loans guaranteed by the VA, partially offset by $107 billion in guaranteed loan terminations.

State and local government

(In billions)	2019	2018
Loans (mortgages)	$ 255	$ 259
Loans (mortgages) – pensions	9	9
Total loans receivable	$ 264	$ 268

Note 5 – Inventories and related property, net

(In billions)	2019	2018
Federal	$ 356	$ 338
State and local	—	—
Total inventories and related property, net	$ 356	$ 338

Federal government

(In billions)	2019	2018
Operating materials and supplies held for use	$ 131	$ 125
Inventory and operating material and supplies held for repair	73	71
Inventory purchased for resale	69	68
Stockpile materials held in reserve for future use	51	52
Other inventories and related property	42	31
Allowance for loss	(10)	(9)
Total inventories and related property, net	$ 356	$ 338

The following entities comprise over 98% of the federal government's reported inventories and related property, net of $356 billion as of September 30, 2019. Refer to each entities' financial statements for details: DOD, DOE, and HHS.

Operating materials and supplies held for use are tangible personal property to be consumed in normal operations.

Inventory and operating materials and supplies held for repair are damaged inventory that require repair to make them suitable for sale (inventory) or is more economical to repair than to dispose of (operating materials and supplies). Excess, obsolete, and unserviceable inventory is reported at net realizable value.

Inventory purchased for resale is the cost or value of tangible personal property purchased by an agency for resale. As of September 30, 2019, the DOD values substantially all of its inventory available and purchased for resale using the moving average cost (MAC) method. DOD comprises approximately 82% of the federal government's inventories and related property, net, as of September 30, 2019. DOD continues to implement SFFAS No. 48, permitting alternative methods in establishing opening balances. Please refer to the financial statements of DOD for more information on its inventories.

Stockpile materials include strategic and critical materials held in reserve for use in national defense, conservation, or national emergencies due to statutory requirements.

State and local government

Based on our review of specific Comprehensive Annual Financial Reports, we know that the state governments do have inventories and related property, however the Federal Reserve does not provide information on the balances, and we are not aware of another aggregated source of the data.

Note 6 – Property, plant, and equipment, net

(In billions)	2019	2018
Federal	$ 1,107	$ 1,091
State and local	11,839	11,301
Total property, plant, and equipment, net	$ 12,946	$ 12,392

Federal government

(In billions)	Cost	Accumulated Depreciation/ Amortization	Net	Cost	Accumulated Depreciation/ Amortization	Net
	2019			2018		
Furniture, fixtures, and equipment	$ 1,388	$ 810	$ 578	$ 1,364	$ 783	$ 581
Buildings, structures, and facilities	776	470	306	728	431	297
Construction in progress	172	—	172	160	—	160
Land	22	—	22	22	—	22
Other property, plant, and equipment	82	53	29	87	56	31
Total property, plant, and equipment, net	$ 2,440	$ 1,333	$ 1,107	$ 2,361	$ 1,270	$ 1,091

DOD comprises approximately 69% of the federal government's reported PP&E, as of September 30, 2019. DOD continues to implement SFFAS No. 50, *Establishing Opening Balances for General Property, Plant and Equipment*, which permits alternative methods in establish opening balances for general PP&E and has elected to exclude land and land rights. The total acreage excluded was 20,926,485 as of September 30, 2019 and September 30, 2018.

The following agencies comprise over 90% of the federal government's reported PP&E, net, of $1,107 billion as of September 30, 2019. Refer to each agencies' financial statements for details: DOD, DOE, General Services Administration (GSA), Department of Commerce (DOC), DOI, USPS, DHS, VA, TVA, and the Department of State (DOS).

State and local government

(In billions)	2019	2018
Structures	$ 11,428	$ 10,906
Equipment	266	257
Intellectual property	145	138
Total property, plant, and equipment, net	$ 11,839	$ 11,301

Note 7 – Debt and equity securities

(In billions)	2019	2018
Federal	$ 118	$ 112
State and local	5,039	5,010
Total debt and equity securities	$ 5,157	$ 5,122

Federal government

(In billions)	Cost	Adjustment	Book Value
2019			
Held-to-Maturity			
Equity securities	$ 4	$ —	$ 4
Total held-to-maturity (net investment)	$ 4	$ —	$ 4
Available-for-Sale			
Debt securities	$ 2	$ —	$ 2
Total available-for-sale (fair value)	$ 2	$ —	$ 2
Trading Securities			
Debt securities:			
Non-US Government	$ 13	$ —	$ 13
Corporate and other bonds	17	2	19
All other debt securities	11	5	16
Equity securities:			
Unit trust	14	8	22
All other equity securities	17	—	17
Total trading securities (fair value)	$ 72	$ 15	$ 87
Total debt and equity securities categorized as held-to-maturity, available-for-sale or trading			$ 93
Total Railroad Retirement Board (RRB) debt and equity securities			25
Total debt and equity securities			$ 118

(In billions)	Cost	Adjustment	Book Value
2018			
Held-to-Maturity			
Equity securities	$ 4	$ —	$ 4
Total held-to-maturity (net investment)	$ 4	$ —	$ 4
Available-for-Sale			
Debt securities	$ 4	$ —	$ 4
Total available-for-sale (fair value)	$ 4	$ —	$ 4
Trading Securities			
Debt securities:			
Non-US Government	$ 13	$ —	$ 13
Corporate and other bonds	16	—	16
All other debt securities	6	(1)	5
Equity securities:			
Unit trust	16	10	26
All other equity securities	17	1	18
Total trading securities (fair value)	$ 68	$ 10	$ 78
Total debt and equity securities categorized as held-to-maturity, available-for-sale or trading			$ 86
Total Railroad Retirement Board (RRB) debt and equity securities			26
Total debt and equity securities			$ 112

Certain significant consolidated entities apply financial accounting and reporting standards issued by the Financial Accounting Standards Board (FASB) and such entities, as permitted by SFFAS No. 47, Reporting Entity are consolidated into the US government's consolidated financial statements without conversion to financial and reporting standards issued by the FASAB. PBGC, NRRIT, TVA, and Smithsonian Institution debt and equity securities are recorded at fair value and have been categorized based upon a fair value hierarchy, in accordance with FASB ASC Section 820, *Fair Value Measurement*.

Fair Value Measurement

Fair Value Measurement Fair value is a market-based measurement. For some assets, observable market transactions or market information might be available. For other assets, observable market transactions and market information might not be available. However, the objective of a fair value measurement in both cases is the same to estimate the price at which an orderly transaction to sell the asset between market participants at the measurement date under current market conditions.

When a price for an identical asset is not observable, a reporting entity measures fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. Because fair value is a market-based measurement, it is measured using the assumptions that market participants would use when pricing the asset, including assumptions about risk. As a result, a reporting entity's intention to hold an asset is not relevant when measuring fair value.

The measurement of fair value of an asset is categorized with different levels of fair value hierarchy as follows:

- Level 1—Unadjusted quoted prices in active markets for identical assets that the reporting entity can access at the measurement date.
- Level 2—Inputs other than quoted prices included with Level 1 that are observable for the asset, either directly or indirectly.
- Level 3—Unobservable inputs for the asset.

- Other —The category contains certain investments that are measured at fair value using NAV per share useful method and have not been categorized in the fair value hierarchy. Investments in "other" represent certain commingled funds, partnerships, real estate and real estate investment trusts.

(In billions)	Level 1	Level 2	Level 3	Other	Total
As of September 30, 2019					
Fair Value:					
Pension Benefit Guaranty Corporation	$ 4	$ 39	$ —	$ 27	$ 70
National Railroad Retirement Investment Trust	14	5	—	6	25
Tennessee Valley Authority	3	3	—	5	11
Smithsonian Institution	—	—	—	2	2
Total fair value measurements	$ 21	$ 47	$ —	$ 40	$ 108
All other:					
Total all other	—	—	—	10	10
Total debt and equity securities	$ 21	$ 47	$ —	$ 50	$ 118

PBGC's "other" investments measured at NAV consists of real estate, private equity and pooled funds. PBGC's investments are primarily categorized in the hierarchy of Level 2. PBGC's Level 2 investments consist of securities lending collateral, fixed maturity, commercial paper, asset backed, pooled funds, corporate bonds and domestic equity securities.

NRRIT on behalf of the RRB, manages and invests railroad retirement assets that are to be used to pay retirement benefits to the nation's railroad workers under the RRP. As an investment company, NRRIT is subject to different accounting standards that do not require the classifications presented in the Debt and equity securities table. NRRIT's investments consists of certain US Equity, Non-US Equity and Global Fixed Income securities. Please refer to NRRIT's financial statements for more detailed information concerning these investments.

TVA's investments consist of amounts held in the Nuclear Decommissioning Trust, Asset Retirement Trust, Supplemental Executive Retirement Plan, and Deferred Compensation Plan. These investments are primarily US and international equities, real estate investment trusts, fixed income investments, high-yield fixed income investments, commodities, currencies, derivative instruments, and other investments. TVA's qualified benefit pension plan is funded with qualified plan assets. These investments include global public equities, private equities, fixed income securities, public real assets, and private real assets.

Please refer to PBGC, NRRIT, TVA and Smithsonian Institution's financial statements for more detailed information on Fair Value Measurement.

State and local government

(In billions)	2019	2018
Pension		
Corporate equities	$ 2,349	$ 2,708
Corporate and foreign bonds	484	462
Mutual fund shares	92	292
Other	932	384
Total pension debt and equity securities	$ 3,857	$ 3,846
Non-pension		
Agency and GSE-backed securities	$ 528	$ 519
Corporate equities	198	188
Other	456	457
Total non-pension debt and equity securities	$ 1,182	$ 1,164
Total debt and equity securities	$ 5,039	$ 5,010

Note 8 – Investments in government-sponsored enterprises

(In billions)		2019		2018
Federal	$	112	$	113
State and local				—
Total investments in government-sponsored enterprises	$	112	$	113

Federal government

(In billions) 2019		Gross Investments		Cumulative Valuation Gain/(Loss)		Fair Value
Fannie Mae senior preferred stock	$	127	$	(78)	$	49
Freddie Mac senior preferred stock		77		(38)		39
Fannie Mae warrants common stock		3		13		16
Freddie Mac warrants common stock		2		6		8
Total investments in GSEs	$	209	$	(97)	$	112

(In billions) 2018		Gross Investments		Cumulative Valuation Gain/(Loss)		Fair Value
Fannie Mae senior preferred stock	$	124	$	(65)	$	59
Freddie Mac senior preferred stock		75		(30)		45
Fannie Mae warrants common stock		3		3		6
Freddie Mac warrants common stock		2		1		3
Total investments in GSEs	$	204	$	(91)	$	113

Congress established Fannie Mae and Freddie Mac as government sponsored enterprises (GSEs) to support mortgage lending. A key function of the GSEs is to purchase mortgages, package those mortgages into securities, which are subsequently sold to investors, and guarantee the timely payment of principal and interest on these securities.

Leading up to the financial crisis, increasingly difficult conditions in the housing market challenged the soundness and profitability of the GSEs, thereby threatening to undermine the entire housing market. In response Congress passed the *Housing and Economic Recovery Act of 2008* (P.L.110-289) in July 2008. This act created FHFA, with enhanced regulatory authority over the GSEs, and provided the Secretary of the Treasury with certain authorities intended to ensure the financial stability of the GSEs, if necessary. In September 2008, FHFA placed the GSEs under conservatorship and Treasury invested in the GSEs by entering into a SPSPA with each GSE. These actions were taken to preserve the GSEs' assets, ensure a sound and solvent financial condition, and mitigate systemic risks that contributed to market instability.

The purpose of such actions is to maintain the solvency of the GSEs so they can continue to fulfill their vital roles in the home mortgage market while the Administration and Congress determine what structural changes should be made to the housing finance system. Draws under the SPSPAs result in an increased investment in the GSEs as further discussed below. Under SFFAS No. 47, Reporting Entity criteria Fannie Mae and Freddie Mac were owned or controlled by the federal government only as a result of (a) regulatory actions (such as organizations in receivership or conservatorship) or (b) other federal government intervention actions. Under the regulatory or other intervention actions, the relationship with the federal government was and is not expected to be permanent. These entities are classified as disclosure entities based on their characteristics as a whole. Accordingly, these entities are not consolidated into the US government's consolidated financial statements; however, the value of the investments in these entities, changes in value, and related activity with these entities are included in the US government's consolidated financial statements.

Senior preferred stock purchase agreements

Under the SPSPAs, Treasury initially received from each GSE: 1) 1,000,000 shares of non-voting variable liquidation preference senior preferred stock with a liquidation preference value of $1,000 per share and 2) a non-transferable warrant for the purchase, at a nominal cost, of 80% of common stock on a fully-diluted basis. The warrants expire on September 7, 2028. Under the amended SPSPAs, the quarterly dividend payment changed from a 10% per annum fixed rate dividend on the total liquidation preference (as discussed below) to an amount equivalent to the GSE's positive net worth above a capital reserve amount. The capital reserve amount, which was initially set at $3 billion for calendar year 2013, declined by $600 million at the beginning of each calendar year thereafter, and was scheduled to reach zero by calendar year 2018. On December 21, 2017, Treasury and the FHFA modified the SPSPAs between Treasury and the GSEs to increase the capital reserve amount for each GSE back to $3 billion, effective with the December 2017 dividend payment. In exchange for the increase in the capital reserve, Treasury's liquidation preference in each GSE increased by $3 billion on December 31, 2017. On September 27, 2019, Treasury and the FHFA agreed to increase the capital reserve amounts of Fannie Mae and Freddie Mac to $25 billion and $20 billion, representing an increase of $22 billion and $17 billion, respectively, over the prior reserve amount of $3 billion each. In exchange, Treasury's liquidation preference in each GSE will gradually increase up to the adjusted capital reserve amounts based on the quarterly earnings of each GSE. For the fiscal year ended September 30, 2019, Treasury's liquidation preference in Fannie Mae and Freddie Mac increased by $3 billion and $2 billion, respectively. The GSEs will not pay a quarterly dividend if their positive net worth is below the required capital reserve threshold. Cash dividends of $4 billion were received during both fiscal years ended September 30, 2019, and 2018.

The SPSPAs, which have no expiration date, require that Treasury will disburse funds to the GSEs if at the end of any quarter, the FHFA determines that the liabilities of either GSE exceed its assets. Draws from Treasury under the SPSPAs are designed to ensure that the GSEs maintain positive net worth, with a fixed maximum amount available to each GSE under this agreement established as of December 31, 2012 (refer to the Contingent Liability to GSEs section below). Draws against the funding commitment of the SPSPAs do not result in the issuance of additional shares of senior preferred stock; instead, it increases the liquidation preference of the initial 1,000,000 shares by the amount of the draw. The combined cumulative liquidation preference totaled $204 billion and $199 billion as of September 30, 2019 and 2018, respectively. There were no payments to the GSEs for the fiscal year ended September 30, 2019. Actual payments of $4 billion were made to the GSEs for the fiscal year ended September 30, 2018.

Senior preferred stock and warrants for common stock

In determining the fair value of the senior preferred stock and warrants for common stock, Treasury relied on the GSEs' public filings and press releases concerning their financial statements, as well as non-public, long-term financial forecasts, monthly summaries, quarterly credit supplements, independent research regarding preferred stock trading, independent research regarding the GSEs' common stock trading on the OTC Bulletin Board, discussions with each of the GSEs and FHFA, and other information pertinent to the valuations. Because the instruments are not publicly traded, there is no comparable trading information available. The fair valuations rely on significant unobservable inputs that reflect assumptions about the expectations that market participants would use in pricing.

The fair value of the senior preferred stock considers the amount of forecasted cash flows to equity. The fair valuations assume that a hypothetical buyer would acquire the discounted dividend stream as of the transaction date. The fair value of the senior preferred stock decreased as of September 30, 2019 when compared to September 30, 2018, mainly driven by the increase in the market value of the GSEs' other equity securities that comprise the GSEs' total equity value. The effect of the market value increase was partially offset by a lower discount rate, driven by a lower risk-free rate and reduced volatility among comparable companies.

Factors impacting the fair value of the warrants include the nominal exercise price and the large number of potential exercise shares, the market trading of the common stock that underlies the warrants as of September 30, the principal market, and the market participants. Other factors impacting the fair value include, among other things, the holding period risk related directly to the assumption of the amount of time that it will take to sell the exercised shares without depressing the market. The fair value of the warrants increased at the end of fiscal year 2019, when compared to 2018, primarily due to increases in the market price of the underlying common stock of each GSE.

Estimation Factors

Treasury's forecasts concerning the GSEs may differ from actual experience. Estimated senior preferred values and future draw amounts will depend on numerous factors that are difficult to predict including, but not limited to, changes in government policy with respect to the GSEs, the business cycle, inflation, home prices, unemployment rates, interest rates, changes in housing preferences, home financing alternatives, availability of debt financing, market rates of guarantee fees, outcomes of loan refinancings and modifications, new housing programs, and other applicable factors.

Contingent liability to GSEs

As part of the annual process undertaken by Treasury, a series of long-term financial forecasts are prepared to assess, as of September 30, the likelihood and magnitude of future draws to be required by the GSEs under the SPSPAs within the forecast time horizon. Treasury used 25-year financial forecasts prepared through years 2044 and 2043 in assessing if a contingent liability was required as of September 30, 2019 and 2018, respectively. If future payments under the SPSPAs are deemed to be probable within the forecast horizon, and Treasury can reasonably estimate such payment, Treasury will accrue a contingent liability to the GSEs to reflect the forecasted equity deficits of the GSEs. This accrued contingent liability will be undiscounted and will not take into account any of the offsetting dividends that could be received, as the dividends, if any, would be owed directly to the General Fund. Treasury will adjust such recorded accruals in subsequent years as new information develops or circumstances change. If future payments are reasonably possible, they are disclosed but not recorded as an accrued contingent liability.

Based on the annual forecasts as of September 30, 2019 and 2018, Treasury estimated there was no probable future funding draws. As of September 30, 2019, it is reasonably possible that market volatility or non-recurring events—for instance, changes to accounting policies that impact credit loss provisions—could potentially cause the GSEs to generate quarterly losses and, therefore, result in future funding draws against the funding commitment. Due to challenges quantifying future market volatility or the timing, magnitude, and likelihood of non-recurring events, the total amount of this reasonably possible future funding liability could not be estimated as of September 30, 2019. There were no payments to the GSEs for fiscal year ended September 30, 2019. At September 30, 2019 and 2018, the maximum remaining funding commitment to the GSEs for the remaining life of the SPSPAs was $254 billion. Subsequent funding draws will reduce the remaining commitments. Refer to Note 19—*Commitments* for a full description of other commitments and risks.

In assessing the need for an estimated contingent liability, Treasury relied on the GSEs' public filings and press releases concerning their financial statements, monthly summaries, and quarterly credit supplements, as well as non-public, long-term financial forecasts, the FHFA House Price Index, discussions with each of the GSEs and FHFA, and other information pertinent to the liability estimates. The forecasts prepared in assessing the need for an estimated contingent liability as of September 30, 2019 include three potential wind-down scenarios, with varying assumptions regarding the timing as to when the GSEs would cease new business activities, including purchasing mortgage loans and issuing new guaranteed mortgage-backed securities. The forecasts as of September 30, 2019, also assumed the maintenance of the GSEs' retained mortgage portfolios (and corresponding net interest income) below the $250 billion maximum permitted under the SPSPAs. The maximum balance of each GSE's retained mortgage portfolio was initially set at $650 billion as of December 31, 2012, and the amended SPSPAs required that the GSEs reduce this maximum balance to $250 billion by December 31, 2018, which was accomplished by both GSEs.

Regulatory environment

To date, Congress has not passed legislation nor has FHFA taken actions to end the conservatorships to address the future of the GSEs. The GSEs continue to operate under the direction of their conservator, the FHFA. On March 27, 2019, the President issued a Memorandum that directed the Secretary of the Treasury to develop a plan for administrative and legislative reforms to achieve the following housing finance reform goals: (1) ending the conservatorships of the GSEs upon completion of specified reforms; (2) facilitating competition in the housing finance market; (3) establishing regulation of the GSEs that safeguards their safety and soundness and minimizes the risks they pose to the financial stability of the US; and (4) providing that the federal government is properly compensated for any explicit or implicit support it provides to the GSEs or the secondary housing finance market. On September 5, 2019, Treasury released their Housing Reform Plan, which included recommended legislative and administrative reforms to achieve each of these goals.

The *Temporary Payroll Tax Cut Continuation Act of 2011* (P.L. 112-78) was funded by an increase of 10-basis points in the GSEs' guarantee fees (referred to as "the incremental fees") which began in April 2012 and is effective through September 30, 2021. The incremental fees are remitted to Treasury and not retained by the GSEs and, thus, do not affect the profitability of the GSEs. For fiscal years 2019 and 2018, the GSEs remitted to Treasury the incremental fees totaling $4 billion and $4 billion, respectively.

Fannie Mae balance sheet

	As of December 31,	
(In billions)	**2019**	**2018**
Assets		
Cash and cash equivalents and federal funds sold and securities purchased under agreements to resell or similar arrangements	$ 35	$ 58
Restricted cash	40	24
Investments in securities [1]	50	45
Mortgage loans:		
Of Fannie Mae	102	121
Of consolidated trusts	3,241	3,143
Allowance for loan losses	(9)	(14)
Mortgage loans, net of allowance for loan losses	3,334	3,250
Deferred tax assets, net	12	13
Other assets	32	28
Total assets	$ 3,503	$ 3,418
Liabilities and equity		
Debt:		
Of Fannie Mae	$ 182	$ 232
Of consolidated trusts	3,285	3,160
Other liabilities	21	20
Total liabilities	3,488	3,412
Fannie Mae stockholders' equity (deficit):		
Senior preferred stock	121	121
Other net deficit [2]	(106)	(115)
Total equity	15	6
Total liabilities and equity	$ 3,503	$ 3,418

1 *Includes $40 billion as of December 31, 2019 and $36 billion as of December 31, 2018 of Treasury securities that are included in Fannie Mae's other investment portfolio.*
2 *Consists of preferred stock, common stock, accumulated deficit, accumulated other comprehensive income, and Treasury stock.*

Freddie Mac balance sheet

(In billions)	As of December 31, 2019	2018
Assets		
Cash and cash equivalents	$ 4	$ 7
Restricted cash	1	1
Securities purchased under agreements to resell	56	35
Investments in securities:		
Available-for-sale, at fair value	26	34
Trading, at fair value	50	36
Total investments in securities	76	70
Mortgage loans:		
Held-for-investment, at amortized cost: By consolidated trusts	1,941	1,843
Held-for-investment, at amortized cost: Unsecuritized	44	43
Held-for-sale, at lower-of-cost-or-fair-value	35	42
Total mortgage loans, net	2,020	1,928
Other assets	37	21
Total assets	$ 2,194	$ 2,062
Liabilities and equity		
Accrued interest payable	$ 7	$ 7
Debt, net:		
Debt securities of consolidated trusts held by third parties	1,899	1,793
Other debt	271	252
Total debt, net	2,170	2,045
Other liabilities	8	6
Total liabilities	2,185	2,058
Total equity	9	4
Total liabilities and equity	$ 2,194	$ 2,062

State and local government

The Federal Reserve does not provide amounts for investments in GSEs at the state and local government level. We do not know if states have these investments, and if they do, we are not aware of another aggregated source for this data.

Note 9 – Other assets

(In billions)	2019	2018
Federal	$ 110	$ 111
State and local	—	—
Total other assets	$ 110	$ 111

Federal government

(In billions)	2019	2018
Advances and prepayments	$ 68	$ 70
Regulatory assets	19	17
Investments in Multilateral Development Banks	8	8
Other	15	16
Total other assets	$ 110	$ 111

Advances and prepayments are assets that represent funds disbursed in contemplation of the future performance of services, receipt of goods, the incurrence of expenditures, or the receipt of other assets. These include advances to contractors and grantees, travel advances, and prepayments for items such as rents, taxes, insurance, royalties, commissions, and supplies.

With regard to regulatory assets, the DOE's Power Marketing Administrations (PMAs) and TVA record certain amounts as assets in accordance with FASB ASC Topic 980, *Regulated Operations*. The provisions of FASB ASC Topic 980 require that regulated enterprises reflect rate actions of the regulator in their financial statements, when appropriate. These rate actions can provide reasonable assurance of the existence of an asset, reduce or eliminate the value of an asset, or impose a liability on a regulated enterprise. In order to defer incurred costs under FASB ASC Topic 980, a regulated entity must have the statutory authority to establish rates that recover all costs, and those rates must be charged to and collected from customers. If the PMAs' or TVA's rates should become market-based, FASB ASC Topic 980 would no longer be applicable, and all of the deferred costs under that standard would be expensed.

On behalf of the US, Treasury invests in certain Multilateral Development Banks (MDB), through subscriptions to capital, which allows the MDBs to issue loans at market-based rates to middle-income developing countries. These paid-in capital investments are non-marketable equity investments valued at cost.

State and local government

Based on our review of specific state Comprehensive Annual Financial Reports, we know that the state governments do have other assets, however the Federal Reserve does not provide information on the balances, and we are not aware of another aggregated source of this data.

Note 10 – Accounts payable

(In billions)	2019	2018
Federal	$ 98	$ 87
State and local	1,024	976
Total accounts payable	$ 1,122	$ 1,063

Federal government

(In billions)	2019	2018
Department of Defense	$ 40	$ 29
Department of Veterans Affairs	12	14
All other	46	44
Total accounts payable	$ 98	$ 87

Accounts payable includes amounts due for goods and property ordered and received, services rendered by other than federal employees, cancelled appropriations for which the US government has contractual commitments for payments, and non-debt related interest payable.

State and local government

The Federal Reserve does not provide additional detailed information on the composition of the state and local government accounts payable balance, and we are not aware of another aggregated source of this data.

Note 11 – Debt securities held by the public and accrued interest

(In billions)	2019	2018
Federal	$ 15,728	$ 14,779
State and local	3,047	3,101
Total debt securities held by the public and accrued interest	$ 18,775	$ 17,880

Federal government

(In billions)	Balance 2018	Net Change during Fiscal Year 2019	Balance 2019	Average Interest Rate 2019	Average Interest Rate 2018
Treasury securities (public)					
Marketable securities:					
Treasury bills [1]	$ 2,240	$ 136	$ 2,376	2.1%	2.1%
Treasury notes [2]	8,116	507	8,623	2.2%	2.0%
Treasury bonds [3]	2,115	197	2,312	3.9%	4.1%
Treasury inflation-protected securities (TIPS) [4]	1,376	79	1,455	0.8%	0.8%
Treasury floating rate notes (FRN) [5]	369	55	424	2.0%	2.2%
Total marketable Treasury securities	14,216	974	15,190		
Nonmarketable securities	511	(25)	486	2.2%	2.8%
Net unamortized discounts	(45)	2	(43)		
Total Treasury securities, net (public)	14,682	951	15,633		
Agency securities					
Tennessee Valley Authority	22	(1)	21		
All other agencies	1	(1)	—		
Total agency securities, net of unamortized premiums and discounts	23	(2)	21		
Accrued interest payable	74	—	74		
Total debt securities held by the public and accrued interest	$ 14,779	$ 949	$ 15,728		

1 *Bills – short-term obligations issued with a term of 1 year or less*
2 *Notes – medium-term obligations issued with a term of 2-10 years. In creating the combined balance sheets, we eliminated Treasury securities held by state and local governments from the Treasury notes balance amounts. We chose this balance as our location of elimination because it is the largest balance in the table, and because the Federal Reserve does not tell us what comprises the state and local balances. See Note 23 – Intergovernmental transfers for more information. We do not have information about the associated average interest rates and therefore have not adjusted these rates.*
3 *Bonds – long-term obligations of more than 10 years*
4 *TIPS – term of more than 5 years*
5 *FRN – term of 2 years*

Federal debt securities held by the public outside the federal government are held by individuals, corporations, state or local governments, FRBs, foreign governments, and other non-federal entities. The above table details Government borrowing primarily to finance operations and shows marketable and nonmarketable securities at face value less net unamortized premiums and discounts including accrued interest.

Securities that represent federal debt held by the public are issued primarily by the Treasury and include:

- Interest-bearing marketable securities (bills, notes, bonds, inflation-protected, and FRN).
- Interest-bearing nonmarketable securities (Government Account Series held by fiduciary and certain deposit funds, foreign series, state and local government series, domestic series, and savings bonds).
- Non-interest-bearing marketable and nonmarketable securities (matured and other).

Gross federal debt (with some adjustments) is subject to a statutory ceiling (i.e., the debt limit). Prior to 1917, Congress approved each debt issuance. In 1917, to facilitate planning in World War I, Congress and the President first enacted a statutory dollar ceiling for federal borrowing. With the *Public Debt Act of 1941* (P.L. 77-7), Congress and the President set an overall limit of $65 billion on Treasury debt obligations that could be outstanding at any one time; since then, Congress and the President have enacted a number of debt limit increases.

During fiscal years 2019 and 2018, Treasury faced two delays in raising the statutory debt limit that required it to depart from its normal debt management procedures and to invoke legal authorities to avoid exceeding the statutory debt limit. During these periods, extraordinary actions taken by Treasury have resulted in federal debt securities not being issued to certain federal government accounts with the securities being restored including lost interest to the affected federal government accounts subsequent to the end of the delay period. The first delay occurred from December 9, 2017 through February 8, 2018. On Friday, February 9, 2018, the *Bipartisan Budget Acct (BBA) of 2018* (P.L. 115-123) was enacted suspending the statutory debt limit through March 1, 2019. The second delay in raising the statutory debt limit occurred from March 2, 2019 through August 1, 2019. On Friday, August 2, 2019, the *BBA of 2019* (P.L. 116-37) was enacted suspending the statutory debt limit through July 31, 2021.

As of September 30, 2019, and 2018, debt subject to the statutory debt limit was $22,687 billion and $21,475 billion, respectively. The debt subject to the limit includes Treasury securities held by the public and Government guaranteed debt of federal agencies (shown in the table above) and intergovernmental debt holdings (shown in the *Note 23 – Intergovernmental transfers*). See *Note 16 – Other liabilities* and *Note 21 – Fiduciary activities*.

State and local government

(In billions)	**2019**	**2018**
Municipal securities	$ 3,047	$ 3,097
Municipal securities – pensions	—	4
Total debt securities held by the public	$ 3,047	$ 3,101

The Federal Reserve does not provide additional detailed information on the composition of the state and local government debt securities held by the public, and we are not aware of another aggregated source of this data that would indicate whether accrued interest is included in the amounts listed above.

Note 12 – Employee and veteran benefits payable

(In billions)	**2019**	**2018**
Federal	$ 8,440	$ 7,982
State and local	8,723	8,447
Total employee and veteran benefits payable	$ 17,163	$ 16,429

Federal government

(In billions)	Civilian 2019	Civilian 2018	Military 2019	Military 2018	Total 2019	Total 2018
Pension and accrued benefits	$ 2,094	$ 2,049	$ 1,759	$ 1,621	$ 3,853	$ 3,670
Veterans compensation and burial benefits	—	—	3,130	2,956	3,130	2,956
Post-retirement health and accrued benefits	415	403	830	787	1,245	1,190
Liability for other benefits	86	84	126	82	212	166
Total federal employee and veteran benefits payable	$ 2,595	$ 2,536	$ 5,845	$ 5,446	$ 8,440	$ 7,982

Change in pension and accrued benefits

(In billions)	Civilian 2019	Civilian 2018	Military 2019	Military 2018	Total 2019	Total 2018
Actuarial accrued pension liability, beginning of fiscal year	$ 2,049	$ 2,014	$ 1,621	$ 1,568	$ 3,670	$ 3,582
Pension expense						
Prior (and past) service costs from plan amendments or new plans	—	—	—	9	—	9
Normal costs	44	42	32	34	76	76
Interest on liability	66	69	56	58	122	127
Actuarial (gains)/losses (from experience)	15	(2)	1	10	16	8
Actuarial (gains)/losses (from assumption changes)	13	16	110	1	123	17
Total pension expense	138	125	199	112	337	237
Less benefits paid	(93)	(90)	(61)	(59)	(154)	(149)
Actuarial accrued pension liability, end of fiscal year	$ 2,094	$ 2,049	$ 1,759	$ 1,621	$ 3,853	$ 3,670

Change in post-retirement health and accrued benefits

(In billions)	Civilian 2019	Civilian 2018	Military 2019	Military 2018	Total 2019	Total 2018
Actuarial accrued post-retirement health benefits liability, beginning of fiscal year	$ 403	$ 376	$ 787	$ 782	$ 1,190	$ 1,158
Post-retirement health benefits expense						
Prior (and past) service costs from plan amendments or new plans	—	—	—	(21)	—	(21)
Normal costs	16	16	22	21	38	37
Interest on liability	14	14	29	30	43	44
Actuarial (gains)/losses (from experience)	6	1	(15)	(17)	(9)	(16)
Actuarial (gains)/losses (from assumption changes)	(8)	12	29	14	21	26
Total post-retirement health benefits expense	28	43	65	27	93	70
Less claims paid	(16)	(16)	(22)	(22)	(38)	(38)
Actuarial accrued post-retirement health benefits liability, end of fiscal year	$ 415	$ 403	$ 830	$ 787	$ 1,245	$ 1,190

The federal government offers its employees retirement and other benefits, as well as health and life insurance. The liabilities for these benefits, which include both actuarial amounts and amounts due and payable to beneficiaries and healthcare carriers, apply to current and former civilian and military employees. Large fluctuations in actuarial amounts can result from changes in estimates to future outflows for benefits based on complex assumptions and cost models.

OPM administers the largest civilian plan. DOD and VA administer the largest military plans. Other significant pension plans with more than $10 billion in actuarial accrued liability include those of the Coast Guard (DHS), Foreign Service

(Department of State), TVA, and HHS's Public Health Service Commissioned Corps Retirement System. Please refer to the financial statements of the entities listed for further details regarding their pension plans and other benefits.

Significant long-term economic assumptions used in determining pension liability and the related expense

	Civilian				Military	
	2019		2018		2019	2018
	FERS	CSRS	FERS	CSRS		
Rate of interest	3.5%	2.9%	3.6%	3.0%	3.4%	3.5%
Rate of inflation	1.6%	1.6%	1.6%	1.6%	1.8%	1.5%
Projected salary increases	1.1%	1.1%	1.3%	1.3%	1.8%	2.0%
Cost of living adjustment	1.3%	1.6%	1.4%	1.6%	1.8%	1.5%

Significant long-term economic assumptions used in determining post-retirement health benefits and the related expense

	Civilian		Military	
	2019	2018	2019	2018
Rate of interest	3.5%	3.6%	3.5%	3.6%
Single equivalent medical trend rate	4.4%	4.5%	4.3%	4.2%
Ultimate medical trend rate	3.1%	3.2%	4.1%	4.0%

The actuarial accrued liability represents an estimate of the present value of the cost of benefits that have accrued, determined based on future economic and demographic assumptions. Actuarial accrued liabilities can vary widely from year to year, due to actuarial gains and losses that result from changes to the assumptions and from experience that has differed from prior assumptions.

In accordance with SFFAS No. 33, *Pension, Other Retirement Benefits, and Other Postemployment Benefits: Reporting the Gains and Losses from Changes in Assumptions and Selecting Discount Rates and Valuation Dates*, entities are required to separately present gains and losses from changes in long-term assumptions used to estimate liabilities associated with pensions, Other Retirement Benefits (ORB), and Other Postemployment Benefits (OPEB) on the Statement of Net Cost. SFFAS No. 33 also provides a standard for selecting the discount rate assumption for present value estimates of federal employee pension, ORB, and OPEB liabilities. The SFFAS No. 33 standard for selecting the discount rate assumption requires it be based on a historical average of interest rates on marketable Treasury securities consistent with the cash flows being discounted. Additionally, SFFAS No. 33 provides a standard for selecting the valuation date for estimates of federal employee pension, ORB, and OPEB liabilities that establishes a consistent method for such measurements.

To provide a sustainable, justifiable data resource for the affected entities, Treasury developed a new model and methodology for developing these interest rates in fiscal year 2014. The model is based on the methodology used to produce the High Quality Market (HQM) Yield Curve pursuant to the *Pension Protection Act of 2006*. As of July 2014, Treasury began releasing interest rate yield curve data using this new Treasury's TNC yield curve, which is derived from Treasury notes and bonds. The Treasury Nominal Coupon Issues (TNC yield curve) provides information on Treasury nominal coupon issues and the methodology extrapolates yields beyond 30 years through 100 years maturity. The TNC yield curve is used to produce a Treasury spot yield curve (a zero-coupon curve), which provides the basis for discounting future cash flows.

Civilian employees

Pensions

OPM administers the largest civilian pension plan, which covers substantially all full-time, permanent civilian federal employees. This plan includes two components of defined benefits, the Civil Service Retirement System (CSRS) and the Federal Employees' Retirement System (FERS). The basic benefit components of the CSRS and the FERS are financed and operated through the Civil Service Retirement and Disability Fund (CSRDF), a trust fund. CSRDF monies are generated primarily from employees' contributions, federal entity contributions, payments from the General Fund, and interest on investments in Treasury securities. As of September 30, 2019, USPS has accrued, but not paid OPM, $8 billion in CSRS and FERS retirement benefit expenses since 2014.

The Federal Retirement Thrift Investment Board (FRTIB) administers the Thrift Savings Plan (TSP). The TSP investment options include two fixed income funds (the G and F Funds), three stock funds (the C, S, and I Funds) and five lifecycle funds (L 2050, L 2040, L 2030, L 2020, and L Income). The L Funds diversify participant accounts among the G, F, C, S, and I Funds, using professionally determined investment mixes (allocations) that are tailored to different time horizons. Treasury securities held in the G Fund are included in federal debt securities held by the public and accrued interest on the Balance Sheet. The G Fund held $243 billion and $246 billion in nonmarketable Treasury securities as of September 30, 2019, and 2018, respectively.

The actuarial liability for civilian pension and accrued benefits payable increased $45 billion. This increase is partly attributable to changes in actuarial assumptions. The assumption loss results primarily from decreases to the assumed rates of interest, which was partly offset by a modest gain from changes to the assumed rates of salary increases and FERS annuitant Cost of Living Adjustments (COLA).

Post-retirement health benefits

The post-retirement civilian health benefit liability is an estimate of the federal government's future cost of providing postretirement health benefits to current employees and retirees. Although active and retired employees pay insurance premiums under the Federal Employees Health Benefits Program (FEHB), these premiums cover only a portion of the costs. The OPM actuary applies economic and demographic assumptions to historical cost information to estimate the liability.

As of September 30, 2019, the USPS has accrued but not paid to the Postal Service Retiree Health Benefits Fund $47 billion in payments required under the *Postal Accountability and Enhancement Act of 2006* (P.L. 109-435, Title VIII). As of September 30, 2019, USPS has indicated payment of the total $47 billion due will remain open. The cost for each year's payment, including defaulted payments, along with all other benefit program costs, are included in USPS' net cost for that year in the consolidated Statements of Net Cost. The liability is not included on the balance sheet due to the USPS liability being eliminated with the OPM receivable.

The post-retirement civilian health benefit liability increased $12 billion. This increase is due to the accruing cost of benefits and interest on the existing liability, slightly offset by an actuarial gain primarily attributable to updated cost curve, retirement plan choice assumptions and population changes.

Military employees (including veterans)

Pensions

The military retirement system consists of a funded, noncontributory, defined benefit plan for military personnel (Services of Army, Navy, Air Force, and the Marine Corps) with an entry date prior to January 1, 2018 and the Blended Retirement System (BRS), generally for military personnel with an entry date on or after January 1, 2018. The defined benefit plan includes non-disability retired pay, disability retired pay, survivor annuity programs, and Combat-Related Special Compensation. The Service Secretaries may approve immediate non-disability retired pay at any age with credit of at least 20 years of active-duty service. Reserve retirees must be at least 60 years old and have at least 20 qualifying years of service before retired pay commences; however, in some cases, the age can be less than 60 if the reservist performs certain types of active service. P.L. 110-181 provides for a 90-day reduction in the reserve retirement age from age 60 for every 3 months of certain active-duty service served within a fiscal year for service after January 28, 2008 (not below age 50). There is no vesting of defined benefits before non-disabled retirement. There are distinct non-disability benefit formulas related to four populations within the Military Retirement System: Final Pay, High-3, Career Status Bonus/Redux, and the BRS enacted in the *National Defense Authorization Act for Fiscal Year 2016*, effective January 1, 2018. The BRS is a new retirement benefit merging aspects of both a defined benefit annuity with a defined contribution account, through the TSP. The date an individual enters the military generally determines which retirement system they would fall under and if they have the option to select, via a one-time irrevocable election, their retirement system. Military personnel with a start date on or after January 1, 2018 are automatically enrolled in BRS. Although all members serving as of December 31, 2017 were grandfathered under the prior retirement system, Active Duty, National Guard and Reserve personnel meeting established criteria may have opted into BRS during calendar year 2018. Under the BRS, retiring members are given the option to receive a portion of their retired pay annuity in the form of a lump sum distribution. For more information on these benefits, see DOD's Office of Military Compensation website https://militarypay.defense.gov.

The DOD Military Retirement Fund was established by P.L. 98-94 (currently Chapter 74 of Title 10, United States Code (U.S.C.)) and accumulates funds to finance, on an accrual basis, the liabilities of DOD military retirement and survivor benefit programs. This Fund receives income from three sources: monthly normal cost payments from the Services to pay for DOD's portion of the current year's service cost; annual payments from the Treasury to amortize the unfunded liability and pay for the increase in the normal cost attributable to Concurrent Receipt (certain beneficiaries with combat-related injuries who are receiving payments from the VA) per P.L. 108-136; and investment income.

The $138 billion increase in the Military Retirement Pension liability is primarily attributable to actuarial losses from assumptions changes, specifically, an increase in the assumed rate of future COLAs and decrease in the assumed rate of future interest.

Post-retirement health benefits

Military retirees who are not yet eligible for Medicare (and their eligible non-Medicare eligible dependents) are eligible for post-retirement medical coverage provided by DOD. Depending on the benefit plan selected, retirees and their eligible dependents may receive care from military treatment facilities (MTFs) on a space-available basis or from civilian providers. This TRICARE coverage is available as Select (a preferred provider organization – a health plan that contracts with medical providers to create a network of participating providers; member cost-shares are typically higher for services received out-of-network) and PRIME (a health maintenance organization – a health plan that limits services to a specific network of medical personnel and facilities and usually by requiring referral by a primary-care physician for specialty care; coverage is also available for non-referred and out-of-network care, subject to higher cost-sharing). These postretirement medical benefits are paid by the Defense Health Agency on a pay-as-you-go basis.

Since fiscal year 2002, DOD has provided medical coverage to Medicare-eligible retirees (and their eligible Medicare eligible dependents). This coverage, called TRICARE for Life (TFL), is a Medicare Supplement plan which includes inpatient, outpatient and pharmacy coverage. Enrollment in Medicare Part B is required to maintain eligibility in TFL. Retirees with TFL coverage can obtain care from MTFs on a space-available basis or from civilian providers.

10 U.S.C., Chapter 56 created the DOD Medicare-Eligible Retiree Health Care Fund (MERHCF), which became operative on October 1, 2002. The purpose of this fund is to account for and accumulate funds for the health benefit costs of Medicare-eligible military retirees, and their dependents and survivors who are Medicare eligible. The Fund receives revenues from three sources: interest earnings on MERHCF assets, Uniformed Services normal cost contributions, and Treasury contributions. The DOD Medicare-Eligible Retiree Health Care Board of Actuaries (the MERHCF Board) approves the methods and assumptions used in actuarial valuations of the MERHCF for the purpose of calculating the per capita normal cost rates (to fund the annual accrued benefits) and determining the unfunded liability amortization payment (the US Treasury contribution). The Secretary of Defense directs the Secretary of Treasury to make DOD's normal cost payments. The MERHCF pays for medical costs incurred by Medicare-eligible beneficiaries at MTFs and civilian providers (including payments to U.S. Family Health Plans for grandfathered beneficiaries), plus the costs associated with claims administration.

DOD's actuaries calculate the actuarial liabilities annually using assumptions and experience (e.g., mortality and retirement rates, health care costs, medical trend rates, and the discount rate). Actuarial liabilities are calculated for all DOD retiree medical benefits, including both the benefits funded through the MERHCF as well as the benefits for pre-Medicare retirees who are paid on a pay-as-you-go basis. Military post-retirement health and accrued benefits payable increased $43 billion. This increase is due primarily to changes in actuarial assumptions and normal and interest costs, offset by changes due to benefit outlays and favorable recent claims experience. The change in actuarial assumptions totaling $30 billion is attributable to a $15 billion loss resulting from an increase in average medical trends and a $15 billion loss due to other assumption changes.

In addition to the health care benefits the federal government provides for civilian and military retirees and their dependents, the VA also provides medical care to veterans on an "as available" basis, subject to the limits of the annual appropriations. In accordance with 38 CFR 17.36(c), VA's Secretary makes an annual enrollment decision that defines the veterans, by priority, who will be treated for that fiscal year subject to change based on funds appropriated, estimated collections, usage, the severity index of enrolled veterans, and changes in cost. While VA expects to continue to provide medical care to veterans in future years, an estimate of such future benefits cannot be reasonably made. Accordingly, medical care expenses are recognized in the period the medical care services are provided and included on the Statement of Net Cost. For the fiscal years 2015 through 2019, the average medical care cost per year was $69 billion.

Veterans compensation and burial benefits

The federal government compensates disabled veterans and their survivors. Veterans' compensation is payable as a disability benefit or a survivor's benefit. Entitlement to compensation depends on the veteran's disabilities incurred in or aggravated during active military service, death while on duty, or death resulting from service-connected disabilities after active duty.

Eligible veterans who die or are disabled during active military service-related causes, as well as their dependents, and dependents of service members who died during active military service, receive compensation benefits. In addition, service members who die during active military service and veterans who separated under other than dishonorable conditions are provided with a burial flag, headstone/marker, and grave liner for burial in a VA national cemetery or are provided a burial flag, headstone/marker and a plot allowance for burial in a private cemetery. These benefits are provided under 38 U.S.C., Part 2, Chapter 23 in recognition of a veteran's military service and are recorded as a liability in the period the requirements are met.

The liability for veterans' compensation and burial benefits payable is based on an actuarial estimate of future compensation and burial payments. It increased by $174 billion in fiscal year 2019. The $174 billion increase is primarily attributable to experience losses and assumption changes. The major impact of experience losses was an increase in veterans who first became eligible for benefits during fiscal year 2019. The major impact of losses from assumption changes was due to a decrease in the discount rate.

Several significant actuarial assumptions were used in the valuation of compensation and burial benefits to calculate the present value of the liability. A liability was recognized for the projected benefit payments to: 1) those beneficiaries, including veterans and survivors, currently receiving benefit payments; 2) current veterans who are expected in the future to become beneficiaries of the compensation program; and 3) a proportional share of those in active military service as of the valuation date who are expected to be future veterans and to become beneficiaries of the compensation program. Future benefit payments to survivors of those veterans in classes 1, 2, and 3 above are also incorporated into the projection. Additionally, on June 25, 2019, the President signed into law the *Blue Water Navy Vietnam Veterans Act of 2019* (P.L. 116-23) which extends the presumption of herbicide exposure, such as Agent Orange, to veterans who served in the offshore of the Republic of Vietnam between January 9, 1962 and May 7, 1975. The estimated cost of P.L. 116-23 was included as part of the prior service costs in the fiscal year 2019 liability estimate. The projected liability does not include any administrative costs.

The veterans' compensation and burial benefits liability is developed on an actuarial basis. It is impacted by interest on the liability balance, experience gains or losses, changes in actuarial assumptions, prior service costs, and amounts paid for costs included in the liability balance.

Change in veterans compensation and burial benefits

(In billions)	Compensation 2019	Compensation 2018	Burial 2019	Burial 2018	Total 2019	Total 2018
Actuarial accrued liability beginning of fiscal year	$ 2,949	$ 2,805	$ 7	$ 5	$ 2,956	$ 2,810
Current year expenses						
Interest on the liability balance	104	102	—	—	104	102
Prior (and past) service costs from program amendments or new programs during the period	21	14	—	—	21	14
Actuarial (gain)/losses (from experience)	121	46	—	—	121	46
Actuarial (gain)/losses (from assumption changes)	21	67	—	2	21	69
Total current year expense	267	229	—	2	267	231
Less benefits paid	(93)	(85)	—	—	(93)	(85)
Actuarial accrued liability, end of fiscal year	$ 3,123	$ 2,949	$ 7	$ 7	$ 3,130	$ 2,956

Significant economic assumptions used in determining veterans compensation and burial benefits

	2019	2018
Rate of interest	3.42%	3.52%
Rate of inflation	2.23%	2.28%

Pension benefits

The VA also provides certain veterans and/or their dependents with pension benefits, based on annual eligibility reviews. The pension program for veterans is not accounted for as a "federal employee pension plan" under SFFAS No. 5, *Accounting for Liabilities of the Federal Government* due to differences between its eligibility conditions and those of federal employee pensions. Therefore, a future liability for pension benefits is not recorded. VA pension liabilities are recognized when due and payable. The projected amounts of future payments for pension benefits (presented for informational purposes only) as of September 30, 2019, and 2018, was $100 billion and $105 billion, respectively.

State and local government

(In billions)	2019	2018
Unfunded pension entitlements	$ 4,310	$ 4,112
Other pension liabilities	4,413	4,335
Total employee and veteran benefits payable	$ 8,723	$ 8,447

Note 13 – Environmental and disposal liabilities

(In billions)	2019	2018
Federal	$ 595	$ 577
State and local	—	—
Total environmental and disposal liabilities	$ 595	$ 577

Federal government

(In billions)	2019	2018
Department of Energy	$ 505	$ 494
Department of Defense	76	70
All other entities	14	13
Total environmental and disposal liabilities	$ 595	$ 577

Department of Energy

During World War II and the Cold War, DOE (or predecessor entities) developed a massive industrial complex to research, produce, and test nuclear weapons. This included nuclear reactors, chemical-processing buildings, metal machining plants, laboratories, and maintenance facilities.

At all sites where these activities took place, some environmental contamination occurred. This contamination was caused by the production, storage, and use of radioactive materials and hazardous chemicals, which resulted in contamination of soil, surface water, and groundwater. The environmental legacy of nuclear weapons production also includes thousands of contaminated buildings and large volumes of waste and special nuclear materials requiring treatment, stabilization, and disposal.

Estimated cleanup costs at sites for which there are no current feasible remediation approaches are excluded from the estimates, although applicable stewardship and monitoring costs for these sites are included. DOE has not been required through regulation to establish remediation activities for these sites.

Estimating DOE's environmental cleanup liability requires making assumptions about future activities and is inherently uncertain. The future course of DOE's environmental cleanup and disposal will depend on a number of fundamental technical and policy choices, many of which have not been made. Some sites and facilities could be restored to a condition suitable for any desirable use or could be restored to a point where they pose no near-term health risks to the surrounding communities. Achieving the former condition of the sites and facilities would have a higher cost but these costs may be warranted in some cases or may be legally required. The environmental and disposal liability estimates include contingency estimates intended to account for the uncertainties associated with the technical cleanup scope of the program. Congressional appropriations at lower than anticipated levels, or lack of congressional approval, unplanned delays in project completions, unforeseen technical issues, among other things, could cause increases in life-cycle costs.

DOE's environmental and disposal liabilities also include the estimated cleanup and post-closure responsibilities, including surveillance and monitoring activities, soil and groundwater remediation, and disposition of excess material for sites. DOE is responsible for the post-closure activities at many of the closure sites as well as other sites. The costs for these post-closure activities are estimated for a period of 75 years after the balance sheet date, i.e., through 2094 in fiscal year 2019 and through 2093 in fiscal year 2018. While some post-cleanup monitoring and other long-term stewardship activities post-2094 are included in the liability, there are others DOE expects to continue beyond 2094 for which the costs cannot reasonably be estimated.

A portion of DOE's environmental and disposal liabilities at various field sites includes anticipated costs for facilities managed by DOE's ongoing program operations which will ultimately require stabilization, deactivation, and decommissioning. The estimate is largely based upon a cost-estimating model. Site specific estimates are used in lieu of the cost-estimating model, when available. Cost estimates for ongoing program facilities are updated each year. For facilities newly contaminated since fiscal year 1997, cleanup costs allocated to future periods and not included in environmental and disposal liabilities amounted to $0.9 billion for both fiscal years 2019 and 2018.

The predominant change in DOE's environmental liabilities estimates in fiscal year 2019 resulted from inflation adjustments to reflect constant dollars for the current year; improved and updated estimates for the same scope of work, including changes resulting from deferral or acceleration of work; revisions in technical approach or scope, including additional contamination; updated estimates of projected waste volumes; legal and regulatory changes; and cleanup activities performed. In fiscal year 2019, the Mixed Oxide project was terminated. DOE transitioned to using the dilute and dispose approach for plutonium disposition which, in turn, lowered the related costs.

Please refer to the financial statements of DOE for detailed information regarding DOE's environmental and disposal liabilities, including cleanup costs.

Department of Defense

DOD must restore active installations, installations affected by base realignment and closure, and other areas formerly used as DOD sites. DOD also bears responsibility for disposal of chemical weapons and environmental costs associated with the disposal of weapons systems (primarily nuclear-powered aircraft carriers and submarines).

DOD follows the *Superfund Amendments and Reauthorization Act*, *Comprehensive Environmental Response, Compensation, and Liability Act* (CERCLA), *Resource Conservation and Recovery Act* (RCRA) and other applicable federal or state laws to clean up contamination. The CERCLA and RCRA require DOD to clean up contamination in coordination with regulatory entities, current owners of property damaged by DOD, and third parties that have a partial responsibility for the environmental restoration. Failure to comply with agreements and legal mandates puts the DOD at risk of incurring fines and penalties.

DOD uses engineering estimates and independently validated models to estimate environmental costs. The engineering estimates are based upon extensive data obtained during the remedial investigation/feasibility phase of the environmental project.

For general PP&E placed into service after September 30, 1997, DOD expenses associated environmental costs systematically over the life of the asset using two methods: physical capacity for operating landfills and life expectancy in years for all other assets. DOD expenses the full cost to clean up contamination for stewardship PP&E at the time the asset is placed into service. DOD has expensed the costs for cleanup associated with general PP&E placed into service before October 1, 1997, except for costs intended to be recovered through user charges; for those costs, DOD has expensed cleanup costs associated with that portion of the asset life that has passed since it was placed into service. DOD systematically recognizes the remaining cost over the remaining life of the asset. The unrecognized portion of the estimated total cleanup costs associated with disposal of general PP&E was $4 billion and $5 billion as of September 30, 2019 and 2018, respectively.

DOD is unable to estimate and report a liability for environmental restoration and corrective action for buried chemical munitions and agents, because the extent of the buried chemical munitions and agents is unknown at this time. DOD is also unable to provide a complete estimate for the Formerly Utilized Sites Remedial Action Program. DOD has ongoing studies and will update its estimate as additional liabilities are identified. DOD has the potential to incur costs for restoration initiatives in conjunction with returning overseas DOD facilities to host nations. However, DOD is unable to provide a reasonable estimate at this time because the extent of required restoration is unknown.

Please refer to the financial statements of DOD for further information regarding DOD's environmental and disposal liabilities, including cleanup costs.

State and local government

The Federal Reserve does not provide amounts for environmental and disposal liabilities at the state and local government level. We do not know if states have these liabilities, and if they do, we are not aware of another aggregated source for this data.

Note 14 – Benefits due and payable

(In billions)	2019	2018
Federal	$ 224	$ 211
State and local	—	—
Total benefits due and payable	$ 224	$ 211

Federal government

(In billions)	2019	2018
Federal Old-Age and Survivors Insurance	$ 80	$ 75
Grants to States for Medicaid	37	36
Federal Supplementary Medical Insurance (Medicare Parts B and D)	37	31
Federal Hospital Insurance (Medicare Part A)	34	32
Federal Disability Insurance	22	25
All other benefits programs	14	12
Total benefits due and payable	$ 224	$ 211

Benefits due and payable are amounts owed to program recipients or medical service providers as of September 30 that have not been paid. Most of the benefits due and payable relate to programs administered by HHS and SSA. For a description of the programs, see in the *Financial Report*, *Note 22 – Social Insurance* and the *Unaudited Required Supplementary Information (RSI) – Social Insurance* section.

State and local government

Based on our understanding of the state and local government, we expect there to be amounts for benefits due and payable, however, the Federal Reserve does not provide information on the balances, and we are not aware of another aggregated source of this data.

Note 15 – Insurance and guarantee program liabilities

(In billions)	2019	2018
Federal	$ 195	$ 170
State and local	—	—
Total insurance and guarantee program liabilities	$ 195	$ 170

Federal government

(In billions)	2019	2018
Pension Benefit Guaranty Corporation – Defined Benefit Pension Plans	$ 181	$ 158
Department of Agriculture – Federal Crop Insurance	9	10
All other insurance and guarantee programs	5	2
Total insurance and guarantee program liabilities	$ 195	$ 170

The federal government incurs liabilities related to various insurance and guarantee programs as detailed in the table above. Note 18 – *Contingencies* includes a discussion of contingencies and other risks related to significant insurance and guarantee programs. Insurance information, and related liability, concerning federal employee and veteran benefits is included in Note 12 – *Employee and Veteran Benefits Payable*. Social insurance and loan guarantees are not considered insurance under SFFAS No. 51, *Insurance Programs*. Loan guarantees are disclosed in Note 4 – *Loans Receivable and Loan Guarantee Liabilities, Net*, and social insurance information is included primarily in the sustainability financial statements and in Note 22—*Social Insurance* of the *Financial Report*.

Insurance and guarantee program liabilities are recognized for known losses and contingent losses to the extent that the underlying contingency is deemed probable and a loss amount is reasonably measurable. Please see Note 18—Contingencies for discussion on the meaning of "probable" depending on the accounting framework used by each significant consolidation entity. As discussed in the *Financial Report Note 1.L – Insurance and Guarantee Program Liabilities*, certain significant consolidation entities (i.e., PBGC and FDIC) apply FASB standards, and such entities, as permitted by SFFAS No. 47, *Reporting Entity*, are consolidated into the US government's consolidated financial statements without conversion to FASAB standards. PBGC administers the largest insurance and guarantee program liability, the Defined Benefit Pension Plans, and applies FASB standards.

As of September 30, 2019, and 2018, $181 billion and $158 billion, respectively, pertain to pension plans in PBGC's single-employer and multi-employer programs. PBGC insures pension benefits for participants in covered defined benefit pension plans. The total increase of $23 billion in PBGC's liability for insured pension plans includes increases of $11 billion and $12 billion for single-employer and multi-employer plans, respectively. For both single-employer and multi-employer programs, the increases were primarily driven by changes in actuarial assumptions related to changes in interest factors. As of September 30, 2019, and 2018, PBGC had total liabilities of $187 billion and $164 billion, and its total liabilities exceeded its total assets by $57 billion and $51 billion, respectively. Refer to PBGC's financial statements for more information and to Note 18 – *Contingencies* for additional information regarding insurance contingencies and exposure. PBGC is currently assessing the effect of the legislation enacted subsequent to September 30, 2019 on its liabilities and contingency disclosures. Please see Note 26 – *Subsequent Events* for additional information.

As of September 30, 2019, and 2018, $9 billion and $10 billion, respectively, pertain to USDA's Federal Crop Insurance Program. The Federal Crop Insurance Program is administered by the Federal Crop Insurance Corporation, who provides insurance to reduce agricultural producers' economic losses due to natural disasters.

State and local government

The Federal Reserve does not provide amounts for insurance and guarantee program liabilities. We do not know if states have these liabilities, and if they do, we are not aware of another aggregated source for this data.

Note 16 – Other liabilities

(In billions)	**2019**	**2018**
Federal	$ 510	$ 479
State and local	—	—
Total other liabilities	$ 510	$ 479

Federal government

(In billions)	2019	2018
Liability for advances and prepayments	$ 111	$ 99
Other liabilities without related budgetary obligations	64	55
Other deferred revenue	64	62
Contingent liabilities	51	52
Allocation of special drawing rights	48	49
Other liabilities with related budgetary obligations	40	39
Actuarial liabilities for Treasury-managed benefits program.	35	32
Other miscellaneous liabilities	97	91
Total	$ 510	$ 479

Other liabilities are the amounts owed to the public for goods and services provided but not paid for. Other liabilities are liabilities not reported elsewhere in the balance sheet and are presented on a comparative basis by major category.

Liability for advances and prepayments are the amounts of payments received in advance of performance of activities for which revenue has not been earned. Other liabilities without related budgetary obligations represent those unfunded liabilities for which Congressional action is needed before budgetary resources can be provided. Other deferred revenue are the amounts of revenue or income received but not yet earned not otherwise classified as advances or prepayments. Contingent liabilities are amounts that are recognized as a result of a past event where a future outflow or sacrifice of resource is probable and measurable. Allocation of SDRs are the amounts of corresponding liability representing the value of the reserve assets allocated by the IMF to meet global needs to supplement existing reserve assets. SDRs derive their quality as reserve assets from the undertakings of the members to accept them in exchange for "freely useable" currencies (the U.S. dollar, European euro, Japanese Yen, and British pound sterling). Other liabilities with related budgetary obligations are amounts of liabilities for which there is a related budgetary obligation. Actuarial liabilities for Treasury-managed benefit programs are the amounts recorded by Treasury for actuarial liabilities of future benefit payments to be paid from programs such as the D.C. Federal Pension Fund and the D.C. Judicial Retirement Fund. Other miscellaneous liabilities are the liabilities not otherwise classified above. Many entities reported relatively small amounts.

This new presentation for fiscal years 2018 and 2019 provides a more transparent view of the significant line items for Other Liabilities. The following entities below are listed in order of significance and comprise 95% of the government's reported Other Liabilities of $510 billion as of September 30, 2019. Please refer to the following entities' financial statements for additional details: DOE, SAA, Treasury, HHS, DOD, DOL, Department of Justice (DOJ), USDA, Department of Transportation (DOT), DHS, USPS, PBGC, VA, TVA, Environmental Protection Agency (EPA), DOI, DOS, FCC, and Education.

State and local government

Based on our review of specific state Comprehensive Annual Financial Reports, we know that the state governments do have other liabilities, however the Federal Reserve does not provide information on the balances, and we are not aware of another aggregated source of this data.

Note 17 – Prior-period adjustments

This note summarizes the restatements that our Government has made of their prior period figures. The effects of these restatements were increases (decreases) in the previously reported values, as follows:

(In billions)	Federal	State and Local	Combined 2018
Income statements			
Net deficit	$ —	$ 14	$ 14
Tax revenues	—	7	7
Non-tax revenues	—	6	6
Total revenues	—	13	13
Total expenditures	—	(1)	(1)
Combined functional income statements			
Transfer payments to individuals other than personnel and subsidies	—	(10)	(10)
Compensation for personnel past and present		(3)	(3)
Payments to others for goods and services	—	3	3
Capital expenditures	—	9	9
Combined segment income statements			
Establish justice and ensure domestic tranquility expenditures	—	(2)	(2)
Promote the general welfare	—	(1)	(1)
Secure the blessings of liberty to ourselves and our posterity expenditures	—	(2)	(2)
General government and other expenditures	—	4	4
Balance sheets			
Accounts and taxes receivable (Note 3)	—	4	4
Property, plant, and equipment, net (Note 6)	—	(22)	(22)
Debt and equity securities (Note 7)	—	47	47
Accounts payable (Note 10)	—	(1)	(1)
Debt securities held by the public and accrued interest (Note 11)	—	82	82
Employee and veteran benefits payable (Note 12)	—	(2)	(2)
Accumulated deficit	$ —	$ (50)	$ (50)

Federal government

Because of our process of using the most recent *Financial Report* to develop our federal balance sheets, as described in *General note on sources* above, we will generally not be required to restate our previously reported federal balance sheet disclosures. However, the OMB infrequently restates federal income statement data. Should this occur, we will restate the related federal income statement and footnote figures in our report. We noted no material federal balance sheet or income statement restatements for the periods presented.

State and local government

The Census and the Federal Reserve restated certain prior year (fiscal year 2017) figures we reported in the state and local financial statements and accompanying footnote disclosures. Generally, the Census and the Federal Reserve do not describe the cause and nature of their restatements.

Note 18 – Contingencies

(In billions)	2019	2018
Federal	$ 38	$ 41
State and local	—	—
Total contingencies	$ 38	$ 41

Federal government

Loss contingencies are existing conditions, situations, or sets of circumstances involving uncertainty as to possible loss to an entity. The uncertainty will ultimately be resolved when one or more future events occur or fail to occur. The federal government is subject to loss contingencies related to: Legal and environmental and disposal; Insurance and guarantees; and Other Contingencies.

The federal government is involved in various litigation, including administrative proceedings, legal actions, and tort claims, which may ultimately result in settlements or decisions adverse to the federal government. In addition, the federal government is subject to loss contingencies for a variety of environmental cleanup costs for the storage and disposal of hazardous material as well as the operations and closures of facilities at which environmental contamination may be present. Refer to the Legal Contingencies and Environmental and Disposal Contingencies section of this note for further details.

The federal government provides insurance and guarantees via a variety of programs. At the time an insurance policy or guarantee is issued, a contingency arises. The contingency is the risk of loss assumed by the insurer, that is, the risk of loss from events that may occur during the term of the policy. For more information, refer to the Insurance and Guarantees sections of this note.

Other contingencies include those related to the federal government's establishment of construction budgets without receiving appropriations from Congress for such projects, appeals of Medicaid audit and program disallowances by the states, and potential draws by GSEs. The government is also a party to treaties and other international agreements. These treaties and other international agreements address various issues including, but not limited to, trade, commerce, security, and law enforcement that may involve financial obligations or give rise to possible exposure to losses. For a more detailed discussion of the government's other loss contingencies, refer to the Other Contingencies section of this note

Financial treatment of loss contingencies

The reporting of loss contingencies depends on the likelihood that a future event or events will confirm the loss or impairment of an asset or the incurrence of a liability and the likelihood of loss can range from probable to remote. SFFAS No. 5, *Accounting for liabilities of the federal government*, identifies the probability classifications used to assess the range for the likelihood of loss as probable, reasonably possible, and remote. Loss contingencies where a past event or exchange transaction has occurred, and where a future outflow or other sacrifice of resources is assessed as probable and measurable, are accrued in the financial statements. Loss contingencies that are assessed to be at least reasonably possible are disclosed in this note, and loss contingencies that are assessed as remote are neither reported in the financial statements, nor disclosed in the notes.

Loss contingencies arise in the normal course of operations and their ultimate disposition is unknown. Based on information currently available, however, it is management's opinion that the expected outcome of these matters, individually or in the aggregate, will not have a material adverse effect on the financial statements, except for the litigation and insurance described in the following sections, which could have a material adverse effect on the financial statements.

Certain significant consolidation entities apply financial accounting and reporting standards issued by FASB, and such entities, as permitted by SFFAS No. 47, *Reporting Entity*, are consolidated into the federal government's consolidated financial statements without conversion to financial and reporting standards issued by FASAB. Generally, under FASAB standards, a contingency is considered "probable" if the future event or events are more likely than not to occur. Under FASB standards, a contingency is considered "probable" if the future event or events are likely to occur. "Likely to occur" is considered to be more certain than "more likely than not to occur." Under both accounting frameworks, a contingency is considered "reasonably possible" if occurrence of the future event or events is more likely than remote, but less likely than "probable" ("probable" as defined within each corresponding accounting framework).

Legal contingencies and environmental and disposal contingencies

	2019			2018		
		Estimated Range of Loss for Certain Cases [2]			Estimated Range of Loss for Certain Cases [2]	
(In billions)	**Accrued Liabilities [1]**	**Lower End**	**Upper End**	**Accrued Liabilities [1]**	**Lower End**	**Upper End**
Probable	$ 38	$ 37	$ 39	$ 41	$ 40	$ 44
Reasonably possible	$ —	$ 7	$ 29	$ —	$ 8	$ 29

[1] *Accrued liabilities are recorded and presented in the related line items of the Combined balance sheets.*
[2] *Does not reflect the total range of loss; many cases assessed as reasonably possible of an unfavorable outcome did not include estimated losses that could be determined.*

Management and legal counsel have determined that it is "probable" that some legal actions, litigation, tort claims, and environmental and disposal contingencies will result in a loss to the federal government and the loss amounts are reasonably measurable. The estimated liabilities for "probable" cases against the federal government are $38 billion and $41 billion as of September 30, 2019, and 2018, respectively, and are included in Other Liabilities on the Combined balance sheet. For example, the US Supreme Court 2012 decision in Salazar v. Ramah Navajo Chapter, and subsequent cases related to contract support costs have resulted in increased claims against the Indian Health Service, which is a component within HHS. As a result of this decision, many tribes have filed claims. Some claims have been paid and others have been asserted but not yet settled. It is expected that some tribes will file additional claims for prior years. The estimated amount recorded for contract support costs is $5 billion in both fiscal year 2019 and 2018.

There are also administrative claims and legal actions pending where adverse decisions are considered by management and legal counsel as "reasonably possible" with an estimate of potential loss or a range of potential loss. The estimated potential losses reported for such claims and actions range from $7 billion to $29 billion as of September 30, 2019, and from $8 billion to $29 billion as of September 30, 2018. Amounts reported for 2018 have been restated to correct DOE's estimated range of loss for reasonably possible contingencies. The restatement increased the lower end range of loss by $1 billion and the upper end range of loss increased by $2 billion. For example, as of September 30, 2019, EPA has received claims under the *Federal Tort Claims Act* in regards to the Gold King Mine, from individuals and businesses situated on or near affected waterways alleging lost wages, loss of business income, agricultural and livestock losses, property damage, diminished property value, and personal injury. The amounts estimated related to the Gold King Mine are $2 billion but they are only reasonably possible, and the final outcomes are not probable.

In accordance with the *Nuclear Waste Policy Act of 1982* (NWPA), DOE entered into more than 68 standard contracts with utilities in which, in return for payment of fees into the Nuclear Waste Fund, DOE agreed to begin disposal of Spent Nuclear Fuel (SNF) by January 31, 1998. Because DOE has no facility available to receive SNF under the NWPA, it has been unable to begin disposal of the utilities' SNF as required by the contracts. Therefore, DOE is subject to significant SNF litigation claiming damages for partial breach of contract as a result of this delay. Based on settlement estimates, the total liability estimates as of September 30, 2019 is $37 billion. After deducting the cumulative amount paid of $8 billion as of September 30, 2019 under settlements, and as a result of final judgments, the remaining liability is estimated to be approximately $29 billion, compared to approximately $28 billion as of September 30, 2018.

A number of class action and/or multiple plaintiff tort suits have been filed against current and former DOE contractors in which the plaintiffs seek damages for alleged exposures to radioactive and/or toxic substances as a result of the historic operations of DOE's nuclear facilities. Collectively, damages in excess of $1 billion are currently being sought in these cases.

Numerous litigation cases are pending where the outcome is uncertain or it is reasonably possible that a loss has been incurred and where estimates cannot be made. There are other litigation cases where the plaintiffs have not made claims for specific dollar amounts, but the settlement may be significant. The ultimate resolution of these legal actions for which the potential loss could not be determined may materially affect the US government's financial position or operating results.

A number of plaintiffs filed claims in the US Court of Federal Claims requesting that Treasury redeem matured savings bonds not possessed by the applicable states, but which have registered owners with last known addresses in those states. Treasury informed the applicable states it would not redeem these savings bonds since those states are not registered owners of the bonds. On August 20, 2015, the US Court of Federal Claims partially dismissed one claim and denied the US government's motion to dismiss with respect to other claims. On August 8, 2017, the court ruled in favor of two states, and the US government appealed. On August 13, 2019, the Court of Appeals for the Federal Circuit reversed the August 8, 2017 ruling, and the two states filed a petition for a rehearing on September 27, 2019. That petition was denied on December 11, 2019 and the plaintiffs intended to seek further review by the US Supreme Court. At this time, the federal government is unable to determine the likelihood of an unfavorable outcome or make an estimate of potential loss.

A number of cases were filed in the US Court of Federal Claims and US District Courts in which the plaintiffs allege, among other things, that the US government took their property, breached contractual rights of preferred and common stockholders, and breached fiduciary duties when the third amendments to the SPSPAs between Treasury and each GSE were executed in August 2012. One case also alleges that the US government took plaintiffs' property and contractual rights when the GSEs were placed into conservatorship and entered into the SPSPAs with Treasury in September 2008. In the US Court of Federal Claims, the plaintiffs seek just compensation and other damages from the US government. In the US District Courts, the plaintiffs seek to set aside the third amendments to the SPSPAs as well as damages, and in some cases a declaration that the FHFA's structure violates the separation of powers. Cases in the US District Court for the District of Delaware and the US District Court for the Northern District of Iowa have been dismissed by those District Courts, and the Third and Eighth Circuit Courts of Appeals affirmed the dismissals. A case in the US District Court for the Southern District of Texas was dismissed by that District Court; and the Fifth Circuit Court of Appeals affirmed dismissal of all claims against Treasury but allowed one claim against the FHFA to proceed. The plaintiffs have sought review in the Supreme Court of their claim that the FHFA's structure violates the separation of powers, and the Solicitor General is considering whether to seek further review in the Supreme Court of the claim the court of appeals allowed to proceed. A case in the US District Court for the District of Minnesota was dismissed by that District Court, and an appeal is pending. Cases in the Western District of Michigan and Eastern District of Pennsylvania remain in litigation, and motions to dismiss are pending. Treasury is unable to determine the likelihood of an unfavorable outcome or an estimate of potential loss in these cases at this time.

In prior years environmental and disposal contingencies were presented separately in this note.

Insurance and guarantees

As discussed in the *Financial Report* Note 1.L – *Insurance and Guarantee Program Liabilities*, certain consolidation entities with significant insurance and guarantee programs apply FASB standards, while other insurance programs are accounted for in the consolidated financial statements pursuant to FASAB standards. See Note 15 – *Insurance and guarantee program liabilities* for insurance and guarantee liabilities and Note 12 – *Employee and veteran benefits payable* for insurance related to federal employee and veteran benefits.

Entities accounted for under FASB

PBGC, Farm Credit System Insurance Corporation (FCSIC), and FDIC are consolidation entities with significant insurance or guarantee programs that apply FASB standards, which provide that an entity shall disclose information about certain loss contingencies even though the possibility of loss may be remote.

PBGC insures pension benefits for participants in covered defined benefit pension plans. Under current law, PBGC's liabilities may be paid only from PBGC's assets. Accordingly, PBGC's liabilities are not backed by the full faith of the US government. In fiscal year 2019, PBGC's single-employer and multi-employer pension insurance programs had $128 billion and $3 billion in total assets, respectively.

PBGC operates two separate pension insurance programs: a single-employer program and a multi-employer program. The single-employer program covered about 25 million people (excluding those in plans that PBGC has trusteed) in fiscal year 2019, down from about 26 million people in fiscal year 2018, and the maximum guaranteed annual benefit for participants who are in a plan that terminated in fiscal year 2019 and commence benefits at age 65 is $67,295. The maximum guaranteed benefit for single-employer plan participants varies with a number of factors such as the date of the sponsoring employer's bankruptcy and the age at which the participant commences benefits. The number of covered ongoing plans at the end of fiscal year 2019 was about 24,000.

The multi-employer program covers about 11 million participants in about 1,400 insured plans and the maximum annual benefit is $12,870 to a participant who worked for 30 years in jobs covered by the plan. The maximum benefit for multi-employer plan participants varies with covered service and would be lower if the participant worked less than 30 years and higher if the participant worked more than 30 years. PBGC projects a high likelihood that the multi-employer program will become insolvent by the end of 2025, at which point its financial assistance to multi-employer plans will be limited to the premiums collected by the program. Please refer to Note 26 - *Subsequent Events* and PBGC financial statements for further details.

FCSIC insures the timely payment of principal and interest on Systemwide Debt Securities. Systemwide Debt Securities are the general unsecured joint and several obligations of the Farm Credit Banks. Systemwide Debt Securities are not obligations of and are not guaranteed by the US government. Outstanding Systemwide Debt Securities totaled $283 billion as of September 30, 2019. The insurance provided by FCSIC is also not an obligation of and is not guaranteed by the US government. Under current law, if FCSIC does not have sufficient funds to pay unpaid principal and interest on insured Systemwide Debt Securities, the Farm Credit System banks will be required to make payments under joint and several liability. As of September 30, 2019, FCSIC reported an Insurance Fund balance of $5 billion.

FDIC insures bank and savings association deposits, which exposes FDIC to various risks. FDIC has estimated total insured deposits of $7,737 billion as of September 30, 2019, and $7,377 billion as of September 30, 2018, for the DIF.

The federal government has guarantee contingencies that are reasonably possible in the amount of $166 billion as of September 30, 2019, and $185 billion as of September 30, 2018.

PBGC reported $166 billion and $185 billion as of September 30, 2019, and 2018, respectively, for the estimated aggregate unfunded vested benefits exposure to the PBGC for private-sector single-employer and multi-employer defined benefit pension plans that are classified as a reasonably possible exposure to loss. The decrease comprised primarily from the single-employer program contingencies is primarily due to the increase in the interest factors used for valuing liabilities and the decline in the number of companies with lower than investment grade bond rating and/or credit scores.

FDIC reported $0.1 billion and $0.3 billion as of September 30, 2019, and 2018, respectively, for identified additional risk in the financial services industry that could result in additional loss to the DIF should potentially vulnerable insured institutions ultimately fail. Actual losses, if any, will largely depend on future economic and market conditions

Entities Accounted for under FASAB

The total amount of coverage provided by an insurer as of the end of the reporting period is referred to as insurance in-force. Insurance in-force represents the total amount of unexpired insurance arrangements for the corresponding program as of a given date. Insurance in-force is presented to provide the reader with a better understanding of the unexpired insurance arrangements that are not considered a liability. It is extremely unlikely that losses equal to the maximum risk exposure would be incurred. The table below shows the estimate of insurance in-force as of September 30, 2019 for consolidation entities with significant insurance programs that apply FASAB standards in accordance with SFFAS No. 51, *Insurance Programs*.

Insurance in-force

(In billions)		2019
Ginnie Mae – Department of Housing and Urban Development	$	2,093
National Flood Insurance Program – Department of Homeland Security	$	1,330
National Credit Union Share Insurance Fund – National Credit Union Administration	$	1,200
Federal Crop Insurance – Department of Agriculture	$	109

Ginnie Mae insures MBS and commitments, which exposes Ginnie Mae to various risks. The Ginnie Mae MBS are backed by pools of mortgage loans guaranteed by FHA, Public and Indian Housing, Rural Housing Service, and VA. Accordingly, Ginnie Mae's credit risk related to outstanding MBS is greatly mitigated by guarantees discussed in Note 4 – *Loans receivable and loan guarantee liabilities, net*.

National Flood Insurance Program (NFIP), administered by DHS, is considered an exchange transaction insurance program and pays claims to policy holders who experience flood damage due to flooding within the NFIP rules and regulations. NFIP is authorized to secure reinsurance coverage from private reinsurance and capital markets to maintain the financial ability of the program to pay claims from major flooding events.

FEMA, a component of DHS, is authorized to borrow from Treasury up to $31 billion to fund the payment of flood insurance claims and claims-related expenses of the NFIP. This authority is used only as needed to pay existing obligations for claims and expenses. Insurance premiums collected are used to pay insurance claims and to repay borrowings. As of September 30, 2019, and 2018, FEMA had drawn from Treasury $21 billion, leaving $10 billion available to be borrowed. Premiums collected by FEMA for the NFIP based on subsidized rates are not sufficient to cover the debt repayments. Given the current premium rate structure, FEMA will not be able to generate sufficient resources from premiums to repay its debt.

The National Credit Union Share Insurance Fund (NCUSIF), managed by National Credit Union Administration (NCUA), insures member shares (deposits) in all federal credit unions and in qualifying state-chartered credit unions requesting insurance. NCUSIF insures the balance of each members' accounts, dollar-for-dollar, up to at least the standard maximum share insurance amount of $250,000.

The Federal Crop Insurance Program, administered by USDA's Federal Crop Insurance Corporation (FCIC), is considered an exchange transaction insurance program. The crop insurance policies insure against unexpected declines in yield and/or price due to natural causes. In crop year 2019 there were approximately 1 million crop insurance policies in force. The insurance policies are structured as a contract between Approved Insurance Provider and agricultural producers, with the FCIC providing reinsurance to Approved Insurance Providers. Crop insurance policies automatically renew each year, unless producers cancel them by a published annual deadline.

The FCIC may request the Secretary of Agriculture to provide borrowing authority funds of the Commodity Credit Corporation if at any time the amounts in the insurance fund are insufficient to allow FCIC to carry out its duties. Even though the authority exists, FCIC did not request Commodity Credit Corporation funds in the reporting period. USDA has permanent indefinite appropriations available to fund certain costs of the crop insurance program; such as premium subsidy, delivery expenses, losses in excess of premiums, and research costs. FCIC has no outstanding borrowing as of September 30, 2019.

For further information, please refer to HUD, DHS, NCUA and USDA, financial statements.

The *Terrorism Risk Insurance Act* of 2002, as amended, created Terrorism Risk Insurance Program (TRIP), which requires participating insurers to make insurance available for losses resulting from acts of terrorism and provides a federal government backstop for the insurers' resulting financial exposure. This statue was enacted following the terrorist attacks on September 11, 2001, to address disruptions in the market for terrorism risk insurance, to help ensure the continued availability and affordability of commercial property and casualty insurance for terrorism risk, and to allow for the private markets to stabilize and build insurance capacity to absorb any future losses for terrorism events. Most recently, the *Terrorism Risk Insurance Program Reauthorization Act* of 2019 authorized TRIP until December 31, 2027. The claims process under TRIP commences once the Secretary of the Treasury (in consultation with the Secretary of the DHS and the US Attorney General) certifies an event as an "act of terrorism." In the event of certification of an "act of terrorism" insurers may be eligible to receive reimbursement from the US government for associated insured losses assuming an aggregate insured loss threshold ("program trigger") has been reached once a particular insurer has satisfied its designated deductible amount. For calendar years 2019 and 2018, the program trigger amount was $180 million and $160 million, respectively. This amount will increase by $20 million annually through calendar year 2027. Insured losses above insurer deductibles will be shared between insurance companies and the US government. TRIP includes both mandatory and discretionary authority for Treasury to recoup federal payments made under TRIP through policyholder surcharges under certain circumstances, and contains provisions designed to manage litigation arising from or relating to a certified act of terrorism. There were no claims under TRIP as of September 30, 2019 or 2018.

Other contingencies

DOT, HHS, and Treasury reported the following other contingencies:

The Federal Highway Administration (FHWA) has a reasonably possible contingency due to their authority to approve projects using advance construction under 23 U.S.C. 115(a) and 23 CFR 630.701-630.709. FHWA does not guarantee the ultimate funding to the states for these "advance construction" projects and, accordingly, does not obligate any funds for these projects. When funding becomes available to FHWA, the states can then apply for reimbursement of costs that they have incurred on such projects, at which time FHWA can accept or reject such requests. As of September 30, 2019, and 2018, FHWA has pre-authorized $67 billion and $61 billion, respectively, under these arrangements. Congress has not provided appropriations for these projects and no liability is accrued in the DOT consolidated financial statements. Therefore, these are considered reasonably possible

Contingent liabilities have been accrued as a result of Medicaid audit and program disallowances that are currently being appealed by the states. The Medicaid amounts are $10 billion and $6 billion for fiscal years ending September 30, 2019, and 2018, respectively. The states could return the funds through payments to HHS, or HHS could recoup the funds by reducing future grant awards to the states. Conversely, if the appeals are decided in favor of the states, HHS will be required to pay these amounts. In addition, certain amounts for payment have been deferred under the Medicaid program when there is reasonable doubt as to the legitimacy of expenditures claimed by a state. There are also outstanding reviews of the state expenditures in which a final determination has not been made.

Treasury has a contingency for future draws by the GSE's. There were no probable future draws accrued at September 30, 2019 and 2018 and the total amount of reasonable possible future draws is not estimable as of September 30, 2019 and 2018. See Note 8 – *Investments in government-sponsored enterprises* for further information.

When a contingency originates from the US government's involvement in a treaty or other international agreement, the responsible reporting entity must establish a contingent liability, and include a required note disclosure to its financial statements, or both in accordance with guidance in SFFAS No. 5. Also see Note 19 - *Commitments* for information concerning commitments related to treaties and other international agreements

State and local government

Based on our review of specific state Comprehensive Annual Financial Reports, we know that the state governments do have contingencies, however, the Federal Reserve does not provide information on the balances, and we are not aware of another aggregated source of this data.

Note 19 – Commitments

(In billions)	**2019**	**2018**
Federal	$ 1,890	$ 1,794
State and local	—	—
Total commitments	$ 1,890	$ 1,794

Federal government

The federal government has entered into contractual commitments that require future use of financial resources. It has significant amounts of long-term lease obligations.

Long-term operating leases

(In billions)	2019	2018
General Services Administration	$ 22	$ 22
US Postal Service	5	4
Department of Veteran Affairs	4	4
Other operating leases	6	6
Total long-term operating leases	$ 37	$ 36

Undelivered orders and other commitments and risks

(In billions)	2019	2018
Undelivered Orders		
Department of Defense	$ 382	$ 320
Defense Security Cooperation Agency	184	168
Department of Education	122	133
Department of Transportation	111	111
Department of Health and Human Services	132	123
All other agencies	369	344
Total undelivered orders	$ 1,300	$ 1,199
Other Commitments		
GSE Senior Preferred Stock Purchase Agreement	$ 254	$ 254
US participation in the International Monetary Fund	151	155
Callable capital subscriptions for Multilateral Development Banks	122	121
All other commitments	26	29
Total other commitments	$ 553	$ 559

Undelivered orders

Undelivered orders represent the value of goods and services ordered that have not yet been received. As of September 30, 2019, and 2018, the total reported undelivered orders were $1,299 billion and $1,199 billion, respectively. As of September 30, 2019, and 2018, DOD reported undelivered orders of $382 billion and $320 billion, respectively. The $62 billion increase primarily resulted from enhanced methods used in the classification of federal and non-federal undelivered orders.

GSE Senior Preferred Stock Purchase Agreements

At September 30, 2019 and 2018, the maximum remaining potential commitment to the GSEs for the remaining life of the SPSPAs was $254 billion, which was established on December 31, 2012. Refer to *Note 8 – Investments in government-sponsored enterprises* for a full description of the SPSPAs related commitments and contingent liability, if any, as well as additional information.

US participation in the International Monetary Fund

The federal government participates in the IMF through a quota subscription and certain borrowing arrangements that supplement IMF resources. As of September 30, 2019, and 2018, the financial commitment, including funded portion, under the US quota and borrowing arrangements was $151 billion and $155 billion, respectively. Refer to Note 2 – *Cash and other monetary assets* and Note 25 - *Disclosure entities and related parties* for more information regarding the US participation in the IMF.

Callable capital subscriptions for Multilateral Development Banks

The federal government has callable subscriptions in certain MDBs, which are international financial institutions that finance economic and social development projects in developing countries. Callable capital in the MDBs serves as a supplemental pool of resources that may be redeemed and converted into ordinary paid in shares, if the MDB cannot otherwise meet certain obligations through its other available resources. MDBs are able to use callable capital as backing to obtain favorable financing terms when borrowing from international capital markets. To date, there has never been a call on this capital at any MDBs and none is anticipated. As of September 30, 2019, and 2018, the capital commitment to MDBs was $122 billion and $121 billion, respectively.

US Contributions to International Organizations

The US government enters into agreements to pay future contributions to international organizations in which it participates as a member. These contributions may include financial and in-kind support, including assessed contributions, voluntary contributions, grants, and other assistance to international organizations. Following are examples of international organizations and their underlying missions that are supported by US contributions:

- *Office of the United Nations High Commissioner for Refugees*, which was established to safeguard the rights and well-being of refugees;
- *International Committee of the Red Cross*, which provides humanitarian protection and assistance for victims of armed conflict and other situations of violence;
- *International Organization for Migration*, which supports migration programs and the US Refugee Assistance Program;
- *North Atlantic Treaty Organization*, which promotes conflict prevention and peaceful resolution of disputes;
- *United Nations*, which enables the world's nations to work together toward freedom, democracy, peace, and human rights;
- *World Food Program*, which provides emergency nutrition programming;
- *Global Environment Facility*, which is a multilateral trust fund that provides grants for global environmental projects;
- *Green Climate Fund*, which was established to support the efforts of developing countries to respond to the challenge of climate change;
- *United Nations Children's Fund*, which promotes humanitarian and developmental assistance to children and mothers in developing countries; and
- *World Health Organization*, which provides international health activities within the United Nations system and aids in health systems; including activities that address non-communicable and communicable diseases; environmental health; and natural and man-made emergencies.

State and local government

Based on our review of specific state Comprehensive Annual Financial Reports, we know that the state governments do have commitments, however, the Federal Reserve does not provide information on the balances, and we are not aware of another aggregated source for this data.

Note 20 – Funds from dedicated collections

(In billions)	2019	2018
Federal	$ 3,517	$ 3,481
State and local	—	—
Total funds from dedicated collections	$ 3,517	$ 3,481

Federal government

(In billions)	2019 SSA's Funds from Dedicated Collections (Combined)	2019 All Other Funds from Dedicated Collections (Combined)	2019 Total Funds from Dedicated Collections (Combined)	2018 SSA's Funds from Dedicated Collections (Combined)	2018 All Other Funds from Dedicated Collections (Combined)	2018 Total Funds from Dedicated Collections (Combined)
Assets						
Cash and other monetary assets	$ —	$ 66	$ 66	$ —	$ 67	$ 67
Accounts and taxes receivables, net	8	39	47	8	38	46
Loans receivable, net	—	3	3	—	4	4
Inventories and related property, net	—	1	1	—	3	3
Property, plant and equipment, net	—	35	35	—	34	34
Debt and equity securities	—	34	34	—	35	35
Other assets	—	20	20	—	20	20
Federal assets	3,023	978	4,001	3,015	921	3,936
Total assets	$ 3,031	$ 1,176	$ 4,207	$ 3,023	$ 1,122	$ 4,145
Liabilities and net position						
Accounts payable	$ —	$ 7	$ 7	$ —	$ 8	$ 8
Federal employee and veteran benefits payable	—	7	7	—	8	8
Environmental and disposal liabilities	—	26	26	—	27	27
Benefits due and payable	103	74	177	99	64	163
Insurance and guarantee program liabilities	—	4	4	—	2	2
Other liabilities	—	148	148	—	149	149
Federal liabilities	109	212	321	108	199	307
Total liabilities	212	478	690	207	457	664
Total net position	2,819	698	3,517	2,816	665	3,481
Total liabilities and net position	$ 3,031	$ 1,176	$ 4,207	$ 3,023	$ 1,122	$ 4,145
Change in net position						
Net position, beginning of period	$ 2,816	$ 665	$ 3,481	$ 2,813	$ 607	$ 3,420
Prior-period adjustment	—	—	—	—	22	22
Beginning net position, adjusted	2,816	665	3,481	2,813	629	3,442
Individual income taxes	932	286	1,218	873	265	1,138
Other taxes and receipts	—	146	146	—	151	151
Other changes in fund balance	25	381	406	25	345	370
Federal non-exchange revenue	82	15	97	83	15	98
Total financing sources	1,039	828	1,867	981	776	1,757
Program gross costs and non-program expenses	1,036	959	1,995	978	894	1,872
Less: program revenue	—	(164)	(164)	—	(154)	(154)
Net cost	1,036	795	1,831	978	740	1,718
Ending net position	$ 2,819	$ 698	$ 3,517	$ 2,816	$ 665	$ 3,481

Generally, funds from dedicated collections are financed by specifically identified revenues, often supplemented by other financing sources, provided to the federal government by non-federal sources, which remain available over time. These specifically identified revenues and other financing sources are required by statute to be used for designated activities, benefits, or purposes and must be accounted for separately from the federal government's general revenues. Funds from dedicated collections generally include trust funds, public enterprise revolving funds (not including credit reform financing funds), and special funds. Funds from dedicated collections specifically exclude any fund established to account for pensions, other retirement benefits, other postemployment benefits, or other benefits provided for federal employees (civilian and military). In the federal budget, the term "trust fund" means only that the law requires a particular fund be accounted for separately, used only for a specified purpose, and designated as a trust fund. A change in law may change the future receipts and the terms under which the fund's resources are spent. In the private sector, trust fund refers to funds of one party held and managed by a second party (the trustee) in a fiduciary capacity. The activity of funds from dedicated collections differs from fiduciary activities primarily in that assets within funds from dedicated collections are government-owned. For further information related to fiduciary activities, see *Note 21 – Fiduciary activities*.

Public enterprise revolving funds include expenditure accounts authorized by law to be credited with offsetting collections, mostly from the public, that are generated by and dedicated to finance a continuing cycle of business-type operations. Some of the financing for these funds may be from appropriations.

Special funds are federal funds dedicated by law for a specific purpose. Special funds include the special fund receipt account and the special fund expenditure account.

Total assets represent the unexpended balance from all sources of receipts and amounts due to the funds from dedicated collections, regardless of source, including related governmental transactions. These are transactions between two different entities within the federal government or intradepartmental (for example, monies received by one entity of the federal government from another entity of the federal government).

The federal assets are comprised of fund balances with Treasury, investments in Treasury securities – including unamortized amounts, and other assets that include the related accrued interest receivable on federal investments. These amounts were excluded in preparing the principal financial statements. The non-federal assets include activity with individuals and organizations outside of the federal government.

Most of the assets within funds from dedicated collections are invested in intergovernmental debt holdings. The federal government does not set aside assets to pay future benefits or other expenditures associated with funds from dedicated collections. The cash receipts collected from the public for funds from dedicated collections are deposited in the General Fund, which uses the cash for general government purposes. Treasury securities are issued to federal entities as evidence of its receipts. Treasury securities are an asset to the federal entities and a liability to Treasury and, therefore, they do not represent an asset or a liability in the *Financial Report*. These securities require redemption if a fund's disbursements exceeds its receipts. Redeeming these securities will increase the federal government's financing needs and require more borrowing from the public (or less repayment of debt) or will result in higher taxes than otherwise would have been needed, or less spending on other programs than otherwise would have occurred, or some combination thereof. See *Note 11 – Debt securities held by the public and accrued interest* for further information related to the investments in federal debt securities.

(In billions)	Federal Old-Age and Survivors Insurance Trust Fund (Combined)	Federal Hospital Insurance Trust Fund (Medicare Part A) (Combined)	Federal Disability Insurance Trust Fund (Combined)	Federal Supplementary Medical Insurance Trust Fund (Medicare Parts B and D) (Combined)
2019				
Total assets	$ 2,906	$ 237	$ 125	$ 141
Total liabilities	166	78	46	72
Total net position	2,740	159	79	69
Gross cost	893	321	143	347
Program revenues	—	4	—	103
Net cost	893	317	143	244
Total financing sources	3,633	476	222	313
Changes in net position	$ 2,740	$ 159	$ 79	$ 69

(In billions)	Federal Old-Age and Survivors Insurance Trust Fund (Combined)	Federal Hospital Insurance Trust Fund (Medicare Part A) (Combined)	Federal Disability Insurance Trust Fund (Combined)	Federal Supplementary Medical Insurance Trust Fund (Medicare Parts B and D) (Combined)
2018				
Total assets	$ 2,899	$ 238	$ 124	$ 132
Total liabilities	156	71	51	66
Total net position	2,743	167	73	66
Gross cost	837	303	141	318
Program revenues	—	4	—	96
Net cost	837	299	141	222
Total financing sources	3,580	466	214	288
Changes in net position	$ 2,743	$ 167	$ 73	$ 66

Depicted in the tables above is a breakout of OASI, HI, DI and Federal SMI Trust Funds. There funds are major funds from dedicated collections chosen based on their significant financial activity and importance to taxpayers.

Depicted below is a description of the major funds from dedicated collections shown in the above tables, which also identifies the federal government entities that administer each particular fund. For detailed information regarding funds from dedicated collections, please refer to the financial statements of the corresponding administering entities. For information on the benefits due and payable liability associated with certain funds from dedicated collections, see *Note 14 – Benefits due and payable*.

Federal Old-Age and Survivors Insurance Trust Fund

The Federal Old-Age and Survivors Insurance (OASI) Trust Fund, administered by SSA, provides retirement and survivors benefits to qualified workers and their families.

Payroll and self-employment taxes primarily fund the OASI Trust Fund. Interest earnings on Treasury securities, federal entities' payments for the Social Security benefits earned by military and federal civilian employees, and Treasury payments for a portion of income taxes collected on Social Security benefits provide the fund with additional income. The law establishing the OASI Trust Fund and authorizing the depositing of amounts to the credit of the fund is set forth in 42 U.S.C. § 401.

Federal Hospital Insurance Trust Fund (Medicare Part A)

The Federal Hospital Insurance (HI) Trust Fund, administered by HHS, finances the Hospital Insurance Program (Medicare Part A). This program funds the cost of inpatient hospital and related care for individuals age 65 or older who meet certain insured status requirements, and individuals younger than age 65 with certain disabilities.

The HI Trust Fund is financed primarily by payroll taxes, including those paid by federal entities. It also receives income from interest earnings on Treasury securities, a portion of income taxes collected on Social Security benefits, premiums paid by, or on behalf of, aged uninsured beneficiaries, and receipts from fraud and abuse control activities. Section 1817 of the *Social Security Act* established the Medicare Hospital Trust Fund.

Federal Disability Insurance Trust Fund

The Federal Disability Insurance (DI) Trust Fund, administered by SSA, provides assistance and protection against the loss of earnings due to a wage earner's disability in form of monetary payments.

Like the OASI Trust Fund, payroll taxes primarily fund the DI Trust Fund. The fund also receives income from interest earnings on Treasury securities, federal entities' payments for the Social Security benefits earned by military and federal civilian employees, and Treasury payments for a portion of income taxes collected on Social Security benefits. The law establishing the DI Trust Fund and authorizing the depositing of amounts to the credit of the fund is set forth in 42 U.S.C. § 401.

Federal Supplementary Medical Insurance Trust Fund (Medicare Parts B and D)

The Federal Supplementary Medical Insurance (SMI) Trust Fund, administered by HHS, finances the SMI Program (Medicare Part B) and the Medicare Prescription Drug Benefit Program (Medicare Part D). These programs provide SMI for enrolled eligible participants to cover physician and outpatient services not covered by Medicare Part A and to obtain qualified prescription drug coverage, respectively. Medicare Part B financing is not based on payroll taxes; it is primarily based on monthly premiums, income from the General Fund, and interest earnings on Treasury securities. The Medicare SMI Trust Fund was established by Section 1841 of the *Social Security Act*.

Medicare Part D was created by the *Medicare Modernization Act of 2003* (P.L. No. 108-173). Medicare Part D financing is similar to Part B; it is primarily based on monthly premiums and income from the General Fund, not on payroll taxes. The fund also receives transfers from states.

All other funds from dedicated collections

The federal government is responsible for the management of numerous funds from dedicated collections that serve a wide variety of purposes. The funds from dedicated collections presented on an individual basis in the above tables represent the majority of the federal government's net position attributable to funds from dedicated collections. All other activity attributable to funds from dedicated collections is aggregated in accordance with SFFAS No. 27, *Identifying and Reporting Funds from Dedicated Collections*, as amended by SFFAS No. 43, *Funds from Dedicated Collections: Amending Statement of Federal Financial Accounting Standards 27, Identifying and Reporting Earmarked Funds*. The majority entities with funds from dedicated collections within the "all other" aggregate, include the following: HHS, DOT, DOL, DOI, Treasury, DHS, RRB, DOE, HUD, DOJ, and DOD

In accordance with SFFAS No. 43, any funds established to account for pension, other retirement, or other postemployment benefits to civilian or military personnel are excluded from the reporting requirements related to funds from dedicated collections.

The 2018 adjustments to beginning net position is $23 billion of which $20 billion was restated in fiscal year 2019. Certain amounts were restated to improve the consistency of entities combined presentation and to adequately represent intradepartmental eliminations of $9 billion. Certain amounts related to DOD have been restated which resulted in an adjustment to beginning net position for fiscal year 2018 of $11 billion. In fiscal year 2019, DOD brought offline adjustments from published component AFRs into its reporting system. This correction resulted in an adjustment between funds from dedicated collections and funds other than those from dedicated collections, with no effect on the consolidated total.

In fiscal year 2019, the presentation methodology for *Note 20—Funds from Dedicated Collections* was changed to provide consistency among all entities. For comparative purposes, fiscal year 2018 was also restated. This restatement was primarily related to an increase in the total amount of federal assets and federal liabilities reported for Funds from Dedicated Collections. The majority of these increases came from SSA, DOT, EPA, and DOE due to intragovernmental transfers receivable and loans receivable.

State and local government

The Federal Reserve does not provide amounts for funds from dedicated collections. We do not know if states have these activities, and if they do, we are not aware of another aggregated source for this data.

Note 21 – Fiduciary activities

(In billions)	2019	2018
Federal	$ 624	$ 599
State and local	—	—
Total fiduciary net assets	$ 624	$ 599

Federal government

Fiduciary activities are the collection or receipt, and the management, protection, accounting, investment, and disposition by the federal government of cash or other assets in which non-federal individuals or entities have an ownership interest that the federal government must uphold. Fiduciary cash and other assets are not assets of the federal government and are not recognized on the consolidated Balance Sheet. Examples of the federal government's fiduciary activities include the Thrift Savings Plan (TSP), which is administered by the Federal Retirement Thrift Investment Board (FRTIB), and the Indian Tribal and individual Indian Trust Funds, which are administered by the DOI.

(In billions)	2019	2018
Thrift Savings Fund	$ 612	$ 589
All other	12	10
Total fiduciary net assets	$ 624	$ 599

In accordance with the requirements of SFFAS No. 31, *Accounting for Fiduciary Activities*, fiduciary investments in Treasury securities and fund balance with Treasury held by fiduciary funds are to be recognized on the Balance Sheet as debt held by the public and a liability for fiduciary fund balance with Treasury, respectively.

As of September 30, 2019, total fiduciary investments in Treasury securities and in non-Treasury securities are $250 billion and $363 billion, respectively. As of September 30, 2018, total fiduciary investments in Treasury securities and in non-Treasury securities were $250 billion and $363 billion, respectively. Refer to *Note 11 – Debt securities held by the public and accrued interest* for more information on the Treasury securities.

As of September 30, 2019, and 2018, the total fiduciary fund balance with Treasury was $2 billion for both periods. A liability for this fiduciary fund balance with Treasury is reflected as other miscellaneous liabilities in *Note 16 – Other liabilities*.

As of both September 30, 2019, and 2018, collectively, the fiduciary investments in Treasury securities and fiduciary fund balance with Treasury held by all Government entities represent $8 billion and $7 billion, respectively, of unrestricted cash included within cash held by Treasury for federal government-wide operations shown in *Note 2 – Cash and other monetary assets*.

Thrift Savings Fund

The Thrift Savings Fund (TSF) maintains and holds in trust the assets of the TSP. The TSP is administered by an independent Government entity, the FRTIB, which is charged with operating the TSP prudently and solely in the interest of the participants and their beneficiaries.

The TSP is a retirement savings and investment plan for federal employees and members of the uniformed services. It was authorized by the US Congress in the *Federal Employees' Retirement System Act of 1986*. The Plan provides federal employees and members of the uniformed services with a savings and tax benefit similar to what many private sector employers offer their employees under 401(k) plans. The Plan was primarily designed to be a key part of the retirement package (along with a basic annuity benefit and Social Security) for employees who are covered by FERS.

As of September 30, 2019, and 2018, the TSP held $612 billion and $589 billion, respectively, in net assets, which included

$243 billion and $246 billion, respectively, of Treasury securities. The TSF combines the net assets of the TSP and the FRTIB in its financial statements. Only the TSP net assets of the TSF financial statements are disclosed in this note. The most recent audited financial statements for the TSF are as of December 31, 2018, and 2017. For further information about FRTIB and the TSP, please refer to the FRTIB website at https://www.frtib.gov/.

DOI – Indian trust funds

As stated above, DOI has responsibility for the assets held in trust on behalf of American Indian Tribes and individuals. DOI maintains accounts for Tribal and Other Trust Funds (including the Alaska Native Escrow Fund and Individual Indian Monies (IIM) Trust Funds) in accordance with the *American Indian Trust Fund Management Reform Act of 1994*. The fiduciary balances that have accumulated in these funds have resulted from land use agreements, royalties on natural resource depletion, other proceeds derived directly from trust resources, judgment awards, settlements of claims, and investment income. These funds are maintained by the Office of the Special Trustee for American Indians and ONRR, both components of Departmental Offices and Indian Affairs for the benefit of individual Native Americans as well as for designated Indian tribes. DOI maintains separate financial statements for these trust funds, which are prepared using a cash or modified cash basis of accounting, a comprehensive basis of accounting other than Generally Accepted Accounting Principles (GAAP). The independent auditors' reports on the Tribal and Other Trust Funds were qualified as it was not practical to extend audit procedures sufficiently to satisfy themselves as to the fairness of the trust fund balances. The IIM Trust Funds received an unmodified opinion from the auditors. As of September 30, 2019 and 2018, the DOI held $6 billion and $5 billion, respectively, in net assets. For further information related to these assets, please refer to the DOI website at https://www.doi.gov/.

All other entities with fiduciary activities

The federal government is responsible for the management of other fiduciary net assets on behalf of various non-federal entities. The component entities presented individually in the table on the previous page represent the vast majority of the federal government's fiduciary net assets. All other component entities with fiduciary net assets are aggregated in accordance with SFFAS No. 31. As of September 30, 2019, and 2018, including TSP and DOI, there are a total of 20 and 19 federal entities, respectively, with fiduciary activities at a grand total of 66 and 65 fiduciary funds, respectively. SBA and Library of Congress (LOC) are the significant entities relating to the fiduciary activities of the remaining component entities within the "all other" aggregate balance. As of September 30, 2019, "all other" fiduciary net assets were $7 billion, compared to $5 billion as of September 30, 2018.

State and local government

The Federal Reserve does not provide amounts for fiduciary activities. We do not know if states have these activities, and if they do, we are not aware of another aggregated source for this data.

Note 22 – Stewardship land and heritage assets

Federal government

Stewardship PP&E consists of items whose physical properties resemble those of general PP&E traditionally capitalized in financial statements. However, stewardship PP&E differs from general PP&E in that their values may be indeterminable or may have little meaning (for example, museum collections, monuments, assets acquired in the formation of the nation) or that allocating the cost of such assets to accounting periods that benefit from the ownership of such assets is meaningless. Stewardship PP&E includes stewardship land (land not acquired for or in connection with general PP&E) and heritage assets (for example, federal monuments and memorials and historically or culturally significant property). The majority of stewardship land was acquired by the government during the first century of the nation's existence.

Investments in stewardship land are reported on a non-financial basis. For example, measurement may be based on physical units, such as acres of land. National forests, parks, and historic sites are examples of stewardship land. Additional detailed information concerning stewardship land, such as entity stewardship policies, physical units by major categories, and the condition of stewardship land, can be obtained from the financial statements of DOC, DOD, DOI, AOC, and USDA.

Heritage assets are government-owned assets that have one or more of the following characteristics:

- Historical or natural significance;
- Cultural, educational, or artistic importance; or
- Significant architectural characteristics.

Like stewardship land, heritage assets are also reported on a non-financial basis. Some stewardship land assets are also included in non-collectible heritage assets, and may be reported by the total units, such as the total number of National Parks reported by DOI. The public entrusts the federal government with these assets and holds it accountable for their preservation. Examples of heritage assets include the Declaration of Independence, the US Constitution, and the Bill of Rights preserved by the National Archives. Also included are national monuments/structures such as the Washington Monument, the Lincoln Memorial and the LOC. Many other sites such as battlefields, historic structures, and national historic landmarks are placed in this category, as well.

Heritage assets are classified into two categories: collection and non-collection. Collection type heritage assets include objects gathered and maintained for exhibition, for example museum collections, art collections, and library collections. Non-collection type heritage assets include parks, memorials, monuments, and buildings. In some cases, heritage assets may serve two purposes: a heritage function and general government operations. In those cases, the heritage asset should be considered a multi-use heritage asset if the predominant use of the asset is in general government operations (e.g., the main Treasury building used as an office building). The cost of acquisition, improvement, reconstruction, or renovation of multi-use heritage assets should be capitalized as general PP&E and depreciated over its estimated useful life.

This discussion of the federal government's heritage assets is not exhaustive. Rather, it highlights significant heritage assets reported by federal entities. Please refer to the individual financial statements of the DOI, DOC, VA, DOT, State, DOD, USDA, as well as websites for the LOC (https://loc.gov), the Smithsonian Institution (https://si.edu), and the Architect of the Capitol (https://aoc.gov) for additional information on multi-use heritage assets, entity stewardship policies, and physical units by major categories.

Supplemental data – reported revenue from resource extraction on federal lands

The following data is not from the *Financial Report*. We are providing this information as even though the federal government reports that it does not expect to use stewardship land to meet its obligations, the land is used to generate revenues for the federal government. The following are revenues generated from federal lands, including those that are stewardship lands, and are included as offsets to expenditures in our combined income statements. These revenues are generated when companies that extract resources on federal land pay bonuses, rents, royalties, fees, taxes, or other revenues to the federal government.

(In billions)	**2019**	**2018**	**2017**
Royalties	$ 10	$ 8	$ 6
Bonus	2	1	1
Other	—	—	—
Total reported revenue	$ 12	$ 9	$ 7

† *Derived from monthly revenue reports that payors (i.e. companies) submit to the Office of National Resources Revenue to explain their revenue payments. See the data at. https://revenuedata.doi.gov/downloads/federal-revenue-by-company/. Includes American Indian, federal offshore, and federal onshore resources.*

The Government Accountability Office has identified challenges in the Department of the Interior's (DOI) management of oil and gas on leased federal lands and waters, finding that the DOI lacked reasonable assurance that it was collecting its share of revenue from oil and gas produced on federal lands and waters.[58]

State and local government

The Federal Reserve does not provide amounts for stewardship land and heritage assets at the state and local government level. We do not know if states have these assets, and if they do, we are not aware of another aggregated source for this data.

Note 23 – Intergovernmental transfers

We eliminated certain intergovernmental transfers between agencies, departments, or funds within and between the federal government and state and local governments when we prepared the combined financial statements. Intergovernmental activity we eliminated is shown below.

Federal grant and non-grant assistance to territories and state and local governments

(In billions)	2019	2018
Medicaid and CHIP	$ 428	$ 407
Other non-cash programs for aid to the disadvantaged	86	83
Transportation	66	65
Elementary and secondary education	38	36
Other grants	105	107
Grants per the federal government	723	698
Federal non-grant assistance to territories and state and local governments	4	—
Total federal grant and non-grant assistance per the federal government	727	698
Difference between federal and state and local reporting of transfers	32	39
Total federal grant and non-grant assistance per state and local governments	$ 759	$ 737

Federal debt securities held as investments by government accounts

Federal accounts

(In billions)	Balance 2018	Net Change during Fiscal Year 2019	Balance 2019
Social Security Administration, Federal Old-Age and Survivors Insurance Trust Fund	$ 2,801	$ 3	$ 2,804
Office of Personnel Management, Civil Service Retirement and Disability Fund	923	17	940
Department of Defense, Military Retirement Fund	743	84	827
All other programs and funds	1,288	51	1,339
Subtotal	5,755	155	5,910
Total net unamortized premiums/(discounts) for intergovernmental	70	3	73
Total intergovernmental debt holdings, net	$ 5,825	$ 158	$ 5,983

Intergovernmental debt holdings represent the portion of the gross federal debt held as investments by federal government entities such as trust funds, revolving funds, and special funds. As noted in *Note 11 – Debt securities held by the public and accrued interest*, the delay in raising the debt limit still existed as of September 30, 2019. On February 9, 2018, the *Bipartisan Budget Act of 2018* (P.L. No. 115-123) was enacted suspending the statutory debt limit through March 1, 2019. The second delay in raising the statutory debt limit occurred from March 2, 2019 through August 1, 2019. On August 2, 2019, the *BBA of 2019* (P.L. 116-37) was enacted suspending the statutory debt limit through July 31, 2021.

Federal government entities that held investments in Treasury securities include trust funds that have funds from dedicated collections. For more information on funds from dedicated collections, see *Note 20 – Funds from dedicated collections*. These intergovernmental debt holdings are eliminated in the consolidation of the federal financial statements in the *Financial Report*.

State accounts

(In billions)	2019	2018
Treasury securities – non-pension	$ 751	$ 727
Treasury securities – pension	382	307
Loans from the federal government	(21)	(19)
Net federal assets held by state and local governments	$ 1,112	$ 1,015

Federal assets and liabilities held by state and local governments, as shown in the table above, were included in our Federal Reserve source data for state and local governments. In preparing combined balance sheets for our Government, we eliminated these intergovernmental holdings, both in the combined balance sheets and in the accompanying footnotes.

Note 24 – Offsetting amounts

Within our income statements, we have offset certain amounts and reported them as either net revenues or expenditures rather than showing the gross revenues and expenditures. Key offsetting amounts are shown in the table below.

	2019			2018		
(In billions)	**Revenues**	**Expenditures**	**Net**	**Revenues**	**Expenditures**	**Net**
Employee retirement and disability	$ 152	$ 524	$ 372	$ 147	$ 499	$ 352
Higher education	125	311	186	122	302	180
Transit systems	17	81	64	17	78	61
Public hospitals	182	188	6	168	179	11
Sewerage and waste management	82	88	6	80	85	5
US Postal Service	72	71	(1)	71	70	(1)
Tennessee Valley Authority	49	47	(2)	48	46	(2)
Water utilities	71	68	(3)	69	65	(4)
Gas and electric utilities	89	81	(8)	88	80	(8)
Other key offsetting amounts	139	142	3	142	122	(20)
Total offsetting amounts	$ 978	$ 1,601	$ 623	$ 952	$ 1,526	$ 574

See descriptions of our Government-run business that are presented above (e.g. Tennessee Valley Authority) at Exhibit 99.04.

Note 25 - Disclosure entities and related parties

SFFAS No. 47, *Reporting Entity* provides criteria for identifying organizations that are consolidation entities, disclosure entities and related parties, and how such organizations are reported within this annual report. For consolidation entities, the assets, liabilities, results of operations, and related activity are consolidated into the financial statements. For disclosure entities and related parties, balances and transactions with such entities are included in the financial statements and certain information about their relationship with our Government is disclosed in the notes to financial statements. Disclosure entities and related parties are important to this annual report but are not consolidated into the financial statements.

Disclosure Entities

Disclosure entities are organizations similar to consolidation entities in that they are either (a) in the budget, (b) majority owned by our Government, (c) controlled by our Government, or (d) would be misleading to exclude. Disclosure entities have a greater degree of autonomy with our Government than consolidation entities. In addition, organizations may be owned or controlled by our Government as a result of (a) regulatory actions (such as organizations in receivership or conservatorship) or (b) other Government intervention actions. Under such regulatory or other intervention actions, if the relationship with our Government is not expected to be permanent, such entities generally would be classified as disclosure entities based on their characteristics taken as a whole.

Based on the criteria in GAAP for federal entities, the disclosure entities in this annual report are FR System, Fannie Mae, Freddie Mac, and National Railroad Passenger Corporation (more commonly referred to as Amtrak). In addition, there are additional disclosure entities reported by component reporting entities that do not meet the qualitative or quantitative criteria in SFFAS No. 47 to be reported in this annual report.

Federal Reserve System

Congress, under the *Federal Reserve Act of 1913* (*Federal Reserve Act*), created the Federal Reserve (FR) System (FR System). The FR System includes the Federal Reserve Board of Governors (Board), the Federal Reserve Boards (FRBs), and Federal Open Market Committee (FOMC). Collectively, the FR System serves as the nation's central bank and is responsible for formulating and conducting monetary policy, issuing and distributing currency (Federal Reserve Notes), supervising and regulating financial institutions, providing nationwide payment systems (including large-dollar transfers of funds, Automated Clearing House (ACH) operations, and check collections), providing certain financial services to federal entities and fiscal principals, and serving as our Government's bank. Monetary policy includes actions undertaken by the FR System that influence the availability and cost of money and credit as a means of helping to promote national economic goals. The FR System also conducts operations in foreign markets in order to counter disorderly conditions in exchange markets or to meet other needs specified by the FOMC to carry out its central bank responsibilities. The FR System is considered an independent central bank, and the executive branch of our Government does not ratify its decisions.

The 12 FRBs are chartered under the *Federal Reserve Act*, which requires each member bank to own the capital stock of its FRB. Each FRB has a board of directors that exercises supervision and control of each FRB, with three members appointed by the Board, and six board members elected by their member banks. The FRBs participate in formulating and conducting monetary policy, distributing currency and coin, and serving as our Government's fiscal agent, as well as the fiscal agent for fiscal principals. Fiscal principals, generally speaking, relate to banks, credit unions, savings and loans institutions. Additionally, the FRBs provide short-term loans to depository institutions and loans to participants in programs or facilities with broad-based eligibility in unusual and crucial circumstances when approved by the Board and the Secretary of the Treasury. Our Government interacts with FRBs in a variety of ways, including the following:

- The FRBs serve as our Government's fiscal agent and depositary, executing banking and other financial transactions on our Government's behalf. Our Government reimburses the FRBs for these services;
- The FRBs hold Treasury and other federal securities in the FRBs' System Open Market Account (SOMA) for the purpose of conducting monetary policy (see *Note 11 - Debt securities held by the public and accrued interest*);
- The FRBs hold gold certificates issued by our Government in which the certificates are collateralized by gold (see *Note 2 - Cash and other monetary assets*);
- The FRBs hold SDR certificates issued by our Government which are collateralized by SDRs (see *Note 2 - Cash and other monetary assets*); and
- The FRBs are required by Board policy to transfer their excess earnings to our Government.

Federal Reserve System Structure

The Board is an independent organization governed by seven members who are appointed by the President and confirmed by the Senate. The full term of a Board member is 14 years, and the appointments are staggered so that one term expires on January 31 of each even-numbered year. The Board has a number of supervisory and regulatory responsibilities for institutions including, among others, state-chartered banks that are members of the FR System, bank holding companies, and savings and loan holding companies. In addition, the Board has general supervisory responsibilities for the 12 FRBs, and issues currency (Federal Reserve Notes) to the FRBs for distribution.

The FOMC is comprised of the seven Board members and five of the 12 FRB presidents, and is charged with formulating and conducting monetary policy primarily through open market operations (the purchase and sale of certain securities in the open market), the principal tool of national monetary policy. These operations affect the amount of reserve balances available to depository institutions, thereby influencing overall monetary and credit conditions.

Federal Reserve Monetary Policy Action

During fiscal year 2019, the Federal Reserve FOMC gradually lowered its target range for the federal funds rate and gradually reduced its securities in the SOMA. The Federal Reserve initially raised its target range in December 2018 and thereafter lowered its target range for the federal funds rate from 2.0% – 2.25% in September 2018, to 1.5% – 1.75% in September 2019. The Federal Reserve reduced its US Treasury and federal entity and government-sponsored enterprise mortgage-backed securities in the SOMA on its balance sheet from approximately $4 trillion as of September 30, 2018, to approximately $4 trillion as of September 30, 2019. FOMC announced plans to conclude the reduction of its aggregate securities holdings at the end of September 2019. In addition, FOMC also implemented the use of repurchase agreement operations to maintain reserves at or above the level that prevailed in early September.

Federal Reserve System Assets, Liabilities, Revenues, Expenses, Gains, and Losses

The FRBs hold Treasury and other securities in the SOMA for the purpose of conducting monetary policy. As of September 30, 2019, Treasury securities held by the FRBs totaled $1,638 billion, which excludes $475 billion in Treasury Securities used in overnight reverse repurchase transactions. As of September 30, 2018, Treasury securities held by the FRBs totaled $1,783 billion, which excludes $532 billion in Treasury securities used in overnight reverse repurchase transactions. Such securities are included in federal debt securities held by the public and accrued interest (see *Note 11—Debt securities held by the public and accrued interest*). For fiscal years ended September 30, 2019, and 2018, Treasury incurred interest cost relating to the FRB's US Treasury holdings amounting to $59 billion and $64 billion, respectively. Unrestricted Cash held on deposit at the FRBs as of September 30, 2019, and 2018, was $376 billion and $379 billion, respectively, and are included in cash and other monetary assets. In addition, restricted cash as of September 30, 2019, and 2018, was $45 billion and $32 billion, respectively; a significant portion is held on deposit at the FRBs (see *Note 2—Cash and other monetary assets*). The government issued SDR certificates to the Federal Reserve, valued at $5 billion as of September 30, 2019 and 2018, which were reported under Other Liabilities on the government's balance sheet (see *Note 16—Other Liabilities*).

Treasury securities are generally subject to the same market condition as other financial instruments. In the open market, the FRBs purchase and sell Treasury securities as a mechanism for controlling the money supply. Financial and other information concerning the FR System, including financial statements for the Board and the FRBs, may be obtained at https://federalreserve.gov.

FRB Residual Earnings Transferred to the Government

FRBs generate income from interest earned on securities, reimbursable services provided to federal entities, and the provision of priced services to depository institutions, as specified by the *Monetary Control Act of 1980*. Although the FRBs generate earnings from carrying out open market operations (via the earnings on securities held in the SOMA account), their execution of these operations is for the purpose of accomplishing monetary policy rather than generating earnings. Each FRB is required by Board policy to transfer to our Government its residual (or excess) earnings, after providing for the cost of operations, payment of dividends, and surplus funds not to exceed an FRB's allocated portion of an aggregate of $8 billion for all FRBs. These residual earnings may vary due to, among other things, changes in the SOMA balance levels that may occur in conducting monetary policy. If an FRB's earnings for the year are not sufficient to provide for the cost of operations, payment of dividends, or allocated portion of $8 billion aggregate surplus funds limitation, an FRB will suspend its payments to our Government until such earnings become sufficient. These funds are part of restricted cash at the Federal Reserve (see *Note 2 - Cash and other monetary assets*). The FRB residual earnings were $53 billion and $71 billion for fiscal years ended September 30, 2019, and 2018, respectively. Accounts and taxes receivables, net, includes a receivable for FRB's residual earnings, which represents the earnings due to the General Fund as of September 30, but not collected by the General Fund until after the end of the month. As of September 30, 2019, and 2018, accounts receivable on FRB's residual earnings are $0.6 billion and $0.4 billion, respectively (see *Note 3 - Accounts and taxes receivables, net).*

Fannie Mae and Freddie Mac

In 2008, during the financial crisis, our Government placed Fannie Mae and Freddie Mac under conservatorship to help ensure their financial stability. These entities meet the criteria in SFFAS No. 47, for disclosure entities as both (a) "receiverships and conservatorships," and, (b) as entities wherein "federal government intervention actions resulted in control or ownership" with intervention actions not expected to be permanent. Accordingly, these entities are not consolidated into the financial statements. However, the values of the investments in such entities, changes in value, and related activity with these entities are included in the financial statements (see *Note 8 - Investments in government-sponsored enterprises* for additional information).

Amtrak

Amtrak was incorporated in 1971 pursuant to the *Rail Passenger Service Act of 1970* and is authorized to operate a nationwide system of passenger rail transportation. Amtrak is a private, for-profit corporation under 49 U.S.C. § 24301 and District of Columbia law. It is not a department, entity, or instrumentality of our Government. Amtrak's classification as a disclosure entity is attributed to (a) being listed in the budget, (b) is financed mostly by sources other than taxes, and (c) governed by an independent Board of Directors, which is comprised of 10 directors. The Secretary of Transportation (Secretary), who is a director by statute, and eight of the other Amtrak directors, are appointed by the President with the advice and consent of the US Senate. The 10th board member, appointed by the board, is the President and Chief Executive Officer of Amtrak. Amtrak does not take actions on behalf of our Government but benefits the national economy by providing a transportation option in 46 states and the District of Columbia.

Our Government (through the DOT) owns 100% of Amtrak's preferred stock (109,396,994 shares of $100 par value). Each share of preferred stock is convertible into ten shares of common stock. The common stockholders have voting rights for "amendments to Amtrak's Articles of Incorporation proposed by the Board of Directors and for certain other extraordinary events." Although Section 4.02(g) of the Amtrak Articles of Incorporation allow for the conversion of preferred stock to common stock, our Government administrative policy is to not convert its holdings without Congressional authorization. Section 4.02(g) of the Amtrak Articles of Incorporation does not limit the timing of conversion or require any preapprovals. Conversion is effective the business day following receipt of written notice of the holder's election to convert. Our Government does not recognize the Amtrak preferred stock in its financial statements because, under the corporation's current financial structure, the preferred shares do not have a liquidation preference over the common shares, the preferred shares do not have any voting rights, and dividends are neither declared nor in arrears.

In addition to the purchase/ownership of the Amtrak preferred stock, our Government has provided funding to Amtrak, since 1972, primarily through grants and loans. Amtrak receives grants from our Government that cover a portion of the corporation's annual operating expenses and capital investments. Funding provided to Amtrak through grant agreements are included in our Government's annual budget and the DOT financial statements. For the fiscal year ended September 30, 2019, the net cost amount was $2 billion, and total budgetary outlays were $2 billion. For the fiscal year ended September 30, 2018, the net cost amount was $960 million, and total budgetary outlays were $2 billion.

Our Government has possession of two long-term notes with Amtrak. The first note is for $4 billion and matures in 2975 and, the second note is for $1 billion and matures in 2082 with renewable 99-year terms. Interest is not accruing on these notes as long as the current financial structure of Amtrak remains unchanged. If the financial structure of Amtrak changes, both principal and accrued interest are due and payable. Our Government does not recognize the long-term notes in its financial statements since the notes, with maturity dates of 2975 and 2082, are considered fully uncollectible due to the lengthy terms, Amtrak's history of operating losses, and ability to generate funds for repayment. Amtrak's ability to continue to operate in its current form is dependent upon the continued receipt of subsidies from the government.

Financial and other information concerning Amtrak including financial statements may be obtained at https://www.amtrak.com/reports-documents.

Related Parties

Related parties exist if the existing relationship, or one party to the existing relationship, has the ability to exercise significant influence over the party's policy decisions. Related parties do not meet the principles for inclusion, but are reported in this annual report if they maintain relationships of such significance that it would be misleading to exclude. Based on the criteria in SFFAS No. 47, the related parties reported in this annual report are Federal Home Loan Banks (FHLBanks), IMF, Multilateral Banks, and Private Export Funding Corporation (PEFCO). In addition, there are additional related parties reported by component reporting entities that do not meet the criteria to be reported in this annual report.

Federal Home Loan Banks

Our Government is empowered with supervisory and regulatory oversight of the 11 FHLBanks. Our Government is responsible for ensuring that each regulated entity operates in a safe and sound manner, including maintenance of adequate capital and internal control, and carries out its housing and community development finance missions. Each FHLBank operates as a separate federally chartered corporation with its own board of directors, management, and employees. The FHLBanks are GSEs that were organized under the *Federal Home Loan Bank Act of 1932*, to serve the public by enhancing the availability of credit for residential mortgages and targeted community development. They are financial cooperatives that provide a readily available, competitively-priced source of funds to their member institutions. The FHLBanks do not have any special purpose entities or any other type of off-balance sheet conduits. The FHLBanks are not Government entities and do not receive financial support from taxpayers. Our Government does not guarantee, directly or indirectly, the debt securities or other obligations of FHLBanks.

By law, in the event of certain adverse circumstances, Treasury is authorized to purchase up to $4 billion of obligations of the FHLBanks. This authority may be exercised only if alternative means cannot be effectively employed to permit the FHLBanks to continue to supply reasonable amounts of funds to the mortgage market, and the ability to supply such funds is substantially impaired because of monetary stringency and a high level of interest rates. Any funds borrowed from the US Treasury shall be repaid by the FHLBanks at the earliest practicable date. Treasury has not used such authority. Also, in accordance with the *Government Corporations Control Act*, Treasury prescribes certain terms concerning the FHLBanks issuance of obligations to the public. Financial and other information concerning FHLBanks including financial statements may be obtained at http://www.fhlbanks.com/.

International Monetary Fund and Multilateral Development Banks

The IMF’s primary purpose is to ensure the stability of the international monetary system—the system of exchange rates and international payments that enables countries to transact with each other. Member countries provide resources for IMF loans through their subscription quotas (quotas). The IMF also has two pools of resources that can be used in the event of a crisis that requires lending beyond the level available from quota resources: (i) the NAB and (ii) bilateral borrowing arrangements. Participation in the IMF works like an exchange of monetary assets.

Quotas are the principal component of the IMF’s financial resources and are denominated in SDRs. The size of each member’s quota is based broadly on its relative position in the world economy. The US holds the largest quota of any IMF member. Since 2016, US quota in the IMF has been about SDRs 83 billion. The equivalent dollar value of the quota total US as of September 30, 2019 and 2018, was approximately $113 billion and approximately $116 billion, respectively. The government has funded a portion of US quota to the IMF for lending, represented by US reserve position at the IMF, while the remainder of the US quota is represented by a letter of credit on which the IMF can draw as needed for lending. The US reserve position was approximately $23 billion as of September 30, 2019, and approximately $15 billion as of September 30, 2018, with the remaining undrawn letter of credit representing the balance (see *Note 2 – Cash and other monetary assets* and *Note 19 – Commitments*). Our Government’s quota serves as the key determinant for its 17% share of voting rights in various IMF decisions. Since certain key IMF decisions require approval by at least 85% of the voting power, the government (represented by the Secretary of the Treasury) holds a substantial voice in the IMF and exercises significant influence over IMF policies, including veto power over major IMF decisions.

Some IMF members also supplement the IMF’s resources through the NAB and bilateral borrowing agreements. Through the NAB, the US and other participating members make additional resources available to the IMF if required to cope with or forestall an impairment of the international monetary system. Our Government's participation in the NAB as of September 30, 2019 and 2018, was SDR 28 billion, which is equivalent to $38 billion and $39 billion, respectively. When our Government transfers funds to the IMF under the NAB, it receives a liquid and interest-bearing claim on the IMF. As of September 30, 2019, and 2018, loans outstanding to the IMF from the government under the NAB stood at $3 billion and $5 billion, respectively. These loans were reported under Loans Receivable on the Balance Sheet. The NAB is not currently activated, and the US has veto power over its activation, as well as over most changes to its terms or size. Our Government does not have a bilateral borrowing agreement with the IMF, though it exercises indirect control over their activation, since NAB activation is a prerequisite for the IMF to draw on its bilateral borrowing arrangements.

As of September 30, 2019, and 2018, our Government's total undrawn financial commitment to the IMF was $126 billion and $135 billion, respectively, which is composed of the quota related letter of credit and the undrawn portion of the NAB (see *Note 19 - Commitments*).

Under the IMF Articles of Agreement, the IMF may allocate SDRs to member countries in proportion to their IMF quotas. SDR allocations are an international reserve asset created by the IMF to supplement its member countries' official reserves. The SDR allocation creates an asset and a liability on the Balance Sheet but does not increase the IMF's available lending resources. The SDR asset as of September 30, 2019 and 2018, amounted to $50 billion and $51 billion, respectively, and includes the SDR allocation as well as purchased SDRs (see *Note 2 - Cash and other monetary assets*). The SDR liability as of September 30, 2019 and 2018, amounted to $48 billion and $49 billion, respectively (see *Note 16 - Other liabilities*).

Historically, IMF has never experienced a default by a borrowing country. Our Government, which is not directly exposed to borrowers from the IMF, has never experienced a loss of value on its IMF quota or an instance of non-repayment, and it is not likely that our Government will experience future losses as a result of its additional commitments.

Additionally, our Government invests in and provides funding to the MDBs to support poverty reduction and promote sustainable economic growth in developing countries. The MDBs provide financial and technical support by means of strengthening institutions, providing assistance that addresses the root causes of instability in fragile and conflict-affected countries, responding to global crisis, and fostering economic growth and entrepreneurship. Our Government's participation in the MDBs is in the form of financial contributions used to ensure the effectiveness and impact of the MDBs' global development agenda. The US has voting power in each of the MDBs to which it contributes, ranging from approximately 6% to 50% (see *Note 9 - Other assets and Note 19 - Commitments* for additional information).

Private Export Funding Corporation

The financial statements reflect the results of agreements with PEFCO. PEFCO, which is owned by a consortium of private-sector banks, industrial companies and financial services institutions, makes and purchases from private sector lenders, medium-term and long-term fixed-rate and variable-rate loans guaranteed by the Export-Import (EXIM) Bank to foreign borrowers to purchase US made equipment "export loans."

EXIM Bank's credit and guarantee agreement with PEFCO provides that EXIM Bank will guarantee the due and punctual payment of interest on PEFCO's secured debt obligations which EXIM Bank has approved. It grants to EXIM Bank a broad measure of supervision over PEFCO's major financial management decisions, including the right to have representatives be present in all meetings of PEFCO's board of directors, advisory board, and exporters' council, and to review PEFCO's financials and other records. However, EXIM Bank does not have voting rights and does not influence normal operations. This agreement extends through December 31, 2020.

In addition, PEFCO has an agreement with EXIM Bank which provides that EXIM Bank will generally provide PEFCO with an unconditional guarantee covering the due and punctual payment of principal and interest on export loans PEFCO makes and purchases. PEFCO's guarantees on the export loans plus the guarantees on the secured debt obligations aggregating to $4,061 million at September 30, 2019 and $5,197 million at September 30, 2018, are included by EXIM Bank in the total for guarantee, insurance and undisbursed loans. The allowance related to these transactions is included in the Guaranteed Loan Liability on the Balance Sheets. EXIM Bank received fees totaling $45 million in fiscal year 2019 and $41 million in fiscal year 2018 for the agreements.

Note 26 – Public-private partnerships

Our Government enters into various collaborative relationships with private sector entities in which the goals, structures, governance, roles and responsibilities are mutually determined to produce a risk-sharing arrangement. These relationships are referred to as P3s, in accordance with SFFAS No. 49, *Public-Private Partnerships: Disclosure Requirements*. While many of our Government's relationships are classified as and may be referred to as a P3, only those meeting the disclosure requirements outlined in SFFAS No. 49 are disclosed.

The National Energy Conservation Policy Act, as amended, authorizes federal entities to enter into Energy Savings Performance Contract (ESPC) contracts for the purpose of achieving energy savings and other related benefits. In consultations with the entity, the contractor designs and constructs a project that meets the entity's needs and arranges the necessary funding. The contractor guarantees that the improvements will generate energy cost savings sufficient to pay for the project over the term of the contract. The cost of the ESPC project must be covered by the energy, water and related cost savings generated at the project site. DOE and GSA have entered into contracts with the private sector that meet the criteria for P3. These contracts allow federal entities to produce energy savings and facility improvements with no up-front capital costs or special appropriations from Congress. Future aggregate payments to be made by DOE and GSA are $1 billion and $2 billion, respectively, over the course of the agreements. After an ESPC contract ends, all additional cost savings accrue to the entities. The entities are responsible for contract administration over the term of the contracts and by statute, P3s cannot exceed 25 years.

In addition to the energy contracts, the DOC has entered into P3 contracts on other matters. Congress has tasked DOC's First Responder Network Authority (FirstNet) with the responsibility to ensure the deployment and operation of a nationwide interoperable broadband network to meet the communication needs of public safety. This network must be designed to be reliable, functional, safe, and secure, and to provide optimal levels of operational capability at all times. This network will help produce lower costs, consumer-driven economies of scale, and rapid evolution of advanced communication capabilities. The Nationwide Public Safety Broadband Network will be built out, deployed, operated, and maintained under a 25-year contract awarded by FirstNet to AT&T in March 2017. The service will cover all 50 US states, five territories, and the District of Columbia, including rural communities and tribal nations. Under the terms of the contract, future receipts for DOC are $18 billion based on annual payments AT&T is required to make. Additionally, DOC is required to make payments to AT&T for success-based payment milestones under fixed firm price buildout task orders. The total paid in fiscal year 2019 was $2 billion. No estimates can be made at this time as to any further payments to AT&T that might occur under the contract.

Only entities material to the *Financial Report* are included, for more information please refer to the individual financial statements of DOC, DOE and GSA for further details on P3 activity. P3 activity is included throughout this annual report.

Note 27 – Subsequent event

COVID-19 Activity

On March 11, 2020, a novel strain of the Coronavirus, also known as COVID-19, was declared a pandemic by the World Health Organization. As a result, a national emergency was declared in the US concerning the COVID-19 outbreak on March 13, 2020. The global spread of COVID-19 in early spring of 2020 has resulted in a severe global health and economic crisis. In March of 2020, the Federal Reserve Board and Congress took steps to limit the damage caused by the pandemic in the US. On March 27, 2020, Congress passed a series of bills including the *CARES Act* to help reduce the financial burden on individuals and their families, minimize business and employment losses, and enhance the liquidity of the US financial system. The *CARES Act* was subsequently modified in legislation in April, June, and July 2020 to add funding and adjust programs for continued pandemic response. Entity disaster declarations were announced for all states and six territories of the US, enabling existing disaster response programs to respond to the pandemic.

The COVID-19 related legislation provided FY 2020 supplemental appropriations in the amount of $2,634 billion for federal entities to respond to COVID-19. Significant impacts of these programs on the federal government's FY 2020 balance sheet and financial results are discussed below. Please also refer to the corresponding entity's financial statements for additional information.

Treasury received appropriations in the amount of $975 billion. Treasury's appropriations included $500 billion to fund the credit subsidy costs of investments and loans in support of eligible businesses, states, and municipalities that incurred losses as a result of COVID-19. As of September 30, 2020, Treasury had $108 billion of equity investments in Special Purpose Vehicles (SPVs) established through the Federal Reserve Bank of New York (FRBNY) and the Federal Reserve Bank of Boston (FRBB). The FY 2020 net loss of $5 billion from these investments is included in Treasury's net cost. Subsequent to September 30, 2020, the Consolidated Appropriations Act, 2021 rescinded $479 billion of the $500 billion appropriation. Treasury's appropriations included $282 billion to provide a refundable tax credit (recovery rebate), referred to as an Economic Impact Payment (EIP), of $1,200 per qualifying adult and $500 per qualifying child. In FY 2020, IRS disbursed $275 billion of EIPs to eligible recipients in every state and territory and at foreign addresses, which resulted in an increase in Treasury's net cost. Treasury's appropriations included $150 billion for Treasury, through Coronavirus Relief Fund efforts, to provide payments to state, local, territorial, and tribal governments to cover eligible costs incurred in response to the pandemic. Of the $150 billion in payments made, $81 billion was recognized as net costs in FY 2020, while the remainder was recognized as an advance on the balance sheet. Treasury's appropriations included $32 billion for financial assistance payments to passenger air carriers, air cargo carriers, and contractors to provide payroll support to aviation workers during the pandemic. Treasury's net costs for FY 2020 include $28 billion related to this support.

SBA's $752 billion in appropriation primarily funded two programs. The Paycheck Protection Program (PPP) is a loan guarantee program designed to provide a direct incentive for small businesses to retain employees by providing loan forgiveness for amounts used for eligible expenses for payroll and benefit costs and interest on mortgages, rent, and utilities. SBA's liability for loan guarantees increased $511 billion during FY 2020, primarily from the PPP, with a similar increase in net costs. SBA also administered the Economic Injury Disaster Loan program designed to provide loans to small business owners. SBA's loans receivable increased $183 billion during FY 2020, primarily from a $173 billion increase in this program, with net costs of $5 billion.

The *CARES Act* appropriation of $394 billion allowed DOL to create several Unemployment Programs in FY 2020. These programs include the Federal Pandemic Unemployment Compensation (FPUC) program (provides an additional $600 of weekly unemployment benefits), the Pandemic Unemployment Assistance (PUA) program (provides temporary benefits for individuals who are not eligible for regular/traditional unemployment insurance), the Pandemic Emergency Unemployment Compensation program (provides an additional 13 weeks of benefits to a regular claim for eligible persons), Federal funding of the Short-time Compensation program (provides alternatives to layoffs for employers experiencing a reduction in available work), and Federal funding of the first week of compensable regular unemployment for states with no waiting week. DOL's net costs associated with unemployment benefits authorized by the *CARES Act* totaled $352 billion.

The CARES Act, along with three additional supplemental appropriations, provided HHS $250 billion for COVID-19 response and recovery, with the majority for the Public Health and Social Services Emergency Fund (PHSSEF). Funds provided broad support including payments to assist eligible health care providers for health care related expenses or lost revenues attributed to the COVID-19 pandemic; loans and grants to small businesses, health care providers and hospitals; and COVID-19 testing. HHS' net cost for operations other than Centers for Medicare and Medicaid Services (CMS) increased by $115 billion primarily due to increases to the PHSSEF. In addition, HHS provided advances under the COVID-19 Accelerated and Advance Payment (AAP) program.

USDA received appropriations in the amount of $73 billion. The appropriation provided funding for several domestic food programs including Child Nutrition Programs, SNAP, and The Emergency Food Assistance Program. It also provided appropriations for agriculture, forest service, and other programs. USDA's net costs increased $50 billion from COVID-19 activity.

DHS received supplemental appropriations of $46 billion under the CARES Act, of which $45 billion was provided to FEMA's Disaster Relief Fund. The Disaster Relief Fund is used to direct, coordinate, manage, and fund eligible response and recovery efforts associated with domestic major disasters and emergencies that overwhelm state resources pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act. The majority of the funding was used to make available assistance for lost wages to the people of a state, including the members of any tribe. The $50 billion net cost increase at DHS is primarily due to COVID-19 activity.

DOT received $36 billion of supplemental appropriations to prevent, prepare for, or respond to COVID-19. Several DOT programs received appropriations in support of maintaining and continuing the operations and business needs of various transportation systems in response to COVID-19. These programs include the Federal Transit Administration's Transit Infrastructure Grants and the Federal Aviation Administration's Grants-In-Aid for Airports. DOT's net costs increased $23 billion from COVID-19 activity.

The *CARES Act* provided Education appropriations in the amount of $31 billion to fund a variety of programs administered primarily through grant programs. Indirect appropriations were also provided to fund loan modifications resulting from student loan deferrals authorized under the *CARES Act* and extended by the Administration's Presidential Memorandum. Education also extended the provisions of the student loan deferrals to guaranteed loans not covered by the CARES Act. Education's loans receivable decreased in FY 2020 by $32 billion, partly from an increase in the allowance for subsidy offset by increases in loans outstanding and accrued interest receivable, with a similar increase in Education's net cost.

VA received appropriations from the *CARES Act* in the amount of $20 billion, of which $19 billion has been allocated to the following programs: Medical Services, Information Technology, and Medical Community Care. The majority of the funding relates to medical services in the areas of medical care, telehealth, and homelessness. Funding is being used to hire new staff and to make sure that the existing personnel have the resources they need to deal with the evolving needs of VA's response to COVID-19, such as additional hospital beds, overtime pay, and needed supplies. Funding is also being used to ensure that veterans have access to telehealth equipment and that funds are allocated to provide emergency housing and homelessness prevention assistance to very low-income veteran families. The $22 billion gross cost increase at VA is primarily due to COVID-19 activity.

HUD was appropriated *CARES Act* funding in the amount of $12 billion to prevent, prepare for, and respond to COVID-19. It also was provided funding to maintain normal operations and cover other necessary authorized activities during the period that the programs are impacted by COVID-19. The following programs received nearly all of the funding: 1) Community Planning and Development Programs: Community Development Fund, Homeless Assistance Grants and Housing Opportunities for People with AIDS; 2) Public Indian Housing Programs: Tenant-Based Rental Assistance, Public Housing Operating Fund, and Native American Program; and 3) Housing: Project-Based Rental Assistance, Housing for the Elderly and Housing for Persons with Disabilities. As of September 30, 2020, HUD had disbursed $2 billion of the amount appropriated. In addition to appropriations, the *CARES Act* provides borrowers with federally backed mortgage loans a temporary foreclosure moratorium and a right to forbearance of loan payments for homeowners experiencing financial hardship.

Enactment of New COVID-19 Relief Legislation

On December 27, 2020, the President signed into law the Consolidated Appropriations Act, 2021, which, as of the date of enactment, rescinded $429 billion of the $500 billion appropriation provided to Treasury under Section 4027 of the CARES Act. The remaining unobligated appropriation as of January 9, 2021 was rescinded other than with respect to those funds made available for administrative expenses for the Special Inspector General for Pandemic Recovery and for the Congressional Oversight Commission. The amount rescinded in January was $50 billion. In addition, $147 billion that was appropriated to SBA under the SBA-Business Loans Program Account, *CARES Act* was rescinded under the Consolidated Appropriations Act, 2021.

Consistent with the Consolidated Appropriations Act, 2021, on December 29, 2020, Treasury and the Federal Reserve amended the SPV LLC Agreements for each of the SPVs funded under the CARES Act. The amended agreements provided that Treasury's investment in excess of the amount equivalent to the purchased asset amount within each of the SPVs were returned to Treasury between December 31, 2020 and January 8, 2021, and canceled Treasury's additional commitments to those SPVs. The amount of Treasury's canceled commitments were de-obligated and rescinded as of January 9, 2021. Treasury funds remaining in the SPVs cannot be used for further lending or extensions of credit after that date.

On March 11, 2021, the President signed into law the American Rescue Plan Act, 2021, a $1,900 billion economic relief package. This bill provides additional relief to address the continued impact of COVID-19 on the economy, public health, state and local governments, individuals, and businesses. This legislation also creates a special financial assistance program for financially troubled multi-employer pension plans insured by PBGC. Management is currently assessing the effect of this legislation on PBGC's liabilities and contingency disclosures (including the estimated insolvency date for the multi-employer program), but the effect is not currently reasonably estimable.

The effects of the Consolidated Appropriations Act, 2021, and the American Rescue Plan Act, 2021, on the sustainability financial statements is not currently reasonably estimable.

Item 9A. Controls and Procedures

We are documenting the processes and related controls we use to obtain, store, and present our Government's revenue, expenditures, and metrics data. Once the documentation is complete, it will support our assertion that our processes and controls are suitably designed and operate effectively to completely and accurately obtain and publish our data set. We are unable to identify the controls and procedures at all of our sources.

Part III

Item 10. Executive Officers and Governance

Executive officers

A list of key executive officers and biographical information appears in *Part I, Item 1. Purpose and Function of Our Government* within this annual report.

Governance

Federal government

All federal government employees are required to act in accordance with the general *Code of Ethics for Government Service*, codified as P.L. 96-303.

Legislative

The ethical conduct of the elected members of Congress is prescribed by either the *House Ethics Manual or the Senate Ethics Manual*, as applicable.

Executive

The Executive Order on Ethics Commitments by Executive Branch Personnel lays out rules on how executive branch appointees are to conduct themselves and requires every appointee in every executive agency to sign an ethics pledge (the Pledge). The Executive Order allows for a waiver when the literal application of the Pledge does not make sense or is not in the public interest. Granted waivers are posted online at https://www.whitehouse.gov/disclosures/.

Judicial

Federal judges must abide by the *Code of Conduct for United States Judges*, a set of ethical principles and guidelines adopted by the Judicial Conference of the United States. The Code of Conduct provides guidance for judges on issues of judicial integrity and independence, judicial diligence and impartiality, permissible extra-judicial activities, and the avoidance of impropriety or even its appearance. Judges may not hear cases in which they have either personal knowledge of the disputed facts, a personal bias concerning a party to the case, earlier involvement in the case as a lawyer, or a financial interest in any party or subject matter of the case.

Employees of the federal Judiciary are expected to comply with the *Code of Conduct for Judicial Employees*, including observing high standards of conduct so that the integrity and independence of the Judiciary are preserved, and the judicial employee's office reflects a devotion to serving the public.

State and local government

State and local governments have their own codes of ethics for employees to follow, which are too numerous to outline here.

Item 11. Executive Officer Compensation

The total 2021 salaries for the individuals listed below was $9.3 million.

Federal

For 2021, the key federal officers were paid the following annual salaries:

Joseph Biden – President	$ 400,000
John Roberts – Chief Justice	280,500
Kamala Harris – Vice President	255,800
Nancy Pelosi – Speaker of the House	223,500
Steny Hoyer – House Majority leader	193,400
Kevin McCarthy – House Minority Leader	193,400
Charles Schumer – Senate Majority Leader	193,400
Mitch McConnell – Senate Minority Leader	193,400
Total key federal officer salary	$ 1,933,400

Information on the highest paid federal officers is not readily available.

State

Salaries for governors vary widely, as shown in the table below:

Governors' Annual Salaries	2021	% of National Average	% Change from 2020	Governors' Annual Salaries	2021	% of National Average	% Change from 2020
50-state average	**$ 147,201**	**na**	**1.0%**	Missouri	$ 133,821	91%	—%
50-state total	**$ 7,360,061**	**na**	**1.0%**	Montana	$ 118,397	80%	—%
Alabama	$ 124,564	85%	(2.6)%	Nebraska	$ 105,000	71%	—%
Alaska	$ 145,000	99%	—%	Nevada [3]	$ —	111%	9.3%
Arizona	$ 95,000	65%	—%	New Hampshire	$ 143,704	98%	6.8%
Arkansas	$ 154,115	105%	1.5%	New Jersey	$ 175,000	119%	—%
California	$ 209,747	142%	—%	New Mexico	$ 110,000	75%	—%
Colorado	$ 92,700	63%	—%	New York	$ 225,000	153%	—%
Connecticut [1]	$ —	102%	—%	North Carolina	$ 154,743	105%	2.5%
Delaware	$ 171,000	116%	—%	North Dakota [4]	$ —	94%	2.5%
Florida	$ 134,181	91%	3.0%	Ohio	$ 164,590	112%	3.4%
Georgia	$ 175,000	119%	—%	Oklahoma	$ 147,000	100%	—%
Hawaii	$ 165,048	112%	—%	Oregon	$ 98,600	67%	—%
Idaho	$ 138,302	94%	—%	Pennsylvania	$ 201,729	137%	—%
Illinois [2]	$ —	123%	—%	Rhode Island	$ 145,755	99%	—%
Indiana	$ 134,051	91%	10.5%	South Carolina	$ 106,078	72%	—%
Iowa	$ 130,000	88%	—%	South Dakota	$ 118,728	81%	2.0%
Kansas	$ 110,707	75%	—%	Tennessee	$ 198,780	135%	—%
Kentucky	$ 152,181	103%	—%	Texas	$ 153,750	104%	—%
Louisiana	$ 130,000	88%	—%	Utah	$ 165,600	112%	3.0%
Maine	$ 70,000	48%	—%	Vermont	$ 184,100	125%	—%
Maryland	$ 180,000	122%	5.9%	Virginia	$ 175,000	119%	—%
Massachusetts	$ 185,000	126%	—%	Washington	$ 187,353	127%	2.8%
Michigan	$ 159,300	108%	—%	West Virginia	$ 150,000	102%	—%
Minnesota	$ 127,629	87%	—%	Wisconsin	$ 152,756	104%	—%
Mississippi	$ 122,160	83%	—%	Wyoming	$ 105,000	71%	—%

† *Source: Council of State Governments, Book of the States 2020, Chapter 4: State Executive Branch, Table 4.3.*
na *An "na" reference in the table means the data is not applicable.*
1 *Connecticut - Gov. Lamont will forego his salary of $150,000.*
2 *Illinois - Gov. Pritzker will not take his salary of $181,670.*
3 *Nevada - Gov. Sisolak pledged to donate his salary of $163,474 to K-12 schools.*
4 *North Dakota - Gov. Burgum has declined his salary of $138,748.*

Item 13. Certain Relationships and Related Transactions, and Director Independence

Following are reported contributions to political candidates:

(In millions)	2008	2010	2012	2014	2016	2018	2020
To Presidential Candidates	**$1,551**	**na**	**$1,380**	**na**	**$1,540**	**na**	**$4,074**
General election candidates:							
Democrat	748	na	738	na	586	na	1,074
Republican	220	na	483	na	351	na	743
Other	—	na	4	na	23	na	3
Primary candidates of all parties	583	na	154	na	580	na	2,254
To House Candidates	**$ 983**	**$1,103**	**$1,137**	**$1,034**	**$1,050**	**$ 1,741**	**$1,959**
Democrat	537	510	487	446	476	1,035	1,027
Republican	435	588	633	584	559	693	919
Other	11	5	17	4	14	13	13
To Senate Candidates	**$ 434**	**$ 757**	**$ 742**	**$ 635**	**$ 594**	**$ 1,033**	**$2,046**
Democrat	237	315	308	300	313	571	1,207
Republican	196	427	416	328	279	431	815
Other	1	15	18	8	2	31	24
Total contributions	**$2,968**	**$1,860**	**$3,259**	**$1,669**	**$3,184**	**$ 2,774**	**$8,079**

† *Source: Federal Election Commission (FEC). These data only show contributions that candidates and their committees must report to the FEC. The data do not, therefore, include contributions to SuperPACs or 501(c)(4) groups that are not directly to the candidate.*

na *An "na" reference in the table means the data is not available.*

Part IV

Item 15. Exhibits

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference: Form	Period Ended	Exhibit	Publish Date
99.01	Government sources	X				
99.02	Reserved					
99.03	Cash and accrual bases of accounting	X				
99.04	Government-run businesses	X				
99.05	Composition of segment expenditures	X				
99.06	Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds (the Trustees) projections of OASDI trust fund solvency	X				
99.07	The Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds projections of Medicare trust funds solvency	X				
99.08	Cohort table creation	X				
99.09	Other similar projects	X				
99.10	Excluded Form 10-K content	X				
99.11	Data reliability considerations	X				
99.12	Data comparability considerations	X				
99.13	Modification of data	X				

Endnotes

[1] Much of the information in this section was derived from https://www.whitehouse.gov/about-the-white-house/state-local-government/.
[2] Much of the information in this section was derived from https://www.census.gov/programs-surveys/gus/technical-documentation/methodology/population-of-interest1.html.
[3] Much of the information in this section was derived from https://www.irs.gov/.
[4] https://www.federalreserve.gov/aboutthefed/section7.htm
[5] *Individual Income Tax Provisions in the States, Informational Paper 3* by the Wisconsin Legislative Fiscal Bureau, January 2021, found at https://docs.legis.wisconsin.gov/misc/lfb/informational_papers/january_2021/0003_individual_income_tax_provisions_in_the_states_informational_paper_3.pdf.
[6] Government of the District of Columbia, *2020 Tax Rates and Tax Burdens in the District of Columbia: A Nationwide Comparison*, https://ora-cfo.dc.gov/sites/default/files/dc/sites/ocfo/publication/attachments/2020%20Tax%20Rates%20and%20Tax%20Burdens_Nationwide%20Comparison.pdf, p25
[7] Budget process information in this section comes primarily from *Budget Process in the States* by the National Association of State Budget Officers, 2021 version, found at https://www.nasbo.org/reports-data/budget-processes-in-the-states.
[8] The majority of the information in this section is derived from https://www.federalreserve.gov/aboutthefed/structure-federal-reserve-system.htm. The Federal Reserve balance sheets were sourced from https://www.federalreserve.gov/releases/z1/default.htm.
[9] Most of the information in this section was derived from the *Federal Home Loan Banks Combined Financial Report for the Year Ended December 31, 2021*, found at http://www.fhlb-of.com/ofweb_userWeb/pageBuilder/fhlbank-financial-data-36.
[10] The majority of the information in this section was derived from Fannie Mae's 2019 Annual Report on Form 10-K, found at https://www.sec.gov/ix?doc=/Archives/edgar/data/310522/000031052220000121/fnma201910kv1.htm.
[11] The majority of the information in this section was derived from Freddie Mac's 2019 Annual Report on Form 10-K, found at https://www.sec.gov/ix?doc=/Archives/edgar/data/1026214/000102621420000016/a20194q10k.htm.
[12] The majority of the information in this section was derived from the FHFA website https://www.fhfa.gov/Conservatorship.
[13] The majority of the information in this section was derived from the Farm Credit System website https://www.farmcreditnetwork.com/about/overview.
[14] The majority of the information in this section was derived from Farmer Mac's 2021 Annual Report on Form 10-K, found at https://www.sec.gov/ix?doc=/Archives/edgar/data/845877/000084587722000022/agm-20211231.htm.
[15] The majority of the information in this section was derived from the following Social Security Administration publications: https://www.ssa.gov/pubs/EN-05-10029.pdf, https://www.ssa.gov/pubs/EN-05-10035.pdf, https://www.ssa.gov/pubs/EN-05-10084.pdf, and https://www.ssa.gov/pubs/EN-05-10085.pdf.
[16] The majority of the information in this section was derived from the Social Security Administration's website https://www.ssa.gov/oact/progdata/taxRates.html.
[17] The majority of the information in this section was derived from https://www.medicare.gov/.
[18] Centers for Medicare and Medicaid Services publication *2013 Health and Health Care of the Medicare Population*, found at https://www.cms.gov/Research-Statistics-Data-and-Systems/Research/MCBS/Data-Tables-Items/2013HHC?DLPage=1&DLEntries=10&DLSort=0&DLSortDir=descending
[19] The majority of the information in this section was derived from https://www.medicaid.gov/medicaid/eligibility/index.html.
[20] The information in this paragraph is derived from https://www.medicaid.gov/resources-for-states/coronavirus-disease-2019-covid-19/index.html.
[21] The information in this paragraph is derived from https://www.fns.usda.gov/snap/extension-covid-19-administrative-flexibilities-january-2022-and-beyond.
[22] The majority of the information in this section was derived from https://www.fns.usda.gov/snap/eligibility.
[23] The majority of the information in this section was derived from https://oui.doleta.gov/unemploy/uifactsheet.asp.
[24] https://www.irs.gov/pub/irs-pdf/i940.pdf, page 5
[25] The information in this paragraph was derived from the Department of Labor's *State Unemployment Insurance Trust Fund Solvency Report 2022*, found at https://oui.doleta.gov/unemploy/docs/trustFundSolvReport2022.pdf.
[26] The majority of the information in this section was derived from https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit.
[27] The majority of this information in this section was derived from https://www.irs.gov/affordable-care-act/individuals-and-families/the-premium-tax-credit-the-basics-0.
[28] The majority of the information in this section was derived from https://www.ssa.gov/ssi/text-understanding-ssi.htm.
[29] The majority of the information in this section was derived from https://studentaid.ed.gov/sa/.
[30] The majority of the information in this section was derived from https://www.acf.hhs.gov/ofa/programs/tanf.
[31] https://wecandothis.hhs.gov/about
[32] The majority of the information in this section comes from National Governors Association, including https://www.nga.org/consulting/powers-and-authority/ and https://www.nga.org/governors/.
[33] https://www.bls.gov/cps/tables.htm, table 42.
[34] Certain of the risks outlined in these Risk Factors were derived from the Government Accountability Report to Congressional Committees, High Risk Series, *Dedicated Leadership Needed to Address Limited Progress in Most High-Risk Areas,* March 2021, found at https://www.gao.gov/highrisk/overview.
[35] Information in this section was derived from https://covid.cdc.gov/covid-data-tracker/#datatracker-home.
[36] Information in this section was derived from https://www.dhs.gov/ntas/advisory/national-terrorism-advisory-system-bulletin-january-27-2021.
[37] Information in this section was derived from https://www.dhs.gov/ntas/advisory/national-terrorism-advisory-system-bulletin-february-07-2022.
[38] Information in this section was derived from https://www.congress.gov/bill/117th-congress/house-bill/3684.
[39] Information in this section was derived from https://www.bia.gov.
[40] Information in this section was derived from https://www.acq.osd.mil/eie/Downloads/BSI/Base%20Structure%20Report%20FY18.pdf.
[41] The majority of the individual and corporate income and tax data in this section was derived from the Internal Revenue Service Statistics of Income Division, found at https://www.irs.gov/uac/soi-tax-stats-statistics-of-income. See also Exhibit 99.13 for a discussion of our income and rate analysis.
[42] This data was created from the Bureau of Economic Analysis (BEA)'s National Income and Product Accounts (NIPA) tables and related data for various topics. To locate this data, go to https://apps.bea.gov/iTable/index_nipa.cfm and select "Begin using the data…" to access the NIPA tables.
[43] *Tax Rates and Tax Burdens in the District of Columbia - A Nationwide Comparison 2019,* https://cfo.dc.gov/sites/default/files/dc/sites/ocfo/publication/attachments/2019%2051City%20Study_Final.pdf.
[44] Information obtained from https://www.eia.gov/dnav/pet/pet_cons_psup_dc_nus_mbbl_a.htm.
[45] National Association of Insurance Commissioners, *State Insurance Regulation: Key Facts and Market Trends*, found at https://content.naic.org/sites/default/files/publications-key-facts-market-trends-united-states.pdf.
[46] The source noted in endnote 43 utilizes the largest city in each state in its analysis. The largest city in South Carolina and Tennessee changed in 2017, so when comparing periods after and before that year, these states are removed from the analysis.
[47] The majority of the information in this section comes from our financial statements and footnotes. See *Part II, Item 8. Financial Statements and Supplementary Data*.
[48] Most of the data in this section can be found, with sources noted, on our website https://usafacts.org. Data that is not yet there will be provided in the near future.
[49] The annual per enrollee spending excludes disproportionate share hospital payments outlays, territorial enrollees and costs, adjustments, and administration costs, from *2018 Actuarial Report on the Financial Outlook for Medicaid* found at https://www.cms.gov/files/document/2018-report.pdf.
[50] Medical commodities includes prescription drugs, nonprescription over-the-counter drugs, and other medical equipment and supplies, found at https://www.bls.gov/cpi/factsheets/medical-care.htm.
[51] Data is limited to billion-dollar disasters as provided by National Oceanic and Atmospheric Administration. See https://www.ncdc.noaa.gov/monitoring-content/billions/docs/smith-and-katz-2013.pdf.
[52] Budget of the US Government, fiscal year 2020, https://www.govinfo.gov/content/pkg/BUDGET-2020-APP/pdf/BUDGET-2020-APP-1-19.pdf, page 956.
[53] *Foreign Aid: An Introduction to U.S. Programs and Policy,* by the Congressional Research Service, January 10, 2022, found at https://fas.org/sgp/crs/row/R40213.pdf.
[54] *U.S. Foreign Aid to Israel,* by the Congressional Research Service, February 18, 2022, found at https://fas.org/sgp/crs/mideast/RL33222.pdf.
[55] Clark, Hunter L., and Anna Wong (2021). "Did the U.S. Bilateral Goods Deficit With China Increase or Decrease During the U.S.-China Trade Conflict?," FEDS Notes. Washington: Board of Governors of the Federal Reserve System, June 21, 2021, found at https://doi.org/10.17016/2380-7172.2927.
[56] Chetty, Raj, et al., *Race and Economic Opportunity in the United States: An Intergenerational Perspective*, working Paper (March 2018), https://opportunityinsights.org/paper/race/.
[57] The majority of the information in this section was derived from the Financial Stability Oversight Council 2019 Annual Report, found at https://home.treasury.gov/system/files/261/FSOC2019AnnualReport.pdf.
[58] https://www.gao.gov/highrisk/management-federal-oil-and-gas-resources

* To create federal fiscal year (October 1 to September 30) data, we used a formula of 25% of the prior calendar year figure plus 75% of the current calendar year figure. All the figures in the MD&A that were converted from calendar year to federal fiscal year in this manner are indicated by * (one asterisk).

** To create state and local fiscal year (July 1 to June 30) data, we used a formula of 50% of the prior calendar year figure plus 50% of the current calendar year figure. All the figures in the MD&A that were converted from calendar year to state and local fiscal year in this manner are indicated by ** (two asterisks).

Exhibit 99.01

Sources of data

Financial statement and related data

Our primary financial statement (and related footnote and MD&A) data came from the following sources:

- *Federal income statements* – federal government budget figures prepared on a cash basis (budgeted inflows and outflows) by the US Treasury Department (Treasury) and the Office of Management and Budget (OMB), supplemented in the functional income statement in one case (wages and salaries) by data from the Bureau of Economic Analysis (BEA) (see *Modification of data* in Exhibit 99.13).
- *State and local income statements* – actual historical figures prepared on a cash or accrual basis at the election of the state and local government preparer and compiled by the US Census Bureau (the Census Bureau), as reported by state and local governments through the Census of Governments.
- *Federal balance sheets* – data prepared by the Treasury, largely on an accrual basis, and audited by the Government Accountability Office (GAO), as provided through the *Financial Report of the United States Government* (the *Financial Report*).
- *State and local balance sheets* – data prepared by the Federal Reserve and the BEA.

See Exhibit 99.03 for information on different accounting bases.

This financial statements and related data, unless otherwise noted, are on a fiscal year basis. This means they represent:

- *Income statements* – data for the annual period from October 1 to September 30, for federal government and from July 1 to June 30, generally, for state and local governments; and
- *Balance sheets* – data as of one day, September 30 for the federal government and June 30 for state and local governments.

See https://usafacts.org/usafacts-financial-analysis-methodology/ on our website for more information on the creation of our income statements. See *Part II, Item 8. Financial Statements and Supplementary Data, Notes to financial statements* within this report for more information on the creation of our balance sheets.

Other data

We sourced the other data in this report from the government entities listed in the tables below. Some of these data have been audited by the GAO, a state auditor's office, or an independent public accounting firm, while some is unaudited. We relied on non-governmental data only for investment market prices and on governmental data obtained indirectly from a non-governmental source for just one data set – the economic mobility data in *Part II, Item 7. Management's Discussion and Analysis, Key metrics by segment, Blessings of Liberty, American Dream*.

Forward-looking statements

This report includes limited estimates, projections, and statements relating to government plans, objectives, and expected operating results that are "forward-looking statements." Such statements may appear throughout this report, including in the following sections: *Item 1. Purpose and Function of Our Government*, *Item 1A. Risk Factors*, *Item 7. Management's Discussion and Analysis*, *Item 7A. Quantitative and Qualitative Disclosures About Market Risk,* and *Item 15. Exhibits*. These forward-looking statements generally are identified by the words "believe," "project," "expect," "anticipate," "estimate," "intend," "strategy," "future," "opportunity," "plan," "may," "should," "will," "would," "will be," "will continue," and similar expressions.

The forward-looking statements in this document have primarily been drawn from government sources. We do not attest to the accuracy of these statements and related information, nor do we undertake any obligation to update or revise publicly any forward-looking statements, whether because of new information, future events, or otherwise. We have included our own forward-looking statements in this document in the following limited cases:

- *Item 1A. Risk Factors* include statements authored by us, including forward-looking statements. However, any dollar projections included therein were prepared by government sources, which are cited; and
- We calculated the estimated future federal interest payments shown in the contractual obligations table in *Part II, Item 7. Management's Discussion and Analysis, Financial condition* using the components (outstanding debt and interest rates) from a government source. We have disclosed our calculations in a footnote to the table.

Citations

For data that is contained both in this report and on our website, the respective source is generally cited only on our website and not herein again. The limited additional data that is contained only in this report and not on our website is:

- when sourced from the federal government:
  - cited in this report for convenience of the reader when larger sets of data were used (e.g. the footnotes in *Part II*, *Item 8. Financial Statements and Supplementary Data, Notes to financial statements*);
  - generally, not cited otherwise, as materials created by the federal government are generally part of the public domain. If you have questions about sources of federal data and are unable to find them on our website, https://usafacts.org/, please contact us using the contact information on our website; and
- when sourced from a state or local government or another source, cited herein.

It should be noted that none of our materials nor our organization are affiliated with, or endorsed by, any of our sources.

Data sourced from our website

The majority of the data included in this report can be found on our website with accompanying citations. The original sources for that data as of the time of the publishing of this report are:

Agency for International Development

Consumer Financial Protection Bureau

Consumer Product Safety Commission
National Electronic Injury Surveillance System

Department of Agriculture
Animal and Plant Health Inspection Service
Food and Nutrition Service
Food Safety and Inspection Service

Department of Commerce
Bureau of Economic Analysis
Census Bureau
United States Patent and Trademark Office

Department of Defense
Defense Manpower Data Center

Department of Education
National Center for Education Statistics

Department of Energy
Energy Information Administration

Department of Health and Human Services
Administration for Children and Families
Center for Disease Control and Prevention
Center for Medicare and Medicaid Services
Food and Drug Administration

Department of Homeland Security
Customs and Border Protection
Federal Emergency Management Agency
Transportation Security Administration

Department of Housing and Urban Development
Office of Community Planning and Development
Office of Fair Housing and Equal Opportunity
Office of Policy Development and Research

Department of the Interior
Bureau of Land Management
Fish and Wildlife Service
National Park Service

Department of Justice
Bureau of Alcohol, Tobacco, Firearms, and Explosives
Bureau of Justice Statistics
Drug Enforcement Administration
Federal Bureau of Investigation

Department of Labor
Bureau of Labor Statistics
Employee Benefits Security Administration
Mine Safety and Health Administration
Occupational Safety and Health Administration
Wage and Hour Division

Department of State

Department of Transportation
Bureau of Transportation Statistics
Federal Highway Administration
National Highway Traffic Safety Administration

Department of the Treasury
Internal Revenue Service

Department of Veterans Affairs

Environmental Protection Agency
Equal Employment Opportunity Commission
Federal Deposit Insurance Corporation
Federal Election Commission
Federal Reserve and member banks
Federal Trade Commission
Freddie Mac
Medicaid and CHIP Payment and Access Commission

National Archives and Records Administration
Federal Register

National Interagency Fire Center
National Labor Relations Board
National Science Foundation
National Center for Science and Engineering Statistics

Nuclear Regulatory Commission
Securities and Exchange Commission
Small Business Administration
Social Security Administration
United States Congress
United States Courts

White House
Office of Management and Budget
Office of Personnel Management

The World Bank

Additional data from:
Chetty, Raj, et al. "Race and Economic Opportunity in the United States: An Intergenerational Perspective." Working Paper (March 2018).

Stock indices from Yahoo Finance

Gold price from World Gold Council

Other data sourced for this Form 10-K

Certain data were sourced only for preparation of this report and have not been added to our website. These data sources, beyond those in the list of website sources above, include:

Central Intelligence Agency
Congressional Budget Office
Congressional Research Service
The Council of State Governments

Department of Education
Office of Federal Student Aid

Department of Health and Human Services
Office of the Assistant Secretary for Planning and Evaluation

Department of the Interior
Bureau of Indian Affairs
United States Geological Survey

Department of Justice
Office of Juvenile Justice and Delinquency Prevention

Department of Labor
Employment and Training Administration

Department of the Treasury
Bureau of the Fiscal Service

Department of Veterans Affairs
Veteran Benefits Administration

Fannie Mae
The Farm Credit Council
Federal Home Loan Banks
Federal Housing Finance Agency
General Services Administration
Government Accountability Office
Government of the District of Columbia
National Association of State Budget Officers
National Conference of State Legislatures
National Governors Association
Oregon Department of Revenue
Pension Benefit Guaranty Corporation
United States House of Representatives
United States Senate
Tennessee Valley Authority
USA.gov
The Wisconsin Legislative Bureau

Additional data from:
US credit rating – Bloomberg
Stock and bond prices – Google Finance, Investing.com, Yahoo Finance

Exhibit 99.03

The US Government Accountability Office provides a description of the difference between cash basis accounting and accrual basis accounting. We have reproduced it here. You can find the original text at http://www.gao.gov/assets/80/77222.pdf.

Cash basis of accounting

"The federal government primarily uses the cash basis of accounting for its budget, which is the federal government's primary financial planning and control tool." A primary exception to the general use of cash-basis accounting is the accounting for loan program costs, which are accounted for using the methodology described in *"Loan program costs – reestimates*" below.

"Because it is similar to keeping a checkbook, the cash basis of accounting... is perhaps the easier of the two bases of accounting to understand. The cash basis focus is on cash receipts, cash disbursements, and the difference between the two amounts. With relatively few exceptions, receipts are recorded when cash is received, and outlays are recorded when cash is disbursed. The difference between cash receipts and cash outlays at the end of the fiscal year is reported as the annual budget surplus or budget deficit."

Accrual basis of accounting

"Accrual accounting, also used in the private sector, is generally the basis used to prepare the *Statement of Net Cost*, *Statement of Operations and Changes in Net Position*, and the *Balance Sheet* [within the United States Treasury *Financial Report of the United States*]."

"The accrual basis of accounting recognizes revenue when it is earned and recognizes expenses in the period incurred, without regard to when cash is received or disbursed. The federal government, which receives most of its revenue from taxes, nevertheless, recognizes tax revenue when it is collected, under an accepted modified cash basis of accounting.

Expenses are recognized during the period in which they are incurred. Accrual accounting, for example, recognizes that while the employee is working, the employee earns not only a salary but also health, pension, and other benefits that will be paid in the future during the employee's retirement. Accordingly, each year, on the basis of actuarial calculations of benefits earned, the federal government records as an expense (operating cost) an estimated amount for these earned benefits and increases the related liability – Federal Employee and Veteran Benefits Payable – for the amount owed to its employees, both civilian and military."

"Also under accrual accounting, the federal government reports physical assets when they are acquired and records related expenses when the federal government benefits from their use or consumption or when they are sold. Physical assets consist of inventories of goods held for sale or for future consumption and long-lived or "fixed" assets such as land, buildings, and equipment. In the case of assets such as buildings and equipment, the annual cost attributed to their use is recorded as depreciation expense."

Loan program costs - reestimates

The Federal Credit Reform Act of 1990 (FCRA) requires agencies to estimate the cost to the government of extending or guaranteeing credit. This cost, referred to as subsidy cost, equals the net present value of estimated cash flows from the government (e.g. loan disbursements and claim payments to lenders) minus estimated cash flows to the government (e.g. loan repayments, interest payments, fees, and recoveries on defaulted loans) over the life of the loan, excluding administrative costs. Discount rates that reflect the federal government's cost of financing are used to determine the net present value of estimated cash flows. Agencies generally update, or reestimate, subsidy costs annually to reflect both actual loan performance and changes in expected loan performance.

Exhibit 99.04

Government-run businesses

United States Postal Service (USPS): The USPS is an independent, self-financing agency that delivers mail to some 163 million US locations and provides services through 31,247 retail outlets. With over half a million workers, it is one of the country's largest employers.

Tennessee Valley Authority (TVA): The Tennessee Valley Authority is the nation's largest government-owned power utility. It sells electricity to businesses and power distributors serving 10 million customers in parts of seven Southeastern states.

The Federal Deposit Insurance Corporation (FDIC): The FDIC insures deposits of up to $250,000, supervises state-chartered banks that aren't part of the Federal Reserve System, and acts as receiver for failed institutions.

Pension Benefit Guaranty Corporation: The PBGC insures more than 25,000 defined-benefit pension plans with over 33 million members.

Amtrak: Also known as National Railroad Passenger Corporation, Amtrak is a rail carrier that operates a 21,400-mile rail network serving 46 US states, the District of Columbia and three Canadian provinces. It carries nearly 17 million passengers per year.

US International Development Financial Corporation (DFC): The DFC is the US Government's developing finance institution. The DFC partners with the private sector to finance solutions to the most critical challenges facing the developing world today. It invests in energy, healthcare, critical infrastructure, and technology and also provides financing for small businesses and women entrepreneurs in order to create jobs in emerging markets.

Export-Import Bank: The bank provides services including export-credit insurance, working capital guarantees and loan guarantees to US exporters. It also offers trade finance to foreign buyers of US products.

St. Lawrence Seaway Development Corporation: The corporation, created in 1954, operates and maintains the portion of the St. Lawrence Seaway that runs through US territory between the Port of Montreal and Lake Erie.

Valles Caldera Trust: The trust operated the 89,000-acre Valles Caldera National Preserve in New Mexico's Jimenez Mountains until 2015, when the wilderness was handed over to the National Park Service.

Commodity Credit Corporation: The CCC was created in 1933, during the Great Depression, to support farm income and prices. Its operations include providing loans to farmers, as well as export credits, disaster insurance and conservation programs. It also authorizes the sale of agricultural commodities to other government agencies and foreign governments and donations of food to relief agencies.

Presidio Trust of San Francisco: In partnership with the National Park Service and the Golden Gate National Parks Conservancy, the Presidio Trust operates the Presidio, a 1,491-acre national park that encompasses a former US Army post, museums and archeological sites.

Federal Crop Insurance: The Federal Crop Insurance Corporation, through its Risk Management Agency, reinsures crop-insurance policies purchased by farmers from private firms and also provides subsidies for premiums.

Federal Financing Bank: The FFB was created in 1973 to centralize and reduce the cost of borrowing by federal government agencies. The bank borrows from the Treasury and lends to agencies and agency-guaranteed borrowers.

Ginnie Mae: Also known as the Government National Mortgage Association, Ginnie Mae provides financing to the housing market by guaranteeing payment of interest and principal on mortgage-backed securities insured by federal agencies, including the Federal Housing Administration.

Federal Prison Industries (UNICOR): The corporation provides vocational training to federal prisoners and uses their labor to produce goods and services that are sold to federal agencies.

Air Transportation: Federal aid for construction, operation, and support of public airports; and other distributions from the Federal Airport and Airway Trust Fund.

Toll Highways: Fees from turnpikes, toll roads, bridges, ferries, and tunnels; rents and other revenue from concessions (service stations, restaurants, etc.); and other charges for use of toll facilities.

Parking Facilities: Provision, construction, maintenance, and operation of public parking facilities operated on a commercial basis.

Sea and Inland Port Facilities: Canal tolls, rents from leases, concession rents, and other charges for use of commercial or industrial water transport and port terminal facilities and related services.

Mass Transit: Operation, maintenance, and construction of public mass transit systems, including subways, surface rails, and buses.

Water Utilities: Revenue from operations of public water supply systems, such as sale of water to residential, industrial, and commercial customers (including bulk water for resale by other private or public water utilities); connection and "tap" fees; sprinkler fees; meter inspection fees; late payment penalties; and other operations revenues.

Gas and Electric Utilities: Revenue from operations of public electric power-supply systems, such as sale of electricity to residential, commercial, and industrial customers (including electricity for resale by other private or public electric utilities); and other operations revenues. Revenue from operations of public gas supply systems, such as sale of natural gas to residential, commercial, and industrial customers (including natural gas for resale by other private or public gas supply utilities); connection fees; and other operations revenues.

Sewerage and Waste Management: Charges for sewage collection and disposal, including sewer connection fees. Fees for garbage collection and disposal; operation of landfills; sale of recyclable materials; cleanup of hazardous wastes; and sale of electricity, gas, steam, or other by-products of waste resource recovery or cogeneration facilities.

Liquor Stores: Operation and maintenance of government operated retail or wholesale liquor monopolies.

Lotteries: Proceeds from the operation of government-sponsored lotteries after deducting the cost of prizes.

Exhibit 99.05

Composition of segment expenditures

Justice and Domestic Tranquility

Crime and disaster expenditures include expenditures for:

- *disaster relief*, including federal assistance and the national flood insurance program;
- *the justice system*, including courts;
- *law enforcement and corrections*, including police protection, investigation, and correctional facilities; and
- fire protection.

Child safety and miscellaneous social services expenditures include expenditures for:

- *children services*, such as child welfare programs, foster care, adoption, day care, nonresidential shelters, and the like; and
- *social services*, such as general social services programs, social services to the physically disabled, such as transportation, and temporary shelters and other services for the homeless.

Safeguarding consumers and employees expenditures include expenditures for:

- regulation and inspection of food and drugs and related establishments;
- inspection of plans, permits, construction, or installations related to buildings and related systems, electric power plant sites, nuclear facilities, and weights and measures;
- regulation of financial institutions, taxicabs, public service corporations, insurance companies, private utilities, and other corporations;
- licensing, examination, and regulation of professional occupations, including health-related ones like doctors, nurses, barbers, and beauticians;
- inspection and regulation of working conditions and occupational hazards;
- patents and copyrights;
- motor vehicle inspection and weighing; and
- regulation and enforcement of liquor laws and sale of alcoholic beverages.

Common Defense

National defense and support for veterans expenditures include expenditures for:

- *national defense*, including military operations and maintenance; personnel; procurement, including ships, aircraft, and weapons; and research, development, test, and evaluation; and
- *support for veterans*, including benefits for housing, medical care, readjustment, and pension and disability, among others.

Immigration and border security expenditures include expenditures for immigration, visa, and citizenship services; customs; and border protection.

Foreign affairs and foreign aid expenditures include expenditures for:

- *international development and humanitarian assistance*, including global health programs, migration and refugee assistance, international development assistance, international disaster assistance, and foreign agricultural assistance;
- *international security assistance*, including foreign economic and military support; and
- *other foreign affairs*, including diplomatic and consular programs, embassies, contributions to international peacekeeping and other organizations, offset in part by income from sales of articles and services to foreign countries and international organizations.

General Welfare

Economy and infrastructure expenditures include expenditures for:

- *transportation*, including air, water, highway, and railroad;
- space exploration;
- general science and basic research;
- *general commerce*, including liquor stores, lotteries, hospitals, and other government-run businesses; and
- *banking and finance*, including deposit insurance and the Troubled Asset Relief Program (TARP).

Standard of living and aid to the disadvantaged expenditures include expenditures for:

- *refundable tax credits*, including the Child Tax Credit, Earned Income Tax Credit, and Premium tax credit;
- *other cash and non-cash programs to aid the disadvantaged*, including Medicaid, the Supplemental Nutrition Assistance Program, Supplemental Security Income, Unemployment Insurance, Pell grants, housing and community development programs, and health services for American Indians.

Health (excluding Medicaid and Medicare) expenditures include expenditures for:

- public health, health resources and services for people geographically isolated or economically or medically vulnerable, and disease control and prevention, as well as expenditures for shared Medicare and Medicaid that our Government has not allocated to one program or the other.

Blessings of Liberty

Education expenditures include expenditures for elementary, secondary, and higher education inside the classroom and education outside the classroom, such as museums and libraries, offset in part by fees paid by students and visitors.

Wealth and savings expenditures include expenditures for:

- *retirement programs*, including Social Security and military, civil service, and railroad retirement and health benefits plans;
- *saving for healthcare in old age*, including Medicare;
- interest on government debt; and
- *general housing support*, including TARP for housing.

Sustainability and self-sufficiency expenditures include expenditures for:

- *environment and natural resources*, including civil works projects by the Corps of Engineers, forest management, fire management planning, weather and climate monitoring and associated warning systems, fisheries management and game programs, coastal restoration, supporting marine commerce, cleanup of hazardous materials, and general management of land owned or leased and managed by our Government, including parks, offset in part by revenues from mineral and other resource leases and sales;
- *agriculture*, including farm services, federal crop insurance, and agriculture disaster relief;
- *energy programs*, including delivery and reliability, efficiency and renewables, and reimbursements of applicants for certain purchases of energy related property; and
- *other utilities*, including sewerage, waste management, and water supply.

General government support and other

General government support and other expenditures include expenditures for central staff services, financial administration, the Internal Revenue Service, and general public buildings.

Exhibit 99.06

Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds (the Trustees) projections of OASDI trust fund solvency

The following projections and accompanying text are excerpts from the 2021 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds (the Trustees' Report). You can find the Trustees' Report at https://www.ssa.gov/OACT/TR/2021/tr2021.pdf.

Background

The Trustees have traditionally shown estimates using the low-cost and high-cost sets of specified assumptions to illustrate the potential implications of uncertainty. These low-cost and high-cost estimates provide a range of possible outcomes for the projections. However, they do not provide an indication of the probability that actual future experience will be inside or outside this range. [Appendix E of the Trustees' Report] presents the results of a stochastic model that estimates a probability distribution of future outcomes of the financial status of the combined OASI and DI Trust Funds. This model was introduced in the 2003 report, and has been enhanced for this year's report to include parameter uncertainty for the expected mean for the key variables described in the next section.

Stochastic methodology

Other sections of [the Trustees' Report] provide estimates of the financial status of the combined OASI and DI Trust Funds using a scenario-based model. For the scenario-based model, the Trustees use three alternative scenarios (low-cost, intermediate, and high-cost) that use specific assumptions for key variables, including: levels of fertility, rates of change in mortality, lawful permanent resident (LPR) and other-than-LPR immigration levels, legal emigration levels, other-than-LPR emigration rates, changes in the Consumer Price Index, changes in average real wages, unemployment rates, trust fund real yield rates, and disability incidence and recovery rates. In general, the Trustees assume that each of these variables will reach an ultimate value at a specific point during the long-range period, and will maintain that value throughout the remainder of the period. The three alternative scenarios assume separate, specified values for each of these variables. Chapter V [of the Trustees' Report] contains more details about each of these assumptions.

[Appendix E of the Trustees' Report] presents estimates of the probability that key measures of OASDI solvency will fall in certain ranges, based on 5,000 independent stochastic simulations. Each simulation allows the above key variables to vary throughout the long-range period. The fluctuation of each variable over time is simulated using historical data and standard time-series techniques. Generally, each variable is modeled using an equation that: (1) captures a relationship between current and prior years' values of the variable, and (2) introduces random variation based on variation observed in the historical period. For some variables, the equations also reflect relationships with other variables. The equations contain parameters that are estimated using historical data for periods from 20 years to over 110 years, depending on the nature and quality of the available data. Each time-series equation is designed so that, in the absence of random variation over time, the value of the variable for each year equals its value for the intermediate scenario. More detail on this model, and stochastic modeling in general, is available at https://www.ssa.gov/OACT/stochastic /index.html.

For each equation in a given simulation, the stochastic model assigns random variation to (1) year-by-year error term values and (2) simulation-specific mean term levels that provide variation in the central tendency across simulations. Each simulation produces estimates for all key variables and for the overall financial status of the combined OASI and DI Trust Funds. [Appendix E of the Trustees' Report] shows the distribution of results from 5,000 simulations of the model

Readers should interpret the results from this model with an understanding of the model's limitations. Results are sensitive to equation specifications, degrees of interdependence among variables, and the historical periods used for estimating model coefficients. For some variables, recent historical variation may not provide a realistic representation of the potential variation for the future. Also, results would differ if additional variables (such as labor force participation rates, retirement rates, marriage rates, and divorce rates) were also allowed to vary randomly. Time-series modeling reflects only what occurred in the historical period. Future uncertainty exists not only for the underlying central tendency but also for the frequency and size of occasional longer-term shifts in the central tendency. Many experts predict, and history suggests, that the future will likely bring substantial shifts that are not fully reflected in the historical period used for the current model. As a result, readers should understand that the true range of uncertainty might be larger than indicated in [Appendix E of the Trustees' Report].

Table VI.E1

Table VI.E1 displays long-range actuarial estimates for the combined OASDI program using the two methods of illustrating uncertainty: alternative scenarios and stochastic simulations. The table shows scenario-based estimates for the intermediate, low-cost, and high-cost assumptions. It also shows stochastic estimates for the median (50th percentile) and for the 80% and 95% confidence intervals. Each individual stochastic estimate in the table is the level at that percentile from the distribution of the 5,000 simulations. For each given percentile, the values in the table for each long-range actuarial measure are generally from different stochastic simulations.

The median stochastic estimates displayed in table VI.E1 are similar to the intermediate scenario-based estimates. The median estimate of the long-range actuarial balance is -3.50% of taxable payroll, about 0.04 percentage point higher (less negative) than projected in the intermediate scenario. The median estimate for the open-group unfunded obligation is $19.5 trillion, about $0.3 trillion smaller than the $19.8 trillion estimate in the intermediate scenario. The median first projected year for which cost exceeds non-interest income (as it did in 2010 through 2020), and remains in excess of non-interest income throughout the remainder of the long-range period, is 2021. This is the same year as projected in the intermediate scenario. The median projected year in which trust fund reserves first become depleted is 2034, also the same as projected in the intermediate scenario. The median estimates of the annual cost rate for the 75th year of the projection period are 18.11% of taxable payroll and 6.02% of gross domestic product (GDP). The comparable estimates in the intermediate scenario are 17.70% of payroll and 5.89% of GDP.

For four measures in table VI.E1 (the actuarial balance, the first projected year cost exceeds non-interest income and remains in excess through 2095, the first year trust fund reserves become depleted, and the annual cost in the 75th year as a percent of taxable payroll), the 95% stochastic confidence interval falls within the range defined by the low-cost and high-cost scenarios. For the remaining two measures (the open-group unfunded obligation, and the annual cost in the 75th year as a percent of GDP), one or both of the bounds of the 95% stochastic confidence interval fall outside the range defined by the low-cost and high-cost scenarios.

Table VI.E1. – Long-Range Estimates Relating to the Actuarial Status of the Combined OASDI Program
[Comparison of scenario-based and stochastic results]

	Traditional scenario-based model			Stochastic model				
					80-percent confidence interval		95-percent confidence interval	
	Intermediate	Low-cost	High-cost	Median 50th percentile	10th percentile	90th percentile	2.5th percentile	97.5th percentile
Actuarial balance	(3.54)	(0.12)	(8.25)	(3.50)	(5.51)	(1.96)	(6.85)	(1.12)
Open group unfunded obligation (in trillions)	$ 19.8	$ (.3)	$ 36.3	$ 19.5	$ 8.8	$ 37.6	$ 4.9	$ 51.4
First projected year cost exceeds non-interest income and remains in excess through 2095	2021	[1]	2021	2021	2021	2021	2021	[1]
First year trust fund reserves become depleted [2]	2034	2061	2031	2034	2032	2038	2031	2041
Annual cost in 75th year (percent of taxable payroll)	17.70	12.32	27.54	18.11	14.27	23.60	12.51	27.46
Annual cost in 75th year (percent of GDP)	5.89	4.46	8.56	6.02	4.77	7.77	4.20	9.01

1 *Cost less non-interest income is projected to be negative for a temporary period, returning to positive levels before the end of the projection period.*
2 *For the low-cost scenario and for some stochastic simulations, the first year in which trust fund reserves become depleted does not indicate a permanent depletion of reserves.*

Exhibit 99.07

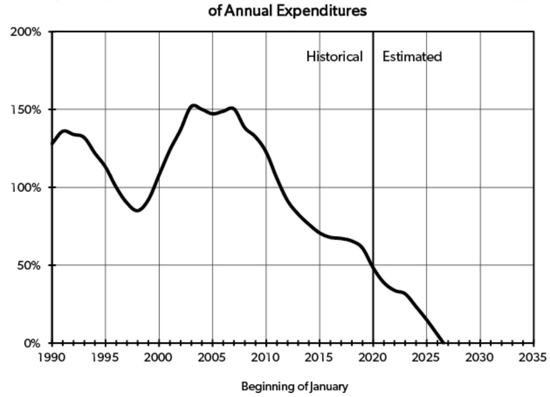
The Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds projections of Medicare trust funds solvency

The following projections and accompanying text are excerpts from the 2021 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds. You can find this report at https://www.cms.gov/files/document/2021-medicare-trustees-report.pdf

HI trust fund

Under the intermediate assumptions, the assets of the HI trust fund would steadily decrease as a percentage of annual expenditures throughout the short-range projection period, as illustrated in figure II.E1. The ratio declines until the fund is depleted in 2026, the same date as projected last year. If assets were depleted, Medicare could pay health plans and providers of Part A services only to the extent allowed by ongoing tax revenues – and these revenues would be inadequate to fully cover costs. Beneficiary access to health care services could rapidly be curtailed. To date, Congress has never allowed the HI trust fund to become depleted.

Figure II.E1.—HI Trust Fund Balance at Beginning of Year as a Percentage of Annual Expenditures



There is substantial uncertainty in the economic, demographic, and health care projection factors for HI trust fund expenditures and revenues. Accordingly, the date of HI trust fund depletion could differ substantially in either direction from the 2026 intermediate estimate. As shown in greater detail in section III.B, trust fund assets would increase throughout the entire projection period under the low-cost assumptions. Under the high-cost assumptions, however, asset depletion would occur in 2024.

SMI trust fund

SMI differs fundamentally from HI in regard to the nature of its financing and the method by which its financial status is evaluated. SMI comprises two parts, Part B and Part D, each with its own separate account within the SMI trust fund. The Trustees must determine the financial status of the SMI trust fund by evaluating the financial status of each account separately, since there is no provision in the law for transferring assets or income between the Part B and Part D accounts. The nature of the financing for both parts of SMI is similar in that the law establishes a mechanism by which income from the Part B premium and the Part D premium, and the corresponding general revenue transfers for each part, are sufficient to cover the following year's estimated expenditures. Accordingly, each account within SMI is automatically in financial balance under current law. This result contrasts with OASDI and HI, for which financing established many years earlier may prove significantly higher or lower than subsequent actual costs. Moreover, Part B and Part D are voluntary (whereas OASDI and HI are generally compulsory), and payroll taxes are not the source of income for these programs. The financial assessment described in this section differs in important ways from that for OASDI or HI.

Financing for the SMI trust fund is adequate because beneficiary premiums and general revenue contributions, for both Part B and Part D, are established annually to cover the expected costs for the upcoming year. Should actual costs exceed those anticipated when the financing is determined, future financing rates can include adjustments to recover the shortfall. Likewise, should actual costs be less than those anticipated, the savings would result in lower future financing rates. As long as the future financing rates continue to cover the following year's estimated costs, both parts of the SMI trust fund will remain financially solvent.

Exhibit 99.08

Cohort table creation

The families and individuals tables presented by USAFacts show how key economic and demographic statistics vary according to three key variables: market income, family type, and elderly/non-elderly status. These groupings are not available consistently, and therefore we produced estimates using only government data.

The numbers in the families and individuals tables are estimates based on data collected from a variety of government sources, the two most important being microdata from the Current Population Survey (March Supplement) issued by the Census Bureau of the Public Use File issued by the Internal Revenue Service's Statistics of Income Division (IRS-SOI). The CPS is a sample of households representing the US civilian noninstitutionalized population. It contains information on topics such as housing, health insurance, labor status, family arrangement, etc. Unfortunately, the CPS does not contain everything we want, so we supplement that file with data from elsewhere via statistical processes. In the case of income data, we statistically match the IRS Public Use File with the CPS. The IRS data is superior to the CPS income data. In other cases, we impute variables in the CPS from other sources such as the American Community Survey using regression techniques for variables that are common to both files.

There are two types of economic units: families and individuals. We use the Census Bureau's definition for each. If there are two or more related individuals living together, they are a family economic unit. If a person is living alone or in a household with no other related persons, that person is considered an individual economic unit. Therefore, some economic units have only one person, while other economic units have multiple persons.

We rank these economic units, which we call FIUs (family and individual units) by market income to place each in a percentile that shows the unit relative to other units in the population. (There are approximately 150 million family and individual units). After determining each unit's market income percentile relative to all other units, we then place each unit into one of five categories:

- Single person under 65 with no children under 18
- Single person under 65 with children under 18
- Married couple with head under 65 with no children under 18
- Married couple with head under 65 with children under 18
- Head aged 65 or over

It should be the noted that although we divide the families based on presence of children under 18, if a person is aged 18+ and still living in the family with relatives, she would NOT be her own economic unit unless she had her own subfamily.

See this page https://usafacts.org/usafacts-financial-analysis-methodology/ on our website for additional information on how we created our cohort tables.

Exhibit 99.09

Other similar projects

Financial Report of the United States Government and similar state government reports

The US Department of the Treasury (the Treasury) publishes timely (the current version at the time of this report is as of September 30, 2021) an annual *Financial Report of the United States Government* (the *Financial Report*), which can be found at https://www.fiscal.treasury.gov/fsreports/rpt/finrep/fr/fr_index.htm. Following are key differences between that report and this one:

- The *Financial Report* is not in the format of a Form 10-K and is missing certain elements thereof;
- The *Financial Report* includes only federal government information, while this report includes federal, state, and local government information;
- The financial statements in the *Financial Report* are prepared by the Treasury on an accrual basis, while our financial statements are a mix of cash and accrual basis data obtained from multiple sources (see *Part I, About This Report, Sources of data* within this annual report for further discussion);
- The *Financial Report* organizes its financial analysis by government department (e.g. the US Department of Justice), while this report's analysis is organized by segments based on the Constitution (see more about this at *Part I, Item 1. Purpose and Function of Our Government, Reporting segments* within this annual report);
- The *Financial Report* does not systematically discuss key metrics, which measure progress towards our nation's constitutional objectives, while this report does (see *Part II, Item 7. Management's Discussion and Analysis, Key metrics by segment* within this annual report for more information).

States also produce reports like the *Financial Report*. For example, this one from Colorado https://drive.google.com/file/d/1Tkdi_yVHqBai5Uo4_Drsz5SjeO6Qcktd/view. We have not drawn data directly from these state reports in the production of this document.

There also exist other privately produced financial reports for our Government, including two that are similar in concept to this one but differ in important ways. We discuss these two immediately below.

USA 10-K

In 2012, a group of individuals published an article through The Wharton School of the University of Pennsylvania arguing "why America needs an annual report." The article argued for a report that was similar in structure to this one. The authors said:

> "America's 10-K should borrow liberally from the template of reports issued by public companies large and small. It should include a letter to voters followed by the information that is essential to the country's stakeholders – such as relevant history, recent performance and prospects, a summary of financial condition, management discussion and analysis, future objectives, anticipated risks, related party-transactions, internal controls (including weaknesses and deficiencies), pension and off-balance-sheet liabilities, litigation exposures, and the compensation, benefits and insider purchases and sales of senior officials. It should describe the ability to make accurate forecasts and projections, contain an auditor's report and all necessary qualifications, and conclude with certifications as to accuracy by the top officials."

The article provided a link to a seven-page sample 10-K summary, which you can find at https://d1c25a6gwz7q5e.cloudfront.net/papers/download/07032012_US10-K-sample.pdf. You can find the introductory article at https://knowledge.wharton.upenn.edu/article/usa-10-k-why-america-needs-an-annual-report/.

USA Inc.

USA Inc. is a concept reflected in a report created and compiled by Mary Meeker. Per the foreword of the report:

> "This report looks at the federal government as if it were a business, with the goal of informing the debate about our nation's financial situation and outlook. In it, we examine USA Inc.'s income statement and balance sheet. We aim to interpret the underlying data and facts and illustrate patterns and trends in easy-to-understand ways. We analyze the drivers of federal revenue and the history of expense growth, and we examine basic scenarios for how America might move toward positive cash flow."

The objective of the USA Inc. report is like ours in that we seek to inform debate about our nation's financial situation and outlook. However, our approaches differ in the following important ways:

- The USA Inc. report includes only federal government information, while this report includes federal, state, and local government information;
- The USA Inc. report provides significant independent analysis, including projections, judgments, and proposed solutions to potential problems, while we attempt to limit our report to the level of information required of a public company by securities laws and to exclude projections, judgments, or proposed solutions; and
- The USA Inc. report does not systematically discuss key metrics, which measure progress towards our nation's constitutional objectives, while this report does.

The latest USA Inc. report of which we are aware was for 2011. It appears to no longer be publicly available.

Exhibit 99.10

Excluded Form 10-K content

Excluded sections

In applying the concepts of the Form 10-K to a government environment, we have excluded certain sections of the form that are not obviously applicable to our Government. The sections we excluded are:

- *Item 1B. Unresolved Staff Comments* – not applicable as our Government is not an SEC registrant and is not holistically regulated by any other entity that might give them comments;
- *Item 4. Mine Safety Disclosures* – not applicable as our Government does not operate any mines that we are aware of and therefore we don't have any government data to report on this topic;
- *Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities* – not applicable as our Government does not issue equity securities, only debt;
- *Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure* – our Government has various accountant relationships (e.g. the federal government is audited by the GAO, certain government-run businesses, like the post office, are audited by public accounting firms), however, aggregated information is not readily available, and therefore we have not presented it;
- *Item 9B. Other Information* – this is a catch-all category for companies to report timely to shareholders, information that is not otherwise required by the report, which is not applicable as this report is not focused on reporting the most recent government data but rather providing the most comprehensive analysis practicable;
- *Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections* – not applicable because our Government does not retain a public accounting firm that is located in a foreign jurisdiction where it is unable to inspect or investigate completely;
- *Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters* – not applicable for the same reasons that Item 5 is not applicable, only debt;
- *Item 14. Principal Accounting Fees and Services* – not applicable for the same reasons that Item 9 is not applicable; and
- *Item 16. Form 10-K Summary* – not applicable as we do not prepare this optional summary of our 10-K report.

Excluded financial statements

Within a public company's Form 10-K, you would find the following financial statements and notes thereto:

- income statements, prepared on an accrual basis of accounting;
- statements of comprehensive income, prepared on an accrual basis of accounting;
- balance sheets, prepared on an accrual basis of accounting;
- cash flow statements; and
- statements of stockholders' equity.

We have diverged a bit in this report from these traditional financial statements. Foremost, we have provided two income statements – functional income statements organized by type of revenue and expenditure and segment income statements organized by reporting segment, both on a hybrid basis of accounting. We have used data with a hybrid basis of accounting primarily because of a lack of accessible, aggregated, detailed state and local data created on a consistent accounting basis, and we have favored cash basis federal data because of our desire to focus the financial portion of our document on a concept central to government analysis and debate – "the deficit." By "the deficit," we mean the excess of combined US government (federal, state, and local) annual cash outflows over annual cash inflows.

We have also:

- not provided statements of comprehensive income due to a lack of readily available other comprehensive income data for our Government;
- not provided cash flow statements, as our income statements are as close to cash basis as we are able to report at this time and therefore cash flow statements would be mostly duplicative; and
- not provided statements of stockholders' equity, as our Government does not issue equity.

Please see *Part I, About This Report, Structure and content, Sources of data, Financial statement and related data* within this annual report for more information on the content and preparation of the income statements and balance sheets included in this report.

Exhibit 99.11

Data reliability considerations

Some of the data we have sourced may not be reliable for a number of reasons, including disclaimed audit opinions, restatements of data, and issues specific to Census data.

Audits

Certain departments of the federal government have received disclaimed audit opinions on their audit reports, meaning the auditors were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements. Each year, the Government Accountability Office (GAO) report within the *Financial Report of the United States Government*, lists the federal government departments that have received disclaimed audit opinions for that year. The Department of Defense has received a disclaimed audit opinion every year since the federal government began preparing the federal government's consolidated financial statements. In addition, the GAO report notes that the federal government has material weaknesses resulting in ineffective internal controls over financial reporting for each of the fiscal years included in our financial statements. We are not able to correct for these issues in this report and therefore are not able to provide assurance on the completeness and accuracy of the information.

The Department of Defense Office of Inspector General (DoD OIG) conducted and oversaw the first full audit of the DoD's financial statements in 2018. On November 15, 2018, the DoD OIG issued a disclaimer of opinion on the financial statements. The audit identified 20 overall material weaknesses and more than 2,400 notices of findings and recommendations, including weak information technology controls, insufficient controls to ensure the accuracy and completeness of property, and incomplete universes of financial transactions. For more information on this audit and its findings see *Understanding the Results of the Audit of the DoD FY 2018 Financial Statements*. The DoD OIG conducted and oversaw a second full audit of the DoD's financial statements in 2019. On November 15, 2019, the DoD OIG issued a disclaimer of opinion on the financial statements. Six reporting entities received unmodified opinions, one received a qualified opinion, and three were pending opinion. All other DoD reporting entities received a disclaimer of opinion. For more information on this audit see *DoD Agency Financial Report for Fiscal Year 2019*.

The financial data we use for our state and local government reporting within this report is generally not audited.

Restatements

In addition to being qualified by disclaimed audit opinions, the data in government reports is often restated, particularly the two most recent years and often the Census data, which is subject to sampling and data collection error. See more about the Census process at https://www.census.gov/programs-surveys/state/about.html and under *Census data* below.

When a company discovers that it needs to restate material information in its annual report, it is required to issue a statement of non-reliance telling the public to not rely on the information until it is restated. Government entities that do not file with the Securities and Exchange Commission do not do that, and we will not do that for this report. Rather, we will update this report annually, and we will restate information contained herein that our Government has updated in the interim in our next annual report. We may update certain data used in this report on our website as it becomes available, sometimes more frequently than annually (see *Part I, Item 1. Purpose and Function of Our Government, Available information*).

Conflicting data

Our Government often releases conflicting numbers for the same data point. This occurs within and across government entities. In these cases, we select the measure to present after considering the breadth and depth of the data available at each source and sometimes, after consultation with subject matter experts. Rarely, we present each of the conflicting figures in this report or on our website.

Census data

The Census warns us not to use their data in the way that we are using it. However, there is no alternative source of aggregated state and local government income statement data, and it was not reasonable for us to create this data set in this phase of our project. Here is the warning from the Census:

> "Although the original sources for finance statistics are accounting records of governments, the data derived from them are purely statistical in nature. Consequently, the Census Bureau statistics on government finance cannot be used as financial statements, or to measure a government's fiscal condition. For instance, the difference between a government's total revenue and total expenditure cannot be construed to be a 'surplus' or 'deficit.'"

The Census tells us there are several reasons why these survey data are not suitable for measuring the financial condition of a government, any of its sectors, or any of its dependent agencies:

- The Census Bureau intentionally excludes several important accounting measures from its statistics. One example involves public employee retirement systems, which exclude measures of future liability, future revenue streams, and all related measures of future solvency (such as the potential amount of unfunded liabilities). These cannot be calculated from Census Bureau statistics.
- The Census Bureau program develops these data to measure the economic activity of state and local governments in general. The definitions used in Census Bureau statistics about governments can vary considerably from definitions applied in standard accounting reports.
- Definitional differences can include those of coverage (what constitutes a government entity), functional activity, financial transaction (revenue, expenditure, indebtedness, and asset), or measurement (cash versus accrual accounting, or asset valuation procedures).
- Census Bureau data include the operations of dependent agencies whose finances are reported outside those of the parent government.

Exhibit 99.12

Data comparability considerations

Unlike information about a corporation, the data for our Government come from numerous and varied sources. Each of these sources may prepare the data on different accounting bases (e.g. cash vs. accrual) and for different time periods (e.g. a point in time vs. a full year, calendar year vs. fiscal year). This lack of comparability of data makes analysis of our Government challenging. We have highlighted key data challenges and our solutions in this exhibit and Exhibit 99.13. We acknowledge our solutions are not perfect and seek to continually refine our approach as we release future reports. However, we do not anticipate true solutions to these challenges other than government-wide data availability and comparability initiatives.

Financial statement data

Reporting periods

The financial statement and related data in this report, unless otherwise noted, is on a fiscal year basis. This means it represents, for:

- *Income statements* – data for the annual period from October 1 to September 30, for the federal government and from July 1 to June 30, generally, for state and local governments; and
- *Balance sheets* – data as of September 30 for the federal government and June 30 for state and local governments.

When we combined federal and state and local data, we added the figures together, without adjusting for differences in fiscal years. This is consistent with what a corporation may do for subsidiaries that it consolidates, which have different fiscal year ends than each other or the parent company. This is allowed by accounting rules when the fiscal periods of the entities being combined end within 90 days of each other, as they do for the US federal and state and local governments in nearly every case.

New York is the only exception, as its fiscal year end is March 31, which is not within 90 days of the latest fiscal year end within the combined group (September 30); New York's fiscal year end is off by an additional 90 days. This is only a potential concern for our income statements, as we used New York's (and all other states') June 30 information for our balance sheets. New York's revenue represents approximately 5% of our Government's revenue, and a reasonable approximation of 90 days of its average revenue is roughly $80 billion. In combining the income statements, we include 12 months of data for each entity, but we include different 12-month periods depending on the respective entity's fiscal year (i.e. October 1 to September 30 for the federal government and April 1 to March 31 for New York). Therefore, incomparability that could arise from using data from different fiscal year periods would not be due to missing data but rather seasonality of the data. A reasonable estimate of the seasonality variability of 90 days of New York's revenue or expenses is immaterial. As: the Census has already aggregated the state and local government data; modifying that data to extract, recalculate, and reintroduce adjusted New York data introduces complexity and risk; and the estimated impact of not modifying is not material to our Government's overall financial statements, we have not made any modifications for New York and have simply added the aggregated state and local data to the federal data to form the combined group.

Intergovernmental transfers

In combining the federal and state and local data, we eliminated known intergovernmental transfers, in the same way that a company eliminates intercompany transfers among subsidiaries and the parent company. For example, the federal government reports grants to states as expenditures, and the states in turn also report the subsequent uses of those funds as expenditures. To eliminate double counting, we count the expenditure (or revenue) only once, in either the federal or state or local government, whichever is the ultimate spender (in the case of expenditures) or recipient (in the case of revenues) of the funds. Similarly, we eliminate intergovernmental assets and liabilities. For example, state and local governments own Treasury securities, and the federal government has a corresponding liability for the securities. We eliminated these intergovernmental assets and liabilities in creating our combined financial statements. For more information on transfers eliminated, see *Part II, Item 8. Financial Statements and Supplementary Data, Notes to financial statements, Note 23 – Intergovernmental transfers* within this annual report.

Management's discussion and analysis (MD&A) data

An MD&A is intended to provide the reader with an analysis of the financial statements for the periods presented, essentially a "drill down" from the financial statements, including an analysis of the changes in the income statements from period to period. Our income statements are presented on a fiscal year basis, as discussed above. On the other hand, a large portion of the detailed government financial information and related figures (e.g. numbers of people) is available only on a calendar year basis. This makes analyzing the income statement data difficult, as it is not possible to "drill down" to lower levels of detail from the fiscal year data. Therefore, to prepare the MD&A within this report, we were required to convert much of our source data from calendar year to fiscal year.

In cases where monthly or quarterly data was available, we created fiscal year data by reassembling data from these more detailed periods. Where only annual calendar year data was available, we used one simple formula to create federal fiscal year data – 25% of the prior calendar year figure plus 75% of the current calendar year figure, as well as one other simple formula to create state and local fiscal year data – 50% of the prior calendar year figure plus 50% of the current calendar year figure. Of course, these two formulas do not produce the true fiscal year figures. However, no alternative method of calculation would be accurate, and the method we have chosen, when consistently applied, forms a reasonable basis for our analysis. All the figures (in the MD&A and elsewhere in this report) that were converted from calendar year to fiscal year in this manner are indicated by * (one asterisk) for federal and ** (two asterisks) for state and local.

Certain tax and other law changes go into effect during the fiscal year, so only part of the fiscal year reflects the changes. Furthermore, the tax filing season (and therefore cash receipt and the recording of revenue by our Government) for any tax year is in the following fiscal year, therefore, tax law changes within a particular tax year have a disproportionate influence on revenue for the following fiscal year. As income tax revenue is collected via withholding and estimated tax payments throughout the year, this impact is somewhat tempered for this revenue source.

Other data

Other data within this report comes from many sources and may have similar challenges to those discussed above.

Exhibit 99.13

Modification of data

We have sourced the data included in this report directly from the sources listed in Exhibit 99.01 and where possible, have not revised it. In certain cases, where necessary to make the data comparable or comprehensible, we have modified the data. Specifically, we modified the following data:

- All data throughout this document that is accompanied by one asterisk (*) or two asterisks (**) was converted from a calendar year basis to a fiscal year basis using the formulas described within this report at Exhibit 99.12 and at *Part II, Item 7. Management's Discussion and Analysis, Overview, Other factors affecting this discussion, Modification of data*. This modification was required because data is not provided by our Government on a consistent basis, and to do a full analysis, one must have data on a consistent basis;
- The cohort tables within this report at *Part I, Item 1. Purpose and Function of Our Government, Customers, Cohorts of our population* and *Part II, Item 7. Management's Discussion and Analysis, Key metrics by segment*, were created by us using data collected from a variety of government sources, the two most important being two microdata sets: the Current Population Survey (March Supplement) issued by the Census Bureau and the Public Use File issued by the IRS Statistics of Income Division (see more on our methodology in Exhibit 99.08);
- For the combined functional income statements, to provide compensation for personnel past and present, we combined Department of the Treasury (Treasury), Office of Management and Budget (OMB), and Census data with compensation data from the US Bureau of Economic Analysis (current payments for wages and salaries and health benefits). See this page on our website – https://usafacts.org/usafacts-financial-analysis-methodology/ – for detailed information on the composition of our combined functional income statements;
- For the combined segment income statements, we have regrouped Treasury, OMB, and Census data into our financial statement and reporting segment categories for presentation purposes. See this page on our website – https://usafacts.org/usafacts-financial-analysis-methodology/ – for detailed information on the composition of our combined segment income statements; and
- We calculated the breakout of year over year tax revenue changes between tax base changes (generally taxable income) and tax rate changes by holding one variable constant while changing the other, as follows:

  Hold year 1 average tax rate constant and assume it also applies to year 2. That is, multiply the year 1 rate by the year 2 base. Then compare this figure to the actual revenue in year 1. The difference is how much was attributable to the base change. The residual is the amount of revenue change that is attributable to the rate change.

  For example, assume the rate in 2013 is 20%. Assume the base in 2013 is $1,000. This implies revenue of $200. Now suppose the base in 2014 is $1,200 and the revenue is $300. The amount attributable to the base increase would be calculated by assuming the 20% rate applied to the new base of $1,200. This would imply a revenue of $240 if the rate was held constant. Therefore, $40 of the revenue increase is attributable to the base increase. The remainder ($60 = $300 – $240) is attributable to the rate change.

Required Notices

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